



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



TANZANIA FOREST FUND

**MANAGEMENT LETTER ON THE FINANCIAL AND COMPLIANCE AUDIT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025**

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March 2026

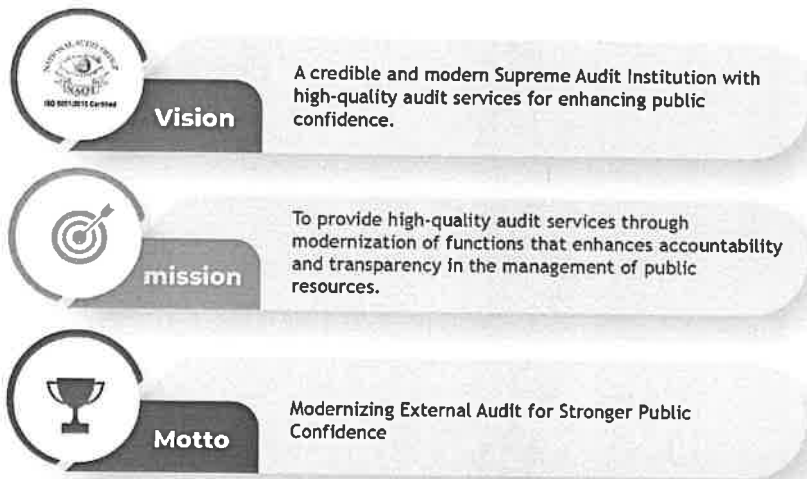
ML/CG/TaFF/2024/25

About the National Audit Office

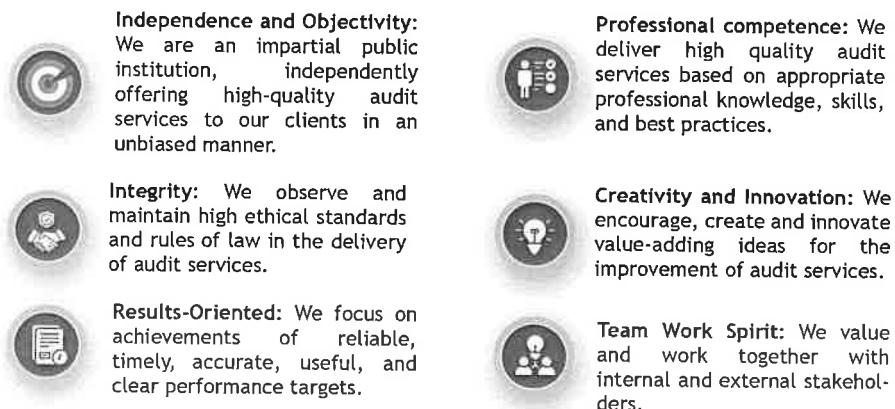
Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap. 418.

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THE UNITED REPUBLIC OF TANZANIA
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Ref: ML/CG/TAFF/2024/25

March 2026

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Board of Trustees,
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**MANAGEMENT LETTER ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL
YEAR ENDED 30 JUNE 2025**

We have completed the audit of the Tanzania Forest Fund for the financial year ended 30 June 2025. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

This letter presents key audit observations and recommendations arising from the audit. These matters were discussed with the management of the entity during the exit meeting held on 15 January 2026. Management's responses have been duly considered in the preparation of this letter, in line with Regulation 86 of the Public Audit Regulations, 2009.

The audit encompassed a review of financial systems and internal controls, an examination of accounting records, and an evaluation of supporting documentation, to the extent considered necessary to express an opinion on the financial statements and to draw conclusions on matters of compliance.

While the audit was planned and executed to obtain reasonable assurance, it should be noted that it is not designed to identify every weakness or irregularity. Accordingly, the absence of comment on any specific matter does not imply that no issue exists.

We trust that the management of the Tanzania Forest Fund will take appropriate and timely action to implement the recommendations provided in this letter.



Wendy W. Massoy

For: Controller and Auditor General

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TABLE OF CONTENTS

LIST OF TABLES	v
LIST OF APPENDICES.....	vi
ABBREVIATIONS	vii
SUMMARY OF KEY AUDIT FINDINGS AND RECOMMENDATIONS	1
1.0 FOLLOW UP ON PREVIOUS RECOMMENDATIONS AND LAAC DIRECTIVES.....	3
2.0 FINANCIAL AUDIT	4
3.0 COMPLIANCE AUDIT	8
4.0 ACKNOWLEDGEMENT	14
5.0 APPENDICES	15



LIST OF TABLES

Table 1: Implementation status of previous years' audit recommendations.....	3
Table 2: Imprest not retired	4
Table 3: Timeline for grant award process	9



