



MINISTRY OF FOREIGN AFFAIRS OF FINLAND

EMBASSY OF FINLAND

**FINANCE REVIEW OF MAMA MISITU ADVOCACY
CAMPAIGN**

FINAL REPORT

24 FEBRUARY 2010

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24 February 2010

Dear Madam,

Re: Submission of the Final Report – Finance Review of Mama Mitsu Advocacy Campaign

We are pleased to submit the final report for the Finance Review of Mama Mitsu Advocacy Campaign during its pilot implementation period for your review and comment.

The review covers a period of 18 months i.e. Preparatory Phase: March – May 2008 and Pilot Implementation Phase: July 2008 – June 2009 which was extended to October 2009.

We are also forwarding our responses to TFNF comments on the draft final report.

Should you have any clarifications or questions please do not hesitate to contact the undersigned.

Yours sincerely,

Glenn Scott
Executive Director,
Transaction Advisory Services, Ernst & Young

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Acknowledgements

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We also extend our appreciation to the Campaign Lead Partners – Mpingo Conservation Project, Tanzania and WWF- Matumbi Kichi - Coastal Forest Project, Tanzania Forest Conservation Group, MJUMITA, Tanzania Natural Resources Forum, Forestry and Beekeeping Division. We also acknowledge and thank members of Mwongozo Sanaa Group at Somanga and Village Natural Resources and Environment Committees for the villages of Nainokwe, Liwiti, Nyawage and Utunge.

We also thank District Executive Directors of Kilwa and Rufiji districts and other stakeholders who in one or another way facilitated this review.

Acronyms and Abbreviations

FBD	Forestry and Beekeeping Division
GL	General Ledger
KAP	Knowledge, Attitude and Practices
MFAF	Ministry of Foreign Affairs of Finland
MJUMITA	Mtandao wa Jamii wa Usimamizi wa Misitua Tanzania
MM	Mama Misitua
MOU	Memorandum of Understanding
NA	Not Applicable
NGO	Non – Governmental Organisation
NSSF	National Social Security Fund
PIU	Project Implementing Unit
PFM	Participatory Forest Management
PV	Payment Voucher
PWC	Pastoralist Women Council
SWOT	Strengths, Weaknesses, Opportunities and Threats
TFCG	Tanzania Forest Conservation Group
TORs	Terms of Reference
TNRF	Tanzania Natural Resources Forum
USD	United States Dollars
WWF	World Wildlife Fund

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Executive Summary

Objectives of the review

The finance review of Tanzania Natural Resources Forum (TNRF) who is implementing the Mama Misisu (MM) Advocacy Campaign Project was carried out between December 2009 and January 2010. The review was initiated by The Ministry of Foreign Affairs of Finland (MFAF) through its Embassy in Tanzania. The main objective of the review is to improve the financial control, monitoring and reporting system of the TNRF implementing the MM Project and to document lessons learnt for the future scaling up of the Project.

The specific objectives of the review are to:

- i. Assess MM campaign project financial management system;
- ii. Assess the efficiency of the MM campaign by budget items, comparing the planned and actual expenditure;
- iii. Examine both internal and external financial control system of Mama Misisu funds; and to
- iv. Identify and document lessons learned for incorporation in the future planning of Mama Misisu.

Methodology and scope of review

The methodology used included a detailed examination of TNRF accounting documents, review of accounting procedures in use and project reports, use of checklists and interviews with TNRF and MM staff, Lead Partner and stakeholders.

Our assessment addressed the following individual areas:

- i. TNRF and MM control environment – to determine the overall attitude of management regarding control
- ii. The Financial Management System (FMS) - assessment covered all of its components which included the adequacy and efficiency of budgeting, transaction processing and financial reporting to determine the adequacy and effectiveness of the system;
- iii. The specific controls of the financial management system to identify area of weaknesses which require improvement.
- iv. Identification and analysis of key strengths and weaknesses and experiences that can be drawn of MM
- v. Stakeholders views
- vi. To document lessons and recommendations with respect to financial management, for consideration to be incorporated in the future scaling up of the MM Campaign.
- vii. TNRF management issued comments on the draft report which were used to finalise the report

Findings and Recommendations

Based on the results of our review, the overall assessment of MM financial management control system, monitoring and evaluation mechanism as well as the reporting system of the TNRF is as follows:

a) Control environment

The control environment of both TNRF and MM is effective. The overall attitude, awareness and action of management and Steering Committee (SC) members regarding control and its role and importance is highly positive. This is evidenced through the registration status under the Non-Governmental Organisations Act, 2002; clear reporting relationship structure for MM and the lead partners, existence of cooperation agreement between TNRF and MM campaign members, employment contracts which set out duties and responsibilities, TNRF Finance and Administration policies.

However, the control environment can be improved by implementing a strategy for risk identification and management, more effective budgetary controls and introduction of monitoring and evaluation function.

b) The financial management system

Our overall assessment of the financial management system shows that the system is adequate for processing of MM accounting transactions. The accounting system is centralised at TNRF headquarters where all the original records and source documentation are maintained. Entries to the accounting package can be both at MM and at TNRF headquarters. TNRF uses QuickBooks accounting package, the package produces the monthly trial balance and income statements of expenditure. The package has a capacity of processing large volumes of data.

The assessment of individual accounting controls which have a direct impact on the effectiveness of MM Project FMS is shown in the table below:

Controls to provide reasonable assurance of the:		Assessment	Remarks
1	Adequacy of the budgeting process and budgetary control	MARGINALLY EFFECTIVE	Budgeting procedures are in place and budgetary reports are produced quarterly. However, no regular comparison is made between budget and actual costs. There is need to improve budgetary control and variance analysis.
2	Effective management of assets	MARGINALLY EFFECTIVE	System is in place for prompt recording and safe custody of assets and consumables. However, there is no regular comparison of physical and accounting records, No adequate records for consumables and MM office not secure.

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Controls to provide reasonable assurance of the:		Assessment	Remarks
3	Accuracy, completeness of accounting records and timely preparation of financial reports	EFFECTIVE	Source documentation linked to the General Ledger and financial reports, timely preparation of reports. Funds received figures in the reports differ with the ledger balances. No regular reconciliations, document filing requires improvements
4	Expenditure control	EFFECTIVE	Cost of key activities can be determined. However, expenditure budget for individual items not realistic. Budgetary control not effective due to coding of items to wrong account codes.
5	Compliance with laws and regulations	MARGINALLY EFFECTIVE	Financial and Administrative procedures in place. However, internal policies on procurement, stores management are not complied with. Need for a detailed accounting operations procedures manual.
6	Adequacy of external controls	EFFECTIVE	External audit is done. Management Letter has been issued to enable management address any systems or operational deficiencies. Prepare separate MM statutory accounts.
7	Monitoring, evaluation and internal audit	MARGINALLY EFFECTIVE	No regular monitoring of activities is done to identify any operational deficiencies. Also no internal audit functions. Need to introduce regular monitoring and internal audit function
8	Adequate controls on electronic data processing environment	EFFECTIVE	Different levels of accessing the accounting system through use of passwords.

a) Recommendations on the controls

Below is a summary of the findings and recommendations for improving the current financial management control system of TNRF and MM. The recommendations were shared with TNRF Management and we have include their comments in the last column of the table which follows.

S/NO	Audit review area	Weakness	Recommendation	Management comments
1	Budgeting	No detailed review and analysis of variances	Review the budget preparation process and all budgetary control reports to be analysed in detail and reasons for variances determined	Budgetary control will be incorporated in the TFRN reporting system
2	Funds disbursement	Delays in quarterly release of funds which impact project implementation	Prepare and submit quarterly reports on time to the Embassy of Finland	Management will follow up with the Embassy to ensure timely release of funds
3	Management of fixed assets	List of fixed assets is not up to date, no periodical checks on the condition of assets and reconciliation	List of assets should be updated on a quarterly basis. Regular physical verification and reconciliation to be performed	Agrees with the recommendation
4	Stores Management	No accurate records for issues and poor filing of documents	Stores Ledger to be maintained and updated for all consumables and promotional materials	Stationary purchases are made on request. No stationary items are stored. However, it happens sometimes after meetings and workshops that unused items are returned to the office and are then kept under control of the Administrator
5	Transaction processing	No segregation of duties, Account codes not detailed enough, PV lack supporting documentation and account codes, PVs are not stamped and some	Need for segregation of duties and all PVs to be coded and stamped when paid. Proper filling of all sources documents	Immediate action will be taken to ensure there is segregation of duties, proper filing and TNRF Stamp has been purchased since 2008

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S/NO	Audit review area	Weakness	Recommendation	Management comments
		are missing		
6	Custody and security of records and accountable documents	Office premises not secure	Look for more secure office accommodation for MM PIU in Dar es Salaam	Arusha office is secure
7	Accuracy and reliability of accounting data and reports	Transactions are not coded properly. This does not reflect the actual cost incurred for different activities	Proper procedures for report reviews. Budget reallocation procedures to be put in place	Improvements will be done
8	Petty cash management	Petty cash expenses are not recorded properly	Expense codes to be debited at the time of replenishment. Petty cash vouchers to be properly filed	Petty cash and Bank Account assigned code numbers
9	Bank Management	Monthly bank reconciliation is not reviewed	Bank reconciliation to be prepared and reviewed by the Accountant and Programme Coordinator	Accepted to be implemented immediately
10	Procurement procedures	Procurement regulations i.e. invitation of quotation and competitive tendering are not followed	Existing procedures should be followed	In special circumstances it is not practical to obtain the three quotations as required by the procedures e.g. due non availability of many suppliers in the market for the promotional materials we require
11	Seminars and workshops	Records for costs are not complete	All training costs to be supported with documentation	Noted for implementation
12	Payroll	Social Security Employer's contribution not paid in accordance with the law	Employer's social security contribution should be paid in accordance with the law	<ul style="list-style-type: none"> NSSF contribution computation in accordance with the budget submitted to donors TNRF is an NGO, so is

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S/NO	Audit review area	Weakness	Recommendation	Management comments
				exempted from payment of SDL
13	Contract Management	Not all contracts for provision of consulting services are in place	Follow existing contract management procedures.	The provision of any services to TNRF is guided by the TORs and contracts. Recommendations from the consultants are shared by the TNRF Steering Committee and the Tanzania Forest Working Group before are implemented.
14	External Audit	No written management responses to the issues raised in the management letter	Management should respond and implement the issues raised in the management letter	The management letter was discussed with auditors

b) Efficiency of MM budget

Funds disbursed for each quarter was below the budgeted amount and the actual expenditure was below budget. Budget control reports for the period July 2008 – December 2009 show that overall project expenditure was 9% below the budget. The major categories of expenditure are:

- Human resources costs 55% above the budget
- Program implementation costs 21% below budget (except recurrent expenditure line item which was 66% above the budget and general media and publicity above the budget by 20%).

