

THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF PUBLIC PROCUREMENT REGULATORY
AUTHORITY FOR THE YEAR ENDED
30TH JUNE 2010**

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December, 2010

AR/PPRA/2010

Office of the Controller and Auditor General,
National Audit Office,
The United Republic of Tanzania.

(Established under Article 143 of the Constitution of the URT).

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the URT of 1977 (revised 2005) and further elaborated under Sect. 10 (1) of the Public Audit Act No 11 of 2008.

Vision

To be a centre of excellence in public sector auditing.

Mission

To provide efficient audit services to enhance accountability and value for money in the collection and use of public resources.

In providing quality services NAO is guided by the following Core Values:

- ✓ **Objectivity:** We are an impartial organization, offering services to our clients in an objectives and unbiased manner;
- ✓ **Excellence:** We are professionals providing high quality audit services based on best practices;
- ✓ **Integrity:** We observe and maintain high standards of ethical behaviour and the rule of law;
- ✓ **People focus:** We focus on stake holders needs by building a culture of good customer care and having competent and motivated work force;
- ✓ **Innovation:** We are creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organisation; and
- ✓ **Best resource utilization:** We are an organisation that values and uses public resources entrusted to it in efficient, economic and effective manner.

We do this by:-

- Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- Helping to improve the quality of public services by supporting innovation on the use of public resources;
- Providing technical advice to our clients on operational gaps in their operating systems;
- Systematically involve our clients in the audit process and audit cycles; and
- Providing audit staff with adequate working tools and facilities that promote independence.

© This audit report is intended to be used by Public Procurement Regulatory Authority. However, upon adoption of this report by the Board of directors, the report becomes a matter of public record and its distribution may not be limited.

PUBLIC PROCUREMENT REGULATORY AUTHORITY

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PUBLIC PROCUREMENT REGULATORY AUTHORITY

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 30 JUNE 2010

In compliance with the Public Procurement Act, 2004 of Tanzania and the Tanzania Financial Reporting Standard (TFRS) No. 1 on Directors' Report, the Board of Directors submits their report and the audited financial statements of Public Procurement Regulatory Authority (PPRA) for the year ended 30th June, 2010.

1 BOARD OF DIRECTORS

The Board of Directors is the governing body of the Authority. It consists of the Chief Executive Officer and seven non-executive members including the Chairman. During the period under review the Board had the following members:-

Name	Position	Nationality	Age	Qualification
Dr. Enos S. Bukuku	Chairman	Tanzanian	60	Economist
*Mrs. Salome T. Sijaona	Member	Tanzanian	61	Economist
Mr. Julius G. Mamiro	Member	Tanzanian	54	Registered Civil Engineer
Ms. Mwamini M. Tulli	Member	Tanzanian	52	Certified Accountant
Mr. Omary A. Chambo	Member	Tanzanian	49	Mining Engineer
Dr. Edmund B. Mndolwa	Member	Tanzanian	61	Chartered Accountant
Hon. Mussa A. Zungu (MP)	Member	Tanzanian	58	Aircraft Engineer
Hon. Justice T. Mihayo	Member	Tanzanian	64	Lawyer
Dr. Ramadhan S. Mlinga	CEO	Tanzanian	50	Civil Engineer

*Mrs. Salome T. Sijaona served as the board member of PPRA up to November 2009 when she was appointed to take other responsibilities outside the Authority.

2 BOARD'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Board is required by the Public Procurement Act of 2004 to prepare financial statements that give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the surplus or deficit of the Authority for that period. The Board confirms that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30th June, 2010. The Board, also confirm that the International Public Sector Accounting Standards (IPSAS) accrual; have been followed. The Board is responsible for keeping proper accounting records, for safeguarding the assets of the Authority and hence taking reasonable steps for prevention of fraud and other irregularities.

3 PRINCIPAL ACTIVITIES

The Public Procurement Regulatory Authority (PPRA) was established within the Ministry of Finance under the Public Procurement Act, 2004. The functions of the Authority can be grouped into six major areas:-

- i. Offering advisory services to Central Government, Local Government, Parastatal Organisations and the General Public on procurement related matters;
- ii. Monitor compliance with the PPA, 2004, its regulations and guidelines;
- iii. Preparing and disseminating Standard tender documents and guidelines for better carrying out of procurement activities;
- iv. Storing and disseminating information on procurement opportunities, tender awards and any other relevant information on public procurement system in the country
- v. Designing and implementing procurement capacity building strategy in the country; and
- vi. Facilitating resolution of procurement complaints.

4 MAJOR ACHIEVEMENTS DURING THE YEAR

For the financial year 2009/10, PPRA managed to accomplish all its goals as provided in the activity plan that was approved by the Board. Some of the major achievements are as highlighted below:

- vii. A Bill on the PPA, 2004 proposed amendments has been prepared and submitted to the Parliamentary committee for Finance and economic Affairs. Discussion on the Bill by the Committee was postponed till the coming Parliamentary sessions after the election of new Parliamentarians;
- viii. Obtained approval of the proposed revised Organization structure, scheme of service and Manning level which will be implemented from FY 2010/2011;
- ix. Conducted training of 1904 Procurement Management Staff from Procuring Entities on the PPA 2004, Its Regulations, Bidding Documents and User Manuals. The Authority also sensitized 87 Chairpersons of the Board of Directors of Public Entities on their role in compliance with PPA and trained 48 PCCB Officials in PPA, Regulations and Procedures;
- x. A sensitization workshop for system for procurement of common use items and services together with the establishment of PMUs was held in Dodoma on

