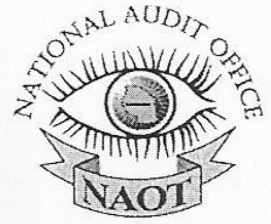




THE UNITED REPUBLIC OF TANZANIA



NATIONAL AUDIT OFFICE

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON
THE FINANCIAL STATEMENTS OF DODOMA MUNICIPAL
COUNCIL FOR THE YEAR ENDED 30TH JUNE, 2015**

The Controller and Auditor General,
National Audit Office,
Audit House,
16 Samora Machel Avenue,
P.O. Box 9080,
Tel: 255 (022) 2115157/8,
Fax: 255 (022) 2117527,
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11101 DAR ES SALAAM.



March, 2016

AR/LG.7205/2014/2015

2.0 AUDIT REPORT ON THE FINANCIAL STATEMENTS

To: Hon. Lord Mayor of the Council,
Dodoma Municipal Council,
P.O. Box 1249,
DODOMA.

RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF DODOMA MUNICIPAL COUNCIL FOR THE YEAR ENDED 30TH JUNE, 2015

Introduction

I have audited the Financial Statements of Dodoma Municipal Council which comprises of the Statement of Financial Position as at 30th June, 2015, 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 I to this audit report.

Management's Responsibility for the Financial Statements

Management of Dodoma Municipal 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 enclosed in this report as 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 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 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 control. 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.

Basis for Qualified Opinion

Value of land not reported in the submitted Financial Statements

Dodoma Municipal Council owns land obtained at zero cost from the Government of the United Republic of Tanzania. This land was not reported in the submitted Financial Statements (Note 30), as it was not included in the value of property, plant and equipment of TZS. 21, 234,259,988 (including Works in Progress) contrary to Para 27 and 28 of IPSAS 17 which requires the cost of an asset acquired through a non-exchange transaction to be measured at its fair value at the date of acquisition. Consequently the value of Property, Plant and Equipment reported in Dodoma Municipal Council submitted Financial Statements was understated by the value of land.

Qualified Opinion

In my opinion, except for the effect of the matters described on the basis for qualified opinion paragraph above, the Financial Statements present fairly, in all material respects, the Financial Position of Dodoma Municipal Council as at 30th June, 2015, and its Financial Performance and its Cash Flows 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).

Standards (IPSASs) and Part IV of the Local Government Finances Act No. 9 of 1982 (revised 2000).

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, Dodoma Municipal 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, 2016

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,
P.O. Box 9111,
1 Madaraka Street,
11468 DAR ES SALAAM.

Permanent Secretary,
PO-RALG,
P.O. Box 9123,
DODOMA.



Municipal Director,
Dodoma Municipal Council,
P.O. Box 1249,
Dodoma.

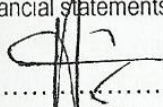
Regional Administrative Secretary (RAS),
Dodoma Region,
P.O. Box 914,
DODOMA.

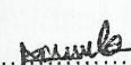
Regional Commissioner,
Dodoma Region,
P. O. Box 914.
DODOMA.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

		2014/2015	2013/2014
	<u>Notes</u>	TZS	TZS
ASSETS			
Current assets			
Cash and cash equivalents	23	826,111,937	2,062,449,253
Receivables and prepayments	24	3,125,610,996	512,092,606
Inventories	25	975,270,736	409,930,495
		<u>4,926,993,669</u>	<u>2,984,472,354</u>
Non-current assets			
Other financial assets	26	7,300,000	7,300,000
Property, plant and equipment	30	21,234,259,988	23,958,318,564
Intangible Assets	29	16,815,290	9,274,722
		<u>21,258,375,279</u>	<u>23,974,893,286</u>
TOTAL ASSETS		<u><u>26,185,368,947</u></u>	<u><u>26,959,365,640</u></u>
LIABILITIES			
Current liabilities			
Payables	27	5,181,717,304	2,011,146,629
Deferred Recurrent Grant	11	826,111,937	2,185,601,770
		<u>6,007,829,241</u>	<u>4,025,844,959</u>
Non-current liabilities			
Long-term Borrowing	31	50,321,276	50,321,276
Deferred Capital Grant	32	21,592,413,946	24,296,732,522
		<u>21,642,735,222</u>	<u>24,347,053,798</u>
TOTAL LIABILITIES		<u>27,650,564,463</u>	<u>28,372,898,757</u>
NET ASSETS		<u>(1,465,195,516)</u>	<u>(1,413,533,118)</u>
NET ASSETS			
Accumulated surplus/(deficit)		(1,465,195,516)	(1,413,533,118)
TOTAL NET ASSETS		<u>(1,465,195,516)</u>	<u>(1,413,533,118)</u>