No detailed analysis of the reasons for the budgetary variations was made. In future, detailed analysis of variances should be made in order to assist project management in controlling different project activities

c) SWOT analysis

The strength of TNRF which implements the MM project includes presence of strong partnership with campaign members and lead partners. The Forum and MM have committed steering committees and they have support and cooperation from the Local and Central government. Also there is a strong sense of campaign ownership to citizens in participating districts.

MM and TNRF possess some weaknesses which require improvements, these include non adherence to administration and finance procedures as required by the regulations, dependence on single source of funds for MM and inadequate segregation of duties due to few staff number. Several opportunities exist in TNRF's operating environment, these include possibility of expansion of MM to other regions and districts due to strong government support.

f) Stakeholder's views

Stakeholders consulted were very positive on the impact of the advocacy campaign. In particular they commented the commitment of the PIU and the Lead Partners in the two pilot districts.

However, improvements have been recommended in the following areas.

- CBNRM process to be speeded to enable villages to own forests and realise benefits
- Increase funding to village drama groups
- Provision of patrol gear and equipment
- Appropriate timing of radio programmes
- Creation of enabling environment for alternative income generating activities.
- Strengthen the administration of check points

g) Lessons for future scaling up of the Project

S/No	Issue to be addressed	Recommendation
1	Finance review recommendations	TNRF is advised to implement the recommendations in order to strengthen the controls system.
2	Chart of accounts	The Account codes should be detailed per functional classification. This will enable the tracing of cost items, result in more realistic budgets.
3	Reporting and budgeting guidelines for Lead Partners	When the Project activities are scaled up more Lead Partners may be involved. In order to provide uniform reporting we recommend that uniform guidelines for budgeting and reporting for Lead Partners should be developed. Also guidelines for reporting and accounting at Village level should be included.
4	Dedicated Bank Account for MM	A dedicated bank account should be opened by TNRF accounting for funds transfers for MM operations
5	Accounting and Stores Procedures Manual	In order to cope up with increased activity. TNRF is advised to develop detailed accounting and stores procedures manual to complement the existing regulations
6	Separate statutory accounts for MM	MM project to be treated as a separate reporting entity. This will enable the preparation of separate statutory accounts for the project.
7	Contract Management	Detailed contract management procedures should be developed and documented. It is anticipated that there will be increased use of consulting services. The procedures should cover all the stages of sourcing and administration of consultants.
8	Monitoring and evaluation	Increased project activities will require closer monitoring of activities. Internal audit function should be established.

1 BACKGROUND

1.1 Background and Objectives of the Review

"Mama Misisitu" (MM) is a communication and advocacy campaign on forestry, governance and national development. The campaign was initiated by Tanzania Natural Resources Forum (TNRF) which received funding support from the Ministry of Foreign Affairs of Finland. The campaign started with a Pilot phase which took place in 18 months with a preparatory period of three months from March - May 2008 followed by pilot implementation from July 2008 to October 2009.

The main objectives of the MM Campaign are to enable communities adjacent to the forests to become aware of the economic value of forests resources and to increase stakeholder awareness so that they can take actions focused on stopping illegal timber trade and promote best practices in forest management. The MM campaign was initiated as part of the implementation of recommendations made in the TRAFFIC report which highlighted how Tanzania was losing its forest revenues and not realizing the true value of its forests.

The Ministry of Foreign Affairs of Finland through its Embassy in Tanzania wants to improve the financial control, monitoring and reporting system of the TNRF implementing the MM Project and has therefore requested for this Finance Review.

The overall objective of the review is to assess the financial management and operational systems, monitoring and evaluation as well as reporting systems of TNRF employed in the campaign in order to identify areas for improvement in the future scaling up of the project.

The specific objectives of the review are to:

- Assess MM campaign project financial management system;
- Assess the efficiency of the MM campaign by budget items, comparing the planned and actual expenditure;
- Examine both internal and external financial control system of Mama Misisitu funds; and to
- Identify and document lessons learned for incorporation in the future planning of Mama Misisitu.

1.2 Scope of the Review

The review covers the financial control system of TNRF. The system covers the process of managing financial resources, including accounting and financial reporting, budgeting, management of assets, procurement management risk management and insurance for the Forum. The review has covered a period of 18 months of the project's operations. The detailed scope of the review included the following:

a) Assessment and evaluation of the financial management system

An assessment and evaluation of the financial management control system in order to determine the effectiveness of the control environment and whether transactions processed are in compliance with established procedures, existence of adequate internal and external controls, completeness of transaction processing and reliability of financial reporting, safe custody of assets, budgetary controls and compliance to statutory reporting requirement

b) SWOT Analysis

A detailed SWOT analysis of MM Campaign to determine its strengths, weaknesses, opportunities and threats. Results of the SWOT analysis have been used as inputs in formulating recommendations for improvements for the future project scaling up.

c) Stakeholders Consultation

The project's stakeholders were consulted in order to obtain their views on how the project's financial management control system has been operating and ways of improving it in the future. Inputs obtained from Stakeholders' consultation have been incorporated in recommendations for future project scaling up of the Project.

1.3 Approach and Methodology

Our general approach was systems based. This enabled the consultants to identify areas which require improvement in the project's financial management system. In order to understand and assess the accounting system, we used a combination of the following review procedures:

- Document reviews (**Appendix XI**: List of documents reviewed)
- Interviews with TNRF staff and Lead Partners (**Appendix X**: List of people interviewed)
- Internal control checklist (**Appendix IX**: Check List)
- Transactions vouching
- Verification procedures
- Stakeholder's consultation

The detailed methodology included the following activities:

- Mobilisation and Inception Reporting
- Transactions review and vouching
- Stakeholder consultations
- SWOT analysis
- Accounting system evaluation, data analysis and reporting
- Presentation of the draft TNRF management for comments
- Preparation and submission of the Final Report

1.4 Structure of the report

This report is divided into 6 sections as follows:

- Section 1 summarises the objectives of the review, approach and methodology
- Section 2 details the main findings and recommendations of the review
- Section 3 summarises the results of the SWOT analysis
- Section 4 presents the stakeholders views
- Section 5 lays out summarised findings and recommendations
- Section 6 summarises the lessons for future scaling up of the project.

2 SPECIFIC FINDINGS

The specific findings on our assessment of TNRF and MM financial management systems are divided into two sections as follows:

- i. The control environment; and
- ii. The specific financial management system controls which have been established by management in order to achieve specific objectives

2.1 The Control Environment

The control environment is the overall attitude, awareness and actions of directors and management regarding internal controls and their importance to the organisation. It encompasses both the technical procedures set by directors and management and ethical commitment which create an enabling environment for staff to carry out their activities in an orderly and effective manner. An effective control environment enables an organisation to achieve its set objectives in an efficient and economical manner.

The control environment of TNRF and MM include the following:

- TNRF was duly registered on 8th February 2006 under The Non-Governmental Organizations Act, 2002; its registration number is OONGO/064. The organization is therefore mandated to operate in Mainland Tanzania and in accordance with its governing constitution.
- The top management and the Steering Committee which is the governing board of MM both recognize the need for and importance of internal controls to guide the day-to-day operational aspects of TNRF and MM. MM structure is attached as **Appendix I** of this report.
- There is a Cooperation Agreement between TNRF and MM Campaign members (Implementing Partners) which sets out, among other things, the roles and responsibilities of both TNRF and those of Implementing Partners as well as undertakings of TNRF and campaign members.
- There are employment contracts between TNRF and all MM Project staff which clearly stipulate the duties and responsibilities of each employee;

- MM Project has a clear reporting relationships with TNRF which coordinates the campaign and the 17 Civil Society organizations which are implementing its activities;
- TNRF has Administration Policies and Finance Regulations documents in place.
- The Lead Partners who implement the project activities in Rufiji and Kilwa have well defined management structure and policies and regulations to guide operational activities.

Overall there is a conducive control environment for both TNRF and MM. However, we noted that;

- TNRF and the MM Project do not have a strategy of managing risks which may impact the achievement of the project's campaign objectives- particularly in the analysis and taking action on the reported variances in implementation reports;
- There is no detailed accounting procedures manual to guide the processing of accounting transactions

Recommendations

- Implement a risk management strategy and management by exceptions in variance analysis or any unusual circumstances
- Develop detailed accounting procedures manual for transactions processing

2.2 Specific accounting controls

2.2.1 Budgetary Control

MM activities have been implemented using the original budget which was submitted together with the project proposal. Some revisions were made when funds were actually received. PIU staffs prepare activity budgeting for each quarter and submit to TNRF Headquarters for funding.

Budgetary control is performed by the Finance Administrator and the Accountant through QuickBooks on the Activity based budgets. Budget monitoring is reported to MFAF through Quarterly implementation progress reports.

Budgets do comply with project document, however, review of the progress reports during the pilot implementation period revealed the following:

- For each quarter, the actual expenditure incurred was below the budget as shown in Table 1,
- Actual funds disbursed in each quarter was below the budget for the quarter
- The implementation report for the third quarter of January – March 2009 did not include Budget Monitoring Statement
- Quarter IV Progress report: April- July 2009 did not show the correct period in the budget monitoring section. The analysis of budget Vs expenditure presented was for the period of March – July 2009.

