

HEALTH AND INSURANCE MANAGEMENT SERVICES ORGANIZATION



**FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD
ENDED 31 MAY 2022**

**PROJECT TITLE: PROMOTION OF COLLABORATIVE EMERGENCY
TRANSPORT SYSTEM AND IMPROVED COMMUNITY HEALTH FUND IN
THE CONTEXT OF UNIVERSAL HEALTH INSURANCE IN TANZANIA.**

PROJECT NUMBER: A-TZA-2021-0356

AUGUST 2022

PROMOTION OF COLLABORATIVE EMERGENCY TRANSPORT SYSTEM AND IMPROVED COMMUNITY HEALTH FUND IN THE CONTEXT OF UNIVERSAL HEALTH INSURANCE IN TANZANIA.

REPORT TO THOSE CHARGED WITH GOVERNANCE
FOR THE SIX-MONTH PERIOD FROM 1 DECEMBER 2021 TO 31 MAY 2022

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LIST OF ABBREVIATIONS

BftW	Bread for the Word
CBO	Community Based Organization
CHuA	Community Health Users Association
CHMT	Council Health Management Team
CHW	Community Health Workers
DC	District Council
DCDO	District Council Development Officer
DHS	Director of Health Services
EA	Enrollment Agent
FM	Financial Management
GA	General Assembly
HIMSO	Health & Insurance Management Service Organization
iCHF	Improved Community Health Fund
KPI	Key Performance Indicator
OIO	Output Input and Outcome
PME	Project Monitoring and Evaluation
PORALG	President Office Regional Administration and Local Government
RHMT	Regional Health Management Team
NBAA	National Board of Accountant and Auditors
TC	Town Council
TFRS	Tanzania Financial Reporting Standards
TP	Transport Provider
UNICEF	United Nations Children's Fund
WAKINA	Wakina Mama na Watoto
WDC	Ward Development Committee

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1.0 MANAGEMENT REPORT

1.1 INTRODUCTION

The Management of HIMSO is pleased to submit the management report and audited financial statements for the six-month period from 1 December 2021 to 31 May 2022 which disclose the state of affairs of the Promotion of Collaborative Emergency Transport System and Improved Community Health Fund in the Context of Universal Health Insurance in Tanzania. This report has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1 Director's Report issued by the National Board of Accountants and Auditors (NBAA).

1.2. INCORPORATION

Health & Insurance Management Services Organization (HIMSO) is a non-government organization that was established and registered in 2012 under the Ministry of Health, Community Development, Gender, Elderly and Children under the Non- Government Act No. 24 of 2002 as amended in 2005 with registration number 00NGO/0005718 and registered amended constitution in 2016 with the registration number 00/0008760.

HIMSO aims to drive healthcare enhancement interventions as well as provide technical expertise for the development of social protection innovations, particularly micro- health insurance through Public-Private partnerships. Since 1st December 2021, HIMSO has been providing technical support to Songwe and Mbeya region for the professional management of the improved Community Health Fund (iCHF), the project that will run up to November 2024. Also, HIMSO is implementing the Emergency Transport System (Dharura Fasta Insurance) in Busokelo, Rungwe, Mbeya DC, Chunya, and Mbarali (Mbeya Region), Mbozi, Momba, Songwe, Tunduma, and Ileje (Songwe Region).

To properly manage the two schemes, HIMSO established community Health users Association (CHuA) at each Council to manage and run the operations of Dharura Fasta Insurance and co-manage the iCHF. CHuA is an independent Community Based Organization (CBO) registered at the District Community Development office (DCDO), it is formed by one representative from the village level to the district level. Each CHuA has an Executive Committee composed of four people (Chairperson, Vice-Chairperson, Secretary, and the Treasurer) and two employees (CHuA Coordinator and Office Attendant). CHuA has the following roles;

- i. To manage all functions of enrolment of Dharura Fasta and iCHF.
- ii. To manage all functions of promotion and sensitization of Dharura Fasta and iCHF.
- iii. To distribute and track enrolment materials for both iCHF and Dharura Fasta.
- iv. To ensure all EAs are timely paid their commission (10%).
- v. To manage Dharura Fasta funds.
- vi. To contract private transport providers.

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- vii. Organizing the governance of the Association.
- viii. iCHF and Dharura Fasta data collection from villages and health facilities.
- ix. To participate in the Council Health Services Board.

1.3. ORGANIZATION'S VISION

To have a healthy community with a comprehensive quality health care coverage in Tanzania.

1.4. ORGANIZATION'S MISSION

Promotion for health and community enrollment into the health insurance schemes and access to affordable and quality health services for sustainable development through partnership and collaboration with public and private stakeholders operating for the betterment of the Tanzanians.

1.5. PROJECT FINANCING

HIMSO is supported by Bread for the World (BftW) and United Nation's Children Fund (UNICEF).

1.6 GOVERNANCE

The Board of Directors consists of nine board members of which the Secretary of the board is the Executive Director of the organization and the rest are non-executive directors. The Board takes overall responsibility for the organization, including responsibility for identifying key risk areas, considering, and monitoring decisions, and considering significant financial matters. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board holds the management accountable for the operations of the organization and for proper management and utilization of the organization's financial resources. It approves the organization's policies, operational guidelines and procedures, operational plans, and budgets.

The Board is required to meet at least once every six months. The board delegates the day-to-day management of the organization to the Executive Director assisted by senior management.

1.7 MANAGEMENT

The management of HIMSO is under the leadership of the Executive Director and it is organized with the following staff:

- i. Finance and Administrative Officer.

