



UNITED REPUBLIC OF TANZANIA
MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY
UNIVERSITY OF DAR ES SALAAM
DAR ES SALAAM UNIVERSITY COLLEGE
OF EDUCATION



DAR ES SALAAM UNIVERSITY COLLEGE OF EDUCATION
ACCOUNTING PROCEDURE MANUAL 2025

JULY, 2025

FOREWORD

The Government has made significant progress in reforming its public financial management system, among other reforms. This Manual has been developed to accommodate the Accounting and Integrated Financial Management Information System procedures, in consideration of the specific statutory legal framework in respect of the financial statements preparation. The Manual provides guidelines for the College financial management to build the required capabilities and strengthen financial systems. In addition, the prepared financial statements must comply with International Public Sector Accounting Standards and other Guidelines as may be issued by the Government.

The manual should be made available to all accounting personnel and other interested parties for guidance in the conduct of all accounting work in conjunction with all other accounting frameworks as may be prescribed from time to time by the Government. In this context, this manual shall be used in conjunction with circulars issued from time to time in respect of new developments and changes in financial policies and procedures.

This Manual has been prepared to establish an efficient and competent financial management system in the Finance Department, the College and the Nation at large. The main objective of this Manual is to enable the Finance Department operate efficiently thereby strengthening accountability and ensuring adherence to national and international standards.

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ABBREVIATIONS AND ACRONYMS

ACGEN	Accountant General
AO	Accounting Officer
AP	Accounts Payable
APP	Application
BoT	Bank of Tanzania
CB	Commissioner of Budget
CBMS	Central Budget Management System
CBU	Central Budgetary Unit
COA	Chart of Accounts
CoFoG	Classification of the Functions of Government
CPO	Central Payment Office
DP-PFA	Deputy Principal Planning, Finance and Administration
EBU	Extra Budgetary Unit
EFT	Electronic Fund Transfer
FRX	Financial Reporting Extract
FYDP	Financial Year Development Plan
GBD	Government Budget Division
GBE	Government Business Enterprises
GBS	General Budget Support
GePG	Government Electronic Payment Gateway
GeRAS	Government Electronic Resource Allocation System
GFSM	Government Finance Statistics Model
GoT	Government of Tanzania
GPFRs	General purpose Financial Reports
GSPP	Government Salary Payments Platform
IFAC	International Federation of Accountants
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
LPO	Local Purchase Order
MNO	Monetary Network Operators
MoF	Ministry of Finance
MTEF	Medium Term Expenditure Frameworks
MUSE	Mfumo wa Uhasibu Serikalini
NAO	National Audit Office
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
OTR	Office of the Treasury Registrar
PAMG	Public Asset Management Guideline
PAYE	Pay As You Earn

PCCF	Petty Cash Clearance Form
PFA	Public Finance Act
PFM	Public Financial Management
PFR	Public Financial Act Regulations
PMG	Paymaster General
PPA	Public Procurement Act
PPE	Property, Plant and Equipment
PSEs	Public Sector Entities
PSP	Public Service Provider
PSSSF	Public Service Social Security Fund
SM	Systems Manager
SP	Strategic Plan
TISS	Tanzania Inter-Bank Settlement System
URT	United Republic of Tanzania
ZSSF	Zanzibar Social Security Fund

INTERPRETATION OF KEY TERMS

SN.	Term	Interpretation
i.	Accounting Circular	A written statement which provides information, guidance, rules, procedures and directives on how to deal with different matters relating to the Accounting Profession.
ii.	Accounting Officer	Means the Principal or any person appointed to act in the position of the Principal.
iii.	Accounting period	Period of time for which financial statements are prepared. This period runs from 1 st July to 30 th June.
iv.	Accounting policy	These are specific principles, bases, conventions, rules, and practices applied by the College appropriate to its circumstances in preparing and presenting financial statements.
v.	Accounting record	Any document upon which accounting transactions are recorded or any other document issued or used in the preparation and processing of accounting transactions. Such includes a cashbook, Journals, Ledgers, etc.
vi.	Accounting Standards	Accounting principles that have been given formal recognition by the National Board of Accountants and Auditors.
vii.	Accrual basis of accounting	A method of accounting under which transactions or claims are recognised as the underlying economic events occur, regardless of the timing of the related cash receipts and payments.
viii.	Annual Financial Statement	The term covers a College's report, which including the statement of financial position, statement of financial performance, cash flow statement, statement of changes in equity, Statement of comparison of Budget versus Actual and Notes to the financial statements.
ix.	Arrears	Outstanding obligations or payments that the College has not yet settled by their due date.
x.	Asset	Resources controlled by the College as a result of past events and from which future economic benefits or service potential are expected to flow to the College.
xi.	Budget	Estimate/Forecast of revenue and expenditure of the College showing its plans for the next financial year, expressed in monetary units. It is the financial plan of a College for a given period which shows what its resources are, and how they will be generated and used over the fiscal period.

xii.	Capital Expenditure	Expenditure incurred for the purpose of acquiring, constructing, installing or enhancing physical and non-physical assets (capital assets), such as the Acquisition of Strategic Inventory, and Investment in financial and non-financial assets.
xiii.	Cash equivalents	Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are not subject to a significant risk of change in value
xiv.	Chart of accounts	A listing of codes based on the budgeting and accounting transactions classified to provide meaningful financial information.
xv.	Commitment	Legal or Contractual obligation to spend resources in the future on a contract for the supply of goods and services.
xvi.	Consolidated Financial Statements	Financial statements of the College in which the assets, liabilities, net assets/equity, revenue, expenses and cash flows of the College and its controlled entities are presented as those of a single economic entity.
xvii.	Depreciation	Systematic allocation of the depreciable amount of an asset over its useful economic life.
xviii.	Equity	Residual interest in the assets of the College after deducting all its liabilities (the net assets of the College).
xix.	Expense	Outflow of cash arising as a result of payments issued in a given reporting period or liabilities incurred.
xx.	Fiscal year	Period of twelve (12) months starting from 01 July to 30 June of the following year.
xxi.	General ledger	A central accounting record in which accounting transactions are recorded, in double-entry format, and from which financial reports are produced.
xxii.	Grants	Money received for projects funded by the government, donors, research institutions, foundations, and charities for a specific purpose without the expectation of repayment.
xxiii.	Government	The Government of the United Republic of Tanzania
xxiv.	Journal Entry	Uniquely numbered input voucher to the General Ledger, containing accounting transactions, used in the double-entry recording system.
xxv.	Journal Voucher	The voucher used to make adjustments whenever necessary in the financial records, which do not entail receipt or payment of cash, and shall show the reason for the adjustments, be numbered serially and shall be checked before authorisation by a senior and responsible officer.

xxvi.	Liability	Present obligation of the College arising from past events, the settlement of which is expected to result in an outflow from the College of resources embodying economic benefits, including service potential.
xxvii.	Receipt	An amount of cash collected or the process of collecting money. It can also be an official document provided to appear as proof that money was received.
xxviii.	Revenue	Inflows of resources that increase the net asset/Equity of the College
xxix.	Risk Management	Establishment of policies, procedures and practices to identify, analyse, quantify, monitor, and control financial and other exposures.

CHAPTER 1: INTRODUCTION

1.1. Background and Rationale

The Dar es Salaam University College of Education (DUCE) was established as a Constituent College of the University of Dar es Salaam through Government Notice No. 166 published on 23rd April, 2010. It is constituted in accordance with the Universities Act, 2005 and the University of Dar es Salaam Charter, 2007.

The College is located in the Chang'ombe area, Temeke District, five (5) kilometres from Dar es Salaam City Centre and adjacent to the Tanzania Main National Stadium. The College has three faculties involved in teaching, research and public services, namely: the Faculty of Education, the Faculty of Humanities and Social Sciences and the Faculty of Science. Additionally, the College runs three demonstration schools under the Faculty of Education. These schools are Chang'ombe Demonstration Pre-Primary School, Chang'ombe Demonstration Primary School and Chang'ombe Demonstration Secondary School.

The Government has undergone several financial management reforms, which have been accommodated in the Public Finance Act, CAP 348 and its Regulations, and thus necessitated the review and replacement of the College Accounting Manual 2019, with the Accounting Procedure Manual, 2025.

1.2. Purpose of the Manual

This manual is intended to enhance compliance with the PFA, CAP 348 and its Regulations, specifically on recording and accounting for Government revenue, expenditure, assets, liabilities and losses; which involves the establishment of adopted policies, practices and guidance issued on the application of IPSAS, and Government Statistic Manual 2014 (GFSM2014).

However, this manual is not exhaustive and should therefore be used as an accounting tool in line with the standards and other professional accounting pronouncements issued by the International Public Sector Accounting Standards Board (IPSASB) and other accompanying implementation guidance. Should a conflict arise between this manual and the relevant standard, the requirements

and the standard's text shall prevail. Concepts and definitions included in some sections of this manual might represent extracts from the Handbook of International Public Sector Accounting Pronouncements. This manual is intended for use by Public Sector Entities.

1.3. Objectives of the Manual

The basic objectives of the manual are to:

- (a) Describe accounting policies, guidelines and procedures which affect Government resource management;
- (b) Provide an outline of key internal control requirements;
- (c) Safeguard the College resources and assets;
- (d) Ensure consistency in recording and classifying financial transactions;
- (e) Ensure efficiency and effectiveness in operations, accuracy and timeliness in producing financial reports;
- (f) Enhance completeness and accuracy of the data posted from source documents (say invoices, payment receipts, journal and cashbook) to the computerised system;
- (g) Provide accurate and reliable reports that enable management to perform effective control over the College operations;
- (h) Detail the operation and administration procedures for input, processing, output and distribution of data to ensure security of data and documents at large;
- (i) It also provides guidance as to accounting procedures that should be applied to financial transactions for recording and compiling the needed financial information; and
- (j) The manual has been expressly written for use as follows:
 - (i) As a quick reference to management, supervisors, new and existing accountants, accounts staff, and auditors, and ensuring that appropriate controls are in place;
 - (ii) As a clearly defined list of the tasks to be carried out by each individual; and
 - (iii) As a master plan for processing transactions and producing reports.

1.4. **Applicability of the Manual**

The Manual applies directly to the College for the preparation of financial statements on an IPSAS Accruals Basis and as per requirements of Section 30 of the Public Finance Act Cap 348 (RE 2020) and guides on the application of Revenue Accounting, Payments Processes, inventory recording, Assets Management, Loss management, Internal control, etc.

1.5. **Basis of the Manual**

This document should not be considered as a stand-alone manual because it is drawn upon and/or complements the contents of the Acts/Regulations/Manuals/Guides, which include:

- (a) Public Finance Act, CAP 348 and Public Finance Regulations of 2001;
- (b) Public Service Social Security Fund Act No. 2 of 2018;
- (c) Budget Act CAP 349 and Budget (Amendment) Regulations of 2016;
- (d) Public Procurement Act CAP 410 and Public Procurement Regulations of 2024;
- (e) The Public Finance (Government e-Payment Gateway System) Regulations, 2019;
- (f) Treasury/Accounting Circulars;
- (g) GePG Management Framework;
- (h) IFMIS Accounting Procedures Manual, Central Government;
- (i) GSPP User Manual; and
- (j) Government Statistics Manual 2014.

1.6. **Scope and Limitation**

The Manual explains the structure and organisation of the accounts (e.g., Chart of accounts or code list), the need for controls, the nature and content of the work processes and the importance of **these** aspects. This manual covers the input, processing, output, control and distribution of data. This Manual provides guidance on the application of **the processes for** receiving revenue, Payments Processes, TISS, EFT, IPSAS Accruals Basis, and Preparation of Government Financial Statements under IPSAS Accruals adopted and interpreted for the Public Sector context. Furthermore, the manual has been developed to set out the accounting policies and procedures that will enable users to obtain accurate and timely financial reports, thereby promoting sound financial management, and **to ensure the** correct and accountable use of funds and other government resources.

The controls and procedures contained in this Manual are intended to guide operations of the College with a view to enhancing efficiency and effectiveness. Where the interpretation of the provisions in this Manual contravenes any written law, regulation, Government circular or directive, the latter shall prevail.

1.7. Caveat

This Manual contains references to the materials listed in subsection 1.5 above, in particular the Public Finance Act, CAP 348 and Public Finance Regulations, 2001. The user, therefore, is advised to become fully acquainted with the other materials, and if there is any doubt or ambiguity on any provision, seek advice from the appropriate authority.

1.8. Update of the Manual

The Manual is kept under constant review and will be updated to reflect amendments to the Public Finance Act, International Public Sector Accounting Standards (IPSAS), NBAA pronouncements, changes in technology, and where appropriate, comments received from users.

Amendments to this Manual shall be initiated by the College Management and tabled at the Audit Committee. The result of the audit committee's discussion in respect of the proposed amendment shall be tabled at the Governing Board meeting for approval. Such a review will be done whenever needed as determined by the College Management.

CHAPTER 2: ACCOUNTING SYSTEM OVERVIEW

2.1. Government accounting system refers to the system implemented and followed by Government entities for collecting, classifying, recording, summarising, communicating and interpreting financial information about the Government in aggregate and in detail, reflecting transactions and other economic events involving the receipt, spending, transfer, usability and disposition of assets and liabilities.

2.2. **The purposes of government accounting**

The main tasks of Government accounting are to:

- (a) carry out the financial business of government in a timely, efficient and reliable manner (e.g. to make payments, settle liabilities, collect sums due, buy and sell assets, etc.) subject to necessary financial controls;
- (b) keep systematic, easily accessible accounting and documentary records as evidence of past transactions and current financial status, so that detailed transactions can be identified and traced, and all aggregates can be conveniently broken down into their constituent parts;
- (c) provide periodic financial statements, containing appropriately classified financial information, as a basis for stewardship and accountability, including decision-making;
- (d) maintain financial records suitable for budgetary control, internal control and the needs of auditors; and
- (e) Provide means for effective management of government assets, liabilities, Net Assets, expenditures and revenues.

2.3. **Finance and Accounting Function**

The accounting officer is vested with duties and powers as stipulated in PFA Cap 348, which ensure the effective implementation of financial and accounting activities whose main objective is to achieve proper control and management of public finance. The primary functions of the Finance and Accounts section include;

- (a) To assist the College in formulating a realistic medium-term financial plan and annual budget consistent with the government policies and

- objectives, service delivery targets, resource base, expected recurrent and development revenue inflows and financing capacity;
- (b) To provide prudent, professional, and impartial financial advice to the College for the proper management of its financial affairs;
 - (c) To manage the approved organisational and financial systems framework of the College to ensure:
 - (i) Exercise proper internal control and efficiency;
 - (ii) Sound commitment and expenditure control, cash and bank account management;
 - (iii) Effective revenue collection; and
 - (iv) Sound management of assets and payment of liabilities.
 - (d) To provide accurate, complete, timely, consistent and transparent periodic financial accounts and financial information for use by members and officers of the College;
 - (e) To provide annual statutory accounts for submission to the Parliament, taxpayers, creditors, donors and other stakeholders and to facilitate the work of the External Auditor through the provision of such information as is required by the External Auditor for the purpose of undertaking the Annual Audit; and
 - (f) To bring to the notice of the appropriate authorities the matter which has resulted in or is likely to result in a pecuniary loss to the College.

2.4. **Documentary evidence in accounting**

Every accounting transaction, regardless of the amount involved, must be documented in writing. The documents used in accounting must be processed through various levels of established authority to enhance segregation of duties. Each level signifies consent and approval that the transaction was genuine and may be subject to independent verification at a later date.

2.5. **Accounting Process**

2.5.1. **Receipts**

All revenue derived from the College's various sources shall be paid into the

College's Bank accounts through the Government e-Payment Gateway (GePG) System. Any other receipts not revenue shall be deposited to the College Expenditure Account, depending on their nature for execution. The procedures for receipting have been summarised in this section of the Manual. The main objectives of these procedures are to ensure that:

- (a) All cash received on behalf of the College is properly acknowledged and documented;
- (b) Proper control is taken over all monies received;
- (c) Receipts are properly and correctly accounted for in the books of Accounts, and
- (d) Proper and adequate controls exist and are exercised over the custody of duplicate copies of the College's systems-generated receipts.

2.4.1.1 Procedures

- (a) All College customers shall be assigned a unique identification number and entered in the College Financial Management Accounting System;
- (b) All College customers shall be issued a control number for payment of debts; and
- (c) Upon satisfaction of payment, an acknowledgement receipt shall be issued.

2.5.2. Payments

All College payments shall be made through a bank. The procedures for payments have been summarised in this section of the Manual. The main objectives of these procedures are to ensure that;

- (a) All payments are checked and authorised by College Management.
- (b) All payments shall be made for goods, works and services received in the right quantity, quality and at the economic price.
- (c) Improper payments are detected;
- (d) All payments are recorded in the books of accounts;
- (e) Appropriate supporting documents are available for all payments made;
- (f) In cases of pre-payment, Head PMU and Manager Estates and Works shall make a subsequent follow-up for the delivery of goods, works and services and avail a report to the Finance office for adjustment of the

books of accounts.

2.4.2.1 Procedures

- (a) Claims for payment must be submitted to the Deputy Principal (Planning, Finance and Administration), who shall approve the payment process to begin.
- (b) The Finance Manager shall review the approved claims and advise the Deputy Principal (Planning, Finance and Administration) on any anomalies or authorise payment to proceed.
- (c) The accountant shall prepare a payment voucher based on a genuine and proper claim.
- (d) The accountant responsible for inspection shall examine all payment vouchers prepared and sign them.
- (e) The Expenditure Accountant shall check payment vouchers to ensure proper payment is claimed.
- (f) Payment Instruction Slip shall be sent to bank account signatories for signature.
- (g) The signed Payment Instruction Slip shall be submitted to the bank for authorisation to effect payments to the beneficiaries' accounts.

2.4.2.2 Controls

- (a) Except for claims paid out as standing imprest, Bank Debit Advice or approved standing orders, all vouchers for payment must be submitted to the Deputy Principal (Planning, Finance and Administration) for approval;
- (b) The Finance Manager shall ascertain that there is always a sound system of disbursement of funds, as stipulated in the Financial Regulations;
- (c) Claims accepted against College funds should be met promptly in accordance with the approved College budget for the period within which the payment falls;
- (d) All Payments are made through the bank;
- (e) Payments through the Bank are effected by cheque or written instruction. To comply with Government changes to how funds will be managed, the College will operate current accounts with commercial banks, with minimum balances to cover operational expenses. Separate accounts will be opened for

payments (for normal operating requirements, i.e. OC and PE, Development Fund and Projects Fund) and **Collections** concerning Revenue, Project and Development Fund;

- (f) The College should open a Revenue account with the Bank of Tanzania in which all collected funds will be transferred;
- (g) Payments made by the Bank on behalf of the College, without using the College's normal payment system and properly prepared in accordance with its established accounting procedures, will be closely examined for authenticity and approved by the DP-PFA. These payments must be posted into the cash book in the corresponding month of entry in the bank statement if they have not been posted in the previous months; and
- (h) Immediately after effecting a payment, all payment vouchers, together with all supporting documents, will be stamped with a "PAID" stamp to prevent the reuse of the CPV.

2.6. **Internal Control and Risk Management**

Internal control comprises the whole system of controls, financial, administrative or otherwise established to carry out the College business in an orderly and efficient manner. The internal control system should ensure adherence to Government policies and safeguard public assets, including cash and cash equivalents and as far as possible, secure the completeness and accuracy of the financial records. The Chief Internal Auditor is responsible for advising on risk management and effective systems of internal control. These arrangements must ensure compliance with all applicable legislation and regulations, and with other relevant statements of best practice. The internal control system must ensure that public funds are properly safeguarded and used economically, efficiently, and effectively in accordance with the statutory and other provisions to enhance value for money.

2.6.1. **Internal Control Objectives**

The effective application of the internal control system is a prime tool of the College management. For it to be effective and efficient, it needs a strong foundation in an appropriate internal control environment, with key officials having a clear understanding of the philosophy, objectives, goals, policies and procedures. Every

officer involved in the commitment of resources has to take on board the objectives of internal control, which include the following:

- (a) To make sure that policies are adhered to, facilitate the achievement of its objectives;
- (b) To ensure that the operations of the College are carried out effectively and efficiently;
- (c) To ensure economical use of resources and to safeguard the assets from loss due to improper use and other causes;
- (d) To ensure the reliability and integrity of financial information;
- (e) To ensure compliance with statutory requirements; and
- (f) To deter and/or prevent fraud, corruption, and related crimes inherent in the operating system and to provide early warning signs.

2.6.2. The Control Environment

The responsibility for establishing the appropriate control environment rests upon the Accounting Officer, as detailed in the Public Finance Regulation. This is a prerequisite for the establishment of an effective internal financial control system.

2.6.3. Operational aspects of internal control

2.5.3.1 Organisational controls

These are controls instituted to achieve the following:

- (a) Ensure that individual work is organised to the most efficient use of resources to achieve the targeted objectives;
- (b) Ensure that resources are adequate at the supervisory level to meet the level of required output; and
- (c) Establishment of clear control on the use of resources.

2.6.4. Segregation of Duties

The internal control measures that the College should institute or intend to:

- (a) Create the distribution of work by establishing separate areas of work, which reduces the risk of intentional errors, abuse, or opportunity for collusion and promotes accountability; and
- (b) Establish independent validation and reconciliation of one work area by another personnel.

2.6.5. **Authorisation**

This is an essential aspect of internal control geared to ensure that the other aspects are working. It involves:

- (a) Establishment of clear lines of authority; and
- (b) Ensure that only legitimate costs are paid for and improper payments are eradicated.

2.6.6. **Accounting**

Accounting should ensure:

- (a) Proper books of accounts are maintained to facilitate data collection, recording, classification, summarisation, and reporting; and
- (b) Thorough reconciliation procedures are in place to ensure that transactions are recorded correctly, data input is complete and accurate, and data processing is complete and accurate.

2.6.7. **Supervisory Controls**

Supervisory controls should

- (a) Ensure that internal checks are performed effectively;
- (b) Detect and correct procedural errors through systematic checking; and
- (c) Identify areas of control weakness, make recommendations, and follow up with compliance tests.

2.6.8. **Manpower resources**

- (a) The policy should make sure that the educational and professional standards of staff employed are adequate to meet the needs of the work;
- (b) Provide a framework for developing the competence of staff; and
- (c) Ensure constant adequate training is available to enhance knowledge and expertise.

2.6.9. **Security**

2.5.10.1 Extensive security procedures are being built into the system to prevent unauthorised voucher entry, voucher authorisation, and electronic payments. These procedures are based on each operator and Authorising Officer being set up as a system user with a username. Each user has a secret network/system password chosen by mselves and regularly changed.

2.5.10.2 Each user is prohibited from sharing his/her password with anybody else.

- 2.5.10.3 The use of user-names and passwords has the dual role of:
- (a) Restricting a person's access to tasks and code ranges for which they are directly involved; and
 - (b) Enabling a complete transaction log that shows who entered each transaction, when, and on which computer. Safeguards exist to ensure this log is protected from all kinds of fraudulent behaviour and sabotage, which include arson and theft.
- 2.5.10.4 A security matrix for users is developed during each implementation. Passwords will be non-standard, mixed alpha-numeric, and changed regularly.

2.7. **Accounting Procedures**

2.7.1. **Books of Accounts**

The following accounting records shall be maintained:

- (a) Cash Book – a consecutive record of cash receipts and payments;
- (b) General Journal;
- (c) General Ledger;
- (d) Subsidiary Ledgers, including receivables and payables; and
- (e) Other records necessary to fully document and explain the financial transaction of the College as per standards, Regulations and Government Circulars as issued from time to time.

2.7.2. **Capturing of Receipts**

The Cash Management Module shall be used to capture and post revenues and receipts in the IFMIS, with the cash account debited and the receipt or revenue item credited with the same amount. This can be done either through the College Receiving Entry or the Manual Transaction Entry, depending on the nature of the transaction. The two accounts should be updated as soon as the posting process takes place.