LIST OF APPENDICES

Appendix I: Implementation status of previous years' recommendations	15
Appendix II: Delays in disbursement of project's first installments	22



ABBREVIATIONS

CAG	Controller and Auditor General
CG	Central Government
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
ML	Management Letter
MNRT	Ministry of Natural Resources and Tourism
PFR	Public Finance Regulations
Reg.	Regulation
SUA	SOKOINE University of Agriculture
TaFF	Tanzania Forest Fund
TAFORI	Tanzania Forest Research Institute
TFS	Tanzania Forest Services Agency



SUMMARY OF KEY AUDIT FINDINGS AND RECOMMENDATIONS

This management letter provides findings and recommendations from the financial and compliance audit of Tanzania Forest Fund for the financial year ended 30 June 2025. Key audit findings are as follows: -

1. Delays in disbursing first projects' installments (*Refer Para.3.3.1*)

Our review of sampled payment vouchers for the period April to June 2025 revealed significant delays in disbursing the first instalment grants to approved projects and beneficiaries. Specifically, TaFF disbursed grants totaling TZS 71,610,000 to 14 beneficiaries between May and June 2025, whereas the disbursements were required by October 2024. This represents a delay of approximately eight months based on Regulation 26(2) of the Forest (Manner and Criteria for Awarding Grants) Regulations, 2021, together with Chapter 4.4 of the Guideline for the Procedure of Applying for and Issuing Grants (November 2022, Second Edition). This was caused by delays in administrative approvals by the Board of Trustees and processing are required before fund release hence causing beneficiaries to miss the optimal planting season

Recommendation

We recommend that the Management ensure all administrative reviews and approvals required before disbursement are completed promptly to comply with Regulation 26(2) and the applicable grant guidelines. This includes strengthening coordination with the Board of Trustees, establishing clear internal timelines for processing grant agreements, and enhancing monitoring mechanisms to track progress against the October disbursement schedule.

2. Unutilised 2023/24 Carry-over Funds TZS 608,044,861 (*Refer Para.3.1.1*)

During our audit, we noted that TaFF carried over a total of TZS 1,117,044,861 from the previous year for various development activities. However, our review revealed that only TZS 509,000,000 were utilized in 2024/25. Specifically, TZS 608,044,861, equivalent to 54% of the carryover funds, remained unspent at the time of the audit in November 2025, contrary to Regulation 21(2) of the Budget Regulations, 2015. This has been attributed by the fact that TaFF is operating from a cash budget, contrary to its vision of striving to be a sustainable financial institution and the nature of funded projects and activities.

Recommendation

We recommend that TaFF ensure coordination with implementing Councils to address delays in project commencement, including follow-up on the timely project implementation and strengthen monitoring to track project progress and ensure timely the timely submission of implementation reports required for the release of subsequent tranches. In addition, close follow-up should be made to relevant authorities to ensure that TaFF is removed from using



cash budget system as an endeavor and mechanism for sustaining TaFF financially and improving its performance.

1.0 FOLLOW UP ON PREVIOUS RECOMMENDATIONS

1.1 Implementation status of previous years' audit recommendations

The implementation status of previous years' audit recommendations is summarised in **Table 1** below:

Table 1: Implementation status of previous years' audit recommendations

Status	No. of recommendations	Percentage (%)
Implemented	5	42
Under implementation	7	68
Total	12	100

Source: Auditors' assessment of the previous years' recommendations

The implementation status is generally satisfactory. Management is urged to implement all outstanding audit recommendations as detailed in **Appendix I** of this management letter.

2.0 FINANCIAL AUDIT

2.1 Expenditure management

2.1.1 Imprest not retired as at the year-end TZS 66,590,000

Reg. 103(1) of the Public Finance Regulations, 2001 stipulates that all imprests should be retired after the completion of the respective activities or by the close of business on the last working day of the financial year in which they were issued.

However, a test check of the payments for the year under review found that imprest payments amounting to TZS 66,590,000 issued to various officers, remained outstanding as of 30 June 2025, as shown in Table 2.

