



**THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE**



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF  
PETROLEUM UPSTREAM REGULATORY AUTHORITY (PURA) FOR THE FINANCIAL YEAR  
ENDED 30<sup>TH</sup> JUNE, 2020**

Controller and Auditor General,  
National Audit Office,  
Audit House,  
4 Ukaguzi Road,  
P.O. Box 950,  
41101 Tambukareli,  
Dodoma, Tanzania.  
Tel: 255 (026) 2161200,  
Fax: 255 (026) 2117527,  
E-mail: [ocag@nao.go.tz](mailto:ocag@nao.go.tz)  
Website: [www.nao.go.tz](http://www.nao.go.tz)

March, 2021

AR/ PA/PURA/2019/20

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### **Mandate**

The statutory mandate and responsibilities of the Controller and Auditor General are provided for under Article 143 of the Constitution of the URT of 1977 (as amended from time to time) and in Section 10 (1) of the Public Audit Act, 2008.

### **Vision**

To be a highly regarded Institution that excels in Public Sector Auditing.

### **Mission**

To provide high quality audit services that improves public sector performance, accountability and transparency in the management of public resources.

### **Core values**

**In providing quality services NAO is guided by the following Core Values:**

<b>Objectivity</b>	We are an impartial organization, offering services to our clients in an objectives and unbiased manner.
<b>Excellence</b>	We are professionals providing high quality audit services based on standards and best practices.
<b>Integrity</b>	We observe and maintain high standards of ethical behaviour, rule of law and strong sense of purpose.
<b>People focus</b>	We value, respect and recognize interest of our stakeholders.
<b>Innovation</b>	We are a learning and creative public institution that promotes value added ideas within and outside the institution.
<b>Results Oriented</b>	We are an organization that focuses on achievement based on performance targets.
<b>Team work spirit</b>	We work together as a team, interact professionally, and share knowledge, ideas and experiences.

### **We do this by:**

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

© This audit report is intended to be used by Petroleum Upstream Regulatory Authority (PURA) and may form part of the annual general report which once tabled to National Assembly, becomes a public document hence, its distribution may not be limited.

# PETROLEUM UPSTREAM REGULATORY AUTHORITY

## TABLE OF CONTENTS

Abbreviations .....	iii
1.0 DIRECTOR'S REPORT FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE, 2020 .....	1
2.0 PSA AUDITS.....	18
3.0 DECLARATION OF THE HEAD OF FINANCE.....	25
4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL.....	26
4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS.....	26
4.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS.....	29
5.0 FINANCIAL STATEMENTS .....	30
6.0 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 <sup>TH</sup> JUNE, 2020.....	35

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### Abbreviations

<b>Board</b>	Board of Directors of PURA
<b>BOT</b>	Bank of Tanzania
<b>CAG</b>	Controller and Auditor General
<b>ISSAI</b>	International Standards of Supreme Audit Institutions
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>LNG</b>	Liquefied Natural Gas
<b>M&amp;P</b>	Maurel et Prom
<b>MOE</b>	Ministry of Energy
<b>MOFP</b>	Ministry of Finance and Planning
<b>MUSE</b>	Mfumo wa Ulipaji Serikalini
<b>NAOT</b>	National Audit Office Tanzania
<b>NBAA</b>	National Board of Accountants and Auditors
<b>PAET</b>	Pan African Energy Tanzania
<b>PSA</b>	Production Sharing Agreement
<b>PURA</b>	Petroleum Upstream Regulatory Authority
<b>TPDC</b>	Tanzania Petroleum Development Corporation
<b>TZS</b>	Tanzania Shilling
<b>URT</b>	United Republic of Tanzania

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 1.0 DIRECTOR'S REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020

#### 1.1 PURA CORPORATE INFORMATION

In compliance with the Tanzania Financial Reporting Standard (TFRS) No. 1 on Director's Report issued by the National Board of Accountants and Auditors, Tanzania, the Board of Directors submits the Directors' Report and financial statements of the Petroleum Upstream Regulatory Authority (PURA) for the year ended 30<sup>th</sup> June, 2020.

#### 1.2 ESTABLISHMENT OF PURA

PURA was established under Section 11 of the Petroleum Act, 2015 as an Upstream Regulatory Body responsible for regulating, monitoring and promoting all petroleum upstream activities, and to regulate and supervise all Liquefied Natural Gas (LNG) projects. The Authority became operational in February, 2016 with the appointment of Acting Director General followed by the appointment of Board of Directors on 26<sup>th</sup> April, 2017. The functions of PURA are articulated under Section 12 of the Petroleum Act 2015 as follows:

- (a) Advising the Minister on-
  - (i) The promotion and bidding process of the production sharing agreements or other contractual arrangement;
  - (ii) The negotiation of production sharing agreements and other contractual arrangements;
  - (iii) The granting, renewing, suspending and cancelling of petroleum exploration licence, development licence and production permit; and
- (b) Advising the Government on proposed field development plans, infrastructure development, tail end plan and decommissioning of installations submitted by a licence holder;

In addition to the responsibilities conferred above, the Authority is to perform the following functions:

- (a) Conducting or cause to be conducted reconnaissance surveys and evaluating prospectively of frontier areas;
- (b) Monitoring, regulation and supervision of the subsector, including reserve estimation and measurement of produced petroleum;
- (c) Analysing, disseminating and issuing information relating to petroleum industry, including proposed exploration activities contained in the annual work programme, appraisal programme and production forecasts submitted by a licence holder;
- (d) Reviewing and approving budgets submitted by a licence holder;
- (e) Promoting local content including supporting national enterprises and Tanzanians to participate in the petroleum upstream industry;
- (f) Receiving and processing application for granting, renewing, suspending and cancelling of petroleum exploration licence, development licence and production permit;
- (g) Coordinating and cooperating with other Government institutions, including other regulatory authorities responsible for monitoring, evaluation and review of petroleum operations;

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

- (h) Monitoring performance of petroleum projects and programmes; reviewed management letter and audit report for the year 2019/20 for response attendance
- (i) Monitoring all phases of petroleum discovery, evaluation and delineation, commercial evaluation of discovery, reservoir performance and production regulation under production to ensure optimal rates for the discovery, commercialisation and recovery of petroleum resources using the best available technologies and field practices;
- (j) Monitoring and evaluating performance in petroleum activities including investment, cost of services, regularity of outputs and availability of crude oil and natural gas for domestic supply;
- (k) ensuring compliance by industry players to the provisions of this Act and imposing sanctions for non-compliance or other violation of regulations, orders, rules or contract terms;
- (l) Ascertaining the cost oil and gas due to licence holder and other contractors;
- (m) Maintaining continued communication and dialogue with all stakeholders in the industry including the public to ensure optimal development of the sector;
- (n) Facilitating resolution of complaints and disputes;
- (o) Managing national exploration and production data base and working diligently towards declassifying data as it sees fit;
- (p) Undertaking administration of Production Sharing Agreement or other contractual arrangement;
- (q) Make rules and guidelines on the conduct of petroleum operations and other related matters; and
- (r) Performing any other function conferred to it by this Act.

### 1.3 VISION

The Vision of PURA is to be a world-class petroleum upstream regulator prudently managing the country's petroleum resources for the benefits of present and future generations.

### 1.4 MISSION

To regulate the upstream petroleum operations in a transparent, effective and efficient manner and contribute towards improving the socio-economic welfare of Tanzanians.

### 1.5 CORE VALUES

To address the above issues, PURA staff are guided and committed to the following core values: Professionalism; Transparency; Accountability; Innovation; and Integrity.

### 1.6 BOARD OF DIRECTORS

The Board of Directors of PURA is a governing body consisting of a Chairman who is appointed by the President of URT and four Non-Executive Directors appointed by the Minister responsible

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

for Energy. The Director General is appointed by the President and is the Secretary to the Board. To date, the Authority is being headed by Acting Director General.

The Board is composed of the Chairman who will serve for tenure of five years, one member for five years, two members for four years and the remaining member will serve for three years. The Chairman and members of the Board are eligible for reappointment for one further term of three years. The Board members of PURA are still in their first term of service save for one Board Member whose tenure of three years has lapsed.

### 1.7 CURRENT BOARD COMPOSITION

During the period under review, the Board was composed of the following members.

S/N	Name	Position	Qualifications	Nationality	Date of appointment	Age
1	Prof. Gaspar Mhinzi	Chairperson	Doctor of Philosophy (PhD) Degree in Chemistry	Tanzanian	5 <sup>th</sup> December, 2018	64
2	Mrs. Beng'i M. Issa	Vice Chairperson	FCCA, MSc in Financial Management	Tanzanian	27 <sup>th</sup> April, 2017	54
3	Dr. Josephat D. Lotto	Member	CPA, Doctor of Philosophy (PhD) Degree in Finance	Tanzanian	27 <sup>th</sup> April, 2017	45
4	Mr. Yona S.M. Killagane	Member	FCCA, FCPA, MSc in Financial Management	Tanzanian	27 <sup>th</sup> April, 2017	66
5	Eng. Ramadhani Masudi	Member	MSc. Water Supply Engineering	Tanzanian	27 <sup>th</sup> April, 2017 (whose tenure has expired on 26 <sup>th</sup> April, 2020)	45
6	Eng. Charles Sangweni	Secretary	MSc. Gas Engineering and Management	Tanzanian	27 <sup>th</sup> April, 2017	46

### 1.8 BOARD MEETING

The responsibility of the Board is to oversee the Authority's operations, identify key risk areas, monitor and review the performance of the Authority's Plan and Budget, ensure the comprehensive systems of internal control policy and procedures are being set and are complied with the sound corporate governance principles.

During the year ended 30<sup>th</sup> June, 2020, four ordinary meetings and eight extra ordinary meetings were planned to be held. Actual meetings held during the year were six of which four meetings were ordinary while two meeting were extra ordinary. The seven planned extra ordinary meetings were not held due to delay of approval of operationalization documents and existence of COVID-19 global pandemic.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

*Table 1: Attendance of Board Members in Board meetings*

S/N	Member's name	Planned ordinary Meeting	Actual ordinary meeting held	Ordinary Meetings attended	Planned Extraordinary Meeting	Actual extraordinary meeting held	Extraordinary Meetings attended
1.	Prof. Gaspar Mhinzi	4	4	4	8	2	2
2.	Mrs. Beng'i M. Issa	4	4	3	8	2	2
3.	Dr. Josephat D. Lotto	4	4	4	8	2	2
4.	Mr. Yona S.M. Killagane	4	4	2	8	2	2
5	Eng. Ramadhani Masudi	4	4	2	8	2	1
6	Eng. Charles Sangweni	4	4	4	8	2	2

Eng. Ramadhani Masudi attended three meetings instead of six compared to others due to the fact that his tenure expired before the end of the financial year, among the 4 meeting that he did not attend, two of them were in the period where his tenure had already expired.

### 1.9 COMPOSITION OF BOARD COMMITTEES

During the year ended 30<sup>th</sup> June, 2020, the Board operated effectively with the assistance of its three Board Committees, namely; Audit Committee, Technical Committee and Legal and Corporate Affairs Committee. The composition, members and responsibilities of each committee is as detailed in the tables below:

#### Audit Committee

S/N	Member's name	Position	Qualification
1.	Mr. Yona S.M. Killagane	Chairperson	FCCA, FCPA, MSc in Financial Management
2.	Dr. Josephat D. Lotto	Member	Doctor of 'Philosophy (PhD) Degree' in Finance, CPA(T)
3.	Mr. Henry Kejo Kajato	Member	Post Graduate in Petroleum Geology and applied Geophysics
4.	Mr. Dismas Alphonse Fuko	Member	MSc Finance, FCPA(T), CME

The task for Audit Committee includes:

- (i) To review internal control system, risk management and PURA's annual budgets and Management's proposals for budget re-allocation;
- (ii) To review quarterly, semi-annual and annual financial performance review reports;
- (iii) To review PURA's annual reports;
- (iv) To review PURA's strategic plans;
- (v) To review internal audit reports; and
- (vi) To perform such other functions as may be assigned by the Board.



## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### a) Technical Committee

S/N	Member's name	Position	Qualification
1.	Eng. Ramadhani Masudi	Chairperson up to April, 2020	MSc. Water Supply Engineering
2.	Mr. Yona S.M. Killagane	Member	FCCA, FCPA, MSc. in Financial Management
3.	Mr. Abdon David Makishe	Member	MSc in Technology (Applied Geophysics)
4.	Mr. Priva Clemence Mramba	Member	MSc in Energy Studies with specialization in Oil and Gas Economics

The task for Technical Committee includes:

- (i) To consider Management's recommendations on issuance of licences or permits for petroleum operations;
- (ii) To consider and approve Management's recommendations to send various regulatory tools in respect of the petroleum upstream sub-sectors to stakeholders for comments;
- (iii) To advise the Board on matter related to the orderly functioning of Petroleum Upstream sub sector;
- (iv) To review on quarterly basis the implementation status of the Petroleum operations including LNG operations as delineated in the Annual Action Plan; and
- (v) To perform such other functions as may be assigned by the Board.

### b) Legal and Corporate Affairs Committee

S/N	Member's name	Position	Qualification
1.	Dr. Josephat D. Lotto	Chairperson	CPA, Doctor of 'Philosophy (PhD) Degree' in Finance.
2.	Mrs. Beng'i M. Issa	Member	FCPA, MSc in Financial Management
3.	Mr. Deogratias Laballa	Member	Master of Arts in Revenue Law and Tax Administration.
4.	Mr. Raphael Mgaya	Member	MSc Finance and Investment, LLM Oil and Gas Law, MBA Corporate Management, LLM international Development Law and Human Rights.

The task for Legal and Corporate Affairs Committee includes:

- (i) To review recommendations made by Management in respect of disputes in petroleum operations;
- (ii) To review Human Resources manuals, policies and related documents;
- (iii) To review Information and Communication Technology manuals, policies and related documents;
- (iv) To review any other recommendation submitted to the Committee;
- (v) To review Management's proposals in respect of employee's appointment, staff remuneration, promotions and disciplinary related matters;
- (vi) To review any cross-cutting matter of a legal and/or corporate nature; and
- (vii) To perform such other functions as may be assigned by the Board.

During the year ended 30<sup>th</sup> June, 2020, the Committees held seven meetings made up of two Audit Committees, two Technical Committees and three Legal and Corporate Committee.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### Audit Committee

S/N	Member's name	Planned Meeting	Actual meeting held	Meetings attended
1.	Mr. Yona S.M. Killagane	4	2	2
2.	Dr. Josephat D. Lotto	4	2	2
3.	Mr. Henry Kejo Kajato	4	2	2
4.	Mr. Dismas Alphonse Fuko	4	2	1

### Technical Committee

S/N	Member's name	Planned Meeting	Actual meeting held	Meetings attended
1.	Eng. Ramadhani Masudi	4	2	0
2.	Mr. Yona S.M. Killagane	4	2	2
3.	Mr. Abdon David Makishe	4	2	2
4.	Mr. Priva Clemence Mramba	4	2	2

### Legal and Corporate Affairs

S/N	Member's name	Planned Meeting	Actual meeting held	Meetings attended
1.	Dr. Josephat D. Lotto	4	3	3
2.	Mrs. Beng'i M. Issa	4	3	3
3.	Mr. Deogratias Laballa	4	3	2
4.	Mr. Raphael Mgaya	4	3	3

The Board Committees started to operate in second quarter of the financial year 2019/20, thus the committees did not manage to convene all four planned meetings.

### 1.10 MANAGEMENT

PURA operations were carried out by the PURA's Management under the Acting Director General. On 23<sup>rd</sup> June, 2020 the Board of Directors nominated staff for the acting position of various departments as follows;

1. Acting Director of Corporate Services
2. Acting Director Technical Operations
3. Acting Head of Legal Unit
4. Acting Head of Internal Audit
5. Acting Head of Local Content and Stakeholders Engagement Unit
6. Acting Head of Procurement Management Unit
7. Acting Director of Economic Analysis and Monitoring
8. Acting Director of Contracting and Licensing
9. Acting Manager of Exploration and Production
10. Acting Manager of ICT and Data Management
11. Acting Manager of Finance and Accounts

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

The nominated staff for the acting departmental positions are as follows:

S/No	NAME	Qualifications/Discipline	POST
1.	Ms. Hawa Mniga	Masters of Art in Management	Acting Director of Corporate Services
2.	Mr. Danstan Asanga	Msc. Petroleum Engineering	Acting Director Technical Operations
3.	Mr. John Kileo	Master of Business Administration (MBA), CPA (T).	Acting Head of Internal Audit
4.	Mr. Charles Nyangi	Master of Business Administration (MBA), CPA (T).	Acting Head of Local Content and Stakeholders Engagement Unit
5.	Ms. Catherine Mihayo	Masters in Oil and Gas Law	Acting Head of Legal Unit
6.	Mr. Simon Nkenyeli	MSc. Petroleum Geosciences Engineering	Acting Manager of Exploration and Production

### 1.11 BOARD'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Board is responsible under the Petroleum Act of 2015, to prepare financial statements that give a true and fair view of the state of affairs of the Authority at the end of each financial year. The Board of Directors confirms that applicable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30<sup>th</sup> June, 2020.

It is also confirmed that the International Public Sector Accounting Standards (IPSAS) accrual basis have been followed. The PURA Board is responsible for keeping proper accounting records and safeguarding the Assets of the Authority and hence taking reasonable steps in the prevention of fraud and other irregularities.

### 1.12 GENERAL PERFORMANCE MEASUREMENTS

In Financial Year (FY) 2019/20, PURA Management accomplished some of its goals as provided in its Annual Plan and Budget, which were derived from the Strategic Plan. Key planned activities and achievements during the financial year 2019/20 are as elaborated hereunder:

S/N	Planned activities	Achievement	Remarks
1.	To provide advice to the Minister on all operating PSAs.	<p>Following PURA's advice on legal matters to the Minister:</p> <ul style="list-style-type: none"> <li>• 5 operating licences were extended including licenses for the following PSAs: Block 1, Block 2, Block 4, Ruvuma and Ruvu contrary to financial year 2018/19 where there was no license extension awarded.</li> <li>• The agreement and economic module for Mnazi Bay North Block were developed</li> </ul>	Other extensions are still on process for instance Nyuni Area Block and Kilosa Kilombero Block. In addition to legal matters, PURA has advised the Minister on petroleum operational matters.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

S/N	Planned activities	Achievement	Remarks
2.	To conduct audit on compliance, recoverable costs and revenue for 10 PSAs.	The Authority conducted audit of recoverable costs for the year up to 2018 for 7 PSAs out of 10 PSAs. In addition to the conducted audits, PURA made follow up of previous audited PSA costs by TPDC which are under dispute. An amount of USD. 9,899,989.45 was reversed from PSA costs recovery pool. For 2018/19, 8 PSAs were audited against 11 planned PSAs and amount reversed was USD. 4,399,010.99.	PSAs are audited based on calendar year where statements are prepared based on Financial year. Challenges: Due to COVID-19 global pandemic, 3 PSAs including Block 1, Block 4 and Mnazi Bay were not audited as planned. They will be audited in the 2020/21 financial year.
3.	To conduct 12 field visits on petroleum upstream operations.	Six (6) field visits were conducted in 2019/20 as compared to eight (8) field visits undertaken in 2018/19.	The outbreak of COVID-19 global pandemic and logistical challenge particularly to access Songo Songo gas field have brought challenge in implementation of the activity.
4.	To draft 5 priority upstream petroleum regulations, rules and guidelines.	<ul style="list-style-type: none"> <li>4 petroleum regulations and 2 guidelines were developed. Among them, three regulations were published on 06<sup>th</sup> December, 2019 including: Upstream Petroleum Regulatory Authority (annual levy-fees and charges) regulations, 2019; the Petroleum (reconnaissance and tendering) regulations, 2019; the Petroleum (cost recovery and accounting) regulations 2019. For 2018/19, the Authority developed the aforementioned the published regulations.</li> <li>An order for wellhead natural gas pricing 2019 was approved and published in government gazette.</li> </ul>	Draft regulations await internal technical stakeholders' engagement
5.	To organize and conduct Pre-Annual Advisory Committee Meeting and ACM timely on all PSAs.	The pre-Annual Work Programs and Budgets (AWPB) and AWPB meetings for nine (9) out of eleven (11) PSAs were conducted and respective budgets were approved compared to ten (10) out of eleven (11) PSAs conducted in 2018/19.	AWPB for two the PSAs (Kilosa-Kilombero & Rukwa-South) were not submitted due to declaration of force majeure by Swala Oil & Gas Tanzania and surrender of the Rukwa Block by Heritage Rukwa Tanzania Limited
6.	To draft decommissioning plan guideline by June, 2020	The Draft Decommissioning Regulations was prepared and submitted to the Attorney General for opinion.	The Petroleum (Decommissioning) Regulations awaits publication by the Attorney General.
7.	To ensure approval of 6 PURA operating regulatory instruments.	Two (2) instruments were approved including Scheme of Services and Salary Structure while only Organisational Structure was approved in 2018/19.	4 instruments await approval from relevant authority
8.	To enhance Local Content and Local Participation in	<ul style="list-style-type: none"> <li>Local Content Guidelines to assist implementation of Local Content planning and reporting was prepared</li> </ul>	<ul style="list-style-type: none"> <li>Draft of Local Content Guidelines is in final Stage.</li> <li>Consultant was sourced by EWURA to establish the system</li> </ul>

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

S/N	Planned activities	Achievement	Remarks
	the Petroleum upstream operations	<ul style="list-style-type: none"> <li>Establishment of database for local suppliers of goods and services in petroleum operations has commenced.</li> </ul>	(CQS) that will keep and maintain database of local suppliers of goods and services and services providers in petroleum operations.
9.	To prepare periodic financial reports, physical and financial performance report	The periodic financial reports, physical and financial performance report were prepared	As part of financial management reforms, Petroleum Upstream Regulatory Authority (PURA) has decided to migrate from manual/cheque system to the electronic payment system (MUSE) in order to streamline its financial operations.
10.	To employ and recruit 49 PURA staff.	No new recruitment was conducted due to lack of recruitment permit.	Some vacancies were filled through transfer of employees from other government institutions.
11.	To conduct seminars on HIV AIDS and non-communicable diseases and public servant ethics	Two seminars on ethics of public servants and HIV AIDS and non-communicable diseases were conducted to all PURA staff. While in 2018/19 only one seminar on HIV AIDS and non-communicable diseases were conducted.	The activity was performed as planned.
12.	To conduct capacity building for PURA staff.	15 PURA staff were enhanced with relevant managerial and operational competencies within and outside the country compared to 7 PURA staff trained in 2018/19.	The activity was performed as planned.

### 1.13 PURA's OPERATIONALIZATION

To strengthen powers of the Board and practise good governance, the board of directors constituted three (3) board committees which include; Audit Committee, Technical Committee and Legal and Corporate Affairs Committee. These committees were inaugurated in July, 2019. Further, in June, 2020 the Board appointed management team in an Acting capacity to fill the vacant posts in the approved PURA Organisational Structure.

PURA had been conducting its operations by solely depending on Government subvention which was inadequate to cover for its operations. However, in December, 2019 PURA started collecting annual regulatory service levy from natural gas producers as the result of published Upstream Regulatory Authority (Annual levy, fees and charges) regulations, 2019. The revenue collected supplements the inadequate fund received from the Government Subvention.

During the Financial Year 2019/20 PURA managed to secure approval of some of its operational instruments which will enable PURA to effectively perform its functions. Instruments approved include:

- a) Scheme of Service which details and elaborates the duties of PURA employees and their promotions; and

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

- b) Salary structure and vote number which details salary structure of PURA employees and enabled PURA to pay salary to its employees directly compared to 2018/19 where by its employees were being paid by their former employers.

Approval of these instruments followed the approval of organisational structure was secured in year 2018/19.

