

1.0 AUDIT REPORT ON THE FINANCIAL STATEMENTS

To: Hon. Chairperson,
Mbarali District Council,
P.O. Box 237,
RUJEWA-MBARALI

RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF MBARALI DISTRICT COUNCIL FOR THE YEAR ENDED 30TH JUNE, 2016

Introduction

I have audited the Financial Statements of Mbarali District Council which comprises of the Statement of Financial Position as at 30th June, 2016, Statement of Financial Performance, Statement of Changes in Equity and Cash Flow Statement for the year then ended, Statement of Comparison of Budget and Actual Amounts and a Summary of Significant Accounting Policies and other explanatory information attached as Annexure I to this audit report.

Management's Responsibility on the Financial Statements

Management of Mbarali District Council is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and 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 as per the Statement of Management Responsibility on the Financial Statements attached in Annexure II.

Responsibility of the Controller and Auditor General

My responsibility as an auditor is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with, International Standards of Supreme Audit Institutions (ISSAIs) and such other procedures I considered necessary in the circumstances. These standards require that, I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements,

whether due to fraud or error. In making the risk assessments, I considered internal control system relevant to the Council's preparation and fair presentation of the financial statements 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 Council's internal controls. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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.

Unqualified Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Mbarali District Council as at 30th June, 2016, its financial performance and its cash flow 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).

Emphasis of matter

Without qualifying my opinion, I draw the attention of the users of this report to Note 52 to the financial statements that at the year-end the Council had pending legal cases amounting to TZS 40,812,500 for which court ruling is yet to be reached.

Other of matter

I also draw the attention of users of this report on the following matters;

Shortage of 1,255 Staff in the Council

The staff establishment provides a requirement of 3,784 staff; however, up to the time of this audit on 30th June, 2016, the Council had a total of 2,529 staff recording a shortage of 1,255.

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, Mbarali 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

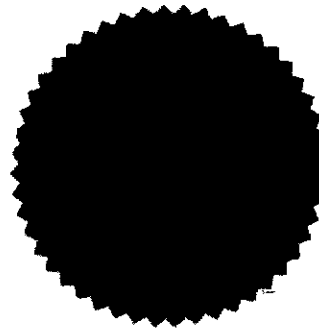
CONTROLLER AND AUDITOR GENERAL

March, 2017

Copy:

Chief Secretary,
State House,
P.O. Box 9120,
1 Barack Obama Road,
11400 DAR ES SALAAM

Permanent Secretary and Paymaster General,
Ministry of Finance and Planning,
P.O. Box 9111,
1 Madaraka Street,
11468 DAR ES SALAAM



THE UNITED REPUBLIC OF TANZANIA

MBARALI DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016 TZS	2015 TZS
ASSETS			
Current assets			
Cash and cash equivalents	24	2,818,172,477	1,068,066,444
Receivables and prepayments	25	238,690,261	306,597,232
Inventories	26	290,825,341	538,212,378
Other financial assets	27	2,500,000	2,500,000
		<u>3,350,188,079</u>	<u>1,915,376,054</u>
Non-current assets			
Other financial assets	27	85,135,400	78,040,783
Investments in associates	28	-	-
Property, plant and equipment	29	74,597,635,824	21,940,864,223
Intangible assets	31	-	-
Biological assets	32	-	-
Investment property	30	-	-
		<u>74,682,771,224</u>	<u>22,018,905,006</u>
Non-current assets held for sale	34	-	7,950,806
		<u>78,032,959,303</u>	<u>23,942,231,866</u>
TOTAL ASSETS			
LIABILITIES			
Current liabilities			
Payables	35	811,160,855	420,769,684
Short-term borrowings	36	-	-
Long-term borrowings	37	-	-
Employee benefits	38	658,924,778	34,848,940
Provisions	39	-	-
Deferred income (Grant)	11	2,770,357,872	766,005,102
		<u>4,240,443,505</u>	<u>1,221,623,726</u>
Non-current liabilities			
Long-term borrowings	37	-	-
Employee benefits	38	-	-
Provisions	39	-	-
Deferred income (Grant)	41	25,477,215,593	21,478,831,081
		<u>25,477,215,593</u>	<u>21,478,831,081</u>
		<u>29,717,659,098</u>	<u>22,700,454,807</u>
TOTAL LIABILITIES			
		<u>48,315,300,205</u>	<u>1,241,777,060</u>
NET ASSETS			
NET ASSETS			
Capital/Taxpayers Fund		-	-
Accumulated surplus/(deficit)		(10,940,385)	1,241,777,059
Revaluation surplus		48,326,240,590	-
Other reserves		-	-
		<u>48,315,300,205</u>	<u>1,241,777,059</u>
TOTAL NET ASSETS			

The financial statements were authorised for issue by the full Council meeting held on 28/09/2016

and were signed on its behalf by:

Name: Kivuma H. Msangi

Title: District Executive Director

Signature: 

Name: Francis L. Mtega

Title: District Chairperson

Signature: 

