EAST CENTRAL AND SOUTHERN AFRICA HEALTH COMMUNITY (ECSA - HC)

REPORT TO MANAGEMENT FOR THE AUDIT OF ECSA-HC FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

EY
Building a better working world
Ref: NKM/RM/SMA/60815156/168/17

22 May, 2017

The Director General
East, Central and Southern Africa Heath Community
Plot 157 Olorien, Njoro Road
P O Box 1009
Arusha, Tanzania

Dear Sir

RE: REPORT TO MANAGEMENT FOR THE AUDIT OF FINANCIAL STATEMENTS OF THE EAST CENTRAL AND SOUTHERN AFRICA (ECSA-HC) FOR THE YEAR ENDED 31 DECEMBER 2015

We have recently completed our audit of the financial statements of East Central and Southern Africa Health Community (ECSA-HC) for the year ended 30 June 2016 and have pleasure in presenting this report. In it we draw your attention to matters, which we have noted, and which we believe should receive your attention.

Our findings include current year internal control weaknesses, and status of internal control weaknesses reported in the audit of prior years. Where appropriate and feasible, we have included our constructive suggestions for improvement.

The issues identified have been ranked based on our assessment of the possible risk to the organization.

The rating used is explained in the table below:

<table>
<thead>
<tr>
<th>Risk</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Issues which need to be addressed on an urgent basis.</td>
</tr>
<tr>
<td>Medium</td>
<td>Issues which need to be addressed at the first available opportunity.</td>
</tr>
<tr>
<td>Low</td>
<td>Issues which have little impact on the operations but considered industry best practice if implemented.</td>
</tr>
</tbody>
</table>

The principal objective of our audit is to enable us to express an opinion on the truth and fairness of the financial statements as a whole. An audit opinion is based on the concept of reasonable assurance. It is not a guarantee that the financial statements are free of material misstatement. We explained our audit responsibilities and their limitations in our engagement letter.

Audits are carried out in such a manner, as we consider necessary to fulfill our responsibilities as auditors and include such tests of transactions and of existence, ownership and valuation of assets and liabilities, as we consider necessary. The nature and extent of our tests vary according to our assessment of what is material in the context of the entity’s financial statements, of the organization’s accounting system and, where we wish to place reliance on it, the system of internal control or aspects thereof.
We cannot in practice examine every operating activity or project or accounting procedure, nor can we substitute for management's responsibility to maintain adequate controls at all levels of the entity. Our work cannot, therefore, be expected to identify all weaknesses in your systems and procedures, which a special investigation directed at those areas, might reveal.

As to the possibility of irregularities, including fraud and, inter-alia, forgery, collusion and management override of control systems, the responsibility for the prevention and detection thereof rests with the management. Whilst irregularities may be detected during our audit, we are not required to and do not search specifically for such matters. Our audit should not therefore, be relied upon to disclose them. We shall be pleased to discuss with you an extension of our audit to examine more deeply any activities of the business, which may concern you.

**USE OF REPORT BY THIRD PARTIES**

This report is intended solely for the information and use of management of East Central and Southern Africa Health Community (ECSA- HC). It aims to assist the management and the board over and above our legal responsibility and forms part of a continuing dialogue between us. Accordingly, it is not intended to include every matter that came to our attention. For these reasons, we believe that it will be inappropriate for this report to be made available to third parties. If such a third party were to obtain a copy without our prior written consent, we would not accept any responsibility for any reliance that they might place on it.

Please let us know if there is any further information that you may require.

In conclusion we would like to express our appreciation for the cooperation and assistance given to us by both management and staff during the course of the audit.

