SOMA

NEW

THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

NZEGA DISTRICT COUNCIL
Financial Report for the Year ended 30 June, 2016

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016 Tzs	Restated 2015 Tzs
ASSETS			
Current assets			
Cash and cash equivalents	24	3,784,283,620	1,817,127,099
Receivables and prepayments	25	1,288,996,510	1,535,492,932
Inventories	26	177,637,007	255,858,709
		5,250,917,137	**3,608,478,740**
Non-current assets			
Other financial assets	27	106,512,000	53,256,000
Property, plant and equipment	29	40,702,340,745	38,433,310,953
Work in Progress	29	856,993,804	1,407,976,265
		41,665,846,549	**39,894,543,218**
TOTAL ASSETS		**46,916,763,687**	**43,503,021,958**
LIABILITIES			
Current liabilities			
Payables	35	1,344,338,982	1,471,699,737
Employee benefits	38	338,191,663	174,554,700
Deferred income (Recurrent Grant)	11	1,643,542,769	682,801,140
		3,326,073,414	**2,329,055,577**
Non-current liabilities			
Employee benefits	38	-	38,127,500
Deferred income (Capital Grant)	41	12,942,201,877	19,166,315,507
		12,942,201,877	**19,204,443,007**
TOTAL LIABILITIES		**16,268,275,291**	**21,533,498,584**
NET ASSETS		**30,648,488,396**	**21,969,523,374**
NET ASSETS			
Accumulated surplus/(deficit)		[illegible]76,833	4,518,500,823
Revaluation surplus		24,[illegible]011,563	17,451,022,551
TOTAL NET ASSETS		**30,648,488,396**	**21,969,523,374**

The notes on page 24 to 85 form part of these financial statements.

The financial statements were authorised for issue by Full Council on 28th September, 2016 and were signed on its behalf by:

Name: Emanuel J. Kitundu

Name: Kiwele M. Bundala

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Tzs	Restated 2015 Tzs
Cash flows from operating activities			
Receipts			
Taxes and levies	9	386,936,294	422,085,309
Fees, fines, penalties and licenses	10	522,356,904	636,348,103
Government Grants and Subsidies	11	34,766,812,656	27,034,924,451
Sales of goods	13	329,000	13,435,800
Interest received	14	1,775,000	-
Other income	16	80,088,410	213,794,226
Payments			
Employee costs		(28,893,470,702)	(24,918,218,554)
Payments to suppliers		(1,895,640,361)	(4,384,587,057)
Other expenses		(3,537,461,088)	(438,686,063)
Net cash from operating activities		**1,431,726,112**	**(1,420,903,785)**
Cash flows from investing activities			
Acquisition of property, plant, and equipment & investment properties	54	(1,214,074,567)	(4,442,006,647)
Acquisition of other financial assets (LGLB)		(15,000,000)	-
Advances and loans made to other parties		(90,000,000)	-
Receipt from the repayment of advances/loans made to other parties		12,060,000	-
Net cash from investing activities		**(1,307,014,567)**	**(4,442,006,647)**
Cash flows from financing activities			
Development grants received	54	1,842,444,976	2,017,053,589
Net cash used in financing activities		**1,842,444,976**	**2,017,053,589**
Net increase in cash and cash equivalents		**1,967,156,521**	**(3,845,856,843)**
Net foreign exchange difference		-	-
Cash and cash equivalents at beginning of period		**1,817,127,099**	**5,662,983,942**
Cash and cash equivalents at end of pe[illegible]	24	**3,784,283,620**	**1,817,127,099**

The notes on page 24 to 85 form part of these financial statements.

The financial statements were authorised for issue by Full Council on 28th September, 2016 and were signed on its behalf by:

Name: Emanuel J. Kitundu
Title: Acting District Executive Director
Date: 28 September, 2016