- Variances are not analyzed and explained in sufficient detail, deviations of actual expenditure from budget for each activity need to be analyzed and explained. This could be explained also by the fact that the reporting format does not provide room for analyzing % deviation from the budget, instead it provides for % expenditure incurred. Quarter III progress report did not include the Budget Monitoring section. Quarterly progress reports reported variances between budgets and actual implementation as shown in the following table:

TABLE 1: Quarterly comparison of actual expenditure versus budget

Period	Budget Tshs.	Actual Expenditure Tshs.	Variance Budget Vs Actual Expenditure	% Variance	Explanations/Remarks made
Q1: July-Sept 2008	268,476,000	69,315,451	(199,160,549)	-74%	Most activities were being finalized in the second quarter
Q2: Oct-Dec 2008	268,476,000	148,438,017	(120,037,982)	-45%	Variance of actual expenditure from the budget not explained, only activities progress status explained
Q3: Jan-March 2009	178,984,000	147,934,406	(31,049,593)	-17%	Variance of actual expenditure from the budget not explained, only activities progress status explained
Q4: April-July 2009	270,006,020	157,399,064	(112,606,964)	-42%	Variance of actual expenditure from the budget not explained, only activities progress status explained

Source: Quarterly Progress Reports, Income and Expenditure Reports (July 2008-July 2009)

The finance review noted that progress reports do not contain explanations of material deviations larger than 15% and 1000 Euros.

Examples in quarter IV the following items exceeded the budget by above 15% but no explanation for deviation was given in the progress reports:

Table II: Actual expenditure items exceeding 15% of the budget

Item	Budget	Actual	% over budget
	Tshs.	Tshs.	
Radio Play-Forest Crime(RFA&RTD)	3,053,625	5,076,625	66%
Transport-mileage for district and village implementation	12,166,226	15,769,980	29.6%
Local Consultant	9,200,250	11,663,400	26.8%

Source: Quarter IV Progress Report

Recommendations

- Review the budget preparation process so as to make more realistic budgets
- Budgetary control reports should include a detailed budget monitoring statement. Variances to be analyzed, explained and actions taken on the causes of the variances. Also the budgetary control report should be modified to allow easy comparison of budget and actual expenditure

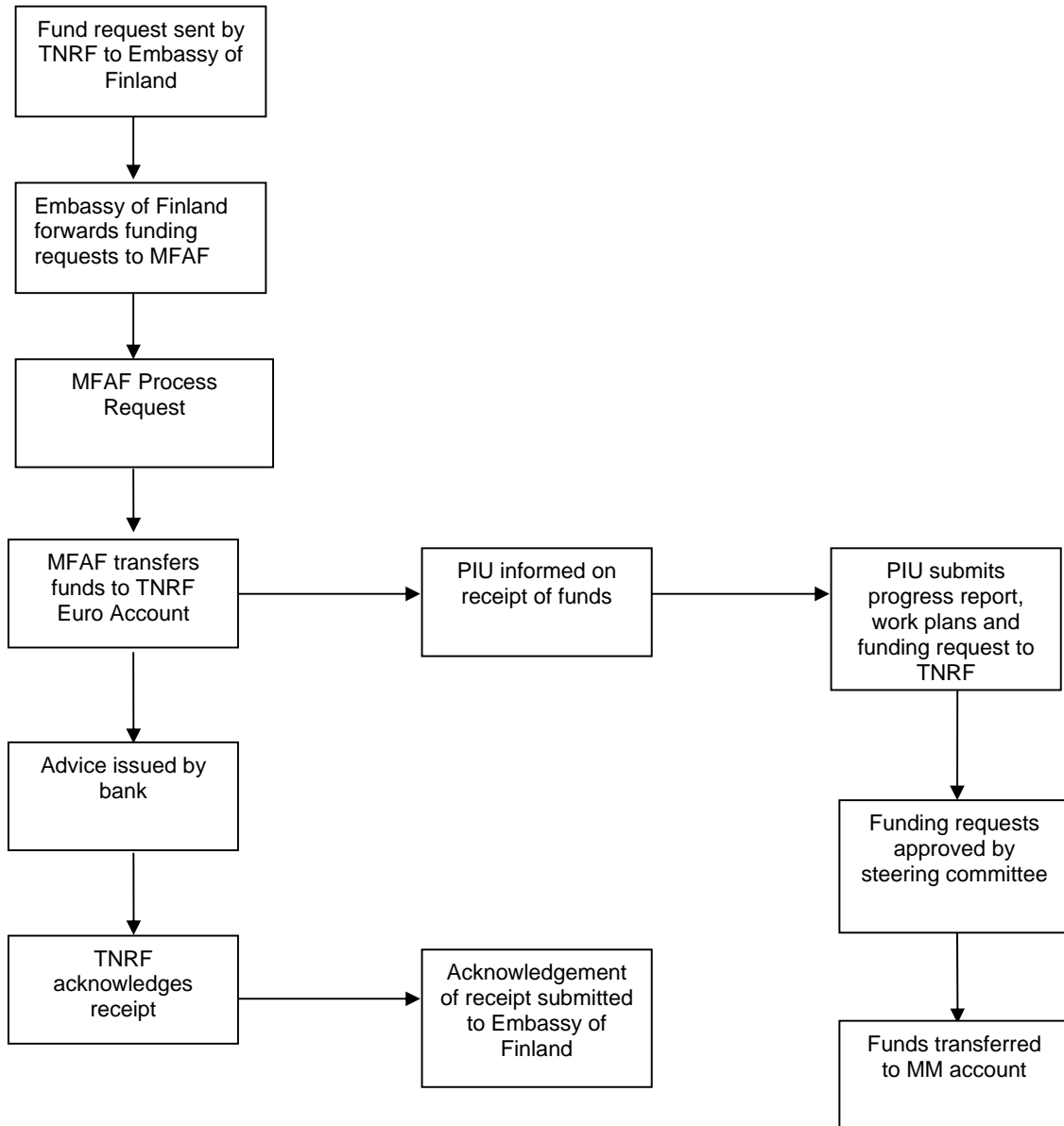
2.2.2 Funds disbursement

Funds are usually disbursed to TNRF from the Ministry of Foreign Affairs of Finland (MFAF) - Embassy of Finland on Quarterly basis as per approved budget in the Project Proposal document. The disbursements are made after accounting for the previous quarter's funds and on submission of the Quarterly Progress Report to the Embassy of Finland who forwards the funding request to MFAF.

Funds to the PIU Dar es Salaam are also disbursed on a quarterly basis. The PIU submits funding requests to TNRF together with the progress report for the previous quarter, current quarter work plan and budget for implementing activities. Funding requests are normally made through emails to MM Project Coordinator. The disbursement procedures are as presented in funds disbursement flowchart in Figure 1. Before submitting Funding requests to TNRF Headquarters, Quarterly Workplans and Budgets are submitted to the Steering Committee for review and approval.

On receipt of the funding request from PIU, the Project Coordinator reviews and approves funding requests PIU after being satisfied with the work plan and budget requirements for the quarter as well as ensuring that retirement for previous quarter has been made. Funds are received in Euros from MFAF. However, transfers to PIU are made in Tshs.

Fig.1 Funds Disbursement Flow Chart



The project has received five disbursements of funds in the 18 months of preparatory phase. According to the bank statements, funds were received as follows:

Table III: Disbursements from MFAF to TNRF for MM

Date	Amount (Euro)	Purpose
21 February 2008	40,857	Project Launching
24 July 2008	100,000	Project Implementation
16 December 2008	100,000	"
18 May 2009	100,000	"
15 September 2009	100,000	"

Source: MM Financial Reports

The disbursements are normally triggered by the submission of quarterly reports and a disbursement requisition. However, the disbursements for the third and fourth quarters were late as shown in the table above e.g. the disbursement for the third quarter was made on May 2009. We were not able to establish the reasons for the delay as the transfers were made directly by MFAF to the Project.

There was no budget for Launching activities. These funds were used for media campaign and other activities related to the Project launch as well as undertaking Staff Interviews. Summary of expenditure incurred during launching is attached as **Appendix III**

Total funds disbursed for launching activities were Euro 40,857 which was equivalent to Tshs. 58,943,913. Actual launch expenses incurred were Tshs. 63,057,166.35 which resulted into a negative balance of Tshs. 4,113,253.35. Project cost incurred amounted to Tshs. Tshs. 40,534,177.35 (64%) of the total costs while Tshs. 22,522,988.60 (36%) was incurred for human resources costs, administration and support costs.

2.2.3 Asset Management

2.2.3.1 Fixed Assets

TNRF Finance regulations provide for fixed assets management and accounting policy for both own acquired and those received from donors. Provisions for donor funded assets are as follows:

- Fixed assets funded through donor financing i.e. Equipment, computers, projector, office furniture are to be recorded as an expense to the respective program at the time of acquisition. Therefore no depreciation is charged on MM fixed assets;
- Additional administrative procedures for donor funded fixed are subject to donor requirements regarding use, title, and disposition.

A list of MM fixed assets is available to December 2008. The attached list in **Appendix IV** has been updated with the purchases made in 2009. The list provides for the serial numbers of equipments (e.g. computers, laptops, printers) and the code numbers. Fixed assets are recorded in the Memorandum books of accounts.

All recorded assets were found to be in existence however some are not in good condition. The damaged assets are a result of the leaking roof of the PIU-MM office which is made up of two containers positioned one on top of another. The damaged assets are listed in the table below:

Table IV: Damaged fixed assets

	Asset	Condition
1.	Dell Desktop computer	Damaged
2.	Two visitors chairs	Broken

Recommendations

- The list of donor funded assets should be updated on a quarterly basis and submitted as part of the quarterly progress report;
- Periodical checks to be performed to determine the conditions of assets
- Quarterly physical verification of assets and reconciliation to the list of assets.

