

THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE  
RUNGWE DISTRICT COUNCIL



INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

**Unqualified Opinion**  
I have audited the financial statements of Rungwe District Council, which comprise the statement of financial position as at 30 June 2023, 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 2023, and 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 Local Government Finance Act, Cap. 290.

**Basis for Opinion**  
I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". 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 (NBA) 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.

COMPLIANCE WITH THE BUDGET ACT AND OTHER BUDGET GUIDELINES

**Subject matter:** Budget formulation and execution  
I performed a compliance audit on budget formulation and execution of Rungwe District Council for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

**Conclusion**  
Based on the audit work performed, I state that, except for the matter described below, Budget formulation and execution of Rungwe District Council is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

**Fund budgeted but not allocated/transferred to Health Centre at Malindo Ward TZS 300,000,000**  
During the year under review, I noted that, Rungwe District Council budgeted to spend TZS 300,000,000 under own source revenue to construct new health centre in Malindo ward by June 2023. However, no funds were transferred to respective Health Centre which is against the directives from the PO-RALG with reference No. CFC.133/307/011/304 dated 2 March 2021 that instructed the Council to budget for construction of one Health Centre by using own source funds.

Wendavy Massey  
Acting Controller and Auditor General,  
Dodoma, United Republic of Tanzania,  
March 2024

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

Note	2023 TZS	2022 TZS
<b>ASSETS</b>		
<b>Current Asset</b>		
Cash and Cash Equivalents	62 1,867,070,604	2,139,151,097
Receivables	67 395,828,242	494,550,536
Prepayments	69 683,411,590	546,540,014
Inventories	70 536,396,575	594,919,136
<b>Total Current Asset</b>	<b>3,682,687,011</b>	<b>3,775,160,783</b>
<b>Non-Current Asset</b>		
Property, Plant and Equipment	77 61,664,135,611	56,172,191,450
Biological Assets	79 735,046,220	735,046,220
Work in Progress	82 3,668,995,001	3,685,075,560
Equity Investments	83 129,665,250	108,678,675
Investments in LGs/LGAs to LGs	86 40,441,057	40,441,057
<b>Total Non-Current Asset</b>	<b>66,438,243,139</b>	<b>63,741,633,252</b>
<b>TOTAL ASSETS</b>	<b>69,920,930,150</b>	<b>67,516,794,035</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables and Accruals	89 4,920,855,345	4,709,263,954
Deferred Income	93 1,164,212,654	1,146,160,075
Deposits	94 310,459,842	358,456,183
<b>Total Current Liabilities</b>	<b>6,395,527,841</b>	<b>6,213,880,212</b>
<b>TOTAL LIABILITIES</b>	<b>6,395,527,841</b>	<b>6,213,880,212</b>
<b>Net Assets</b>		
<b>NET ASSETS/EQUITY</b>		
Capital Contributed by:		
Foreign Currency Revaluation Reserve	56,111,800	56,111,800
Accumulated Surpluses / Deficits	63,609,089,350	61,746,802,126
<b>TOTAL NET ASSETS/EQUITY</b>	<b>63,620,201,150</b>	<b>61,722,913,926</b>

Signature: Mpokigwa A. Mwanikwa  
Council Chairperson  
Date: 25/03/2024  
CHAIRMAN  
RUNGWE DC

Signature: Renatus B. Mchui  
Council Director  
Date: 25/03/2024  
DISTRICT EXECUTIVE DIRECTOR  
RUNGWE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

Class/Location of Expense by Nature	2023 TZS	2022 TZS
<b>REVENUE</b>		
Revenue		
Revenue from Exchange Transactions	17 1,205,137,373	300,524,050
Levies	18 1,074,383,894	2,038,123,970
Fees, Fines, Penalties and Forfeits	19 589,862,459	935,130,650
Social Contributions (Revenue)	20 3,191,736,538	7,428,561,422
Financing Income	21 14,888,340	4,634,788
Fair Value Gains on Assets and Liabilities	24 30,786,375	100,000
Other Revenue	31 394,370,120	481,664,420
Subvention from other Government entities	32 49,711,171,151	49,821,083,817
<b>TOTAL REVENUE</b>	<b>64,302,336,290</b>	<b>64,009,851,117</b>
<b>EXPENSES AND TRANSFERS</b>		
Wages, Salaries and Employee Benefits	34 41,092,331,478	39,471,741,489
Use of Goods and Service	35 8,189,016,282	6,872,990,615
Maintenance Expenses	36 602,766,234	617,122,712
Depreciation of Property, Plant and Equipment	37 2,196,371,672	2,105,889,059
Loss on Disposal of Assets/Impairment of receivables	44 103,844,283	123,768,933
Other Expenses	52 69,371,034	44,300,764
Social Benefits	56 1,415,453,024	923,421,734
Total Expenses	53,670,654,107	60,100,851,307
Transfer		
Grants and Transfers	59 46,134,049	62,761,405
Other Transfers	60 283,860,710	321,107,740
<b>TOTAL EXPENSES AND TRANSFERS</b>	<b>64,009,648,866</b>	<b>60,492,720,452</b>
<b>Surplus / Deficit</b>	<b>2,202,287,384</b>	<b>5,517,130,665</b>