The Council Management Team has granted authority by the PMO-RALG through letter with ref. No.CCE.3/215/01/30 dated September 10th 2015 to approve the financial statements of the Council due to the abolition of the Councilor's tenure of five years political representation.

.....

 Mr. Augustino M. Kalinga
 MUNICIPAL DIRECTOR
 DODOMA MUNICIPAL COUNCIL

.....

 Mr. Boniface, M.P.
 MUNICIPAL HUMAN RESOURCE OFFICER
 DODOMA MUNICIPAL COUNCIL

Date: 25/1/2016

Date: 25/01/2016

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015

		2014/2015	2013/2014
	<u>Notes</u>	TZS	TZS
Revenue			
Local taxes	9	505,983,264	924,849,496
Fees, fines, penalties and licenses	10	1,819,474,466	1,922,568,735
Amortised Recurrent grants	11	36,544,681,733	24,330,023,577
Revenue from exchange transactions	12	16,402,400	25,415,000
Finance income	13	-	-
Amortisation of capital grant	30	4,672,421,428	4,669,029,160
Unrealised income	29	3,273,432	3,273,432
		<u>43,562,236,722</u>	<u>31,875,159,400</u>
Expenses			
Wages, salaries and employee benefits	16	32,226,602,248	23,050,489,736
Supplies and consumables used	17	3,366,244,839	2,208,071,413
Maintenance expenses	18	784,262,085	815,624,273
Grants and other transfer payments	19	2,561,095,089	959,153,388
Finance costs	20	-	157,226,429
Depreciation of property, plant and equipment	30	4,672,421,428	4,669,029,160
Depreciation of Intangible Asset	29	3,273,432	3,273,432
		<u>43,613,899,120</u>	<u>31,862,867,831</u>
Surplus/(deficit) during the year		<u>(51,662,398)</u>	<u>12,291,569</u>


The notes on page 23 to 52 form part of these financial statements

The Council Management Team has granted authority by the PMO-RALG through letter with ref. No.CCE.3/215/01/30 dated September 10th 2015 to approve the financial statements of the Council due to the abolition of the Councilor's tenure of five years political representation.

.....

 Mr. Augustino M. Kalinga
 MUNICIPAL DIRECTOR
 DODOMA MUNICIPAL COUNCIL

Date: 25/1/2016

.....

 Mr. Boniface, M.P.
 MUNICIPAL HUMAN RESOURCE OFFICER
 DODOMA MUNICIPAL COUNCIL

Date: 25/01/2016

MUNICIPAL DIRECTOR
DODOMA

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated surplus/deficit	Revaluation Surplus	Total
	TZS	TZS	TZS
Balance at 1 July 2012	4,058,737,920		1,994,442,337
Surplus/deficit for the year	124,517,115	(1,147,807,427)	(1,023,290,312)
Transfer to and from surplus/(deficity)	-		-
Changes in accounting policy	-	-	-
Balance at 30th June 2013	4,183,255,035		971,152,025
Surplus/deficit for the year	(2,396,976,713)	12,291,571	(2,384,685,142)
Balance at 30th June 2014	1,786,278,321	-	(1,413,533,118)
Changes in revaluation surplus/(deficity)	-		-
Transfer to and from surplus/(deficity)	-	-	-
Surplus/deficit for the year	-	(51,662,398)	(51,662,398)
Balance at 30th June 2015	(1,413,533,118)	(51,662,398)	(1,465,195,516)

The notes on page 23 to 52 form part of these financial statements

The Council Management Team has granted authority by the PMO-RALG through letter with ref. No.CCE.3/215/01/30 dated September 10th 2015 to approve the financial statements of the Council due to the abolition of the Councilor's tenure of five years political representation.