Yours faithfully,
For and on behalf of Ernst & Young

Neema Kture Msusa
Engagement Partner
## Ref | Summary of issues/weaknesses                                                                 | Page |
---|---|---|
1  | Current year observations related to property & equipment and other assets |       |
   | 1.1 Asset coding /tag numbers process needs improvement                  | 2    |
   | 1.2 Non provision of outstanding receivables from leaving employees     | 3    |
   | 1.3 Incomplete fixed asset register                                     | 4    |
2  | Current year observations related to expenditures                        |       |
   | 2.1 Reported expenditures not properly supported                        | 5    |
   | 2.2 Expenses not relating to year under audit                           | 6    |
   | 2.3 Understatement of expenses and inaccurate casting                    | 7    |
   | 2.4 Overstatement of expenses                                           | 8    |
3  | Follow up of issues raised in the previous year’s audit                 |       |
   | 3.1 Overdue member states contributions                                  | 9    |
   | 3.2 Dormant bank account                                                 | 10   |
   | 3.3 Changes of bank account name                                         | 10 - 11 |
   | 3.4 Revaluation of full depreciated assets                              | 11   |
   | 3.5 Incorrect computation of PAYE and NSSF                              | 12   |
   | 3.6 Long outstanding VAT balances                                       | 12 - 13 |
   | 3.7 Inadequate insurance cover                                           | 13   |
   | 3.8 Late approvals of journal entries                                   | 14   |
   | 3.9 Late preparations and approvals of bank reconciliations             | 14 - 15 |
   | 3.10 Long outstanding staff imprest                                     | 15   |
   | 3.11 Non submission of PAYE and NSSF                                    | 16   |
1. CURRENT YEAR OBSERVATIONS RELATED TO PROPERTY & EQUIPMENT AND OTHER ASSETS

1.1 ASSET CODING /TAG NUMBERS PROCESS NEEDS IMPROVEMENT

Observation

During our physical verification of items of property, and equipment (PPE) we noted that some items which requires asset code numbers were not coded for identification purposes. The absence of asset code numbers creates inconveniences and difficulties in performing assets verification exercises and it is time consuming in matching the respective assets in the asset register are the physical item during verification process, and it brings a difficult process in distinguish assets according to the donors.

Specific examples

Below is a sample of World Bank Project assets physically verified but did not have code numbers that are recorded in the assets register.

<table>
<thead>
<tr>
<th>Description</th>
<th>Category</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAPTOP - HP</td>
<td>Office Equipment</td>
<td>MFSN</td>
</tr>
<tr>
<td>LAPTOP HP</td>
<td>Office Equipment</td>
<td>PO-FSN</td>
</tr>
<tr>
<td>DESKTOP DELL</td>
<td>Office Equipment</td>
<td>ACCT OFFICE</td>
</tr>
<tr>
<td>DESKTOP DELL</td>
<td>Office Equipment</td>
<td>MFSN</td>
</tr>
<tr>
<td>DESKTOP DELL</td>
<td>Office Equipment</td>
<td>PO-FSN</td>
</tr>
</tbody>
</table>

Risk rating: Medium

Management may not be able to monitor the movements of respective assets maintained in fixed assets register as there could be difficulties in identifying which asset relates to which project.

Recommendation

Management is advised to consider that, all fixed asset items be appropriately labelled for easy identification, given a fixed asset number and this number recorded in the fixed asset register. The physical verification process could be more efficient as assets can be quickly identified and it reduces the risk that assets are double counted or movement without management approval and respective register updated accordingly.

Management Comment

Management acknowledges this finding and has undertaken an exercise to code the assets in question. Moving forward it will ensure that all assets are coded before delivered to the user.
1.2 NO PROVISION OF OUTSTANDING RECEIVABLES FROM EX-EMPLOYEES

Observation

During our review of outstanding staff receivables/imprest we observed that the balance reported include amounts receivable from ex-employees who are no longer working with the entity (ECSA-HC). This could be an indicator of ineffective controls over the monitoring of staff imprest and retirement policy. The best practice for imprest retirement is to retire the imprest in two weeks’ time after return from safari, and for ex-employee to make retirement of imprest during exit procedures, it includes a process of staff clearance procedures that should be followed before an employee leaves the office.

Specific examples

**ECSA**

<table>
<thead>
<tr>
<th>Staff Code</th>
<th>Name</th>
<th>Amount Outstanding as at 30.06.2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>IM29</td>
<td>MAKANI, AUSTIN/MR</td>
<td>USD 915.85</td>
</tr>
</tbody>
</table>

Risk rating: Medium

There are chances that management could not be able to recover the amount outstanding from ex-employees within reasonable time, and it can bring out a write-off of the balance without allocating to the activity performed by employee or obtaining a refund if the money was not spent.

Recommendation

Management is advised to review all staff advances receivable and identify all balances no longer recoverable and seek for approval for removing those balances in the financial records as allowed under the International Public Sector Accounting Standards. The entity policy should be reviewed /established regarding the recovery process for the staff who left without accounting for the advances due to them and other related matters of staff advances for future improvement of the process in totality. Enhance ex-employees clearance procedures to ensure the leaving staff is paying back the imprest due to him/her.