2.2.3.2 Stores Management

MM Campaign consumable stores include stationary and promotional materials. Section 17 of TNRF Administration Policies spells out the basic guidelines for effective management of stores as follows:

- The administrator is supposed to ensure accurate and timely records are maintained for all movements regarding stores. These shall include but not limited to; receipts, requisition forms, issues and stocks.
- All consumables e.g. stationary and promotional materials are purchased and issued immediately for use. No inventory of commodities is recorded in the financial statements as these are fully expensed at the time of purchase.
- An inventory list/register of consumables is however maintained by the Administrative Assistant for internal control purposes.
- Stores Ledger should be maintained and receipts and issues be accurately recorded in the ledger no later than one week after the transaction has been undertaken. This procedure is not being followed as there is no stores ledger available therefore it is not possible to find a list of transaction records.

During the review of stores management we noted the following:

- No accurate and timely records regarding the movement of promotional materials. Stores Ledger is not maintained and there is no proper filling of requisition and delivery/notes and receipts. The inventory list is therefore not up to date;
- Stores requisitions are not properly authorised

Observations

- Inventory record keeping at the PIU is poor. Requisition forms and delivery notes/ receipts are maintained in the payment voucher files however a record of all issues has not been seen; therefore the inventory list available is not up to date.
- A stores ledger is not maintained so it not possible to find a list of transaction records.

Recommendations

- Implement the stores management policy as required by the administration procedures i.e. Stores ledger to be maintained and all the requisition forms to be properly authorised and filed.

2.2.4 Transaction processing

Transaction processing starts with transaction data capture which is the bookkeeping phase of the accounting system. A good bookkeeping process enables an organisation to keep track of how the money flows through the organisation, keeping track that it goes where it is supposed to go and minimizes the risk of not capturing any transaction. During our review of data capture and processing for MM we noted that the accounting system had some of the basic accounting controls as follows:

- TNRF has Financial Regulation in place which provides guidance to the standards of performance and accounting policies to be followed. It also prescribes the authorization levels. All expenditures over Tshs 25,000,000 or USD 25,000 are authorized by the Steering Committee;
- Chart of accounts is available and in use and has room for expansion
- MM accounts are maintained through an accounting package known as QuickBooks. The system maintains the general ledger and generates different donors' reports and consolidated TNRF Financial Report
- Pre-numbered Payment Vouchers (PVs) are being maintained for each transaction and stored in two separate PV files, one for cheque payments and the other for cash payments. PVs contain most relevant information such as name of payee, payment date, mode of payment, particulars of payment, account codes, authorizing official's signature, signature of the staff who prepared the PV and signature of the payee;
- Supporting documentation i.e. receipts, invoice, travel advance request, payment requisition forms are attached to Payment Vouchers;
- All payment vouchers are stamped with a TNRF stamp

- Transaction posting to the accounting package is done on a monthly basis

The following weaknesses were noted:

- TNRF has no accounting procedures manual in place to guide transaction processing
- There are no segregation of duties for incompatible activities as required by the Financial Regulations i.e.in order to ensure control and responsibility of unit budgets, and strengthen accountability, all payments shall normally involve four levels of staff; the employee requesting the payment and or respective unit manager, Coordinator and accountant and or cashier. Lack of segregation of duties is partly due to the smaller number of Project Staff. Examples of payments which were requested and authorized by the same person are as shown in the table below:

Table V: Payments requested and authorized by the same person

PV no.	Expense code	Payee	Details	Amount (Tshs)
0564	5232b	Rehema Mtingwa	Retreat at TNRF for staff Arusha-Strategic planning meeting	295,000
0626	5232b	Rehema Mtingwa	Per diem for staff attending Partner's meeting	135,000

- Account codes in the chart of accounts are not detailed enough by functional classification to enable management follow up and control of individual cost items e.g. the account code for transport cost also includes vehicle maintenance. Inadequate breakdown of cost item by function also makes it difficult when preparing budgets.
- Payments with missing or inadequate supporting documentation

Table VI: Payments with missing supporting documents

PV No.	Expense Code	Payee	Details	Amount (Tshs)
1167	52583	N Kinyau	Refund for strategic planning meeting	10,500
1168	5232b	Driver Emmanuel	Refund for purchase of vehicle equipments	17,150
1178	5232b	Driver Emmanuel	Fuel	35,000
0406	Code not indicated	Pamoja Expedition Company	Accommodation and meals for 3 nights-Paid for MM from TNRF account	174,000

- **Some payment vouchers are not stamped with TNRF stamp as required.**

It is noted in the Payment vouchers that the voucher payment is 'not valid without TNRF Stamp'

The following table provides examples of Payment vouchers not stamped.

Table VII: Payment vouchers not stamped

Cheque Payment Voucher No.	Date	Payee	Description	Amount (Tshs)
100260	05/12/2008	Staff Salaries	Salaries for MM staff	7,219,873
0463	26/11/2008	Staff Salaries	Salary for Nangena	636,655
0462	26/11/2008	Staff Salaries	Salaries for MM staff	4,446,500

- **Inappropriate filing of supporting documents**

At TNRF Headquarters, payments to staff are made in two ways 1) Cheque can be written and staff is allowed to deposit it in his/her own account 2) Finance Administrator withdraws cash from the bank through Cheque Payment voucher and later makes cash payments to staff using the Cash Payment Vouchers. (These payments are termed 'Petty cash' and filed in the file named 'Petty Cash Voucher')

A sample review of vouchers noted inadequate supporting documents for cash withdrawn from the bank by the Finance Administrator; all supporting documents are attached with the cash payment vouchers.

- **Missing account codes on Payment Vouchers**

Some of the vouchers were found to be missing account codes which show the appropriate account to which the expense is charged.

Table VIII: Payment Vouchers missing accounts codes

Cheque Payment Voucher No.	Date	Payee	Description	Amount Tshs.
0402	23/09/2008	Andrew Williams	MM Technical Meeting and Management Resolutions	400,000
0386	05/09/2008	Andrew Williams	Travel to Dar for MM activities	925,000
0359	24/7/2008	Nai Elibariki	Imprest for Program Coordinator and Finance Administrator Travel to Dar and Purchase of office Supplies	1,004,500
0451	13/03/2008	Cassian Sianga	Mileage Claim	130,358
0450	13/03/2008	Andrew Williams	Air Ticket and Taxi Fare	255,500
0449	13/3/2008	Cassian Sianga	Air ticket, taxi fare and per diem	529,500
0446	12/03/2008	Rehema Mtingwa	Imprest-pre project audit	500,000
0445	12/03/2008	Caroline Chumo	Travel Imprest for MM activities	740,000

Cheque Payment Voucher No.	Date	Payee	Description	Amount Tshs.
0012	02/03/2008	Andrew Williams	Air ticket, per diem and taxis for MM pre campaign activities	629,000
0011	03/03/2008	Cassian Sianga	Air ticket, per diem and taxis for pre campaign activities	629,000
0406	12/02/2008	Pamoja Expedition Company	Per diem and meals for 3 nights	174,000
0405	11/02/2008	Cassian Sianga	Per diem and other travel expenses-orientation for R. Mtingwa	1,269,000

Recommendations

- Document the detailed accounting procedures in a manual and train staff on how to use them;
- There should be segregation of duties for recording and authorization. At PIU where there are four staff this is quite possible. No employee should authorize his/her own payment;
- The account codes should be detailed by functional classification
- Adequate controls and approval should be put in place for reallocation of budget lines, and reporting of the comparison of budget and actual expenditure should be as per revised budget;
- As far as possible all paid payment vouchers must be stamped, have supporting documentation and be properly filed i.e. all refunds for advances overspent must be supported with the imprest retirement form and its supporting documentation;
- Code numbers should be written on all payment vouchers.

2.2.5 Custody and security of records and accountable documents

Safe custody and adequate security of records and accountable documents is one of the key controls for an effective accounting system. A review of TNRF and MM Project shows that;

- Custody of accountable documents which include cheque books, Payment Vouchers, receipt books is the responsibility of Finance Administrator at TNRF head office while at the PIU it is the responsibility of the Project Administrative Assistant;
- Non accountable documents e.g. Project advance expenses/Request report, Requisition Forms and Invoices are also under the responsibility of the Finance Administrator and Project Administrative Assistant;
- All accountable documents are serially numbered. The documents which are not in use are securely kept in the Safe deposit box with access limited to TNRF Administrator and Finance Administrator only
- All forms used to record payment such as cash and cheque payment vouchers are serially numbered. For the year 2008/09 Cash Payment Vouchers serial numbers have ranged from 0551

to 1231 while cheque payment vouchers have ranged from 1 to 89. Cheques serial numbers range from 100001 to 100100, 100101 to 100150 have been used,

- Quick book accounting package that stores all the financial information has a password and username to restrict access to only authorized personnel mainly the accountant and the Administrator. Other MM staff can view information on QuickBooks but they cannot edit it as they do not have the editing password.

We however noted that:

- At the TNRF Head Office, the Administrator and Finance Administrator share an open office which is also a reception area. This poses a significant risk to accounting documents which are currently in use.
- The office space for PIU in Dar do not have adequate and secure office premises for maintaining used documents and reports

Recommendations

- PIU needs a more secure office in order to provide more security for its assets;
- Documents in use should always be locked when the staff leaves his/her table;
- A register of accountable documents should be maintained

2.2.6 Accuracy and reliability of accounting data and reports

MM Campaign produces quarterly progress financial reports which are sent to the Embassy of Finland. The reports include the quarterly Income and Expenditure Statement, Income and a variance analysis (Actual Vs Budget) report per account code which is used to monitor the budget performance. The financial report is produced by the QuickBooks accounting package. Source documentation that feeds into QuickBooks consists of information from Payment Vouchers and Journal entries. A narrative report to be also produced to support the financial reports. The narrative report explains in detail the progress of activities implemented during the quarter and the work plan for the next quarter.

