

# HEALTH AND INSURANCE MANAGEMENT SERVICES ORGANISATION



**REPORT OF THE INDEPENDENT AUDITORS TO HEALTH AND INSURANCE MANAGEMENT SERVICES ORGANISATION (HIMSO) AND PROTESTANT AGENCY FOR DIAKONIE AND DEVELOPMENT FOR BREAD FOR THE WORLD – PROTESTANT DEVELOPMENT SERVICE (BFDW) IN RESPECT OF PROJECT NO. A-TZA-2018-0377 TITLED “PROMOTION OF COLLABORATIVE EMERGENCY TRANSPORT SYSTEM AND COMMUNITY HEALTH FUND” FOR THE SIX-MONTH PERIOD ENDED 30<sup>th</sup> NOVEMBER 2021**



February 2022

**This report contains 6 printed pages**

## AUDITORS REPORT

### REPORT OF THE INDEPENDENT AUDITORS TO HEALTH AND INSURANCE MANAGEMENT SERVICES ORGANISATION (HIMSO) AND PROTESTANT AGENCY FOR DIAKONIE AND DEVELOPMENT FOR BREAD FOR THE WORLD – PROTESTANT DEVELOPMENT SERVICE (BFDW) IN RESPECT OF PROJECT NO. A-TZA-2018-0377 TITLED “PROMOTION OF COLLABORATIVE EMERGENCY TRANSPORT SYSTEM AND COMMUNITY HEALTH FUND” FOR THE SIX-MONTH PERIOD ENDED 30<sup>th</sup> NOVEMBER 2021

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the financial statements of the project: “*Promotion of collaborative Emergency Transport System and Community Health Fund*” funded by Bread for the World - Protestant Development Service (BFDW) and own resources and which comprise the Financial Report Forms on page 1 to 3 with reference to period 6 for the six-month period ended 30<sup>th</sup> November 2021.

In our opinion,

- the financial statements of the Project for the six-month period ended 30<sup>th</sup> November 2021 reflects a true and fair view of the financial affairs of the Project;
- the Project funds have been used exclusively for the purposes of the Project in accordance with the Cooperation Agreement, the Implementing Guidelines and the Schedules of Budgeted Expenses and Sources of Income; and
- The Cooperation Agreement has been adhered to.

##### *Basis of Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of the report. We are independent of the organization in accordance with the International Ethical Standards Board for Accountants ‘Code of ethics for Professional Accountants’ (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

##### *Responsibilities of Management for the Financial Statements*

HIMSO Management (The Project Partner) is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the terms of the agreement with regard to form, content and timing and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### *Auditor’s Responsibilities for the Audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the statements represent the underlying transactions and events in a manner that achieves fair presentation together with the terms and conditions of the agreement.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


#### *Emphasis of Matter – Project's Going Concern*

Without modifying our opinion, we draw attention to the user that the financial statements of the project: **"Promotion of collaborative Emergency Transport System and Community Health Fund"** implemented by HIMSO has been prepared on the breakup basis.

The Grant Agreement between HIMSO and Bread for the World - Protestant Development Service (BFDW) for the project titled: **"Promotion of collaborative Emergency Transport System and Community Health Fund"** ended on 30<sup>th</sup> November 2021. The management confirmed that the project was completed and there was no addendum to the grant agreement beyond the period ended 30<sup>th</sup> November 2021. As a result, the financial statement has been prepared on a basis that the project is not a going concern, with the view of receivable fund balance of TZS 14,663,000 to HIMSO from Bread for the World - Protestant Development Service (BFDW).

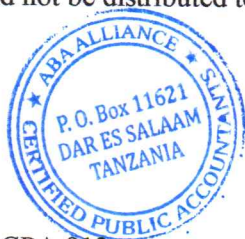
#### *Other Matter – Restriction on use and distribution*

The financial statements have been prepared in accordance with the modified cash basis of accounting for the use by HIMSO Project Management (the Project Partner) and BFDW and the financial statements and related auditor's report may not be suitable for another purpose other than intended by the users mentioned above. Our report should not be distributed to or used by parties other than those mentioned above.