3rd and 4th September 2009. A brief introduction to the system has been done during the training of PE staff;

- xi. Prepared two manuals namely Procurement Manual and Procurement Training Manual and four other documents (i.e. SBD for Procurement of Large Works; Guideline for Conducting Negotiations; Standard Request for Proposal for Selection and Employment of Procurement Agents; and Standard Agreement for Contracting out Procurement Functions to another Procuring Entity);
- xii. Seventeen (17) Procedural Forms were translated by a consultant. This was followed by training of staff of the Authority on the translated documents in April, 2010. The translated procedural forms will soon be issued to relevant PEs.
- xiii. Procurement audits were carried out in 99 Procuring Entities for the FY 2008/2009 procurements. The outcome of the audits indicated a level of compliance of 55% computed from thirteen established compliance indicators. The audit reports were approved by the Procurement Monitoring and Compliance Committee on 8th February 2010 and thereafter communicated to the respective Procuring Entities.
- xiv. 66 Procuring Entities were visited to monitor the implementation of the System for Checking and Monitoring Procurement activities. Appropriate recommendations were thereafter issued to improve the implementation of the system. Furthermore, a total of 117 annual procurement plans were received from PEs;
- xv. Nine investigations on alleged mis-procurement carried over from the previous financial year were finalized and four new investigations conducted as of 30th June 2010 and appropriate actions recommended;
- xvi. The Authority signed a memorandum of understanding with PCCB on the implementation of anti-corruption strategy on 11th February 2010;
- xvii. The Authority signed a memorandum of understanding with the Construction Sector Transparency Initiative (CoST) - Tanzania on 24th May 2010. CoST is a forum of stakeholders which aims to enhance the transparency and accountability of publicly financed construction projects. The expectation is that improved transparency will be supportive of better management of public finances and reduced corruption;
- xviii. Rolled out PMIS in 69 PEs and 122 new users were set up in the system, making the total number of users of the system to be 441;
- xix. Conducted an e-procurement feasibility study focusing on legal, ICT, economic and institutional issues. During the feasibility study, one stakeholder's workshop was held in 4th March 2010 and representative from 19 selected institutions participated to share views on implementation of e-procurement in Tanzania.

- xx. Website has been re-designed in June, 2010 and tender information placed in a new tenders portal. A redesign now allows news events, calendar of events, procurement humours, advanced search engine, website statistics, etc to be published.
- xxi. Computerized accounting, payroll, human resources and document management system (DMS);
- xxii. Carried out a survey for common activities in construction works in roads and buildings;
- xxiii. A survey was conducted to update the list of CUIS and their prices was conducted and the list updated;
- xxiv. Published weekly supplements of the Tanzania Procurement Journal and three Tanzania procurement Journals for the first, second and third quarter of FY 2009/2010.

5 RESULTS FOR THE YEAR

During the year ended 30th June 2010 the Authority incurred a deficit of TZS 919 million. The deficit is stated after charging non-cash items amounting to TZS 405 million. While the expenditure have increased by 29% from TZS 5,727 million to TZS 7,387 million due to growth of activities, the revenue increased by 7% only from TZS 6,065 million to TZS 6,517 million, see comparison of budget vs. actual on page 12.

6 SOLVENCY

The Authority's state of affairs as at 30th June, 2010 is reflected in these financial statements. The Board considers the Authority to be solvent.

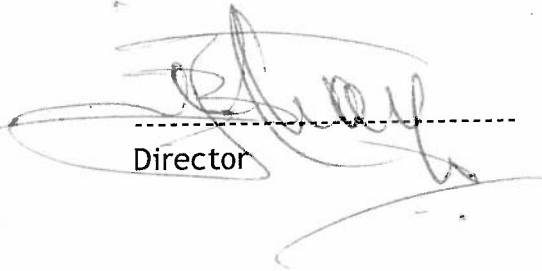
7 AUDITORS

The Controller and Auditor General is the statutory auditor of PPRA by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under section. 10 (1) of the Public Audit Act No 11 of 2008. However, in accordance with Section 33 of the same Act, M/s. MEKONSULT was authorized to carry out the audit of the Public Procurement Regulatory Authority for the year ended 30th June 2010 on behalf of the Controller and Auditor General.

8 BOARD MEETINGS


The Board of Directors held four (4) ordinary meetings and twelve (12) extraordinary board meetings during the year under review. During the year, there were eleven (11) ordinary meetings and twelve (12) extra ordinary meetings of the Board's committees including eleven (11) Audit Committee meetings.

BY ORDER OF THE BOARD



Director

Date...23/12/10.....



Chief Executive Officer

AUDIT REPORT ON THE FINANCIAL STATEMENTS

To:

Dr. Enos S. Bukuku,
Chairman of the Board,
Public Procurement Regulatory Authority,
P.O.Box 49,
DAR ES SALAAM.

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF PUBLIC PROCUREMENT REGULATORY AUTHORITY FOR THE YEAR ENDED 30TH JUNE 2010

I have audited the accompanying financial statements of Public Procurement Regulatory Authority which comprise the Statement of Financial position as at 30th June 2010, Statement of Financial Performance, Statement of Changes in Equity and Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out from pages 13 to 33 of this report.