### 1.14 CAPACITY BUILDING

In the financial year 2019/20, the Authority trained 15 staff, as compared to 7 staff in 2018/19, in various disciplines and enhanced board members to obtain hands-on experience in upstream petroleum operations. Some of major training attended includes:

- (i) Board of director study visit to Norway to obtain hands-on experience in upstream petroleum operations;
- (ii) Training on good governance for CEOs and Audit Committee members in Arusha;
- (iii) Training on Petroleum Development Economics in Norway whereby two PURA staff attended the training under Oil for Development program;
- (iv) Training on Public Administration in China whereby one staff attended the course under sponsorship of China Government;
- (v) Training on natural gas utilization in China whereby two staff attended the course under sponsorship of China Government;
- (vi) Professional staff attended continuing educational training and workshop in their respective bodies such as NBAA, ERB and TLS; and
- (vii) Training on MUSE application whereby four staff attended the course provided by MOFP in Morogoro

### 1.15 PETROLEUM OPERATIONS

Among roles and responsibilities of PURA are to monitor performance of petroleum projects and operations, this mandate is provided in Section 12 (2) (h) of the Petroleum Act 2015. This goes together with sub-section 2(j), in which PURA has been mandated with responsibility of monitoring and evaluating performance in petroleum activities including investment, cost of services, regularity of outputs and availability of crude oil and natural gas for domestic supply.

The petroleum operations in the country are conducted in Blocks, where in each Block there is a designated Operator who undertakes petroleum operations on behalf of other partners as stipulate in the respective PSA. Activity Reference Map showing the Blocks and Operators is provided in the figure below.

# PETROLEUM UPSTREAM REGULATORY AUTHORITY

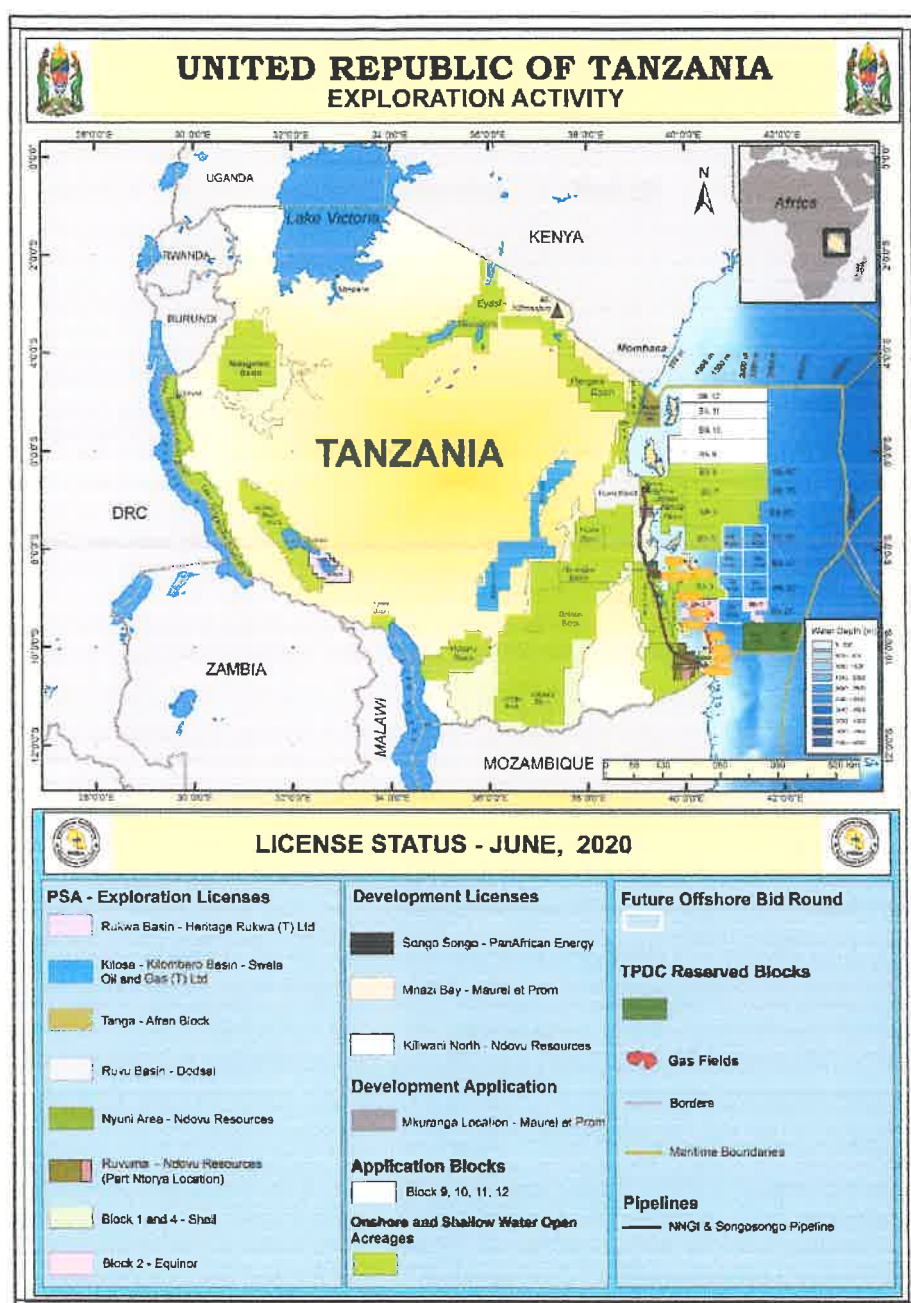


Figure 1: Activity Reference Map

The Operator of the South Rukwa PSAs terminated the contract on 23<sup>rd</sup> April, 2019 and the fate of the matter is yet to be determined at the international chamber of commerce. As of 30<sup>th</sup> June, 2020, the total number of operating PSAs in the country is ten whereby three are in production and the rest are in exploration stage. Among the producing fields, Kiliwani North gas field has been suspended due to pressure inadequacy to support production and remedial considerations are underway.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 1.16 Operational Status

Operators of various licenses are in different extension periods of their licenses. Operational status in each individual license is as shown in the Table below.

Table 2: Licenses Operational Status as of June, 2020

S/N	PSA	Date of Commencement	Operator & Other Participating Companies	Operational Status
1.	Block 1 (Offshore)	29 <sup>th</sup> Oct, 2005	Shell (Operator), Ophir Energy, Pavilion and TPDC	Pre-development
2.	Block 2 (Offshore)	18 <sup>th</sup> April, 2007	Equinor Tanzania AS (Operator), Exxon Mobil and TPDC	Pre-development
3.	Block 4 (Offshore)	19 <sup>th</sup> June, 2006	Shell (Operator), Ophir Energy, Pavillion and TPDC	Pre-development
4.	Nyuni Area (Onshore)	27 <sup>th</sup> October, 2011	Ndovu Resources Ltd (Operator), Bounty Oil & Gas and TPDC	Under exploration in first extension period
5.	Ruvuma (Onshore)	29 <sup>th</sup> October, 2005	Ndovu Resources Ltd (Operator), Solo and TPDC	Exploration and pre-development
6.	Ruvu Block (Onshore)	24 <sup>th</sup> October, 2007	Dodsal Hydrocarbon and Power (Tanzania) Pvt Limited (Operator) and TPDC	Under exploration in second extension period
7.	Kilosa Kilombero (Onshore)	20 <sup>th</sup> February, 2012	Swala (Operator), TATA Petrodyne and TPDC	Under exploration in initial exploration period
8.	Mnazi Bay (Onshore)	18 <sup>th</sup> May, 2004	M&P Exploration and Production TZ Ltd (Operator), Wentworth and TPDC	Producing
9.	Songo songo (Onshore)	11 <sup>th</sup> October, 2001	PanAfrican Energy Tanzania Ltd (Operator) and TPDC	Producing
10.	Nyuni-Kiliwani North (Onshore)	25 <sup>th</sup> March, 1999	Ndovu Resources Ltd (Operator), RAK Gas, Solo, Bounty Oil & Gas and TPDC	Suspended production, under remedial operations
11.	South Rukwa (Onshore)	04 <sup>th</sup> October, 2011	Heritage Rukwa (TZ) Ltd and TPDC	Terminated while in Exploration phase, waiting Arbitral determination

### 1.17 Petroleum Resources Information as at 30<sup>th</sup> June, 2020

Tanzania has discovered Gas Initially in Place (GIIP) of about 57.54 trillion cubic feet (TCF), out of which 47.13 TCF is offshore discovery and 10.41 TCF is onshore. As at 30<sup>th</sup> June, 2020, offshore discoveries have not yet been proven waiting for more studies to ascertain the reserve content and best way of extracting the resource. Highlight of onshore and offshore gas discoveries with their respective GIIP is shown in Figure 3.



## PETROLEUM UPSTREAM REGULATORY AUTHORITY

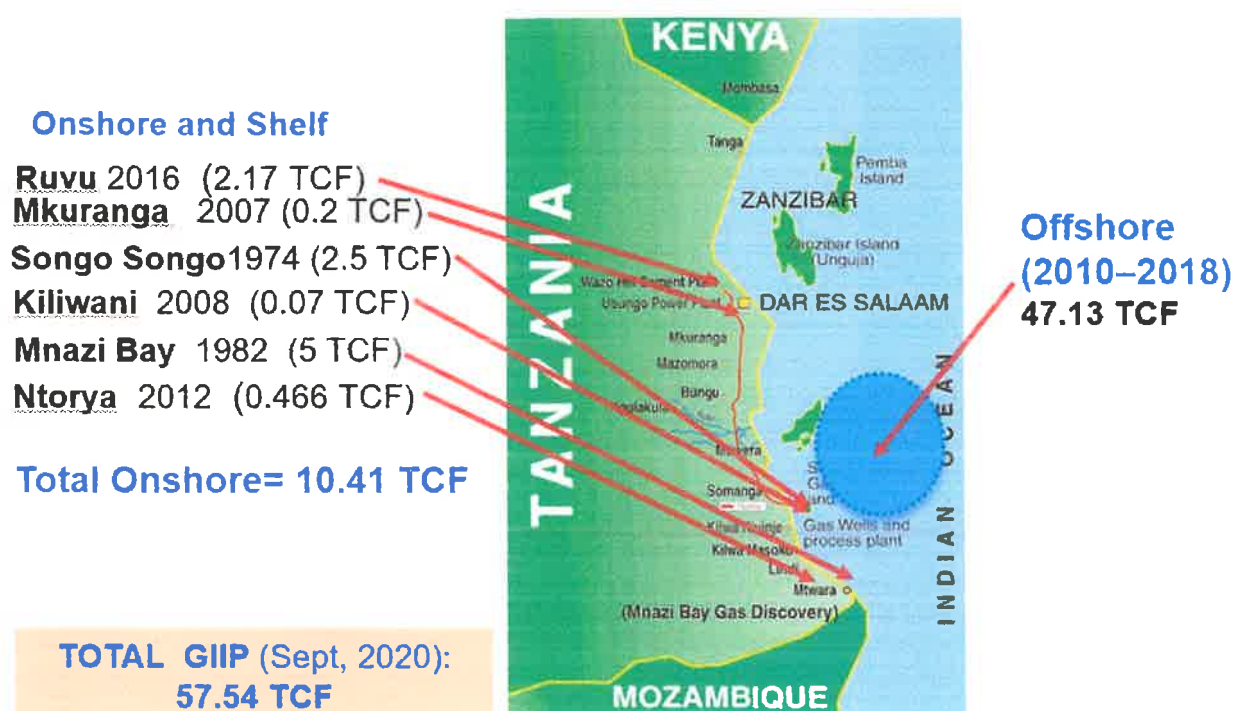


Figure 2: Highlight of onshore and offshore gas discoveries with their respective GIIP

### 1.18 Gas Production Operation

Onshore natural gas discoveries have been proven to contain reserve (2P) amounting to 2.082 TCF, which includes Songo Songo (1574 BCF), Kiliwani (27 BCF) and Mnazi Bay (481 BCF). Summary of onshore natural gas proven reserve and the projected life span of gas producing fields is as indicated in Table 3.

Songo Songo and Mnazi Bay gas fields have been producing natural gas since 2004 and 2006 respectively. Kiliwani gas field produced 6.45 BCF of natural gas from 2016 before it was suspended in December, 2018 due to inadequate reservoir pressure to support production. However, remedial studies to supplement the pressure inadequacy are ongoing.