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- ii. Marketing and Development Officer.
- iii. Operations Officer.
- iv. Monitoring, Evaluation, Research, and Learning Officer.
- v. Regional Project Managers.

1.8. ADMINISTRATIVE MATTERS

The organization is capable of handling administrative matters.

1.9. RESOURCES

HIMSO receives funds from donors such as BftW and UNICEF and has employees with the appropriate skills to implement projects in line with set objectives.

1.10. ACHIEVEMENTS DURING THE LAST SIX MONTHS

For the last six months, HIMSO focused on planned key activities. These activities were strategically set to introduce the new project. The implemented activities included Project introduction meeting, Management of iCHF and Dharura Fasta (Mapping CHWs, TP, and EAS, establishing 3 CHuAs, Training CHWs and CHuA, Support Management for 10 CHuAs, Demand creation), Programmatic Development, Lobby, advocacy and Networking, Monitoring visits and baseline. Below are the details:

1.10.1 Project introduction meetings

From 1st December 2021 to 31st May 2022, HIMSO introduced the Project at the ministry of President Office Regional Administration and Local Government (PORALG) to 31 delegates at the Office of the Director of Health Services (DHS). The Director of HIMSO presented the new Project and its scope to the delegates, the project was accepted and HIMSO was given the approval to continue with the implementation of the project in the Mbeya and Songwe regions. Also, the Project was introduced to the Regional Health Management Teams (RHMTs) in the two regions (Mbeya and Songwe), to the Council Health Management Teams (CHMTs) in five Councils of the Songwe region (Mbozi, Momba, Ileje, Songwe, and Tunduma TC) and five Councils of the Mbeya region (Chunya, Mbeya DC, Mbarali, Rungwe, and Busokelo), and to 94 Ward Development Committees (WDCs) in Songwe region. The project was well accepted at all levels and HIMSO received a high level of cooperation from the government. The introduction meetings will continue to 117 WDCs of the Mbeya region.

1.10.2 Management of iCHF and Dharura Fasta.

1.10.2.1 Mapping/identification of CHWs, EAs, and TP.

From 1st December 2021 to 31st May 2022, a total of 186 CHWs were mapped (71 Tunduma TC, 72 Momba DC, and 43 Songwe DC), the mapped CHWs will be trained to enroll people in Dharura Fasta, households (HH) into iCHF and manage Dharura Fasta medical emergencies.

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The Transport Providers (TP) will be mapped and contracted at the villages during public meetings. The identification of the CHWs was done in collaboration with the office of the DMO in each Council.

1.10.2.2 Establishing 3 CHuAs

Establishing CHuA is a process, where, from 1st December 2021 to 31st May 2022, HIMSO employed 3 CHuA Coordinators for Momba DC, Tunduma TC, and Songwe DC to work with the LGAs and facilitate the process of signing the Memorandum of Understandings (MoUs). HIMSO has already signed MoUs with the Councils of Momba, Songwe, and Tunduma. Additionally, CHuAs were provided with Offices within the government buildings. The process of establishing the 3 CHuAs will be finalized by conducting General Assembly (GA) with the representatives from each ward in June and July 2022. During the GA, the CHuA Constitutions will be passed and Executive Committee elected. CHuA will be registered at the district level with the District Development Office.

1.10.2.3 Training CHuA and CHWS

From 1st December 2021 to 31st May 2022, HIMSO conducted a series of training and capacity-building sessions for 10 CHuA Coordinators, 6 Office Assistants, and 638 CHWs. The training and capacity-building focused on the new project, data capturing, indicators of the project, the basics of communication, the functioning of CHuA, the basics of promotion, sensitization, and photo-taking during an event, Project KPIs, Funds management, and engagement with HIMSO and the Community or other stakeholders for CHuA Coordinators and Office Assistants.

CHWs were trained on the danger signs for (pregnant women and children under the age of five years), Communication during medical emergencies, and management of the transport during the referral from the village to a nearby Health Facility.

1.10.2.4 Support Management for 10 CHuAs

From 1st December 2021 to 31st May 2022, HIMSO provided support management to 10 CHuAs, five from Songwe region (Momba, Mbozi, Songwe, Ileje, and Tunduma) and five from Mbeya region (Mbeya DC, Mbarali, Chunya, Rungwe, and Busokelo). The support focused on building the technical capacity of CHuA team and the financial support in terms of payment of Salary to employees of CHuA, motorcycles maintenance, and office utilities.

1.10.2.5 Demand creation for Dharura Fasta and iCHF

From 1st December 2021 to 31st May 2022, HIMSO customized its communication strategy on social and behavior change and integrated it into the demand creation approach so as to increase public awareness of the benefits of health insurance to the community in their localities so as to excel in product sales (enrollment).

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The customized communication strategy was conducted throughout the period under review in 94 wards, and 470 villages, it was planned quarterly per each district at selected wards and villages. The campaigns targeted the community and comprised tools like IEC materials, indoor and public meetings, and door-to-door campaigns. To ensure better results, the demand creation involved CHuA coordinators, CHuA executive committee, CHWs, HIMSO Staff, iCHF coordination office, and influential stakeholders. A total of 7,253 households were enrolled in iCHF, 7,257 individuals and 106 Villages were enrolled in Dharura Fasta for both regions Mbeya and Songwe.

1.10.3 Programming Development.

From 1st December 2021 to 31st May 2022, to ensure HIMSO has quality skills to manage, implement and transfer knowledge generated during implementation to potential stakeholders for consideration of adoption in other areas, the following pieces of training were conducted.