Directors' Responsibility for the financial statements

The Board of Directors of Public Procurement Regulatory Authority is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS) accrual. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibilities of the Controller and Auditor General

My responsibility as an auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing (ISA), International Standards of Supreme Audit Institutions (ISSAIs) and such other audit procedures I considered necessary in the circumstances. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Public Procurement Regulatory Authority preparation and fair presentation of the financial

Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Procurement Regulatory Authority internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In addition, Sect. 10 (2) of the PAA No. 11 of 2008 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditures of public monies have been properly authorized.

Further, Sect 44(2) of the Public Procurement Act No.21 of 2004 and Reg No. 31 of the Public Procurement (Goods, Works, Non-consultant services and Disposal of Public Assets by Tender) Regulations of 2005 requires me to state in my annual audit report whether or not the auditee has complied with the provisions of the Law and its Regulations.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Unqualified Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Public Procurement Regulatory Authority as at 30th June 2010 and (of) its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and Public Procurement Act, 2004.

Report on Other Legal and Regulatory Requirements

Compliance with Public Procurement Act

In view of my responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes I reviewed as part of this audit, I state that Public Procurement Regulatory Authority has generally complied with the Public Procurement Act, 2004 and its related Regulations of 2005.


Ludovick S. L. Utouh

CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dar es Salaam, Tanzania

....., 2010



PUBLIC PROCUREMENT REGULATORY AUTHORITY

STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2010

	<u>Notes</u>	<u>2010</u> <u>TZS'000</u>	<u>2009</u> <u>TZS'000</u>
ASSETS			
Non-current assets			
Property, Plant and Equipment	2	1,634,752	679,608
Intangible Assets	3	<u>167,220</u>	<u>56,517</u>
		<u>1,801,972</u>	<u>736,125</u>
Current assets			
Staff and other receivable	5	242,772	746,639
Prepayment-gratuity to contract employees		200,268	207,717
Cash and Cash Equivalent	6	<u>920,584</u>	<u>1,593,261</u>
		<u>1,363,624</u>	<u>2,547,617</u>
Total assets		<u>3,165,596</u>	<u>3,283,742</u>
Liabilities			
Deferred Income	4(iii)	1,268,076	221,806
Retirement benefit obligation (Due beyond a year)	7 (b)	<u>200,268</u>	<u>7,760</u>
		<u>1,468,344</u>	<u>229,566</u>
Current liabilities			
Retirement benefit obligation (Due within a year)	7 (a)	-	199,957
Liabilities recognized under transfer arrangement	8b(ii)	232,027	571,349
Account payable	9	<u>180,663</u>	<u>79,255</u>
		<u>412,690</u>	<u>850,560</u>
Total liabilities		<u>1,881,034</u>	<u>1,080,126</u>
Net Asset		<u>1,284,562</u>	<u>2,203,616</u>
EQUITY			
Accumulated Surplus brought forward		2,203,616	1,962,412
Surplus for the year		<u>(919,054)</u>	<u>241,204</u>
Total equity		<u>1,284,562</u>	<u>2,203,616</u>

The statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 13 to 33

Director

Date.....23/12/10

Chief Executive Officer

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PUBLIC PROCUREMENT REGULATORY AUTHORITY

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010**

	<u>NOTE</u>	2010 <u>TZS '000'</u>	2009 <u>TZS '000'</u>
OPERATING REVENUE			
Transfer Revenue			
Deferred Income	4(iv)	77,330	57,048
ADB Grant	8(i)	2,769,783	1,777,657
Government Grant	10	<u>3,593,778</u>	<u>4,106,000</u>
		6,440,891	5,940,705
Other Income	11	76,696	124,909
Total Operating revenue		<u>6,517,587</u>	* <u>6,065,615</u>
 OPERATING EXPENSES			
Administrative Expenses	13	2,282,577	2,135,656
Capacity Building Expenses	14	1,553,234	617,588
Monitoring Expenses	15	876,549	938,661
Information Technology Expenses	16	883,837	169,180
Training Expenses	17	152,003	201,306
Office Setup Expenses	18	290,409	299,120
Staff Expenses	19	<u>1,348,582</u>	<u>1,365,798</u>
Total Operating Expenses		<u>7,387,191</u>	<u>5,727,309</u>
 Surplus/(deficit) from Operating Activities		 <u>(869,604)</u>	 <u>338,305</u>
 Other Expenses			
Public Procurement Appeals Authority (PPAA) expenses	20	49,449	97,100
 Net Surplus/(deficit) for the year		 <u>(919,054)</u>	 <u>241,205</u>

*The total operating revenue of 2008/09 has been restated to 6,065 million due to reclassification of finance income of TZS 18,286 to other income.

The Statement of Financial Performance is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 13 to 33

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PUBLIC PROCUREMENT REGULATORY AUTHORITY

**STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 TZS '000'	2009 TZS '000'
Net Assets at the beginning of the year	2,203,616	1,962,412
Net Surplus/(Deficit) for the year	(919,054)	241,204
Net Assets at the end of the year	1,284,562	2,203,616

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 13 to 33

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PUBLIC PROCUREMENT REGULATORY AUTHORITY

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	<u>Notes</u>	<u>2010 TZS'000</u>	<u>2009 TZS'000</u>
Cash flows from operating activities			
Net cash flow from operating activities	12	(324,986)	(131,137)
Cash flows from investing activities			
Purchase of property, plant and equipment	2(i)	(347,691)	(253,915)
Proceeds from disposal of property and equipment		-	<u>1,695</u>
Net cash flow from investing activities		(672,677)	(252,220)
Cash flows from financing activities			
Net Cash flow from Financing Activities		-	-
Net increase/(decrease) in cash and cash equivalents		(672,677)	(383,357)
Cash and cash equivalents at beginning of the year		<u>1,593,261</u>	<u>1,976,618</u>
Cash and cash equivalents at the end of year	6	<u>920,584</u>	<u>1,593,261</u>

Notes to the Cash Flow statements

(a) Cash and Cash Equivalents

Cash and cash equivalents was made by balances with banks and there was no cash in hand or investments in money markets instruments.

