



WAJIBIKA



WAJIBIKA PROJECT QUARTERLY PERFORMANCE REPORT
July – September 2012



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Wajibika Quarterly Performance Report July 1 - September 30, 2012

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Wajibika Project

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Cover Photo: Stakeholders Meeting Participants during the feedback meeting on Transition and Scale up Plan held at Ubungu Pearl in Dar es Salaam - September 2012

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2 ACRONYMS

CAG	Controller and Auditor General
CCHP	Comprehensive Council Health Plan
CHF	Community Health Fund
CHMT	Council Health Management Team
CSSC	Christian Council Social Services Commission
D by D	Decentralization by Devolution
FMO	Finance Management Officer
IPSAS	International Public Sector Accounting Standards
LGA	Local Government Authority
MOF	Ministry of Finance
MoHSW	Ministry of Health and Social Welfare
PMO-RALG	Prime Minister's Office, Regional and Local Government
PMU	Procurement Management Unit
RHMT	Regional Health Management Team
USAID	United States Agency for International Development

3 INTRODUCTION

This report presents the Wajibika Project's quarterly progress for the period of July 1 through September 30, 2012. It outlines the key project activities, achievements, challenges, lessons learned, and recommendations for future implementation.

4 ACTIVITIES COMPLETED

4.1 Supportive Supervision to Councils and Mentors

During this reporting period Wajibika team conducted supervisory visits to all project councils. The main objective of supervision was to assess improvement in accountability. The team had time to discuss with council staff if there were any changes in council staff performance in relation to interventions implemented by the project.

4.1.1 Findings from the Supervisory Visits:

Epicor operationalization: Epicor was launched in July, 2012 in all councils in Tanzania mainland. The team observed the following challenges:

- **Internet connectivity:** This has been a major challenge in operationalizing the Epicor system. However, the system is functioning well after working hours and during weekends when internet traffic is not too heavy, thus leading to accounting staff staying in offices until late hours of the night.
- **Preparation of Local Purchase Orders (LPOs):** Wajibika project conducted Epicor training for Procurement Management Unit (PMU) staff. However, PMU staff are still not able to raise LPOs through Epicor because they have not been issued user names and passwords to log into the system. Wajibika will conduct post training follow up to ensure that the PMU staff can access the system.
- **Budget reposting at Prime Minister's Office Regional Administration and Local Government (PMO-RALG) after approval of Comprehensive Council Health Plans (CCHPs):** The CHMT faced challenges developing CCHPs in 2012/13 using PlanRep3 software for example:
 - Various software bugs that necessitated reentry of data
 - Council Health Management Teams did not have adequate skills to use the PlanRep3 software
 - The instructions from Parliamentary Social Services Committee, PMO-RALG, Ministry of Health and Social Welfare (MOHSW) and Ministry of Finance (MOF) were not coordinated which caused a delay in completion and approval of the CCHPs. By the end of September 2012, only 70 out of 132 councils were approved for funding and entered their data in the Epicor system. Seventy percent (70%) of Wajibika project's councils (19/27) had their CCHPs approved.

Strategic Plans status in the councils:

The supervisory team followed up on the status of Council Strategic Plans and it was observed that 21 out of 27 (78%) councils had operational strategic plans. The remaining 6 councils were in different stages of updating their strategic plans.

Internal Audit Unit:

The Wajibika team, in collaboration with the Institute of Internal Auditors Tanzania trained Council Internal Auditors on ways to improve their on-the-job performance including development of Risk Assessment Policies. The team did post training follow-up and observed that 100% of councils now have a Risk Management Policy. However, it must be noted that the team also observed that these Risk Management Policies require further quality improvement. The team also noted that all councils have Risk Based Annual Audit Plans though they are not fully compliant with the International Professional Practices Framework (IPPF) requirements which guide internal auditing practice.

Incentive and Motivation packages:

The supervisory team followed up on the incentives and motivation packages present in the councils. Apart from Njombe Town Council, councils have no formal incentive schemes for employees except that some do give incentives to staff including: workers' day prizes and overtime pay. Sometimes councils fail to give even these incentives due to insufficient own source revenues from which they are authorized to pay. The project will compile and share various incentive packages during advocacy meetings.

4.2 Supportive Supervision by PMO-RALG to target councils

PMO-RALG and Regional Secretariats conducted supportive supervision to all 27 councils. The purpose of the supportive supervision was to assess performance in the following areas:

- Procurement and Financial Management
- Response to and implementation of the Controller and Auditor General's recommendations on the audited financial statements of LGAs for the year ended June 30, 2011.