- i. A two days of needs-based capacity strengthening for 9 HIMSO staff including Project Monitoring and evaluation (PME), the use of Output, Input and Outcome (OIO) in Mbeya with support from INTERFINi.
- ii. 9 HIMSO staff received capacity building on Resource Mobilization for NGOs in Mbeya with support from SPAIDE.
- iii. Two HIMSO staff attended a 3-day training in Moshi, Organization Identity Construction. It was facilitated by EASUN.

1.10.4 Advocacy, Lobby, and Networking

From 1st December HIMSO attended a series of advocacy, lobby, and networking meetings that intended to advance a friendly and close collaboration with regional and local government authorities so as to increase government buy-in into the project intervention. The following meetings were attended:

- i. At the national level: On May 30th 2022, HIMSO Director and two board members met with National iCHF coordinator and the Deputy Director of Health, Social Welfare and Nutrition PORALG with the aim of introducing and demonstrating the relevance of HIMSO's interventions to the two delegates of PORALG. The office of PORALG greatly appreciated HIMSO for their support to the government and committed to providing its infinite support.
- ii. At regional level: On 6th May 2022, HIMSO attended the meeting for all NGOs working in the Songwe region, the agenda was knowing each other and working together. On 14th May 2022, HIMSO attended the NGOs meeting in the Southern zone with the agenda of collecting the opinions on NGOs sustainability.
- iii. At the district level: In March and April 2022, HIMSO attended all stakeholders meeting in Mbozi, Chunya, and Ileje.
- iv. In April 2022, the Director of HIMSO met with the MP of Lupa who is the Chairman of all MPs of the Mbeya region Hon.Masache Kasaka with the aim of advocating HIMSO and find a chance to meet the MPs of Mbeya and Songwe to advocate for Dharura Fasta.

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- v. In May 2022, the HIMSO Director and the team met with Mr. Moses Krom the program Coordinator of WAKINA, and discussed the possibilities of working together.

1.10.5 Monitoring including baseline

To ensure smooth project implementation, HIMSO undertook a baseline survey in the project area to gather qualitative and quantitative data on the onset of the project as a base to measure the achievements that the project will make. The main objective of this baseline assessment exercise was to capture data and information that will enable the project to establish the prevailing situation in the targeted villages and households about iCHF and Dharura Fasta.

1.11. FINANCIAL PERFORMANCE

During the period under review, HIMSO received a total of TZS 368,912,000 from Bread for the World (BftW) and TZS 176,176,652.81 from UNICEF for the period from 1st December 2021 to 31st May 2022. A total expenditure of TZS 500,383,429.95 was spent on various activities during the period.

1.12. SOLVENCY

Management of the HIMSO confirms that the applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Management of the organization has a reasonable expectation that HIMSO has adequate resources to continue in operational existence for the foreseeable future.

1.13. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks that may significantly affect the organization's strategies, programs, and development are:

- i. Availability of donor funding.
- ii. Adverse effect of national policies and regulations.
- iii. Limited capacity and underfunding of program partners may result in the under-delivery of the program activities.
- iv. Human actions like wars between the nations.
- v. Eruption of pandemics

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1.14. GENDER PARITY

As of 31st May 2022, HIMSO had the following distribution of employees by disaggregated by sex.

Sex	2022	2021
Female	4	3
Male	6	6
Total	10	9

1.15. EMPLOYEES WELFARE

HIMSO is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best-qualified person is appointed to any free position without discrimination of any kind related to gender, marital status, tribe, religion, and disability.

Management and employees' relationship

The relationship between the management and employees is good. No serious and unresolved complaints were received from the employees and management.
Pension contributions

HIMSO employees are registered in pension schemes of their choice. Currently, employees are registered with National Social Security Fund (NSSF) pension fund. The employer and employees' contributions are 20% of the employees' monthly remuneration. HIMSOs contributions to the pension funds are charged to the statement of income and expenditure in the semester to which they relate.

Training facilities

In order to improve the motivation of employees, the organization provides training and holds regular meetings with employees to discuss workplace development.

Disabled persons

It remains the organization's policy to accept disabled persons for employment for those vacancies they are able to fill.

Compensation Benefits

The organization has a statutory requirement to contribute to the Workers Compensation Fund with effect from 1 July 2015. The main purpose of the Fund is to provide compensation benefits when employees suffer occupational injuries, contract occupational diseases, or die as a result of the employment-related reason(s).

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The Organization contributes 1% of the annual employees' earnings to the Workers Compensation Fund.

1.16. RELATIONSHIP WITH STAKEHOLDERS

The Organization continues to maintain a good relationship with all stakeholders including the regulators. HIMSO ensures timely reporting and attendance to all stakeholder meetings and engagements.

1.17. ACCOUNTING POLICIES

A summary of key accounting policies is in Note 6.1 to the financial statements and were consistently applied during the reporting period under review.

1.18. ENVIRONMENTAL CONTROL PROGRAMME

The Organization is committed to making sure that all internal and external surroundings of its offices are clean and responsible waste management is carried out as much as possible.

1.19. COMPLIANCE WITH LAWS AND REGULATIONS

The organization complies with statutory laws and regulations. No known incidences of breach of law resulted in fines or penalties during the reporting period under review.

1.20. POLITICAL AND CHARITABLE DONATIONS

The Organization did not make any political or charitable donations during this semester.

PREJUDICIAL ISSUES

In the opinion of the Management, there are no serious unfavorable matters that can affect HIMSO.

1.21. FIDUCIARY RESPONSIBILITY

Members of the Board of Directors as stewards of public trust always acted for the good of the organization rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the organization without placing the HIMSO under unnecessary risks.