Accounting entries for posting of receipts or revenue;

Dr: Cash/Bank Account

Cr: Receipt Item

(Being accounting for Receipt)

2.7.3. **Accounts Payable**

The Account Payable Module shall be used to capture non-supply payments. It shall also be used to capture supply payments after the Local Purchase Orders have been processed, received and matched in the Purchase Module.

Accounting entries for posting accounts payable:

Dr: Expenditure Items

Cr: Payable

(Being recognition of liability/payable) Accounting entries for posting Payment:

Dr: Payable

Cr: Cash/Bank account

(Being accounting for recognition of cash in settlement of liability/payable)

2.7.4. Purchasing Module

This module shall be used to enter or record information on an approved requisition or request for Local Purchase Orders (LPO), which must be accompanied by a pro forma invoice/price quotation. IFMIS facilitates both committing funds for such LPOs and approving them in IFMIS. All LPOs must be printed from IFMIS and sealed before they are handed over to the supplier of goods or services. Goods or services shall be received in IFMIS through a Receiving Entry, which allows the entry of the quantity of goods or services received. The IFMIS should match the price committed in the LPO issued to the supplier with the invoice price required to pay that LPO.

2.7.5. Accounts Receivable Module

This module shall be used to record and prepare imprest issues, whereby invoices are prepared to recognise employees as debtors. It is also linked with Accounts Payable when payments are effected. Funds are committed to the expense item during Issue processing, and the expense is recognised after retirement is made. IFMIS prevents and controls an issue of a new imprest to an imprest-holder before his previous imprest is retired.

Accounting entries for imprest issue

Dr: Imprest Receivable

Cr: Imprest Control (Being issue of imprest)

Accounting entries for voucher approval:

Dr: Imprest Control

Cr: Payable account

(Being approval of the imprest voucher)

Accounting entries on the payment of an imprest voucher

Dr: Payable Account

Cr: Cash Account

(Being payment of an imprest voucher)

Accounting entries on imprest retirement

Dr: Expenses item

Cr: Imprest Receivable

(Being retired from the imprest after completion of the assigned task)

2.7.6. General Ledger

The General Ledger is the core of the IFMIS financial suite. The module is used to set up the chart of accounts, which involves identifying the accounting codes used throughout financial transactions. General ledger modules also create and post both automatic and manual journals. Manual Journals are mostly used for processing salary journals and adjustments, whereby an item (account code) is either debited or credited to rectify discrepancies.

2.7.7. Accounting for Accruals

The Finance Manager is responsible for ensuring that Journal Vouchers (JVs) for accruals and prepayments are properly captured and posted to the respective ledgers.

Description of procedures for accruals shall be as follows:

- (a) The Finance Department shall, at the end of the accounting period, examine the College records to establish goods or services received during the period, for which no charge has been received from the supplier (i.e. invoices not submitted) or no accounting action taken (i.e. invoices received but not paid);
- (b) The office of PMU shall contact suppliers who have not submitted invoices, request the outstanding amounts, which they check against

orders (where relevant), and accrue invoices to be sent to the College. Where invoices are available, and if the accounting records have already been closed off, the responsible officer shall categorise amounts by account code and total them up; and

- (c) Brief notes showing how the accrued expenses have been calculated shall be either shown on the JV or attached to the respective JV as an attachment for reference. Standard working papers are not to be used because of the varying nature and timing of the different expenses accrued. Accruals shall be maintained as Permanent records for the adjustments made in each period based on amounts computed on the working papers. The responsible officer shall prepare a standard journal voucher for posting to the general ledger. The entries are:

Dr: Expense Account/Item

Cr: Provision for expense account

(Being accounting for recognition of accrued expense/payable)

- (d) The provision shall comprise an estimated figure of expenses whose invoices have not been submitted. In a situation where the actual amount has been shown on the submitted invoice or statutory staff dues which do not involve an invoice, such as telephone, an accounting transaction shall be as follows:

Dr: Expense Account

Cr: Payable account (Creditors A/C) /Accruals A/C

(Being accounting for recognition of payable)

- (e) The same procedures shall be carried out for accrued income that is earned but cash is not received, such as interest income. Accounting entries in the General Ledger shall be as follows:

Dr: Receivable Account (Debtors Account)

Cr: Revenue

(Being accounting for recognition of revenue earned but not yet received)

2.7.8. **Accounting for Prepayments**

Description of procedures for prepayments shall be as follows:

- (a) There are certain expenses, which are normally paid in advance, such as fuel, telephone and internet services for which the College will only receive the benefit or make use of in future accounting periods;
- (b) The amount to be adjusted in the periodic accounts is obtained by summing up all the individual prepayments from suppliers' invoices, which are paid at the end of the accounting period. For example, at the end of the year, all amounts paid for months within the next financial year or subsequent years will constitute prepaid expenses; and
- (c) A schedule must be maintained of all expenses paid in advance, including the period to which they relate. Details are entered on the schedule monthly as payments occur, showing how prepaid expenses are to be allocated in future periods.

All prepaid expenses shall be recorded in the accounts at the end of the accounting period by preparing a journal voucher. The entries are:

Dr: Prepayment Account (Debtor's account)

Cr: Expenses Account

(Being accounting for the apportionment of the amount of prepayment received to reflect only the current year's portion).

2.7.9. **Accounting for Payments**

All payments shall be certified by an Authorised Officer who shall ensure that:

- (a) The receipt of the goods and services is in accordance with the relevant official order;
- (b) The prices charged are either according to contracts or approved scales, or are fair and reasonable according to local rates;
- (c) Authority has been obtained as quoted;
- (d) Persons named in the voucher are those entitled to receive payments;
- (e) The calculations and additions being correct; and

- (f) The allocation (classification) of the payment to the correct ledger account.

Any payment on behalf of the College must be made by Electronic Fund Transfer (EFT) or Direct Debit. An Accounting Officer or any other authorised officer shall authorise all disbursements.

2.7.10. **Payment Voucher and Document Retention**

The College shall treat all payments in accordance with PFA CAP 348 and its Regulations, and comply with IPSAS Accrual Basis of accounting. The College, for security purposes, is responsible for retaining the original copy of the Payment Voucher (with all supporting attachments) and a Cash Activity Report, which lists all payments and receipts. Payment Vouchers are to be filed in serial number sequence and in accordance with the bank account against which they were drawn.

2.7.11. **Accounting for Liabilities**

The College is likely to have the following types of liabilities:

- (a) Accrued audit fees;
- (b) Accounts payable arising from the purchase of goods and services;
- (c) Transfers of salary deductions to third parties;
- (d) Payables regarding over deductions of salaries in the process of recovering loans; and
- (e) Contingent liabilities

Accounting entries to recognise a liability:

Dr: Expense item (e.g. audit fee)/transfers to third parties

Cr: Accounts Payable

(Being accounting for recognition of liabilities)

2.8. **Period-end Procedures**

2.8.1. **Month-end Procedures**

The purposes of the month-end procedures are:

- (a) To ensure that all transactions in each of the accounting modules are correctly posted to the General Ledger.
- (b) To ensure that all transactions are posted in the system for the

correct period to ensure proper cut-off.

At the end of each period/month, the following procedures should be carried out:

- (c) Print a provisional Working Trial Balance to use as a worksheet for account reconciliation and period adjustment. Then, scrutinise the balance in each account code to identify the accounts that require corrective action.
- (d) Print out the AP Reconciliation Reports to reconcile the Accounts Payable and General Ledger transactions and identify areas where discrepancies arise.

Carry out the Bank Reconciliation process for the Revenue Bank Accounts or any other bank accounts out of the system and print out the Reconciliation reports.

2.8.2. **Year-end Procedures**

Year-end procedures will be stipulated in Accounting Circulars for a smooth, planned year-end closure, which will be issued by the Accountant-General before the closure of the specific financial year. It has to be recalled that all financial statements shall be prepared in accordance with the requirements of the International Public Sector Accounting Standards (IPSAS), the Generally Accepted Accounting Guidelines (GAAPs) and such other forms as the National Assembly may, from time to time, require.

2.8.3. **Donor Funds**

Balances of funds as at 30th June in respect of Donor or External Agencies under the special Bank accounts shall be rolled over to the next financial year without any restriction, subject to the terms and conditions specified in the Multilateral and bilateral Agreements or other related agreements.

2.8.4. **Reconciliation**

The Finance Manager shall ensure that reconciliation is conducted between instructions to pay and what was actually paid, and that any differences are followed through and resolved. It is emphasised that reconciliation is mandatory and is intended to ascertain the correctness and integrity of transactions carried out during the year. The Finance Manager should ensure that reconciliations between records and their own cash books are completed. All necessary adjustments should

be made through the system to enable Bank Reconciliation. Closing balances must be verified and reconciled immediately; for example, the Cash Activity Report, Itemised Expenditure Analysis Report, Cash Book, and General Ledger reports must show the same balances as at 30th June.

2.8.5. **Accumulation of Arrears**

The College shall ensure that all commitments entered into in the current financial year are settled before year-end. It is emphasised that no expenditure should be incurred beyond amounts that have been released to each expenditure vote during the course of the financial year.

2.8.6. **Information to the Public**

The College is required to prepare an annual report to the General Public. This is in accordance with the Public Finance Regulation 8(5).

2.9. **Integrated Financial Management System**

Generally, a Financial Management System comprises a set of computerised solutions for financial operations that support planning and preparing, executing, and monitoring the budget, and reporting on expenditures and revenues. These systems, when integrated, enable a smooth exchange/sharing of data among various electronic financial management systems.

The Manager ICT is responsible for improving electronic financial systems by ensuring that most of these systems are integrated, operate smoothly, and generate financial and economic reports with accuracy, completeness, and timeliness. MUSE, as one of the IFMIS, has the following Modules:

- (a) SM - Systems Manager
- (b) CM - Cash Management
- (c) PO - Purchase Order
- (d) AP - Accounts Payable
- (e) AR - Accounts Receivable
- (f) GL - General Ledger
- (g) AM – Asset Management
- (h) IM – Inventory Management
- (i) HD – Help Desk

2.10. Roles of Key Actors

2.10.1. System Administrator

The systems administrator has overall responsibility for granting application access to all users of the system, determining the specific functionalities to be allocated to each user, and setting up applications. The entry or approval of a transaction by a systems Administrator constitutes a serious breakdown in internal control and should result in immediate disciplinary action against the Systems Administrator.

2.10.2. The Systems Manager (Technical)

The Systems Manager is responsible for:

- (a) System Installations
- (b) Set-up of user security rights, passwords and access to the network facility/workstations.
- (c) Maintenance and backup of the databases.
- (d) Adding new network users.
- (e) Using the system management tools.
- (f) Ensuring that the computer equipment, media and security documentation are properly secured and that all databases are backed up daily.

Some of the tasks of SM will be performed with the help of the System Administrator, e.g., System installations and the use of Management Tools. The systems Manager should not enter or approve any transaction, no matter who issues the instruction.

2.10.3. Accounts Staff

Accounts Staff are responsible for the accurate, timely and complete capture of all transactions/dates into the system and ensure:

- (a) All transaction data is entered into the system and cleared daily. No backlog should be allowed to develop. This is particularly important for revenue transactions. Bank Reconciliation should be undertaken at least weekly, preferably daily. If the accounts are balanced daily, then the likelihood of successful implementation is increased enormously;
- (b) The secure production and distribution of financial reports;
- (c) Data entrant must never approve any transaction. Approval of a transaction by a data entrant is a serious breakdown in internal control and should result in immediate disciplinary action against the operator.

2.10.4. **Examiner/Pre-Audit**

The examiner will cross-check and verify the authenticity of the documents used to execute expenses. This includes: payment voucher, invoices, claim forms and payments authorisation.

2.10.5. **Certifying Officers**

Certifying Officers are required to approve or disapprove, individually, all transactions on the system; this is essential for the maintenance of internal control. They are also accountable for ensuring that transactions entered into the system comply with all financial regulatory requirements. Nevertheless, they should not enter any transaction into the system, as this is a serious breakdown in internal control that should result in immediate disciplinary action against him/her.

CHAPTER 3: CHART OF ACCOUNTS CLASSIFICATION

3.1 Introduction

The Chart of Accounts (COA) provides the normative framework for recording and displaying how budget resources were actually used. Therefore, COA is essential to the process of administering, recording, and reporting on the College's financial transactions. A chart of accounts is a systematic coding system for classifying and recording transactions and events within an accounting system. This classification shall accordingly recognise assets, liabilities, capital, revenue and expenditure. It is used as an instrument of financial management and is key to the maintenance of a General Ledger (GL). It is a systematic way to classify all financial stocks and flows, the mechanism through which financial information is collected, processed and reported; or simply a filing system for financial data.

COA also defines the organisation of ledgers used within the accounting system. One of the most important PFM reforms is the achievement of implementing standardised classification systems using a uniform Chart of Accounts in which budgeting and accounting classifications are compatible. The existence of a sound and credible budget classification and chart of accounts is fundamental to the development of most other areas of an efficient budget and revenue administration system.

3.2 Objectives of the Chart of Accounts

The Chart of Accounts is designed to achieve the following objectives:

- (a) Harmonise with the prevailing Government Finance Statistics Manual (GFSM);
- (b) To address the financial reporting requirements of the users of the general-purpose financial statements, in accordance with International Standards, as well as those special requirements of specific interest groups such as Project donors, without the need to keep an additional set of accounts for the respective Projects;
- (c) To support budget and statistical reporting; and
- (d) To ensure uniformity in accounting practice throughout General Government. This is particularly important for facilitating the preparation of the government-wide consolidated financial statements.

3.3 Chart of Accounts Structure

The Chart of Accounts structure consists of 14 main segment groups and 64 total digits for the account code combination. Each segment provides a separate dimension of analysis and reporting. Fourteen (14) main segments are categorised in three blocks as follows:

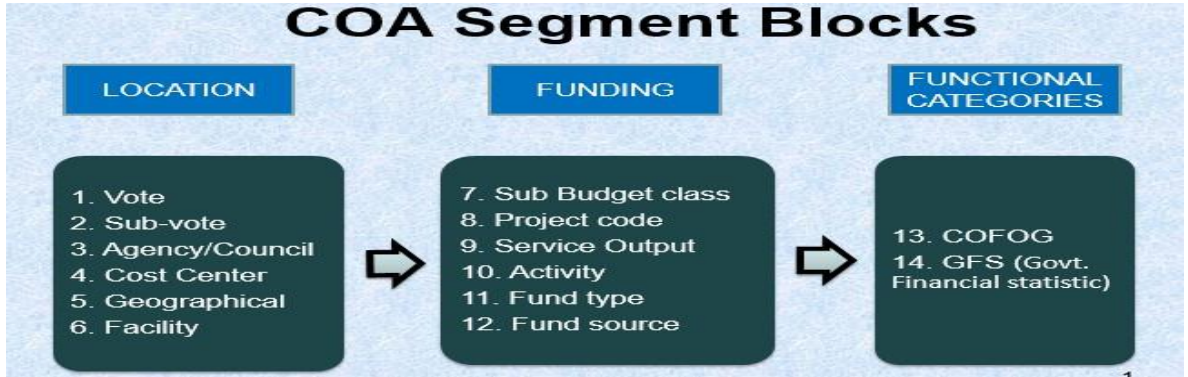


Figure 1: COA Segment Block

Each segment has a specified number of digits/characters totalling 64 characters, with an example of Civil Servant expenditure item illustrated in the pyramid below:

Pyramid Segment

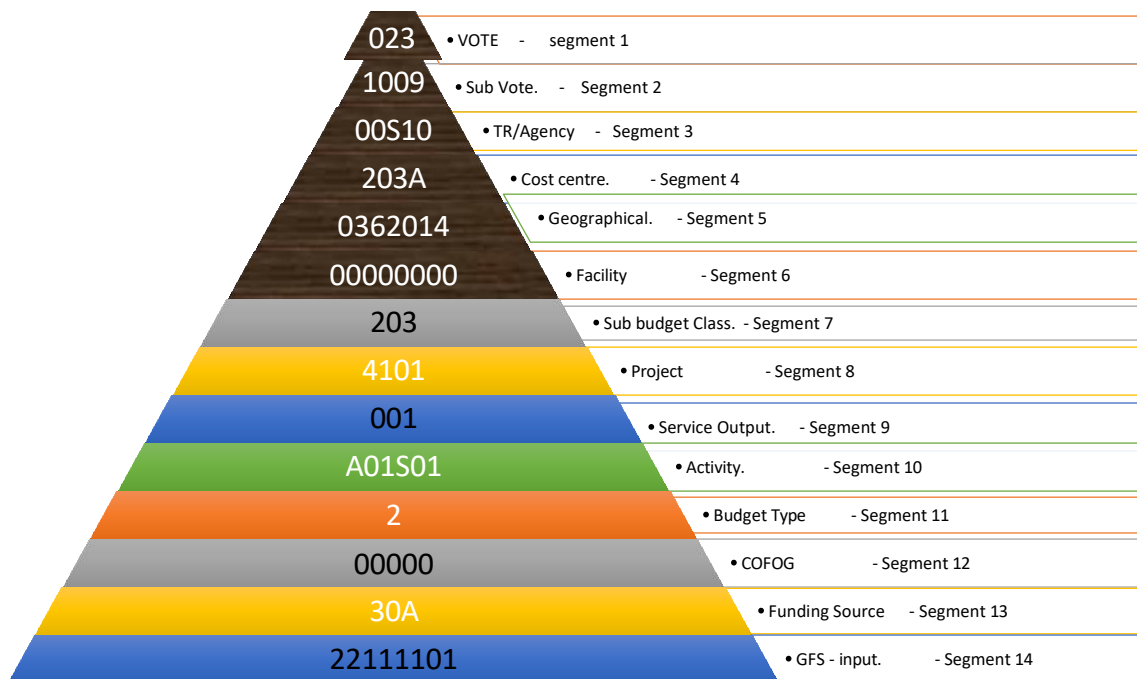


Figure 2: Pyramid Segment

3.4 Segment Definition

3.4.1 Vote

This Functional code represents the spending or collecting unit within a central

government. They are arranged according to the Government's hierarchical structure. The vote represents the highest level within the organisational structure of the MDAs, identified by three numeric characters. E.g., the Ministry of Education, Science and Technology (046), the vote signifies the scope of accountability of the vote holder (Accounting Officer) to the Parliament.

3.4.2 **Sub vote**

It represents the Warrant Holder or spending unit under Vote. In the chart of accounts, it is represented by four characters, e.g. 7001 for Higher Learning Institutions.

3.4.3 **Agency/Council**

This segment represents the implementation of the Entity outside vote, and they have their own organisational structure.

3.4.4 **Cost Centre**

In the chart of accounts, this part represents Departments/Units/Faculties relating to the College. A cost Centre is a department within the College to which costs can be allocated. The term includes departments that do not produce directly but incur costs to the College, and employees are responsible for some of those costs.

3.4.5 **Geographical**

This segment represents the Department/Section within which the cost Centers are located.

3.4.6 **Facility**

This segment represents the location for which the funds will be utilised.

3.4.7 **Sub Budget Class**

It classifies funding by type: Other Charges (OC), Personal Emoluments (PE), and Development (DEV). This segment will also indicate the funding type for development to cater loans and grants.

3.4.8 **Project**

Represents the project number attached to every project, e.g., P166415 represents the HEET Project.

3.4.9 **Service Output**

This specifies the service output to be produced by the service provider along with the total programme/project/service output budget attached here.

3.4.10 **Objective / Target / Activity**

These are pre-defined objectives, targets, and activities analysed by the MTEF module and set to fulfil the College's vision and Mission.

3.4.11 **Budget/Fund Type**

This explains the nature of the fund: Recurrent (1), Non-recurrent (2), Deposit (3),

and Revenue (5).

3.4.12 **Functional Classifications**

The Classification of the Functions of Government (COFOG) categorises expenditure according to the purposes and objectives for which they are intended. The COFOG system divides spending into 10 broad categories called divisions: (1) General public services; (2) Defense; (3) Public order and safety; (4) Economic affairs; (5) Environmental protection; (6) Housing and community amenities; (7) Health; (8) Recreation, culture and religion; (9) Education; and (10) Social protection. These categories are independent of the Government's organisational structure.

3.4.13 **Sources of Funds**

These are various domestic and foreign institutions that provide financial and other resources to support the Government, such as the International Development Association (IDA).

3.4.14 **GFS-input**

It identifies the type of revenue, expenditure, assets and liabilities, for example, tax revenue, non-tax revenue, salaries, purchases of goods and services, transfers, interest payments, or capital spending. The prevailing IMF's and Government Finance Statistics (GFS) Manuals provide an internationally accepted framework for economic classification of expenditures. Account number that begins with 1 represents Revenue, 2 represents Expenses, 3 represents Assets and Liabilities, 4 Holding Gains in Assets and Liabilities, 5. Classification of Changes in Volume of Assets and Liabilities, and 6 Classification of Stocks of Assets and Liabilities

3.4.15 **GFS Codes**

The Government has adopted the Government Financial Statistics prevailing Manual standards; these are the classification elaborated by the International Monetary Fund for compiling national statistics and for international comparison purposes. It relies on categorising transactions by nature. The GFS codes have been unified for use by CBUs, EBUs, and Public Corporations for Recurrent and Development expenditure purposes. This will greatly enhance the ability to aggregate public sector revenues and expenditures for macroeconomic reporting and policy formulation. GFS is comprehensive in its content, and its framework represents current best practice. The GFS structure consists of four levels: chapters, sub-chapters, items, and sub-items. The Chapter determines the accounting treatment, as well as some validations and reporting requirements.

3.4.16 **Key Control Elements**

The Chart of Accounts is under the control of the Treasury Registrar's office. All Changes to the Chart of Accounts shall be made with the authorisation of the TR office and provided to institutions for installation on user units. The

description of changes is advised to all user units on how the change affects transaction processing.

The detailed illustration of Accounts Code (GFS Codes) is given in **Appendix I**.

CHAPTER 4: BUDGET PREPARATION AND MANAGEMENT

4.1 Purpose of the Budget

4.1.1 A College budget shall serve as a financial roadmap to help the College achieve its goals efficiently and sustainably. The purpose of a budget for the College includes:

- (i) Plan – Outline expected income and expenses for a specific period, usually a year.
- (ii) Control – Ensure spending stays within limits and aligns with priorities.
- (iii) Allocate resources – Assign funds to departments, units, projects, cost centres, or activities based on strategic goals;
- (iv) Guide decision-making – Provide financial insights to support management decisions;
- (v) Monitor performance – Compare actual results against the budget to track progress and identify variances; and
- (vi) Ensure accountability – Set financial targets and assign responsibilities to units or individuals.

4.2 Scope of the Budget

4.2.1 The scope of the College's budget defines how broad or narrow it is, from high-level College budgets to detailed project- or unit-level budgets. The scope of the budget for the College includes:

- (i) Timeframe – Covers a set period, usually a fiscal year, calendar year, or quarter.
- (ii) Activities and operations – All planned business activities, projects, programs, or services.
- (iii) Departments or units – May cover the entire organisation, or be broken down into unit/departmental budgets.
- (iv) Types of budgets – includes operational budgets, capital budgets, etc.
- (v) Resources – Includes all expected sources of income (revenues, grants, loans) and all planned expenditures (PE, Capital, Recurrent, etc.).

4.3 Budgetary Process

4.3.1 The budget process is the step-by-step procedure through which a College prepares, approves, implements, monitors, and reviews its financial plan for a specific period (usually one fiscal year). It ensures that resources are allocated effectively to meet goals.

