

2.0 Audit Report on the Financial Statements

To: Hon. Chairperson of the Council,
Mwanga District Council,
P.O. Box 176,
MWANGA.

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

Introduction

I have audited the Financial Statements of Mwanga District Council which comprises of the Statement of Financial Position as at 30th June 2016, its Statement of Financial Performance, Statement of Change in Equity and Cash Flows 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 II** to this audit report.

Management's Responsibility for the Financial Statements

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

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 misstatements. 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 misstatements 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 Mwanga District Council as at 30th June 2016, its Financial Performance and its Cash Flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSASs) under Accrual basis of accounting 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 on the following Note to the Financial Statements:

(a) Negative balance in Other Charges Account TZS.(9,962,976)

The Council reported a cash book balance of TZS.(9,962,976) for Other Charges Account under Note 20 on page 34 of the Revised Financial Statements contrary to Section 12(1) of the Local Government Finance Act 1982.

Report on Other Legal and Regulatory Requirements

Compliance with the Public Procurement Act, 2011

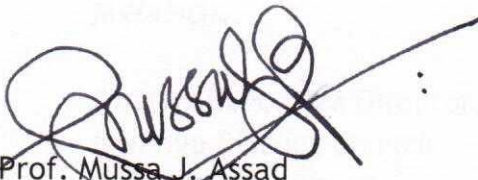
In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, Mwanga District Council procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011 and its underlying Regulations of 2013 except for the noted matters below:

(a) Log books not availed to auditors for ascertaining utilization of fuel TZS.32,412,660

Contrary to Order 89 (3) (e) of LGFM, 2009 audit noted fuel of TZS.32,412,660.34 was issued to various vehicles but we could not ascertain if the fuel was used for official activities because no logbooks were not made available for audit. We could not confirm whether the fuel consumed was used for official activities and, therefore losses due to misuse could not be ruled out.

(b) Unconfirmed utilization of stores TZS.25,980,100

Contrary to Order 54 (3) of LGFM, 2009, audit test on comparison made between the physical stocks on hand and ledger balances of Mwanga District Council hospital (Usangi Hospital) revealed various differences to the tune of TZS.25,980,100. The goods ordered and paid for might be used for unintended purposes and thus a loss of public money.


Prof. Mussa J. Assad

CONTROLLER AND AUDITOR GENERAL

March, 2017



Copy to:

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.

Permanent Secretary,
PO-RALG,
P.O. Box 1923,
DODOMA.

Regional Commissioner,
Kilimanjaro Region,
P.O. Box 3070,
MOSHI.

Regional Administrative Secretary,
Kilimanjaro Region,
P.O. Box 3070,
MOSHI

District Commissioner,
Mwanga District,
P.O. Box 10,
MWANGA

District Executive Director,
Mwanga District Council
P.O. Box 176,
MWANGA.

ANNEXURES

Annexure I

STATEMENT OF RESPONSIBILITY ON THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE, 2016

MWANGA DISTRICT COUCIL

Tel: No.2757652

Fax No. 2757652

Ref NO.20/48/64



P. O. BOX 176,
MWANGA.

30/09/2016

To the Controller and Auditor General,
National Audit Office,
Samora Avenue/Ohio Street,
P.O BOX 9080
DAR ES SALAAM

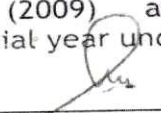
STATEMENT OF RESPONSIBILITY ON THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE, 2016

These financial statements have been prepared by the management of Mwangi District Council in accordance with the provisions of Order No. 31 of the Local Authority Financial Memorandum (2009)

The management of Mwangi District Council is responsible for establishing and maintaining an effective system of Internal Control designed to provide reasonable assurance that the transactions recorded in the accounts are within the statutory authority and that they contain the receipt and use of all public financial resources of Mwangi District Council

To the best of my knowledge, the system of Internal Control has operated adequately throughout the reporting period and that the accounts and underlying records provide a reasonable basis for the preparation of the financial statements for the ended 30th June, 2016 and the financial position as of that year.

I accept responsibility for the integrity of the financial statements, the information that they contain and their compliance with the International Public Sector Accounting Standards (IPSAS) and Order No.53 of the Local Authority Financial Memorandum (2009) and the instructions issued by the PMO-RALG in respect of the financial year under audit 2015/2016