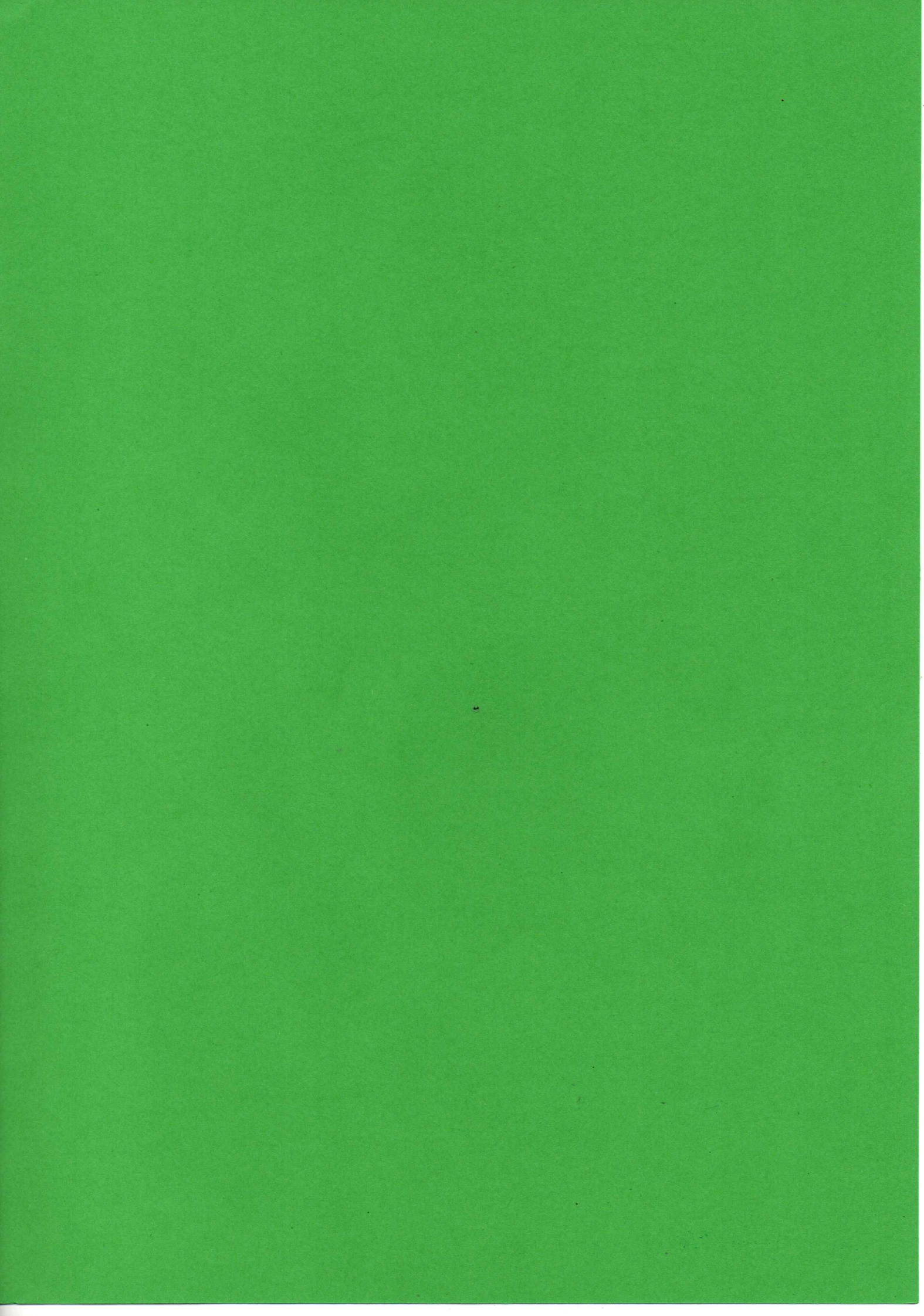
  
\_\_\_\_\_  
ABA Alliance  
Certified Public Accountants  
Dar es Salaam

Signed by: William G. Kihigwa, ACPA 912

..... 28/2/..... 2022



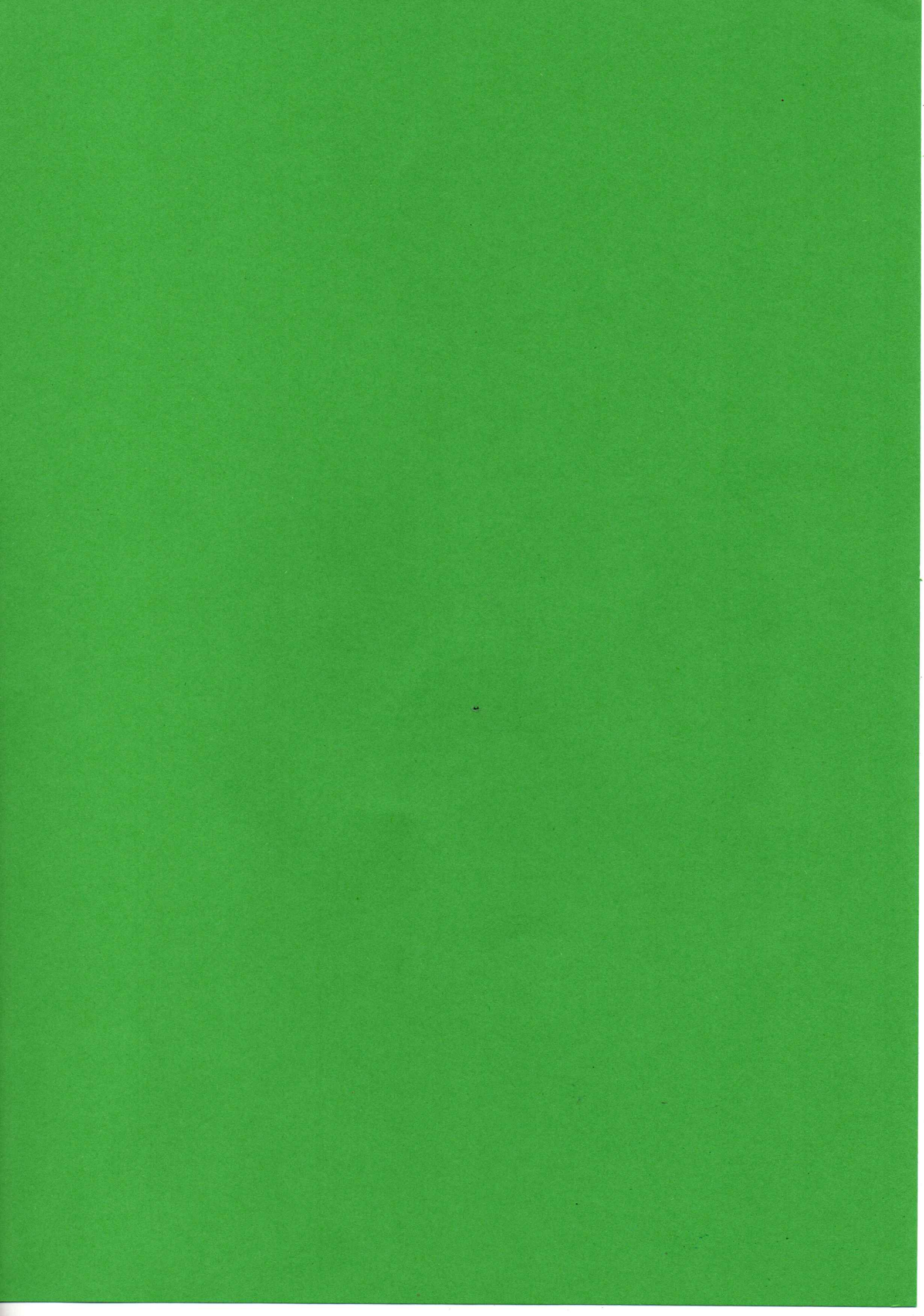






Project Number and Title:		Financial Report						TOTAL Income Period 1 to 6
A-TZA-2018-0377 Promotion of Collaborative ETS (Emergency Transport System) and CHF (Community Health Fund)								
Project Partner:		Health and Insurance Management Services Organization (HIMISO)						
Reporting Period:		1st December 2018 - 30th November 2021						
Project Period:		1st June 2021 - 30th November 2021						
I. INCOME / Receipts								
Sources of Income		Total Budgeted Income of whole project (in National Currency)	1. Reporting period Dec 2018-May 2019	2. Reporting period June 2019-Nov 2019	3. Reporting period Dec 2019-May 2020	4. Reporting period June 2020-Nov 2020	5. Reporting period Dec 2020-May 2021	6. Reporting period June 2021 - Nov 2021
Period covered: 01st June 2021 -30th November 2021								
<b>1. Funds from other Sources than Financing Partner</b>								
1.0 Remaining Funds of Previous Project		0.00						
1.1 Monetary Contribution of Target Groups		0.00						
1.2 Own Means of Project Partner		250,000.00	26,850,405.75	61,314,878.00	26,410,000.00	172,513,533.35	186,019,545.06	196,400,901.03
1.3 Funds by National Churches		0.00						
1.4 Further National Funds		0.00						
1.5 Funds by International Churches		0.00						
1.6 Further International non-church Funding		0.00						
1.7 KZB-Funding (provided by Miseroor)		0.00						