A review of the financial reports revealed the following:

- Financial reports are supported by the source documentation which were used in transaction processing i.e. payment vouchers and journal entries;
- The Financial reports are in compliance with the work plan and the narrative reports
- Budget variance analysis report is not supported with sufficient explanations
- Balance of funds as shown in the income statement differs with the cash book balances as shown in the following table:

FINANCE REVIEW OF MAMA MISITU ADVOCACY CAMPAIGN

Period	Funds available as per income statements	Funds available as per cash book	Differences
July-Sept 2008	178,510,000	336,032,300	(157,522,300)
Oct- Dec 2008	179,400,000	452,456,406	(273,056,406)
Jan-March 2009	140,475,412	293,842,236	(153,366,824)
April-July 2009	153,939,625	326,629,665	(172,690,040)

Source: Income Statements and Cash Book

- TNRF accounting policy requires unspent revenue balance to be shown in the balance sheet as deferred income. However the unspent balance as at 31 December 2008 of Tshs. 84,170,702 is not reported as such (**Appendix II A:** Cash and bank analysis)
- Expenditure for budget lines which have been exhausted are posted to budget line item codes with a balance i.e. . Examples of misclassified expenses are as shown in the table below

Table IX: Expenditure charged to the wrong budget line item code

Date	PV no	Expense code	Payee	Details	Amount	Effects	Recommendations
20/10/08	0578	5291- M&E	Driver- Emmanuel	General service for vehicle	255,000	Was not charged to transport code instead charged to M& E. This has the effect of over inflating costs of one activity.	Should have a vehicle maintenance code as it is an administration expense to avoid miscoding
24/10/08	0580	5231c-Computer desktop	Nangena- Admin Assistant	Office purchases	300,000	It was authorised by the coordinator to use this account (5231(c)-computer –desktop to record office purchases as the computer had not been bought.	Correct treatment would be to open up a new account for office purchases under Code to be used 5232(b)-PIU office administration
2/12/08	0618	52589- Drama group facilitation & support	Emmanuel- Driver	Fuel T625AFS- AGM Mjumita	400,000	Fuel charged to respective cost of production - Drama group facilitation and not transport code	Fuel should be charged on transport cost to reflect the actual cost incurred
2/12/08	0620	52589- Drama group facilitation & support	Emmanuel- Driver	Service of vehicle- tyre change	14,000	Charged to drama group facilitation code instead of a vehicle service code	A vehicle maintenance code should be opened
14/01/09	0640	52592-Posters	Nangena- Administration Assistant	Purchase of flash drive and printer cartridge	245,000	Charged to poster code since code had a balance	Should be charged to administration and an account for stationery opened to determine the actual cost of stationery

Source: MM Payment Vouchers

Recommendations

- There should be an effective system of review of work allocated to various individuals of the organisation i.e. Finance Administrator should prepare the financial statements and the accountant should review to ensure accuracy and integrity of reported information.
- Procedures should be put in place to allow the transfer of funds from under spent budget items to those which have been overspent

2.2.7 Cash and Bank Management

2.2.7.1 Petty cash management

Section 7.5.1 of TNRF Finance Regulations requires petty cash funds to be maintained at its offices to enable payments of small expenditures for which cheque payment is not practicable. The Steering Committee has set a cash float of Tshs. 300,000 for MM Campaign. The maximum payment limit out of petty cash is Tshs. 250,000 for a single payment. During our review we found that:

- Petty cash is recorded to an Imprest Account of the administrator
- Cash is kept in the custody of the administrator in a locked for safe keeping
- Cash payment requisition by staff are approved by the Coordinator
- Cash payment vouchers are prepared by the administrator and approved by the Coordinator
- Paid cash vouchers and supporting documentation are filed on the PV file as the expense is recorded in the GL
- Replenishment of the petty cash fund is made preparing a schedule of expenditure for the period, returning the unspent balance to cashier and preparation of a replenishment voucher. The replenishment is then approved by the Coordinator

Weaknesses in petty cash management

- No periodic spot checks to ensure integrity of the petty cash amount maintained.
- Petty cash issued is debited to a personal imprest account in the name of the administrator.
- There is no petty cash file that keeps all petty cash payments vouchers and supporting records

Recommendations

- Use the petty cash account code for all petty cash requisitions and replenishments
- Expenses incurred from the petty cash account should be booked at the time of petty cash replenishment
- There should be a petty cash file to keep a record of all petty cash transactions that will be expensed to the respective codes.

2.2.7.2 Bank Management

TNRF maintains a main Euro account used for receiving disbursements from MFAF. There are also Tshs and USD operating accounts, all accounts are maintained at Barclays Bank-Arusha Branch. In Arusha, there are 2 categories of cheques signatories:

Block A:	Block B:
1. Administrator	1. Administrator/Project Coordinator
2. Project Coordinator	2. Designated member of the steering Committee

At the PIU, there are two signatories for the operating accounts:

1. MM Campaign Manager
2. Designated TFCG member

Section 7.2.6 of TNRF financial regulations require wherever possible, payments to be made by closed cheques or bank transfer rather than cash. On the contrary, at TNRF Headquarters, payments above Tshs. 500,000/= to staff in relation to Mama Misitu activities is done by cheque but staff are not allowed by the bank to cash the cheques. They can only deposit cheques, Instead it is the finance administrator who draws the money on behalf of payee and later pays to staff through cash payment vouchers. These cash payment vouchers are placed in a file named 'Petty Cash Vouchers'.

At TNRF Head office, there is a tendency of paying for expenses of one project using funds from other projects (borrowing). This result into financial records not depicting the real situation especially if the borrowed amount is not shown in the project accounts as a liability.

From the beginning of the MM Project, expenses incurred for MM activities made at TNRF Headquarters were paid out of TNRF Tshs. account but not charged to MM account. TNRF felt that it was more efficient to pay for MM expenses from TNRF main account and later claim the amount, according to TNRF accounts staff, the practice was regarded as being very efficient and processing time saving.

Recommendations

Cash payment vouchers must be filed in an appropriately labelled file. Funds used from other accounts must be shown in MM account as a liability. TNRF to put in place a procedure for submitting a monthly reimbursement claim to MM for expenses paid out of TNRF main account The payments should not be left to accumulate for more than a month as they distort MM budgetary control and reporting.

2.2.7.3 Imprest management

Section 7.6 of TNRF Finance Regulations outlines the procedures for payment and accounting of imprests. An imprest requisition form is to be completed by staff requesting funds for project or for travel expenses

Imprest retirement is done through Project advance expenses/Request Report. The details for the individual imprest holders are produced by the Quick Books accounting package. However, the imprest requisition and retirement forms and supporting documentation are not properly filed in the imprest file. This results into difficulties in posting and clearing of the imprest balances. For example, there is currently a balance Tshs. 148,000 on Imprest – Nangena (administrator's) account whose source cannot be traced by accountant.

Recommendations:

Proper filing of the imprest requisition and retirement forms. This will enable the accountant to maintain an accurate and updated records on imprest at all times.

2.2.7.4 Bank Reconciliation

Bank reconciliation is performed by the Finance Administrator each month on all Mama Misitu bank accounts. However, this is done within the bank statement sheet. No bank reconciliation statement is prepared. **Appendix II A** shows the differences found between the cashbook and bank statement for each quarter. These differences have not been cleared through bank reconciliation.

Observations

- There are differences between the Bank Statement and the Cashbook balances as shown in the following tables below. The uncleared historic differences carry forward between the cashbook and bank statement are analysed in **Appendix II A**

Summarised differences of cashbook, bank statement and Income Statement

Source	Jan-June'08	July-Sept'08	Oct-Dec'08	Jan-Mar'09	Apr-July'09
Bank Statement	65,493,771	267,861,708	273,550,005	110,500,186	309,300,040
Cash Book	65,493,771	270,652,703	275,348,555	117,572,061	306,190,760
Income Statement	58,943,913	178,510,000	179,400,000	318,881	161,398,620

Detailed analysis of differences of cashbook, bank statement and Income Statement

Source	Jan-June'08	July-Sept'08	Oct-Dec'08	Jan-Mar'09	Apr-June'09
Bank Statement					
Tshs	-	83,437,908	93,050,005	110,500,000	100,000,040
Euro	65,493,771	162,700,000	180,500,000	186	209,300,000
USD	-	21,723,800	-	-	-
Sub total	65,493,771	267,861,708	273,550,005	110,500,186	309,300,040
Cash Book					
Tshs	-	57,105,408	93,398,555	110,968,180	100,465,760
Euro	65,493,771	178,500,000	179,400,000	318,881	205,725,000
USD	-	35,047,295	2,550,000	6,285,000	-
Sub total	65,493,771	270,652,703	275,348,555	117,572,061	306,190,760

- There is no evidence of independent review of the bank reconciliation statements.
- The current Euro Bank Account is not entirely dedicated for MM funds. Funds for other projects are also received through this account. This makes it difficult to trace the actual funds received and transferred to the MM Bank accounts. Appendix IIC – shows the analysis of funds received in Euro and USD transferred to Tshs account;
- The quarterly reports funds received amount differs with the amount reported in the bank statement e.g. During the first quarter the cashbook shows that funds received amount was Tshs. 65,493,771 while the income statement shows only Tshs. 58,943,913 was received. The difference of Tshs.6, 549,858 has not been explained.

Recommendations

- Bank reconciliations statement should be prepared monthly by the Finance Administrator, reviewed by the accountant and approved by the Project Coordinator. Historic differences between the cashbook and the bank statement from project inception are fully identified and cleared.

This should ensure:

1. All income and expenses per the ledger match to the bank statement
2. There is full reconciliation done that identifies differences between the ledger and bank statement
3. Any differences are identified, followed up cleared and correctly recorded.

- A dedicated bank account should be opened to record all the funds received for MM project.

2.2.8 Expenditure Analysis

Section 7 of TNRF Finance Regulations sets the policies and procedures that guide the management, authorisation, documentation, accountability and reporting of expenditure at TNRF. These principles are also applicable to expenditure management of MM Advocacy campaign. Review of the expenditure is based on the general ledger, payment vouchers, source documents and quarterly progress reports.

2.2.8.1 Procurement procedures

The procurement procedures are clearly explained in the TNRF Administration Policies regulations. However our review on a sample test basis of procured items revealed that the procedures are not being followed as described in our observations below:

Observations

- Procurement policies Sec.15.3 of TNRF Administration policies require that all non-regular purchases above Tshs. 1,000,000 or \$ 1,000 shall require independent quotations from at least three independent suppliers. Some purchases were found to have only one quotation used as a basis of procuring the commodity. Non adherence to this procedure increases the risk of procuring low quality goods or incurring unreasonable prices.