.....
Mr. Augustino M. Kalinga
MUNICIPAL DIRECTOR
DODOMA MUNICIPAL COUNCIL

Date: 25/1/2016

.....
Mr. Boniface, M.P.
MUNICIPAL HUMAN RESOURCE OFFICER
DODOMA MUNICIPAL COUNCIL

Date: 25/01/2016

MUNICIPAL DIRECTOR
DODOMA

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	<u>2014/2015</u>	<u>2013/2014</u>
	TZS	TZS
Cash flows from operating activities		
Receipts		
Local taxes	505,983,264	924,849,496
Fees, fines, penalties and licenses	1,819,474,466	1,922,568,735
Recurrent grants	35,865,837,877	24,330,023,577
Revenue from exchange transactions	16,402,400	25,415,000
Payments		
Wages, salaries and employee benefits	(32,226,602,248)	(23,050,489,736)
Supplies and consumables used	(3,366,244,839)	(2,208,071,413)
Maintenance expenses	(784,262,085)	(815,624,273)
Grants and other transfer payments	(2,561,095,089)	(959,153,388)
Finance costs	-	(157,226,429)
Changes in working capital items:		
Decrease in receivables and prepayments	(2,613,518,390)	(9,709,940)
Decrease in inventories	(565,340,241)	(317,889,709)
Decrease in payables	3,170,570,675	283,572,330
Net cash from operating activities	<u>(738,794,210)</u>	<u>1,429,889,489</u>
Cash flows from investing activities		
Acquisition of intangible assets	(10,814,000.00)	-
Acquisition of property, plant, and equipment & investment properties	(1,968,102,852)	(5,217,595,796)
Net cash from investing activities	<u>(1,978,916,852)</u>	<u>(5,217,595,796)</u>
Cash flows from financing activities		
Development grants received	1,481,373,746	1,304,127,236
Net cash used in financing activities	<u>1,481,373,746</u>	<u>1,304,127,236</u>
Net increase in cash and cash equivalents	(1,236,337,316)	(2,483,579,071)
Net foreign exchange difference	-	-
Cash and cash equivalents at beginning of period	2,062,449,253	4,546,028,324
Cash and cash equivalents at end of period	<u>826,111,937</u>	<u>2,062,449,253</u>


The notes on page 23 to 52 form part of these financial statements

The Council Management Team has granted authority by the PMO-RALG through letter with ref. No.CCE.3/215/01/30 dated September 10th 2015 to approve the financial statements of the Council due to the abolition of the Councilor's tenure of five years political representation.

.....

 Mr. Augustino M. Kalinga
 MUNICIPAL DIRECTOR
 DODOMA MUNICIPAL COUNCIL

Date: 25/11/2016

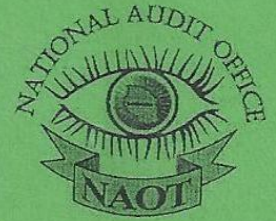
.....

 Mr. Boniface, M.P.
 MUNICIPAL HUMAN RESOURCE OFFICER
 DODOMA MUNICIPAL COUNCIL

Date: 25/11/2016

MUNICIPAL DIRECTOR
DODOMA



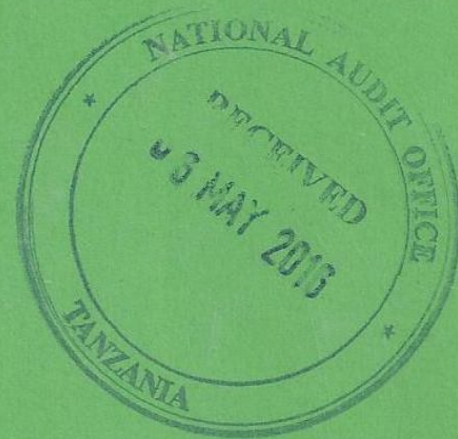
THE UNITED REPUBLIC OF TANZANIA



NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON
THE FINANCIAL STATEMENTS OF DODOMA MUNICIPAL
COUNCIL FOR THE YEAR ENDED 30TH JUNE, 2015

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March, 2016

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