1.8 Further Funding by German Federal Sources		0.00						
1.9 Further Funding by German Churches		0.00						
1.10 Interest and exchange rate gains from other sources than Financing Partner		0.00						
<b>Total Funds provided by other Sources</b>		<b>250,000.00</b>	<b>26,850,405.75</b>	<b>61,314,878.00</b>	<b>26,410,000.00</b>	<b>172,513,533.35</b>	<b>186,019,545.06</b>	<b>196,400,901.03</b>
<b>2. Funds provided by the Financing Partner</b>		<b>450,000.00</b>						
2.1 Transfer			159,099,805.00	202,377,000.00	0.00	62,251,500.00	279,027,000.00	52,500,000.00
Transfer			127,603,330.00	80,256,000.00	0.00	122,130,000.00		755,255,305.00
Transfer				51,996,000.00	0.00			329,989,550.00
Total Transfers			266,703,335.00	334,629,000.00	-	184,381,500.00	279,027,000.00	52,500,000.00
2.2 Interest								
2.3 Exchange-rate gains								
<b>Total Income Financing Partner</b>		<b>450,000.00</b>	<b>266,703,335.00</b>	<b>334,629,000.00</b>	<b>-</b>	<b>184,381,500.00</b>	<b>279,027,000.00</b>	<b>52,500,000.00</b>
<b>3. TOTAL</b>		<b>700,000.00</b>	<b>293,553,740.75</b>	<b>395,943,878.00</b>	<b>26,410,000.00</b>	<b>356,895,033.35</b>	<b>465,046,545.06</b>	<b>248,900,901.03</b>
<b>Remarks (if necessary):</b>		For the first year of the project, BFDW will fund more than the allocated 56.25% of the project budget						
<b>List of debit notes (considered in project account of financing partner as income). Debit notes are also mentioned in footnote as project expenditure. (refer to Expenditure sheet)</b>						Amount (in National Currency)		