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1.22. CORPORATE SOCIAL RESPONSIBILITIES

HIMSO values responsible corporate citizenship. It is the nature of HIMSO programs to continuously strengthen community development and facilitate social development and support.

1.23. FUTURE DEVELOPMENT PLANS

HIMSO will remain committed to the goals set for the ongoing program while at the same time it reviews its strategic plan to reflect future direction, operations, and fundraising.

Approved by the Management for issue and signed on its behalf by:



Fadhili Mtanga
Executive Director



22-08-2022
Date

PROMOTION OF COLLABORATIVE EMERGENCY TRANSPORT SYSTEM AND IMPROVED COMMUNITY HEALTH FUND IN THE CONTEXT OF UNIVERSAL HEALTH INSURANCE IN TANZANIA.

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2.0. Statement of Management Responsibility

The Management of HIMSO has responsibilities to prepare, in all material respect, financial statements of the project in accordance with the accounting policies described in Note 6.1 to the financial statements. Further, the Management is responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the organization. Management is also responsible for safeguarding the assets of the Organization and hence taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

The Management accepts responsibility for the project financial statements, which have been prepared using appropriate accounting policies and supported by reasonable and prudent judgments in conformity with the basis of preparation set out in Note 6.1 to the financial statements. The management is of the opinion that the organization's financial statements have been prepared, in all material respects, in accordance with the accounting policies detailed in the summary of significant accounting policies in Note 6.1 to the financial statements. The management further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the organization's financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement.

Signed on behalf of the Management by:

Fadhili Mtanga
Executive Director



22-08-2022

PROMOTION OF COLLABORATIVE EMERGENCY TRANSPORT SYSTEM AND IMPROVED COMMUNITY HEALTH FUND IN THE CONTEXT OF UNIVERSAL HEALTH INSURANCE IN TANZANIA

DECLARATION OF THE HEAD OF FINANCE
FOR THE SIX-MONTH PERIOD FROM 1 DECEMBER 2021 TO 31 MAY 2022

3.0. Declaration of the Head of Finance/Accounting HIMSO

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the project concerned.

It is the duty of a Professional Accountant to assist the Management to discharge the responsibility of preparing financial statements of the project showing true and fair view of the project position and performance in accordance with accounting policy stipulated on note 6.1 and the cooperation agreement. Full legal responsibility for the preparation of financial statements rests with the Management as stated on the statement of Management responsibility on page 10.

I, NEEMA MCHAKO CHALISA being the Head of Finance/Accounting of HIMSO hereby acknowledge my responsibility of ensuring that financial statements of the Promotion of Collaborative Emergency Transport System and Improved Community Health Fund in the Context of Universal Health Insurance in Tanzania project for six-month period ended 31 May 2022 have been prepared in compliance with applicable accounting policy stipulated on note 6.1 and the agreement of cooperation.

I thus confirm that the financial statements give a true and fair view of the project as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Charles
Position:
NBAA Membership No: GA 9771
Date: 22-08-2022

4.0 Independent Auditor's report

To the Management of Health and Insurance Management Services Organization (HIMSO)

Opinion

We have audited the project's financial statements named Promotion of Collaborative Emergency Transport System and Improved Community Health Fund in the Context of Universal Health Insurance in Tanzania implemented by Management of Health and Insurance Management Services Organization (HIMSO), which comprise the statement of income and expenditure for the six-month period ended 31 May 2022 and the cash balance as at that date. The statements have been prepared by the project management based on the provisions contain in the Agreement of Cooperation dated 25 November, 2021 between HIMSO and BfdW and in accordance with the accounting policy described in note 6.1 on page 17.

In our opinion,

1. Promotion of Collaborative Emergency Transport System and Improved Community Health Fund in the Context of Universal Health Insurance in Tanzania Project has adhered, in all material respects, to the terms of the Agreement of Cooperation with BfdW;
2. The project funds have been used, in all material respects, exclusively for the purposes of the project in accordance with the Agreement of Cooperation and the budget; and
3. The financial statements of Promotion of Collaborative Emergency Transport System and Improved Community Health Fund in the Context of Universal Health Insurance in Tanzania Project for the six-month period ended 31 May, 2022 show a true and fair view of its income and expenditure for the period and of its funds and cash status at that date.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.



4.0 Independent Auditor's Report (Cont.)

We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to the fact that the financial statements have been prepared on cash basis of accounting and in accordance with other reporting requirements of BfdW. The financial statements are prepared to assist the project management to comply with the financial reporting provisions of the agreement referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for HIMSO and BfdW and should not be distributed to or used by parties other than HIMSO or BfdW. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of the agreement, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease the project or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.



4.0 Independent Auditor's Report (Cont.)

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it does not guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Basing on our review we have not determined any matter to be the key audit matter to be communicated in our report.

Other information included in the Semi-Annual Report

The management of HIMSO are responsible for the other information. The other information comprises the List of Abbreviation; Management Report; Statement of Management Responsibilities; Declaration of the Head of Finance but does not include the financial statements and our auditor's report thereon and an Appendix attached to the report.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.



4.0 Independent Auditor's Report (Cont.)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

A handwritten signature in blue ink, appearing to be "H. Lutinwa", is written over a dotted line.