4.3.2 Main Steps in the Budget Process

- (a) Budget Preparation (Formulation)

4.3.2.1 The Budget Act governs the College budget preparation, Cap.439 of 2015, of the Laws of Tanzania and its regulations, as well as budget guidelines that may be issued by the government from time to time;

- 4.3.2.2 The Deputy Principal (Planning, Finance and Administration) is responsible for preparing or cause to be prepared annually in line with the Government's Medium Term Expenditure Framework, the College's Five-Year Rolling Strategic Plan; a Financial Plan, including a detailed revenue budget, recurrent expenditure budget and capital programme for the next financial year, for endorsement by College Funding Promotion Committee before submission to the Governing Board for endorsement and approval by the Government through Treasurer Registrar;
- 4.3.2.3 At least eight months before the commencement of any financial year, the Deputy Principal (Planning, Finance and Administration) shall request budgetary units to submit income and expenditure for the upcoming financial year;
- 4.3.2.4 Heads of Budgetary Units shall submit within one month of the request by the Head of Planning and Development, estimates on income and expenditure/procurement as follows:
- (a) Revenue from different sources of income directly generated in their units;
 - (b) Changes in Establishment;
 - (c) Other Charges items;
 - (d) Capital Development items; and
 - (e) Any Project that may be undertaken during the year.
- 4.3.2.5 On receipt of the proposals, the Head of Planning and Development shall prepare draft consolidated estimates to be submitted to the College Management Committee for scrutiny and consideration;
- 4.3.2.6 The Deputy Principal (Planning, Finance and Administration) shall submit the draft estimates orderly to the Budget Committee, Management Committee, College Workers Council, College Funding Promotion Committee and subsequently to the Governing Board for endorsement;
- 4.3.2.7 Such an estimate endorsed by the Governing Board shall be forwarded to the Government for allocation;
- 4.3.2.8 The Head of Planning and Development must ensure that the detailed approved budgets for the following year are loaded into the Financial Management Information System to enable the heads of budgetary units to monitor their actual financial position against the approved budget as the year progresses;
- 4.3.2.9 Heads of Budgetary Units are responsible for the economical, effective and efficient use of the resources allocated to them; and.
- 3.1.1.1 The budget preparation process matrix is presented in Schedule I
- (b) Budget Approval (Authorisation)

The draft budget is submitted to the governing authorities for discussion. It goes through debate, scrutiny, possible amendments, and formal approval or passage. Once approved, it becomes the legal basis for revenue collection and expenditure.

(c) Budget Execution (Implementation)

Funds are released in accordance with the approved allocations. Faculties, Directorates, Departments, and Units carry out activities, projects, and services as planned. Financial controls and monitoring systems ensure spending follows the approved budget.

(d) Budget Monitoring and Control

Actual income and expenditure are regularly tracked and compared to the budget (variance analysis). Corrective actions are taken when deviations occur (e.g., overspending, revenue shortfalls). Regular financial reports are generated for management and oversight bodies.

(e) Budget Evaluation

At the end of the period, financial performance is reviewed. Results are evaluated against objectives and targets. Lessons learned are used to improve future budget planning and processes.

4.4 Budgetary Control and Incurring Expenditure

4.4.1 No expenditure shall be incurred by and for the College except in accordance with the provisions of the Annual Estimates or in accordance with the provisions of any supplementary estimates approved by the Governing Board and onward endorsement by the Government.

4.4.2 The control of income and expenditure within an agreed budget is the responsibility of the designated Head of Budgetary Unit, who must ensure that day-to-day monitoring is undertaken effectively. The Head of Budgetary Unit will be assisted in this duty by the Financial Management Information System and the Budgetary Control Accountant in the College Finance Office.

4.4.3 The Deputy Principal (Planning, Finance and Administration) shall submit Revised Annual Estimates for the current Financial Year to the Governing Board, through the College Funding Promotion Committee, where there is a saving arising from different expenditure items, new sources of income and Government supplementary funds.

4.5 Estimates of Expenditure

4.5.1 The estimates of expenditure should show, as nearly as can be predicted, the amounts expected to be spent by the College during the year, and shall not include indefinite items such as "unforeseen expenditure" or "contingencies".

4.6 Personal Emoluments Budget

- 4.6.1 All items of personal emoluments shall appear as a sub-chapter of the expenditure estimates entitled Personal Emoluments and shall contain the following items:
- (a) Salaries;
 - (b) Allowance for special duty;
 - (c) Overtime allowance;
 - (d) Acting allowance;
 - (e) Housing allowance;
 - (f) Responsibility allowance; or
 - (g) Other allowances as may be provided from time to time.
- 4.6.2 Payments of job-related costs, such as travelling while at work or transport and travelling allowances granted in consideration of expenditure incurred on public service, shall not be included as items under personal emoluments;
- 4.6.3 Each allowance shall be identified as a separate item and be described in a separate sub-item, and the Government contributions as an employer to social security schemes, pension and welfare schemes, and both inside and outside the Government shall be included as separate items; and
- 4.6.4 Personal Emoluments are required to be prepared on the basis that no virement shall be permitted either into or out of the sub-chapter.

4.7 Recurrent Expenditure Budget

- 4.7.1 Recurrent expenditure shall include all services other than Personal Emoluments which can be properly apportioned to the particular item and shall be included as "Other Charges";
- 4.7.2 Other Charges shall normally include all procurement for the College's operations. It includes the current cost of goods and services rendered by suppliers and contractors, and of non-durable goods bought for the production of College services within a period of less than twelve months. This category of expenditure will include items such as teaching and learning materials, utilities, office and rental expenses, training expenses, travel and subsistence, medical supplies, insurance expenses and other goods and services not elsewhere classified; and
- 4.7.3 Other Charges will also include all payments made for regular maintenance and the rehabilitation of the College's physical and non-financial capital assets, including all procurements of materials and supplies used to repair and maintain such assets. Maintenance items would also include vehicles, self-propelled equipment, payments for small tools, spare parts, and equipment of small value, even if they have a life of more than one year.

4.8 Capital Expenditure Budget

- 4.8.1 Capital Expenditure on land, buildings, major equipment, furniture and associated costs can only be considered as part of the capital programme if approved by the

Governing Board. Major capital expenditure programmes shall be considered in the context of the College's Five-Year Rolling Strategic Plan;

4.8.2 The Estates Manager shall compile proposals relating to Capital Expenditure programmes in consultation with the Head of Planning and Development and shall be submitted by the Deputy Principal (Planning, Finance and Administration) to the College Funding Promotion Committee through the Estates Committee for consideration before they are submitted to the Governing Board for approval;

4.8.3 Proposed Capital Development projects have to be supported by:

- (a) Statement which demonstrates the project's consistency with the College's Strategic Plan, approved by the Governing Board;
- (b) A budget with a breakdown of costs, including professional fees, VAT and sources of funding;
- (c) Financial evaluation of the plans together with their impact on revenue budgets, plus advice on the impact of alternative plans;
- (d) Where appropriate, an investment appraisal in a format which complies with accepted formats in investment appraisal;
- (e) Demonstration of compliance with tendering procedures and regulations; and
- (f) Cashflow Forecast.

4.8.4 The Principal shall report to every meeting of the Governing Board on the progress of the execution of the Capital Development programmes approved by the Governing Board and on the raising of capital funds required for their execution.

4.8.5 The Principal shall, where appropriate, through the machinery of the College Funding Promotion Committee, propose to the Governing Board any adjustments to the programme which appear to him to be necessary or desirable in light of the current financial position and shall take steps, when necessary, to secure any approval required from the Governing Board.

4.8.6 The Estates Manager shall be the Warrant Holder for Capital Expenditure and shall be responsible for the detailed execution of Capital Development Programmes.

4.8.7 The Estates Manager shall be responsible to the Management Committee for the execution of all approved Development Plans of the College.

4.9 Reallocation of Expenditure

4.9.1 The Deputy Principal (Planning, Finance and Administration) shall prepare a budget review/virement where:

- (i) There is a saving arising from different sources or from Government supplementary funds, and
- (ii) There is a necessary, unforeseen expenditure that was not included in the budget.

4.9.2 Warrant Holders do not have authority for virement without approval. Requests for Virement relating to non-staff costs, up to a limit of 7% of the approved annual budget, shall be submitted to the Principal through Deputy Principal (Planning, Finance and Administration) for consideration and approval. Any virement above 7% shall be approved by the Treasury Registrar and shall not exceed 10% of the total approved budget;

4.9.3 The Manager of Planning and Development Unit is responsible, through the Deputy Principal (Planning, Finance and Administration), for submitting requests for virement of resources above 10% to the Principal, who shall then seek approval from the Treasury Registrar;

4.9.4 The application for virement shall be supported by full details of the necessity for the virement and the reason why it is essential;

4.9.5 It shall be the duty of the Warrant Holder to effect all possible savings, and the fact that savings may be available under other items cannot be advanced as a justification for virement, unless it can be clearly established that the savings accrued directly as a result of the proposed additional expenditure;

4.9.6 No commitments of funds shall be made until authority for additional expenditure has been obtained from the Principal;

4.9.7 On the approval of the application for virement, the Principal shall issue a virement warrant under his signature to the Warrant holder; and

4.9.8 Expenditure on the item for which these available funds have been increased by the warrant shall at all times remain within the limit of the current warrant in force.

4.10 Estimates of Revenue

4.10.1 The estimates of revenue for the College shall include:

- (a) Subventions from the Government;
- (b) Funds receivable from development partners for different causes, including research or otherwise;
- (c) Tuition fees;
- (d) Rental incomes from properties;
- (e) Grants;
- (f) Income generated from the provision of public service at a fee; and
- (g) Any amount that is receivable by the College not mentioned above.

4.10.2 In order that the Governing Board receives an accurate estimate of the total revenue of the College, all revenues shall be included in the estimates submitted by the Principal, and such revenues shall be as accurate as possible.

4.11 Accountability of the Principal

4.11.1 At the beginning of each financial year, the Principal shall issue a working warrant to each Warrant Holder authorising him/her to incur expenditure in accordance with the terms of the warrant;

4.11.2 The Principal may issue warrants quarterly, half-yearly, or otherwise as he/she may deem fit, depending on the availability of funds; and

4.11.3 The warrant issued by the Principal shall constitute the authority for the Warrant Holder to incur expenditure under the warrant, subject to the availability.

4.12 Budget Committee

4.12.1 There shall be a Budget Committee established by the Accounting Officer (Principal) in accordance with the Budget Act, 2015 and its Regulation 17(1), (2) (a-e)

4.12.2 The composition of the Budget Committee shall be as follows:

- (a) Principal as the Chairperson;
- (b) Manager Planning and Development as Secretary; and the following members:
 - (i) All Deputy Principals;
 - (ii) All Directors;
 - (iii) All Managers, and
 - (iv) All Heads of Major Departments.

4.12.3 Functions of the Budget Committee

The functions of the Budget Committee are elaborated in Budget Regulation 17 (3) (a-d), as follows:

- (a) To review revenue collection measures;
- (b) To allocate resources based on the strategic plan and national priorities without exceeding the ceiling provided by the Paymaster General;
- (c) To evaluate budget performance; and
- (d) Perform other functions as described in the Plan and Budget Guidelines, Treasury Registrars' circulars and directives.

4.13 Submission of Supplementary Budget

4.13.1 The Deputy Principal (Planning, Finance and Administration) shall submit to the Governing Board for approval, a supplementary budget in support of money spent in excess of the approved budget or to meet unavoidable unplanned expenditure.

4.14 A supplementary budget shall be required for:

- (a) Increasing or decreasing, a change in its purpose or creating a new appropriation; and
- (b) Increasing or decreasing the amount of a line item under the estimates if it cannot be achieved through virements or a change of its purpose.

4.14.1 The supplementary budget shall include a statement of additional expenditures and revenue relating to the fiscal responsibility principles and financial objectives.

4.15 **Budget Performance Review**

4.15.1 College Management shall conduct a quarterly review of the progress on the incurrence of expenditure and income earned against the approved budget, and take measures to redress the situation in instances where unfavourable variances or abnormal favourable variances emerge.

4.15.2 Immediately after the year-end, an overall review of the Governing Board's actual operations for the year ended should be conducted against the approved budget. Any unfavourable variances discovered should be explained to the Governing Board for appropriate action.

In the case of Capital expenditure, the College Management should take appropriate measures to ensure that the implementation of projects is carried out in accordance with the agreed cost and implementation time schedules to reduce cost escalations and delays in the completion of such projects.

CHAPTER 5: BANK ACCOUNTS AND CASH MANAGEMENT

5.1. Opening of a bank account

The College may maintain the following types of bank accounts;

- (a) Revenue account;
- (b) Expenditure account;
- (c) Project account; and
- (d) Imprest account.

5.1.1. Procedures and Conditions

Opening of the bank accounts should follow and comply with the procedures and conditions below:

- (a) Any College bank account shall be opened by the written authorisation of the Accountant General;
- (b) The College shall ensure that the required bank to open an account is within the list of Commercial banks appointed by the Accountant General as bankers to the Government for the custody of public monies and other official funds;
- (c) The Principal or delegate shall write an official request letter to open a bank account to the Permanent Secretary and Paymaster General; and
- (d) The bank account request letter shall include the following:
 - (i) The name of the respective bank and the branch name;
 - (ii) The name of the bank account;
 - (iii) The nature of the bank account, i.e. (Expenditure, Revenue or Project);
 - (iv) The bank account currency type, i.e. (local or foreign); and
 - (v) Where the account to be opened is a Project bank account, the College shall submit the Memorandum of Understanding concerning the needs and reasons for opening a separate bank account.
- (e) Upon opening the GePG revenue collection account, the College shall submit a standing order to the bank, with copies to the Accountant-General and the Treasury Registrar, to instruct the transfer of monies to the BOT, as per the contract.
- (f) The Accountant-General shall write an official letter to the Bank of Tanzania for authorising/requesting the opening of the College's bank account and

convey a copy to the College; and

5.2. Operation of the Bank Accounts

The following procedures shall be in the operation of the bank accounts:

- (a) The GePG revenue collection account requires all monies deposited to the commercial banks to be transferred to the Bank of Tanzania every week and at the end of the month; and
- (b) At least two signatures are required to operate the account: one from group A and one from group B.

5.2.1. Banking of College Fund

The following procedures shall be followed in the banking of College funds:

- (a) Monies for the College will be received through a control number for revenue and direct deposit to the expenditure account for non-revenue;
- (b) Where College staff receive cash, they shall deposit the same into the College's bank account through control number or direct deposit as soon as practicable, not later than the next working day;
- (c) Detailed records of the College's banking activities must be kept;
- (d) Banking shall be reconciled with receipts;
- (e) In the intervening periods between banking, monies received will be deposited in the safe;
- (f) During peak rate periods, banking will be carried out daily to ensure that cash held on the premises is limited; and
- (g) An officer trusted to carry monies to or from the bank in favour of the College shall be covered with Fidelity Guarantee.

5.2.2. Treatment for Bank Charges

Bank Charges are charges made directly to the bank account by the Bank for the provision of its services. These may include charges for cash handling, document storage, security, and processing of cheques, receipts, transfers, etc.

5.2.3. Closing of bank accounts

(a) Conditions

The College bank account can be closed due to the following reasons:

- (i) The bank account being dormant;
- (ii) The closure of the project; and
- (iii) Upon specific instructions from relevant authorities.

(b) Procedures

The following procedures should be followed to close a bank account:

- (i) The College shall write an official letter to the Permanent Secretary, Treasury, requesting the closure of the bank account while specifying the reasons;
- (ii) The submitted letter should be accompanied by an audited report of the respective account; and
- (iii) Upon satisfaction of the reasons for closure, the Accountant General shall instruct the Banker to effect the closure, with a copy issued to the College.

5.3. Handling of Payments

This is the set of processes done by College Signatories to remit funds from College accounts to beneficiary accounts through payment offices.

5.3.1. Procedures for handling payments

Payments involve the following procedures through MUSE:

- (a) Payment Office receives EFT files, voucher list and payment slip from respective Authorising officers;
- (b) Received EFT files and voucher list are verified and authorised; and if they comply with regulations and order, payment instructions are submitted to the Bank; If they don't comply, Payment Office rejects them by giving reasons;
- (c) Bank receives and reviews payment instructions through the system;
- (d) Bank remit payments to beneficiaries' bank accounts;
- (e) If beneficiaries' bank accounts have anomalies, payment instructions will be rejected by the Bank; and
- (f) The bank will provide feedback on successful and unsuccessful transactions.

5.3.2. Bulky Payments

Bulky Payments handles recurring payments involving transactions with a large number of beneficiaries at par, such as allowances. The following procedures guide

users in the remittance of payments to beneficiaries through the bulk payment sub-module under Accounts payable:

- (a) Creation of batch payment, uploading of payment list, and assigning of GL item;
- (b) Verification, authorisation and submission of bulky payment file to Payment Office;
- (c) Upon receipt, the Payment Office verifies, authorises and submits bulky payment instructions to the Bank;
- (d) Bank remits payments to beneficiary accounts; and
- (e) : The bank provides a feedback report on successful and unsuccessful transactions.

5.3.3. Payment at Source

Refers to payments which are made directly to beneficiaries by MoF on behalf of the College via MUSE. It therefore includes payments for the following items:

- (a) Net Salaries to the College employees;
- (b) Salary Anomalies such as unapplied salary and unpaid salary;
- (c) Statutory Deductions made, such as PAYE, NHIF and PSSF;
- (d) Non-statutory deductions such as DUCE SACCOS;
- (e) Payments of 'Elimu Bila Malipo' for secondary school; and
- (f) Payments are made for the College to finance development projects such as school construction.

5.3.3.1 Payment at source involves the following procedures:

- (a) The Payment Office receives approved net payment from the Commissioner of Budget;
- (b) The Payment Office verifies the net summary of payment through the system;
- (c) Payment Office prefund EFT Account from respective account, then verify, authorise and send fund instruction to BOT;
- (d) After the EFT account is prefunded, the Payment Office submits a batch of payment instructions to BOT; and
- (e) BOT received instructions and remitted EFT payments to the beneficiary.

5.4. Fund Transfer

There are two types of fund transfer, which are detailed below:

(a) Bank Fund Transfer

This type of fund transfer involves the actual movement of cash from one bank account to another, in the following manner:

- (i) The Payment Office receives a request letter for a fund transfer;
- (ii) The Payment Office verifies the availability of funds in the cashbook;
- (iii) The Payment Office captures, verifies and authorises fund transfer requests;
- (iv) The Payment Office sends fund transfer instructions to BoT;
- (v) BoT verifies, approves and effects fund transfer instructions; and
- (vi) BoT gives feedback for successful and unsuccessful transactions.

(b) Internal Fund Transfer

This type of fund transfer involves moving cash balances between different memorandum cash books sharing the same bank account, without affecting the bank balance.

5.5. Handling of Unapplied Transactions

Unapplied Transactions are transactions returned by Commercial Banks that were not credited to the beneficiary account due to various reasons, such as a dormant or incorrect account. Therefore, handling of unapplied transactions follows the following procedures:

- (a) After a payment failing to credit to the beneficiary account, the commercial bank returns all such transactions to the appropriate unapplied account;
- (b) The respective Accountant/Accounts Officer receives notification for unapplied transactions with reasons for failure through the system;
- (c) Accountant/Accounts officers confirm unapplied transactions and then correct;
- (d) Authorising Officer generates, approves, unapplied transactions, and submits the EFT file, voucher list, and payment slip to the payment office;
- (e) The Payment Office receives EFT files and a voucher list through the system;
- (f) Payment Office verifies, authorises, and submits unapplied payment instructions to the bank; and
- (g) Bank remit payments to the beneficiary account.

5.6. Bank Reconciliation

5.6.1. Comparison of Cash Book and Bank Statements

Reconciliation staff at the College will follow the procedures below to accomplish this reconciliation:

- (a) View and match transactions in the respective cash book against the bank statement;
- (b) Analyse any outstanding items arising from the unmatched transactions;
- (c) Communicate any outstanding items for follow-up and clearance; and
- (d) Submit the necessary reconciliation reports to the relevant authorities for decision-making.

5.6.2. Conditions for Bank Reconciliation

The following conditions shall apply in the bank reconciliation:

- (a) The Bank Reconciliation exercise should be able to facilitate a process of matching figures from the accounting figures as recorded in the cash book against those shown on a bank statement;
- (b) The running balance on each bank account as per the bank statement should reconcile/agree to the corresponding cash book balance;
- (c) The reconciliation shall be undertaken as a continuous process daily;
- (d) There should be arrangements to be made for banks to provide a daily bank statement, for each bank account operated by the College, together with the debit/credit advice; and
- (e) Monthly reconciliations shall be completed by or before the fifteenth of the next month.

5.6.3. Types of Bank Reconciliation Process

- (a) Automated Matching Reconciliation involves the following Procedures:
 - (i) Viewing the bank statement in the accounting system;
 - (ii) Import the bank statement into the accounting system where the system statement misses some of the information;
 - (iii) Copy it to the importation folder and import;
 - (iv) Reconcile transactions automatically; and
 - (v) Print the reconciliation statement reports together with schedules, if any.
- (b) Manual Matching Reconciliation

Manual Reconciliation is the next step of matching transactions that failed to reconcile automatically due to the following reasons:

- (i) Difference in document numbers; and
- (ii) The same entry was captured in numerous small figures on one side, hence differing from the other counterpart captured as a global figure.

Thus, the preliminary procedures for copying data to the accounting system, performing importation, and printing reports are the same regardless of the type of Reconciliation to be performed. Therefore, when the manual Reconciliation adjustment is performed, the unmatched items form a list of outstanding schedules for each bank account.

The following schedules should be attached to the Bank Reconciliation Statement:

1. Receipts in the bank statement not in the cash book
2. Unpresented Payments
3. Payment in Cashbook not in the bank statement
4. Payment in the bank statement, not in the cash book
5. Receipts in Cashbook not in the bank statement
6. Cash Book Report
7. Bank Statement

Any debits/credits that appear on the bank statement and are not identifiable as unpaid payments, recognised as uncleared receipts, or valid bank charges should be followed up with the bank immediately. Unidentified (unknown) transactions appearing on the bank statements should be immediately communicated to the bank.

5.6.4. Reconciliation Reports

- (a) Outstanding Transactions List: This report will show all outstanding items for each bank account;
- (b) Cash activity report: This report shows all transactions for the selected cash Account for the defined period, along with the cash Book Balance.

CHAPTER 6: ACCOUNTING FOR REVENUE

6.1. Introduction

Revenue is the amount of money, goods and services collected by the College, whether internally or externally to finance recurrent and development expenditures. Hence, the College capacity to deliver services depends on its ability to raise and secure revenue from available sources.

The College revenue is received/collected from the following sources;

- (a) Tuition and other fees payable by the student;
- (b) Research & consultancy fees;
- (c) Government Grants;
- (d) Donor grants;
- (e) Rental Income;
- (f) Receipts from Medical Charges;
- (g) Receipts from Commissions; and
- (h) Miscellaneous Receipts

6.2. The Government Electronic Payment Gateway

6.2.1. General Information

The Government electronic payment gateway (GePG) is a payment system introduced to improve revenue collection management, allowing individuals to make direct payments (settling bills, land rent, and other payments) to the government via electronic transfers from mobile phones and other devices. The GePG has been directly integrated and used by all Government Institutions (Service Providers-SPs), Payment Service Providers (PSPs), and indirect Monetary Network Organisations (MNOs) to collect public monies. The GePG systems are integrated with individual Service Providers through their billing systems. In contrast, SPs with non-billing systems use the GePG Generic system.

The GePG system is directly and indirectly integrated with various payment service providers, including banks and Mobile Payment Service Providers. The GePG has been established through an amendment to the Public Finance Act (CAP. 348) of the Finance Act. No. 4 of 2017; whereby section 7(1); states that; "All public monies shall be collected through Government e-Payment Gateway System or its acronym "GePG". And section 7(2) states that "The Accounting Officer shall ensure that all public monies are collected through Government e-payment Gateway system in a manner prescribed in the regulations made under this Act".