Management Comment

The management has requested the president of the COPECSA, which was the employer of Mr. Makani, to deduct the amount from Mr. Makani’s terminal dues. It will follow up with the COPECSA. Moving forward, ECSA-HC staff that are not employed directly with ECSA-HC and whose employee's accounts are not operated by ECSA-HC will not receive advances from the ECSA-HC funds.
1.3 INCOMPLETE FIXED ASSET REGISTER

Observation

During our review of the fixed assets register, we observed that there some assets not included/recorded in the fixed asset register, as per IPSA 17 the cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:
(a) It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
(b) The cost or fair value of the item can be measured reliably.

Since this asset has been used in various activities by ECSA, and there are probable future economic benefits flowing to an entity this asset should be recorded in FAR.

Specific Examples

Motor vehicle with Registration number T209CD 78, received from HRAA project for ECSACON, is not recorded in ECSA's Fixed Asset Register (FAR)

Risk rating: High

Matching concept of accounting could not be achieved, since the economic benefits flowing to the entity as a result of using the asset in various activities are not matched against costs of the assets including its maintenance and depreciation charges.

Recommendation

Management is advised to monitor all assets in use and ensure proper records are maintained including charges of depreciation in the books of accounts.

Management Comment

Management acknowledges this finding during the period under review and assures that this has been rectified in the year 2016/2017.
2. CURRENT YEAR OBSERVATIONS RELATED TO EXPENDITURE VERIFICATION

2.1 REPORTED EXPENDITURES NOT PROPERLY SUPPORTED

Observation
During our audit and review of sub-guarantees' expenditure incurred during the year under review, we verified that some expenses especially those related to payments to suppliers and staff imprest were not properly supported.

Specific examples

1. Payment amounting to USD 900 paid to Leading Edge Technologies was made without any invoice only Quotation with reference number QU100109 dated 18/08/2015 from Leading Edge Technology, the amount was recorded in the GL CODE 90004. Refer to document GPV174072

2. Ground Travel allowance amounting to USD 1,400 paid to three consultants; John Kiiru – USD 500, Emily Evan – USD 500 and Claudette Ndayikonda – USD 400 was not sufficiently supported as there were no specified rates or basis for the amounts paid, the amount was recorded in the GL CODE 87006. Refer to document number JV10286.

3. Payment made to MICA Computers amounting to USD 1702.74 was made based on Pro-forma Invoice only there were no invoices for such payment, the amount was recorded in the GL CODE 88002 (World Bank Nutrition Project TB)

Risk rating: High
There is exposure that booking unsupported expenses in project cost could lead to recording expenditure not related to ECSA-HC and its respective project activities and therefore misstatement of project costs.

Recommendation
Management of ECSA-HC is advised to conduct regular training to the staff and emphasize the importance of keeping proper financial records and posting in the general ledger expenses that has proper, adequate and sufficient supporting documents.

Management Comment
Management has noted the findings above together with the recommendation. The Sub-recipient has now recruited a Finance officer who will be oriented and trained on the Secretariat's rules and financial procedures. It is therefore hoped that such incidents will not happen again. In the meantime, we will attempt to locate these documents for our own internal satisfaction.
2.2 EXPENSES NOT RELATING TO THE YEAR UNDER AUDIT 2015/2016

Observation

During our review of expenditures we noted that there were expenses recorded in the current period but they are not relating to the current accounting period.

Specific examples

- Invoice number 1179 dated 30/10/2014 from Advanced Business Software amounting to USD 3,250 was recorded in the GL CODE 86001 with a document reference GPV174110
- Invoice number 292 dated 05/06/2015 and delivery note number 486 dated 05/06/2015 from Tan Fire and General Supply amounting to USD 195.77 paid with document reference BPV131880 recorded in the GL CODE 90099

Risk rating: High

We recommend the ECSA-HC should record all the expenditures relating to the respective year to avoid overstatement. Misstatement of expenditures results to misleading of users of financial statements especially donors.

Management comment

Management acknowledges this finding and is aware of both payments made to Mr. Kalinga the IT Consultant for support of the accounting software; and the other to Tan Fire and General Supply for the maintenance and service of the office fire extinguishers. These should have been charged/accrued and booked to creditors/payables in the prior year.