(b) Property, Plant, Equipment and Computer Software

During the period, the authority acquired property, plant and equipment with an aggregate cost of TZS 1,254,571,000 of which TZS 1,123,600,000 was acquired by means of capital grants by the Tanzanian government. Cash payments of TZS 347,691,000 were made to acquire the property, plant and equipment as well as computer software.

Details	<u>TZS'000</u>
Property, Plant and Equipment	130,971
Computer Software	<u>216,720</u>
Total	<u>347,691</u>

The Statement of Cash Flow is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 13 to 33
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PUBLIC PROCUREMENT REGULATORY AUTHORITY

COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2010

Description	Budget amounts Final TZS'000	Actual amount TZS'000	Variance TZS'000	% change
Revenue				
Total Revenue	8,489,787	6,517,587	(1,972,200)	(23)
Expenses				
Administrative expenses	2,812,458	2,282,577	935,328	33
Capacity building expenses	2,544,842	1,553,234	991,608	39
Monitoring expenses	1,428,475	876,549	551,926	39
Information Technology	953,421	883,837	9,584	7
Training expenses	997,076	152,003	845,073	85
Office set up costs	374,518	290,409	84,109	22
Staff costs	1,323,859	1,348,582	(24,723)	(2)
Depreciation		405,449	(405,449)	(100)
Total	10,577,349	7,387,193	3,190,156	30
Public Procurement Appeals Authority (PPAA)	142,700	49,449	93,251	65

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. GENERAL INFORMATION

(a) Statute

- (i) The Public Procurement Regulatory Authority was established by the Public Procurement Act, No. 21 of 2004 .The Act stipulates in detail the objectives, functions and powers of the Authority. The Authority offices are located at the 8th Floor of PPF Tower, Ohio/Garden Avenue, Dar es Salaam.
- (ii) The overall management of PPRA is vested in the Board of Directors as the Governing body under the supervision of the Ministry of Finance and Economic Affairs. The Chief Executive Officer carries out the day to day operations of the Authority.

(b) Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) accrual basis. The policies set below have been consistently applied to all the year (s) presented except for those relating to the classification and measurement of financial instruments.

These financial statements have been prepared under historical cost convention. No adjustments have been made for other inflationary factors affecting the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

The financial statements comply with International Public Sector Accounting Standards for the accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluations of assets. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

1.2 Property, Plant and Equipment

Property, Plant and Equipment are initially recorded at cost. These assets are subsequently shown at historical cost, less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to Authority and the cost of the item can be reliably measured. Where an asset is acquired at no cost, or for a nominal cost through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Depreciation is calculated on a straight line method so as to allocate the cost or revalued amount to its residual value over estimated useful life as follows:

Description	Rate (%) Per Annum
Motor vehicles	25
Computers	33.3
Furniture, Fittings and Equipments	25
Buildings	4

Major renovations are depreciated over the remaining useful life of the related assets or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditure is charged to the Statement of Financial Performance during the financial period in which it is incurred. The asset's residual values and useful lives are reviewed and adjusted if appropriate at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.3 Intangible assets

Generally, costs associated with maintaining computer software programmes are recognised as an expense as incurred. However, costs those are clearly associated with an identifiable and unique product, which will be controlled by the Authority and has a probable benefit accruing to the Authority beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends the computer software programmes beyond their original specifications and lives is recognized as a capital improvement and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight line method over their useful lives, estimated at two years (50%).

1.4 Impairment of Assets

Assets that are subject to the depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash generating units). No impairment review for the assets was carried out by the Authority since such events or changes did not exist during the year under review.

1.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the open market less applicable selling expenses. Store and consumables are stated at cost less any provision for obsolescence. Any obsolete items are provided for in full in the year they are detected.

1.6 Revenue recognition

Revenue is recognized on accrual basis of accounting. Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Authority.

Transfer Revenue

Assets and revenue recognized as a consequence of a transfer are measured at the fair value of the assets recognized as at the date of recognition. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession. Receivables are recognized when a binding transfer arrangement is in place but cash or other assets have not been received.

Assets and revenue arising from transfer transactions are recognized in the period in which the transfer arrangement becomes binding, except for some services in-kind. The Authority recognizes only those services in-kind that are received as part of an organized program and for which it can determine a fair value by reference to market rates. Other services in-kind are not recognized.

Where a transfer is subject to conditions that, if unfulfilled, require the return of the transferred resources, the Authority recognizes a liability until the condition is fulfilled.

1.7 Employees Benefits

(i) Pension obligation

The Authority has defined benefits and defined contribution plans. For defined contribution plan, the Authority contributes to publicly administered pension plans (PSPF, LAPF, NSSF and PPF) on a mandatory basis. The Authority has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefits expense when they are due. The liability recognized in the balance sheet in respect of the defined benefits plan is the present value of the defined obligation at the statement of financial position date, together with adjustments for unrecognized actuarial gains or losses and past service costs.