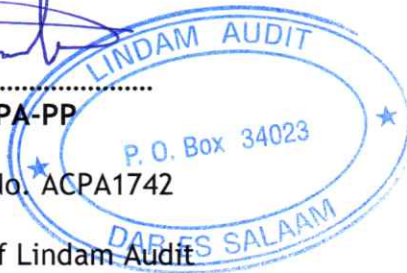
.....
Focus Lutinwa, ACPA-PP

NBAA Registration No. ACPA1742

For and on behalf of Lindam Audit

Dar es Salaam

Date..... 24th August 2022



PROMOTION OF COLLABORATIVE EMERGENCY TRANSPORT SYSTEM AND IMPROVED COMMUNITY HEALTH FUND IN THE CONTEXT OF UNIVERSAL HEALTH INSURANCE IN TANZANIA.

FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD FROM 1 DECEMBER 2021 TO 31 MAY 2022.

5.0 STATEMENT OF INCOME AND EXPENDITURE

	Notes	Six-month period ended
		31 May 2022
		TZS
Income		
BftW transfer	6.2	368,912,000.00
HIMSO own income	6.3	176,530,751.81
Total programme income		545,442,751.81
Total expenditure	6.5	(500,383,429.95)
Surplus/(Deficit) for the period		45,059,321.86
Balance brought forward		-
Project balance carried forward		45,059,321.86
Represented by:		
Cash at bank	6.4	44,696,222.86
Cash in hand	6.4	363,099.00
		45,059,321.86

The financial statements on page 16 to 19 were approved by the Management of HIMSO for issue on 22-08- 2022 and were signed on their behalf by:


Fadhili Mtanga
Executive Director



FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD FROM 1 DECEMBER 2021 TO 31 MAY 2022.

NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

6.0 GENERAL INFORMATION

The Health and Insurance Management Services Organization (the ‘‘NGO’’) is a not-for-profit organisation which was incorporated in Tanzania under the Non-Government Act No. 2 of 2002 as amended in 2005.

The address of its registered office is:

Health and Insurance Management Services Organization (HIMSO),
P.O. Box 2827,
Mbeya City.

6.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the project management in the preparation of the statement of income and expenditure are set out below: -

a) Basis of preparation

Statement of Income and Expenditures has been prepared on cash basis under this accounting conversation the financial statements are presented in Tanzania Shillings (TZS).

- Income is recognized when the recognition criteria has been fulfilled and;
- Expenses are recognized when services are being implemented by HIMSO.

b) Project expenditure by the financing Partner

Project expenditure is recognized when expenses are incurred for the project activities. Expenses incurred directly by Financing Partners in respect of the project activities are included in the Statement of Income and Expenditure during the period they were actually paid.

c) Foreign currency transactions

Transactions in foreign currency are translated to Tanzanian Shillings (TZS) using the average exchange rate prevailing during the reporting period. Monetary assets and liabilities denominated in foreign currency at period end are translated to Tanzania Shillings (TZS) using the period end rate. Any gains or losses resulting from transactions are recognized in the Statement of Income and Expenditure.

Transactions denominated in foreign currency and transfers from the Financing Partners are converted into Tanzania Shillings (TZS) at the exchange rate ruling at the date of the transaction. At the year-end, balances denominated in foreign currency are translated into Tanzania Shillings (TZS) at the exchange rate ruling at the end of the reporting period. Exchange differences arising on the conversions and translations are dealt with in the Statement of Income and Expenditure.

PROMOTION OF COLLABORATIVE EMERGENCY TRANSPORT SYSTEM AND IMPROVED COMMUNITY HEALTH FUND IN THE CONTEXT OF UNIVERSAL HEALTH INSURANCE IN TANZANIA.

FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD FROM 1 DECEMBER 2021 TO 31 MAY 2022.

d) Capital expenditure

Fixed assets are expensed in the month of acquisition within the reporting period.

e) Currency

The accounts are presented in Tanzanian Shillings (TZS)

6.2. Project Grants

Project grants constitutes funds received from BftW and other partners for the period from 1 December 2021 to 31 May 2022 as detailed below;

	Six-month period ended 31.05.2022 TZS
BftW	<u>368,912,000.00*</u>

**Details of funds received during the period;*

Date Received	Amount Disbursed (Euro)	Amount confirmed in TZS
06/12/2021	62,200.00	157,988,000.00
28/03/2022	84,000.00	210,924,000.00
Total	<u>146,200.00</u>	<u>368,912,000.00</u>

6.3. HIMSO Tanzania own source of income

Own source income is comprised of funds donated by United Nations Children's Fund (UNICEF) on activities with the same project objectives for the period from 1 December 2021 to 31 May 2022 amounting to TZS 176,530,751.81.

6.4. Cash at bank

Cash at bank balance refers to the funds held in the designated bank accounts. The project bank balance as of 31 May 2022 was TZS 44,696,222. Also, the project had a petty cash of TZS 363,099.00 of which has been presented as cash in hand on the statement of Income and Expenditure.

PROMOTION OF COLLABORATIVE EMERGENCY TRANSPORT SYSTEM AND IMPROVED COMMUNITY HEALTH FUND IN THE CONTEXT OF UNIVERSAL HEALTH INSURANCE IN TANZANIA.

FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD FROM 1 DECEMBER 2021 TO 31 MAY 2022.

