

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

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	<u>Notes</u>	2020 TZS '	2019 TZS '
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	24	916,858,953	523,704,575
Receivables and prepayments	25	776,730,160	566,600,871
Inventories	26	651,603,686	143,115,416
Other financial assets	27	7,152,125	5,425,750
		<b>2,352,344,924</b>	<b>1,238,846,612</b>
<b>Non-current assets</b>			
Other financial assets	27	76,553,000	76,553,000
Property, plant and equipment	28	25,200,311,311	25,763,799,218
		<b>25,276,864,311</b>	<b>25,840,352,218</b>
Non-current assets held for sale	30	-	165,907,227
<b>TOTAL ASSETS</b>		<b>27,629,209,234</b>	<b>27,245,106,058</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	31	1,217,142,800	689,402,604
Long-term borrowings	33	64,475,577	-
Employee benefits	34	2,277,156,537	1,567,532,291
Deferred income (Grant)	11	44,679,480	203,654,398
		<b>3,603,454,393</b>	<b>2,460,589,293</b>
<b>Non-current liabilities</b>			
Long-term borrowings	33	64,475,577	-
Deferred Capital (Grant)	36	354,774,377	125,933,536
<b>TOTAL LIABILITIES</b>		<b>419,249,954</b>	<b>125,933,536</b>
<b>NET ASSETS</b>		<b>4,022,704,347</b>	<b>2,586,522,829</b>
<b>NET ASSETS</b>		<b>23,606,504,887</b>	<b>24,658,583,229</b>
Reserve		-	165,907,227
Accumulated surplus/(deficit)		23,529,971,887	24,416,143,001
MCR		76,533,000	76,533,000
<b>TOTAL NET ASSETS</b>		<b>23,606,504,887</b>	<b>24,658,583,228</b>

The financial statements were authorized for issue by finance committee and approved by full council on 28.09.2020 and were signed on its behalf by:

 ..... Sophia J. Kumbuli CMT Chairperson Date: 28/09/2020	 ..... John Maholani CMT Secretary Date: 28/09/2020
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DISTRICT EXECUTIVE DIRECTOR  
CHUNYA DISTRICT COUNCIL

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020**

	<u>Notes</u>	2020 TZS '	2019 TZS '
<b>Revenue</b>			
Taxes and levies	9	2,236,321,164	1,438,714,161
Fees, fines, penalties and licenses	10	1,419,895,649	1,531,927,216
Amortisation of revenue grants	11	15,429,327,444	15,832,176,462
Revenue from exchange transactions	12	64,844,959	90,125,898
Fair value gains on investment	13	1,726,375	-
Amortisation of capital grant	36	491,428,156	826,246,112
Other revenue	14	120,366,000	-
sales of plots	15	-	11,340,000
		<b>19,763,909,747</b>	<b>19,730,529,849</b>
<b>Expenses</b>			
Provision for Loss	17	218,478,499	101,477,149
Wages, salaries and employee benefits	18	13,342,004,488	12,459,640,776
Supplies and consumables used	19	4,190,193,519	1,335,842,920
Maintenance expenses	20	647,654,753	310,264,138
Grants and other transfer payments	21	381,013,861	4,774,752,896
Share Loss on face value	22	-	2,466,250
Finance Costs	33	13,946,305	-
Depreciation of property, plant and equipment	28	460,897,797	532,783,457
		<b>19,254,189,222</b>	<b>19,517,227,587</b>
Share of associates surplus/(deficit)		-	-
<b>Surplus/(deficit) during the year</b>		<b>509,720,525</b>	<b>213,302,262</b>
<b>Attributable to:</b>			
Owners		-	-
Non-controlling interests		-	-
		<hr/>	<hr/>
		-	-

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 .....  
 Sophia J. Kumbuli  
 CMT Chairperson  
 Date: 28/09/2020

  
 .....  
 John Maholani  
 CMT Secretary  
 Date: 28/09/2020

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020**

	<u>Note</u>	2020 TZS '	2019 TZS '
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxes and levies	55	2,107,850,128	1,601,218,820
Fees, fines, penalties and licenses	56	1,423,627,276	404,628,650
Recurrent revenue grants received	11	15,281,638,371	16,006,258,573
Revenue from exchange transactions	57	74,796,398	63,855,500
Women, youth and disability loans Recovery	63	127,422,500	-
Revenue from sale of plots	15	-	11,340,000
Other revenue	58	138,794,550	970,686,828
Change in Deposit account	24	71,170,162	(37,729,231)
<b>Payments</b>			
Wages, salaries and employee benefits	59	(12,597,514,192)	(12,207,418,406)
Supplies and consumables used	60	(4,566,396,455)	(1,215,812,496)
Maintenance expenses	62	(634,161,371)	(333,880,383)
Grants and other transfer payments	21	(381,013,861)	(4,774,752,896)
Women, youth and disability Loans issued	63	(71,000,000)	-
Cash taken by Treasury at the year-end	11 & 36	(39,157,106)	-
Election fund return to treasury	11	(9,564,462)	-
<b>Net cash from operating activities</b>		<b>926,491,938</b>	<b>488,394,959</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant, and equipment	28	(1,406,047,130)	(1,766,606,812)
<b>Net cash from investing activities</b>		<b>(1,406,047,130)</b>	<b>(1,766,606,812)</b>
<b>Cash flows from financing activities</b>			
Cash proceeds from long-term borrowings;	33	139,463,051	-
Development grants received	36	757,704,720	552,179,648
Loan Repayment	33	(21,523,218)	-
Interest Charged	33	(2,934,984)	-
<b>Net cash used in financing activities</b>		<b>872,709,569</b>	<b>552,179,648</b>
<b>Net increase in cash and cash equivalents</b>		<b>393,154,378</b>	<b>(726,032,205)</b>
Net foreign exchange difference		-	-
<b>Cash and cash equivalents at beginning of period</b>		<b>523,704,575</b>	<b>1,249,736,780</b>
<b>Cash and cash equivalents at end of period</b>	24	<b>916,858,953</b>	<b>523,704,575</b>