Table 2: Imprest not retired TZS 66,590,000

Imprest Date	Check Number	Payee Name	Imprest Number	Retirement Date	OUTSTANDING AMOUNT
14 Jan 2025	10985217	TZ FOREST FUND IMPREST ACCOUNT	T2150000IM2500 106	14 Jan 2025	4,840,000.00
14 Mar 2025	10985217	TZ FOREST FUND IMPREST ACCOUNT	T2150000IM2500 171	28 Mar 2025	5,625,000.00
25 Mar 2025	10985217	TZ FOREST FUND IMPREST ACCOUNT	T2150000IM2500 178	08 Apr 2025	6,080,000.00
25 Apr 2025	10985217	TZ FOREST FUND IMPREST ACCOUNT	T2150000IM2500 194	09 May 2025	2,300,000.00
13 Jun 2025	10985217	TZ FOREST FUND IMPREST ACCOUNT	T2150000IM2500 232	13 Jun 2025	4,070,000.00
30 May 2025	10985217	TZ FOREST FUND IMPREST ACCOUNT	T2150000IM2500 211	18 Jun 2025	2,138,000.00
30 May 2025	10985217	TZ FOREST FUND IMPREST ACCOUNT	T2150000IM2500 212	18 Jun 2025	1,080,000.00
30 Jun 2025	10985217	TZ FOREST FUND IMPREST ACCOUNT	T2150000IM2500 253	30 Jun 2025	40,457,000.00
Total					66,590,000.00

Source: Payment vouchers 2024/25

Cause

Lack of controls over the retirement of imprest funds.



Implication

Unretired imprest could be misappropriated.

Recommendations

We recommend that management;

- (a) strengthen controls over issuance and retirement of imprests to comply with Reg. 103(1) of the Public Finance Regulations, 2001; and
- (b) ensure that retirement particulars such as receipts, invoices, or expense reports are traced by imprest holders and submitted to account for expenditure incurred.

Management Response

Management has noted the auditors' recommendation for action. Activities for the outstanding imprests in question are still ongoing. Management will ensure the retirement of the same as soon as the activities are completed and submitted for your verification.

Audit Comments

Management response noted; submit retirement particulars once the activities have been completed for audit review.

2.2 Governance

2.2.1 Expired tenure of the available Board of Trustees

Section 79(3) of the Forest Act, 2002 requires the Minister to appoint the Board of Trustees of the Fund, and the Second Schedule of the Act states that the Board shall hold the office for a period of three years and be reappointed for a second term.

The Board of Trustees plays a crucial role in providing high-level oversight regarding the activities of the TaFF by ensuring that management operations align with the entity's strategic objectives. The Board is accountable for making key organizational decisions, overseeing risk management, monitoring investments, reviewing financial matters, and evaluating the performance of management business plans and budgets.

Our audit revealed that the Board of Trustees expired since 23 June 2025, however, there was no any arrangement made to appoint the new Board of Trustees based on new organization structure of the Fund.

We are of the view that the absence of an active Board of Trustees compromises effective oversight, increases exposure to operational risks, and limits the Institute's ability to make strategic decisions in alignment with public sector standards and objectives.



Cause

The appointing authority has not yet appointed new members for the Board of Trustees.

Implication

The absence of Board of Trustees impedes the internal oversight function and strategic direction of entities. It also leads to delayed strategic decision-making and execution of crucial activities such as approving grants, guidelines, regulations, budgets, and policies.

Recommendation

We recommend TaFF Management to continue liaison with the Ministry of Natural Resources and Tourism management to ensure the Board of Trustees is appointed immediately.

Management response

The Management agrees with audit recommendations and close follow up with the Ministry of Natural Resources and Tourism will be made to ensure the new Board of Trustees is appointed.

Audit comment

Management response noted; however, efforts shall be exerted to ensure that the new Board is appointed.

2.3 Operational Efficiency

2.3.1 Delays in disbursing first projects' installments

Regulation 26(2) of the Forest (Manner and Criteria for Awarding Grants) Regulations, 2021, together with Chapter 4.4 of the Guideline for the Procedure of Applying for and Issuing Grants (November 2022, Second Edition), requires that the first installment of a grant be disbursed upon signing of the grant agreement, which is scheduled for October of each financial year following the initiation of the application process.

Our review of sampled payment vouchers for the period April to June 2025 revealed significant delays in disbursing the first instalment grants to approved projects and beneficiaries. Specifically, TaFF disbursed grants totaling TZS 71,610,000 to 14 beneficiaries between May and June 2025, whereas the disbursements were required by October 2024. This represents a delay of approximately eight months, as detailed in **Appendix II**.

Cause

Delays in administrative approvals by the Board of Trustees and processing are required before fund release.



Implication

The guideline schedule aligns project grant disbursements with the October rainy season, which provides optimal conditions for tree planting. Delays in releasing funds disrupt this timing, causing beneficiaries to miss the optimal planting season and, consequently, delaying project implementation until the next rainy season.