Signed by Accounting Officer  DISTRICT EXECUTIVE DIRECTOR
MWANGA

Date 30/09/2016

Audited Financial Statements and Notes to the Financial Statements

THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
MWANGA DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016 TZS	2015 TZS
ASSETS			
Current assets			
Cash and cash equivalents	20	1,707,265,986	859,371,321
Receivables and prepayments	21	629,510,554	16,917,745
Inventories	22	49,307,069	56,899,353
		<u>2,386,083,609.21</u>	<u>933,188,420</u>
Non-current assets			
Other financial assets	23	20,723,775	20,723,775
Property, plant and equipment	29	58,501,613,869	14,526,315,405
		<u>58,522,337,644</u>	<u>14,547,039,180</u>
TOTAL ASSETS		<u>60,908,421,253</u>	<u>15,480,227,600</u>
LIABILITIES			
Current liabilities			
Payables	24	969,802,826	868,428,126
Long-term borrowings	26	29,428,349	205,998,317
Employee benefits		-	-
Deferred recurrent grants	10	550,403,953	293,484,280
		<u>1,549,635,128</u>	<u>1,367,910,723</u>
Non-current liabilities			
Deferred income (Grant)	28	58,895,250,213	13,648,838,243
		<u>58,895,250,213</u>	<u>13,648,838,243</u>
TOTAL LIABILITIES		<u>60,444,885,342</u>	<u>15,016,748,967</u>
NET ASSETS		<u>463,535,911</u>	<u>463,478,633</u>
NET ASSETS			
Accumulated surplus/(deficit)		463,535,911	463,478,633
TOTAL NET ASSETS		<u>463,535,911</u>	<u>463,478,633</u>

The notes on pages 19 to 52 form part of these financial statements.

These Financial Statements were authorised by the Finance Meeting for issue on 28/09/2016
and were Signed on behalf of it by:

Name: Golden A. Mgonzo Title: District Executive Director Signature: _____

Name: Theresia P. Msuya Title: Council Chairperson Signature: _____

HON: CHAIRMAN
MWANGA DISTRICT COUNCIL
DISTRICT EXECUTIVE DIRECTOR
MWANGA DISTRICT COUNCIL
HON: CHAIRMAN
MWANGA DISTRICT COUNCIL

THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
MWANGA DISTRICT COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
	Notes	TZS	TZS
Revenue			
Local taxes	7	101,466,706	100,458,283
Fees, fines, penalties and licenses	8	1,490,685,816	1,133,861,648
Recurrent grants	10	26,703,598,491	19,512,510,658
Transfer from other Government entities	11	224,308,498	-
Revenue from exchange transactions	12	11,939,600	22,253,400
Finance income	18	308,429	526,280
Amortisation of capital grant	28	345,999,312	369,433,937
Other own revenue	13	270,723,801	138,846,468
		29,149,030,653	21,277,890,674
Expenses			
Wages, salaries and employee benefits	14	23,901,212,235	17,230,572,686
Supplies and consumables used	15	1,230,488,576	1,246,967,384
Maintenance expenses	16	803,333,946	1,205,350,819
Grants and other transfer payments	17	2,867,630,877	1,196,217,438
Finance costs	18	308,429	526,280
Loss on foreign currency translation	19	-	-
Depreciation of property, plant and equipment	29	345,999,311.74	369,433,937
Impairment of property plant and equipment	29	-	-
		29,148,973,374	21,249,068,543
Surplus/(deficit) during the year		57,278	28,822,131

The notes on pages 19 to 52 form part of these financial statements.

Name: Golden A. Mgonzo Title: District Executive Director

Signature:.....

DISTRICT EXECUTIVE DIRECTOR
MWANGA DISTRICT COUNCIL

Name: Theresia P. Msuya Title: Council Chairperson

Signature:.....

HON: CHAIRMAN
MWANGA DISTRICT COUNCIL

HON: CHAIRMAN
DISTRICT EXECUTIVE DIRECTOR
MWANGA DISTRICT COUNCIL

THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
MWANGA DISTRICT COUNCIL

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

	Accumulated surplus/deficit TZS	Revaluation surplus TZS	Total TZS
Balance at 1 July 2014	434,656,502	-	434,656,502
Surplus/Deficit for the year	28,822,131		28,822,131
Balance at 30th June 2015	463,478,633	-	463,478,633
Surplus/Deficit for the year	57,278	-	57,278
Changes in revaluation surplus/(deficit)	-	-	-
Prior years unadjusted deferred recurrent grants	-	-	-
Transfer to and from surplus/deficit	-	-	-
Prior years unadjusted deferred recurrent grants	-	-	-
Balance at 30th June 2016	463,535,911	-	463,535,911

The notes on pages 19 to 52 form part of these financial statements.

Name: Golden A. Mgonzo

Title: District Executive Director

Signature:.....

DISTRICT EXECUTIVE DIRECTOR
MWANGA DISTRICT COUNCIL

Name: Theresia P. Msuya

Title: Council Chairperson

Signature:.....