The financial statements were authorized for issue by finance committee and approved by full council on 28.09.2020 and were signed on its behalf by:

  
 .....  
 Sophia J. Kumbuli  
 CMT Chairperson  
 Date: 28/09/2020

  
 .....  
 John Maholani  
 CMT Secretary  
 Date: 28/09/2020



## **REPORT ON THE AUDIT OF FINANCIAL STATEMENT**

### **Qualified Opinion**

I have audited the Financial Statements of Chunya District Council, which Comprise the Statement of financial position as at 30 June, 2020 and the statement of financial performance, statement of changes in Net Assets and Cash Flow Statement and the statement of Comparison of Budget and Amount for the year then ended, as well as the Notes to the Financial Statements, including a summary of significant Accounting Policies.

In my opinion, except for the effects of the matter (s) described in the basis for qualified opinion section of my report, the accompanying financial statement present fairly in all material respects, the financial position of Chunya District Council as at 30 June, 2020 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 in the manner required by the Local Government Finances Act, 1982 (Revised 2000)

### **BASIS FOR QUALIFIED OPINION**

#### **Mismatch of revenue information between LGRCIS AND Epicor TZS 515,671,878**

My review of LGRCIS noted a mismatch of own source collection information between LGRCIS and IFMs Epcor leading to a different of TZS 515,671,878. Those differences arose from reporting own source collection in LGRCIS as TZS 3,123,702,179 and IFMs Epicor TZS 3,639,374,057. In that regard, I have not been able to confirm the completeness, accuracy and authenticity of the figures reported in the statement of financial performance.

#### **Inadequate disclosure of impaired receivables TZS 118,295,759**

As disclosed in note 17 and 25 of the financial statements, Chunya District Council had Accounts Receivables with an impairment allowance of TZS 118,295,759 relating to unbanked revenue (Defaulters) collected through Point of Sale (PoS) machines. Due to the nature of these receivables, the Council is required to include adequate disclosure indicating credit loss risk, management strategies and action taken by management to ensure recoverability of this amount. The Council had not disclosed this information. Hence, I was unable to determine whether the Receivables and Prepayments and provision for impairment of receivables reported in the financial statements for the year 2019/20 and comparative information are portraying true and fair view.

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 financial statements section of my report. I am independent of Chunya District Council in accordance with the international Ethics standards Boards for Accountants' Code of Ethics 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.

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

Based on the audit worked performed, I state that, expect for the matter described below, procurement of works, goods and services of Chunya District Council is generally in compliance with the requirement of the Public Procurement Act, 2011 and its underlying Regulation of 2013 (as amended) in 2016

##### **1. Goods and services delivered without being inspected TZS. 11,752,000**


Regulation 244 and 245 of PPR 2013 requires the accounting officer to establish a Goods Inspection and Acceptance Committee responsible for inspecting, Testing goods and services received from suppliers to establish if they are of the right quantity, quality and price. Contrary to the cited regulation, I noted Chunya District Council procure and receive goods worth TZS. 11,752,000 without being inspected by the Goods Acceptance and Inspection Committee.

##### **2. Procurement through imprest TZS. 16,416,000**

I noted that, Chunya District Council purchases computer and catering services worth TZS. 16,416,000 through imprest system; the amount that exceeded threshold limit of TZS. 5,000,000 contrary to Reg. 166 of PPR, 2013 (as amended) in 2016 which allow a procuring entity to purchase direct from established supermarkets, shops or drugs stores or similar establishment if the value of such procurement does not exceed the limit of (TZS 5 Million) set in the seventh schedules to the regulation

##### **3. Procurement of items without indicating appropriate specifications TZS. 54,462,880**

Section 47(c) of PPA, 2011 requires the procuring entity to obtain the best value for money in terms of price, quality and delivery having regards to set specification and criteria. In contrary the Council purchases building materials worth TZS. 54,462,880 for various infrastructures at Council and health facilities without indicating specification or details of the required materials appropriately the situation which provides opportunity to suppliers to take advantages of price difference.

  
Charles E. Kichere  
Controller and Auditor General  
Dodoma, United Republic of Tanzania.  
31<sup>st</sup> March, 2021