Recommendation

We recommend that Management ensure all administrative reviews and approvals required before disbursement are completed promptly, in compliance with Regulation 26(2) and the applicable grant guidelines. This includes strengthening coordination with the Board of Trustees, establishing clear internal timelines for processing grant agreements, and enhancing monitoring mechanisms to track progress against the October disbursement schedule.

Management response

TaFF management is currently improving its grant management system to streamline and integrates the grant application, evaluation, and award processes to reduce duration for grants award for improving effectiveness and efficiency in grant award and management. This will also involve reviewing of the Forest (Manner and Criteria for Awarding Grants) Regulations, 2021 and the Guidelines for Applying and Awarding Grants.

Audit comment

Management response noted. We recommend speeding up the review of the Forest (Manner and criteria for awarding grants) Regulations, 2021

3.0 COMPLIANCE AUDIT

3.1 Compliance audit on budget management

3.1.1 Unutilised 2023/24 Carry-over Funds TZS 608,044,861

Regulation 21(2) of the Budget Regulations, 2015 requires the Accounting Officers to ensure that all undisbursed commitments at the end of the year shall be spent within the first quarter of the subsequent financial year.

During our audit, we noted that TAFF carried forward TZS 1,117,044,861 from the previous year for various development activities. However, our review revealed that in 2024/25, only TZS 509,000,000 were utilised. Specifically, TZS 608,044,861, equivalent to 54% of the carryover funds, remained unspent at the time of the audit in November 2025.

Cause

Many projects being implemented by the Councils have not yet submitted reports to receive the subsequent installments due to challenges related to delays in starting implementation, which were caused by the late approval of expenditure warrants for the funds that were sent to those Councils. In addition, TaFF is operating from a cash budget system contrary to its vision of striving to be a sustainable financial institution with regard to the nature of funded projects and activities.

Implication

Failure to utilise TZS 608,044,861 may undermine the achievement of the intended development objectives for which the funds were approved. Continued underutilization of carry-over funds may lead to delayed implementation of development projects, reduced service delivery to beneficiaries, and inefficient use of public resources. Also, operating under a cash budget system limits TaFF's ability to commit funds to multi-year projects, affecting sustainability and timely project execution.

Recommendation

We recommend that TaFF ensure coordination with implementing Councils to address delays in project commencement, including follow-up on the timely project implementation and strengthen monitoring to track project progress and ensure the submission of implementation reports required for the release of subsequent tranches. In addition, TaFF has to reassess its reliance on a cash budget system and consider adopting other budgeting approaches, such as a rolling budget that aligns with its mandate as a sustainable financial institution and supports multi-year development projects.

Management response

Management agrees with the audit recommendations. TaFF has initiated liaised with the Prime Minister's Office - Regional Administration and Local Government (PMO-RALG) and this has resulted into assigning a Desk Officer responsible for coordinating TaFF supported projects at PMO-RALG to ensure timely disbursement of funds to District Councils and to fasten project implementation. In addition, TaFF has submitted a request to the Treasury Registrar Office to be removed from the cash budget system to align with its actual operational realities and funding modalities. This change will address the persistent challenge of year-to-year fund carryovers. Removal from the cash budget system is an endeavour and mechanism for sustaining TaFF financially and improving its performance. This is also one of the strategies for TaFF strategic direction for sustainability.

Audit comment

Management response noted; follow-up will be made during the following year's audit.

3.2 Performance measurement and evaluation

3.2.1 Prolonged duration of the project grant award process

According to Chapter 4.4 of the Guideline for the Procedure of Applying for and Issuing Grants (November 2022, Second Edition), the grant issuance process took approximately 11 months from the advertisement of the call for applications, through evaluation and award, to the issuance of the first disbursement, as shown in Table 4 below.

Our review of the project grant advertisement, application, evaluation, and award process revealed that the 11-month duration is excessively long for validating and approving a project. The delays were attributed to the segmentation of activities and timelines, many of which could be streamlined or consolidated to shorten the overall period from application to grant contract award.

Table 3: Timeline for grant award process

SN	Period/month	Activity	Responsible
1	December	Advertisement	Secretariat
2	January-March	Preparation and submission of project applications	Grant applicants
3	March	Final submission of proposal applications	Grant applicants
4	April-June	Pre-evaluation and detailed evaluation of proposals	Secretariat and Evaluation Committee
5	July	Submission of the proposal evaluation report and verification of the proposed projects	Evaluation Committee and Secretariat

SN	Period/month	Activity	Responsible
6	August	Grant award decision and notification to the applicants	Board of Trustees and Secretariat
7	September	Preparation and signing of the grant, and training of the beneficiaries	Secretariat and grant beneficiaries
8	October	Issuing of the first disbursement and commencement of the project	Secretariat and grant beneficiaries

Source: Guidelines for the Procedure of Applying for and Issuing Grants (November 2022, Second Edition)

Cause

The delay resulted from the absence of an integrated workflow with aligned timelines, leading to fragmented and sequential implementation of activities across the advertisement, application review, evaluation, and approval stages.