6.2.2. Basic requirements for registering with GePG

For the College to register with GePG, it should fulfil the following conditions and follow the procedures below:

- (a) The College shall have internet access to the system everywhere;
- (b) The College shall ensure that it is registered in GePG;
- (c) The College shall write an official letter to be signed by the Accounting Officer requesting to join the GePG system to the Permanent Secretary for the Ministry of Finance;
- (d) The College shall fill the Service Provider forms (SP) and User Forms;
- (e) The College filled forms should be signed by the Accounting Officer and submitted to the Ministry of Finance;
- (f) The College, with its billing system, shall request the Application Protocol Interface (APIs) form and fill it according to the technical requirements between the College and GePG;
- (g) The College information in the request forms shall be integrated with the GePG system;
- (h) After the integration process is complete, the College will be notified and shall be required to write an official letter requesting training of its staff on the GePG system;
- (i) The College, after training, would be required to use GePG to process bills using control numbers and issue GePG electronic receipts;
- (j) The College should not have more than one revenue collection account at any commercial bank in Tanzania;
- (k) All College collections should be deposited directly to the commercial bank account or BoT through the control number as provided;
- (l) The College, after joining and using the GePG, shall write once a standing order to instruct the transfer of all collections from the commercial bank to BoT; and
- (m) The College shall have an account at the BoT, to which all collections in a week shall be transferred, from the College's Bank account maintained with the Commercial bank.

6.2.3. GePG Reconciliation

- (a) The College shall perform online reconciliation through a website portal as provided by matching transactions between the GePG system and all stakeholders;
- (b) The College GePG reconciliation shall be performed using the reconciliation portal available at <www.gepg.go.tz>;
- (c) The GePG reconciliation shall be performed under the following levels:
 - (i) Commercial Banks;
 - (ii) Bank of Tanzania; and
 - (iii) Service Providers.

6.3. Students Finances

6.3.1. Introduction

This section covers all issues related to the management of students' Finances in relation

to the College, such as student billing, receipting, and refunding.

6.3.2. Procedures

6.2.2.1 At the beginning of the academic year

- a) The Revenue Accountant shall liaise with the College coordinators to obtain the current students' list;
- b) The Revenue Accountant shall ensure that all new students are uploaded into the accounting system;
- c) The Revenue Accountant shall request the list of drop-out and resumed students from College coordinators for the accounting system updating, and
- d) The Revenue Accountant shall ensure that he/she has the current fee structure for bill preparation, assigning control numbers and uploading the same in the accounting system.

6.2.2.2 During Registration

- a) The Revenue Accountant shall liaise with the College Students' Loan Office to obtain the list of Higher Education Students' Loans Board (HESLB) sponsored students and their fee allocations;
- b) An invoice shall be issued to each student/sponsor;
- c) All receipts from Sponsors shall be examined and reconciled with respective students' (registered) bills by the Revenue Accountant, and
- d) College accountants will issue official receipts.

6.2.2.3 At the end of the Academic Year

- a) The Revenue Accountant shall request the list of drop-out students from the college coordinators for accounting system updating;
- b) The Revenue Accountant shall reconcile the number of registered students versus payments to establish actual students' debts, and
- c) Statement of Account shall be issued to the student on request, showing: -
 - i. Opening balance;
 - ii. Amount billed for the year;
 - iii. Any Transfer/Reconciliation made during the year;
 - iv. Amount paid during the year; and
 - v. Closing balances.

6.2.2.4 Controls

- a) Every student admitted to the College shall be given a unique registration number which shall be quoted on the student's financial statement, invoice and all correspondence between the College and the student;
- b) All payments to the students shall be made through the bank;
- c) Upon reporting for studies, students shall be required to pay all direct costs and full tuition fees for full-year registration or 50% of the annual tuition fees for semester registration;
- d) After depositing into the College's bank account, students will receive acknowledgement receipts in their ARIS accounts.

6.4. Provision and Write-off of Debts

6.4.1. Provision

6.4.1.1 Students and other debtors

Provision for doubtful receivables is established when there is objective evidence that the College will not be able to collect all amounts due according to the original terms of the specific receivables. For students, it shall be made in the accounts on specific students' debts not collected after completion of studies, where other debtors' provision shall be made based on the amount not collected on the specific debtor after completion of the contract. The provision is made in accordance with IPSAS 41 and recognised in the statement of financial performance.

6.4.1.2 Staff debtors

Provision for bad and doubtful debts arising from staff debtors shall be made in the accounts for specific staff who are no longer College employees, after all efforts to recover under the respective regulations have proved unsuccessful.

6.4.2. Write-off

All receivable shall be written off against the Statement of Financial Performance on approval. Requests to write off debts or losses must be supported by evidence indicating that all reasonable efforts have been made to recover the debts or losses in accordance with prudent and established debt or loss recovery procedures.

CHAPTER 7: ACCOUNTING FOR EXPENDITURE

7.1 Introduction

Expenditure refers to the money spent to acquire goods or services, or to settle liabilities, that are used to achieve the College's objectives. The annual estimates, as endorsed by the Governing Board and approved by the Government, shall constitute the authority necessary for charging of expenditure to the funds of the College. No sum shall, however, be withdrawn from the funds of the College except under the authority of a warrant issued by the Accounting Officer.

The Warrant Holders shall be aware of the specific purpose or purposes for which each allocation is made available and of the necessity for complying with the instructions on the warrant. The warrant holder must regulate expenditure to ensure that the amount allocated is used in accordance with the warrant.

Warrant holders are not authorised to commit the College to expenditure without first ensuring that there are sufficient funds allocated in the Warrant-approved budget to meet the purchase cost. The financial status of each warrant holder at any point in time is ascertainable from the , Finance and Accounts. Committed and actual expenditures can be ascertained from the financial management system. Any doubts should be referred to the Manager of Finance and Accounts for clarification before placing the order.

7.2 Expenditure classification

7.2.1 Capital Expenditures

Capital Expenditure is the cost of acquiring or improving long-term assets; it is recognised as an asset and depreciated or amortised over its useful life, not expensed in the period of purchase. These may include costs for land, buildings, major equipment, furniture, and associated costs.

7.2.2 Recurrent Expenditure

Refers to ongoing costs needed for the regular operation and maintenance of the College, excluding those that result in the creation or acquisition of fixed assets. These normally cover day-to-day operational costs, like salaries and utilities.

7.3 Payment process

The Accounting Officer is in charge of managing the system of internal controls to ensure the smooth running of their operations and that all instituted internal controls are effective. The following procedures shall be followed all the time when payments are made:

- (a) All payments shall be initiated after receiving an invoice or any other request

- for payment' document from the Staff, supplier or creditor;
- (b) All payments made must be duly verified and authorised;
- (c) All payments must be fully supported with appropriate documents; and
- (d) Where appropriate, payments shall be made net of withholding taxes and any other deductions.

7.3.1 Preparation and Authorisation of Payment Vouchers

- (a) Payment vouchers shall be numbered serially;
- (b) A payroll certified by the supervisor must support bulk payments and should be checked before payment is made;
- (c) Payment vouchers for the procurement of goods and services will be supported by a Local Purchase Order (LPO) produced from IFMIS;
- (d) Payment Vouchers in respect of contracts must bear a certificate signed by the engineer that the work has been satisfactorily completed and duly approved by the Accounting Officer;
- (e) All Payment Vouchers shall carry adequate explanations of the payments made, and in particular, show rates of payment where appropriate;
- (f) Where appropriate, payment vouchers will have the original invoices and other supporting documents attached. When a duplicate document is attached, because the original has been lost, this should be recorded on the payment voucher, and it should be certified by the Head of Department or other Authorised Officer that no double payment has occurred;
- (g) Any alteration on a payment voucher shall be initialised by the person making it, and no alteration affecting the amount of the payment voucher shall be made after it has passed through the system – errors discovered after that shall be corrected by the issue of another payment voucher in the case of an underpayment or general receipt in the case of overpayments;
- (h) Accountant in the Finance department shall prepare payment vouchers – the accountant shall attach relevant supporting documents such as invoice to the payment voucher; complete the details on the payee and description of payment; also obtain any order numbers or contract numbers relevant to the payment; code the expenditure to vote, sub-vote and item; and make the initial check on rates charged;
- (i) Electronic payment is made on the payment voucher, taking into consideration the following:
 - (i) Invoice details have been correctly entered onto the payment voucher;
 - (ii) Vote, sub-vote and item codes have been completed, are valid codes and appear appropriate;
 - (iii) Relevant correspondences, Local Purchase Order (LPO) or contract number is quoted;
 - (iv) Calculations are correct;
 - (v) The data entrant originates the payment voucher, examined by the examination officer and approved by authorised Officer;
 - (vi) Submit voucher list to the payment office;
 - (vii) Signatories verify payments and sign; and
 - (viii) The cashier submits the transfer instruction slip to the commercial bank to allow the transfer to the beneficiary's account.

7.3.2 Electronic Payments

Electronic payment refers to any non-cash payment that does not involve paper cheques. This can be done through TISS, EFT, etc. Under this practice, funds are transferred directly to customers/beneficiaries' bank accounts.

Through MUSE, the following procedures apply:

- (a) Receive Voucher list- The accountant shall verify the validity of the voucher list, which has the appropriate approval signature and seal;
- (b) Payment verification process – The accountant shall select the account type, whether recurrent, development or deposit and then shall verify the selected payment transactions;
- (c) Payment authorisation process - The accountant shall approve payment after being verified; and
- (d) Payment submission process - This process involves transferring money from BOT to a commercial bank, then to the beneficiary's account.

7.3.3 Petty Cash Payments

Petty Cash Payment shall be established to facilitate the payment of low-value claims and ensure they are processed in the most efficient manner. It shall be maintained as the standing imprest, and expenditure shall be incurred only for College business purposes.

The objectives of Petty Cash Payments are to facilitate the reimbursement of individual purchases for business purposes that are of low value and not warranting an alternative procurement method.

Procedures for petty cash payments are summarised in this section of the Manual in the table below;

Table 1: Steps of Petty Cash Payments

Step	Responsible	Task
1	Cashier	Prepares Petty Cash Vouchers based on authorised and approved documents. Ensures that amounts shown are correctly calculated, supported by agreed documentation, and duly authorised.
2	Payee	Before payment is made, the payee shall have to sign the Petty Cash Voucher to receive the money.
3	Cashier	Stamp all the documents with a "Paid" stamp. NB: If the cash is an advance/imprest for expenditures incurred, the amount is held against the claimant as his/her own.
4	Payee	Personal liability until he/she has produced evidence that he/she spent the money for the intended purpose.

5	Cashier	All cash payments are summarised in a standard statement with Sufficient details to identify the transactions. The statement is designed to show both receipts and payments effected in cash.
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7.3.3.1 Procedures

- (a) The Finance Manager shall make available imprest to a College budgetary unit for the purpose of defraying petty cash expenses;
- (b) Heads of budgetary units shall submit an application to the Deputy Principal (PFA) requesting him/her to issue a standing imprest;
- (c) The petty cash float shall be approved by the Deputy Principal (PFA);
- (d) Cashier will receive a reimbursement request form and a duly petty cash claim form (sundry form) approved by the Deputy Principal (PFA) for services and or goods to be procured;
- (e) Payee will sign the cash claim form as an acknowledgement of payment being received;
- (f) The cashier shall prepare the Reimbursement Request Form (RRF) based on:
 - (i) Paid receipts to be reimbursed; and
 - (ii) Actual cash on hand.
- (g) The Cashier shall attach the RRF to the Payment Voucher being recouped and submit it to the Finance Manager for reimbursement.

7.3.3.2 Controls

- (a) The overall responsibility for payments is stipulated in the Financial Regulations. The Finance Manager shall ensure that there is always a sound system for the disbursement of funds.
- (b) Petty cash float for budgetary units shall be used to pay minor expenses, as shall be determined by the approving authority.
- (c) The College shall have a main (operational) petty cash float of TZS. 10,000,000 with a petty cash limit per request of TZS. 100,000. The Accounting Officer or an alternate may increase the float and the limit whenever appropriate.
- (d) The College will also keep an emergency float of TZS. 10,000,000 to be used only for emergencies that cannot be funded by the petty cash float, such as staff or student deaths.
- (e) Cashier shall make all petty cash payments.
- (f) Petty cash payments will be made out of a petty cash fund float set aside for this purpose.
- (g) The petty cash fund shall be maintained as a standing imprest, and petty cash shall be replenished when the balance has run down to at least 25% of the petty cash float.
- (h) The relevant Unit is responsible for the security of the float, and the member of staff granted a petty cash imprest is personally responsible for its safekeeping.
- (i) The cashier will ensure that petty cash is locked in a cash box or safe at all

- times when not in use.
- (j) The standard form shall be supplied by the Finance Manager and must be used to record all imprest retirements.
 - (k) Where a cash box (safe) is used, the box shall be properly secured at all times, except when petty payments, reimbursements, or verifications are in progress.
 - (l) Payment through petty cash must be acknowledged by the payee either through the payee's receipt or in the form of a signature on the PCCF. In contrast, payments to an illiterate payee will be attested by the right-hand thumbprint of the payee on the PCCF before a witness.
 - (m) Immediately after effecting a payment, the Cashier will cross the payment voucher, together with all supporting documents, with a "PAID" stamp to prevent the petty cash voucher from being reused.
 - (n) At the time of reimbursement, all payment vouchers will be checked to ensure that previous reimbursement is fully accounted for before a fresh reimbursement is signed.
 - (o) At the end of the financial year, all budgetary units should retire the balances held if any, and
 - (p) The Expenditure Accountant, under the supervision of the Internal audit officer, will count the petty cash balance at the close of business at the end of every year. A petty cash balance certificate will be written and signed by the Cashier and Expenditure Accountant.
 - (q) Petty cash payment should exclude the following transactions from reimbursement:
 - i. Temporary loans;
 - ii. Payment of any I owe you;
 - iii. Purchase of goods readily available from the College stores' stock or other sources.
 - iv. Allowances or payments for personal services that may be subject to the PAYE provisions, and payment of creditors' accounts.
 - v. Payment exceeding TShs. 100,000/= unless expressly authorised by the Deputy Principal, Planning, Finance and Administration.
 - vi. Salaries
 - vii. travel expenses other than the day transport is hired.
 - viii. Government taxes

7.3.3.3 Petty Cash Reimbursement and Reconciliation

It involves the following procedures:

- (a) When a reimbursement of the Petty Cash advance is sought, expenditure vouchers on hand and cash on hand shall be balanced to the Petty Cash advance. This reconciliation shall be independently checked by an officer other than the Petty Cash cashier and evidenced on the processing Voucher.
- (b) Once the advance has been reconciled, an accounts payable claim shall be created as follows:
 - i. The claim shall be paid against the Petty Cashier
 - ii. The value of the claim shall be for the value of vouchers on hand as per the reconciliation;

- iii. The claim shall be charged to the correct account codes; and
 - iv. Statement of petty cash expenditure shall be properly authorised and approved for payment in accordance with the requirements of this manual.
 - v. When the replenishment level is reached, the cashier shall write the petty cash journal for the top-up amount, and attach all paid petty cash vouchers and supporting documents for the requisitioned amount and forward to the DP - PFA for approval.
 - vi. After approval, the payment should be prepared for replenishing the imprest together with the supporting documents in their personal names.
 - vii. A proper accountability shall support a claim for replenishment of funds earlier advanced.
- (c) The sum of disbursements made since the last reimbursement of the Petty
 - (d) Cash advance (shall equal the total value of the paid vouchers on hand) plus the amount of cash on hand equals the total value of the petty cash advance
 - (e) The petty cash shall be replenished at the beginning of each month or whenever it runs out; and
 - (f) At the end of each month, the Cashier must prepare a standard statement; any differences must be explained and, after approval by the Accounting Officer, entered into the accounting system.

7.4 **Imprest**

7.4.1 **Introduction**

A College employee may be provided with funds when it is convenient for him/her to make payments necessarily incurred on official duty without prior submission of accountable documents. These funds are provided as an imprest. Imprest falls into two main categories: Safari imprest, issued to staff travelling on official duties, and General imprest, issued to staff to meet the purchase of goods and services and research expenses for the prescribed research period.

The controls and procedures to be adhered to for the imprest application and retirement are explained as follows.

7.4.2 **Imprest Application Procedures**

- (a) An application for an imprest shall be made on the appropriate forms or letter, as the case may be, authorised by the Warrant holder and approved by the Deputy Principal Planning, Finance and Administration (DP-PFA). The applicant shall state the purpose of the imprest and the amount required. The applicant shall certify that the imprest is not excessive and that it is required to incur expenditure for the College's lawful business. An imprest mini-budget shall be submitted together with the application;
- (b) It is the requesting officer's obligation to confirm with the accountant that

sufficient funds remain in the corresponding budget for the planned activities before approval. The plan and budget shall stipulate clearly who is to receive which amounts for which budgeted purposes; and

- (c) All imprests of whatever nature shall be issued in the names of the staff and not to a holder of an office.

Imprest Application Procedures are summarised in this section of the Manual as Table 5 below.

Table 2: Steps of the Imprest Application Procedures

Step	Responsible	Task
1	Employee	Fill in and sign an Imprest Form.
2	Accountant	Confirms that the employee has no outstanding imprest. A new Imprest shall not be issued unless the previous one has been retired.
3	Cashier	Check the documents and issue a receipt for any returned cash.
4	Accountant	Imprest is debited in the statement of financial position in the holder account until an imprest is retired.
5	Employee	Upon retirement of an imprest, the employee must complete the Travel Expenses and Allowance forms, attach all supporting documents, and hand over the completed forms to the accountant for verification and settlement.
6	Accountant	The imprest Retirement Form, together with the relevant documents, shall be attached to a standard Journal Voucher and filed in the relevant file. The amount is transferred from the employee's cash advance account to the relevant expenses' accounts.
7	Accountant	An up-to-date list of all outstanding imprests shall be maintained and submitted monthly with the financial reports. This list shall also serve to inform authorising officers of any overdue outstanding imprest. Any outstanding balances shall be recovered from the employee's next monthly salary or any other benefits.
8	Employee	When the activities for which a working imprest is delayed, the respective advance shall be returned, and a new advance shall be requested when needed. This can also take the form of a partial retirement of funds already expended.

7.4.3 Controls

- (a) Subsidiary records will be kept for all imprests issued to staff;
- (b) All imprests shall remain in the personal's responsibility until they are refunded or discharged by the submission of properly accountable documents;
- (c) No further imprest shall be granted to an employee who has not retired a

- previous imprest within the stipulated time limits;
- (d) An imprest should be restricted to the minimum amount required for the purpose for which it is issued; and
- (e) Any works and goods to be procured under the requested imprest shall be subject to the procurement guidelines and limits stipulated in the Public Procurement Guidelines.

7.4.4 Imprest Retirement Procedures

- (a) Employee to prepare imprest retirement form showing actual amount spent; amount returned to the College (if any), and attach it with supporting evidence of goods/services procured or cash returned to the College;
- (b) Retirement of imprest will be made on special forms for imprest retirement duly signed by the claimant, vote holders and certified by the Finance Manager;
- (c) Claims for reimbursement should be made after providing all required documents, subject to approval by the DP-PFA;
- (d) The holder of a standing imprest shall renew the imprest regularly by submitting a summary of expenditure supported by certified accountable documents to the Finance Manager, who will examine the documents for accuracy and correctness; and
- (e) The accountant shall post the retirement to clear the imprest account and charge the concerned expenditure account.

7.4.5 Controls

- (a) All imprests shall be retired within two weeks of completion of the task for which the imprest was issued, failure of which recovery shall be made from the imprest holder's salary or any other source, such as allowance, without notice. The Finance Manager shall conduct a quarterly review of all outstanding imprest;
- (b) All vouchers paid out of imprest must be certified as correct and coded by the respective finance officer;
- (c) The Finance Manager shall issue a copy of the retirement form as evidence to staff who has fully retired imprest;
- (d) Standing imprest holders shall maintain records of all petty cash transactions made. The records shall be checked and balanced before any reimbursement is made;
- (e) Accountant in the Inspection Unit shall certify the correctness, reasonableness and genuineness of expenses with supporting documents and send it to the respective Vote holder for approval of the retirement and the activity done;
- (f) Journal Voucher is filed serially based on JV number, with supporting documents; and
- (g) Any balance outstanding after the retirement of the imprest will be refunded to the College, and an official receipt will be issued.
- (h) Overexpenditure will be allowed only for genuine cases, subject to approval by the Deputy Principal, Planning, Finance and Administration (DP-PFA).

- (i) Any imprest received, for which all or part of the activities have been delayed, must be returned. If the activities will be undertaken, then a fresh imprest request shall be initiated for approval;
- (j) Retirements of imprest shall be made using a standard format as per the request, including all the receipts and documentation of expenditure incurred according to the budget line and account code;
- (k) The Accountant(s) responsible for imprest shall produce a monthly imprest age report indicating outstanding imprest;
- (l) No new imprest shall be authorised or paid until any previous, still outstanding imprest granted to the applicant is refunded in full. Any imprest which has not been retired in full within 14 (fourteen) days after returning from duty travel or completion of the activities shall trigger a note of personal debt to be issued to the employee, subject to full recovery from the next salary payment and any other employee benefits; and
- (m) Any receipts that are not refundable but verify the employee's presence at the work location shall be provided; in addition, bus tickets, boarding passes, fuel receipts, and attendance sheets shall be used to support the verification of presence at the agreed location.

7.5 Procurement of suppliers, services or works

A procurement process will seek to save expenses associated with the purchase of goods and services by using strategies such as volume purchasing, establishing a list of vendors, and reorder protocols that help keep inventory low without jeopardising the operation's function.

The key procedures involved in the purchasing process include:

- (a) Identification of goods and services needed by the Department;
- (b) Establishment of the quantity needed;
- (c) Timing;
- (d) Source decision-Making;
- (e) Price and Cost;
- (f) Purchasing negotiations; and
- (g) Contract Signing.

7.5.1 Procurement Process

The recommendation for the successful supplier/contractor is submitted for approval. On approval, a system-generated Local Purchase Order (LPO) is raised and issued to the selected tenderer, subject to the regulations stated below:

- (a) Where an LPO is raised, and additional special conditions and specifications are attached to the LPO, both the LPO and the attached conditions and specifications form the contract for this procurement;
- (b) A successful tenderer is required to sign and return a copy of the LPO or the contract document as acceptance of the contract;
- (c) The Corporate Council approves all legal aspects of any contract, special conditions and amendments to standard terms and conditions that may be attached to the LPO form; and
- (d) The LPO and/or contract are sent to the Accounting Officer for approval.

After approval, the Supplies Officer enters valid information into the purchasing module. Supporting documents required are the following:

- (a) Approved pro-forma invoice;
- (b) Approved goods-services requisition/issue voucher form;
- (c) Quotations (if applicable);
- (d) Quotation's analysis sheet (if applicable); and
- (e) The Procurement Unit orders the item by forwarding the approved and endorsed LPO to the supplier.

7.5.2 **Payments to Construction Contractors**

The following Procedures should be adhered to:

- (a) All payments shall be initiated by supervising engineers after receiving the contractor's claim and evaluating the work done by the contractor;
- (b) The supervising engineer shall then prepare a Certificate of Payment attaching the Contractor's claim and all supporting documents;
- (c) The Procurement Unit shall receive a contract payment certificate, either partial or full, to initiate the payment process;
- (d) The Accountant shall then raise and prepare a payment voucher, attaching the following documents:
 - (i) Contractor's claim;
 - (ii) Measurement sheet;
 - (iii) Certificate of payment showing the amount payable and structure of payments; and
 - (iv) Electronic copy of the updated contract registers.
- (e) In case of final retention money payments, supervising engineers shall do a final inspection and write a report to the senior engineer – if the report is approved, then the supervising engineer shall prepare a Certificate of Completion;
- (f) Manager Finance shall verify the payment voucher and all supporting documents, and ensure that there are sufficient funds to make the pending payment. If satisfied, shall sign the voucher and forward it to the Accounting Officer for approval;
- (g) Accounting Officer shall authorise the payment after verifying all supporting documents;
- (h) The Accountant shall stamp the voucher and all supporting documents 'PAID' and file the voucher in the payment voucher file.
- (i) The Accountant shall submit the Voucher list to the Payment Office for final payment procedure.