The supervision report highlighted that compliance with the legal provisions guiding management of LGAs' finances was satisfactory across all Wajibika project councils. However, the following efforts have to be undertaken:

- LGAs should fully internalize and implement procurement regulations
- Public Procurement Regulatory Authority (PPRA) should review the composition of PMU staff at LGAs.
- Facilitate PMUs with adequate working tools to successfully undertake their mandated functions

4.3 Training of Accountants, Internal Auditors on Epicor Based Integrated Financial Management System

During this quarter, Wajibika, in collaboration with PMO-RALG finalized Epicor version 9.05 training for council treasurers, internal auditors, and accountants in Dodoma Region. A total of 24 accountants and 6 internal auditors were trained. Key training areas covered included:

- Hands-on training on all the functions of the software and how it will improve data accuracy and compliance performance using international accounting standards.
- Modules covered included: Accounts Receivable, Account Payable, Cash Management, General Ledger and Procurement Management.
- General ledger data entry:
 - Appropriate transaction coding - this is a major departure from the manual systems to which many were accustomed.

- Budget data: fund allocations and reallocations
- Production of financial reports
- The team also trained participants on the use of the Tuwajibike SharePoint tool.

4.4 Training of Heads of PMUs on Epicor

Wajibika, in collaboration with PMO-RALG, conducted training on Epicor 9.05 for Heads of PMUs from 27 councils of the Morogoro, Pwani, Iringa and Dodoma Regions. The training was conducted in the PMO-RALG computer Laboratory. The following areas were covered: Navigation, System Manager, General Ledger, Accounts Receivable and Payable, Purchase and Cash Management. The team trained a total of 54 trainees including 14 in Pwani, 12 in Dodoma, 12 in Morogoro and 16 in Iringa.

Training objectives were:

- Understanding of financial operations within LGAs under reduced number of bank accounts.
- Understanding of operations under centralized infrastructure Knowledge and skills on Epicor 9.05 operations. Apart from good training results, during discussions, participants pointed out some challenges that can constrain Epicor 9.05 implementation as listed below:
 - Unreliable system support due to inadequate number of technical and application specialist at PMO-RALG support center,
 - Inadequate infrastructures as PMUs are not networked into the Epicor system,
 - Inadequate coordination between Finance and Procurement sections in the council on the preparation of LPOs,
 - Inadequate power supply in some council. PMO-RALG encouraged each council to budget for the procurement of backup power generators in this financial year 2012/2013
 - Inadequate system maintenance and service,
 - Skills gap to system users due to newly recruited employees and staff attrition.
 - Inadequate coordination between RS, PMO-RALG and MOF particularly on Budget issues and release of funds.

4.5 Training of Local Government Authorities (LGAs) Staff on the International Public Sector Accounting Standards (IPSAS)

Tanzania adopted International Financial Reporting Standards (IFRS) in 2004 applicable in commercial oriented organizations. During 2006 the Government adopted IPSAS as part of the Financial Management Reform Program and commenced the challenging implementation journey.

Challenges, however, remain in accounting and financial reporting, in particular at the local government level. To address these challenges, the Government is implementing a Public Financial Management Reform Program. Also in order to improve financial reporting, the government of Tanzania has adopted IPSAS since 2004/05 to better prepare financial statements. The 2005 World

Bank Country Policy and Institutional Assessment performance criterion, that assesses the quality of budgetary and financial management, places Tanzania at 4.5 on a scale of 1 (very weak) to 6 (very strong). Government budget is now classified by functions in line with international standards.

Wajibika in collaboration with Ernst and Young conducted the IPSAS training for Council Chairpersons, Council Directors, Internal Auditors, Council Treasurers, Council Human Resource Officers, Council Planning Officers, Council Engineers and Heads of PMUs. The overall objectives of the training were to build and enhance LGA capacity in IPSAS for improved financial accountability and transparency and to assist in streamlining the financial reporting formats to suit the need of various stakeholders. There were a total of 229 participants from the 27 project councils. To achieve training effectiveness, participants were divided into five groups as shown in the table below:

Table 1: Trainees by group

Group	Number	Participants
1	52	Council Chairpersons and Council Directors
2	55	District Treasurers and Chief Accountants
3	27	Council Internal Auditors
4	50	District Human Resources Officers and Heads of Procurement Management Unit
5	45	District Planning Officers and District Engineers
Total	229	

Training outcomes and feedback

Ernst & Young awarded participants who participated fully and passed the final examination a Certificate of Achievement. At the end of the training, the participants filled out evaluation forms. Typical evaluation comments are as follows:

- The workshop was very useful and relevant to them; they commended Wajibika for organizing such a workshop.
- There is a need to regularly expose the senior management and other LGA staff to IPSAS related issues since these issues affect areas of operation that are relevant to them, as well as the overall LGA financial statement closing process.
- All technical problems encountered by the councils in complying with IPSAS should be discussed in their annual forums. If a problem persists, it can be referred to the National Board of Accountants and Auditors, or guidance can be sought from external consultants.