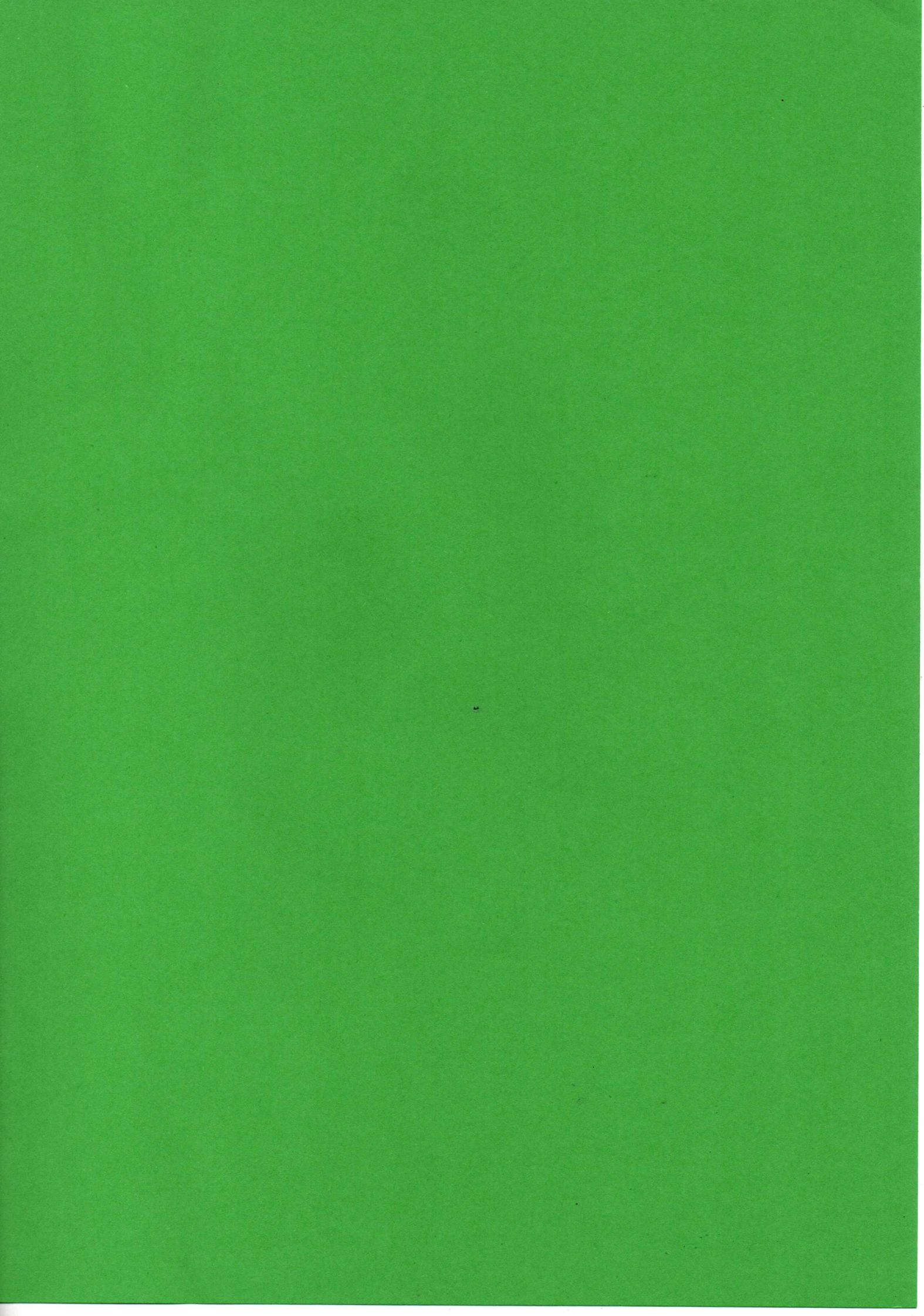


II. Expenditure / Payments	Total budgeted expenditure (in EURO)	Expenditure / payments (in National Currency)						TOTAL - Expenditure Period 1 to 6
		1. Reporting period Dec 2018-May 2019	2. Reporting period Jun 19-Nov 2019	3. Reporting period Dec 2019-May 2020	4. Reporting period June 2020-Nov 2020	5. Reporting period Dec 2020 - May 2021	6. Reporting period June 2021 - Nov 2021	
<b>1. Activities</b>	<b>269,510.00</b>	<b>36,364,643.60</b>	<b>65,609,287.00</b>	<b>115,734,500.00</b>	<b>280,875,134.50</b>	<b>140,898,443.75</b>	<b>701,121,338.85</b>	
<b>1.1 ETS - Emergency Transport System</b>	<b>164,615.00</b>	<b>23,487,143.60</b>	<b>28,367,907.00</b>	<b>74,847,220.00</b>	<b>185,029,300.00</b>	<b>62,178,424.97</b>	<b>426,379,345.57</b>	
1.1.1 Setting up ETS & CHuA	33,429.00	0.00	10,381,300.00	18,743,400.00	35,834,000.00	11,540,924.97	83,752,124.97	
1.1.2 Training of CHuA and CHW	46,036.00	0.00	119,693,600.00	3,412,900.00	3,595,000.00	13,551,200.00	119,928,900.00	
1.1.3 Baseline, Data & reporting system, Survey	26,186.00	0.00	14,219,707.00	30,130,950.00	4,244,000.00	4,550,000.00	68,304,637.00	
1.1.4 Marketing ETS	58,964.00	23,487,143.60	354,000.00	24,801,220.00	73,215,000.00	32,536,300.00	154,393,663.60	
<b>1.2 ICHF - improved community health fund</b>	<b>104,895.00</b>	<b>11,971,500.00</b>	<b>26,885,180.00</b>	<b>4,623,200.00</b>	<b>88,289,337.50</b>	<b>56,480,521.78</b>	<b>215,619,039.28</b>	
1.2.1 Trainings for regional district manager	24,933.00	2,230,000.00	2,080,000.00	10,572,500.00	30,673,000.00	19,177,700.00	119,777,900.00	
1.2.2 Technical support and propensity survey	27,857.00	0.00	6,150,000.00	0.00	16,796,800.00	24,131,061.78	71,863,061.78	
1.2.3 Networking and Advocacy	30,387.00	9,721,500.00	18,653,180.00	4,623,200.00	16,034,337.50	13,171,760.00	79,002,777.50	
1.3 Programmatic Development (strategic planning, team learning and	<b>15,719.00</b>	<b>906,000.00</b>	<b>10,106,200.00</b>	<b>0.00</b>	<b>7,556,497.00</b>	<b>9,956,497.00</b>	<b>40,938,254.00</b>	
1.4 Technical Backstopping, Staff capacity building	<b>5,999.00</b>	<b>0.00</b>	<b>250,000.00</b>	<b>4,546,700.00</b>	<b>0.00</b>	<b>0.00</b>	<b>18,184,700.00</b>	
<b>2. Personnel</b>	<b>204,692.00</b>	<b>110,073,773.00</b>	<b>112,510,219.44</b>	<b>106,506,752.36</b>	<b>74,362,608.35</b>	<b>88,421,417.30</b>	<b>587,592,548.70</b>	