7.5.3 **Payments to Consultants**

- (a) All payments shall be initiated by consultants who will bring invoices for payment;
- (b) The supervising unit shall countercheck to verify calculations and amounts to be paid in case of contract works; the Engineer shall be involved; and

- (c) When all amounts have been verified, the supervising unit/engineer shall inform the contractor, who shall prepare an invoice for the agreed amount.
- (d) The Accountant shall then prepare a payment voucher, sign, and attach the following documents:
 - (i) Consultant's invoice;
 - (ii) A copy of the contract, particularly the page showing the payment schedule under the contract;
 - (iii) A copy of the comments confirming that the conditions of the consultancy have been fulfilled.
- (e) Other payment procedures shall be applied in accordance with section 8.2.3.1.

7.6 Payment of salaries and other employees' benefits

7.6.1 Payment for Payroll/Salaries

- (a) The College is responsible for the proper implementation of the relevant accounting procedures, the control of disbursements and for ensuring that proper records of employees are maintained;
- (b) The Human Resource Officer and Salary Accountant shall make sure that the College complies with all the statutory requirements relating to their staff's payroll;
- (c) Salaries shall be paid before the end of each month – if, for any reason, the salaries and wages cannot be paid within the month, they shall be payable in the immediate following month;
- (d) All labourers are supposed to hand over the monthly time sheets at the latest on the 5th of the following month;
- (e) Labourers shall hand over timesheets to the Human Resource Officer, who will sign and archive the timesheets; and
- (f) The Accounting officer shall approve the monthly payroll sheet and submit it to the President's Office, Public Service Management and Good Governance.

Description of Payroll Procedures is summarised in this section of the Manual as table six below.

Table 3: Steps of the Payroll Procedures.

Step	Responsible	Task
1	Human Resource Officer and Salaries Accountant	Collects time sheets of collaborators and ensures that time sheets are duly signed
2	Human Resource Officer	Includes new staff members in the payroll sheet and removes members who left the office
3	Human Resource Officer	Prepares Payroll with income tax, pension funds, returns, etc.
4	Heads of Department	Checks if salaries are consistent with personnel records (especially contracts) and if staff members on payroll have been working at the College in the reporting

		period.
5	Accounting Officer, Finance Manager, DAHRM and HRO	Sign the monthly payroll sheet. Records expenses in an accurate reporting period

7.6.1.1 Payroll Preparation Procedures Introduction

This Section lays down the controls and procedures to be observed when effecting Personnel Emolument (PE) payments to employees. With the introduction of the Government Salary Payment Platform (GSPP), all matters concerning the payroll are dealt with the office of the Directorate of Administration and Human Resource Management by using the following procedures;

- (a) Director - Administration and Human Resource Management (DAHRM) on a monthly basis shall avail a report to the Finance Manager concerning basic salaries, employer contributions and deductions for adjustments to the books of accounts;
- (b) Finance Manager shall prepare a payroll control sheet summary monthly for disbursing deductions to respective Authorities when the deductions are remitted to the College by the Government; and
- (c) Payment shall be made and submitted to the responsible body.

7.6.1.2 Controls

- (a) Director - Administration and Human Resource Management (DAHRM) shall timely check and analyse the monthly staff pay data control sheet in HCMIS for payroll preparation;
- (b) The Payroll will form the only basis for paying Personnel emoluments; and
- (c) Finance Manager shall ensure that all statutory deductions are remitted to the appropriate authorities within their respective statutory periods.

7.7 Document Retention

Manager of Finance and Accounts is responsible for securely retaining the original copy of the Payment Voucher (with all supporting attachments). Payment Vouchers are to be filed in serial number sequence and in accordance with the bank account against which they were drawn. It is sed that the Manager Finance and Accounts of the College is responsible for ensuring the correctness of payments and the proper security of the payment documentation.

7.8 Payment Reports

The objectives of Payment reports are to ensure that the main reports produced by the College meet the standards necessary to all Stakeholders of the College. Such reports include:

- (a) Remittance Advice Reports showing merely effected payments;

- (b) Settlement Slip Reports which reflect duly effected payments to the beneficiary account;
- (c) Memorandum Cash Book Report, which is produced after payment transactions have been successfully processed and settled with Commercial Banks and thus automatically updates the College Cash Book; and
- (d) Payment Status Reports provide feedback on payments sent to BOT, accepted/rejected, processed successfully, settled, or unapplied.

CHAPTER 8: ACCOUNTING FOR ASSETS

8.1 Introduction

This chapter provides the policies and procedures for the management, accounting, and recording of noncurrent assets. Reference shall be made to the prevailing Government Asset Management Guideline for the asset management policies relating to other asset management processes.

8.2 Classification of Assets

Classification of assets is a grouping of assets of a similar nature or function. For this Manual, assets shall be grouped into non-current and current assets. Furthermore, non-current assets shall be classified as tangible and intangible assets as shown in Figure 4 below.

Asset Classification

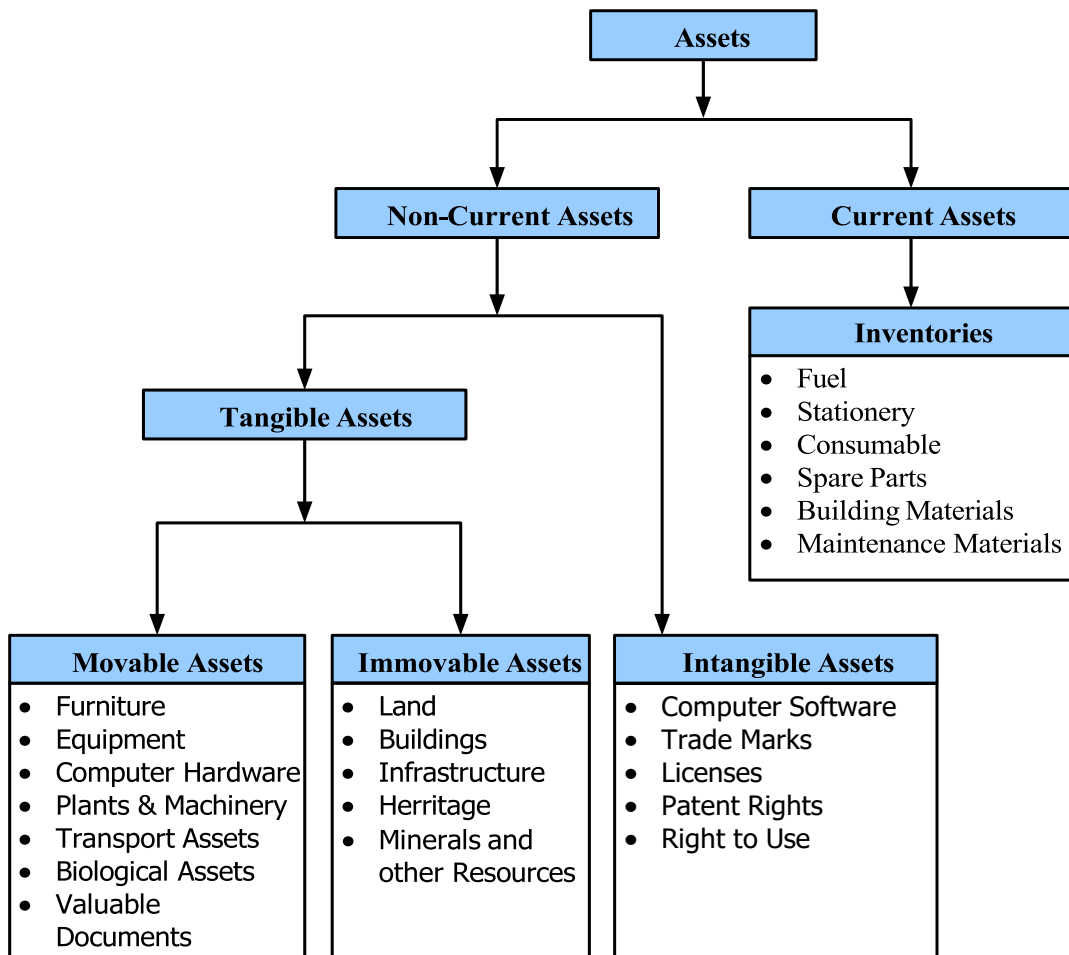


Figure 3: Asset Classification

8.3 Definition of Noncurrent Assets

Non-current assets are those that cannot be converted into cash within 12 months from the reporting date. Such assets are not expected to be consumed or sold in the College's normal operations. Noncurrent assets are also referred to as public property

and include moveable and immovable assets that are held primarily to generate income for services rendered by the College and are treated as investment property.

8.4 Identification of Noncurrent Assets

Every acquired asset shall be identified by a unique identification code/number, which will be issued depending on the nature of the particular class of asset. For example, sed assets shall use registration numbers, land shall use plot numbers, while furniture and equipment shall use barcodes. Each other asset class shall be identified according to the agreed and acceptable standards of identification.

8.5 Capitalization Threshold

Capital assets shall include all non-current assets that are used in operations and that have initial lives extending beyond a single reporting period. An asset with a value of TZS 100,000.00, as stipulated in the Asset Management Guidelines of 2019, is classified as a capital asset and hence reported. If an asset has a cost of less than TZS 100,000.00 as stipulated in the Public Assets Management Guideline, 2019. It may be acquired in bulk, then management judgment shall prevail for capitalisation.

8.6 Property, plant and equipment

An item of property, plant and equipment shall be recognised as assets when:

- (i) It is probable that the future economic benefits or service potential associated with the asset will flow to the reporting entity;
- (ii) Its cost or fair value can be reliably measured;
- (iii) The reporting entity has control over the assets; and
- (iv) If an asset does not meet the above criteria, it will be fully expensed in the financial period it was acquired.

An item of PPE shall initially be measured at its cost (The cash price equivalent or its fair value at the recognition), which includes purchase costs and directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. However, where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

The College shall use the cost model as its accounting policy for measuring PPE after recognition. This policy shall apply to the entire class of PPE (i.e., land, machinery, Motor vehicles, furniture and fittings). According to the cost model, an item of PPE shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

8.7 Measurement of cost in exchange transactions

Items of PPE acquired in exchange for a non-monetary asset (e.g. donated assets) or a combination of monetary and non-monetary assets shall be measured at fair value. If the College can reliably determine the fair value of either the asset received or the

asset given up, the fair value of the asset given up is used to measure the cost of the asset received, unless the fair value of the asset received is more clearly evident. The College's assets shall be treated in accordance with the requirements of IPSAS.

8.8 Subsequent Expenses

Subsequent expenses are major renovations and improvements to property, plant and equipment. They are considered to increase the future economic benefits or the service potential of the assets.

To capitalise subsequent expenses, they must meet the following conditions:

- (i) The relevance of property, plant and equipment must have a remaining estimated useful life of more than one year after the completion of the expenses; and
- (ii) The cost of subsequent expenses must exceed the applicable cost threshold for the class of assets.

8.9 Recognition of internally developed intangible assets (software)

Accounting for intangible assets internally generated mainly includes software, programs, or systems that meet the definition of assets and assist Management in day-to-day operations, such as revenue collection and management, expenditure management, and other operations. Any allowable capitalisation of costs should begin after the preliminary stage has been completed, management has committed to funding the project, it is probable that the project will be completed. The software will be used for its intended function.

The capitalisation of costs should end when all substantial testing has been completed. If it is no longer probable that a project will be completed, stop capitalising the costs associated with it, and conduct impairment testing on the costs already capitalised. The cost at which the asset should then be carried is the lower of its carrying amount or fair value (less costs to sell). Unless there is evidence to the contrary, the usual assumption is that uncompleted software has no fair value.

Related costs to be capitalised, or used to ascertain the value of an intangible asset, include:

- (a) Materials and services consumed in the development effort, such as third-party development fees, software purchase costs, and travel costs related to development work;
- (b) The payroll costs of those employees directly associated with software development;
- (c) The capitalisation of interest costs incurred to fund the project;
- (d) Costs of all substantial testing to completion.

8.10 Fixed Asset Register

A Fixed Asset Register is a data source that records information about individual assets of a certain value. Information may include the assets' locations, conditions, utilisation and ownership details, as well as the assets' values and depreciation, and the values

of their major components. The asset register shall be maintained within the centralised system established by the Paymaster General/Reporting entities and shall comply with the requirements of International Standards and Generally Accepted Accounting Practices. The established assets register shall include information specific to the nature of each asset. Before being added to the register, each asset should be identified by a unique identification number as presented in Table 4 below:

Table 4: Features of Fixed Asset Register

No.	Asset Type	Identification Type
1	Buildings	Specified codification system
2	Motor Vehicles and Motor Cycles	Registration Number
3	Furniture, Equipment and Library Books	Barcode
4	Computers	Barcode
5	Intangible assets	Specified codification system
6	Graduation Gown	Specified codification system
7	Infrastructure	Specified codification system
8	Plant and Machinery	Barcode
9	Other assets	Specified codification system

For example, sed assets shall use registration numbers, land shall use plot numbers, while furniture and equipment shall use bar codes. The estate Manager shall add new information to the relevant classes on the assets register to strengthen internal controls and facilitate decision-making.

An asset shall remain in the asset register as long as it physically exists unless stated otherwise. The fact that an asset has been fully depreciated shall not, in itself, be a reason for removing it from the assets register until it is disposed of. An asset will be subjected to annual review to determine its remaining economic life. In the case where an asset has been fully depreciated and is still in use by the College, the Estate Manager shall advise the Accounting Officer on the revised useful life of the respective asset.

8.11 Depreciation of Asset

The College has adopted the straight-line method for depreciation of its Assets, which is allocated systematically over the Economic Life of the respective assets, as issued in the Public Asset Management Guideline (PAMG) and the applicable accounting policies. The depreciable amount of an asset shall be allocated on a systematic basis over its Remaining Economic Life (REL) from the time the asset is available and ready for use.

The Assets Management Guidelines shall be applied in determining the useful life of the assets. In accordance with the Generally ed Valuation Principles (GAVP), depreciation for valuation purposes shall be the adjustment to the replacement cost to reflect physical deterioration, functional, and economic obsolescence.

Accounting treatment for depreciation is:

Dr: Depreciation expense

Cr: Accumulated depreciation

(Being accounting for recognition of depreciation expense)

8.12 Residual value of assets

The residual value of an asset is the estimated amount that the College would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Non-cash generating assets shall not be disposed of unless they have been impaired, and no future economic benefit can be expected from the use of that particular asset. In that regard, and to comply with the requirements of IPSAS 17, the Government considers the residual value of non-cash-generating assets in PSEs to be zero. Meanwhile, the residual value of cash-generating assets in PSEs will be reviewed annually based on various factors, such as the condition, usage, and performance of each asset.

8.13 Economic life estimates

Economic Life (EL) is the period of time over which an asset is expected to be used by the College or the number of production or similar units expected to be obtained from the asset by the College. The Public Assets Management Guideline, 2019, provides the economic life of certain categories of assets. Besides, some assets are continued in use beyond the EL due to continued use, handling, periodic maintenance, and repairs. In such circumstances, assets are subject to annual reviews to determine their Remaining Economic Life (REL).

The review considers the condition of the assets, which included: Very Good; Good; Fair; Poor; Very Poor; and Unserviceable, which implies that an asset in good condition is expected to last longer than one in poor condition. Assets with unserviceable condition should be condemned in the next financial year and removed from the books of Accounts.

Review of remaining economic life estimates is subject to management's judgment and can be revised during the life of the fixed asset. An estimate may need circumstances change on which it was based or if new information or more experience arises

The College is hereby directed to revise the useful life of its assets and to request approval for the same from the Permanent Secretary - Treasury through the Directorate of Government Asset Management.

8.14 Impairment of Noncurrent Assets

Impairment is a loss in the future economic benefits or service potential of an asset, recognised systematically through a decline in the asset's utility to the entity that controls it. lead to impairment of an asset, for example: cessation or near cessation of demand or need for services provided by the asset; evidence of physical damage

to an asset, e.g., infrastructure destroyed by natural calamities such as earthquakes, floods, etc. Key important issues to consider are the value in use of a non-cash generating asset, which is the present value of the asset's remaining service potential, and the recoverable amount, which is the higher of an asset's fair value less cost to sell, and its value in use. Impairment of assets is guided by IPSAS 21 Impairment of non-cash generating assets and IPSAS 26 Impairment of Cash Generating Assets. However, the revalued assets are subject to impairment testing and depreciation charging.

When a carrying amount exceeds an asset's recoverable amount, the asset is considered impaired and written down to its recoverable amount. In other words, a particular asset is no longer capable of providing the College with the intended service potential. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset's specific risks. Impairment losses of continuing operations are recognised in the statement of financial performance in those expense categories consistent with the function of the impaired asset.

The testing for impairment shall be conducted on an annual basis and whenever there is an indicator that an asset has ceased to perform in accordance with the purpose of its acquisition or construction. Impairment of an asset shall be conducted when an asset has at least one of the following indicators, as shown in Table 5 below:

Table 5: Indicators before impairment test

Internal Indicators	External Indicators
Malfunctioning of an asset.	Change in Demand.
Obsolescence and/or Physical damage of an asset.	Change in Technology.
Idleness of an asset.	Change in Policy, Legal and/or Regulatory frameworks.

Accounting treatment for impairment

Dr. Impairment loss

Cr. Accumulated impairment loss

(Being accounting for recognition of impairment losses).

8.15 Transfer of Asset

Transfer of assets is the movement or disposition of an asset between different locations, departments, units, or entities of the government. Transfer between entities is considered when an asset and its associated risks and rewards are moved from one reporting entity to another, and it shall be authorised by the Paymaster General (PMG). The Transfer shall be duly completed on a Transfer Form provided in the Public Asset Management Guideline.

8.16 Disposal of Assets

Asset Disposal is the process of condemning an asset that no longer provides the College with its intended future economic benefits or service potential. Procedures for asset disposal shall be in accordance with the PFA, PPA, and any other legislation and guidelines. The PFR gives Accounting Officers the authority to write off minor items of stores that have been accidentally lost or broken beyond economic repair and have become unserviceable, provided that there is no question of fraud, theft, or negligence involved. Those minor items include glassware, small tools, perishable items, and the like. Other than minor items, the authority of the Paymaster General is required for the writing-off and disposal of all unserviceable or obsolete assets.

Accounting Officer shall request the Accountant General to appoint the Board of Condemnation (BoC) to inspect and recommend on assets considered to have reached the end of their useful life, or are beyond economical repair or are unserviceable for any other reasons or have become redundant through obsolescence. The PMG will then issue the authority to write off, the method for disposal, and a disposal method.

The methods of disposal may be by Tender, Auction, Transfer, Destruction, Demolition, Donation or any other method approved by PMG. The actual disposal process shall depend on the nature of the assets; whereas the disposal of hazardous assets shall be conducted in accordance with the legislation and regulations governing environmental conservation. After disposal is completed, the assets register should be updated accordingly.

Accounting treatment for the disposal of an asset

Dr. Accumulated depreciation

Cr. Respective asset

(Being accounting for recognition of disposal of an asset)

Accounting treatment for receiving cash on disposal

Dr: Cash

Cr: Gain/loss on disposal

(Being accounting for recognition of cash receipt on disposal of assets)

8.17 De-recognition

An item of property, plant and equipment shall be derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognised. The residual values, useful lives and methods of depreciating property, plant and equipment shall be reviewed, and adjusted if appropriate, at each financial year end. When each major inspection is performed, its cost is recognised in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied. Accounting treatment for the derecognition of an asset:

Dr. Accumulated depreciation

Cr. Respective asset
(Being accounting for de recognition of asset)

CHAPTER 9: FINANCIAL REPORTS

9.1 Legal reporting requirements

All organisations under the Government of the United Republic of Tanzania are required to produce financial Statements as stipulated under Section 30 of the Public Finance Act, CAP 348. This reporting requirement is mandatory and is intended to enforce the government's accountability to its stakeholders, including citizens, their representatives, and resource providers.

9.2 The need for Public Sector Reporting

Financial reports provide useful and necessary data to enable informed decisions about government and its endeavours by management, citizens and their representatives, development partners, and international and domestic regulators. In a parliamentary democracy, the legislative body sets the annual budget and thereby authorises the government to set tax rates, borrow, and spend money as indicated. For governments, a budget has special legal significance. Governmental budgets are expressions of public policy priorities and are legally authorised to specify the purposes for which public resources may be raised and spent.

The publication of government budgets and then the reporting of actual results in annual financial statements and other formats are the primary methods by which citizens and their elected representatives hold governments to account for their financial resources. The annual financial statements are the key way in which the government accounts to the legislative body and its citizens for the taxes raised, loans contracted, grants received and the money spent on the provision of public services. Public sector financial reporting, therefore, is a necessary tool for enhanced accountability and responsibility on the part of the government for the resources entrusted to it.

9.3 The Users of Public Sector Financial Information

Financial statements are prepared for the information needs of users. The IPSASB has identified two categories of primary users of financial information: service recipients and their representatives (mainly citizens and members of the legislature/parliament); and resource providers and their representatives (including taxpayers, lenders, development partners, and suppliers). The financial reports are also useful and meet the information needs of other potential users, such as regulators, existing and potential employees, investors, and the general public.

9.4 General Purposes Financial Reports

The conceptual Framework acknowledges that, to respond to users' information needs, General Purposes Financial Reports (GPFRs) may include information that enhances, complements, and supplements the financial statements. Therefore, the Conceptual Framework reflects a scope for financial reporting that is more comprehensive than that encompassed by financial statements. Users of GPFRs are governments and other public sector entities that raise resources from taxpayers, donors, lenders, and other resource providers to provide services to citizens and other service recipients.

These reports must be produced and submitted to support management's daily operations. Such reports shall be prepared and duly signed by the respective officer entrusted by the Accounting Officer. These reports can be monthly, quarterly, semi-annually or annually. The College may prepare financial statements for other parties (such as governing bodies, the legislature, and other parties that perform oversight functions) who can demand financial statements tailored to meet their specific information needs. Such statements are referred to as special-purpose financial statements.

9.5 Qualitative Characteristics of Financial Statements

Qualitative characteristics are the attributes that make the information provided in financial statements useful to users. Six principal qualitative characteristics are Relevance, Faithful Representation, Understandability, Timeliness, Comparability, and Verifiability.

9.6 Relevance

To be useful, information must be relevant to users' decision-making needs. Information has the quality of relevance when it influences users' economic decisions by helping them evaluate past, present, or future events or by confirming or correcting their past evaluations.

9.7 Faithful Representation

To be reliable, information must represent faithfully the transactions and other events it either purports to represent or could reasonably be expected to represent. Thus, for example, a statement of financial position should faithfully represent the transactions and other events that result in assets, liabilities, and equity of the Government at the reporting date that meet the recognition criteria.

9.8 Understandability

An essential quality of the information provided in financial statements is that it is readily understandable by users. For this purpose, users are assumed to have a reasonable knowledge of the Government's operations and its accounting system, and a willingness to study the information with reasonable diligence. However, information about complex matters that should be included in the financial statements because of its relevance to users' economic decision-making needs should not be excluded merely because it may be too difficult for certain users to understand.

9.9 Timeliness

Timeliness mean having information available to users before it loses its usefulness for accountability and decision-making. Having relevant information available sooner can enhance its usefulness as input to accountability assessments and its capacity to inform and influence decisions that need to be made.

9.10 Comparability

Comparability is the quality of information that enables users to identify similarities in and differences between two sets of phenomena. Comparability is not a property of an individual piece of information, but rather a property of the relationship between two or more items of information.

9.11 Verifiability

Verifiability is the quality of information that helps assure users that the information in GPFs faithfully represents the economic and other phenomena it purports to represent. Supportability is sometimes used to describe this quality when applied to explanatory information and prospective financial and non-financial qualitative information disclosed in GPFs, i.e., the quality of information that helps assure users that explanatory or prospective financial and non-financial qualitative information faithfully represents the economic and other phenomena it purports to represent.