Moving forward management shall ensure that all payables are recorded in the year in which it arises in line with the accrual principle, international Accounting Standards and Generally Accepted Accounting Practice (GAAP).
2.3 UNDERSTATEMENT OF EXPENSES AND INACCURATE CASTING

Observation

During our review of expenses we noted that there were some expenses which were incorrectly captured/recorded in such a way that the amount recorded in the ECSA-HC's records were smaller compared to the actual expenditure supporting documents specifically during staff imprest retirement.

Examples

- Supporting documents attached to JV10286 Air tickets for attending capacity assessment of EAPHLNP Laboratories, when casted amounted to USD 4,115.93 but have been recorded in the GL CODE 87001 as USD 3,834.
- Supporting documents attached to JV10323 dated 20/06/2016 Air tickets amounting to USD 5,521 while in the books GL CODE 87001 was recorded as USD 4,741.

Risk rating: Medium

Recognizing less expenditures relating to staff imprest given with more amounts. One may not have used all the staff imprest given and the balance being used by the person. Without proper casting it's not easy to identify that a person has accounted for less amounts as compared to the imprest given.

Recommendation

We recommend the ECSA-HC should ensure proper casting when recording the expenses to recognize actual amount spent in the general ledgers.

Management Comment

We acknowledge the findings above. The amount on the receipt and documentation were indeed higher than the amount in the GL. This is because some of the expenditures on the receipt were personal for the officer in question. Had the whole amount on the receipt been recorded then the officer would have been entitled to a refund. He was honest to explain that some were personal.

However, moving forward we shall inform staff to get separate receipts for personal items and Office accountable items of expenditures.
2.4 OVERSTATEMENT OF EXPENSES.

Observation

During our expenditures verification we noted that there were misstatement of expenses recorded in the books of accounts. Some invoice amounts were recorded twice while others higher expenditure amounts were recorded in the system than the invoice amounts resulting to overstatement of expenditures.

Specific example

- Invoice number 945 dated 01/07/2015 from Warrior Security Services amounting to USD 945 was recorded twice in the GL CODE 90014 leading to overstatement of expenses by USD 945.

- Invoice number INV30258 dated 16/03/2016 amounting to USD 330 from World Travel and Tours was recorded as USD 1,080 in the GL CODE 87001 leading to overstatement of expenditure by USD 750 (Global Fund project)

Risk rating: High

The amounts recorded twice or more than invoice figure overstate the actual current year spending as a result management will fail to establish the reasons for the variance between the budgeted and actual amounts.

Recommendation

We advise management of ECSA-HC to ensure the correct invoice amount is recorded to the system. Also, for the invoices already recorded should be stamped posted to avoid double posting and consequently resulting to misstatements of the accounts and mislead the users of the financial information.

Management comment

The management acknowledges and will ensure that the recommendations is implemented.
3. ECSA-HC GENERAL RELATED ISSUES

<table>
<thead>
<tr>
<th>Observation</th>
<th>Recommendation</th>
<th>Management comments</th>
<th>Implementation status</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1.1 OVERDUE MEMBER STATES CONTRIBUTIONS AND NON COMPLIANCE</td>
<td>We recommend the management to review and have appropriate provision policy for the member states that fail to contribute to the Community. Strict measure should be imposed to member states that fail to comply with the rules and regulation of the community.</td>
<td>Member States that are still active members have pledged to pay their contributions albeit the delays in remitting. All the nine member countries are aware of their obligations and the impact it is having on the organization's financial position. In the past, provisions are only made to outstanding amounts payable by a country when it became inactive or withdrew from membership. During the period under review none of the nine countries have become inactive or stated its intention to withdraw, but have all pledged commitment to the organization.</td>
<td>Implementation in progress</td>
</tr>
</tbody>
</table>

Risk/implication

Failure to pay adversely affects organization financial performance. Operating costs, staff salaries and suppliers are not paid on time
### 3.1.2 DORMANT BANK ACCOUNT

**Observation**
During our review of organization available bank accounts we noted that, the bank account number 020772xxx with account name Staff loan and 020761xxxx with account name Staff Gratuity fund account both opened at Stanbic Bank has been dormant for the whole year.

**Risk/implication**
The organization is incurring monthly bank charges for maintaining these accounts that can be avoided. Also, these bank accounts might be used for fraudulent transactions.

**Recommendation**
Management should seek approval for closure of these bank accounts and assess if there is any other accounts which are not operational.

**Management comments**
Management acknowledges this finding and states that the Staff Gratuity account has been re-activated and transactions are being effected on a monthly basis.

The organization is currently planning to re-activate the staff loan account as soon as possible.