6.5 Total expenditure

Code	Project activities description	Amount (TZS)
1.1	Project introduction meetings	51,989,273.60
1.2.2	Establishing 3 CHuA	1,853,649.90
1.2.3	Trainings (CHW, CHuA)	46,265,100.00
1.2.4	Support management for 10 CHuA	31,787,410.28
1.2.5	Demand creation (community strategy, campaigns, reward system)	109,793,894.00
1.3	Programming Development	15,789,750.00
1.4	Advocacy, Lobby and Networking	22,565,460.00
1.5	Monitoring incl. Baseline	14,628,260.00
2.1.1	Operations Officer (1072Euro*36*100%)	13,931,280.00
2.1.2	M&E Officer (1125Euro*36*100%)	11,611,063.00
2.1.3	Regional project managers (645Euro*36*100%*2)	16,452,712.00
2.1.4	Project driver (415Euro*36*100%)	5,917,665.00
2.2.1	Managing Director (1822Euro*36*50%)	22,515,200.00
2.2.2	Finance and Administrative Officer(1108Euro*36*70%)	14,635,750.00
2.2.3	Marketing and Development Officer(1200Euro*36*70%)	15,127,400.00
2.2.4	Project Accountant (402Euro*36*100%)	6,885,830.47
2.2.5	Office attendant (100Euro*36*50%)	1,548,110.00
3.1.1	HIMSO office running cost: rent, electricity, water, communication, bank charges, security, office material)	34,610,137.00
3.1.2	Insurance and maintenance of vehicles	12,911,844.70
3.2.1	CHuA Mbozi	887,000.00
3.2.2	CHuA Rungwe	423,440.00
3.2.3	CHuA Busokelo	2,988,100.00
3.2.4	CHuA Ileje	910,900.00
3.2.5	CHuA Mbarali, Chunya, Mbeya DC, Momba, Tunduma, Songwe DC (6*8700Euro)	6,599,200.00
4.1	Computer, Office furniture, printer for 3 new CHuA Office s @ 4800Euro	24,580,000.00
4.4	10 Tablets for CHuA Coordinators	7,400,000.00
4.5	2- Laptops for HIMSO staffs	5,775,000.00
	Total	<u>500,383,429.95</u>

PROMOTION OF COLLABORATIVE EMERGENCY TRANSPORT SYSTEM AND IMPROVED COMMUNITY HEALTH FUND IN THE CONTEXT OF UNIVERSAL HEALTH INSURANCE IN TANZANIA.

FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD FROM 1 DECEMBER 2021 TO 31 MAY 2022.

7.0 APPENDIX 1: FINANCIAL REPORT AS PER BFTW FORMAT

Financial Report

Project number/project title:

Promotion of Collaborative Emergency Transport System and Improved Community Health Fund in the Context of Universal Health Insurance in Tanzania

Project partner:

Health & Insurance Management Services Organization (HIMSO)

Project period:

1st December 2021 to 30th November 2024

Reporting period:

1st December 2021 to 31st May 2022

I. INCOME/Receipts

Income sources	Total planned income in EUR	Total planned income in national currency	Income in national currency						Total income 1st - 6th reporting period	Deviation from the plan (%) based on national currency
			1st reporting period	2nd reporting period	3rd reporting period	4th reporting period	5th reporting period	6th reporting period		
1.0 Non-Bread for the World funds										
1.1 Funds balance from previous project									0	
1.2 Project partner's own means									0	0.00
1.3 Domestic funds raised by project partner	369,300	960,180,000	176,530,751.81						176530751.8	-81.61
1.4 Foreign funds raised by project partner (except 1.6)									0	0.00
1.5 Project partner's funds raised by the European Union									0	0.00
1.6 Other German public funds raised by project partner									0	0.00
1.7 Interest and exchange gains from non Bread for the World - Protestant Development Service funds									0	0.00
Total amount source 1.0	369,300	960,180,000	176,530,751.81	0	0	0	0	0	176530751.8	-81.61
2.0 Funds provided from Bread for the World	600,000	1,560,000,000								
2.1 Bank transfers:										
Bank transfer			157,988,000.00							
Bank transfer			210,924,000.00							
Bank transfer										
Total amount source 2.1			368,912,000.00	0	0	0	0	0	368912000	
2.2 Interest									0	
2.3 Exchange gains									0	
Total amount source 2.0	600,000.00	1,560,000,000.00	368,912,000.00	0	0	0	0	0	368912000	-76.35
Total income	969,300	2,520,180,000	545,442,751.81	0	0	0	0	0	545442751.8	-78.36

Remarks (if necessary):

Debit notes (considered as income in the project account of Bread for the World)
Debit notes are also considered as expenditure (see page 2).

Debit note n°.	Amount in nat. currency

Project number/project title: Promotion of Collaborative Emergency Transport System and Improved Community Health Fund in the Context of Universal Health Insurance in Tanzania