9.12 Constraints on Information in General Purpose Financial Reports

9.12.1 Materiality

Information is material if its omission or misstatement could influence the discharge of accountability by the College, or the decision that users make based on the College's GPFs prepared for that reporting period. Materiality depends on both the nature and amount of the item judged in the particular circumstances.

9.13 Cost-Benefit

Financial reporting imposes cost. The benefits of financial reporting should justify those costs. Assessing whether the benefits of providing information justify the related costs is often a matter of judgment, because it is not always possible to identify and/or quantify all the costs and benefits of information included in GPFs.

9.14 Purpose of Financial Statements

Financial statements are a set of documents that show the College's financial status at a specific point in time. The objectives of general-purpose financial statements (GPFS) are to provide information about the College's financial position, financial performance, and cash flows that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Specifically, the objectives of GPFS in the public sector are to provide information useful for decision making, and to demonstrate the accountability of the College for the resources entrusted to it, by:

- (a) Providing information about the sources, allocation, and uses of financial resources;
- (b) Providing information about how the College financed its activities and met its cash requirements;
- (c) Providing information that is useful in evaluating the College's ability to finance its activities and to meet its liabilities and commitments;
- (d) Providing information about the financial condition of the College and changes in it; and

- (e) Providing aggregate information useful in evaluating the College's performance in terms of service, costs, efficiency, and accomplishments.

Public sector financial statements should show information about assets, liabilities, revenue, expenses and net assets of the Government.

9.15 Components of General-Purpose Financial Statements

-purpose financial statements (GPFS) are intended to meet the needs of users who are not in a position to demand reports tailored to their particular information needs. Users of GPFS include taxpayers and ratepayers, members of the legislature, creditors, suppliers, the media, and employees. General-purpose financial statements include those presented separately or within another public document, such as an annual report.

Financial statements are a structured representation of the College's financial position and performance. The objectives of GPFS are to provide information about the College's financial position, financial performance, and cash flows that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Specifically, the objectives of GPFS in the public sector should be to provide information useful for decision-making and to demonstrate the College's accountability for the resources entrusted to it. Annual reports are prepared and submitted to CAG and Accountant-General on an annual basis to facilitate the preparation of Consolidated Financial Statements. This includes:

- (i) A statement of financial position;
- (ii) A statement of financial performance;
- (iii) A statement of changes in net assets/equity;
- (iv) A cash flow statement;
- (v) Approved budget, a comparison of budget and actual amounts, either as a separate additional financial statement or as a budget column in the financial statements; and
- (vi) Notes, comprising a summary of significant accounting policies and other explanatory notes.

9.16 Overall Considerations for Preparation of General-Purpose Financial Statements

9.16.1 True and Fair View presentation

Financial statements shall present a true and fair view of the financial position, financial performance and cash flows of the College. A true and fair presentation is achieved only by compliance in all material respects with applicable accounting standards or, where the NBAA has no standards of its own, with international accounting standards.

In achieving the true and fair presentation, the College shall:

- (a) Select and apply accounting policies in accordance with IPSAS;
- (b) Present information, including accounting policies, which is relevant, reliable, comparable and understandable; and
- (c) Provide additional disclosures when the requirements in the approved accounting standards are insufficient to enable users to understand the

impact of particular transactions or events on the College's financial position and financial performance.

9.16.2 Going Concern Concept

The going-concern concept is the assumption that the College will continue to exist for at least 12 months. When financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the College is not regarded as a going concern. A statement that GPFs are prepared on a going-concern basis must be included in the notes. When preparing financial statements, an assessment of the College shall consider the following factors:

- (a) Current and expected performance;
- (b) Potential and announced restructurings;
- (c) Likelihood of continued government funding; and
- (d) Potential sources of replacement financing.

9.16.3 Consistency of Presentation

To allow for comparability of financial statements, the presentation and classification of elements shall be consistent from one period to another except where:

- (a) There has been a significant change like the College operations or classification of items, which is considered more appropriate; or
- (b) An IPSAS requires a change in presentation or classification.

9.16.4 Materiality and aggregation

Each material class of similar items (such as expenses) shall be presented together (i.e. aggregated) as per GFS Codes. Whereas those of dissimilar nature or function should be presented separately (except where they are immaterial), i.e., make a separate presentation of material items and aggregate immaterial amounts of a similar nature. This applies to both the statement of financial position and the statement of financial performance.

9.16.5 Offsetting

Assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by an IPSAS. It is important that assets and liabilities, as well as revenue and expenses, are reported separately. Offsetting in the statement of financial performance or the statement of financial position, except when offsetting reflects the substance of the transaction or other event, detracts from the ability of users both to understand the transactions, other events and conditions that have occurred and to assess the College's future cash flows. Measuring assets net of valuation allowances, for example, obsolescence allowances on inventories and doubtful debts allowances on receivables, is not offsetting.

In addition, gains and losses arising from a group of similar transactions are reported on a net basis, for example, foreign exchange gains and losses and gains and losses arising on financial instruments held for trading. Such gains and losses, however, are reported separately if they are material.

9.16.6 Comparative Information

Except when an IPSAS permits or requires otherwise, comparative information shall

be disclosed in respect of the previous period for all amounts reported in the financial statements. When comparative amounts are reclassified, the following shall be disclosed:

- (a) The nature of the reclassification;
- (b) The amount of each item or class of items that is reclassified; and
- (c) The reason for their classification.

9.16.7 Identification of General-Purpose Financial Statements

These Financial Statements shall be identified clearly, and distinguished from other information in the same published document by showing:

- (a) The name of the College;
- (b) The reporting date or the period covered by the financial statements;
- (c) The presentation currency, as defined in IPSAS, includes the effects of changes in foreign exchange rates; and
- (d) The level of rounding used in the financial statements.

9.16.8 Reporting period and timeliness

The College shall be liable to present a Financial Statement annually, from 1st July to 30th June each year. For auditing purposes, the College shall, within a period of two months after the end of each financial year, prepare and submit to the Controller and Auditor-General.

9.16.9 Consolidated Financial Statements

9.16.9.1 Mandate for the preparation of consolidated financial statements

Preparation of Consolidated financial statements draws mandate from the Public Finance Act, Cap 348, which requires the Accountant-General, within seven months or such longer period as the National Assembly may by resolution appoint after the end of the financial year, to prepare and transmit the Consolidated Financial Statements to the Controller and Auditor General and the Minister for Finance. IPSAS also requires the entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard in the preparation and presentation of consolidated financial statements.

9.16.9.2 Presentation of Consolidated Financial Statements

The College shall present consolidated financial statements that comprise the College and Projects.

9.16.9.3 Consolidation Procedures

In preparing consolidated financial statements, the College combines the financial statements of the College and its Projects line by line, by adding together like items of assets, liabilities, net assets/equity, revenue, and expenses.

9.16.10 Reporting Date and Accounting Policies

The financial statements of the College and its Projects used in the preparation of the consolidated financial statements shall be prepared as of the same reporting date. When the reporting dates of the College and its Projects differ, the College prepares, for consolidation purposes, additional financial statements as of the same date as the College's financial statements, unless it is impracticable to do so. When the financial statements of the College used in the preparation of consolidated financial statements are prepared as of a reporting date different from that of its Projects, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the College's financial statements.

In any case, the difference between the reporting date of the College and that of its Projects shall be no more than three months. Consolidated financial statements shall be prepared using uniform accounting policies for like transactions and other events in similar circumstances.

9.16.11 Disclosure Requirements

The following disclosures shall be made in consolidated financial statements:

- (a) A list of significant Projects;
- (b) The fact that the Projects are not consolidated;
- (c) Summarised financial information of Projects, including the amounts of total assets, total liabilities, revenues, and surplus or deficit;
- (d) The name of any of the projects ;
- (e) The reporting date of the financial statements of the Projects when such financial statements are used to prepare consolidated financial statements and are as of a reporting date or for a period that is different from that of the College, and the reason for using a different reporting date or period;
- (f) The nature and extent of any significant restrictions (e.g., resulting from borrowing arrangements or regulatory requirements)
- (g) The Projects reporting currency and exchange conversion rates;
- (h) Funding arrangements.

9.17 Summary of Significant Accounting Policies

9.17.1 The basic objective of College accounting policies, as elsewhere, is to provide useful and relevant information for decision-making. The reliability of the financial statements and accounting reports will depend on the accounting policies adopted and followed by the College as approved by the Governing Board.

9.17.2 To ensure accountable financial management and reporting, the College shall determine, from time to time, the appropriate accounting policies in conformity with the International Public Sector Accounting Standards (IPSAS) and the Tanzania Financial Reporting Standards (TFRS) recognised by the National Board for Accountants and Auditors (NBAA). Where there is no specific requirement, reporting entities should develop policies to ensure that the financial statements provide information that is:

- (a) Relevant to the decision-making needs of users; and

(b) Reliable, in that they:

- (i) Represent the results and financial position of the College faithfully;
- (ii) Reflect the economic substance of events and transactions and not merely the legal form;
- (iii) Are neutral, that is, free from bias;
- (iv) Are prudent; and
- (v) Are complete in all material respects.

9.18 Basis of Accounting

9.18.1 The Financial Statements are prepared on a going-concern and accrual basis, with the reasonable expectation that the College has adequate resources to continue in operation for the foreseeable future and that events are recognised in the financial statements when they satisfy the definition and recognition criteria of accrual. The cash flows statement is prepared using the direct method.

9.18.2 The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the College accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are separately disclosed in a note.

9.19 Property, Plant and Equipment and Capital Work in Progress

The cost method is used to record all initial acquisitions of assets controlled by the College. Cost is determined as the value of assets given as consideration plus the cost incidental to the acquisition. Assets acquired for no cost or nominal consideration are initially recognised as assets at their fair value, which is the amount for which the assets could be exchanged in an arm's length transaction between a knowledgeable and willing seller and buyer. Subsequently, a Cost model is used to determine an asset's carrying value.

9.20 Depreciation

Depreciation is charged on a straight-line basis from the date the asset is available for use and ceases on the date the asset is derecognised. Assets that are subject to depreciation are reviewed for useful life at each annual reporting date. Fully depreciated assets are subject to disposal; if still in use, they are subjected to a review of useful life and correction of errors to adjust financial statements retrospectively.

The depreciation rates to be used are as provided in Table 6 as follows:

Table 6: The depreciation rates

Asset Description	Annual rate
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Buildings	2%
Motor Vehicles and Motorcycles	10%
Furniture, Equipment and Library Books	10%
Computers	20%
Intangible assets	Indefinite
Graduation Gown	10%
Infrastructure	4%
Plant and Machinery	10%

9.21 Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the College, which represents an increase in net assets/equity, other than increases relating to contributions from owners. Amounts collected as an agent of the government, another government organisation, or other third parties will not give rise to an increase in the agent's net assets or revenue.

Where the College incurs some cost in relation to revenue arising from a non-exchange transaction, the revenue is the gross inflow of future economic benefits or service potential, and any outflow of resources is recognised as a cost of the transaction.

Revenue is recognised to the extent that it is probable that economic benefits will flow to the College and it can be reliably measured. The following specific recognition criteria are met before income is recognised:

- 9.21.1 Students' fees are recognised on an accrual basis.
- 9.21.2 Rent is recognised on an accrual basis.
- 9.21.3 Interest earned on -term deposits is recognised in the statement of financial performance using the effective interest method, which recognises the portion of the interest earned at the end of the reporting period.
- 9.21.4 Grants received are recognised when the conditions attached to them are fulfilled. When cash for the project is received, the College recognises assets (cash and cash equivalents) and a liability (deferred income) until the attached conditions are met, at which point the deferred revenue is amortised.
- 9.21.5 Revenue Grants are directly credited to the income account as recurrent revenue for the year in which they are earned.

9.22 Inventories

Inventories are initially measured at cost. Cost is determined on the First-In-First-Out (FIFO) basis. The amount of any write-down inventories and all losses of inventories should be recognised in the statement of financial performance as an expense in the period the write-down or loss occurs.

9.23 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, net of expected credit losses. Expected Credit loss on receivables is established immediately when there is objective evidence of an outstanding revenue. The expected Credit loss is recognised through the statement of financial performance.

9.24 Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand, and short-term deposits with an original maturity of three months or less, net of expected credit losses. They are measured at amortised cost, and short-term deposits with an original maturity of three months or less, net of expected credit losses, are measured at amortised cost.

9.25 Impairment of Assets

Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds their recoverable amount through the statement of financial performance.

9.26 Capital Fund

Capital Fund is composed of government-contributed assets to the College. The value of properties that appreciate over time, such as land, is not depreciated. The remaining properties are depreciated at the applicable rates for each asset.

9.27 Deferred Income

These are unearned revenue as a result of clients/donors paying in advance before receipt of services/asset. They are recorded on the statement of financial position as a liability until the services have been rendered or the condition of the asset has been met. As the service is delivered or the condition of acquired assets is met over time, it is recognised as revenue on the statement of financial performance.

9.28 Payables and Accruals

Payables and accruals are recognised when they satisfy the definition and recognition criteria. They are recorded when incurred through either the enjoyment of services on credit or the receipt of goods supplied on credit.

9.29 Foreign Currency Translations

Foreign currency translation refers to the process of converting foreign currency-denominated transactions into the local entity's reporting currency. Balances denominated in foreign currencies shall be translated using the closing rates of the relevant year. Such balances shall include monetary assets and liabilities, as well as foreign currency bank balances.

9.30 Functional and Presentation

Items included in the College's financial statements are measured in Tanzanian

Shillings (TZS), the currency of the primary economic environment in which the College operates.

9.30.1 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Monetary assets and liabilities at year-end expressed in foreign currencies are translated into the functional currency using the exchange rates prevailing at the end of the financial year. Translation losses/ (gains)-exchange difference on loans used to finance capital construction projects are capitalised as part of construction work in progress. All other exchange differences are recognised through the statement of financial performance.

9.30.2 Financial Risk Management

The overall risk management focuses on the unpredictable financial markets and aims to minimise potential adverse effects on the College's financial performance. The College's financial risk management is primarily vested in the Finance Department. The specific financial risk management policies of the College are as follows: -

9.30.2.1 Liquidity Risk

The College shall maintain prudent liquidity risk management by maintaining sufficient cash to cover committed credit facilities and working capital requirements, as budgeted in each financial year based on approved funds.

9.30.2.2 Credit Risk Management

The loss of cash or cash equivalent arising from failure to meet a contractual obligation shall be managed through short-term cash, receivables, which are managed as follows:-

9.30.2.3 Short-Term Cash

The College deposits its short-term cash with banks of high credit standing.

9.30.3 Receivables

Students joining the College on private sponsorship are required to pay tuition fees in advance, except where an agreement provides otherwise.

9.30.3.1 Short-Term Cash Surpluses

The College deposits its short-term cash surpluses with banks of high creditworthiness.

9.31 Receivables

College customers are required to pay for services in advance, except for customers with reputable sponsors or where the respective contract allows.

9.32 Foreign Currency Risk

Foreign currency risk is managed at the operational level and monitored by the Manager of Finance and Accounts. Losses arising from holding foreign currency-denominated liabilities are minimised through timely payment of outstanding liabilities.

9.33 Leases

Where the College leases its assets, they shall be accounted for as operating leases. Lease rentals are recognised in the statement of financial performance on an accrual basis.

9.34 Functional and presentation currency

Items included in the College's financial statements are measured in Tanzanian Shillings (TZS), the currency of the primary economic environment in which the College operates.

9.35 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Monetary assets and liabilities at the year-end expressed in foreign currencies are translated into functional currency using the exchange rates prevailing at the end of the financial year. 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 recognised in the statement of financial performance.

9.36 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand, and short-term deposits with an original maturity of three months or less, net of expected credit losses, and are measured at amortised cost. For the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

9.37 Employment benefits

Employee benefits include salaries, pensions and other related employment costs. Employee benefits are recognised on an accrual basis. The Government operates defined benefit plans. Different plans and contribution rates for the employer and employees are detailed in Table 7 below:

Table 7: Contribution rates for employers and employees

No.	Name of the Fund	% of Employer Contribution	% of Employee Contribution
1	National Social Security Fund (NSSF)	10	10

2	Public Service Social Security Fund (PSSSF)	15	5
3	National Health Insurance Fund (NHIF)	3	3
4	Workers Compensation Fund (WCF)	1	-

9.38 Revenue from exchange transactions

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Government and the revenue can be reliably measured. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The following specific recognition criteria must also be met before revenue is recognised:

9.39 Rendering of services

Revenue from a contract to provide services shall be recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- (a) Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the statement of financial position date;
- (b) Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- (c) Revenue from time-and-material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Income from providing a financial guarantee is recognised in the statement of financial performance over the guarantee period on a straight-line basis.

9.40 Interest Income

Interest income shall be accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

9.41 Royalties

Royalty revenue shall be recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

9.42 Rental income

Rental income from investment properties shall be recognised on a straight-line basis over the term of the relevant lease.

9.43 Revenue from non-exchange transactions

Revenue shall be recognised to the extent that it is probable that the economic benefits will flow to the Government and the revenue can be reliably measured.

9.44 Government grants

Government grants shall not be recognised until there is reasonable assurance that the College will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the College should purchase, construct or otherwise acquire noncurrent assets, shall be recognised as deferred income in the statement of financial position and transferred to the statement of financial performance on a systematic and rational basis over the useful lives of the related assets. Other government grants shall be recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the College with no future related costs shall be recognised in the statement of financial performance in the period in which they become receivable.

9.45 Other transfers

Other transfers include fees, fines, penalties, licenses, gifts, donations (including goods-in-kind), and transfers from other government entities. These are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the College, and the fair value of the asset can be measured reliably. Services-in-kind are not recognised as revenue, but are disclosed in the financial statements.

9.46 Taxes and levies

Taxes and levies are recognised when the taxable event occurs, and the asset recognition criteria are met.

9.47 Investment property

9.47.1 Measurement and Recognition

Investment property is property held to earn rentals and/or for capital appreciation. It is measured initially at its cost, including transaction costs. If an Investment property is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition. After initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in the statement of financial performance for the period in which they arise.

9.47.2 Disposals

An investment property shall be eliminated from the statement of financial position (derecognised) on disposal, or when the investment property is permanently withdrawn from use, and no future economic benefits or potential services are expected from its disposal.

9.48 Noncurrent assets held for sale

Noncurrent assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its current condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Noncurrent assets (and disposal group) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

9.49 Provisions

Provisions are recognised when the College has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A reliable estimate of the amount of the obligation can be made. Where the Government expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset only when it is virtually certain. The expense relating to any provision is presented in surplus/deficit net of any reimbursement. If the effect on the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

For each class of provision, the following shall be disclosed:

- (i) The movement of the provisions during the financial period; and
- (ii) A brief description of the nature of the obligation and the expected timing of the outflows. Accounting treatment for provision.

Dr. Accumulated Surplus/Deficit

Cr. Provision (Liability)

(Being accounting for recognition of provision)

9.50 Inventories

Inventories encompass goods, materials and supplies awaiting use in the provision of services by the College. an effective Store Management System that shall ensure minimal stock levels, proper storage, and accountability. The College shall maintain a fully computerised inventory management system.

9.51 Responsibility

. The Head PMU shall be responsible for the general supervision and control of the College's inventory and store records. The Stores officer shall be responsible for the day-to-day operations of assigned stores, which shall include receipt, recording, custody, security, and issue of all inventories held in the store under his control. The officer shall ensure that the store rooms are kept clean and properly ventilated, secure, and that inventories are well arranged, documented, and easily accessible.

9.52 Control Environment over stock/ Inventory

The Minimum controls shall be as follows:

- a) The Head of Department shall ensure that funds are available and are within the budget before any goods are ordered.
- b) A copy of the order shall be sent to the Stores officer to prepare and plan to receive the ordered materials.
- c) The stores officer shall check goods delivered against an invoice, the delivery notes for quantity and quality specified in the purchase order. No goods shall be accepted in the College stores without an invoice, delivery note and local purchase agreement order.
- d) The user Department shall check the goods received, and once accepted, the Stores officer shall prepare the Goods Received Note, which shall be countersigned.
- e) The Goods Received Note, together with the invoice and delivery notes, shall be sent to the Procurement Officer for reconciliation against the purchase order for quantity, quality specified, and prices and shall thereafter pass the documents to DP- PFA.
- f) The DP- PFA shall approve the documents for processing payment.
- i) Entries of receipts and issues shall be posted in the inventory system promptly, showing the date, voucher number, supplier and other relevant details.

9.53 Acquisition of Inventories

Acquisition of inventories shall be in accordance with existing legislation and regulations, depending on the nature of the inventories. The acquisition of inventory through imprest is to be discouraged.

9.54 Accounting and Storage of Inventories

The initial value of stores for accounting purposes shall be the total cost of acquiring the stores and shall include costs of conversion and other costs incurred in bringing the inventories to their present location and condition, such as freight, insurance, handling charges, and transportation. Costs of abnormal amounts of wasted materials, labour, or other costs; storage costs; administrative overheads that do not contribute to bringing inventories to their present location and condition; and distribution costs are excluded from inventory.

All inventories shall be recorded before being utilised or stored in the storage facility. In case of donated inventories, values shall be determined based on the current market price or the donor's inventory value. Costs incurred in bringing each product to its present location and condition are determined on a First-In-First-Out (FIFO)

basis. The amount of any write-down inventories and all losses of inventories should be recognised in the statement of financial performance as an expense in the period the write-down or loss occurs.

9.55 Procedural controls over Acquired Inventories/ Stores

- a) Bin Cards shall be kept in respect of each item of stock.
- b) Bin Cards shall be maintained by the Procurement Officer (stores), who shall record each receipt and issue as it occurs.
- c) He/she shall enter the serial number of the relevant receipt or issue voucher and post the resultant increased or reduced balance of the stock.
- d) No erasure or alteration shall be made against any entry in the bin cards. Any corrections considered necessary shall be made by crossing out the original entry with a single line (leaving the entry legible) and inserting the new entry. The Officer making the changes shall sign for such changes.
- e) The procurement officer shall check all such changes.
- f) All stores requisitions shall be made against a Stores Requisition and Issue Voucher (SRIV) filled in duplicate.
- g) The Head PMU shall give the financial authority to issue the materials/stock.
- h) The Stores Officer shall issue the inventories as per SRIV, and the recipient shall sign the SRIV to acknowledge receipt of the items.

9.56 Ageing Analysis for the Inventories

Accounting Officer shall conduct ageing analysis of inventories to reduce losses due to expiry and obsolescence. Ageing analysis shall be conducted at least once for a period of twelve months.

9.57 Perpetual Stocktaking

Accounting Officer shall rank the stores after conducting the ABC Analysis and inspect them on a surprise basis. The records of the perpetual inspections shall be kept in the Register of Surprise Inspections. An officer appointed to carry out such an inspection shall not be amongst the officers working in the same store.

9.58 Annual Stocktaking

Physical stock-taking of all stores and cash available shall be conducted as soon as practicable before or after the end of each financial year. The stock-taking record shall comprise the stock valuation lists, which show the stock item, the physical amount available, and the unit cost and total value to be incorporated into the financial statements or reflected in performance reports.

The Head of Procurement Unit shall be responsible for the implementation of the stock-taking exercise. The Deputy Principal,, Planning, Finance and Administration, shall ensure that inventories are verified by the stock counting team and witnessed by the Auditors, both Internal and external (Controller and Auditor General).

9.59 End of Year Stocktaking Procedures

The end-of-year procedure for stock taking shall be as follows:

- a) The Procurement Officer, Stores, shall arrange the stores in a neat and orderly manner for ease of stock taking.
- b) The Procurement Officer shall generate counting templates in the MUSE for use in the stock counting exercise.
- c) The stock takers shall count the physical stock and compare it with the bin and stock cards, and shall be required to sign the bin cards as proof of having counted items.
- d) The Procurement Officer shall enter the actual stock counted in the system.
- e) The Procurement Officer will generate a draft stock count report.
- f) Any discrepancies in the stock-taking process shall be investigated.
- g) Necessary adjustments shall be made in the system to resolve discrepancies.
- h) Stocktaking journals shall be posted into the MUSE System by the GL Accountant.
- i) A stock-taking report shall be generated thereafter.
- j) Internal Audit shall investigate any unresolved differences, and appropriate action shall be taken.
- k) The Head PMU, who is responsible for the management of stock-taking, shall advise the Accountant at the conclusion of each calendar year, progress report and results of their programs as a necessary part of Final Accounts procedures.
- l) The Head PMU shall retain stock-taking records for audit inspection in accordance with the records retention policy.

