

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Hon. Chairperson of the Council,
Rungwe District Council,
P.O. Box 148,
MBEYA, TANZANIA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion
I have audited the financial statements of Rungwe District Council, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, 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 Rungwe District Council as at 30 June 2021, 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 and the manner required by the the Local Government Finances Act, 1982 (R.E 2000).

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of my report. I am independent of Rungwe District Council 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 Report by those Charged with Governance and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

Compliance with the Public Procurement Laws

Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on procurement of works, goods and services at Rungwe District Council for the financial year 2020/21 as per the Public Procurement Act, 2011 (as amended by the Public Procurement (Amendment) Act, 2016) and its underlying the Public Procurement Regulations, 2013 (as amended by the Public Procurement Regulations (Amendment) Act, 2016).

Conclusion

Based on the audit work performed, I state that, except for the matters described below, procurement of goods, works and services of Rungwe District Council is generally in compliance with the requirements of the the Public Procurement Act, 2011 (as amended by the Public Procurement (Amendment) Act, 2016) and its underlying the Public Procurement Regulations, 2013 (as amended by the Public Procurement Regulations (Amendment) Act, 2016).

Micro procurement not reported to the Tender Board TZS 36,650,480

The Council made procurement of various micro items worth TZS 36,650,480 without submitting a report to the Tender Board and Authority (PPRA) contrary to Reg.166 (7) (8) of the Public Procurement Regulations, 2013 as amended by the Public Procurement Regulation 6 (Amendment) Act, 2016 which requires the procuring entity to report all micro procurements made by imprest to the Tender Board on monthly basis.



Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
February, 2022



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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

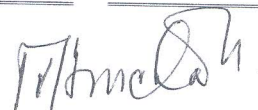
| | | 2021 TZS | 2020 TZS |
|--|-------|------------------------------|------------------------------|
| | Notes | | |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 19 | 1,144,160,273 | 2,009,228,507 |
| Short-term receivables and prepayments | 20 | 1,310,907,846 | 809,740,565 |
| Inventories | 21 | 757,595,408 | 1,087,364,788 |
| Financial assets | 22 | 108,778,875 | 108,240,125 |
| | | <u>3,321,442,402</u> | <u>4,014,573,985</u> |
| Non-current assets | | | |
| Property, plant and equipment | 29 | 54,703,467,411 | 52,874,398,636 |
| Work in progress | 29 | 2,698,970,861 | 2,274,347,710 |
| Financial assets | 22 | 32,441,057 | 32,441,057 |
| Biological Assets | 23 | 735,046,220 | 735,046,220 |
| | | <u>58,169,925,549</u> | <u>55,916,233,623</u> |
| TOTALASSETS | | <u><u>61,491,367,951</u></u> | <u><u>59,930,807,608</u></u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Short-term payables | 24 | 2,679,291,302 | 2,802,035,219 |
| Employee benefits | 25 | 2,217,575,357 | 1,451,184,525 |
| Deferred income (Revenue Grant) | 11 | 287,020,030 | 645,519,107 |
| | | <u>5,183,886,689</u> | <u>4,898,738,851</u> |
| Non-current liabilities | | | |
| Deferred income (Capital Grant) | 26 | 550,384,023 | 1,550,684,003 |
| TOTALLIABILITIES | | <u><u>5,734,270,713</u></u> | <u><u>6,449,422,854</u></u> |
| TOTALNETASSETS | | <u><u>55,757,097,238</u></u> | <u><u>53,481,384,754</u></u> |
| NET ASSETS | | | |
| Accumulated surplus/(deficit) | | 55,700,985,438 | 53,425,272,954 |
| Local Government Loan Board | | 56,111,800 | 56,111,800 |
| TOTAL NET ASSETS | | <u><u>55,757,097,238</u></u> | <u><u>53,481,384,754</u></u> |



Mpokigwa A. Mwankuga
Council Chairman

RUNGWE DISTRICT COUNCIL

Date: 29/09/2021



Renatus B. Mchau
Council Director


**DISTRICT EXECUTIVE DIRECTOR
RUNGWE**

Date: 29/9/2021

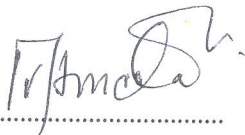
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PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
RUNGWE DISTRICT COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