The following are some of the observed cases:

Table X: Procurements made based on single quotation

CPV no	Supplier's name	Description of services	Amount (Tshs)	Amount (USD)
109	Desktop Production Limited	Designing and printing of MM Publications	6,678,800	
258	Alistair James Co Ltd	Vehicle no T625AFS		19,000

- TNRF Procurement policies state that all large purchases exceeding Tshs. 25,000,000 or \$25,000 shall require a tender which may or may not be advertised in the newspapers. However bids must be sourced from at least 5 suppliers.
The following suppliers were found to have been sourced without invitation of tenders or inviting the required number of quotations.

Table XI: Procurements made based on three quotations instead of five

CPV no	Supplier's name	Description of services	Amount (Tshs)
61	Screen Masters	Production of T-shirts and Caps	48,000,000
28	TBC	Airtime for TV drama production	36,528,000
101	Somo Moto enterprise	Khanga- Promotional material	20,818,400

Recommendations

- Purchase procedures should be adhered to. The required number of quotations should be sought before procurement is made.

2.2.8.2 Advocacy campaign purchases

An analysis of the project's expenditure for the period July 2008 to December 2009 shows that a total of Tshs 326,538,902 was incurred for purchases of advocacy campaign goods and services. This made up 43% of the entire advocacy campaign budget. (Detailed list of purchases is attached as **Appendix VI**).

A sample of purchases amounting to Tshs. 225,346,700 was reviewed as shown in the following table. The listed goods and services were verified.

Table XIII: Sample of MM Advocacy campaign purchases

CPV no	Supplier's name	Description of goods	Amount TShs
557	Game	Digital Camera	656,000
28	Screen Masters	T-shirts and caps	48,000,000
61	TBC	Airtime for TV production and drama	36,528,000
101	Somo Moto enterprise	Khanga- Promotional material	20,818,400
109	Desktop Production Limited	Designing and printing of MM Publications	6,678,800
28/10	iPrint	Printing of MM publications	42,008,000
29	Rulu Arts Promoters	50% advance for radio production	19,679,000
43	Msonge Theatre Art	TV Series	20,420,000
	Deep Motion Production	PFM documentary	16,550,000
	Kate Forester	KAP consultant	12,508,500
	Victoria Ferdinand	Law compliance translation of MM publications	1,500,000
Expenditure on Sampled advocacy campaign purchases			225,346,700

2.2.8.3 Seminars and Workshops

Per-diem and allowances

A list of twelve seminars and workshops were reviewed as per **Appendix VII**. A cost analysis was done for a sample of seven workshops listed in the following table and **Appendix VIII**. The total cost for the selected workshops amounts to Tshs 27,026,540 of which 68% is expenditure on per-diem and allowances as seen in the summarized table below.

Table XIII: Selected Seminars and workshops

S/No	THEME	No of participants	DATE	BUDGET (Tshs)	ACTUAL (Tshs)	Per-diem expenditure	% per-diem to actual
1	Media Trip to Kilwa and Rufiji	57	5-9 Oct-08	6,043,450	6,330,000	5,372,000	85%
2	Forest Governance Workshops	64	14-17 Dec-08	4,108,000	3,850,000	2,950,000	77%
3	Drama Group facilitation- Rufiji and Kilwa	4 drama groups & 2 MM staff	3-7 Dec 2008	1,360,000	1,360,000	360,000	26%
4	Video Show in Kilwa and Rufiji	4	14-26 Dec 2008	4,164,500	4,198,450	2,760,000	66%
5	Strategic meeting in Kilwa	66	19-22 Jan 2009	1,079,000	1,198,000	974,000	81%
6	PFM Filming	57	15-25 Feb 2009	3,722,000	4,920,090	2,265,000	46%
7	Forest Governance Workshop- Proof reading District Forest Plans	73	9-14 March 2009	5,170,000	5,170,000	3,625,000	70%
	TOTAL			25,646,950	27,026,540	18,306,000	68%

The applicable subsistence rates have been stipulated in TNRF finance regulations and these were amended in 2007. The current rates are:

Tshs. 65,000 per night for all regions (including Dar)

Tshs. 45,000 per night for district towns (district headquarter)

Tshs. 30,000 for villages visits

Mama Misitu staff members were paid according to the amended rates above however a higher rate of Tshs 80,000 per day was used to pay district and ward leaders- according to detailed expenditure analysis on Media trip in Kilwa and Rufiji (**Appendix VIII**)

Participants

Average number of participants ranges from the type of seminar and workshop. The most attended workshop was the Forest governance workshop (number 7 on the table above) that took place in Kilwa and Rufiji from 9 to 14 March 2009- number of participants 73.

To a large extent, attendance lists were signed on all the days attended and there are no duplications in participation. However in the Forest governance workshop held on 9-14 March 2009 attendance list was signed by 19 district officers on the first day 11 March 2009 but not on the second day of training.

Recommendations

- Attendance lists should be properly signed by participants on all days attended. This is the only control to ensure participants have actually attended the trainings mentioned.
- All training costs should be charged to the appropriate code. This will help in controlling the training costs and assist in planning and budgeting
- All supporting documentation should be properly filed

2.2.8.4 Efficiency of Budget

The entire MM Project budget was Tshs 755,101,471 while the actual expenditure until December 2009 was Tshs. 688,981,556 which is 91% of the budgeted amount. During the period July 2008 – December 2009, project expenditure was 9% below the budget. Human resources costs were 55% above the budget and related solely to salaries. Program costs were 21% below budget with all budgeted program expenditure items below the budget except for recurrent expenditure which was 66% above the budget as well as general media and publicity which was above the budget by 20%.

Although the detailed budgetary control reports were being produced, there was no detailed analysis of budget in order to identify the reasons impacting performance in order to enable management to take corrective actions.

The detailed analysis of expenditure against budget from July 2008 to December 2009 is in **Appendix V**. The following table provided a summary analysis budget against actual expenditure for major categories of expenditure:

Table XIV: Analysis of Budget against Actual Expenditure: July 2008 – December 2009

Main Acc.code	Acc.code	Expenditure Item	Budget	Actual	Variance Amount (Tshs)	% Variance
1000		Human Resources Costs				
	1100	Salaries	109,326,750	180,702,057.00	71,375,307	65%
	1400	Performance Bonus	6,912,000	0	-6,912,000	-100%
	1500	End of service gratuity	2,286,096	0	-2,286,096	-100%
	1700	Short Term Human Resource Costs	0	2,425,000	2,425,000	100%
		Total Human Resources Costs	118,524,847	183,127,057	64,602,210	55%
5000		Programme Costs				
	5200	Mama Msitu Implementation				
	5210	Organizational Overhead	18,601,375	117,600	-18,483,775	-99%
	5202	Technical Advice	20,180,875	13,324,557	-6,856,318	-34%
	5230	Campaign Set up costs				
	5231	Capital Expenditure	28,830,750	28,839,637	8,887	0%
	5232	Recurrent Expenditure	27,677,000	45,844,090	18,167,090	66%
	5250	Mama Msitu Main				
	5251	General Media and Publicity	786,500	941,700	155,200	20%
	5252	Production for Issue Group One	27,536,500	27,536,500	0	0%
	5253	Production for issue Group Two	37,725,125	28,290,375	-9,434,750	-25%
	5254	Production for issue Group Three	54,517,125	48,311,925	-6,205,200	-11%
	5255	Production for issue Group Four	36,692,500	29,529,754	-7,162,746	-20%
	5246	Production for issue Group Five	15,725,125	18,877,500	3,152,375	20%
	5257	Production for issue Group Six	23,065,250	2,936,500	-20,128,750	-87%
	5258	District & Village Campaign Implementation	159,653,750	153,653,750	-6,000,000	-4%
	5259	Production to issue Group three	59,234,500	33,221,600	-26,012,900	-44%
	5270	Production to issue Group four	24,111,750	18,775,180	-5,336,570	-22%
	5280	Production to issue Group five	33,549,750	26,485,600	-7,064,150	-21%
	5290	Programme Overhead-10%	26,754,000	6,639,305	-20,114,695	-75%
	5291	Monitoring and Evaluation	41,934,750	22,416,691	-19,518,059	-47%
		Total Programme Costs	636,576,625	505,742,265	-130,834,360	-21%
		TOTAL EXPENDITURE	755,101,472	688,869,322	-66,232,150	-9%

Source: Income and Expenditure Report, July 2008-December 2009

2.2.8.5 Payroll Analysis

MM Campaign has a total of 6 Staff who are full time employees. The following table below shows names of staff, their positions, locations and level of responsibility to MM project.

Table XV: MM Project staff and level of responsibilities

S/no.	Name	Position	Location	The time taken to attend MM project matters
1.	Cassian Sianga	Program Coordinator	TNRF Headquarters- Arusha	80%
2.	Nai Elibariki	Finance Administrator	TNRF Headquarters- Arusha	50%
3.	Rehema Mtingwa	Communications Manager	Project Implementation Unit Dar es Salaam	100%
4.	Nicholas Kinyau	Campaign Field Manager	Project Implementation Unit Dar es Salaam	100%
5.	Nangena Mtango	Administrator	Project Implementation Unit Dar es Salaam	100%
6.	Emmanuel Mlay	Driver	Project Implementation Unit Dar es Salaam	100%

In addition there is one part time accountant Mr. Peter Robert who provides support to TNRF accounting function which includes MM accounts. All the staff and the part time accountant have service contracts with TNRF.