DISTRICT EXECUTIVE DIRECTOR
HON: CHAIRMAN
MWANGA DISTRICT COUNCIL

HON: CHAIRMAN
MWANGA DISTRICT COUNCIL

THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
MWANGA DISTRICT COUNCIL

CASH FLOW STATEMENT - DIRECT METHOD
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 TZS	2015 TZS
Cash flows from operating activities			
Receipts			
Grants Received	10	26,703,598,491	19,512,510,658
Local Taxes	7	101,466,706	100,458,283
Fees, fines, penalties and licenses	8	1,490,685,816	1,133,861,648
	14,15,1		
Other Revenue	6 & 18	507,280,328	161,626,148
Total		28,803,031,341	20,908,456,737
Payments			
Wages, salaries and employee benefits	14	23,901,212,235	17,230,572,686
Supplies and consumables used	15	1,230,488,576	1,246,967,384
Maintenance expenses	16	803,333,946	1,205,350,819
Grants and other transfer payments	17	2,867,630,877	1,196,217,438
Finance costs	18	308,429	526,280
Total		28,802,974,062	20,879,634,606
Net cash from operating activities		57,278	28,822,131
Cash flows from investing activities			
Purchase of property, plant and equipment	27	(1,609,260,455)	(2,074,192,896)
Investments with LGLB	25	-	(3,673,025)
Net cash from investing activities		(1,609,260,455)	(2,027,224,129)
Cash flows from financing activities			
Development Grants Received	42	2,457,097,841	1,051,358,786
Net cash used in financing activities		2,457,097,841	1,051,358,786
Net increase in cash and cash equivalents		847,894,664	(947,043,212)
Cash and cash equivalents at beginning of period		859,371,321	1,806,414,533
Cash and cash equivalents at end of period		1,707,265,985.88	859,371,321

The notes on pages 19 to 52 form part of these financial statements.

Name: Golden A. Mgonzo Title: District Executive Director Signature:.....

Name: Theresia P. Msuya Title: Council Chairperson

Signature:.....
HON. CHAIRMAN
DISTRICT EXECUTIVE DIRECTOR
MWANGA DISTRICT COUNCIL

THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
MWANGA DISTRICT COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016

	2016 TZS	2015 TZS
Revenue		
Local taxes	101,466,706	100,458,283
Fees, fines, penalties and licenses	1,490,685,816	1,133,861,648
Recurrent grants	26,703,598,491	19,512,510,658
Transfer from other Government entities	224,308,498	-
Revenue from exchange transactions	11,939,600	22,253,400
Finance income	308,429	526,280
Amortisation of capital grant	345,999,312	369,433,937
Other own revenue	270,723,801	138,846,468
	29,149,030,653	21,277,890,674
Expenses		
Administration	6,159,528,623	1,815,022,963
Human resource management and development		-
Finance	212,093,329	212,311,180
Trade and economic affairs	88,964,000	118,964,000
Agriculture & Livestock	1,043,473,553	936,096,428
Education	13,164,871,122	11,912,464,829
Primary health services	7,315,269,882	4,566,531,334
Water	586,962,438	771,629,920
Works	163,827,498	252,048,768
Lands	287,502,444	408,518,638
Natural resources	116,274,284	241,274,284
Community development, gender and children	10,206,200	14,206,200
	29,148,973,374	21,249,068,543
Surplus/(deficit) during the year	57,278	28,822,131

The notes on pages 19 to 52 form part of these financial statements.

UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

KILIMANJARO DISTRICT COUNCIL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT - BY NATURE
FOR THE YEAR ENDED 30 JUNE 2016

Budget approved on the Cash Basis

According to Local Government Finance Act 1982 as amended in 2000 Section 43)

	Original Budget {A}	Final Budget {B}	Actual Amount {C}	Difference {B- C}
	TZS	TZS	TZS	TZS
Revenue				
Local Taxes	137,050,000	137,050,000	101,466,706	35,583,294
Fees, fines, penalties and licenses	1,494,861,000	1,504,063,532	1,490,685,816	13,377,716
Government grants	23,024,074,000	23,024,074,000	26,703,598,491	(3,679,524,491)
Transfer from other Government entities	31,056,000	240,487,400	224,308,498	16,178,902
Revenue from exchange transactions	13,484,000	13,484,000	11,939,600	1,544,400
Finance income	-	308,429	308,429	-
Amortisation of capital grant	-	345,999,311.74	345,999,312	-
Other Miscellaneous revenue	219,266,000	270,846,468	270,723,801	122,667
	24,919,791,000	25,536,313,141	29,149,030,653	(3,612,717,512)
Expenses				
Wages, salaries and employee benefits	20,954,045,500	23,901,212,235	23,901,212,235	-
Supplies and consumables used	1,625,586,000	1,230,488,576	1,230,488,576	-
Maintenance expenses	1,810,000,000	803,333,946	803,333,946	-
Grants and other transfer payments	530,159,500	2,867,630,877	2,867,630,877	-
Finance costs	-	308,429	308,429	-
Depreciation of property, plant and equipment	-	345,999,312	345,999,312	-
	24,919,791,000	29,148,973,374	29,148,973,374	-
Surplus/(deficit) during the year	-	(3,612,660,233)	57,278	(3,612,717,512)

Note: The final budget was amended to include the supplementary budget for the available cash balances at the beginning of the year. The significant difference between Budget and actual amount received during the year was mainly due to failure of central disburse funds as budgeted