(ii) Other Entitlements

The estimated monetary liability for employees' accrued entitlements at the statement of financial position date is recognized as accrued expenses.

(iii) Post-retirement medical aid benefits and retirement gratuities

The Authority has unfunded non-contributory contracted employee gratuity arrangement, which provides for lump sum payments to its contract employees on their termination or completion of contract period of three to four years, based on 25% of the monthly basic salary and qualifies as a defined benefit plan.

1.8 Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements are measured in Tanzanian shillings, the currency of the primary environment in which the entity operates ("functional currency"). The financial statements are presented in Tanzanian Shillings, which is the Authority's functional and presentation currency.

(b) Transaction and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities

denominated in foreign currencies are recognized in the Statement of Financial Performance.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Balances in the Financial Position which are in foreign currency are translated at the closing rate at the date of that statement of Financial Position

1.9 Grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. When the conditions attaching to government grants have been complied with they are recognized in the Statement of Financial Performance. When they are for expenses or losses already incurred, they are recognized immediately in Statement of Financial Performance.

Government subventions and ADB grants are accounted for on cash basis and recorded in the Statement of Financial Performance while Millennium Challenge Threshold grant has been recorded in the Statement of Financial Performance as revenue on receipt of non current assets as the grant, is not subject to conditions that , if unfulfilled require the return of transfer resources. The Millennium Challenge Threshold programme was implemented by USAID using an appointed consultant.

1.10 Cash and cash equivalent

Cash and cash equivalent include cash in hand, deposit held at call with banks, other short -term highly liquid investments with original maturities of three months or less, and bank overdraft. Bank overdraft is shown within borrowings in current liabilities.

1.11 Provisions

Provisions are recognized when the Authority has a present or constructive obligation as a result of past events which it is probable will result in an outflow of economic benefits that can be reliably estimated.

1.12 Foreign currency risks

As and when the need arises, the Authority enters into transactions denominated in foreign currencies (primarily United States Dollars (US\$)). In addition, the Authority has assets and liabilities denominated in United States Dollars (US\$). As a result, The Authority is subjected to transaction and translation exposure from fluctuations in foreign currency exchange rates.

The effect of foreign currency risk however is not significant and therefore the management does not hedge against foreign currency risks.

1.13 Comparative Figures

Where necessary, the comparative figures will be classified to conform to changes in presentation in the respective year of reporting. Comparative figures for the period 2008/2009 are presented along with this year's figures.

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2. MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Motor vehicle	Computers	Office Equipment	Furniture	Total
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Cost							
As at 1 July 2009	-	-	654,782	168,889	207,304	62,086	1,093,062
Additions for the Year	822,600	301,000	-	9,217	70,250	51,504	1,254,571
Disposals	-	-	-	-	-	-	-
As at 30 June 2010	<u>822,600</u>	<u>301,000</u>	<u>654,782</u>	<u>178,107</u>	<u>277,554</u>	<u>113,590</u>	<u>2,347,633</u>
Depreciation							
At 1 July 2009	-	-	254,622	*77,986	59,119	21,726	413,453
Charge for the year	-	-	163,696	55,732	58,851	21,150	299,429
On disposals	-	-	-	-	-	-	-
As at 30 June 2010	-	-	<u>418,318</u>	<u>133,718</u>	<u>117,970</u>	<u>42,876</u>	<u>712,882</u>
Net book Value							
At 30 June 2010	<u>822,600</u>	<u>301,000</u>	<u>236,465</u>	<u>44,389</u>	<u>159,584</u>	<u>70,714</u>	<u>1,634,751</u>
At 30 June 2009	-	-	<u>400,160</u>	<u>90,903</u>	<u>148,185</u>	<u>40,360</u>	<u>679,608</u>

*The opening balance of depreciation have been restated to correct error made in the previous period in accordance with IPSAS 3. The amount adjusted is TZS 886,000 which have subsequently affected comparatives figures for receivables and Property, Plant and Equipment for the same amount.

PUBLIC PROCUREMENT REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

(i) Assets bought by the Authority during the financial year 2009/2010

Item	TZS'000
Office equipments	70,250
Computer software	216,720
Computers	9,217
Office furniture	51,504
Total	<u>347,691</u>

(ii) Assets in kind (Non monetary government Grant)

The Government granted the Authority a property (Land and Building) at Kurasini which was previously owned by the defunct NAFCO. The property was transferred to Authority on 24th May 2010 with a file document No. 128042 and the Title deed No. 20666. The valuation of the Land and Building was done on November 2010 and we have made an adjustment on Authority's Non current Assets as at 30th June, 2010.

3. INTANGIBLE ASSETS

	TZS'000
Cost	
Cost as at 01 July 2009	185,755
Additions	<u>216,720</u>
Cost as at 30 June 2010	402,475
Amortisation	
At 1 July 2009	129,238
Charge during the year	<u>106,017</u>
At 30 June, 2010	235,255
Net Book Value	
As at 30 June, 2010	<u><u>167,220</u></u>
As at 30 June 2009	<u><u>56,516</u></u>

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

4. DEFERRED INCOME

(i) Assets in kind

The Authority had received from USAID through their appointed consultant, namely Kilimanjaro International Corporation the following assets from FY 2006/07 to FY 2008/09 as analyzed below:-