9.60 Accounting and Storage of Inventories

The initial value of stores for accounting purposes shall be the total cost of acquiring the stores and shall include costs of conversion and other costs incurred in bringing the inventories to their present location and condition, such as freight, insurance, handling charges, and transportation. Costs of abnormal amounts of wasted materials, labour, or other costs; storage costs; administrative overheads that do not contribute to bringing inventories to their present location and condition; and distribution costs are excluded from inventory.

All inventories shall be recorded before being utilised or stored in the storage facility. In case of donated inventories, values shall be determined based on the current market price or the donor's inventory value. Costs incurred in bringing each product to its present location and condition are determined on a First-In-First-Out (FIFO) basis. The amount of any write-down inventories and all losses of inventories should be recognised in the statement of financial performance as an expense in the period the write-down or loss occurs.

9.61 Inventory Reporting System

The College shall implement an inventory system that shall generate the following reports;

- a) Stock taking reports;
- b) stock movements reports;
- c) Stock review reports; and
- d) Other management reports.

9.62 Measurement of Inventory

Inventories are initially measured at cost; subsequently, inventories shall be measured at the lower of cost and net realisable value, except where inventories are acquired through a non-exchange transaction, in which case their cost shall be measured at their fair value as at the date of acquisition.

9.63 Recognition as an expense

- (i) When inventories are used to generate services, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised;
- (ii) The amount of any write-down inventories and all losses of inventories should be recognised in the statement of financial performance as an expense in the period the write-down or loss occurs;
- (iii) The amount of any reversal of any write-down of inventories shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

9.64 Disclosure requirements

The following should be disclosed with respect to inventories in the financial statements. The accounting policies adopted for valuing inventories explicitly explain the total carrying amount of inventory and the carrying amount in classifications appropriate to the College. The amount of inventories recognised as an expense during the period. The amount of any write-down of inventories recognised as an expense in the period in accordance with IPSAS.

9.65 Related Party Transactions

Parties are considered to be related if one party can control the other party or exercise significant influence over the other party in making financial and operating decisions. They include relationships with subsidiaries, associates, joint ventures and key Management personnel. The College's key management includes: the Governing Board, which is the supreme organ of the College under the supervision of the Minister of Education, Science and Technology. The Principal, who is the Chief Executive Officer, is responsible for the day-to-day operations of the College and is assisted by two Deputy Principals (one responsible for Academic, Research and Consultancy, and the other for Planning, Finance and Administration).

Some of the College's transactions and arrangements are with related parties. Their effect on the basis determined between the parties is reflected in the financial statements.

In respect of transactions between related parties, the College shall disclose the following:

- (i) The nature of the related party relationships;
- (ii) The types of transactions that have occurred; and
- (iii) The elements of the transactions are necessary to clarify the significance of these transactions to operations and sufficient to enable the financial statements to provide relevant and reliable information for decision-making

and accountability purposes.

9.66 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

9.67 The College as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the College's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the College's net investment outstanding in respect of the leases.

Rental income from operating leases is recorded on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the leased asset's carrying amount and recognised on a straight-line basis over the lease term.

9.68 The College as lessee

Assets held under finance leases are recognised as assets of the College at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to the statement of financial performance, unless they are directly attributable to qualifying assets, in which case they are capitalised. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to the statement of financial performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

9.69 Investments and other financial assets

Financial assets within the scope of IPSAS 41 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The College determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular-way purchases and sales of financial assets are recognised on the trade date, which is the date that the College commits to purchase the asset. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace. Way-way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace.

Accounting treatment when financial assets are recognised initially

Dr. Investment

Cr. Cash

(Being accounting for recognition of a financial asset)

When dividends are received

Dr. Cash

Cr. Investment Income (Significant influence)

(Being accounting for recognition of dividend received in respect of investment)

9.70 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated, upon initial recognition, as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

9.71 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the College has the positive intention and ability to hold to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are set in surplus/deficit when investments are derecognised or impaired, as well as through the amortisation.

9.72 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After the initial measurement,

loans and receivables are carried at amortised cost using the effective interest method, less any allowance for impairment. Gains and losses are recognised in surplus/deficit when loans and receivables are derecognised or impaired, as well as through the amortisation.

9.73 Available-for-sale financial investments

Available-for-sale financial assets are those non-derivative financial assets that the College intends to dispose of in the subsequent financial year (within 12 Months). After initial measurement, available-for-sale financial assets are measured at fair value, with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired. At this time, the cumulative gain or loss previously recorded in equity is recognised in surplus/deficit.

9.74 Fair Value

The fair value of investments actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For investments without an active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis, or other valuation models.

9.75 Amortized cost

Held-to-maturity investments, loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are integral to the effective interest rate.

9.76 Impairment of financial assets

The College assesses, at each statement of financial position date, whether a financial asset or a group of financial assets is impaired.

9.77 Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through an allowance account. The amount of the loss shall be recognised in surplus/deficit. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed,

to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in surplus/deficit.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the College will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

9.78 Impairment of available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in surplus/deficit, is transferred from equity to surplus/deficit. Reversals in respect of equity instruments classified as available-for-sale are not recognised in surplus/deficit. Reversals of impairment losses on debt instruments are reversed through surplus/deficit if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in surplus /deficit.

9.79 De-recognition of financial assets and liabilities

9.79.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- (i) The rights to receive cash flows from the asset have expired;
- (ii) The College retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- (iii) The College has transferred its rights to receive cash flows from the asset, and either
 - (a) Has substantially transferred all the risks and rewards of the asset, or
 - (b) Has neither transferred nor retained all the risks and rewards of the asset substantially, but has transferred control of the asset.

Where the College has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset substantially nor transferred control of the asset substantially, the asset is recognised to the extent of the College's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the asset's original carrying amount and the maximum amount of consideration the College could be required to repay.

9.79.2 Financial liabilities

A financial liability is recognised when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability. The recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of financial performance.

9.80 Events after the reporting date

Events after the Reporting date prescribe when a reporting entity should adjust its financial statements for events after the Reporting date and the disclosures that shall be made about the date on which the financial statements were authorised for issue and about events after the reporting date.

9.81 Treatment of events after the reporting date

9.81.1 Adjusting Events

All material events that take place between the reporting date and the authorisation for the issue of financial statements that provide an indication of conditions at the reporting date fall under the category of adjusting events. A reporting College shall adjust the balance/amounts in the respective line item in the financial statements and make applicable updates in disclosure to the financial statements to adjust for the events.

9.81.2 Non-adjusting events

All material events that take place between the reporting date and the authorisation for the issuance of financial statements are indicative of conditions that came into existence only after the reporting date and fall under the category of non-adjusting events. A report shall disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made.

9.81.3 Other disclosures for events after the reporting date

- (a) The date when financial statements were authorised for issue;
- (b) Names of personnel who gave authorisation; and
- (c) If another body has the power to amend financial statements.

9.82 Authorising the financial statements for issue

To determine which events satisfy the definition of events after the reporting date, it is necessary to identify both the reporting date and the date on which the financial statements are authorised for issue. Public sector reporting is on 30th June each year, and

the financial period is one year starting on 1st July. The date of authorisation for issue is the date on which the financial statements have received approval from the College Governing Board to finalise those statements.

9.83 Changes in Accounting Policies, Estimates and Prior Period Errors

9.83.1 Changes in Accounting Policies

IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and the corrections of errors.

The College shall select and apply its accounting policies consistently for similar transactions, other events and conditions during each financial period; unless another accounting policy permits categories for which a differing policy may be appropriate.

Accounting policy shall be changed only if:

- (a) Required by a standard or interpretation; or
- (b) It results in financial statements that provide reliable, more relevant information.

When an accounting policy is changed, such changes shall be applied retrospectively by restating the prior year financial statements unless impracticable. When it is impracticable to restate the prior-year financial statements, the new accounting policy shall be applied to the earliest financial period for which retrospective application is practicable, which may be the current financial period, and shall disclose this fact. When it is impracticable to determine the cumulative effect, the new accounting policy shall be applied prospectively from the date of the policy change. A restatement of opening balances for the current financial period would therefore not be made.

9.83.2 Changes in Accounting Estimates

Estimation involves judgments based on the latest available and reliable information. An estimate may need revision if changes occur in the circumstances on which the estimate was based, or as a result of new information or more experience. The effect of a change in accounting estimates is applied in the financial period of the change and/or in future financial periods.

9.83.3 Prior period errors

Potential current-period errors discovered in the current financial period are corrected before the financial statements are authorised for issue. Material errors in

the preparation of the financial statements of one or more prior periods may be discovered in the current financial period. These errors are corrected retrospectively, and prior period financial statements are restated. When it is impracticable to determine the effects of an error on comparative information, the College shall restate the opening balances for the earliest financial period when retrospective restatement is practicable, which may be the current financial period.

9.84 Disclosure Requirements

9.84.1 Accounting policies:

- (a) Nature of change;
- (b) The amount of adjustment for each financial statement line item affected;
- (c) The amounts of adjustments related to prior periods; and
- (d) Reasons for the impracticability of making a certain adjustment, if any.

9.84.2 Accounting estimate:

- (a) Nature and amount of change that affects the current period and, if applicable, the future financial periods; and
- (b) If it is impracticable to disclose the effect on future financial periods, the reasons for such impracticability should be disclosed.

9.84.3 Prior period errors:

- (a) Nature of error;
- (b) The amount of correction for each financial statement line item affected;
- (c) The amount of correction at the beginning of the earliest prior period presented; and
- (d) If retrospective application is impracticable, the reason.

9.85 Program for closure of the financial year

The Accounting Circular will provide the overall timetable for reporting entities for the closure of the financial year. Deadlines will be provided, and all responsible officers will be required to adhere to them to ensure a smooth closure of the financial year and the production of financial statements.

Moreover, the closure of the year circular will include the submission of financial statements to the Accountant General for compilation of the entire Government Consolidated annual final accounts and their submission to the Controller and Auditor-General.

CHAPTER 10: LOSSES

10.1 Introduction

Losses are the removal or unrecoverable decrease in a resource or asset, or the anticipated unrecoverable decrease in a resource or asset. Any loss of money or property shall be recorded and brought to the attention of the College Governing Board. The Board may abandon, and remit any claims by or on behalf of the College or any service thereof and write off losses of or deficiencies in College moneys or resources, and such a Resolution may specify the maximum amount authorised for each write off or abandonment and the total sum authorised to be written off or abandoned in a financial year.

10.2 Classification of Losses

This section classifies losses as follows:

10.2.1 Cash losses:

This is caused by:

- (a) Fraud, theft, arson or other gross carelessness;
- (b) Fire other than arson, sinking of a ship or other unforeseeable circumstance;
- (c) Overpayments of personal emoluments, grants, subsidies due to miscalculation or misinterpretation of legislation;
- (d) Unauthorised payments;
- (e) Un-supported payments; and
- (f) Charges that cannot be explained or accounted for under the line accounts.

10.2.2 Stores losses

In the context of stores and other property, losses will include any damage or deterioration which cannot be attributed to fair wear and tear. This is caused by:

- (a) Fraud, theft, arson or other gross carelessness.
- (b) Incidents of service, including fire other than arson, weather, accident beyond the control of any responsible person;
- (c) Deterioration arising from a defect in administration;
- (d) Natural causes, e.g. earthquake, evaporation, Flood, explosion.

10.2.3 Losses through claims, waivers or abandonment

This is caused by:

- (a) Failure to make or pursue a claim against a contractually liable third party; and
- (b) Voluntary decision not to make or pursue such a claim.

10.2.4 Losses through fruitless or nugatory payments

Payments for which the College did not receive benefit. This is caused by:

- (a) Retainers for professional services not used;

- (b) Rent for accommodation not used;
- (c) Payments for goods wrongly ordered or accepted through irregularity or negligence other than error of judgment.

10.3 Action on Discovering Losses

- (a) A person discovering a loss must immediately report orally to his/her senior officer;
- (b) The oral report must be followed up by a written report to the accounting officer, detailing:
 - (i) Nature of loss;
 - (ii) Amount of loss; and
 - (iii) Circumstances of loss.
- (c) The Accounting Officer, in turn, must report in writing to the Governing Board;
- (d) The Accounting Officer will arrange for an investigation of the loss if misappropriation, theft or fraud is involved, inform the police;
- (e) After the investigation, the Accounting Officer will submit a report to the Governing Board, covering:
 - (i) Nature of loss;
 - (ii) Amount of loss;
 - (iii) Place and date of loss;
 - (iv) Date and time of discovery;
 - (v) Exact circumstances of loss;
 - (vi) Whether the loss was a result of a failure to observe current accounting instructions;
 - (vii) Whether the loss was a result of a fault in the accounting system;
 - (viii) Whether the loss was discovered as a result of an internal check and, if not, why the internal check failed to reveal it;
 - (ix) Whether misappropriation, fraud, negligence or other irregularity was involved;
 - (x) The name and designation of the responsible officer;
 - (xi) Whether that officer has made good the loss;
 - (xii) Whether that officer should be interdicted;
 - (xiii) Whether disciplinary or recovery action in accordance with Regulation 10 of the Public Finance Act, CAP 348, which invokes the Public Officers (Recovery of Debts) Act, 1970, is recommended and, if not, why not;
 - (xiv) If the police were involved; and
 - (xv) Measures to be taken to avoid future occurrences of such a loss.

Appendix: Government Financial Statistics Codes

REVENUE CODES

1322: From International Organisation: This item will be used to record grants transfers receivable by government units, from an international organisation for current and capital expenditure, which may be in the form of capital.

Description	GFS Codes
World Bank (IDA)	13220106

1331: From other General Government Units: This item will be used to record grants received from institutions at other levels of the government for current and capital expenditure, which include grants from central government to local government or to extra-budgetary units in the form of a current grant.

Description	GFS Codes
Exchequer- PE	13310101
Exchequer- OC	13310102
Exchequer Non-monetary Revenue	13310103
Subvention - Current	13310104
Subvention non-monetary revenue - Current	13310105

1332: From other General Government Units: This item will be used to record grants received from institutions at other levels of the government for current and capital expenditure, which include grants from central government to local government or to extra-budgetary units in the form of capital grants.

Description	GFS Codes
Exchequer- Development	13320101
Exchequer Non-monetary Revenue	13320102
X	13320103
Subvention - Capital	13320104
Subvention non-monetary revenue - Capital	13320105

14: Other Revenue: This item will be used to record other revenue received/receivable, excluding taxes, social contributions, and grants. This category of revenue includes property income, sales of goods and services, and other miscellaneous revenue.

1415: Property Income (rent): This item will be used to record property income receivable in return for putting financial assets and natural resources at the disposal of another unit from rent.

Description	GFS Codes
Rent Fees	14150113
Conference Fees	14150114

142: Sale of Goods and Services: This account shall be credited with the amount received by the government unit from sales of goods and services that consist of the sales by market establishments, administrative fees charged for services, incidental sales by nonmarket establishments, and imputed sales of goods and services.

1421: Sales by market establishments: This account shall be credited with the amount received by the government unit from sales of all market establishments that are

part of an enterprise situated in a single location and at which only a single productive activity is carried out, or the principal productive activity accounts for most of the value added, such as rental of produced assets, printing and publications and the sale of electricity.

1422: Administration fees: This account shall be credited with the amount received/receivable by government unit from administration fees that are part of an enterprise situated in a single location and at which only a single productive activity is carried out or the principal productive activity accounts for most of the value added such as rental of produced assets, printing and publications and the sale electricity.

Description	GFS Codes
Receipt from Consultancy Fees	14220148
Receipt from Research Fees	14220170
Other Collection	14220181
Voluntary Contribution	14220193
Hire/rent of a house	14220194
Hire/rent of motor vehicles and other assets	14220195
Sales of PPE	14220196
Receipts from Recovery of Stores	14220198
Miscellaneous Income	14220199
Fines, Penalties and Forfeitures	14220208
Salary in Lieu of Notice	14220210
Hire of Services	1422029
Translation Charges	14220247
Application Fee for Short Courses	14220254
Medical Examination Fee	14220266
Parking Charges	14220268
Receipts From Commissions	14220269
Appeal Fees	14220274
Graduation Fees	14220278
Donation - Cash	14220298
Donation - Non-Cash	14220299
Service Charges	14220327
Receipt from Projects Assets	14220328
Receipt from Liquidated Damages	14220329

1423: Incidental sales by nonmarket establishments: This account shall be credited with amount received by government unit from incidental sales by nonmarket establishments that cover sales of goods and services of general government units other than administrative fees such as sales of products made at vocational schools, seeds from experimental farms, postcards and art reproductions by museums, fees at government hospitals and clinics, tuition fees at government schools, and admission fees to government museums, parks, and cultural and recreational facilities.

Description	GFS Codes
Tuition Fees at Government Schools	14230105
Fees at Government Hospitals and Clinics	14230104

Admission Fees	14230106
Student extension fees	14230113
Graduation fees	14230114
Registration fees for day care centres	14230108
Accommodation service charge (Hostel)	14230107
Student ID	14230115
Provisional result fees	14230116
Application fees	14230117
Tuition fees	14230118
Tender fees	14230119

144: Transfers not elsewhere classified

This item code shall be used to record amounts received from transfers not elsewhere classified, including subsidies, as well as gifts and transfers from individuals, private nonprofit institutions, nongovernmental foundations, corporations, or sources other than governments and international organisations.

Description	GFS Codes
From other general government units	14411101

EXPENDITURE CODES

21: Compensation of employees: Compensation of employees is the total remuneration, in cash or in kind, payable to an individual in an employer-employee relationship in return for work performed by the latter during the reporting period. These amounts are payable in exchange for manual and intellectual labour services provided by individuals used in the production process of the institutional unit.

211: Wages and Salaries: This account shall be used to record wages and salaries, which are compensation of employees payable in cash and/or in kind, except for social contributions payable by employers.

Description	GFS Codes
Civil Servants	21111101
Casual Laborers	21112107
Leave Travel	21113101
Internship Allowance	21113102
Extra-Duty	21113103
Invigilators Allowances	21113104
Acting Allowance	21113108
Passages Allowances	21113111
Responsibility Allowance	21113112
Outfit Allowance	21113113

212: Employers' social contributions: This account shall be used to record employers'

Description	GFS Codes
Sitting Allowance	21113114
Subsistence Allowance	21113115

On Call Allowance	21113117
Medical and Dental Refunds	21113119
Gratuities	21113120
Housing allowance	21113122
Field (Practical Allowance)	21113124
Professional Allowances	21113126
Uniform Allowance	21113127
Court Attire Allowance	21113128
Moving Expenses	21113129
Councilors Allowance	21113131
Staff Claims-Disturbance Allowance	21113132
utility	21113133
Facilitation Allowance	21113144
Honoraria	21114101
Risk Allowance	21114103
Electricity Allowance	21121101
Housing Allowance	21121102
Food and Refreshment	21121103
Telephone	21121104
Household Appliances	21121106
Furniture	21121107
Accommodation in Lieu of Quarters	21121108

Social contributions payable by employers to social security funds, employment-related pension funds, or other employment-related social insurance schemes to obtain entitlement to social benefits for their employees. This consists of actual employers' social contributions and imputed employers' social contributions.

Description	GFS Codes
Workers Compensation Fund (WCF)	21211108
National Health Insurance Schemes (NHIF)	21211105
Public Service Social Security Fund (PSSSF)	21211110

22: Use of goods and Services: This item shall be used to record transactions relating to the use of goods and services, which consist of the value of goods and services used for the production of market and nonmarket goods and services. The value of goods or services used is recorded when they are actually used,, rather than when they were acquired or paid for.

22001: Office and General Supplies and Services: This item code shall be used to record the value of goods and services such as Office Consumables (papers, pencils, pens and stationery), Computer Supplies and Accessories, Printing, Photocopying, Outsourcing services, cleaning supplies, etc.

Description	GFS Codes
Office Consumables (papers, pencils, pens and stationery)	2200111
IT and Computer Accessories	2200112

Printing and Photocopy paper	22001103
Tapes, Films, and Materials (split)	22001104
Books, Reference and Periodicals	22001105
Maps	22001106
Financial Forms	22001107
Newspapers and Magazines	22001108
Printing and Photocopying Costs	22001109
Computer Software	22001110
Software License Fees	22001111
Outsourcing Costs (includes cleaning and security services)	22001112
Cleaning Supplies	2200111
Learning Materials	22001119
Other Chemicals	22001122

22002: Utilities Supplies and Services: This item code shall be used to record the value of goods and services used for the production of market and nonmarket goods and services, such as electricity bill, water charges, telephone charges, sewage charges, natural gas, etc.

Description	GFS Codes
Electricity	22002101
Water Charges	22002102
Natural Gas	22002103
Other Gas	22002104
Sewage Charges and Waste Disposal	22002105

22003: Fuel, Oils and Lubricants: This item code shall be used to record the production of market and nonmarket goods and services such as Petrol, Diesel, Illuminating kerosene (Paraffin), etc.

Description	GFS Codes
Petrol	22003101
Diesel	22003102

22004: Medical Supplies & Services: This item code should be used to record the value of goods and services related to medical supplies and services used for the production of market and nonmarket goods and services, such as Vaccines, Drugs and Medicines, Special Foods (diet food), Dental Supplies, etc.

Description	GFS Codes
Drugs and Medicines	22004102
Specialised Medical Supplies	22004108
Medical Gases and Chemicals	22004109
Consumable Medical Supplies	22004110

22006: Clothing, Bedding, Footwear and Services: This item code should be used to record the value of goods and services related to clothing, bedding, footwear and

services, such as beds and mattresses, bed sheets and linen, blankets, etc.

Description	GFS Codes
Bed Sheets and Linen	22006102
Uniforms and Ceremonial Dresses	22006104
Protective Clothing, footwear and gears	22006105
Laundry and Cleaning	22006106

22007: Rental Expenses: This item code shall be used to record the value of goods and services related to rental expenses on Vehicles and Crafts, Housing, Office Accommodation, etc.

Description	GFS Codes
Rent of Vehicles and Crafts	22007101
Rent - Housing	22007102
Furniture and Appliances	22007105
Conference Facilities	22007109
Rent of Water Crafts	22007110

22008: Training – Domestic: This item code should be used to record the value of goods and services related to the cost of training within the country, such as the cost of accommodation, tuition fees, hiring of training facilities, air ticket, etc.

Description	GFS Codes
Accommodation	22008101
Tuition Fees	22008102
Hiring of Training Facilities	22008103
Remuneration of Instructors	22008104
Production and Printing of Training Materials	22008105
Contract based training services	22008106
Training Allowances	22008107
Training Materials	22008108
Air Travel Tickets	22008109
Ground Transport (Bus, Train, Water)	22008110
Research and Dissertation	22008111

22009: Training – Foreign: This item code should be used to record the value of goods and services related to the cost of training outside the country, such as cost of accommodation, tuition fees, hiring of training facilities, air ticket, visa application fees, etc.

Description	GFS Codes
Air Travel Tickets	22009101
Tuition fees	22009102
Upkeep Allowances	22009103
Research and Dissertation	22009104
Health Insurance	22009105

22010: Travel - In – Country: This item code should be used to record the value of goods and services related to the cost of travel within the country, such as cost of air tickets, ground travel (bus, railway, taxi, etc.), per diem, accommodation, etc.

Description	GFS Codes
Air Travel Tickets	22010101
Ground travel (bus, railway, taxi, etc.)	22010102
Water Transport	22010103
Lodging/Accommodation	22010104
Per Diem - Domestic	22010105

22011: Travel Out of Country: This item code should be used to record the value of goods and services related to the cost of travel abroad, such as the cost of air tickets, per diem, visa application fees, etc.