| | | 2021 TZS | 2020 TZS |
|---|------|-----------------------|-----------------------|
| Revenue | Note | | |
| Local taxes | 9 | 2,234,431,302 | 2,008,832,150 |
| Fees, fines, penalties and licenses | 10 | 2,493,146,821 | 2,054,983,713 |
| Recurrent grants | 11 | 39,995,465,006 | 36,459,481,276 |
| Revenue from exchange transactions | 12 | 152,877,781 | 332,797,844 |
| Amortization of capital grants | 26 | 3,446,144,308 | 1,325,987,656 |
| Other revenue and Transfers | 13 | 836,459,135 | 682,534,296 |
| | | <u>49,158,524,352</u> | <u>42,864,616,935</u> |
| Expenses | | | |
| Wages, salaries and employee benefits | 14 | 35,161,416,002 | 35,003,692,672 |
| Supplies and consumables | 15 | 7,979,814,568 | 4,511,231,906 |
| Maintenance expenses | 16 | 610,943,249 | 541,865,395 |
| Grants and other transfer payments | 17 | 632,819,855 | 240,887,248 |
| Depreciation of property, plant and equipment | 29 | 2,415,070,863 | 2,131,190,170 |
| Provision for Loss and Other losses | 18 | 83,286,080 | 692,388,109 |
| | | <u>46,883,350,617</u> | <u>43,121,255,500</u> |
| Surplus/(deficit) during the year | | <u>2,275,173,734</u> | <u>(256,638,565)</u> |



 Mpokigwa A. Mwanikwa
 Council Chairman
RUNGWE DISTRICT COUNCIL
 Date: 29/09/2021




 Renatus B. Mchau
 Council Director
DISTRICT EXECUTIVE DIRECTOR
RUNGWE
 Date: 29/9/2021

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 TZS | 2020 TZS |
|---|------|------------------------|------------------------|
| Cash flows from operating activities | | | |
| Revenue | | | |
| Taxes and levies | 34 | 2,153,041,702 | 1,854,669,350 |
| Fees, fines, penalties and licenses | 35 | 2,396,125,173 | 1,771,514,256 |
| Recurrent grants | 36 | 37,895,284,794 | 36,321,819,224 |
| Recurrent grants refunded to PMG | 11 | - | (55,323,083) |
| Cash received from customers | 37 | 152,877,781 | 332,797,844 |
| Other income received | 38 | 236,564,135 | 76,596,796 |
| Other revenue (Deposit Account) | 44 | 242,886,467 | 1,155,010,471 |
| Recovery of loan from Women, Youth and Disability | 46 | 578,220,011 | 104,512,600 |
| Sub Total | | 43,655,000,062 | 41,561,597,458 |
| Expenses | | | |
| Employee costs paid | 39 | 34,415,447,826 | 34,862,262,923 |
| Payments to suppliers | 40 | 6,130,815,649 | 4,001,112,313 |
| Maintenance expenses paid | 41 | 592,580,765 | 600,365,805 |
| Grants and other transfer payments | 42 | 632,819,855 | 313,785,448 |
| Other payment (Deposit Account) | 44 | 324,726,660 | 1,040,574,797 |
| Other payment from Women, Youth and Disability | 46 | 848,500,000 | 70,334,500 |
| Sub Total | | 42,944,890,754 | 40,888,435,786 |
| Net cash from operating activities | | 710,109,307 | 673,161,672 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 43 | (3,238,626,541) | (1,502,325,056) |
| Net cash from investing activities | | (3,238,626,541) | (1,502,325,056) |
| Cash flows from financing activities | | | |
| Development Grants Received | 31 | 1,663,449,000 | 1,644,861,430 |
| Net cash used in financing activities | | 1,663,449,000 | 1,644,861,430 |
| Net increase/(decrease) in cash and cash equivalents | | (865,068,234) | 815,698,046 |
| Cash and cash equivalents at beginning of period | | 2,009,228,507 | 1,193,530,461 |
| Cash and cash equivalents at end of period | | 1,144,160,273 | 2,009,228,507 |



Mpokigwa A. Mankuga
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Rungwe District Council
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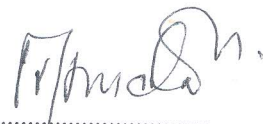

Renatus B. Mchau
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DISTRICT EXECUTIVE DIRECTOR
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Date: 29/9/2021

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PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
RUNGWE DISTRICT COUNCIL

RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO
SURPLUS/DEFICIT

| | Note | 2021 TZS | 2020 TZS |
|--|------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Surplus/(deficit) before taxation | | 2,275,173,734 | (256,638,565) |
| Adjustments for: | | | |
| Depreciation of plant, machinery and equipment | 29 | 2,415,070,863 | 2,131,190,170 |
| Amortization of deferred capital grants | 26 | (3,446,144,308) | (1,325,987,656) |
| Changes in working capital items: | | | |
| Increase/decrease in trade and other receivables | 20 | (501,167,281) | 132,432,271 |
| Increase/decrease in inventories | 21 | 329,769,380 | 243,833,550 |
| Increase/decrease in employee benefits | 25 | 766,390,832 | 136,997,904 |
| Increase/decrease in deferred income (Revenue Grant) | 11 | (1,006,239,997) | (500,409,237) |
| Increase/decrease in payables | 24 | (122,743,917) | 111,743,235 |
| Cash generated from operations | | <u>710,109,307</u> | <u>673,161,672</u> |
| Net cash from operating activities | | <u>710,109,307</u> | <u>673,161,672</u> |


Mpokigwa A. Mwanikunga
Council Chairperson
RUNGWE DISTRICT COUNCIL
Date: 29/09/2021


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Date: 29/9/2021