4.6 Review of the financial statements of Local Government Authorities to ensure compliance with IPSAS

During this quarter Wajibika, in collaboration with Ernst & Young reviewed the FY 2011/2012 council financial statements. The overall objective of the review was to build and enhance the capacity of the Local Government Accountants and Auditors in IPSAS and thus enable them to improve on the accountability and transparency in the use of financial resources at LGA level.

Methodology: The Treasurers of the respective 27 councils submitted their financial statements to Ernst & Young in advance to enable an initial review. During the meeting, the facilitators worked with the District Treasurers, Accountants and Internal Auditors to ensure that the financial statements are originated from the trial balances and were in compliance with the IPSAS.

Observations;

- All technical problems encountered which affect IPSAS compliance should be discussed in council annual forums. If a problem still persists, it can then be referred to the National Board of Accountants and Auditors, or guidance can be sought from consultants
- Participants appreciated the review and that it could potentially assist them to submit clear final financial accounts to the CAG.

4.7 Stakeholders' feedback meeting on transition and scale up plan development process

Wajibika in year three was required to develop transition and scale up plans. The process of developing these plans was participatory and involved both project and non-project stakeholders. In July this year, the project team conducted key informant interviews in Dodoma and Iringa Regions. The purpose of the key informant interviews was to solicit ideas on transition and scale up based on stakeholder experiences. A meeting to disseminate the findings was held in Dar es Salaam.

The objectives of the meeting were to:

- Develop an understanding of the context of implementation of Wajibika Interventions,
- Examine opportunities and barriers to a successful transition and scale up of Wajibika interventions and
- Solicit inputs from stakeholders for the development of transition and scale up implementation plans.

For the way forward the following were recommended:

- Use the information from the meeting to facilitate development of transition and scale-up plan
- Share draft transition and scale up plans with stakeholders
- Wajibika continues to work closely with different partners and their technical working groups.

4.8 Development of Transition and Scale up Plan

The Wajibika project team has prepared a draft transition and scale up plan. The draft plan was prepared based on the suggestions from the stakeholders meeting and has been submitted to USAID.

4.9 Epicor 9.05 Supportive Supervision to councils

Wajibika, in collaboration with PMO-RALG aims to sustain Epicor functionality in the councils. Following the Epicor training to accountants and internal auditors, PMO-RALG and Wajibika project IT specialists conducted post-training follow up within project councils.

The general objective of the supervision was to Support and assess Epicor 9.05 functionality and the whole infrastructure, following the July launch of this new version of the software.

The following were findings from the supervision:

Network Connectivity

All councils are connected to Epicor 9.05 system and many of the councils are using Asymmetric Digital Subscriber Line (ADSL) technology to connect to PMO-RALG servers except: Ulanga and Kilombero councils are using Very Small Aperture Terminal (VSAT) technology; Mvomero, Kongwa and Mpwapwa are using fiber optic technology. Some of the councils are facing a PMO-RALG application server's network break down, including Morogoro DC, Morogoro MC, Chamwino DC, Dodoma MC, Bahi DC, Ludewa DC and Makete DC also Kilosa DC. This breakdown forces staff to work during off peak periods (i.e. evenings).

Trained Personnel Availability

All trained personnel were available during the visits and were conversant with the system functionality in relation to accounting procedures.

Users log in to the system.

All trained personnel from all councils were able to log in to the system. Those who were not registered on the system will be as soon as the Council Treasurers (on behalf of Council Directors) write a letter of introduction to PMO-RALG to ask for access.

Opening Balances

Every council was able to submit their opening balances for the new six bank accounts before the PMO-RALG set deadline of July 15 2012.

Operational Reports

All required operational reports were printed and accuracy checking was done. These included Operational reports such as Payment Voucher, Checklist, Dispatch list and Cash Book report.

Capturing of receipts and Suppliers

All councils were able to capture receipts to the respective cash accounts, although some of them were not familiar with the Cash Collection account. The procedure was demonstrated by the team and councils were able to capture and transfer receipts to cash accounts.

Antivirus installation to all network stations

PMO-RALG uploads anti-virus software daily, which protects all councils' as they use Epicor 9.05.