Description	GFS Codes
Air Travel Tickets	22011101
Ground travel (bus, railway taxi, etc.)	22011102
Water Transport	22011103
Lodging/Accommodation	22011104
Per Diem - Foreign	22011105
Visa Application Fees	22011106
Health Insurance	22011107

22012: Communication & Information: This item code should be used to record the value of goods and services related to the cost of communication and information services, such as Internet and Email connections, posts and telegraphs, wire, wireless, telephone, telex services and facsimile, etc.

Description	GFS Codes
Internet and Email connections	22012101
Posts and Telegraphs	22012102
Advertising and Publication	22012105
Telephone Charges (Land Lines)	22012109
Mobile Charges	22012110
Subscription Fees	22012113
Communication Network Services	22012115

22013: Educational Materials, Services and Supplies: This item code should be used to record the value of goods and services related to educational materials, services and supplies such as textbooks, exercise books, classroom teaching supplies, etc.

Description	GFS Codes
Classroom Teaching Supplies	22013103
Special Needs material and supplies	22013108
Schools Laboratory Supplies	22013109

22014: Hospitality Supplies and Services: This item code should be used to record the value of goods and services related to hospitality supplies and services, such as exhibition, festivals and celebrations, catering services, food and refreshments, etc.

Description	GFS Codes
Exhibition, Festivals and Celebrations	22014101
Catering Services	22014102
Accommodation	22014103
Food and Refreshments	22014104
Entertainment	22014105
Gifts and Prizes	22014106
Donation	22014107

22017: Food Supplies and Services: This item code should be used to record the value of goods and services related cost of food supplies and services, such as ration - food purchase, food and supply services - defence forces, prisoners' food, etc.

Description	GFS Codes
Student meals	22017104

22019: Routine maintenance and repair of buildings: This account shall be charged with expenses relating to routine maintenance and repair of government buildings and facilities, official residences, etc.

Description	GFS Codes
Cement, Bricks and Building Materials	22019101
Outsource Maintenance Contract Services	22019110

22021: Routine Maintenance and Repair of Vehicles and Transportation Equipment: This account shall be charged with expenses relating to routine maintenance and repair of vehicles and transportation equipment.

Description	GFS Codes
Motor Vehicles and Watercraft	22021101

22023: Routine Maintenance and Repair of Machinery, Equipment and Plant: This account shall be charged with expenses relating to routine maintenance and repair of Machinery, Equipment and Plant.

Description	GFS Codes
Outsource maintenance contract services	22023105

22024: Routine Maintenance and Repair of Office Equipment and Appliances: This account shall be charged with expenses relating to routine maintenance and repair of Machinery, equipment, and plant.

Description	GFS Codes
Computers, printers, scanners, and other computer-related equipment	22024101

Outsource maintenance contract services	22024106
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22030: Other Supplies and Services (not elsewhere classified): This item code shall be used to record the value of goods and services related to the cost of other Supplies and services (not elsewhere classified), such as small engineering tools and equipment, geological surveys, geodesic surveys, etc.

Description	GFS Codes
Fumigation	22030108

22031: Expenses on professional fees and charges: This item code shall be used to record the value of goods and services related to expenses on professional fees and charges, such as audit fees, legal fees, agency fees, consultancy fees, audit supervision expenses, education supervision expenses, capacity charges, investigation expenses, surveys, bank charges and commissions, etc.

Description	GFS Codes
Audit fees	22031101
Legal Fees	22031102
Consultancy Fees	22031104
Audit Supervision Expenses	22031105
Education Supervision Expenses	22031106
Bank Charges and Commissions	22031111
Registration, Accreditation, Admission and Articulation	2203111

22032: Other Operating Expenses: This item code shall be used to record the value of goods and services related to the cost of use of goods and services not classified elsewhere, such as contingencies item, sundry expenses, national expenses, census expenses, supplier debts, etc.

Description	GFS Codes
Freight Forwarding and Clearing Charges	22032101
Honorariums (expert opinion)	22032105
Sundry Expenses	22032107
Insurance Expenses	22032110
Burial Expenses	22032111
Bad and doubtful debts	22032147

22033: Losses on Assets and Liabilities: This item code shall be used to record fair value losses related to nonfinancial assets such as impairment of loans, valuation loss on PPE, Fair value loss on investment properties/biological assets/subsidiaries, Provision for write-off obsolete inventories, etc.

Description	GFS Codes
Provision for write-off of obsolete inventories	22033103
Foreign exchange differences (Losses)	22033104
Losses on disposal of property, plant and equipment	22033109
Losses on revaluation of property, plant and equipment	22033110

Impairment of Receivable	22033111
Loss of a financial asset	22033113
Impairment of loans	22033114
Foreign exchange differences (Losses) - Others	22033115
Foreign exchange differences (Losses) - Cash	22033116

23: Consumption of Fixed Assets: Consumption of fixed capital is the decline, during the course of the reporting period, in the current value of the stock of fixed assets owned and used by a government unit as a result of physical deterioration, normal obsolescence, or normal accidental damage. Consumption of fixed capital may deviate considerably from depreciation as recorded in government financial records. Consumption of fixed capital is a forward-looking measure that is determined by future rather than past events. It is determined by the benefits that institutional units expect to derive from using the asset in production over the remainder of its service life.

23100: Depreciation: This account shall be charged with the loss in value of tangible assets (Houses, cottages and condos, townhouses and apartments, commercial buildings, Bridges, Motor vehicles, Hardware: servers and equipment etc.) for the period of fixed capital as a result of use.

Description	GFS Codes
Other dwellings	23110105
Commercial Building	23120101
Office buildings and structures	23120102
Schools, laboratories and facilities	23120103
Hospitals, clinics and health facilities	23120104
State houses, residences, apartments, hotels and restaurants	23120105
Colleges and other tertiary institutions	23120106
Colleges and Universities	23120113
Hostels	23120114
Other Public Building	23120115
Motor Vehicles (Administrative)	23140101
Motorbikes, Motor cycles and bicycles	23140110
Other specialized motorized vehicles (Inc. mopeds and R&D)	23140111
Hardware: servers and equipment (incl. desktops, laptops, UPS etc.)	23150102
Application software systems and licenses	23150103
Printers, Scanners, Photocopiers and Fax Machine	23150108
Office Furniture and Fittings	23160111
Other Office equipment	23160112
Library Books	23160144
Graduation Gown	23160146

23200: Impairment Losses: This account shall be charged with the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount as a result of deterioration, normal obsolescence, or normal accidental damage.

Description	GFS Codes
Office buildings and structures	23220102
Schools, laboratories and facilities	23220103
Colleges and other tertiary institutions	23220106
Colleges and Universities	23220113
Hostels	23220114
Other Public Building	23220115
Telecommunications infrastructure, networks and equipment	23250101
Hardware: servers and equipment (incl. desktops, laptops, UPS, etc.) Application software systems and licenses	23250103
Printers, Scanners, Photocopiers and Fax Machines	23250108
Air Conditioner	23250112
Plant and Machinery	23250124
Office Furniture and Fittings	23260111
Other Office equipment	23260112
Beds, Desks, Shelves, Tables and Chairs	23260141
Library Books	23260144
Graduation Gown	23260146

23300: Amortisation of Intangible Assets: This item code shall be used to record the value of amortisation related to intangible assets for the period of fixed capital as a result of use.

Description	GFS Codes
Amortisation - Computer Software	23300101

23400: Impairment of Intangible Assets: This item code shall be used to record the value of impairment related to intangible assets for the period of fixed capital as a result of use.

Description	GFS Codes
Impairment - Computer Software	23400101

272: Social Assistance Benefits: This item code shall be used to record all transactions related to social assistance benefits payable in cash or in kind to beneficiaries to meet the same needs as social insurance benefits, but that are not made under a social insurance scheme. Social assistance benefits do not include transfers made in response to events or circumstances, such as natural disasters, which are not normally covered by social insurance schemes.

Description	GFS Codes
Relief Assistance	27210104
Funeral benefits	27120105

273: Employment-related social benefits: This item code shall be used to record all transactions related to employment-related social benefits payable in cash or in kind by government or public sector units to their employees or employees of other government or public sector units participating in the scheme (or to survivors and dependents of the employees who are eligible for such payments).

These kinds of benefits provided relate to non-pension benefits. They are similar to those listed for social security schemes, such as the continued payment of wages during periods of absence from work as a result of ill health, accidents, maternity etc.; family, education, or other allowances; severance allowances in the event of redundancy, incapacity, or accidental death; general medical expenses not related to the employees' work; and charges for convalescent and retirement homes.

Description	GFS Codes
Retirement home	27310107

28: Other Expense: This item code shall be used to record all transactions related to other expenses, which include property expense other than interest, transfers not elsewhere classified and amounts payable in respect of premiums, fees, and claims payable related to non-life insurance and standardised guarantees.

282: Transfers not elsewhere classified: This account shall be charged with expenses related to transfers not elsewhere classified, payable, including gifts and transfers to individuals, private non-profit institutions, nongovernmental foundations, corporations, or government units that are not included in other categories of transfers and serve quite different purposes. Transfers not elsewhere classified are subdivided into current and capital transfers.

Description	GFS Codes
Contribution to Consolidated Fund	28211124

RECORDING FOR ASSETS AND LIABILITIES

Non-Financial Assets

31-61: Non-Financial Assets: This item code shall be used to record non-financial assets, which are economic assets other than financial assets. The main categories of nonfinancial assets are: produced assets (such as fixed assets, inventories, and valuables) and non-produced assets (such as natural resources, contracts, leases, licenses, goodwill, and marketing assets).

311-611: Fixed Assets: This item code shall be used to record fixed assets that are produced assets controlled by the College, resulting from past events and expected

to produce future economic benefits for more than one year.

3111-6111: Buildings and Structures: This item shall be used to record the value of buildings and structures, including the costs of site clearance and preparation, and the value of all fixtures, facilities, and equipment that are integral parts of the structures.

Item	Addition Monetary	Addition Non-monetary	Transfer	Disposal	Holding Gains	Change in volume	Stock Position
Other dwellings	31111105	31111205	31111305	31111405	41111105	51111105	61111105
Commercial Building	31112101	31112201	31112301	31112401	41112101	51112101	61112101
Office buildings and structures	31112102	31112202	31112302	31112402	41112102	51112102	61112102
Schools, laboratories, and Facilities	31112103	31112203	31112303	31112403	41112103	51112103	61112103
Hospitals, clinics and health Facilities	31112104	31112204	31112304	31112404	41112104	51112104	61112104
Colleges and other tertiary institutions	31112106	31112206	31112306	31112406	41112106	51112106	61112106
Telecommunications buildings and infrastructure	31112109	31112209	31112309	31112409	41112109	51112109	61112109
Colleges and Universities	31112113	31112213	31112313	31112413	41112113	51112113	61112113
Hostels	31112114	31112214	31112314	31112414	41112114	51112114	61112114
Other Public Building	31112115	31112215	31112315	31112415	41112115	51112115	61112115
Water System, Wells, Ponds, and Water Schemes	31112118	31112218	31112318	31112418	41112118	51112118	61112118
Other dwellings	31111105	31111205	31111305	31111405	41111105	51111105	61111105
Acquisition of land	31114101	31114201	31114301	31114401	41114101	51114101	61114101

3112-6112: Machinery and Equipment: This item shall be used to record transactions relating to machinery and equipment, which covers transport equipment, machinery for information, computers, and telecommunications (ICT) equipment, and machinery and equipment not elsewhere classified.

Item	Addition Monetary	Addition Non-monetary	Transfer	Disposal	Holding Gains	Change in volume	Stock Position
Motor Vehicles (Administrative)	31121101	31121201	31121301	31121401	41121101	51121101	61121101
Motorbikes, Motorcycles	31121110	31121210	31121310	31121410	41121110	51121110	61121110

and Bicycles							
Telecommunications infrastructure, networks and equipment	31122101	31122201	31122301	31122401	41122101	51122101	61122101
Hardware: servers and equipment (incl. desktops, laptops, UPS, etc.)	31122102	31122202	31122302	31122402	41122102	51122102	61122102
Application software systems and Licenses	31122103	31122203	31122303	31122403	41122103	51122103	61122103
Computers and Photocopiers	31122108	31122208	31122308	31122408	41122108	51122508	61122108
Air Conditioner	31122114	31122214	31122314	31122414	41122114	51122114	61122114
Plant and Machinery	31122124	31122224	31122324	31122424	41122124	51122124	61122124
Generators	31123107	31123207	31123307	31123407	41123107	51123107	61123107
Office Furniture and Fittings	31123111	31123211	31123311	31123411	41123111	51123111	61123111
Other Office equipment	31123112	31123212	31123312	31123412	41123112	51123112	61123112
Beds, Desks, Shelves, Tables, and Chairs	31123141	31123241	31123341	31123441	41123141	51123141	61123141
Library Books	31122176	31122276	31122376	31122476	41123144	51123144	61123144
Graduation Gown	31123145	31123245	31123345	31123445	41123145	51123145	61123145
Monitoring Equipment	31123146	31123246	31123346	31123446	41123146	51123146	61123146
Bearer Plants	31123147	31123247	31123347	31123447	41123147	51123147	61123147

31132-61132: Other Fixed Assets (Intangible Assets): This item code shall be used to record information related to intellectual property products.

Item	Addition Monetary	Addition Non-monetary	Transfer	Disposal	Holding Gains	Change in volume	Stock Position
Computer Software	31132101	31132201	31132301	31132401	41132101	51132101	61132101
Patents Use	31132102	31132202	31132302	31132402	41132102	51132102	61132102
Copyrights	31132103	31132203	31132303	31132403	41132103	51132103	61132103
Right to Land Use	31132104	31132204	31132304	31132404	41132104	51132104	61132104
Research and Development	31132108	31132208	31132308	31132408	41132108	51132108	61132108

312-612: Inventories: This item code shall be used to record inventories, including produced assets that consist of goods and services, which came into existence in the current period or in an earlier period, and that are held for sale, use in production, or other use at a later date.

Item	Addition Monetary	Addition Non-monetary	Transfer	Disposal	Holding Gains	Change in volume	Stock Position
Office Consumables (papers, pencils, pens and stationery)	31221101	31222101	31223101	31224101	41221101	51221101	61221101
Medical supplies	31221102	31222102	31223102	31224102	41221102	51221102	61221102
Fuel	31221106	31222106	31223106	31224106	41221106	51221106	61221106
Other Chemicals	31221125	31222125	31223125	31224125	41221125	51221125	61221125

6145, 6146 & 6147: Disposal, accumulated depreciation and Impairment: This item shall be used to record non-financial assets that will be eliminated from normal government operations due to either being obsolete, out of technology, or the end of their useful life, etc as well as their accumulated loss in value as a result of use due to depreciation and impairment.

Item	Disposal	Acc. depreciation	Acc. Impairment
Other dwellings	61451105	61461105	61471105
Commercial Building	61451106	61461106	61471106
Office buildings and structures	61451107	61461107	61471107
Schools , laboratories and facilities	61451108	61461108	61471108
Hospitals, clinics and health facilities	61451109	61461109	61471109
Colleges and other tertiary institutions	61451111	61461111	61471111
Telecommunications buildings and infrastructure	61451114	61461114	61471114
Colleges and Universities	61451118	61461118	61471118
Hostels	61451119	61461119	61471119
Motor Vehicles (Administrative)	61451151	61461151	61471151
Motorbikes, Motor cycles and bicycles	61454110	61464110	61474110
Hardware: servers and equipment (incl. desktops, laptops, UPS etc.)	61455102	61465102	61475102
Printers, Scanners, Photocopiers and Fax Machine	61455108	61465108	61475108
Air Conditioner	61455112	61465112	61475112
Plant and Machinery	61455123	61465123	61475123
Office Furniture and Fittings	61465111	61466111	61476111
Other Office equipment	61465112	61466112	61476112
Beds, Desks, Shelves, Tables and Chairs	61465141	61466141	61476141
Library Books	61465144	61466144	61476144
Graduation Gown	61465145	61466145	61476145
Commercial Buildings	61465102	61467102	61477102

6148 & 6149: Accumulated amortisation and Impairment: This account shall be charged with the accumulated loss in value of intangible assets since it was put into service as a result of use due to amortisation and impairment.

Item	Acc. Amortisation	Acc. Impairment
Computer Software	61481101	61491101
Patents Use	61481102	61491102
Research and Development	61481108	61491108

616: Noncurrent assets held for sale: This account shall be used to record noncurrent assets which are held for sale

Item	Addition Monetary	Addition Non-monetary	Transfer	Disposal	Holding Gains	Change in volume	Stock Position
Commercial Building	61610106	Commercial Building	61610106	Commercial Building	61610106	Commercial Building	61610106
Office buildings and structures	61610107	Office buildings and structures	61610107	Office buildings and structures	61610107	Office buildings and structures	61610107
Schools , laboratories and facilities	61610108	Schools , laboratories and facilities	61610108	Schools , laboratories and facilities	61610108	Schools , laboratories and facilities	61610108
Hospitals, clinics and health facilities	61610109	Hospitals, clinics and health facilities	61610109	Hospitals, clinics and health facilities	61610109	Hospitals, clinics and health facilities	61610109
State houses, residences, apartments, hotels and restaurants	61610110	State houses, residences, apartments, hotels and restaurants	61610110	State houses, residences, apartments, hotels and restaurants	61610110	State houses, residences, apartments, hotels and restaurants	61610110
Colleges and other tertiary institutions	61610111	Colleges and other tertiary institutions	61610111	Colleges and other tertiary institutions	61610111	Colleges and other tertiary institutions	61610111
Telecommunications buildings and infrastructure	61610114	Telecommunications buildings and infrastructure	61610114	Telecommunications buildings and infrastructure	61610114	Telecommunications buildings and infrastructure	61610114
Colleges and Universities	61610118	Colleges and Universities	61610118	Colleges and Universities	61610118	Colleges and Universities	61610118
Hostels	61610119	Hostels	61610119	Hostels	61610119	Hostels	61610119
Other Public Building	61610120	Other Public Building	61610120	Other Public Building	61610120	Other Public Building	61610120
Motor Vehicles (Administrative)	61610140	Motor Vehicles (Administrative)	61610140	Motor Vehicles (Administrative)	61610140	Motor Vehicles (Administrative)	61610140
Motorbikes, motorcycles and bicycles	61610149	Motorbikes, motorcycles and bicycles	61610149	Motorbikes, motorcycles and bicycles	61610149	Motorbikes, motorcycles and bicycles	61610149
Telecommunications infrastructure, networks and equipment	61610158	Telecommunications infrastructure, networks and equipment	61610158	Telecommunications infrastructure, networks and equipment	61610158	Telecommunications infrastructure, networks and equipment	61610158
Hardware: servers and equipment	61610159	Hardware: servers and equipment	61610159	Hardware: servers and equipment	61610159	Hardware: servers and equipment	61610159

(incl. desktops, laptops, UPS, etc.)		(incl. desktops, laptops, UPS, etc.)		(incl. desktops, laptops, UPS, etc.)		(incl. desktops, laptops, UPS, etc.)	
Application software systems and licenses	61610160	Application software systems and licenses	61610160	Application software systems and licenses	61610160	Application software systems and licenses	61610160
Printers, Scanners, Photocopiers and Fax Machines	61610165	Printers, Scanners, Photocopiers and Fax Machines	61610165	Printers, Scanners, Photocopiers and Fax Machines	61610165	Printers, Scanners, Photocopiers and Fax Machines	61610165
Office Furniture and Fittings	61610191	Office Furniture and Fittings	61610191	Office Furniture and Fittings	61610191	Office Furniture and Fittings	61610191
Other Office equipment	61610192	Other Office equipment	61610192	Other Office equipment	61610192	Other Office equipment	61610192
Beds, Desks, Shelves, Tables and Chairs	61610221	Beds, Desks, Shelves, Tables and Chairs	61610221	Beds, Desks, Shelves, Tables and Chairs	61610221	Beds, Desks, Shelves, Tables and Chairs	61610221
Library books	61610239	Library books	61610239	Library books	61610239	Library books	61610239
Graduation Gown	61610240	Graduation Gown	61610240	Graduation Gown	61610240	Graduation Gown	61610240

Financial Assets

32-62: Financial Assets: This account shall be used to record transactions relating to financial assets, which are tangible, liquid assets that derive value from a contractual claim to what they represent. They include Stocks, bonds, and bank deposits. Unlike land, property, commodities or other tangible physical assets, financial assets do not necessarily have physical worth.

321-621: Currency and Deposits: This item shall be used to record transactions relating to financial instruments consisting of the central bank's gold reserves, its Special Drawing Rights (SDRs), and its reserve positions in the IMF.

Item	Acquisition	Holding Gains	Change in volume	Stock Position
Bank of Tanzania (BoT)	32111101	42111101	52111101	62111101
Cash in hand	32112106	42112106	52112106	62112106
CRDB	32113107	42113107	52113107	62113107
NMB	32114108	42114108	52114108	62114108
NBC	32115109	42115109	52115109	62115109

622: Currency and Deposits: This account shall be used to record currency and deposits, which consist of notes and coins that are of fixed nominal values and are issued or authorised by the central bank or government.

Description	GFS Codes
Coins	62221101
Notes	62221102

6228: Other Accounts Receivable: This item shall be used to record other accounts receivable, which consist of trade credit, advances and miscellaneous other items

due to be received. If an economic event requires a subsequent cash flow, for example, goods and services are sold on credit provided by the supplier and the length of time between the economic event and the time of the cash flow is bridged by an entry in other accounts receivable.

Description	GFS code
Advance for Work in Progress	62281101
Supplies of goods and services	62281102
Interest Receivable	62282101
Insurance Claim Receivable	62282103
Deferred Tax	62282105

Liabilities and Equity

63: Liabilities: This account shall be used to record liabilities that are established when one unit (the debtor) is obliged, under specific circumstances, to provide funds or other resources to another unit (the creditor). Liability is established through a legally binding contract that specifies the terms and conditions of the payment(s) to be made, and payment under the contract is unconditional.

6318: Other Accounts Payable: This account shall be used to record other accounts payable, which consist of trade credit and miscellaneous other items due to be paid. This includes goods and services sold on credit provided by the supplier, and an entry in other accounts payable bridges the time between the economic event and the cash flow.

Description	GFS Codes
15% of Revenue - Contribution to the Government Fund	63181111
Other accounts payable	63181117
Payables in respect of non-exchange transactions	63182101
Accrued expenses	63182102
Advances received	63182103
Payables in respect of exchange transactions	63182104
Unclaimed salaries	63182110
Other third-party payables	63182111
Construction Works (Development)	63182112
Rehabilitation Works (Development)	63182113
Maintenance Works (Maintenance)	63182114
Advance for Work in Progress	63191101
Supplies of goods and services	63191102
Deferred Recurrent Grant - Donor	63191103
Deferred Recurrent Grant - Govt	63191104
Interest Payable	63192101
Deferred Tax payable	63192105
Deferred Capital Grant - Donor	63192106
Deferred Capital Grant -Gvt	63192107

6329: Net Assets/Equity: This item shall be used to record balances of net assets,

including the taxpayer's fund, reserves, accumulated surplus/deficit and Minority Interest.

Description	GFS Codes
Opening Taxpayers Fund	63291101
Taxpayers Fund Adjustment	63291102
Additional capital injected	63291103
Opening Revaluation	63292101
Loss on Revaluation	63292102
Gain on Property valuation	63292103
Other Reserves	63292104
Other appropriations	63292105
Foreign Currency Revaluation Reserve	63292106
Deferred Tax Reserves	63292107
Defined Benefit (Actuarial) Reserves	63292108
Fair Value Reserves	63292109
Other appropriations	63292110
Opening Accumulated Surplus/Deficit	63293101
Restated Balance	63293102
Other adjustments and appropriation	63293103
Surplus for the year	63293104
Revaluation Surplus	63293105