Implication

The extended timelines for project validation and grant award delay the commencement of project activities, diminish the effectiveness of planned interventions, and may discourage qualified applicants from participating in future funding rounds. Prolonged processing further increases administrative costs and can hinder the achievement of program objectives within the intended financial year.

Recommendation

We recommend that management streamline and integrate the grant application, evaluation, and award processes by consolidating related activities and harmonising timelines, taking at least 3 months. This should include developing a coordinated workflow, setting clear processing time targets, and enhancing inter-departmental coordination to ensure more efficient and timelier grant issuance.

Management response

The audit recommendation is noted that. TaFF management is currently improving its grant management system to streamline and integrates the grant application, evaluation, and award processes. This will also involve reviewing of the Forest (Manner and Criteria for Awarding Grants) Regulations, 2021 and the Guidelines for Applying and Awarding Grants.

Audit comment

Management response noted; follow-up will be made during the next audit.



3.2.2 Absence of action plans to monitor the funded projects

Regulation 29 of the Forest (Manner and Criteria for Awarding Grants) Regulations, 2021 requires that the fund or its representative shall conduct monitoring and evaluation to assess the alignment of expenditures with planned activities, track achievement of project objectives, identify best practices and challenges, recommend improvements for efficiency and sustainability, and develop conclusions and a follow-up schedule for implementation of recommendations. In addition, Paragraph (c) (3.6) of the first schedule of the Forest (Manner and Criteria for Awarding Grants) Regulations, 2021, indicates that a project will include a monitoring and evaluation framework that tracks progress throughout implementation, using measurable indicators to assess whether the activities effectively address the planned objectives.

Our review of project performance monitoring revealed that no action plans were prepared for the 153 projects totalling TZS 5,125,081,200 approved by the Board of Trustees for the financial year 2024/25. Furthermore, monitoring activities have been conducted in an unsystematic manner, with individual reports filed in the respective project files, and no consolidated monitoring reports have been prepared to facilitate the overall evaluation of project performance.

Cause

Oversight by management was prompted by a lack of staff assigned explicitly to monitoring activities.

Implication

The absence of action plans and consolidated monitoring reports exposes the Fund to the risk of ineffective project oversight, making it difficult to assess overall project performance, identify implementation gaps, and ensure projects achieve their intended objectives.

Recommendation

We recommend that the Management develop and implement action plans for all ongoing and future projects, establish a standardised and systematic monitoring framework to ensure consistent data collection across projects, and prepare consolidated monitoring reports to facilitate comprehensive evaluation of project performance and support informed decision-making by the Board of Trustees.

Management response

Management agrees with the Audit recommendation. The outdated project monitoring plan will be accurately updated. Also, a standardized monitoring framework indicating key performance indicators to be assessed will be developed and integrated in grant management information system (GMIS) to ensure consistent data collection from each project.



Audit comment

Management response will be verified during the next year audit.

3.2.3 Failure of Group Members to Participate in Beekeeping Project Implementation at Mwendakulima Village, Kaliua District

Regulation 27(1) of the Forest (Manner and Criteria for Awarding Grants) Regulations, 2021 authorises the Board to suspend disbursement of grant funds where a grantee fails to fulfil obligations under the grant agreement or does not comply with approved project activities. Compliance with approved activities is verified through monitoring and evaluation conducted in accordance with Regulation 29.

Under Project No. 2023/CD/S/001735/89, the Tanzania Forest Fund (TaFF) entered into a small grant agreement on 6 May 2024 with Tujiendeleze Group, a women's group comprising five members, to implement a beekeeping project aimed at conserving natural forests in Mwendakulima Village, Kaliua District, Tabora Region. During the monitoring visit, it was observed that group members' participation in project activities was significantly low. Only the group chairperson attended the monitoring meeting and demonstrated the project activities, while other group members were absent and did not actively participate in project implementation.

Although the group received the first instalment of TZS 5,000,000 on 29 October 2024, project implementation continued to be managed primarily by the chairperson, contrary to the collective implementation requirements stipulated in the grant agreement. Thus, the request for the second instalment, submitted on 15 July 2025, was withheld due to non-compliance with the grant agreement and the approved project implementation arrangements.