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Accum. Surplus/(Deficit) TZS	Other Reserve TZS	Total TZS
Opening Balance as at 01 Jul 2022	61,266,802,126	56,111,800	61,322,913,926
Other Reserve	0	0	0
Surplus/ Deficit for the Year	2,202,287,384	0	2,202,287,384
Closing Balance as at 30 Jun 2023	63,469,089,510	56,111,800	63,525,201,310
Opening Balance as at 01 Jul 2021	55,749,671,461	56,111,800	55,805,783,261
Other Reserve	0	0	0
Surplus/ Deficit for the Year	5,517,130,665	0	5,517,130,665
Closing Balance as at 30 Jun 2022	61,266,802,126	56,111,800	61,322,913,926

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

Note	2023 TZS	2022 TZS
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>RECEIPTS</b>		
Subvention from other Government entities	32 48,580,321,192	48,647,986,275
Social Contributions (Revenue)	20 3,152,731,923	2,428,561,422
Revenue from Exchange Transactions	17 1,205,137,373	300,524,050
Other Revenue	31 390,476,074	459,434,810
Levies	18 978,648,726	1,887,975,177
Increase in Deposit	0	187,708,445
Financing Income	21 14,888,340	4,634,788
Fees, Fines, Penalties and Forfeits	19 589,862,459	935,130,650
External Assistance	0	0
<b>Total Receipts</b>	<b>54,912,066,088</b>	<b>54,845,961,617</b>
<b>PAYMENTS</b>		
Wages, Salaries and Employee Benefits	34 41,285,458,305	39,229,271,104
Use of Goods and Service	35 7,663,260,072	7,358,384,900
Social Benefits	43 1,415,453,024	923,421,734
Other Transfers	60 193,800,000	321,107,740
Other Expenses	52 69,371,034	44,306,764
Maintenance Expenses	36 739,702,209	520,754,034
Grants and Transfers	59 46,134,049	62,761,405
Decrease in Deposit	61 47,796,341	47,796,341
<b>Total Payments</b>	<b>51,460,975,034</b>	<b>48,460,007,481</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>3,451,091,054</b>	<b>6,385,954,136</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Investing Activities</b>		
Payment for Work in Progress	106 (3,035,325,591)	(3,005,066,140)
Advance Payment for Acquisition of Property Plant and Equipment	103 0	18,000,000
Acquisition of Property, Plant and Equipment	77 (687,865,955)	(2,352,980,528)
Acquisition of Biological Assets	0	0
<b>Total Investing Activities</b>	<b>(3,723,191,546)</b>	<b>(5,340,046,668)</b>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(3,723,191,546)</b>	<b>(5,340,046,668)</b>
<b>Net Increase</b>	<b>(272,100,492)</b>	<b>1,045,907,468</b>
Cash to be Surrendered to PMG	0	50,916,444
Cash Surrendered to Holding Account	0	0
Cash and cash equivalent at beginning of period	2,139,151,097	1,144,140,273
Cash and cash equivalent at end of period	1,867,050,604	2,139,151,097

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Date: 25/03/2024  
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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE 2023

	Budgeted Amount			Actual Amount on Comparison Basis		Difference Final Budget & Actual (B-A)
	Original Budget	Reselections/ Adjustments	Final Budget (B)	(A)	TZS	
<b>RECEIPTS</b>						
Tax Revenue	396,077,214	0	396,077,214	783,019,086	(386,941,872)	
Subvention from Other Government Entities	51,862,868,577	202,234,297	51,864,902,874	48,580,321,192	3,304,581,682	
Social Contributions (Revenue)	0	0	0	3,152,731,923	(3,152,731,923)	
Revenue from Exchange Transactions	2,687,925,686	0	2,687,925,686	1,205,137,373	1,482,788,313	
Other Revenue	279,616,000	0	279,616,000	390,476,074	(110,860,074)	
Levies	0	0	0	1,887,975,177	(1,887,975,177)	
Financing Income	0	0	0	14,888,340	(14,888,340)	
Fees, Fines, Penalties and Forfeits	83,070,100	0	83,070,100	589,862,459	(506,792,359)	
External Assistance	352,551,483	0	352,551,483	0	352,551,483	
<b>Total Receipts</b>	<b>55,461,909,060</b>	<b>202,234,297</b>	<b>55,664,143,357</b>	<b>54,912,066,088</b>	<b>752,077,269</b>	
<b>PAYMENTS</b>						
Wages, Salaries and Employee Benefits	42,337,057,311	14,810,725	42,351,868,036	41,285,458,305	1,066,409,731	
Use of Goods and Service	2,265,484,819	4,375,275	2,269,860,094	7,663,260,072	(5,393,399,978)	
Social Benefits	2,628,846,242	(2,000,000)	2,626,846,242	1,415,453,024	1,211,393,218	
Other Transfers	347,028,580	0	347,028,580	193,800,000	153,228,580	
Other Expenses	60,317,792	(2,000,000)	58,317,792	69,371,034	(11,053,242)	
Maintenance Expenses	747,125,711	(6,750,000)	740,375,711	739,702,209	673,502	
Grants and Transfers	11,366,951,588	199,734,297	11,566,685,885	46,134,049	7,124,363,836	
Decrease in Deposit	0	0	0	47,796,341	(47,796,341)	
Payment for Work in Progress	0	0	0	3,035,325,591	(3,035,325,591)	

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