Sub item	Quantity	(TZS'000 equivalent)
Laptop Computers	9	16,954
Desktop Computers & Software	15	20,807
Cost as at 30 June 2007		37,761
MS SQL CAL 2000 English Open User CAL	1	17,236
Storage Controller HP Smart Array E200/64MB Controller (RAID 0/1/1+0) - Server	1	29,821
Rack Cabinet Pallet 10642 G2 (42U)	1	9,890
Storage Controller HP Smart Array E200i Controller with 128MB BBWC included (RAID 0,1/15,5)	1	15,959
HP LaserJet 3005dn	1	2,530
MS Windows SQL Server Standard Edition 2005 License	1	990
Cost as at 30 June 2008		114,187
Assets in kind recognized in the Statement of Comprehensive Income		(32,181)
Net book value as at 30 June 2008		82,006
Additions: Motor vehicles	3	60,648
Assets in kind recognized in the Statement of Comprehensive Income		(48,479)
Net Book Value as at 30 June, 2009		94,175
Assets in kind recognized in the Statement of Comprehensive Income		(43,052)
Net Book Value as at 30 June, 2010		51,123

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

(ii) Assets inherited from the defunct Central Tender Board (Continued)

The Value of these assets is as shown below and forms part of additions reported in the Property and Equipment movement schedule above.

Sub item	Quantity	(TZS'000)
Motor Vehicle	2	93,500
Office Furniture	Various	25,130
Office Equipment	Various	14,730
Desktop Computers	2	840
Laptops	2	2,000
Total Value as at 30 June,2009		136,200
Assets in kind recognized in the Statement of Comprehensive Income		(8,569)
Net value as at 30 June,2009		127,631
Assets in kind recognized in the Statement of Comprehensive Income		(34,277)
Net value as at 30 June,2010		93,354

(iii). Assets Received as Government grant which was previously owned by the defunct NEDCO

Sub item	(TZS'000)
Land	822,600
Building	301,000
Total Value as at 30 June,2010	1,123,600
Assets in kind recognized in the Statement of Comprehensive Income	-
Net value as at 30 June,2010	1,123,600
Total (i+ii+iii)	1,268,076

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

(iv) Assets in kind recognized in the statement of financial performance

	2010	2009
	<u>TZS'000</u>	<u>TZS'000</u>
Assets in kind from CTB (Note 4(i))	34,277	8,569
Assets in Kind from KIC (Note 4(ii))	<u>43,053</u>	<u>48,479</u>
Total	<u>77,330</u>	<u>57,048</u>

5. STAFF AND OTHER RECEIVABLES

	2010	2009
	<u>TZS'000</u>	<u>TZS'000</u>
Details		
Staff imprest receivables	233,544	320,710
Other receivables	9,228	425,929
Total	<u>242,772</u>	<u>746,639</u>

6. CASH AND CASH EQUIVALENTS

	2010	2009
	<u>TZS'000</u>	<u>TZS'000</u>
Details		
Cash at bank (ADB Project)	238,331	974,248
Cash at Bank (Operational account)	682,253	219,013
Short term deposits	-	400,000
Total	<u>920,584</u>	<u>1,593,261</u>

7. RETIREMENT BENEFIT OBLIGATIONS

For the period ended 30 June 2010, the Authority had a TZS 200 million funded non-contributory contract employee gratuity which provides for lump sum payments to its contract employees on their termination or completion of their contract periods. The fund arrangement was based on 25% on the monthly basic pay and qualifies as a defined benefit plan. This amount had been paid to GEPF by 30 June 2010.

PUBLIC PROCUREMENT REGULATORY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)**

	2010	2009
	<u>TZS'000</u>	<u>TZS'000</u>
a) Retirement benefit obligations falling due within one year	-	199,957
b) Retirement benefit obligation falling beyond one year	200,268	7,760

8. (a) LIABILITIES RECOGNISED UNDER ADB-ADF TRANSFER ARRANGEMENTS

The United Republic of Tanzania signed a Protocol of Agreement with the African Development Fund (ADB-ADF) for the Institutional Support Project for Good Governance on 11 of February 2005. The total fund agreement in various convertible currencies does not exceed the equivalent of four million seven hundred and ninety seven thousand Units of Account (UA 4,797,000). The project has two distinct components, namely (i) Strengthening the Procurement Component in Mainland's Public Financial Management Reform Programme; and (ii) Supporting Good Governance Reforms in Zanzibar.

At 30 June, 2010, the Authority recognized a liability of TZS 210.9 million related to a transfer to it conditional upon implementing Institutional Support for Good Governance Project.

	2010	2009
	<u>TZS'000</u>	<u>TZS'000</u>
Opening balance brought forward	571,349	408,191
Transfers received	2,409,364	1,940,815
Transfer revenue recognized during the year	<u>(2,769,783)</u>	<u>(1,777,657)</u>
Total liability recognized under transfer arrangements	<u>210,931</u>	<u>571,349</u>

(b) LIABILITIES RECOGNISED UNDER PFMRP - BASKET FUNDING TRANSFER ARRANGEMENT

The Authority also receives funds for Development Activities under PFMRP - Basket funding. In 2009/10 Financial year, TZS 860 million was approved for Development activities, however, only TZS 358 million was realized.

At 30th June, 2010, the Authority recognized a liability of TZS 21 million related to a transfer to it conditional upon implementing PFMRP - Basket funding approved activities.