Cause

Inadequate internal coordination and commitment among group members led to weak group governance and a lack of enforcement of roles and responsibilities. There seems to be an over-reliance on the chairperson to manage and implement project activities.

Implications

- a) The project objectives of group-based forest conservation through beekeeping may not be achieved.
- b) There is a risk of misuse or inefficient use of grant funds due to a lack of collective oversight.
- c) The project deviates from TaFF's funding principle, which supports groups rather than individuals, thereby undermining sustainability and accountability.

Recommendation

We recommend that the management of TaFF require proof of active participation by all members, such as attendance records, activity reports, or joint demonstrations, before reconsidering the release of the next instalment, and also, the Tujiendeleze Group should hold



a formal meeting to reaffirm member roles, responsibilities, and commitment to collective action, with documented evidence submitted to TaFF.

Management response

Management agrees with the Auditors' recommendation. A close follow-up will be made to ensure that all group members are actively participating in project implementation before disbursing the next instalment.

Audit comment

Management noted that we insist on regularly monitoring underperforming groups.

3.2.4 Funds issued to the Kimbende Group of Limbula Village at Kaliua District were used for unintended activities TZS 4,500,000

Regulation 29 of the Forest (Manner and Criteria for Awarding Grants) Regulations, 2021 requires grant-funded projects to be implemented in a manner that enables the Fund to assess the relationship between project expenditures and activities carried out, as well as the achievement of project objectives through monitoring and evaluation. In addition, Regulation 23(2) requires successful applicants to sign and implement projects strictly in accordance with the grant agreement and the approved project proposal.

Under Project No. 2023/CD/S/001385/28, Tanzania Forest Fund (TaFF) entered into a grant agreement on 6 May 2024 with the Kimbende Group of Limbula Village, Ugunga Ward, Kaliua District Council, Tabora Region, for the implementation of a beekeeping project, with a total grant value of TZS 10,000,000.

During the project monitoring conducted between August and September 2025, it was observed that TZS 4,500,000 from the second instalment, which was intended for the purchase of 40 beehives, was misused and not applied to the approved project activities.

Further assessment by the monitoring team revealed that the project was being implemented as an individual initiative led by the group chairperson, rather than as a collective group project as stipulated in the grant agreement. This arrangement contravenes the objectives and conditions of the TaFF grant, which is designed to support group-based forest conservation initiatives.

Cause

There were weak internal controls and a lack of collective financial oversight within the group, and a failure by group members to actively participate in project planning, implementation, and financial management, allowing one individual to dominate project decision-making and resource utilisation.



Implication

The intended project outputs, particularly the acquisition of beehives, were not achieved, undermining forest conservation objectives; therefore, the project no longer qualifies as a group initiative, contrary to TaFF funding principles.

Recommendation

We recommend that TaFF initiate recovery procedures to ensure the beneficiary refunds the misused amount of TZS 4,500,000 corresponding to the second instalment. TaFF should strengthen pre and post-disbursement monitoring mechanisms to ensure group-based ownership and compliance with approved budgets in future projects. In addition, future funding to the group or its members should be considered only after demonstrated improvements in governance, accountability, and collective participation.

Management response

Management agrees with the Audit recommendations. TaFF will follow up to ensure the misused grant amounting to TZS 4,500,000 by the Kimbende Group is recovered.

Audit comment

Management response noted for future follow-up during the next audit.

4.0 ACKNOWLEDGEMENT

We appreciate the cooperation extended by the management of the Tanzania Forest Fund to the audit team during the audit.



Wendy W. Massoy
For: Controller and Auditor General

3 APPENDICES

Appendix I: Implementation status of previous years' recommendations

SN	Financial year	Category	Para	Audit observation summary	Audit recommendation	Management response	Auditor's comments (Jan 2026)	Audit Status (Jan 2026)
1.	2021/22	Asset management	2.1.1	Unserviceable grounded assets not disposed of	Management of TaFF is recommended to ensure that listed vehicles, which are unserviceable by the Fund, are written off and disposed of as per the requirement of Reg. 257 (1) of the PFR, 2001 (Revised 2004)	The vehicles STL 5236 and STL 448 have been disposed and the document are available for verification.	The disposal report for STL448 verified	Implemented
2.	2021/22	Operational performance	2.3.3	Inadequate utilisation of grant released to TAFORI and SUA TZS 383,200,000	We recommend that the management of TaFF ensure that fund beneficiaries utilise the available grants promptly.	The project implementation report for SUA Madaba has been submitted to TaFF but there are deficiency in the financial report, we still making follow up.	Although the management response has been verified, we insist on following up on the SUA project to be finalised.	Under implementation
3.	2022/23	Asset Management	2.1.1	Non-inspection of unserviceable assets for disposal A review of the Fund's owned assets found several unserviceable items. However, up to the time of this	We recommend that management finalises the process of disposing of the identified items without further delay.	The vehicle STL 448 have been disposed and the document are available for verification. The Fund is waiting for the feedback from Ministry of Natural Resources	The disposal report for STL448 verified	Implemented