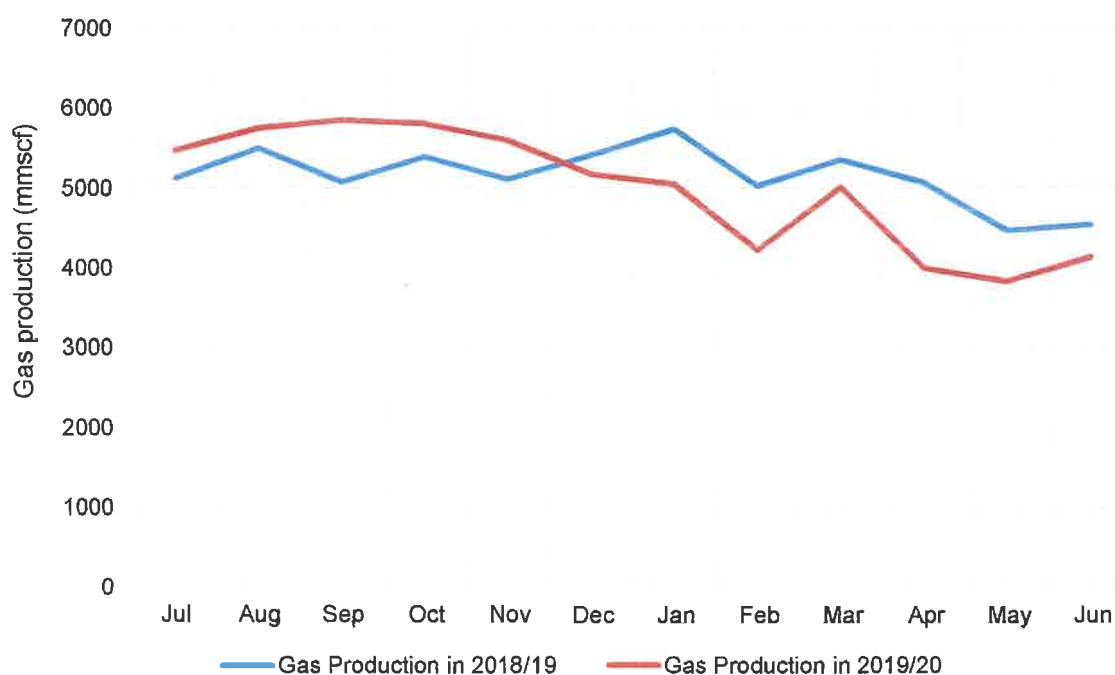
In financial year 2019/20 both producing fields delivered natural gas at a gross aggregated rate of up to 210 mmscfd compared to gross aggregated production rate of up to 190 mmscfd in 2018/19. Further, installation of refrigeration unit at Songo Songo gas field was completed to ensure consistent and sustained supply of natural gas which match the technical specifications at the processing and transportation facilities. The two producing gas fields are expected to remain fully operational, with their aggregated gross production guidance remaining unchanged at 180-200 mmscfd. The estimated number of years for the two producing fields, if natural gas production remains at the current production, will be more than 14 years and 30 years for the case of Mnazi Bay and Songo Songo respectively.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

**Table 3: Onshore natural gas proven reserve and projected life span of gas fields**

Field	2P Reserve Estimate (BCF)	Annual Gas Production (BCF)	Total Gas Produced until 2019 (BCF)	Estimated # of years remaining	End of life
Mnazi Bay	481.9	26.25	100.25	14.54	June, 2033
Songo Songo	1574	37.66	417.98	30.70	August, 2049
Kiliwani	27	2.15	6.45	Suspended	
<b>TOTAL</b>	<b>2082.9</b>	<b>66.06</b>	<b>524.68</b>		

Natural gas production depends on the available demand, which is mainly power generation and industrial use while the use of households and transportation in compressed natural gas (CNG) vehicles has relatively low contribution in terms of overall in country gas usage. The general trend for natural gas supply to power generation dropped slightly due to early heavy rainfall (between December and May) experienced in year 2019/20 as compared to financial year 2018/19 as indicated in Figure 4.



**Figure 1: Gas Production Comparison between financial year 2018/19 and 2019/20 for both fields**

In year 2019/20, natural gas production sufficed the required demand, which constituted mainly power generation. The average power generated from natural gas reached to 60% of the total power generated in country. The breakdown of the use of natural gas which was produced from two gas fields, Songo Songo and Mnazi Bay for 2019/20 and 2018/19 was as follows:

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

Use	2019/20		2018/19	
	Quantity (mmscfd)	Percentage usage (%)	Quantity (mmscfd)	Percentage usage (%)
Power generation	67,863.81	76.56	53,160.62	84.06
Industrial use	20,754.76	23.41	10,065.76	15.92
Households, Institutions and Vehicles	26.60	0.03	15.73	0.02
<b>Total</b>	<b>88,645.17</b>		<b>63,242.11</b>	

Consumers of natural gas produced from the two licences in 2019/20 constituted power generation by TANESCO by 76.56 Percent, industrial consumption by 23.41 percent; Institution, Households and Vehicles use by 0.03 percent. Corresponding figures for the previous year 2018/19 were 84.06 percent, 15.92 percent and 0.02 percent respectively.

As the result of using natural gas produced in country fields as opposed of using other imported sources of energy, the country has saved significant foreign currency of about USD 1,545,963,775 in financial year 2019/20 and USD 1,554,097,692 in financial year 2018/19 respectively as indicated in Table 4.

**Table 4: Foreign currency saved in using natural gas as opposed of using other imported sources of energy**

Consumer	2019/20 Amount (USD)	2018/19 Amount (USD)
Power generation by TANESCO	1,127,282,741	1,374,487,576
Industries	418,408,488	179,530,268
Institutions, Households and Vehicles	272,546	79,848
<b>TOTAL</b>	<b>1,545,963,775</b>	<b>1,554,097,692</b>

Foreign currency saved in year under review was slightly less than that saved in the year 2018/19 due to use of hydropower in power generation. In addition, it can be noted that, the savings realised from the use of natural gas in industries, households and vehicles has increased due to connection of new users after the implementation of Mtwara, Lindi and Dar es Salaam natural gas distribution network projects. The overall drop in savings during the year was about 0.5%.

### 1.19 Exploration Operations

In the financial year 2019/20, exploration operations continued fairly in various Blocks whereby Operator in Ruvu Block processed and interpreted 442L Km acquired and continued with preparation for drilling of two exploration wells and one appraisal well. The Operator in Kiliwani North Block progressed with engineering studies and engagement of external G&G consultant. The Operator in Nyuni Block conducted G&G studies and identified numerous stratigraphic and structural leads which will be matured to prospects upon further studies. Moreover, the Operator in Ruvuma continued preparation for drilling one exploration well. Generally, the explorations activities in financial year 2019/20 were slowed down due to outbreak of COVID-19 global pandemic.

## **PETROLEUM UPSTREAM REGULATORY AUTHORITY**

### **1.20 Pre-development Activities**

In financial year 2019/20, Block 1, 2 and 4 Operators continued with pre-development activities of their offshore gas discoveries which are expected to be commercialised through an LNG off take. The Operators made preparations to enable a conduct of third-party petroleum resource verification to be undertaken in the subsequent financial year.

As part of offshore upstream and LNG project development, Operators undertook preliminary assessment and engagement with relevant authorities for logistic support for: future drilling operations, storage and sparring; installation of subsea structures; Pilot dock Module offloading facility (MOF) and equipment testing.

Moreover, domestic and regional gas demand assessment to assess the current and future projected gas demand for Tanzania and neighbouring countries such as Uganda and Kenya has been completed. The output of the demand assessment will be used to inform design concept for the LNG project. Factors used in the assessment include power, available gas, support infrastructure, industries and macro-economic data.

### **1.21 Appraisal Activities**

No new appraisal program was submitted to the Authority by the operating companies except for the operator of the Ruvuma License which had an ongoing appraisal program activity to be executed but one that were halted due to the uncompleted transaction of participating interest and eventual change of operatorship which all are yet to secure green light from the Government as required under the Petroleum Act, 2015.

### **1.22 Health, Safety and Environmental Issues**

Health and safety of Authority's staff continue to be the priority and robust precautionary measures were taken and put in place to ensure the continued safety of PURA staff; there have been neither reported cases of COVID-19 nor major safety incident in the 2019/20 financial year at the Authority.

On the other hand, during the financial year 2019/20 the petroleum operations were conducted with no major incident save for the five minor incidents including the one that occurred on the Mnazi Bay field in the Generator area where smoke was noticed coming out of the alternator of the gas generator GGI, the activity occurred during normal production operation. This is similar to the financial year 2018/19 in which the same field reported one serious fire incident adjacent to fence between OLAM side and GRF MCC during normal production operation and seven minor incidents industry wide.

### **1.23 ICT and Data Management**

In financial year 2019/20, Some ICT Equipment were procured and maintained to facilitate and support Authorities business operations. The equipment includes laptops, office computers, printers, photocopiers and scanners. Further to this, the Authority also developed a draft ICT policy that is expected to be officiated in the subsequent year to enable effective data governance for secure, efficient and proper storage, retrieval, archiving and dissemination of petroleum data and information.

In contrast, the Authority managed to put in place and maintain preliminary ICT systems such as web and email hosting and internet services in financial year 2018/19.

In 2019/20 as part of its functional responsibility, the authority continued to plan, source and maintain other office systems, technical ICT tools, workstations, data management systems, hardware and software infrastructures. The Authority's data room that is expected to house the ICT services and Petroleum Data Management facility and provide main connectivity for the

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

entire Authority and act as the nerve centre for the organization in supporting Authority's business operations is still under establishment. The Data room, in high level business context, is expected to drive and support most of the Authority's business decisions and strategies and provide automation of business process, communication and collaborations between PURA and operating oil companies as our main stakeholders. The Integration and alignment of a modern and robust IT environment is expected to be completed by the end of the subsequent financial year to enable efficient execution of PURA's operations.

### 1.24 Reconnaissance Operations

During the financial year 2019/20 the Authority endorsed drilling program for three (3) shallow boreholes which include King'inila, Nyaranja and Luono which were drilled in the Eyasi Wembere basin as per the Eyasi Wembere reconnaissance permit. Eyasi - Wembere basin is located in the Northern part of Tanzania along the Eastern Branch of the Great East African Rift System.

### 1.25 Approval of Annual Work Plan and Budget

The Work Program and Budget Meetings were conducted at the end of each calendar year, with an objective of discussing the work program and expenditure of that particular year and approving the proposed work program and budget for the subsequent year for each PSA. Nine (9) out of eleven (11) planned meetings were conducted in December, 2019 where Operators presented to the Authority their proposed work program and budgets for the year 2020. The proposed work program and budgets were approved by the Authority after deliberations. In 2018/19, ten (10) out of eleven (11) planned meetings were conducted and approval granted to the proposed work programs submitted by the Operators.

Two (2) PSAs whose work programmes and Budgets were not discussed in year 2019/20 included: Rukwa South which was under operatorship of Heritage Rukwa and Kilosa Kilombero under operatorship of Swala Oil and Gas (Tanzania) Ltd. Heritage Rukwa terminated the Rukwa South PSA on 23<sup>rd</sup> April, 2019 and instituted arbitral proceedings against TPDC and the Government at the International Chamber of Commerce (ICC) claiming compensation amounting to USD 72.29 Million and TZS 78.11 Million while reserving its rights under the PSA. Further, Swala Oil and Gas (Tanzania) Ltd declared Force Majeure alleging the Government's inaction to grant one-year extension of Kilosa Kilombero license. Due to these reasons, the two operators failed to submit and present their annual work plan and budget for that particular year.

### 1.26 Permit and License Applications

In the financial year 2019/20 the Authority received neither permit application nor licence application however the Authority, as an advisor to the Minister of petroleum affairs, assessed and determined an application for Exploration License over the Mnazi Bay North Block which was submitted in 2018/19 by TPDC. The Authority rendered its advice to the Minister on the application upon its determination of the technical and economic feasibility of the received proposal from TPDC which was appended with the license application alongside other alternative set of fiscal packages. Government decision on this particular application is yet to be given.

### 1.27 Implementation of Donor Funded Projects

In the 2019/20 financial year, PURA continued to implement two (2) donor funded projects, namely, the AfDB funded "Institutional Support for Domestic Resource Mobilization and Natural Resources Governance Project" and the Institutional Cooperation between the United Republic of Tanzania and the Kingdom of Norway - OfD Program in Tanzania.