2.1 Program Personnel	<b>131,176.00</b>	<b>61,425,021.00</b>	<b>62,850,698.00</b>	<b>57,578,280.09</b>	<b>60,144,150.11</b>	<b>68,087,710.26</b>	<b>373,548,482.50</b>	
2.1.1 Regional Program Manager (100% of monthly 615 €)	20,614.00	9,597,041.00	9,597,042.00	8,335,867.50	8,335,867.50	10,405,240.62	56,373,927.74	
2.1.2 Operations Officer (100% of monthly 1,022 €)	34,171.00	16,655,481.00	17,761,686.00	14,067,364.99	14,067,364.99	17,556,523.93	96,551,547.85	
2.1.3 CHuA Coordinator (100% of monthly 142 €) x 4	14,246.00	5,655,000.00	5,735,000.00	8,956,961.95	8,956,961.95	10,686,449.79	50,160,877.64	
2.1.4 M&E Officer (50% of monthly 1,350 €)	9,402.00	0.00	295,000.00	0.00	0.00	10,170,303.95	295,000.00	
2.1.5 Marketing and Development Officer (70% of monthly 1810 Euro)	27,671.00	18,154,819.00	18,139,290.00	15,916,849.68	11,990,766.67	11,990,766.67	95,946,117.52	
2.1.6 Transport Supervisor (100% of monthly 392 €)	13,093.00	5,790,204.00	5,750,204.00	5,335,824.12	6,331,689.00	5,981,472.00	34,525,217.24	
2.1.7 Ambulance Driver (100% of monthly 572 €) x 2	11,979.00	5,572,476.00	5,572,476.00	4,965,411.85	6,491,953.04	5,636,112.75	39,695,794.51	
<b>2.2 Administrative Personnel</b>	<b>73,516.00</b>	<b>48,648,752.00</b>	<b>49,659,521.44</b>	<b>48,928,472.28</b>	<b>14,218,458.24</b>	<b>20,333,707.05</b>	<b>214,044,063.20</b>	
2.2.1 Executive Director (50% of monthly 1,796 €)	30,886.00	15,216,302.00	22,617,390.00	23,623,430.19	5,086,500.00	0.00	89,608,309.86	
2.2.2 Finance and Administrative Officer (50% of monthly 1090€)	18,293.00	47,561,800.00	12,800,931.84	12,800,931.84	7,926,966.67	2,476,907.36	55,867,969.77	
2.2.3 Accountant (65% of monthly 307 Euro)	6,686.00	17,383,600.00	5,291,146.94	4,832,477.94	1,125,182.25	1,571,185.61	20,101,986.40	
2.2.4 Security Mbeya office day & night (50% of monthly 90 €) x 2	5,386.00	14,003,600.00	2,160,000.00	2,160,000.00	1,440,000.00	4,183,600.00	14,003,600.00	
2.2.5 Security districts offices (100% of monthly 90 €) x 4	1,929.00	5,015,400.00	900,000.00	900,000.00	600,000.00	900,000.00	5,054,000.00	
2.2.6 Cleaning Mbeya office (50% of monthly 90 €)	1,579.00	4,105,400.00	860,000.00	861,666.51	694,998.80	764,443.98	4,559,997.87	