SN	Financial year	Category	Para	Audit observation summary	Audit recommendation	Management response	Auditor's comments (Jan 2026)	Audit Status (Jan 2026)
				audit in November 2023, no inspection by Board of Condemnation for disposal procedures as required by the above cited regulation		and Tourism regarding approval of disposal of the vehicle with registration number STL 299		
4.	2022/23	Asset Management	2.1.2	Non-review of the useful life and residual value of the assets	We recommend that management review the PPE's useful lives and residual balances to adhere to IPSAS 17 and IPSAS 3.	The useful life of assets has been reviewed and recorded in the GAMIS, available for verification.	GAMIS report verified	Implemented
5.	2022/23	Operational Performance	2.2.1	Monitoring for funded projects not fully performed During the audit, it was found that the fund had a total of 217 financed projects, consisting of 149 new projects and 68 ongoing projects. According to the action plan, management planned to monitor 300 projects. However, the review of two monitoring activity reports which were conducted from 31 to 14 August 2022	We recommend that management develop a comprehensive monitoring program and allocate sufficient TaFF resources to oversee all granted projects effectively.	Management has developed a monitoring program, which is conducted in collaboration with other government institutions where the projects are implemented.	Management response noted, follow up will be made during the next year audit.	Under implementation

SN	Financial year	Category	Para	Audit observation summary	Audit recommendation	Management response	Auditor's comments (Jan 2026)	Audit Status (Jan 2026)
				and from 12 to 21 September 2022, found that only 178 projects were monitored leaving 122 projects unmonitored.				
6.	2022/23	Operational Performance	2.2.3	Claimed funds from the defaulter of the grant not refunded TZS 13,500,000	We recommend that management to: c) ensure that TZS 13,500,000 granted to the Saka Asali & Partners is refunded to Fund; and d) Put strict conditions for defaulters of grants, such as repossession of the assets of the Grantee or any other condition to safeguard the public money.	The contract to recover the fund has been signed for the period of two years from February, 2025 to January 2027, and TZS 300,000 has been received from Saka Asali during the year.	Management response noted. A follow-up should be made to ensure that the remaining balance of TZS 13,200,000 should be recovered as agreed.	Under implementation
7.	2022/23	Performance measurement and evaluation	3.2.1	Large number of ineligible grant applicants	We recommend that management to: a) improve their evaluation process by including additional criteria for assessing the applicant's financial aspects for adequate disbursement of	a) Awareness has been conducted to 1,864 applicants in 44 districts b) Ongoing review of GN 266 includes a clause requiring the applicants to	Awareness report to applicants verified	Implemented

SN	Financial year	Category	Para	Audit observation summary	Audit recommendation	Management response	Auditor's comments (Jan 2026)	Audit Status (Jan 2026)
					funds to eligible beneficiaries; b) ensure that awareness is regularly conducted to understand the technical know-how of the applicants; and c) Have a clause in regulation requiring the applicants to declare information submitted regarding the grant request is true and liable for any false information.	declare this information.		
8.	2023/24	Governance	2.1.1	Under allocation of funds to TAFORI TZS 238,391,130	We recommend that management ensure funds are allocated as required by Regulation 4(1) of the Forest (Manner and Criteria for Awarding Grants) Regulation, 2021.	The regulation of GN 266 is under review to harmonise funds allocated to TAFORI.	The management response has been noted for future follow-up.	Under implementation
9.	2023/24	Governance	2.1.2	Delay in submission of progress reports and disbursement of subsequent instalments for grant to Sokoine	We recommend that the management: a) Take proactive measures to closely monitor the project's	The project implementation report for SUA Madaba has been submitted to TaFF and the	Implementation report for construction of fire towers at Madaba has been verified	Implemented

SN	Financial year	Category	Para	Audit observation summary	Audit recommendation	Management response	Auditor's comments (Jan 2026)	Audit Status (Jan 2026)
				University of Agriculture (SUA)	progress and assess its implementation status; and Institute mechanism to address cases of grantees implementing financed projects slowly, including setting stricter follow-up and accountability frameworks	construction of fire towers have been completed		
10.	2023/24	Operational efficiency		Prearranged rapid appraisals surveys not conducted	We recommend that the Fund's management prioritise and carry out the planned evaluation surveys outlined in the Strategic Plan. These surveys are crucial for obtaining factual insights into the effectiveness of various initiatives and their impact on achieving the Fund's objectives. Completing these surveys will allow	Currently the fund is preparing SP IV, All the appraisal survey not done in SP III will be accommodated in SP IV.	Management response noted for future follow-up	Under implementation