4.10 PlanRep3 training for Wajibika Staff

During this reporting period Wajibika staff, including council mentors attended five-day PlanRep3 update training. The purpose of the training was to equip the participants with knowledge and skills on PlanRep3 so that they can effectively support the councils. University Computing Center (UCC) PlanRep3 trainers facilitated this training. After the training participants recommended that mentors continue supporting councils on the use of Planrep3 and that Wajibika consider funding a PlanRep3 orientation for CHMT and RHMTs. This would particularly assist RHMTs use PlanRep3 tool for assessing CCHP at regional level (PlanRep3 MESO)

5 BENCHMARKS ACHIEVED

Table 2: Benchmarks achieved

Benchmark	Status
Conduct debriefing meeting with USAID on the progress of the project.	Ongoing.
Supportive Supervision by Prime Minister’s Office Regional and Local Government (PMO-RALG) Liaison Officer/Regional Secretariat to target councils	Done
Establish Helpdesk in Dodoma to respond to requests from the councils for troubleshooting, and provide support as the web tool is rolled out.	Ongoing; list of equipment received from PMO-RALG
Training of Accountants, internal Auditors and PMU staff on EPICOR	Done
Training of Council chairpersons, directors, treasurers, internal auditors, human resource officers and engineers on IPSAS	Done
Supportive Supervision to councils and mentors	Done
Conduct supportive supervision and technical assistance from Wajibika head office to mentors and LGAs.	Done
Conduct annual review meeting with all council-based mentors to share and document lessons learned.	Done
Conduct PlanRep3 update for Wajibika staff.	Done
Develop a checklist/tool for stakeholder engagement in developing transition and scale-up plan.	Done
Conduct stakeholders meeting to inform them on Key informant interviews on transition and scale up plan	Done
Develop draft transition and scale up plans	Done
Document the existing council incentives and report on best practices.	On going
Implement midterm review recommendations.	On going

6 PROBLEMS ENCOUNTERED (AND WHETHER RESOLVED OR OUTSTANDING)

- Subcontract with CSSC: CSSC has not been compliant with some of the statutory issues including National Social Security Fund (NSSF) and National Health Insurance Fund (NHIF).
- Council network system: Most councils have inadequate connectivity for Epicor 9.05 operations.
- Equipment for Help Desk: The equipment required seems to be very expensive.

7 PROPOSED SOLUTIONS TO NEW OR ONGOING PROBLEMS

- Subcontract with CSSC: There is need to have more scheduled meeting with CSSC management to iron out some of the pending issues particularly at this time when mentors contracts about to come to an end.
- Council network system: Wajibika (Information Technology team) will continue to work with PMO-RALG and Tanzania Telecommunications Company Limited (TTCL) to resolve this.
- Equipment for Help Desk: Wajibika will discuss with PMO-RALG to sort out what the workable minimum can be and determine as to whether it is in Wajibika's capacity to assist.

8 SUCCESS STORY

MAKETE DISTRICT COUNCIL

Council's Audit Committee revived through Wajibika Mentor's intervention

According to the Local Authority Financial Memorandum of 2010, it is a legal requirement that each local authority shall establish an audit committee. This audit committee must be comprised of three to five members, of whom at least two council Heads of Departments must be nominated as well as two from Institutions outside the council. The council audit committee's duties include: approve internal audit annual council program and strategic audit plan; review all internal and external audit reports; and advise the council management on matters of concern.

Makete District Council has been operating without an audit committee to oversee financial and other administrative matters. The Wajibika council mentor realized this problem and guided the



Picture above: Audit Committee members at their first meeting on July 12, 2012

council staff as they established the committee by nominating the following five members: Three from amongst Heads of Department, one from Tanzania Revenue Authority and one from the District Commissioner's Office (one member).

This mentor's advice to the Council to revive the council's Audit Committee has contributed to efficiency by putting in place a risk based plan outlining clearly the activities of the roles of auditing the most risk sections to avoid fraud and increase accountability to council employees with regards to supervision and

utilization of Council resources in providing services to the community. It is also envisaged that this will help the councils to obtain clean audit reports in future.

Wajibika supports the Government of Tanzania's initiatives to strengthen Local Government Authorities' capacity for financial and programmatic accountability under decentralization by devolution program

9 DOCUMENTATION OF BEST PRACTICES (THAT CAN BE SCALED UP)

Wajibika in collaboration with an auditing firm Ernst and Young organized to review the councils' final accounts before submission to the Controller and Auditor General for the year 2011/12. Participants to the activity commended the process and said it helped them to realize some important corrections before submission of the final accounts.

10 LIST OF UPCOMING ACTIVITIES AND EVENTS FOR OCTOBER – DECEMBER 2012

- Conduct pre-planning meetings in all councils in the new project regions
- Train internal auditors in the two new regions on risk based audits and report writing skills
- Train accountants , internal auditor and PMU staff in Epicor (two new regions)
- Provide technical support to councils in the use of Epicor to produce required reports
- Train council treasurers and regional mentors on grant management
- Collaborate with RS to conduct joint supportive supervision to accountants, internal auditors, and procurement specialists
- Develop mentoring handbook
- Support CSSC to hire regional mentors (depending on approval of Fourth Year Work plan)