



## Success Story

March, 10, 2011 | [www.mca-t.go.tz](http://www.mca-t.go.tz)

### **Accountant General's Office of the Government of Tanzania Provides Excellent Fiscal Agent Services to MCA-T**

According to Millennium Challenge Corporation (MCC) accountability framework, each Millennium Challenge Account (MCA) is required to have a separate entity responsible for disbursement of funds other than the Accountable Entity itself. The entity is the Fiscal Agent (FA) which acts on behalf of the respective MCA to provide a wide range of financial management services in implementing the program. In this capacity, the FA is required to diligently oversee, discharge and perform all services necessary while ensuring that all financial transactions are conducted in strict compliance with the principles, rules and procedures set out in the Compact. The primary aim is to protect the financial management activity from fraud, waste and abuse.

Under the same context, the FA is usually selected among private firms through international competitive procurement procedures, however, the case in Tanzania is exceptional as it is amongst a few MCA countries where the Government system, in this case the Accountant General's Office has been accepted as the FA to work with Millennium Challenge Account-Tanzania (MCA-T). To facilitate this arrangement, MCA-T has entered into an FA Agreement with the Accountant General's Office that defines the duties and responsibilities of the FA and the services to be provided to MCA-T. This development followed a due diligence process that was carried out on the Ministry of Finance and in particular on the Integrated Financial Management Systems catering for Government expenditure. In complement to the FA Agreement, MCA-T has also signed a banking agreement with Bank of Tanzania (BoT) which specifies the terms and conditions on which BoT will receive and transfer funds and the proceeds derived therefrom to and in a Permitted Account.

This is the beginning of the fourth year of the FA services to MCA-T. For the ensuing period the FA has attained remarkable achievements in areas which fall under its responsibilities as described below:

- Use of the Integrated Financial Management System in recording all MCA-T financial transactions by the use of EPICOR financial software in three separate databases for each type of funding, the 609g, CIF and Compact databases. The system also generates reports to suit the requirements of MCC but in discharging these duties the FA also observes Internationally Accepted Accounting Standards. MCA-T has recently acquired an upgraded EPICOR 9 system for use by the FA in managing Compact funds only.

- Provision of assistance to MCA-T in preparing budgets, plans, and reports, Chart of Accounts, requests and certifications required by MCA-T or MCC including any provision of any information required for any action or approval.
- Timely submission of monthly, quarterly, semi-annually and annually reports and as required additional reports on an ad-hoc basis.
- Establishment and ensure compliance by MCA-T to internal control mechanisms which provide reasonable assurance of accomplishing objectives, in terms of reliability of financial reporting, compliance with laws and regulations, effectiveness and efficiency of operations.
- Prompt and fair response to complaints about timeliness of payments, aiming always to meet the 30 day deadline. Until December 2010, the Fiscal Agent has disbursed a total of US\$ 137,062,572 to various vendors including compensation packages to 2,658 Project Affected Persons.

The 8 (eight) FA Unit staff accommodated within MCA-T office premises are working hard and willing to share the knowledge with their MCA-T colleagues as they say in their commitment statement *“We as Fiscal Agent, frequently transfer knowledge and skills as needed to MCA-T, project managers and project implementers on EPICOR both the Integrated Financial Management System and policies and procedures. This helps to ensure the establishment and operation of a proper, efficient, and transparent financial management system”*.



In the photographs above, MCA-T CEO is witnessing the first payments made by FA through BoT National Payment System known as Tanzania Inter-banking Settlement System (TISS). Through the system, MCA-T is making payments to all of its beneficiaries without delays, whereby once the payment is done, the money immediately goes directly to the beneficiary bank account.