## **PETROLEUM UPSTREAM REGULATORY AUTHORITY**

### **1.28 Institutional Support for Domestic Resource Mobilization and Natural Resources Governance Project**

In the financial year 2019/20, supply and installation of office equipment which included 1 heavy duty Printer and 4 small Printers as procurable items was successfully accomplished. Further, supply of system hardware- Data Centre with 1 Server, 1 Rack and Expandable storage with 600 TB usable capacity, 10 Workstations - Desktop, 3 Mobile workstations - Laptop, 1 Plotter, 4 Projectors, 2 Large Screens, 4 External Drive@1TB and 1 UPS was successfully accomplished. However, the installation and functional testing of the system hardware is expected to be undertaken in the subsequent financial year upon securing of exemption. Moreover, Office Software System including 60 Microsoft office 2019, 60 Antivirus 2019, 6 Project management software and 1 Saver for Project management software as well as data centre software including Geospatial analysis tool and GIS system with two licenses were ready to be supplied, however, they were not supplied due to absence of installed and functional system hardware.

### **1.29 The Institutional Cooperation Between the United Republic of Tanzania and the Kingdom of Norway - OfD Program in Tanzania**

The Government of the United Republic of Tanzania and the Norwegian Ministry of Foreign Affairs through the Royal Norwegian Embassy entered the Program Agreement regarding the Institutional Cooperation in the Upstream Petroleum Sub sector on 10<sup>th</sup> July, 2018. During the financial year 2019/20 most of the activities under the project were implemented in a moderate pace due to outbreak of COVID-19 global pandemic. The notable progress was in activity towards the development of sector specific health, safety and environment regulations under the Petroleum Act, 2015.

## **2.0 PSA AUDITS**

Under the Petroleum Act (PA), 2015, PURA is mandated to audit all matters relating to assessment, collection of oil and gas revenue together with costs of exploration, production, development and sale of oil and gas. During the financial year 2019/20, PURA conducted audits of costs and revenues for 10 PSAs (3 remaining from 2018/19 and 7 planned and done in 2019/20).

PURA planned to conduct 10 PSA audits for costs and revenue for year ended 31<sup>st</sup> December 2018. As at 30<sup>th</sup> June, 2020, PURA had audited 7 out of 10 planned PSAs; the remaining 3 PSAs (Block 1, Block 4 and Mnazi Bay) were not audited due to outbreak of COVID-19 global pandemic which limited PURA's access to the operator's offices and information. Moreover, PURA was engaged in resolving the previous years unresolved audit observations for various PSAs.

The 2019/20 PSA audits and the previous year's resolutions led into reversal of USD. 9,899,989.45 (2018/19 USD 4,399,010.99) of costs claimed by contractors as recoverable. Cumulative costs amounting to USD 14, 299,000.44 have been reversed from the PSA Cost pool where PURA took over the PSA audit engagements. Audits undertaken resulted into reversal of disallowed costs from PSA cost pool which would have deprived the Government share during the appropriation time of profit gas.

## **2.1 LOCAL CONTENT**

Among of the functions conferred to PURA under the Petroleum Act, 2015 is to promote local content including supporting national enterprises and Tanzanians to participate in the petroleum upstream industry. Over the period, PURA has been monitoring the Local Content Implementation as provided for in the Petroleum Act, 2015 and Petroleum (Local Content)

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

Regulations, 2016. To ensure proper implementation of the local content, PURA has developed Local Content Guidelines that will assist in effectively planning and reporting of the Local Content by the upstream Oil Companies. Despite the fact that, there were no any major upstream activities undertaken during the financial year, the Authority has experienced remarkable achievement in Local content implementation by Oil Companies.

In supply of goods and services, PURA through Annual Work Plan and Budget review and approval ensured that procurement of goods and services are prioritized to local companies. Services such as insurance, security and catering were given to local suppliers. In terms of employment, PURA had taken initiatives to conduct awareness and sensitization campaign to community-based organisations such as Oil and Gas Workers Group Association (OGAWOGA).

Tanzania Upstream Sector made a huge milestone by finalizing acquisition process of the LNG site in Lindi. In financial year 2019/20 the government compensated the local dwellers affected the LNG project. PURA was actively involved in conducting awareness program to the Project Affected People (PAPs) and Project Affected Households (PAHs) of the respective areas. The induction given was about different issues pertaining to the compensation. Awareness was made particularly on the following area:

- a. Financial Literacy, where awareness was made to the PAPs on how they will get their money and using banking services etc.;
- b. Grievances solving mechanism;
- c. Legal education about contracts; and
- d. Signing compensation contracts.

### 2.2 FUTURE DEVELOPMENT

In the process of making the Authority full operational and financially sound to undertake its operations, the following future developments are planed:

- a. Capacity building to its staff through facilitating them to attend various professional and technical training;
- b. Acquisition of plot for office accommodation;
- c. Construction of Petroleum Data Storage;
- d. Acquisition and installation of data storage facilities.
- e. Acquisition of operating Computer infrastructure for oil and gas exploration and production.

### 2.3 FINANCIAL PERFORMANCE

The Authority's approved budget for the year 2019/20 was TZS 3,656,059,472, this has excluded the carried over committed fund of TZS 71,774,589.76 from previous year; (2018/19 TZS 1,689,558,213). The approved budget for year 2019/20 considered revenue from both Government Subvention amounting to TZS. 2,169,558,213 excluded the carried over committed fund of TZS 71,774,589.76 from previous year (Personal Emolument and Other Charges) and Own Source amounting to TZS.1,486.501,259 while for the year 2018/19 it considered Other Charges only.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

In the financial year 2019/20, PURA started to collect regulatory levy, where by a total amount of TZS 727,173,235.40 (2018/19 nil) was collected as Regulatory Levy (Own Source) from two natural gas producing field (Mnazi Bay and Songo Songo). This is equivalent to 49 percent of the budgeted amount from Own Source. However, the sum of TZS 1,100,280,546.58 Billion was expected to be collected as regulatory levy since it was due but was not remitted. This was attributed to the outbreak of COVID-19 Pandemic which affected the companies' ability to pay the amount to the Authority.

On part of Government Subvention, a total of TZS 2,052,709,279.93 for the year under review , (2018/19 TZS 1,731,885,900) which is equivalent to 95 percent of the projected Government Subvention.

**Table 5: Summary of Budget Estimates and Actual Values**

Description	Approved Budget2019/20	Actual 2019/20	Budget 2018/19	Actual 2018/19
	TZS	TZS	TZS	TZS
<b>Revenue Estimates</b>				
Government Subvention	1,689,558,213.00	1,534,481,779.93	1,689,558,213.00	1,365,730,900.00
PE	480,000,000.00	518,227,500.00	366,155,000.00	366,155,000.00
Own Source	1,486,501,259.00	727,173,235.40	-	-
Other Sources - carry over budget	71,774,589.76	-	-	-
<b>TOTAL REVENUE</b>	<b>3,727,834,061.76</b>	<b>2,779,882,515.33</b>	<b>2,055,713,213.00</b>	<b>1,731,885,900.00</b>
<b>Recurrent Expenditure</b>				
PE	480,000,000.00	516,816,155.68	366.155.000.00	366,155,000.00
OC Recurrent Expenditure	1,689,558,213.00	1,441,363,478.13	1,689,558,213.00	1,365,730,900.00
Carry over budget	71,774,589.76	71,774,589.76		
OS Recurrent Expenditure	1,486,501,259.00	727,173,235.40	-	
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>3,727,834,061.76</b>	<b>2,757,127,458.97</b>	<b>2,055,713,213.00</b>	<b>1,731,885,900.00</b>

### 2.4 RELATED PARTY TRANSACTION

Details of related party transactions are contained in the financial statements note No 2.10. and 2.10(a).

### 2.5 RELATIONSHIP WITH STAKEHOLDERS

The Authority's main stakeholders include Ministry of Energy, Ministry of Finance and Planning, TPDC, Oil Companies undertaking upstream activities, EWURA, NEEC, OSHA, NEMC, TRA and other Government agencies. During the year 2019/20 in comparison to previous year the Authority maintained good relationship with these stakeholders.



## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 2.6 OVERVIEW OF FINANCIAL STATEMENTS

#### 2.6.1 REVENUE

##### Approved budget and Revenue Received

In the financial year 2019/20, PURA started to collect regulatory levy, where by a total amount of TZS 727,173,235.40 was collected as Regulatory Levy (Own Source) from two natural gas producing field (Mnazi Bay and Songo Songo) while there was no collection in financial year 2018/19. This is equivalent to 49 percent of the budgeted amount from Own Source. On the part of Government Subvention, a total of TZS 2,052,709,279.93.00 (2018/19 TZS 1,731,885,900) was budgeted and received which is equivalent to 95 percent of the projected Government Subvention.

#### 2.6.2 EXPENDITURE

The Authority incurred various expenses in the financial year ended 30<sup>th</sup> June, 2020. These expenditures included:

##### 2.6.2.1 Wages, Salaries, Employment benefits and Other Staff related costs

During the year ended June, 2020 TZS 1,598,367,687.68 (2018/19 TZS 1,009,574,882 ) was spent for the Wages, Salaries, Other Employment benefit and other related costs exclude Salaries and the associated statutory contributions for staff who were assigned to the Authority. Salaries and other statutory contributions of the seconded staff were paid by the respective employers.

##### 2.6.2.2 Supplies and Consumable Goods

During the year under review the actual expenditure for Supplies and Consumable goods was TZS 1,060,185,232.34 (2018/19 TZS 503,049,214.90) were spent.

##### 2.6.2.3 Acquisition/Constructions of Property, Plant and Equipment

During the year under review, the Authority purchased new Assets worth TZS 24,320,800 (2018/19 TZS 32,650,000)

##### 2.6.2.4 Commitments and Payables

There were commitments for Office Furniture worth TZS 17,600,000 and other unpaid expenses amounting to TZS 107,601,767.32 (2018/19 TZS 19,725,000).

##### 2.6.2.5 Directors Fees and other Board Expenses

During the year under review the annual fees worth TZS 58,240,000 for Board of Directors were paid based on the approved rate by the Treasury Registrar on October, 2018. The amount was fixed to TZS 3,250,000 for the Chairman and TZS 3,000,000 for other four members per quarter from 1<sup>st</sup> July, 2019 to January, 2020. These rates were changed by the Treasury Registrar's circular No.1 of 2020 to TZS 3,000,000 for the chairman and TZS 2,500,000 for other members per quarter effective from 15<sup>th</sup> January, 2020

##### 2.6.2.6 Losses

There are no losses outstanding up to the year ending 30<sup>th</sup> June, 2020 as it was in financial year 2018/19.

##### 2.6.2.7 Guarantee

The Authority has not made any guarantee during the year ended 30<sup>th</sup> June, 2020 as it was in financial year 2018/19.

## **PETROLEUM UPSTREAM REGULATORY AUTHORITY**

### **2.6.2.8 Outstanding Loans**

At the closure of the period there were no outstanding loans as it was in financial year 2018/19.

### **2.6.2.9 Salaries to Employee**

During the year ended 30<sup>th</sup> June, 2020, the Authority had 28 staff. As at 30<sup>th</sup> June, 2020 the sum of TZS 518,227,500.00 (2018/19 TZS 366,155,000) were paid as gross salaries to these employees.

### **2.6.2.10 Extra Ordinary items**

During the period there were no extra ordinary items recorded as it was in financial year 2018/19

## **2.6.3 STAFF WELFARE**

### **2.6.3.1 Management & Other staff relationship**

There is a continued good relationship among PURA staff, Acting Director General, the Board of Directors and the Ministry of Energy for the year 2019/20, the same to the financial year 2018/19.

### **2.6.3.2 Staffing**

During the year, PURA's operations were carried out by 28 employees transferred from other government institutions compared to 19 employees in 2018/19. The remaining 5 employees who executed PURA operations in year 2018/19 were seconded.

The Authority planned to recruit 43 staff in the financial year 2019/20. However, only 20 employees were transferred due to lack of recruitment permit.

### **2.6.3.3 Charitable and Political Contribution**

PURA did not make any political contribution during the year, the same to the financial year 2018/19.

### **2.6.3.4 Prejudicial Issues**

There were no prejudicial issues within the Authority, the same to the financial year 2018/19.

### **2.6.3.5 Key Challenges**

Some of activities were not conducted as scheduled due to COVID-19 global pandemic. In addition, the Authority faces challenge in transfer of roles particularly in data management. Insufficiency of staff to effectively implement the planned activities also poses additional challenge. In the financial year 2018/19, the Authority lack Petroleum Data storage facilities and enough manpower to manage Petroleum Data. This made the Authority to assign its responsibility of Data Management to TPDC to continue handling petroleum data on its behalf. In addition, the Authority faces risks of slow pace of approval of PURA's operationalization instrument, lack of permanent office building and insufficiency of permanent staff.