Observations

- Apart from attending Mama Misitu Project activities, the Project Coordinator also performs other TNRF activities but his salary is paid in full (100%) by MM project. The Finance Administrator undertakes responsibilities related to MM project by 50% of her entire work time. MM project contributes 64% of her salary while the remaining 36% is funded by other TNRF funds. The rest of the staff work 100% of their time for MM project implementation activities.
- Statutory deductions are submitted on time however NSSF is being remitted wholly (20%) by the employee. The burden is therefore not distributed between the employee and employer as required by NSSF regulations
- Insurance expense is charged to salaries account. Employment contracts state that after completing successfully the 3 months probation period, TNRF shall provide the employee and his cohabiting spouse health insurance cover. This is an incorrect treatment as Insurance expense should have its own code in order to isolate the expense incurred by the organization

- Differences in the salary computations are shown in the following table:

Table XVI: Difference between computed and reported basic salary: July –December 2008

Code	Title of employee	Computed in excel by accountant	Reported on financial reports	Difference	Cause of difference
1105	Senior Forest Programme Officer	11,585,455	16,132,960	4,547,505	Insurance expense and NSSF deductions
1109	Mama Misitu Coordinator	12,872,727	13,856,740	984,013	Insurance expense and NSSF deductions
1110	Mama Misitu Campaign Program Officer	11,585,455	12,744,000	1,158,545	Insurance expense and NSSF deductions
1111	Mama Misitu Admin. Assistant	5,578,182	6,828,660	1,250,478	Insurance expense and NSSF deductions
1116	Drivers	2,145,455	2,360,000	214,545	NSSF deductions
	TOTAL	49,774,545	62,488,968	12,714,422	

Recommendations

- Salary of Project Coordinator should be contributed partly by MM project and partly from unrestricted funds. Likewise salary of Finance Administrator should be equally shared between MM project (50%) and other projects/unrestricted funds.
- Payments for NSSF should be done as per pension regulations i.e. 10% employee contribution and 10% employer's contribution. Employer's contribution should be taken into account during budgeting.
- Payroll computations and journal vouchers should be prepared by MM accountant; checked by part time accountant and approved by Project Coordinator.

2.2.8.6 Contract Management

TNRF Administration policies sec.15 stipulates procedures for procurement of consultants. The following were observed from the review of procurements made. The table in the next page shows a list of all service contracts for the period July 2008 -September 2009.

Observations

- There were no contracts or terms of reference for some of contractors e.g. Technical Advisor.
- There is no evidence that the policy for inviting at least three quotations from service suppliers for bids above USD 1,000 as prescribed by TNRF procurement policies has been followed. According to the table, all services were above USD 1,000.
- Some of the recommendations of the consultants have been implemented. However, there is no mechanism to follow up the implementation of all consultants' recommendations.

Recommendations

- Terms of reference must be attached to all contracts. A contract register should also be maintained in order to keep track of the implementation of the contracts

- Three quotations should be invited for all procurement of services as required by the policies and procedures. A designated person such as the coordinator should systematically invite bidders and have a system in place to analyse the bids at each procurement stage alternatively TNRF should set an evaluation team that will assist in selection of consultants according to best procurement practices.
- Introduce Monitoring and evaluation role to monitor performance

Table XVII: Contract Management Analysis

S/NO.	Supplier's name	Description of services	Appropriate Procurement Method followed	Contract in Place	Contract Date	Contract Amount (Tshs)	Output/Final report delivered	Comments
INSTITUTIONS								
1	Rulu Arts Promoters	Radio production Invoice date 10/11/2008	No	YES	NA	19,679,000	YES	
2	Msonge Theatre Art	TV Series	No	YES	NA	20,420,000	YES	Proposal and receipt from Msonge seen
3	Deep Motion Production	PFM documentary	No	Yes	11/2/09	16,550,000	YES	TORs available, Proposal from supplier
INDIVIDUALS								
4	Nike Doggart- TFCG employee	Technical advisor to MM	NA	No contract	NA	7,695,032	NA	Various MM products with Nike's inputs seen
5	Kate Forester	Baseline Survey on the Knowledge, Attitude and Practice (KAP) of forest stakeholders	No	YES	20/11/08	12,508,500	YES	Report seen
6	Victoria Ferdinard	Law compliance translation of MM publications	No	YES		1,500,000	YES	Publications seen
	TOTAL amount spent on service consultancies					78,352,532		

2.2.9 External Controls

TNRF prepares the following statutory reports:

- i) Statement of Receipts and Payments
- ii) Statement of Assets and Liabilities
- iii) Cash Flow Statement

External Audit of TNRF including Mama Misitu Project accounts for the year ended 31 December 2008 was carried out by VA Business Assurance Services, Certified Public Accountants. The auditor issued a clean report on report on TNRF accounts which included MM account. The external auditor issued a Management letter containing areas of internal control weaknesses and recommendations to improve the situation.

Finding

- There are no responses from management on the issues raised by the management letter.

Recommendation

- During future audits, management should give responses and the time for implementation of the issues raised in the management letter;
- MM accounts to be prepared and audited separately from TNRF.

2.2.10 Information technology

At TNRF headquarters, MM project makes use of TNRF IT facilities which include 15 computers all connected to the Server, 1 Black and White printer, Photocopy machine, colour printer and wireless Internet connection provided by Habari Internet Connection. The Server in Arusha office is connected to 1 Router and has 2 access points with the capacity to provide internet to 20 computers. This server is also shared with other two organizations i) KIMMAGE-IIED Pastoralist Project and ii) Pastoralist Women Council (PWC).

IT Facilities in MM Office in Dar es Salaam include: 2 laptops, 1 desktop, Benson online modem for Internet connection, scanner and printer.

Access controls are in place, users have been assigned different levels of accessing the accounting system through use of passwords. However, the following weaknesses were noted:

- Physical security of computer hardware is poor whereby use of computer is not restricted to staff only.
- At PIU office in Dar es Salaam there is no adequate safeguard of computer equipments. This has caused damage to one desktop computer. Also one UPS is not working properly,
- There is no effective anti-virus at PIU thus risk of computers being infected with causing loss of data
- The shared server does not provide sufficient room for data storage and back,
- Accounting data processing controls are not documented.

Recommendations

- Access to computer hardware must be restricted to staff only
- Improved Office for PIU should be sought to ensure safeguard of computer equipments
- Antivirus should be installed on all computers
- Server with sufficient space for backup should be acquired
- Processing controls should be documented and staff trained on their application

3 STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS ANALYSIS

Table XVIII: SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Strong partnership with campaign members • Presence of committed Steering Committee • Partners Cooperation e.g. WWF and Mpingo Project • Support and cooperation from Local and Central Government especially FBD of MNRT • TNRF has a concrete development agenda including issues of natural resources which are the real current agenda in the world e.g. climate change • Strong sense of ownership by the beneficiaries (individuals and communities) in participating districts • Experienced project staff 	<ul style="list-style-type: none"> • Laxity in following some procedures stipulated in the regulations. e.g. stores procedures • Lack of co-funding arrangements where donors can contribute to basket fund. The fund could be used to pay for administration costs and other shared services • Dependence on single source of funds for Mama Misituu- MFAF • Few project staff resulting into lack of segregation of duties. • District authorities do not have adequate capacity to fight illegal forestry activities, e.g. there vehicles but no fuel to undertake patrols.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Interest shown by of other donors to co-fund TNRF activities • Presence of strong legal and institutional framework which supports MM activities • Due to success of MM, there is room for expansion of activities to other regions in the country • A number of government officials are involved in TNRF activities, this gives support to the present and future activities 	<ul style="list-style-type: none"> • TNRF grows too fast too quickly thus risk of losing control • Rapid Policy change in Tanzania may impact MM activities • Some district officials being involved in illegal forestry activities thus not cooperating with MM Campaign implementers

4 STAKEHOLDERS VIEWS

Stakeholders interviewed were very positive on the approach adopted by MM Advocacy Campaign. The use of drama, school competitions, visible posters i.e. khangas, T-shirts and caps has been very effective in creating awareness to all age groups where the pilot project is being implemented.

Similarly district officials in Rufiji district complemented the implementation approach to the project as being highly participatory and it was a good compliment to the Community Based Natural Resources Management.

However, the following issues were raised which can be used to improve the Project in future:

i. Village ownership of forests

There is a strong sense of ownership of the project. However, the village councils consulted wants to own their own village forests. However, the process of enabling the villages to legally own their own forests has been very slow. Only 2 villages already owned village forests, most of the other villages were still in the initial stages of surveying and identifying the boundaries of the forests.

ii. Funding of the village cultural drama and dancing groups

Funding for Campaign awareness sensitization groups in the districts was not adequate e.g. members of Mwongozo Sanaa Group are paid Tshs. 7,000 for each day they perform (this is inclusive of lunch but excludes transport cost) and also are paid Tshs, 500 per day for each day of training. Members are of the opinion that the rates are very low, but they are willing to continue as members because they did not have alternative means of livelihood. Increased funding of the drama and dancing groups were therefore recommended.

iii. Assistance for patrol equipments and transports

The main thrust of the advocacy campaign is to discourage illegal harvesting of forest products. This involves making patrols which sometimes involve greater risks in terms of the safety of the villagers making the patrols. Some of the illegal loggers are armed and also there are dangerous wild animals. Members of the Village Natural Resources Committees therefore requested for transport assistance e.g. bicycles or motor cycles to assist them in the patrols.

iv. Timing of the radio campaign broadcasts and TV shows

The radio campaign programmes were sometimes made when the target audience was not able to listen to the programmes. e.g. during the farming season any programmes aired in the day time do not get good audiences as most of the villagers are on their farms.

v. Alternatives of income generating activities

Some of the villagers are themselves involved in illegal logging because they have no alternative means of livelihood. It was alleged that they can even collaborate with illegal loggers because of poverty. It was

suggested that the Project in collaboration with the district councils, FBD and other stakeholders assist in creating an enabling environment for alternative income generating activities.

vi. Complimentary external controls

Members of the Village Natural resources and environment Committee proposed for more involvement of the District Councils in the campaign and in particular to assist the MM efforts instead of discouraging them. They also argued that reasons have never been given as to why the Mkapa Bridge Check Point was not manned. We noticed to the checkpoint was closed and lorries were transporting logs after 6.00 pm which is against the law.

vii. More co-ordination at the District

The cooperation of the district council authorities, police and the prevention of corruption bureau and citizens should be strengthened. Reported cases of illegal logging should be followed up and incentives given to whistle blowers.

