



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



ARDHI INSTITUTE MOROGORO

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2022**

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Month, 2023

AR/CG/VOTE TR.06/2021/22

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418.

Vision

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto: "Modernizing External Audit for Stronger Public Confidence"

Core values

In providing quality services, NAO is guided by the following Core Values:

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

We do this by:

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

© This audit report is intended to be used by Ardhi Institute Morogoro and may form part of the annual general report, which once tabled to National Assembly, becomes a public document; hence, its distribution may not be limited.

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Abbreviations

| | |
|--------|--|
| ARIMO | Ardhi Institute Morogoro |
| ISSAIs | International Standard of Supreme Audit Institutions |
| IPSAS | International Public Sector Accounting Standards |
| PAR | Public Audit Regulation |
| PAC | Public Accounts Committee |
| PFA | Public Finance Regulations |
| PPA | Public Procurement Act |
| PPR | Public Procurement Regulations |
| Reg. | Regulation |
| Sect. | Section |
| TZS | Tanzania Shillings |
| VT | Vote |

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Principal,
Ardhi Institute Morogoro,
P.O. Box 155,
MOROGORO,
Tanzania

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Ardhi Institute Morogoro, which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets and 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 Ardhi Institute Morogoro as at 30 June 2022, 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 Public Finance Act, Cap. 348.

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 Ardhi Institute Morogoro 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 Statement by Chairperson, Statement of the Principal, statement of management

responsibility and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 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 in the Ardhi Institute Morogoro for the financial year 2021/22 as per the Public Procurement laws.

Based on the audit work performed, I state that, except for the matters described below, procurement of goods, works and services of Ardhi Institute Morogoro is generally in compliance with the requirements of the Public Procurement laws.

1. Procurement of Goods and Services Out of TANEPS TZS 60,775,322.79

The audit conducted on ARIMO's procurement practices revealed that the institute did not fully comply with Regulation 342 (1) & (2) of Public Procurement Regulations (PPR), 2013 (as amended 2016) and Circular No 4 of 2019 issued by the Ministry of Finance and Planning. These regulations require procuring entities to implement e-procurement through the use of TANEPS in the procurement of goods and services.

During the audit, it was found that ARIMO had procured goods and services worth TZS 60,775,322.79 outside of the TANEPS system, which undermines transparency and efficiency in the public procurement process

2. Splitting of tender into small amounts TZS198,000,000

Paragraph 73(1) of the Public Procurement Regulation of 2013(Revised 2016) clearly states that procuring entities are not allowed to divide their procurement into separate contracts for the purpose of avoiding international or national competitive tendering or selection. However, it has been brought to our attention that the Ardhi Institute Morogoro has made payments in respect of manufacturing beacons costing TZS. 198,000,000. It appears that the contractor agreement was divided into smaller figures to avoid national competitive tendering. This action is in direct violation of the aforementioned regulation.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

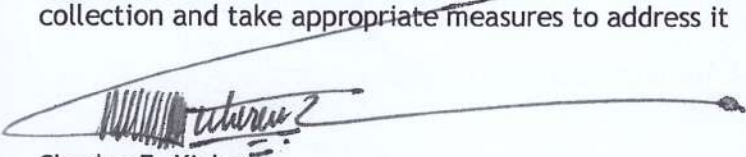
Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Ardhi Institute Morogoro for the financial year 2021/22 as per the Budget Act and other Budget Guidelines. Based on the audit work performed, I state that, except for the matters described below, Budget formulation and execution of Ardhi Institute Morogoro is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

1 .Under collection of budgeted fund for own source revenue TZS. 2,502,467,049

Upon scrutiny of the institute's cashbook and bank statement for the year under review, it was observed that the approved budget for the own source revenue was TZS. 3,794,200,000. However, the institute only managed to collect TZS. 1,291,732,951, which represents an under-collection of TZS. 2,502,467,049 or 66% of the approved budget.

The under-collection of own source revenue is a significant concern as it indicates that the institute's revenue generation efforts are not effectively addressing its funding needs. It is important for the management of the institute to investigate the root cause of the under-collection and take appropriate measures to address it


Charles E. Kicheri
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March, 2023



2.0 FINANCIAL STATEMENTS

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2022

STATEMENT BY CHAIR PERSON

1.0 INTRODUCTION

Ardhi Institute Morogoro was established under the Act of Parliament No. 35 of 1974 of the laws and mandated to carry on training, research and consultancy activities. The Institute is a Government organ functioning under the auspices of the Ministry of Lands, Housing and Human Settlements Development; it is an important tool for training, research and consultancy activities in the land sector.

2.0 VISION

To become a centre of academic excellence in Geomatics, Urban and Regional Planning, Land management and other land related disciplines through training, research and consultancy.

3.0 MISSION

To provide opportunities for acquisition of knowledge, skills, and practices in surveying, land planning and land administration through training, research and professional services.

4.0 CORE VALUES

Whereas students and staff who constitute the core of the Institute join the Institute as individuals at different dates, the Institute as an organization need to be banded as a single entity through establishing an institutional culture in order to effectively deliver what is expected of it. Hereunder, are the core values which shall be guiding the Institute's organizational culture.

Honest: Being truthful and sincere in all our work and dealings.

Transparency: Being clear and open in our operations and allows accessibility of information concerning our core business practice.

Confidentiality: Adhere to ethical principles and rules that limit access or dissemination of certain types of information.

Hard Working: Being diligent in whatever we do.

Self-Discipline and Control: Being self-motivated and able to control our feelings and overcome our weaknesses and pursue what is right throughout our undertakings.