Reporting period: 1st December 2021 to 31st May 2022

II. EXPENDITURE/Payments exchange rate=2600

Expenditure items	Total planned expenditure in EUR	Total planned expenditure in national currency	Expenditure in national currency						Total expenditure 1st - 6th reporting period	Deviation from the plan (%) based on national currency
			1st reporting period	2nd reporting period	3rd reporting period	4th reporting period	5th reporting period	6th reporting period		
Respective reporting period:			May-22							
1.0 Project activities	454,000	1,180,400,000	294,672,797.78	0	0	0	0	0	294,672,798	-75.04
1.1 Project introduction meetings	34,000	88,400,000	51,989,273.60							
1.2 Management of iCHF, DF		0								
1.2.1 Mapping/Identification of CHW, Enrolme	2,000	5,200,000	0.00							
1.2.2 Establishing 3 CHuA	8,000	20,800,000	1,853,649.90							
1.2.3 Trainings (CHW, CHuA)	32,000	83,200,000	46,265,100.00							
1.2.4 Support management for 10 CHuA	144,000	374,400,000	31,787,410.28							
1.2.5 Demand creation (community strategy, c	114,000	296,400,000	109,793,894.00							
1.3 Programming Development	61,000	158,600,000	15,789,750.00							
1.4 Advocacy, Lobby and Networking	38,000	98,800,000	22,565,460.00							
1.5 Monitoring incl. Baseline	21,000	54,600,000	14,628,260.00							
2.0 Personnel	248,000	644,800,000	108,625,010.47	0	0	0	0	0	108,625,010	-83.15
2.1 Program personnel										
2.1.1 Operations Officer (1072Euro*36*100%)	38,600	100,360,000	13,931,280.00							
2.1.2 M&E Officer (1125Euro*36*100%) Regional project managers	40,500	105,300,000	11,611,063.00							
2.1.3 (645Euro*36*100%*2)	46,500	120,900,000	16,452,712.00							
2.1.4 Project driver (415Euro*36*100%)	15,000	39,000,000	5,917,665.00							
2.2 Administrative staff		0								
2.2.1 Managing Director (1822Euro*36*50%) Finance and Administrative	32,800	85,280,000	22,515,200.00							
2.2.2 Officer(1108Euro*36*70%) Marketing and Development	28,000	72,800,000	14,635,750.00							
2.2.3 Officer(1200Euro*36*70%)	30,300	78,780,000	15,127,400.00							
2.2.4 Project Accountant (402Euro*36*100%)	14,500	37,700,000	6,885,830.47							
2.2.5 Office attendant (100Euro*36*50%)	1,800	4,680,000	1,548,110.00							
3.0 Administration	180,500	469,300,000	59,330,621.70	0	0	0	0	0	59,330,622	-87.36
3.1.1 HIMSO office running cost: rent, electricity, water, communication, bank charges, security, office material)	36,000	93,600,000	34,610,137.00							
3.1.2 Insurance and maintenance of vehicles	33,500	87,100,000	12,911,844.70							
3.1.3 Audit (6*5000Euro)	30,000	78,000,000	0.00							
3.2 Running cost for 10 CHuA offices		0								
3.2.1 CHuA Mbozi	5,500	14,300,000	887,000.00							
3.2.2 CHuA Rungwe	6,400	16,640,000	423,440.00							
3.2.3 CHuA Busokelo	8,400	21,840,000	2,988,100.00							
3.2.4 CHuA Ileje	8,500	22,100,000	910,900.00							
3.2.5 CHuA Mbarali, Chunya, Mbeya DC, Momba, Tunduma, Songwe DC (6*8700Euro)	52,200	135,720,000	6,599,200.00							
4.0 Procurement	21,300	55,380,000	37,755,000.00	0	0	0	0	0	37,755,000	-31.83
4.1 Computer, Office furniture, printer for 3 n	14,400	37,440,000	24,580,000.00							
4.4 10 Tablets for CHuA Coordinators	4,600	11,960,000	7,400,000.00							
4.5 2 Laptops for HIMSO staffs	2,300	5,980,000	5,775,000.00							
5.0 Construction	0	0	0.00	0	0	0	0	0	0	0.00
5.1 Value of site										
5.2 Construction works										
5.3 Site works										
5.4 Equipment										
5.5 Professional fees										
6.0 Evaluations	38,500	100,100,000	0.00	0	0	0	0	0	0	-100.00
6.1 Evaluations	38,500	100,100,000								
Subtotal	942,300	2,449,980,000	500,383,429.95	0	0	0	0	0	500,383,430	-79.58
7.0 Reserve*	17,700	46,020,000							0	-100.00
Total expenditure	960,000	2,496,000,000	500,383,429.95	0	0	0	0	0	500,383,430	-79.95

Remarks (if necessary):

Debit notes (considered as expenditure in the project account of Bread for the World).

Debit note n°.	Amount in national currency

* If expenditure is booked under the item "7. Reserve", the auditor describes in an explanatory note the nature of expenditure and confirms the consent of Bread for the World.

Project number/project title:

Promotion of Collaborative Emergency Transport System and Improved Community Health Fund in the Context of Universal Health Insurance in Tanzania

Reporting period:

1st December 2021 to 31st May 2022

III. Balance of the project funds and cash status

(in national currency)

1. **Balance** of the project funds at start of the reporting period:

0.00

2. **Plus** total income during the reporting period:

+ 545,442,751.81

3. **Less** total expenditure during the reporting period:

- 500,383,429.95

4. **Balance** of the project funds at the end of the reporting period:

45,059,321.86

(A)

5. Cash status

Cash in hand:

363,099.00

Cash at bank:

44,696,222.86

6. **Balance** of cash at the end of the reporting period:

45,059,321.86

(B)

Reconciliation of differences between (A) and (B), if applicable:

0.00

6. Detailed information on creditors and debtors
(structured according to the approved expenditure items):

creditors	debtors

This is to confirm that the contents of this financial report are in accordance with the information and structure of the expenditure and income plan and with the cooperation agreement between project partner and Bread for the World.

Remarks (if necessary):

Mbeya, 22-08-2022

(Place, date)

FADHICI MTANGA *Fadhici Mtanga*

(Name and signature of authorised signatory)



Audit completion checklist

Project Partner: Health and Insurance Management Services Organization (HIMSO)

Project number: A-TZA-2021-0356

Audit period: 1 December 2021 to 31 May 2022.

This is a checklist of some of the key issues that may arise from the Audit Agreement (AA) and the Cooperation Agreement (CA). It is not intended to be a complete checklist either for that documentation or for other issues that might emerge through the audit. Auditors are encouraged to add lines to this checklist for any other matters that they believe it would be appropriate to include in the circumstances of each particular audit.

Note: Bread for the World expects that all exceptions (apart from those that are clearly trivial) will be included in the management letter (ML); all material exceptions must also be reported in the audit report.