2.2.7 Cleaning districts offices (100% of monthly 90 €) x 4	9,557.00	24,848,200.00	2,566,005.00	3,749,965.80	2,566,005.00	10,437,570.10	24,848,199.30	
<b>3. Administration</b>	<b>144,265.00</b>	<b>49,011,099.13</b>	<b>58,964,654.59</b>	<b>49,378,330.21</b>	<b>55,726,091.56</b>	<b>95,401,421.40</b>	<b>357,527,113.23</b>	
3.1 Insurance and maintenance for vehicle / technical equipment	67,136.00	27,179,348.00	14,002,745.21	19,727,374.59	22,224,273.54	40,449,129.72	158,014,104.05	
3.2 Audit (6 x 4000 €)	22,286.00	0.00	9,000,000.00	9,000,000.00	9,000,000.00	21,500,000.00	57,500,000.00	
3.3 Mbeya Office (rent, utilities, communication, bank charges)	34,914.00	50,776,400.00	10,890,421.60	17,566,885.00	20,340,918.02	15,797,210.68	93,855,228.18	
3.4 Busokelo Office (rent, utilities, communication, bank charges)	5,386.00	14,003,600.00	3,663,000.00	3,663,000.00	985,000.00	4,109,500.00	13,722,300.00	
3.5 Iljeje Office (rent, utilities, communication, bank charges)	3,836.00	9,973,600.00	0.00	1,600,000.00	677,900.00	3,954,081.00	5,834,381.00	
3.6 Mbozi Office (rent, utilities, communication, bank charges)	4,300.00	11,180,000.00	2,089,000.00	1,611,500.00	1,646,000.00	3,114,500.00	12,156,500.00	
3.7 Rungwe Office (rent, utilities, communication, bank charges)	6,407.00	16,658,200.00	1,278,000.00	3,374,200.00	852,000.00	6,477,000.00	16,444,600.00	
<b>4. Procurement</b>	<b>23,322.00</b>	<b>0.00</b>	<b>65,302,100.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>65,302,100.00</b>	
4.1 Office Equipment:	13,322.00	0.00	37,302,100.00	0.00	0.00	0.00	37,302,100.00	
4.2 Motorbikes (4 x 3,300 €)	10,000.00	0.00	28,000,000.00	0.00	0.00	0.00	28,000,000.00	
<b>5. Construction</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>6. Evaluation</b>	<b>35,714.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
6.1 Evaluation	35,714.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Subtotal</b>	<b>677,503.00</b>	<b>1,761,507,800.00</b>	<b>302,386,261.03</b>	<b>217,524,332.57</b>	<b>260,497,871.59</b>	<b>494,813,834.81</b>	<b>1,801,413,098.18</b>	
<b>7. Reserve*</b>	<b>22,497.00</b>	<b>58,492,200.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Total cost</b>	<b>700,000.00</b>	<b>1,820,000,000.00</b>	<b>302,386,261.03</b>	<b>217,524,332.57</b>	<b>260,497,871.59</b>	<b>494,813,834.81</b>	<b>1,801,413,098.18</b>	