Name: Kiwele M. Bundala
Title: District Council Chairman
Date: 28 September, 2016

circumstances, but not for the purpose of expressing an opinion on the

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 TZS	Restated 2015 TZS
Revenue			
Local taxes	9	514,035,539	570,100,976
Fees, fines, penalties and licenses	10	582,842,804	636,348,103
Amortisation of recurrent grants	11	33,806,071,027	29,604,209,574
Revenue from exchange transactions	13	329,000	13,435,800
Finance income	14	19,323,750	-
Amortisation of capital grant	41	1,829,852,449	2,012,187,099
Other own source revenue	16	80,088,410	213,794,226
		36,832,542,978	33,050,075,778
Expenses			
Wages, salaries and employee benefits	17	29,003,789,930	25,487,135,597
Supplies and consumables used	18	2,483,139,481	3,936,145,403
Maintenance expenses	19	554,068,166	954,519,406
Grants and other transfer payments	20	3,006,800,682	350,264,249
Finance costs	21	1,861,000	-
Depreciation of property, plant and equipment	29	1,923,779,949	2,012,187,099
		36,973,439,208	32,740,251,754
Share of associates surplus/(deficit)		-	-
Surplus/(deficit) during the year		(140,896,229)	309,824,024
Attributable to:			
Owners		(140,896,229)	309,824,024
Non-controlling interests		-	-
		(140,896,229)	309,824,024

The notes on page 24 to 85 form part of these financial statements.

The financial statements were authorised for issue by Full Council on 28th September, 2016 and were signed on its behalf by:

Name: Emanuel J. Kitundu
Title: Acting District Executive Director
Date: 28 September, 2016

Name: Kiwele M. Bundala
Title: District Council Chairman
Date: 28 September, 2016

In addition, Sect. 10 (2) of the PAA No.11 of 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 requires me to state in my annual audit report whether or not the auditee has complied with the provisions of the Law and its Regulations.

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

Basis for Qualified Opinion

1. **Missing payment vouchers TZS 59,634,005**
Payment vouchers together with their supporting documents are supposed to be maintained and given proper security and custody for a period of not less than 5 years as per Order 104(2) of LGFM (2009). However, the review of payment vouchers for the year ended 30th June, 2016, noted that payment vouchers and their supporting documents amounting to TZS 59,634,005 were not appeared in their respective batches

2. **Inadequately supported payments TZS 87,485,350**
Order 10 (2) (d) of the LGFM (2009), requires an authorizing officer to ensure that all expenditures are properly supported by relevant documents. In addition Order 8 (2) (c) the treasurer shall be responsible for maintaining a sound accounting system and the safekeeping of all supporting records. Contrary to these Orders, an audit examination of payment vouchers for 2015/2016 noted TZS 87,485,350 paid to various payees without adequate supporting documents.

3. **Missing 5 Revenue Earning Receipt Books**
Order 34(6) of LAFM of 2009 states that all officers issued with receipt books must render a return of used and unused receipts at the end of every month in the prescribed form, however during auditing it was observed that one (1) receipt book were issued to revenue collectors, however up to the time of auditing were not returned to the head quarter and produced during the audit when called for. In addition 4 receipt books were returned to head quarter by revenue collector however these books were not submitted for audit purpose.

4. **Revenue collections not confirmed to be banked TZS 13,277,720**
Order 37(2-3) require all monies collected by designated officers to be remitted to the cashier for safe custody before the closure of work each day, or if not the next working day and ensure prompt banking of amounts deposited. To the contrary audit scrutiny made in the Cashier's receipts (HW5), bank pay-in-slip and bank statements we failed to confirm the banking of collection of TZS 13,277,720 as their particular pay-in-slips were not available for audit

5. **Deferred salary payment TZS 101,815,225**
It was noted during the audit for the year under review that, Council made payments totaling TZS 101,815,225 for settling previous year's salary liabilities. However, no evidence was availed to the auditors to justify whether the payments made were among creditors for the year 2014/2015 nor was documents availed to the audit team to confirm re-budgeting of the deferred liabilities in the year under review. Therefore Charging expenditure to wrong accounting codes overstates expenditure items into which they are charged and eventually misstates individual expenses reported in the Financial Statements.

Qualified Opinion

In my opinion, except for the effect of the matters described on the basis for qualified opinion paragraph above, the financial statements present fairly, in all material respects, the financial position of Nzega District Council as at 30 June 2016, its financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSASs) and Part IV of the Local Government Finances Act No. 9 of 1982 (revised 2000).

Report on Other Legal and Regulatory Requirements

Compliance with the Public Procurement Act, 2011

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, I state that, Nzega District Council procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011 and its underlying Regulations of 2013.

Prof. Mussa J. Assad
CONTROLLER AND AUDITOR GENERAL

March, 2017

45964001

NEW

10/01/2018

NEW