DISTRICT EXECUTIVE DIRECTOR
MBARALI

THE UNITED REPUBLIC OF TANZANIA

MBARALI DISTRICT COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 TZS	2015 TZS
Revenue			
Taxes and levies	9	1,495,827,398	1,159,215,249
Fees, fines, penalties and licenses	10	1,027,167,442	960,548,090
Amortisation of revenue grants	11	27,946,155,629	22,351,896,851
Revenue from exchange transactions	12	147,259,605	21,233,495
Finance income	13	-	-
Amortisation of capital grant	41	2,721,463,935	1,767,867,747
Other revenue	14	-	179,851,469
Gain/(loss) on foreign currency translation	15	-	-
Gain/(loss) on disposal of assets	16	-	-
Fair value gains on investment property	30	-	-
		33,337,874,010	26,440,612,901
Expenses			
Wages, salaries and employee benefits	18	24,434,715,586	18,557,852,965
Direct production costs			
Supplies and consumables used	19	3,609,448,874	3,159,309,746
Maintenance expenses	20	416,298,600	1,222,756,656
Grants and other transfer payments	21	3,329,377,527	1,087,356,600
Finance costs	22	-	11,750
Impairment of receivables		-	-
Provision for obsolete inventories		-	-
Impairment of other financial assets		-	-
Depreciation of property, plant and equipment	29	2,800,750,867	1,801,399,284
Impairment of property plant and equipment	29	-	-
Depreciation of investment property - carried at cost	30	-	-
		-	-
Amortisation of intangible assets	31	-	-
Impairment of intangible assets	31	-	-
		34,590,591,454	25,828,687,001
Share of associates surplus/(deficit)		-	-
Surplus/(deficit) during the year		(1,252,717,444)	611,925,899
Attributable to:			
Owners		-	-
Non-controlling interests		-	-

Name: Kivuma H. Msangi

Title: District Executive Director

Signature: 

Name: Francis L. Mtega

Title: District Chairperson

Signature: 

THE UNITED REPUBLIC OF TANZANIA

MBARALI DISTRICT COUNCIL

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2016

	Capital/Taxpayer s Fund TZS	Accumulated surplus/(deficit) TZS	Revaluation surplus TZS	Other reserves TZS	Total TZS
30 July 2015	-	1,241,777,059	-	-	1,241,777,059
Additional capital injected	-	-	-	-	-
Surplus/(deficit) for the year	-	(1,252,717,444)	48,326,240,590	-	47,073,523,146
Transfer to and from surplus/deficit	-	-	-	-	-
Other reserves	-	-	-	-	-
30 June 2016	-	(10,940,385)	48,326,240,590	-	48,315,300,205
30 July 2014	-	629,851,160	-	-	629,851,160
Additional capital injected	-	-	-	-	-
Surplus/(deficit) for the year	-	611,925,899	-	-	611,925,899
Transfer to and from surplus/deficit	-	-	-	-	-
Other reserves	-	-	-	-	-
30 June 2015	-	1,241,777,059	-	-	1,241,777,059

Osama H. Msangi

Title: District Executive Director

Signature: 

Francis L. Mtega

Title: District Chairperson

Signature: 

DISTRICT EXECUTIVE DIRECTOR
MBARALI

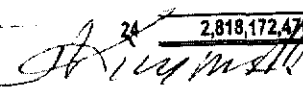
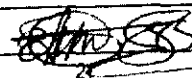
THE UNITED REPUBLIC OF TANZANIA

MBARALI DISTRICT COUNCIL

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
Note	TZS	TZS
Cash flows from operating activities		
Receipts		
Taxes and levies	1,573,865,373	1,068,512,274
Fees, fines, penalties and licenses	1,017,422,442	960,548,090
Rendering of services	147,259,605	21,233,495
Sales of goods	-	-
Interest received	-	-
Dividends received	-	-
Other income-Recurrent Grants	30,648,981,264	20,118,844,659
Payments		
Employee costs	(23,694,498,370)	(18,523,004,025)
Supplies and consumables used	(3,416,053,670)	(3,159,309,746)
Maintenance expenses	(416,298,600)	(1,222,756,656)
Grants and other transfer payments	(3,329,377,527)	(1,087,356,800)
Interest paid	-	-
Other expenses	-	-
Cash from operating activities	2,531,300,518	(1,823,288,509)
Cash flows from investing activities		
Acquisition of property, plant, and equipment & investment properties	(3,663,478,845)	(3,469,265,798)
Acquisition of intangibles	-	-
Acquisition of biological assets	-	-
Acquisition of other long-term assets	-	-
Receipts from sales of property, plant, and equipment & inv properties	-	-
Receipts from sales of intangibles	-	-
Receipts from sales of biological assets	-	-
Receipts from sales of other long-term assets	-	-
Payments to acquire equity/debt instruments of other entities	-	-
Payments to acquire interests in joint ventures	-	-
Receipts from sales of equity/debt instruments of other entities	-	-
Receipts from sales of interests in joint ventures	-	-
Loans and loans made to other parties	-	-
Receipts from the repayment of advances/loans made to other parties	-	-
Payments for derivatives	-	-
Receipts from derivatives	-	-
Acquisition of investments	-	-
Cash from Investing activities	(3,663,478,845)	(3,469,265,798)
Cash flows from financing activities		
Dividends injected	-	-
Proceeds from loans	-	-
Proceeds from other short or long-term borrowings;	-	-
Payments of amounts borrowed	-	-
Payments by a lessee for the reduction of the outstanding liability relating to a finance lease	-	-
Proceeds from issuing other financial assets	-	-
Management grants received	2,882,284,360	6,360,620,752
Dividends transferred	-	-
Cash used in financing activities	2,882,284,360	6,360,620,752
Change in cash and cash equivalents	1,750,106,033	1,068,066,445
Change exchange difference	-	-
Cash and cash equivalents at beginning of period	1,068,066,445	-
Cash and cash equivalents at end of period	2,818,172,478	1,068,066,445

Francis H. Msangi Title: District Executive Director
Francis L. Mtega Title: District Chairperson

Signature: 
Signature: 
**DISTRICT EXECUTIVE DIRECTOR
MBARALI**