### **2.6.3.6 The way forward**

The Authority has planned and is currently renovating three rooms that will be dedicated for storage of electronic data to ensure full transfer of the petroleum data from TPDC. In addition, the Authority will continue to make close follow-up on securing recruitment permit from the relevant authority.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 2.6.3.7 Gender Parity

Out of the total number of staff in place as at 30<sup>th</sup> June, 2020, 20 staff were males and 13 were females, while in the year (2018/19) corresponding number of staff were 16 males and 3 females. It is the plan of the Authority to increase the number of females so as to bring gender equality.

### 2.6.3.8 Auditors

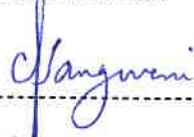
According to the Petroleum Act 2015, Section 232, the auditor of the Authority is the Controller and Auditor General.

By order of the Board



Prof. Gaspar Mhinzi

Board Chairman



Charles Sangweni

Ag. Director General



Date



Date

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 2.7 STATEMENT OF DIRECTORS RESPONSIBILITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020

The Board of PURA is responsible for preparation of the annual Financial Statements, which give a true and fair view of the entity's state of affairs and its operating results in accordance with International Public Sector Accounting Standards (IPSAS) on Accrual Basis, in conformity with the provision of the Public Finance Act No. 6 of 2001 Section 25(2) & (4) and the Petroleum Act 2015 Section 232(2). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether on account of fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances which provide reasonable assurance that the transactions recorded are within statutory authority, and properly record the use of all public financial resources accordingly.

To the best of our knowledge, the system of internal control has operated adequately throughout the reporting period and that the records and underlying accounts provide a reasonable basis for the preparation of the Financial Statements for the year ended 30<sup>th</sup> June, 2020.

Procurement of goods works and consultancy and non-consultancy services, to the extent that they are reflected in these financial statements, have been undertaken in accordance with the Public Procurement Act no. 9 of 2011 and its Regulations 2013.

The Board of PURA accept responsibility for the integrity of these financial statements, the information they contain and their compliance with the Public Finance Act No. 6 of 2001 and its Regulations; Petroleum Act 2015, International Public Sector Accounting Standards (IPSAS) Accruals basis; and Guidelines issued by National Board of Accountants and Auditors (NBAA) and Paymaster General and Accountant General.

In our opinion, nothing has come to the attention of the management that the financial statements do not present fairly all material aspect of the operations of PURA and will remain a going concern for the next twelve months from the date of these statements.



Prof. Gaspar Mhinzi

Chairman of the Board



Date

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 3.0 DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA), according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of Financial Statements of the entity concerned. It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's position and performance in accordance with applicable International Public Sector Accounting Standards (IPSAS) Accrual Basis and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I **Happiness C. Shayo**, representing the Head of Finance and Accounts of PURA, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30<sup>th</sup> June, 2020 have been prepared in compliance with applicable accounting standards and statutory requirements. I thus confirm that the financial statements give a true and fair view position of PURA as on that date and that they have been prepared based on properly maintained financial records.

Signed by:  .....

Position: Senior Accountant

NBAA Membership No.: NBAA/GA 6488

Date: 25<sup>th</sup> March 2021

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chief Executive,  
Petroleum Upstream Regulatory Authority (PURA),  
P.O. Box 11439,  
DAR ES SALAAM.

#### 4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

##### Opinion

I have audited the financial statements of Petroleum Upstream Regulatory Authority (PURA), which comprise the statement of financial position as at 30<sup>th</sup> June, 2020, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of (PURA) as at 30<sup>th</sup> June, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

##### Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Petroleum Upstream Regulatory Authority (PURA) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

##### Other Information

Management is responsible for the other information. The other information comprises the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, 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.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

### **Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements**

My 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 audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAI 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 these financial statements.

As part of an audit in accordance with ISSAI, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

- 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In addition, Section 10 (2) of the Public Audit Act, 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 (as amended in 2016) requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.




## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 4.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

#### **Compliance with the Public Procurement Act, No.7 of 2011 (as amended in 2016)**

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, and noted that, PURA Procurement department is in its initial stage of establishment as it commenced operations from June, 2020 hence significant part of its procurement made during the year were carried out by the Ministry of Energy and generally they complied with Public Procurement Act, 2011 (as amended in 2016) and its underlying Regulations of 2013 (amended in 2016).

  
Charles E. Kichefe  
Controller and Auditor General  
Dodoma, United Republic of Tanzania  
March, 2021



# PETROLEUM UPSTREAM REGULATORY AUTHORITY

## 5.0 FINANCIAL STATEMENTS

### 5.1 STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE, 2020

	Note	30.06.2020 TZS	Restated 30.06.2019 TZS
<b>ASSETS</b>			
<b>Current Asset</b>			
Cash and Cash Equivalents	9	139,077,521.46	71,774,589.77
Inventories	12	75,584,955.00	5,867,555.00
Prepayments	11	5,000,000.00	0.00
Receivables	10	1,134,481,346.58	48,163,700.00
<b>Total Current Asset</b>		<b>1,354,143,823.04</b>	<b>125,805,844.77</b>
<b>Non-Current Asset</b>			
Property, Plant and Equipment	3	58,400,432.34	55,235,279.00
<b>Total Non-Current Asset</b>		<b>58,400,432.34</b>	<b>55,235,279.00</b>
<b>TOTAL ASSETS</b>		<b>1,412,544,255.38</b>	<b>181,041,123.77</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables and Accruals	13	125,201,767.32	19,705,000.00
<b>Total Current Liabilities</b>		<b>125,201,767.32</b>	<b>19,705,000.00</b>
<b>TOTAL LIABILITIES</b>		<b>125,201,767.32</b>	<b>19,705,000.00</b>
<b>Net Assets</b>		<b>1,287,342,488.06</b>	<b>161,336,123.77</b>
<b>NET ASSETS/EQUITY</b>			
<b>Capital Contributed by:</b>			
Accumulated Surpluses/Deficits		1,287,342,488.06	161,336,123.77
<b>TOTAL NET ASSETS/EQUITY</b>		<b>1,287,342,488.06</b>	<b>161,336,123.77</b>

The accompanying notes are integral part of the financial statements which were authorized for issue by the Board of Directors and were signed on its behalf by:

  
Prof. Gaspar Mhinzi  
CHAIRPERSON

25<sup>th</sup>/March/2021  
DATE

  
Charles Sangweni  
Ag. DIRECTOR GENERAL

# PETROLEUM UPSTREAM REGULATORY AUTHORITY

## 5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020

		2019/20	Restated Amount 2018/19
	Notes	TZS	TZS
<b>REVENUE</b>			
Revenue			
Revenue from Non-Exchange transaction	4	2,052,709,279.93	1,764,535,900.00
Revenue from Exchange transaction	5	1,827,453,781.98	0
<b>Total Revenue</b>		<b>3,880,163,061.91</b>	<b>1,764,535,900.00</b>
<b>EXPENSES AND TRANSFERS</b>			
Expenses			
Wages, Salaries and Employee Benefits	6	1,598,367,687.68	1,034,114,000.00
Supplies and Consumables Used	7	1,060,185,232.34	503,049,214.90
Maintenance Expenses	8	54,448,130.60	26,725,115.00
Depreciation of Property, Plant and Equipment	3	21,155,647.00	12,925,169.33
<b>Total Expenses</b>		<b>2,734,156,697.62</b>	<b>1,576,813,499.23</b>
<b>Transfer</b>			
Grants, subsidies and other Transfer payments	18	20,000,000.00	0
<b>Total Transfer</b>		<b>20,000,000.00</b>	<b>0</b>
<b>TOTAL EXPENSES AND TRANSFERS</b>		<b>2,754,156,697.62</b>	<b>1,576,813,499.23</b>
<b>Surplus /Deficit</b>		<b>1,126,006,364.29</b>	<b>187,722,400.77</b>

The accompanying notes are integral part of the financial statements.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 5.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020

	Accumulated Surplus/(Deficit) TZS	Total TZS
Opening Balance as at 1st July, 2019	161,336,123.77	161,336,123.77
Surplus/Deficit for the Year	1,126,006,364.29	1,126,006,364.29
<b>Closing Balance as at 30th June, 2020</b>	<b>1,287,342,488.06</b>	<b>1,287,342,488.06</b>
Opening Balance as at 1st July, 2018	-26,386,277.00	-26,386,277.00
Surplus/Deficit for the Year	187,722,400.77	187,722,400.77
<b>Closing Balance as at 30<sup>th</sup> June, 2019</b>	<b>161,336,123.77</b>	<b>161,336,123.77</b>

The accompanying notes are integral part of the financial statements.

# PETROLEUM UPSTREAM REGULATORY AUTHORITY

## 5.4 CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020

	NOTES	2019/20 TZS	Restated Amount 2018/19 TZS
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Other Revenue	19	727,173,235.40	0
Funds Received	19	2,052,709,279.93	1,420,752,900.00
<b>Total Receipts</b>		<b>2,779,882,515.33</b>	<b>1,420,752,900.00</b>
<b>PAYMENTS</b>			
Wages, Salaries and Employee Benefits	20	1,598,367,687.68	640,328,600.00
Supplies and Consumables Used	21	1,028,617,965.65	503,049,214.90
Other Expenses		0	181,781,475.12
Maintenance Expenses	22	58,873,130.60	26,725,115.00
Grants, Subsidies and other Transfer Payments	18	20,000,000.00	0
<b>Total Payments</b>		<b>2,705,858,783.93</b>	<b>1,351,884,405.02</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>74,023,731.69</b>	<b>68,868,494.98</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Investing Activities</b>			
Acquisition of Property, Plant and Equipment	3	(6,720,800.00)	0
<b>Total Investing Activities</b>		<b>(6,720,800.00)</b>	<b>0</b>
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>		<b>-6,720,800.00</b>	<b>0</b>
Net increase in cash and cash equivalent		67,302,931.69	68,868,494.98
Cash and cash equivalent at beginning of period		71,774,589.77	2,906,094.79
<b>Cash and cash equivalent at end of period</b>	<b>9</b>	<b>139,077,521.46</b>	<b>71,774,589.77</b>

The accompanying notes are integral part of the financial statements.

# PETROLEUM UPSTREAM REGULATORY AUTHORITY

## 5.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020

	Original Budget	Reallocations/Adj ustments	Final Budget (B)	Actual Amount on Comparison Basis (A)	Different Final Budget & Actual (B-A)	Reasons for variance
	TZS	TZS	TZS	TZS	TZS	
<b>RECEIPTS</b>						
Funds Received	2,169,558,213.00	71,774,589.76	2,241,332,802.76	2,052,709,279.93	(188,623,522.83)	Unremitted funds from MOFP.
Other Revenue	1,486,501,259.00	0	1,486,501,259.00	727,173,235.40	(759,328,023.60)	Over collected revenue.
Total Receipts	3,656,059,472.00	71,774,589.76	3,727,834,061.76	2,779,882,515.33	(947,951,546.43)	
<b>PAYMENTS</b>						
Grants, Subsidies and Transfer Payments	0	0	0	20,000,000.00	(20,000,000.00)	Un budgeted transferred to TR
Maintenance Expenses	120,269,266.00	12,557,620.00	132,826,886.00	58,873,130.60	73,953,755.40	Office rehabilitation not done
Supplies and Consumables Used	1,504,325,206.00	53,826,969.76	1,558,152,175.76	1,010,878,467.19	547,273,708.57	Due to Quantity of goods expected to be consumed by the number of un-recruited staff led to decrease of this amount.
Wages, Salaries and Employees benefits	1,797,465,000.00	5,390,000.00	1,802,855,000.00	1,616,107,185.85	186,747,814.15	Expected new staff were not recruited
Acquisition of Property, Plant and Equipment	234,000,000.00	0	234,000,000.00	6,720,800.00	227,279,200.00	
Total Payments	3,656,059,472.00	71,774,589.76	3,727,834,061.76	2,712,579,583.64	1,015,254,478.12	
Net receipts	0	0	0	67,302,931.69	(67,302,931.69)	

\*The Statement of Comparison of Budget and Actual performance is prepared on cash basis.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 6.0 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE, 2020

#### NOTE 1: GENERAL INFORMATION

The Petroleum Upstream Regulatory Authority was established by the Petroleum Act, Cap.392. Its mandate is to regulate and manage the petroleum resources and provide advisory services to the Government and the Minister responsible for petroleum affairs. PURA is located at Samora Avenue in Dar es Salaam. The Authority is under the Ministry of Energy.