**List of debit notes (not included in expenditure), as informed by Financing Partner**  
 Debit notes are also mentioned in footnote as income from the Financing Partner (refer to Income sheet).

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







Project Number:  
Project Title:

**A-TZA-2018-0377**

Promotion of Collaborative ETS (Emergency Transport System) and CHF (Community Health Fund)

### III. Balance of Project Funds and Cash Status

Reporting period: 01st June 2021 to 30th November 2021

(in national currency)

1. Balance of Project Funds at start of reporting period	67,177,381.43
2. Add:	
Total income during the reporting period	+ 248,900,901.03
3. Less:	
Total expenditure during the reporting period	- 330,741,282.45
4. Balance of Project Funds at the end of the period	(14,663,000.00) (A)

5. Cash Status:

Cash at hand:	385,099.00
Cash at bank:	+ 37,173,682.01
	<u>37,558,781.01 (B)</u>

Reconciliation of difference between (A) and (B), if any:

(52,221,781.01)

6. Details of major prepayments and liabilities:

B4W Project Audit	(9,000,000.00)
Contribution to HIMSO Statutory Audit	(3,500,000.00)
Motor Vehicle repair and maintenance	(2,163,000.00)
UNICEF Fund	(37,558,781.01)
	<b>(52,221,781.01)</b>

This is to confirm that the contents of the report are in accordance with the Budget and the Agreement of Cooperation entered into by the Project Partner and the Financing Partner.

Notes  
(if necessary):

MBEYA, 28th February 2022  
(Place, Date)

FADHILI MTANGA  
(Name and Signature of authorised Signatory)