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

	2010 <u>TZS'000</u>	2009 <u>TZS'000</u>
Opening balance brought forward	-	-
Transfer received	358,380	-
Total fund	358,380	-
Transfer Revenue recognized during the year	<u>(337,284)</u>	-
Liability recognized under transfer arrangements	<u>21,096</u>	<u>-</u>

(i) Transfer revenue recognized during the year

Grants from ADB-ADF	2,769,783	1,777,657
Transfer from PFMRP - Basket Fund	<u>337,284</u>	-
	<u>3,107,067</u>	<u>1,777,657</u>

(ii) Total Liability recognised under transfer arrangements:-

Liability under grants from ADB - ADF	210,931	571,349
Liability under PFMRP - Basket Fund	<u>21,096</u>	-
	<u>232,027</u>	<u>571,349</u>

9. ACCOUNTS PAYABLE

Payables	55,099	27,255
Accruals and provisions	125,513	52,000
Other payables	<u>51</u>	-
Total	<u>180,663</u>	<u>79,255</u>

10. GOVERNMENT GRANT

Operational funds	3,256,494	3,506,000
Basket funding	<u>337,284</u>	<u>600,000</u>
Total	<u>3,593,778</u>	<u>4,106,000</u>

PUBLIC PROCUREMENT REGULATORY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)**

11. OTHER INCOME

	2010	2009
Details	<u>TZS'00</u>	<u>TZS'000</u>
Sales of bidding documents and PPA 2004	635	5,477
Fees on complaint reviews	130	110
Sales of procurement journal	540	30,333
Tailor-made training programmes	46,749	63,072
Advertisements in TPJ supplement	11,220	-
Subscription of TPJ	1,500	-
Miscellaneous	2,285	7,630
Interest on Fixed deposit	<u>13,636</u>	<u>18,286</u>
Total	<u>76,696</u>	<u>124,909</u>

12. CASH GENERATED FROM OPERATIONS

	<u>Notes</u>	2010	2009
Reconciliation of surplus for the year to cash generated from operations:		<u>TZS'000</u>	<u>TZS'000</u>
Surplus for the year:		(919,054)	241,204
Adjustments for:			
Depreciation (including intangible assets)	2 & 3	405,446	345,460
Cash generated from operations before working capital changes		<u>(513,608)</u>	<u>586,664</u>
Changes in working capital:			
Increase in staff and other receivables		503,866	(615,378)
Decrease in prepayments- gratuity		7,449	152,458
Increase in assets in kind		(77,330)	120,205
Decrease in retirement benefit obligations		(7,449)	(152,458)
Increases in liabilities recognized under transfer arrangement		(339,322)	163,158
Decrease in accounts payable		<u>101,408</u>	<u>(385,786)</u>
Cash generated from operations		<u>(324,986)</u>	<u>(131,137)</u>

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

13. ADMINISTRATIVE EXPENSES

Details	<u>2010</u> TZS '000'	<u>2009</u> TZS '000'
Funded by Government subventions	1,818,333	1,701,498
ADB funding	58,798	88,699
Depreciation	405,446	345,460
	<u>2,282,577</u>	<u>2,135,657</u>

14. CAPACITY BUILDING EXPENSES

	<u>2010</u> TZS'000	<u>2009</u> TZS'000
(a) Government Funding		
To compile information and publish Tanzania Procurement Journal	102,764	98,766
Tailor-made training	41,843	28,983
To sensitize top Government leaders & politicians on their roles in compliance	34,202	
To train PCCB officials	1,582	
To disseminate PPA,2004 and its regulations	41,639	46,171
Coordinate implementation of Capacity Building Strategy	-	15,093
Conducting one day Workshop to Media Council	-	6,399
3 Days Workshop with NACTE, TCU to set training standards	-	21,356
Maintenance of documentation Centre	-	306
Preparation of 5 new Bidding Documents, Guidelines and User-Manuals	-	3,150
Translating 10 Bidding Documents, Guidelines and User-Manuals into Swahili	-	3,270
Survey on average Prices	-	8,105
Total Government Funding	222,030	231,599

(b) ADB Funding	2010 TZS'000	2009 TZS'000
Preparation of 5 New Bidding Documents, Guidelines and User-Manuals	10,355	17,790
Consultancy - system for common use items	-	35,400
To prepare Code of Conduct and Ethics for Procurement Professionals	-	33,413
To conduct training of 1200 Procurement Management Staff from PEs, PCCB, CAG on the PPA 2004, Its Regulations, Bidding Documents and User Manuals	1,026,916	1,439
OECD-DAC Joint Venture Meeting	-	4,145
Procurement of Various Publications for The documentation Centre	3,800	3,453
Publication of Procurement Journals	136,511	158,715
Compilation of average prices and establishment of a price base for common use items	68,251	2,480
Disseminate amendments to Act and Regulations	-	34,040
Establish System for procurement of common use items in MDAs	-	3,480
Disseminate and Implement the System for Procurement of common use items	-	79,105
Prepare/Amend Act to Establish a professional body in consultation with NBMM	-	12,529
Simplifying and translating bidding documents, guidelines and user manuals	16,271	-
Restructuring of Government Stores	65,200	-
Establishment of PMUs in all MDAs	3,900	-
Total ADB Funding	1,331,204	385,989
Total Funding from Government and ADB	1,553,234	617,588