5 CONCLUSION AND RECOMMENDATIONS

Based on the results of our review, the overall assessment of MM financial management control system, monitoring and evaluation mechanism as well as the reporting system of the TNRF is as follows:

a) Control environment

The control environment of both TNRF and MM is effective. The overall attitude, awareness and action of management and Steering Committee members regarding control and its role and importance is highly positive as evidenced through registration under the Non-Governmental Organisations Act, 2002, Clear reporting relationship structure for MM and the lead partners, existence of cooperation agreement between TNRF and MM campaign members, employment contracts which set out duties and responsibilities, TNRF finance and Administration policies.

However, the control environment can be improved by implementing a strategy for risk identification and management, tight budgetary controls and effective monitoring and evaluation function.

b) The financial management system

Our overall assessment of the financial management system shows that the system is adequate for processing of MM accounting transactions. The accounting system is centralised at TNRF headquarters where all the original records and source documentation are maintained. Entries to the accounting package can be both at MM and at TNRF headquarters. TNRF uses QuickBooks accounting package, the package produces the monthly trial balance and income statements of expenditure. The package has a capacity of processing large volumes of data.

The assessment of individual accounting controls which have a direct impact on the effectiveness of MM Project FMS is shown in the following table:

FINANCE REVIEW OF MAMA MISITU ADVOCACY CAMPAIGN

Controls to provide reasonable assurance of the:		Assessment	Remarks
1	Adequacy of the budgeting process and budgetary control efficiency	MARGINALLY EFFECTIVE	Budgeting procedures are in place and budgetary reports are produced quarterly. However, no regular comparison is made between budgets and actual costs. There is need to improve budgetary control and variance analysis.
2	Effective management of assets	MARGINALLY EFFECTIVE	System is in place for prompt recording and safe custody of assets and consumables. However, there is no regular comparison of physical and accounting records, No adequate records for consumables and MM office
3	Accuracy, completeness of accounting records and timely preparation of financial reports	EFFECTIVE	Source documentation linked to the General Ledger and financial reports, timely preparation of reports. Funds received figures in the reports differ with the ledger balances. No regular reconciliations, inaccuracies in payroll computations and record keeping improvements are required
4	Expenditure control	EFFECTIVE	Cost of key activities can be determined. However, expenditure budget for individual items not realistic. Budgetary control not effective due to coding of items to wrong account codes.
5	Compliance with laws and regulations	MARGINALLY EFFECTIVE	Financial and Administrative procedures in place. However, internal policies on procurement, stores management are not complied with. Need for a detailed accounting operations procedures manual.
6	Adequacy of external controls	EFFECTIVE	External audit is done. Management letter is issued to enable management address any systems or operational deficiencies.
7	Monitoring, evaluation and internal audit	MARGINALLY EFFECTIVE	No regular monitoring of activities is done to identify any operational deficiencies. Also no internal audit functions. Need to introduce regular monitoring and internal audit function
8	Adequate controls on electronic data processing environment	EFFECTIVE	Different levels of accessing the accounting system through use of passwords. Need for additional controls

c) Recommendations on the controls

Below is a summary of the findings and recommendations for improving the current financial management control system of TNRF and MM

S/NO	Audit review area	Weakness	Recommendation	Management comments
1	Budgeting	No detailed review and analysis of variances	Review the budget preparation process and all budgetary control reports to be analysed in detail and reasons for variances determined	Budgetary control will be incorporated in the TFRN reporting system
2	Funds disbursement	Delays in quarterly release of funds which impact project implementation	Prepare and submit quarterly reports on time to the Embassy of Finland	Management will follow up with the Embassy to ensure timely release of funds
3	Management of fixed assets	List of fixed assets is not up to date, no periodical checks on the condition of assets and reconciliation	List of assets should be updated on a quarterly basis. Regular physical verification and reconciliation to be performed	Agrees with the recommendation
4	Stores Management	No accurate records for issues and poor filing of documents	Stores Ledger to be maintained and updated for all consumables and promotional materials	Stationary purchases are made on request. No stationary items are stored. However, it happens sometimes after meetings and workshops that unused items are returned to the office and are then kept under control of the Administrator
5	Transaction processing	No segregation of duties, Account codes not detailed enough, PV lack supporting documentation and account codes, PVs are not stamped and some are missing	Need for segregation of duties and all PVs to be coded and stamped when paid. Proper filling of all sources documents	Immediate action will be taken to ensure there is segregation of duties, proper filing and TNRF Stamp has been purchased since 2008

FINANCE REVIEW OF MAMA MISITU ADVOCACY CAMPAIGN

S/NO	Audit review area	Weakness	Recommendation	Management comments
6	Custody and security of records and accountable documents	Custody and security of records not adequate	Look for more secure office accommodation for MM	Arusha office secure.
7	Accuracy and reliability of accounting data and reports	Transactions are not coded properly. This does not reflect the actual cost incurred for different activities	Proper procedures for report reviews. Budget reallocation procedures to be put in place	Improvements will be done
8	Petty cash management	Petty cash expenses are not recorded properly	Expense codes to be debited at the time of replenishment. Petty cash vouchers to be properly filed	Petty cash and Bank Account assigned code numbers
9	Bank Management	Monthly bank reconciliation is not reviewed	Bank reconciliation to be prepared and reviewed by the Accountant and Programme Coordinator	Accepted to be implemented immediately
10	Procurement procedures	Procurement regulations i.e. invitation of quotation and competitive tendering are not followed	Existing procedures should be followed	In special circumstances it is not practical to obtain the three quotations as required by the procedures e.g. due non availability of many suppliers in the market for the promotional materials we require
11	Seminars and workshops	Records for costs are not complete	All training costs to be supported with documentation	Noted for implementation
12	Payroll	Social Security Employer's contribution not paid in accordance with the law	Employer's social security contribution should be paid in accordance with the law	<ul style="list-style-type: none"> NSSF contribution computation in accordance with the budget submitted to donors TNRF is an NGO, so is exempted from payment of SDL
13	Contract Management	Not all contracts for provision of consulting	Follow existing contract management procedures.	The provision of any services to TNRF is guided by the TORs and contracts. Recommendations from the consultants

FINANCE REVIEW OF MAMA MISITU ADVOCACY CAMPAIGN

S/NO	Audit review area	Weakness	Recommendation	Management comments
		services are in place		are shared by the TNRF Steering Committee and the Tanzania Forest Working Group before are implemented.
14	External Audit	No written management responses to the issues raised in the management letter	Management should respond to the issues raised in the management letter	The management letter was discussed with auditors

d) Efficiency of MM budget

Funds disbursed for each quarter was below the budgeted amount and the actual expenditure was below budget. Budget control reports for the period July 2008 – December 2009 show that overall project expenditure was 9% below the budget. The major categories of expenditure are:

- Human resources costs 55% above the budget
- Program implementation costs 21% below budget (except recurrent expenditure line item which was 66% above the budget and general media and publicity above the budget by 20%).

No detailed analysis of the reasons for the budgetary variations was made. In future, detailed analysis of variances should be made in order to assist project management in controlling different project activities.

e) SWOT analysis

The strength of TNRF which implements the MM project includes presence of strong partnership with campaign members and lead partners. The Forum and MM have committed steering committees and they have support and cooperation from the Local and Central government. Also there is a strong sense of campaign ownership to citizens in participating districts.

MM and TNRF possess some weaknesses which require improvements, these include non adherence to administration and finance procedures as required by the regulations, dependence on single source of funds for MM and inadequate segregation of duties due to few staff number. Several opportunities exist in TNRF's operating environment, these include possibility of expansion of MM to other regions and districts due to strong government support

f) Stakeholder's views

Stakeholders consulted were very positive on the impact of the advocacy campaign. In particular they commented the commitment of the PIU and the Lead Partners in the two pilot districts.

However, improvements have been recommended in the following areas.

- CBNRM process to be speeded to enable villages to own forests and realise benefits
- Increase funding to village drama groups
- Provision of patrol gear and equipment
- Appropriate timing of radio programmes
- Creation of enabling environment for alternative income generating activities.
- Strengthen the administration of check points

6 LESSONS FOR FUTURE SCALING UP OF THE PROJECT

S/No	Issue to be addressed	Recommendation
1	Finance review recommendations	TNRF is advised to implement the recommendations in order to strengthen the controls system.
2	Chart of accounts	The Account codes should be detailed per functional classification. This will enable the tracing of cost items, result in more realistic budgets.
3	Reporting and budgeting guidelines for Lead Partners	When the Project activities are scaled up more Lead Partners may be involved. In order to provide uniform reporting we recommend that uniform guidelines for budgeting and reporting for Lead Partners should be developed. Also guidelines for reporting and accounting at Village level should be included.
4	Separate Bank Account for MM	A separate bank account should be opened by TNRF accounting for funds transfers for MM operations
5	Accounting and Stores Procedures Manual	In order to cope up with increased activity. TNRF is advised to develop detailed accounting and stores procedures to complement the existing regulations
6	Separate statutory accounts for MM	MM project to be treated as a separate reporting entity. This will enable the preparation of separate statutory accounts for the project.
7	Contract Management	Detailed contract management procedures should be developed and documented. It is anticipated that there will be increased use of consulting services. The procedures should cover all the stages of sourcing and administration of consultants.
8	Monitoring and evaluation	Increased project activities will require closer monitoring of activities. Internal audit function should be established.

7 APPENDICES

APPENDIX I: MM ORGANIZATION STRUCTURE

APPENDIX II: CASH AND BANK BALANCES ANALYSIS (A, B, AND C)

APPENDIX III: MM SUMMARY OF LAUNCH EXPENDITURE

APPENDIX IV: MM FIXED ASSET LIST

APPENDIX V: ANALYSIS OF MM BUDGET Vs ACTUAL EXPENDITURE

APPENDIX VI: ADVOCACY CAMPAIGN PURCHASES

APPENDIX VII: LIST OF MM SEMINARS AND WORKSHOPS

APPENDIX VIII: ANALYSIS OF SELECTED SEMINARS AND WORKSHOPS

APPENDIX IX: CHECKLIST OF AREAS REVIEWED

APPENDIX X: LIST OF PEOPLE INTERVIEWED

APPENDIX XI: LIST OF DOCUMENTS REVIEWED/REFERENCES