**Implementation status**
Staff Gratuity Bank Account re-activated
Implementation in progress

### 3.1.3 CHANGES OF BANK ACCOUNT NAME

**Observation**
In November 2002, Commonwealth Regional Health Community changed its name to East, Central and Southern Africa Health Community. However, these changes were not communicated to bankers, therefore, some bank accounts held are still in the name of Commonwealth Regional Health Community.

**Recommendation**
We recommend the community to inform their bankers on the change of name to update bank account name accordingly.

**Management comments**
Management acknowledges this finding and wishes to state that it had sent letters to the banks in question and in one instance the account name was changed.

However, it shall urgently follow up this issue again with

**Implementation status**
Being implemented in 2016/2017 period
Implementation in progress
<table>
<thead>
<tr>
<th>Observation</th>
<th>Recommendation</th>
<th>Management comments</th>
<th>Implementation status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk/implication</td>
<td></td>
<td>the banks concerned so that the name can be changed to reflect the organization's present name.</td>
<td></td>
</tr>
<tr>
<td>Ownership of bank accounts could be null and void</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.1.4 REVALUATION OF FULL DEPRECIATED ASSETS</th>
</tr>
</thead>
</table>

During our review of the entity’s fixed assets register we noted that, some of the entity’s assets which have already been fully depreciated are still in use and in good working condition. In accordance with the requirements of IPSAS No. 17 (Property, Plant and Equipment) and the General Acceptable Accounting Principles, management of an entity is required to review the residual value of the community’s assets and re-asses its depreciation charge estimates so as to match the benefits derived from the use of its assets against the costs of those assets.

Risk/implication
The entity’s financial statements will not be in compliance with IPSAS and also the organisation will not be matching the benefits obtained from the use of those assets against costs of those assets

The entity’s financial statements will not be in compliance with IPSAS and also the organisation will not be matching the benefits obtained from the use of those assets against costs of those assets

Management is aware of this issue and wishes to be guided by the auditors on how to proceed in terms of an appropriate method. Revaluing at market value made imply costs of valuation to independent valuers. The net benefits from use of these fully depreciated assets may need to be considered with the costs of revaluing and method used. This issue shall be taken up during the 2016/2017 period.

Implementation in progress
### 3.1.5 INCORRECT COMPUTATIONS OF PAYE AND NSSF

During our re-computation of NSSF and PAYE, we noted that wrong tax bracket rates were used to compute PAYE and NSSF. The amounts computed were lower than required.

**Risk/implication**

The amounts required to be submitted to Tanzania Revenue Authority are lower than required which might result to the organization incurring costs due to penalties. Likewise, when fewer social contributions are submitted to NSSF might result to penalties

**Recommendation**

The organization should use correct tax brackets to compute PAYE. The organization should ensure it obtains the new tax brackets for every new government financial year, just after the government budget.

**Management comments**

Management acknowledges this issue in computations during the period under review. This issue has been addressed in the 2015/2016 period; moving forward the unit responsible for HR will be checking with the relevant authorities annually to ensure compliance with the rates.

**Implementation status**

Implemented

### 3.1.6 LONG OUTSTANDING VAT BALANCES

From our review of VAT claim balance, we noted that the balance has increased up to USD 44,000 during the year. The management has not filed for VAT claim up to the end of our audit.

**Risk/implication**

The balance may not be recovered if the management do not file the for VAT

**Recommendation**

Management should have a practice of filing the VAT claims within a reasonable time after making VAT related payments. The recovery will help in the organization implementation of planned activities.

**Management comments**

Management will be recruiting a temporary person specifically to research and prepare all documentations necessary for the VAT claims to be lodged. In the past this has been an annual exercise, however with new projects on board and possible increase in transactions this activity

**Implementation status**

Being implemented in 2016/2017 period
### EAST CENTRAL AND SOUTHERN AFRICA HEALTH COMMUNITY (ECSA-HC)
REPORT TO MANAGEMENT FOR THE AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

<table>
<thead>
<tr>
<th>Observation</th>
<th>Recommendation</th>
<th>Management comments</th>
<th>Implementation status</th>
</tr>
</thead>
<tbody>
<tr>
<td>claims</td>
<td></td>
<td>will be done quarterly or semi-annually. It is worthwhile noting that during the period under review, the organization has relied heavily on credit and with the delay in payment the receipts to enable processing of the VAT claim were not available.</td>
<td></td>
</tr>
</tbody>
</table>