AA oder CA §	Component	Confirmation	Reference to ML §	If not in ML, other remarks/ observations/explanations/comments
AA 2.2.1	Under which standard(s) have you reported? (Note: reporting under any other standard cannot be accepted).	<input type="checkbox"/> ISA 800 only <input checked="" type="checkbox"/> ISA 800 (opinion c) & ISAE 3000 (opinions a und b <u>only</u>)	N/A	N/A
AA 2.3	Has the audit been conducted in accordance with the International Standards on Auditing?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	N/A	If "no", please explain: N/A
AA 2.3	Did the audit team work at the office of the Project Partner, at least for the purposes of obtaining most audit evidence?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	N/A	If "no", please explain: N/A
CA 4.1	Have the budgeted local/third party <u>cash</u> contributions been actually received, recorded and used for the project?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	N/A	All the own source funds and third-party cash contributions were actually received, recorded and used for the project.
CA 4.5	Has a separate bank account been opened for the project and all project relevant income have been transferred to this account?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	N/A	If "no", please describe how project funds are separated from other funds: N/A
CA 4.10	Have any indications been identified that the Project Partner may be unable to provide its own contribution as defined by the ratio of funding?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	N/A	N/A.
CA 4.12	Has expenditure been accounted under the main expenditure item "Reserve" and was it duly authorized by Bread for the World?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	N/A	As of 31 May 2022, there was no any expenditure accounted under the main expenditure item (Reserve).

AA oder CA §	Component	Confirmation	Reference to ML §	If not in ML, other remarks/ observations/explanations/comments
CA 4.17	Have payments to third parties (debit notes) been reported in the appropriate place on the financial report?	<input type="checkbox"/> yes <input type="checkbox"/> no <input checked="" type="checkbox"/> N/A	N/A	As of 31 May 2022, there was no any third party payment made.
CA 4.18	Have the project funds transferred by Bread for the World been spent within the specified time?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	N/A	N/A
	Does the fund balance at the reporting date indicate that the requests for transfer of funds have been overstated? Does it result in a considerable amount? (see page 3 of the financial report)	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	N/A	<u>If „yes“, please explain the cause of the considerable amount:</u> N/A
CA 4.20	Have any exchange rate gains/losses and/or interest gains been properly recorded, reported and used for the project (if applicable)?	<input type="checkbox"/> yes <input type="checkbox"/> no <input checked="" type="checkbox"/> N/A	N/A	The project funds are converted to TZS immediately upon receipt of funds from BfdW. Therefore, exchange gains or losses are not expected.
CA 4.21	Does the Project Partner hold proper title to any immovable assets/buildings acquired with project funds and are they used for the purposes of the project?	<input type="checkbox"/> yes <input type="checkbox"/> no <input checked="" type="checkbox"/> N/A	N/A	N/A
CA 4.24	Did the Project Partner adhere to the legal regulations and provisions for insurance, taxes and social security and were payroll deductions etc. paid to the appropriate authority by the due dates?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no. <input type="checkbox"/> N/A	N/A	All the deductions in relation to payroll cost were deducted and paid to the appropriate authority by the due dates.
CA 4.25	Have all other relevant local/national laws and regulations been complied with?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no. <input type="checkbox"/> N/A	N/A	N/A
CA 4.26	Have provisions and/or reserve funds been created from project funds?	<input type="checkbox"/> yes <input type="checkbox"/> no. <input checked="" type="checkbox"/> N/A	N/A	<u>If “yes”, please describe nature and respective legislation:</u> N/A
CA 4.26	Have provisions other than required by law and/or reserve funds been created from project funds?	<input type="checkbox"/> yes <input type="checkbox"/> no <input checked="" type="checkbox"/> N/A	N/A	<u>If “yes”, please describe:</u> N/A
CA 5.3	For all goods and services exceeding EUR 410 was a proper tendering process applied (at least three offers) and the decision properly justified and documented?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> N/A	N/A	Three quotations were obtained for each procurement of material and services exceeding EUR 410.

AA oder CA §	Component	Confirmation	Reference to ML §	If not in ML, other remarks/ observations/explanations/comments
CA 5.4	Is there an inventory (fixed asset register) of all movable assets purchased with project funds with a value exceeding EUR 410 and have those assets been inspected?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> N/A	N/A	Fixed asset register is maintained by the organization for all assets purchased during the period.
CA 6.1	What is the accounting basis for the financial reports?	<input checked="" type="checkbox"/> cash basis <input type="checkbox"/> modified cash basis	N/A	Under this accounting conversation, the financial statements are presented in Tanzania Shillings (TZS). i. Income is recognized it is earned. ii. Expenses are recognized when they are incurred
	<u>If the modified cash basis was used:</u> Have debtors/prepayments and liabilities been analysed and reported in accordance with the structure of the approved budget?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	N/A	As above
CA 8.1. h and i	Is the pledge/mortgage of project assets and funds imminent, have insolvency proceedings been applied for or opened, or has the Project Partner's liquidation been decided?	<input type="checkbox"/> yes <input type="checkbox"/> no. <input checked="" type="checkbox"/> N/A	N/A	N/A
CA 8.1. j	Have changes regarding the bank account signatory/ies been made?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	N/A	N/A
CA 8.1. k	Have any changes regarding the staff with authorisation to legally represent the Project Partner been made?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	N/A	N/A

Checklist filled out by: CPA. Haji R. Bwanga

Checklist filled by: CPA. Focus N. Lutinwa

Function: Engagement Leader

Dar es Salaam, 24th August 2022, Focus Lutinwa

Place, date, name and signature of the authorised person, stamp