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of Preparation

PURA's financial Statements have been prepared in accordance with Public Finance Act of 2001 (revised 2016) and comply with the requirements of International Public Sector Accounting Standards (IPSAS) Accrual Basis. The financial statements are presented in Tanzania Shillings (TZS) and have been rounded off to the nearest shilling.

##### 2.2 Functional and Presentation currency

Items included in the financial statements of PURA are measured using the currency of the primary economic environment in which PURA operates (the functional currency). The financial statements are presented in Tanzanian Shillings (TZS), which is PURA's functional and presentation currency.

##### 2.3 Foreign currency Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Monetary items which are denominated in foreign currency are translated at the exchange rate ruling at the year end. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

##### 2.4 Cash and cash equivalents

Cash and bank balances 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 and is measured at amortised cost. For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

##### 2.5 Government Grants

Government grants are not recognized until there is reasonable assurance that the Authority will comply with the conditions attaching to them and the grants will be received. In kind government or Donor funds/grants received by PURA in form of Assets are recognized as Assets in the Financial Position at fair value and recognised as revenue in the year of transaction. The expenses on the asset are recognised on a systematic and rational basis over the useful lives of the related assets.

##### 2.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 2.7 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Authority's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 2.8 Determination of the useful lives of property, plant and equipment

Directors use reasonable judgment in determining the useful lives and hence depreciation rates of the items of property, plant and equipment purchased. The Authority uses the straight-line method to depreciate its property, plant and equipment. Previously, this was done basing on the accounting policies which are approved by the Board. However, currently the depreciation rates in the table below indicated the rates as prescribed in the Public Asset Management Guidelines, 2019 provided by the MoFP.

#### Depreciation Schedule

ASSETS	RATES (%)
Buildings	2
Plant and Machinery	6.7
Motor Vehicle	20
Furniture and Fittings	20
Computer	25
Office Equipment (Printer, Photocopier and Water Dispenser	20
Computer Software	33.3

### 2.9 Approved Budget

The approved budget is developed on the cash basis for the period from 1<sup>st</sup> July to 30<sup>th</sup> June the following year. Financial Statements are prepared on accrual basis.

### 2.10 Related Party

PURA regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority. Members of the key Management are regarded as related parties and comprise of members of the Board of Directors, Director General, Heads of Departments and Units, and Section Managers.

#### Related Party Transactions

The following transactions were carried out with related parties: -

#### (a) Key management personnel

Key management of the Authority include the Board of Directors, the Director General, Head of Directorates, Section Managers. Currently, the Authority has seven key management personnel, the acting Director General, Acting Director of corporate service, acting Director of Technical services, Acting Head of Legal Service, Acting Head of Internal Auditing, Acting head of Local Content and stakeholder unit and Acting Manager of Exploration and Production.



## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### Remuneration of the key management personnel for the year 2019/2020

Description	2019/20 TZS	2018/19 TZS
Salaries and allowances	69,348,132	45,650,000
Board of Directors Members fees	58,240,000	61,000,000
<b>Total</b>	<b>127,588,132</b>	<b>106,650,000</b>
No. of Key Management Personnel	7	5

#### 2.11 Charitable and political contribution

There were no charitable or political contributions made.

#### 2.12 Pension

PURA contribute to the PSSSF pension contribution for its employees at a rate 15% of basic salaries.

#### 2.13 Financial Instruments

The Authority classifies financial assets and financial liabilities into Loans and Liabilities and Held to maturity investment all measured at Amortised cost. Initially Financial Instruments are recognised at fair value when the Authority becomes party to the contractual provisions of the instruments. Subsequently, the Financial Instruments are measured at amortised cost, using the effective interest method less accumulated impairment losses.

#### 2.14 Provisions

Provisions are recognized when the authority has a present or constructive obligation as a result of past events which is probable will result in an outflow of economic benefits that can be measured reliably. As at 30<sup>th</sup> June, 2020 the Authority has only TZS 15,000,000.00 attributed to Audit fee to be paid to NAOT.

#### 2.15 IPSASs issued but not yet effective

##### 2.15.1 IPSAS 41- Financial Instruments

This will replace IPSAS 29 and will be effective on 1<sup>st</sup> January, 2022

##### 2.15.2 IPSAS 42- Social benefit

This IPSAS will be effective on 1<sup>st</sup> January, 2022

#### 2.16 Lease Arrangement

The Authority has no any lease arrangement with building holder (TANESCO) in regard to Dar es Salaam office. However, the authority has hired the office in Dodoma at PSSSF building effective from 1<sup>st</sup> June, 2020.

#### 2.17 Capital Commitments

The Authority had no capital commitments in financial year 2019/20.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### 2.18 Re classification of various items

Due to adoption of the MoFP Asset Management Guideline, 2019 and the use of the Government Accounting system (MUSE), the Authority reclassified its various reported items which led to restate some of the figures reported in the previous financial year 2018/19.

#### Note: 3 PROPERTY, PLANT AND EQUIPMENT SCHEDULE AS AT 30<sup>TH</sup> JUNE, 2020

	COMPUTER (TZS)	FURNITURE AND FITTINGS (TZS)	OFFICE EQUIPMENT (TZS)	TOTAL (TZS)
<b>COST</b>				
At 1 <sup>st</sup> July, 2019	47,667,280		44,166,800	91,834,080
Add: Acquisition During the Year 2019/20		17,600,000	6,720,800	24,320,800
Less: Disposal/Adjustment During the Year 2019/20	-	-		-
<b>Total Cost:</b>	<b>47,667,280</b>	<b>17,600,800</b>	<b>50,887,600</b>	<b>116,154,880</b>
<b>DEPRECIATION:</b>				
At 1 <sup>st</sup> July, 2019	28,600,368	-	7,998,433	36,598,801
Add: Charge During the Year 2019/20	11,916,820	293,333	8,945,493	21,155,647
<b>Depreciation At 30<sup>th</sup> June, 2020</b>	<b>40,517,188</b>	<b>293,333</b>	<b>16,943,926</b>	<b>57,754,448</b>
<b>Net Book Value/Carrying Amount as at 30<sup>TH</sup> JUNE, 2020</b>	<b>7,150,092</b>	<b>17,306,667</b>	<b>33,943,674</b>	<b>58,400,432</b>
<b>COST</b>				
At 1 <sup>ST</sup> JULY, 2018	47,667,280		11,516,800	59,184,080
Add: Acquisition During the Year 2018/19			32,650,000	32,650,000
Less: Disposal/Adjustments During the Year 2018/19	-	-		-
<b>Total Cost:</b>	<b>47,667,280</b>	<b>-</b>	<b>44,166,800</b>	<b>91,834,080</b>
<b>DEPRECIATION:</b>				
At 1 <sup>ST</sup> July, 2018	19,066,912	-	4,606,720	23,673,632
Add: Charge During the Year 2018/19	9,533,456	-	3,391,713	12,925,169
Less: Disposal During the Year 2019/20	-	-	-	-
<b>Depreciation At 30<sup>th</sup> June, 2019</b>	<b>28,600,368</b>	<b>-</b>	<b>7,998,433</b>	<b>36,598,801</b>
<b>Net Book Value/Carrying Amount as at 30<sup>th</sup> June, 2019</b>	<b>19,066,912</b>	<b>-</b>	<b>36,168,367</b>	<b>55,235,279</b>

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### Revenue

During the year 2019/20, the Authority received revenue from both, exchange and non-exchange transaction as described in the table below.

#### Note 4: Revenue from Non-exchange transaction (Amortised revenue)

S/N	Details	Funder	2019/20	2018/19
			TZS	TZS
1	Government Subvention (OC)	Government of Tanzania	1,534,481,779.93	1,365,730,900.00
2	Personal Emolument (PE)	Government of Tanzania	518,227,500.00	366,155,000.00
3	Non-Current Assets received from AfDB	Donor	-	32,650,000.00
	<b>TOTAL</b>		<b>2,052,709,279.93</b>	<b>1,764,535,900.00</b>

#### Note 5: Revenue from Exchange Transactions (Other revenue)

S/N	Details	Funder	2019/20	2018/19
			TZS	TZS
1	Service levy	M & P Exploration and Production Tanzania Ltd.	975,961,400.39	-
2	Service levy	PAET	851,492,381.59	-
	<b>TOTAL</b>		<b>1,827,453,781.98</b>	<b>-</b>

#### Note 6: Wages, Salaries and Employee Benefits

	2019/20	2018/19
	TZS	TZS
Acting Allowance	43,850,132.00	-
Civil Servants	516,816,155.68	366,155,000.00
Electricity	20,083,000.00	13,650,000.00
Electricity Allowance	51,715,500.00	2,000,000.00
Extra-Duty	198,700,000.00	1,000,000.00
Honoraria	305,585,400.00	136,100,000.00
Housing allowance	33,762,500.00	-
Leave Travel	-	2,919,000.00
Sitting Allowance	218,040,000.00	68,840,000.00
Special Allowance	180,000,000.00	443,000,000.00
Telephone	12,755,000.00	450,000.00
Water and Waste Disposal	13,860,000.00	-
Food and Refreshment	3,200,000.00	-
<b>Total</b>	<b>1,598,367,687.68</b>	<b>1,034,114,000.00</b>

# PETROLEUM UPSTREAM REGULATORY AUTHORITY

## Note 7- Supplies and Consumables Used

	2019/20 TZS	2018/19 TZS
Health Insurance	703,000.00	382,012.45
Advertising and Publication	0.00	7,802,500.00
Air Travel Tickets	12,110,069.00	5,202,500.00
audit fees	15,000,000.00	15,000,000.00
Bank Charges and Commissions	2,852,531.00	1,921,820.06
Conference Facilities	17,341,000.00	2,000,000.00
Diesel	26,790,500.00	32,032,210.00
Directors fee	58,240,000.00	61,000,000.00
Electricity	21,200,000.00	0.00
Entertainment	10,300,000.00	0.00
Food and Refreshments	110,389,285.00	53,800,000.00
Foreign exchange Equalization	19,469.67	0.00
Gifts and Prizes	10,140,000.00	0.00
Ground Transport (Bus, Train, Water)	57,264,191.00	43,246,200.00
Internet and Email connections	0.00	6,047,000.00
Lubricants	220,000.00	0.00
Newspapers and Magazines	1,800,000.00	1,100,000.00
Office Consumables (papers, pencils, pens and stationaries)	20,070,045.69	56,287,040.00
Outsourcing Costs (includes cleaning and security services)	42,038,650.00	8,450,600.00
Per Diem - Domestic	494,329,884.32	164,237,000.00
Per Diem - Foreign	59,508,001.00	22,254,382.39
Posts and Telegraphs	88,500.00	59,000.00
Printing and Photocopy paper	51,387,217.66	5,625,950.00
Protective Clothing, footwear and gears	586,000.00	0.00
Remuneration of Instructors	9,768,000.00	1,200,000.00
Telephone Charges (Land Lines)	1,600,000.00	3,350,000.00
Tuition Fees	11,970,000.00	7,200,000.00
Uniforms and Ceremonial Dresses	7,347,600.00	4,851,000.00
Visa Application Fees	4,503,120.00	0.00
Rent-Office Accommodation	10,818,168.00	
Subscription fees	1,800,000.00	
<b>Total</b>	<b>1,060,185,232.34</b>	<b>503,049,214.90</b>

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### Note 8 - Maintenance Expenses

	2019/20 TZS	2018/19 TZS
Electrical and Other Cabling Materials	150,000.00	0.00
Mechanical, electrical, and electronic spare parts	3,604,860.60	0.00
Motor Vehicles and Water Craft	34,640,270.00	26,725,115.00
Paint and Weather Protection Coatings	7,665,000.00	0.00
Photocopiers	7,130,000.00	0.00
Pipes and Fittings	658,000.00	0.00
Telephones and Office PABX systems	600,000.00	0.00
<b>Total</b>	<b>54,448,130.60</b>	<b>26,725,115.00</b>

### Note 9 - Cash and Cash Equivalents

BoT Own source Collection Account	4,588.00	-
Own source Recurrent Expenditure GF	7,186,137.40	-
Recurrent Expenditure Cash Account	145,899,727.72	71,774,589.77
Unapplied Cash Account	4,972,815.00	-
USD BOT Collection Account	(18,985,746.66)	-
		-
<b>Total</b>	<b>139,077,521.46</b>	<b>71,774,589.77</b>

### Note 10 - Receivables

Imprest Receivable	34,200,800.00	48,163,700.00
Trade Receivables	1,100,280,546.58	-
<b>Total</b>	<b>1,134,481,346.58</b>	<b>48,163,700.00</b>

### Note 11: Prepayments

	2019/20 TZS	2018/19 TZS
Prepayment to Government Entities	5,000,000.00	0.00
	<b>5,000,000.00</b>	<b>0.00</b>
<b>Note 12: Inventories</b>		
Consumables	74,915,260.00	0.00
Fuel	669,695.00	5,867,555.00
	<b>75,584,955.00</b>	<b>5,867,555.00</b>
<b>Note 13: Payables and Accruals</b>		
Supplies of goods and services	120,228,952.32	19,705,000.00
Unapplied Deposit Account	4,972,815.00	0.00
	<b>125,201,767.32</b>	<b>19,705,000.00</b>

### Note 14: PPE not recognised in the main Financial Statements

During the year ended 30<sup>th</sup> June, 2020, the Authority received office furniture transferred from MoE. These furniture are waiting for revaluation process to be carried by the specialised either Government or Private valuer, to establish the fair value before recognition as per IPSAS 17 requirements.