### 3.1.7 INADEQUATE ASSETS INSURANCE COVER

The Community has assets with carrying value of USD 673,791 as at year end which include buildings, motor vehicles, furniture and fittings and equipment. However the Community has insured only 10% (2 motor vehicles) of the total carrying value of assets

<table>
<thead>
<tr>
<th>Risk/Implication</th>
<th>The Community should obtain adequate insurance cover for all ECSA-HC properties</th>
<th>Management is aware of this important risk which arose out of the low cash situation throughout the period under review. It plans to reinsure all major assets during the 2016/2017 period as the financial situation improves.</th>
<th>Not implemented</th>
</tr>
</thead>
</table>

In case of occurrence of an insurable risk such as fire, theft and other losses, the Community could suffer financial loss.
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Management comments</th>
<th>Observation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.1.8 LATE APPROVALS OF JOURNAL ENTRIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk/Implication</strong></td>
<td>The journals should be properly supported and approved before posting/validating in the system.</td>
<td>During testing of controls over journal entries, we noticed that, some journal entries were not approved when we requested for them during audit.</td>
</tr>
<tr>
<td><strong>Management status</strong></td>
<td>Implemented</td>
<td></td>
</tr>
<tr>
<td><strong>3.1.9 LATE PREPARATIONS AND APPROVALS OF BANK RECONCILIATION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk/Implication</strong></td>
<td>Bank reconciliations help to create stronger internal control, hence the bank reconciliation should be prepared and approved on time.</td>
<td>During testing of controls over bank reconciliation, we noted that some reconciliation were not prepared on time, or not approved on time but not approved on time, or not approved on time, or not approved on time.</td>
</tr>
<tr>
<td><strong>Management status</strong></td>
<td>Implemented</td>
<td></td>
</tr>
</tbody>
</table>
### Observation
might lead to late uncover of differences that may need further investigating as well as late detection of errors on the part of the bank

### Recommendation
on time.

### Management comments
also that after the period under review all new projects have project finance officers who will be responsible for the projects reconciliations thus relieving the core ECSA Finance team to concentrate other ECSA duties including reconciliations.

### Implementation status

<table>
<thead>
<tr>
<th>3.1.10 LONG OUTSTANDING STAFF IMPREST</th>
</tr>
</thead>
</table>
Included in the staff imprest are long outstanding balances. We noted the staff imprest balances of more than 30 days amounting to USD 21,620.03. Also one staff (Nyangi, Agness) resigned in the subsequent year without retiring the full amount advanced to her; the imprest taken by staff was USD 4,029.60 and the amount retired was only USD 2,953. This raises the recoverability of the balance.

**Risk/implication**
There is a possibility of misstatement of receivables with irrecoverable amounts.

**Recommendation**
We recommend imprest aging to be reviewed every month and consider making follow up of the unaccounted for balances as well as provision to write off irrecoverable imprest to organization costs. Moreover, the management should ensure staffs adhere to imprest retirement policies and procedures.

**Management comments**
Management acknowledges this finding which has improved over previous periods. Most of the outstanding amounts are in respect of staff who travel from one activity to another without or briefly passing through the office between trips. The balance of Agnes Nyangi was deducted from her gratuity payment in the subsequent period.

**Implementation status**
Outstanding implemented for staff leaving the organization are deducted from final benefits

Implementation in progress
### 3.2.11 Non Submission of PAYE and NSSF

During our review, we noted that there were no submissions of PAYE and NSSF for the whole year. PAYE is required to be submitted within 7 days after the month end and NSSF one month following the month end.

**Risk/Implication**
Exposure of penalty costs to the organization.

<table>
<thead>
<tr>
<th>Observation</th>
<th>Recommendation</th>
<th>Management comments</th>
<th>Implementation status</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2.11 Non Submission of PAYE and NSSF</td>
<td>Management should ensure that PAYE and NSSF are submitted to the respective organizations on time.</td>
<td>Management is aware of this situation caused by the low cash inflows during the period under review. It has had meetings with the relevant authorities and remains in contact with them till the situation improves. The member states are all aware and have continued to confirm their commitment to pay their arrears to enable the organization to clear these debts. Moving forward if this situation continues, the organization will discuss with Ministry of Health Tanzania the possibility of paying the arrears directly to the Revenue Authority, as part Tanzania’s contribution.</td>
<td>Not Implemented</td>
</tr>
</tbody>
</table>
++END OF THE REPORT++