SN	Financial year	Category	Para	Audit observation summary	Audit recommendation	Management response	Auditor's comments (Jan 2026)	Audit Status (Jan 2026)
11.	2023/24	IT system	2.3.1	Absence of IT Systems Facilitate Fund Operations	management to take corrective actions where necessary and optimise the Fund's overall performance. We recommend that management collaborate with the Ministry of Natural Resources and Tourism (MNRT), mainly its Information and Communication Technology Unit, to design and implement a robust IT system tailored to the Fund's operations. This system should streamline communication, project monitoring, and reporting, thereby improving project management's overall effectiveness and efficiency.	TaFF has received approval to develop its own GMIS project management system and has passed the relevant approvals to the ICT Steering Committee and the system development will start February 2027.	Management response noted for future follow-up	Under implementation

SN	Financial year	Category	Para	Audit observation summary	Audit recommendation	Management response	Auditor's comments (Jan 2026)	Audit Status (Jan 2026)
12.	2023/24			Delay in the disbursement of grants	We recommend that management adhere strictly to the guidelines for the timely issuance of grants.	The review of Regulation (GN 266) is done to shorten the grant award process for improving the effectiveness and efficient grants award management	Management response noted; we insist to speed up the review of GN 266.	Under implementation

Appendix II: Delays in disbursement of project's first installments

SN	Date	Reference No.	Payee	Document No.	Category	Amount (TZS)	Remarks
1	30 May 2025	T2150000V2500655	Umoja wa Wakulima wa Miti/Vilikinge	TaFF/25/0532831	203	5,000,000	1 st installment of project No. 2024/CD/S/002199/86
2	30 May 2025	T2150000V2500656	Kikundi cha Umoja wa Wakulima wa Miti Ivalalila	TaFF/25/0532831	203	5,000,000	1 st installment of project No. 2024/CD/S/002202/87
3	30 May 2025	T2150000V2500657	Umoja wa Wakulima wa Miti Mwakautu (UWAMIMWA)	TaFF/25/0532831	203	5,000,000	1 st installment of project No. 2024/CD/S/002197/85
4	30 May 2025	T2150000V2500660	Ufugaji Nyuki Amani	TaFF/25/0532831	203	4,525,000	1 st installment of project No. 2024/CD/S/002203/59
5	6 Jun 2025	T2150000V2500668	Umoja wa Wakulima wa Miti Lupalilo	TaFF/25/0534964	203	5,000,000	1 st instalment project No. 2024CDS220588
6	6 Jun 2025	T2150000V2500669	Itagutwa Farming Group	TaFF/25/0534964	203	5,000,000	1 st instalment project No. 2024CDS2319/74
7	6 Jun 2025	T2150000V2500670	Wakulima wa Miti Baraka	TaFF/25/0534964	203	4,500,000	1 st instalment project No. 2024CDS/002071/49
8	6 Jun 2025	T2150000V2500671	Rugaba Kateteginwe	TaFF/25/0534964	203	2,500,000	1 st instalment project No. 2024CDS/002277/23
9	6 Jun 2025	T2150000V2500673	UWAMINKE	TaFF/25/0534964	203	4,750,000	1 st installment of project No. 2024/CD/S/002187/61
10	6 Jun 2025	T2150000V2500674	Kiomboi Prison	TaFF/25/0534964	203	14,800,000	1 st installment of project No. 2024cdsp00213/143
11	6 Jun 2025	T2150000V2500675	Kikundi cha Wakulima wa Miti Ihanga	TaFF/25/0534964	203	4,500,000	1 st installment of project No. 2024/CD/S/001659/02
12	6 Jun 2025	T2150000V2500676	Daniel James Mosha	TaFF/25/0534964	203	2,500,000	1 st installment of project No. 2024/CD/S/002027/09
13	6 Jun 2025	T2150000V2500677	Umoja wa Wakulima wa Miti Mago (UWAMIMA)	TaFF/25/0534964	203	4,500,000	1 st installment of project No. 2024/CD/S/002073/46
14	6 Jun 2025	T2150000V2500678	UWAMIU	TaFF/25/0534964	203	4,035,000	1 st installment of project No. 2024/CD/S/002208/41
Total						71,610,000	

Source: Payment vouchers