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

During the year 2019/20, the Authority spent TZS 64,448,130.60 (2018/19 TZS 34,825,715) for maintenance of motor vehicle, office and other office equipment. It has to be known that routine maintenance includes expenses related to two motor vehicles used by PURA but still are controlled by the Ministry of Energy waiting for transfer.

### The list of transferred office furniture

S/N	Detail/Type	Quantity	Location	Value (TZS)
1	Office table	12	PURA -HQ	N/A
2	Cabinet	7	PURA -HQ	N/A
3	Office Chair	19	PURA -HQ	N/A
4	Microwave	1	PURA -HQ	N/A
5	Printer	3	PURA -HQ	N/A
6	Self-cabinet	1	PURA -HQ	N/A

### The list of Motor Vehicle not yet transferred

S/N	Detail/Type	Quantity	Location	Value (TZS)
1	Toyota - Prado TX (STL 3141)	1	PURA -HQ	N/A
2	Toyota - Prado TX (DFPA 849)	1	PURA -HQ	N/A

### Note 15: Explanation of Budget against Actual

#### Original Budget and Final budget

Item	Original Budget TZS	Final Budget TZS	Difference TZS	Explanation
PE (staff salaries)	480,000,000	518,227,500	38,227,500	Salaries paid by third parties (by respective former employers).
<b>Total</b>	<b>480,000,000</b>	<b>518,227,500</b>	<b>38,227,500</b>	

#### Final budget and Actual expenditure

Item	Final Budget TZS	Actual TZS	Difference TZS	Explanation
Wages, Salaries and Employment benefits	1,802,855,000	1,223,149,090.61	579,705,909.39	Due to the number of employees expected to be employed were not recruited
Supplies and Consumable goods	1,469,152,175	965,563,636.52	503,588,539.24	Due to Quantity of goods expected to be consumed by the number of un- recruited staff led to decrease of this amount.
<b>Total</b>	<b>3,272,007,175</b>	<b>2,188,712,727.13</b>	<b>1,083,294,448.63</b>	

## PETROLEUM UPSTREAM REGULATORY AUTHORITY

### Note 16: Risk management

PURA is exposed to various risks in its operations. The main risks include credit risks, and liquidity risks. The management of these risks is carried out as stated below.

#### Credit risk

Credit risk arises from credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Authority. The reported account receivables of 1,176 million (2018/19 TZS 48 million) relates to staff Imprest and amount due from gas producers relating to service fee which were outstanding at the reporting date. In case the Imprest holder won't retire, the authority is empowered by law to deduct from monthly salary; whereas service fee strict credit period allowed is adhered to.

#### Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining enough cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability liquid resources under committed credit lines.

Management performs cash flow forecasting and monitor rolling forecasts of the Authority's liquidity requirements to ensure it has sufficient cash to meet its operational needs. The Authority's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation

The amounts disclosed in the analysis below are the undiscounted contractual financial liabilities and financial assets in the financial statements during the year to monitors its liquidity:

At 30 <sup>th</sup> June, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>Financial assets</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>
Cash and cash equivalent	139,077,521.46	-	-	-
Receivables (see note 10)	1,134,481,346.58			
<b>Financial liabilities</b>				
Payables and accruals	125,201,767.32		-	-
<b>Liquidity gap</b>	<b>1,148,357,100.72</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 30 <sup>th</sup> June, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>Financial assets</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>

# PETROLEUM UPSTREAM REGULATORY AUTHORITY

Cash and cash equivalent	71,774,589	-	-	-
Receivables (see note 10)	48,163,700			
<b>Financial liabilities</b>				
Payables and accruals	19,705,000	-	-	-
Liquidity gap	100,233,289			

## Note 17: Trade Receivables

The breakdown of trade receivables from PSA operators in financial year 2019/20 in note 10 is as provided in the table below. However, the amount has already been remitted in the first quarter of financial year 2020/21.

PSA Name	Operator	Amount (TZS)
Songo Songo PSA	PAET	724,678,559.01
Mnazi Bay PSA	MAUREL ET PROM	375,601,987.57
<b>Total</b>		<b>1,100,280,546.58</b>

## Note 18: Grants, Subsidies and Transfer Payments

Contributions (15% on Gross Revenue and other contributions)

20,000,000.00

## Reconciliation for Financial Performance and Cashflows

	NOTE	Revenue/Expenses as per Statement of Performance	Cash Received/Paid as per Cash Flows	Difference	Remarks
		TZS	TZS	TZS	
Maintenance Expenses	8	54,448,130.60	58,873,130.60	(4,425,000.00)	Payables and Accruals FY 2018/19
Supplies and Consumables Used	7	1,060,185,232.34	1,010,878,467.19	49,306,765.15	Payables for FY 2019/20
Wages, Salaries and Employee Benefits	6	1,598,367,687.68	1,223,149,090.61	375,218,597.07	Dummy Salaries



# PETROLEUM UPSTREAM REGULATORY AUTHORITY

Reconciliation for the figure reported in the statement of Financial Performance and Cash Flows statement				
Items	Revenue /Expenses as per Statement of Performance	Cash Received/Paid as per Cash Flows	Difference	Remarks
	(A)	(B)	(A-B)	
	2019/2020	2019/2020		
	Amount (TZS)	Amount (TZS)	Amount (TZS)	
<b>Note 19: Revenue</b>				
Revenue from Non-Exchange transaction	2,052,709,279.93	2,052,709,279.93		This figure includes TZS 392,958,095.24 Dummy salary
Revenue from Exchange transaction	1,827,453,781.98	727,173,235.40	1,100,280,546.58	Accrued Revenue from PAET &MP
<b>Total Revenue</b>	<b>3,880,163,061.91</b>	<b>2,779,882,515.33</b>	<b>1,100,280,546.58</b>	
<b>Note 20: Wages, Salaries and Employee Benefits</b>				
Acting Allowance	43,850,132.00	43,850,132.00	-	
Civil Servants	516,816,155.68	516,816,155.68		This figure includes TZS 392,958,095.24 Dummy salary
Electricity	20,083,000.00	20,083,000.00	-	
Electricity Allowance	51,715,500.00	51,715,500.00	-	
Extra-Duty	198,700,000.00	198,700,000.00	-	
Honoraria	305,585,400.00	305,585,400.00	-	
Housing allowance	33,762,500.00	33,762,500.00	-	
Leave Travel	-	-	-	
Sitting Allowance	218,040,000.00	218,040,000.00	-	

# PETROLEUM UPSTREAM REGULATORY AUTHORITY

Reconciliation for the figure reported in the statement of Financial Performance and Cash Flows statement					
Items	Revenue /Expenses as per Statement of Performance	Cash Received/Paid as per Cash Flows	Difference	Remarks	
Special Allowance	180,000,000.00	180,000,000.00	-		
Telephone	12,755,000.00	12,755,000.00	-		
Water and Waste Disposal	13,860,000.00	13,860,000.00	-		
Food and Refreshment	3,200,000.00	3,200,000.00	-		
<b>Total Expenses</b>	<b>1,598,367,687.68</b>	<b>1,598,367,687.68</b>	-		
<b>Note 21- Supplies and Consumables Used</b>					
Health Insurance	703,000.00	703,000.00	-		
Advertising and Publication	-	-	-		
Air Travel Tickets	12,110,069.00	12,110,069.00	-		
Audit fees	15,000,000.00	15,000,000.00	-	Paid Audit Fee fy 2018/2019	
Bank Charges and Commissions	2,852,531.00	2,852,531.00	-		
Conference Facilities	17,341,000.00	17,341,000.00	-		
Diesel	26,790,500.00	26,790,500.00	-		
Directors fee	58,240,000.00	58,240,000.00	-		
Electricity	21,200,000.00	21,200,000.00	-		
Entertainment	10,300,000.00	10,300,000.00	-		
Food and Refreshments	110,389,285.00	110,389,285.00	-		
Foreign exchange Equalization	19,469.67	-	19,469.67	Loss on exchange Translation	
Gifts and Prizes	10,140,000.00	10,140,000.00	-		

# PETROLEUM UPSTREAM REGULATORY AUTHORITY

Reconciliation for the figure reported in the statement of Financial Performance and Cash Flows statement				
Items	Revenue /Expenses as per Statement of Performance	Cash Received/Paid as per Cash Flows	Difference	Remarks
Ground Transport (Bus, Train, Water)	57,264,191.00	57,264,191.00	-	
Internet and Email connections	-	-	-	
Lubricants	220,000.00	220,000.00	-	
Newspapers and Magazines	1,800,000.00	1,800,000.00	-	
Office Consumables (papers, pencils, pens and stationaries)	20,070,045.69	15,613,045.69	4,457,000.00	Unpaid Stationaries
Outsourcing Costs (includes cleaning and security services)	42,038,650.00	30,863,620.69	11,175,029.31	Unpaid partition of Dodoma Office/Un applied
Per Diem - Domestic	494,329,884.32	494,329,884.32	-	
Per Diem - Foreign	59,508,001.00	59,508,001.00	-	
Posts and Telegraphs	88,500.00	88,500.00	-	
Printing and Photocopy paper	51,387,217.66	51,387,217.66	-	
Protective Clothing, footwear and gears	586,000.00	586,000.00	-	
Remuneration of Instructors	9,768,000.00	9,768,000.00	-	
Telephone Charges (Land Lines)	1,600,000.00	1,600,000.00	-	
Tuition Fees	11,970,000.00	11,970,000.00	-	
Uniforms and Ceremonial Dresses	7,347,600.00	2,250,000.00	5,097,600.00	Un paid Uniform for PURA Staff
Visa Application Fees	4,503,120.00	4,503,120.00	-	

**PETROLEUM UPSTREAM REGULATORY AUTHORITY**

Reconciliation for the figure reported in the statement of Financial Performance and Cash Flows statement					
Items	Revenue /Expenses as per Statement of Performance	Cash Received/Paid as per Cash Flows	Difference	Remarks	
Rent-Office Accommodation	10,818,168.00		10,818,168.00	Un paid Office Rent - Dodoma	
Subscription fees	1,800,000.00	1,800,000.00			
<b>Total Expenses</b>	<b>1,060,185,232.34</b>	<b>1,028,617,965.36</b>	<b>31,567,266.98</b>		
<b>Note 22 - Maintenance Expenses</b>					
Electrical and Other Cabling Materials	150,000.00	150,000.00			
Mechanical, electrical, and electronic spare parts	3,604,860.60	3,604,860.60			
Motor Vehicles and Water Craft	34,640,270.00	39,065,270.00	(4,425,000.00)	Paid amount M/vehicle Maintenance payable 2018/2019	
Paint and Weather Protection Coatings	7,665,000.00	7,665,000.00			
Photocopiers	7,130,000.00	7,130,000.00			
Pipes and Fittings	658,000.00	658,000.00			
Telephones and Office PABX systems	600,000.00	600,000.00			
<b>Total Expenses</b>	<b>54,448,130.60</b>	<b>58,873,130.60</b>	<b>(4,425,000.00)</b>		