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

15. MONITORING AND COMPLIANCE EXPENSES

Details	2010 TZS'000	2009 TZS'000
(a)Government funding		
Implementing a system for checking and monitoring procurement processes in all procurement entities (PEs) - verification of submitted information	-	770
Carrying out procurement investigations on allegations, reported cases, of suspected breaches in application of PPA 2004 and recommendation of appropriate actions by June 09	7,525	10,540
To disseminate and operationalize the Checking and Monitoring System to Local Government Authorities (LGAs) and MDAs	-	36,073
Carrying out procurement contracts and performance audits on procurement entities and disseminating the output/results to stakeholders	-	-
To monitor implementation of the previous financial year's audit recommendations	8,020	29,250
To review the procurement audit manual for improvement by June 2009	-	5,520
To review the investigation and complaints review manual for improvement by June 2009	-	9,934
Expenses under last year imprests and commitments	136,703	264,217
To train 200 Internal Auditors from all PEs on Procurement Audit procedures and techniques by June, 2010	57,113	-
Sub total (a)	209,361	355,534

The major activity involved testing of the checking and monitoring system in five pilots Procuring Entities.

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

MONITORING AND COMPLIANCE EXPENSES (Cont.)

(b)ADB funding

Details	2010 TZS'000	2009 TZS'000
To carry out Procurement Audits in 90 PEs to determine the level of compliance to the PPA and Procurement Regulations and recommend appropriate improvement measures by June 2009	571,759	328,018
To monitor implementation of the previous financial year's audit recommendations	63,224	5,700
Implement the system for Checking and Monitoring in 20 MDAs (visits to PEs to verify the submitted procurement information and build capacity on weaknesses observed)	30,336	7,885
Prepare a Strategy in Consult with PCCB	1,869	240,754
Sub total (b)	667,188	582,357
Total (a +b)	876,549	938,661

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

16. INFORMATION TECHNOLOGY EXPENSES

Details		
(a) Government funding		
Maintaining/servicing office equipment	59,246	34,626
Maintaining PPRA website	4,050	6,554
Internet, mail and groupware maintenance services		
Developing in-house ad-hoc applications		1,600
Computerise Accounting, HR Systems and other softwares	13,862	-
MIS for checking and monitoring 100 procuring entities		36,997
Develop Business Continuity Plan	-	22,533
Roll out PMIS	126,364	41,470
Develop Help desk		3,000
Stakeholders workshop for e-procurement	8,419	
Sub total (a)	211,941	146,780
(b) ADB funding		
Development of ICT policy		
To develop and implement Management Information system (MIS) in 150 PEs		22,399
Computerization of Internal Systems	194,263	
Preparation for implementation of E-procurement system	477,633	
Sub total (b)	671,896	22,399
Total (a + b)	883,837	169,179

17. TRAINING EXPENSES

Source	2010 TZS'000	2009 TZS'000
Government of Tanzania subventions	34,657	21,358
ADB funding	117,346	179,948
Total	152,003	201,306

PUBLIC PROCUREMENT REGULATORY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)**

18. OFFICE SET UP EXPENSES

The Authority incurred the following costs for setting up its offices at the PPF Tower.

Details	2010 <u>TZS'000</u>	2009 <u>TZS'000</u>
(a)Government funding		
Office partitioning		14,514
Office Rent	251,643	244,282
Web hosting fees	1,086	20,900
Internet charges	<u>37,680</u>	<u>17,500</u>
Sub total (a)	<u>290,409</u>	<u>297,196</u>
(b)ADB funding		
Set up and staff RA appropriately		1,924
Internet charges	-	-
Sub-total (b)	<u>-</u>	<u>1,924</u>
Total (a) + (b)	<u>290,409</u>	<u>299,120</u>

19. STAFF EXPENSES

Personnel emoluments	1,106,421	1,104,148
Gratuity and pension	220,121	236,297
NHIF	<u>22,041</u>	<u>25,353</u>
Total	<u>1,348,582</u>	<u>1,365,798</u>

The following items are included in the staff expenses:

Social security expenses:	
Defined contribution plans	45,270
Defined benefit plan	191,028
Other statutory payroll remittances	23,565

20. PUBLIC PROCUREMENT APPEALS AUTHORITY EXPENSES

During the financial year 2009/2010 the Authority procured various equipments worth TZS 49,449,000 for the Public Procurement Appeals Authority (PPAA) from funds provided by the African Development Bank (AfDB).

PUBLIC PROCUREMENT REGULATORY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (Continued)**

21. RELATED PARTY TRANSACTIONS AND BALANCES

The key management personnel (as defined by IPSAS 20, "Related Party Disclosures") are the members of board of directors and management, who together constitute the governing body of the Public Procurement Regulatory Authority (PPRA). The aggregate remuneration and number of members of the Board of Directors and management are:

Details	Number of persons	2010 TZS '000'	2009 TZS '000'
(i) Directors remunerations			
Directors' fees	8	12,000	7,500
Sitting allowance	8	104,000	138,800
(ii) Senior staff remunerations			
Salaries	17	817,625	836,445
Retirement benefit obligations	17	167,118	207,717
Housing allowance	17	244,826	254,125

The senior staff consists of the Chief Executive Officer, the Heads of Divisions, and Heads of independent Units and Heads of Sections.

22. COMMITMENTS

As at the financial position (balance sheet) date, the Authority had the following capital commitments:

Details	2010 TZS '000'	2009 TZS '000'
Approved and contracted for	374,909	417,736
Approved Local Purchase Orders (LPOs)	<u>51,153</u>	<u>19,715</u>
Total	<u>426,062</u>	<u>437,451</u>

23. CURRENCY

These financial statements are presented in Tanzania shillings (TZS).