Creativity and Innovative: Generating new ideas that improve the effectiveness of the Institute's core business throughout our undertakings.

Commitment and Accountability: Being dedicated to our duties and willing to accept responsibility to whatever we do.

Team Working: Being exemplary cooperative and use our individual skills to build synergy and provide constructive feedback despite any personal conflict between individuals

5.0 SOLVENCY

The Institute solvency so far is healthier as nothing has come to the attention that will hinder the performance of the Institute for the next twelve months.

6.0 OVERALL PERFORMANCE AND CHALLENGES

6.1 ACHIEVEMENTS

The performance of the Institute during the year was satisfactory despite the prevailing challenges. During the financial year 2021/2022 the Institute recorded the under mentioned notable achievements;

- (i) Two (2) Examination Board meetings have been conducted.
- (ii) Two (2) Institute Board meeting was facilitated.
- (iii) Reviewing of Institute Curricular for Geomatics and URP
- (iv) Two (2) sessions of semester field work for eighty two (77) students of URP NTA 5& 6 together with four (4) Tutors for ten (10) days was facilitated.
- (v) One industrial practical training for 277 students of URP&GM NTA 5 & 6 was facilitated.
- (vi) One (1) seminar on HIV/AIDS counselling and testing for 36 staff members and 479 students was facilitated.
- (vii) Staff statutory rights were fully implemented.
- (viii) One (1) semester examination session was facilitated.
- (ix) Eighteen (14) tutors were facilitated in setting, moderating and marking examinations
- (x) Participated in the Ministry of Lands programme named Planning, Surveying and Titling of which ARIMO completed planning and surveying of 30,160 plots at Mbalizi Mbeya District Council.

6.2 CHALLENGES

During implementation of the budget for financial year 2021/22 the following were identified as the major challenges facing the effective performance of the Institute budgeted activities;

- (i) Insufficient resources especially development funds from Government together with funds from regularization projects undertaken by ARIMO.
- (ii) Inability to develop the ARIMO 34.3 acres plot located at Kolla Hill in Morogoro Municipality.

- (iii) Incomplete library building and its infrastructure.
- (iv) Few modern surveying instruments (such as GNSS equipment, Total Station, levels, large format printers and scanners).
- (v) Insufficient number of teaching and supporting staff.

7.0 STRATEGIES

In order to foster the implementation of the vision, mission and core values of the Institute the following strategies would be implemented;

- (i) Recruit staff in critical areas.
- (ii) Develop strategic institutional management area.
- (iii) Enhance revenue collection.
- (iv) Promotion of public awareness on function and mandate of the institute.

8.0 WAY FORWARD

In this regard, the Board has the responsibilities of regulating the conduct of Ardhi Institute Management. In order to deliver and meet the stake holders 'expectations, the following key issues will be addressed enhancing Institute capacity in terms of staffing and revenue collection. Promote public awareness creation on the ARIMO mandates, roles and activities. Tenure office members for ARIMO advisory board has lapsed since 31 December 2021.

STATEMENT BY THE PRINCIPAL

1.0 INTRODUCTION

The management has the pleasure to present and submit the Financial Statements which discloses the state of affairs of the Ardhi Institute Morogoro for the year ended 30th June 2022

2.0 IMPLEMENTATION OF PLANS AND BUDGET 2021/22

The approved budget for the financial year 2021/22 was TZS 4,978,748.00 which constitutes TZS 704,548,000.00 for personal emolument (PE), TZS 480,000,000.00 for other charges (OC) and TZS 3,794,200,00.00 for Own Source collection. Out of TZS 3,794,200,000.00 own source collection TZS 1,200,080,000.00 was for development projects and TZS 2,594,120,000.00 was for recurrent.

During the year under review the Institute received a total of TZS 1,166,568,500.00 as Government subsidies. The Government subsidies constitute Other Charges (OC) amounting to TZS 388,500,000.00 Development Expenditure TZS 300,000,000.00 and Personnel Emoluments (PE) expenses amounting to TZS 478,068,500.00.

3.0 NON TAX REVENUE

The Institute budgeted to collect the sum of TZS 2,594,120,000 from its own source which constitutes TZS 987,200,000.00 for tuition fees and TZS 1,606,920.00 for consultancy. During the year under review the Institute collected revenue amounting to TZS 1,291,732,951.00. The sum comprises tuition fees amounted TZS 677,587,144.00 and TZS 614,145,807.00 from consultancies.

4.0 ACHIEVEMENTS

During the year under review the Institute managed to renew its accreditation status and reviewing of curricula for Geomatics and Urban and Regional Planning Programs. Also the Institute facilitated four (4) staff to undergo long courses in order to develop their carrier and make sure that the institute has qualified and competent staff who can impart quality and appropriate knowledge to students.

5.0 CONSTRAINTS AND CHALLENGES

5.1 CHALLENGES

During implementation of the budget for financial year 2021/22 the following were identified as the major challenges facing the effective performance of the Institute budgeted activities;

- (i) Insufficient resources especially development funds
- (ii) Inability to develop the ARIMO 34.3 acres' plot located at Kolla Hill in Morogoro Municipality
- (iii) Incomplete library building and its infrastructure
- (iv) Few modern surveying instruments (such as GNSS equipment, Total Station, levels, large format printers and scanners);
- (v) Insufficient number of teaching and supporting staff

5.2. REMEDIAL MEASURES

During the year under review the Institute has taken the following measures in order to overcome some of its critical issues;

- (i) Recruit staff in critical areas
- (ii) Develop strategic institutional management area
- (iii) Enhance revenue collection sources.
- (iv) Promote public awareness on the institute.

6.0 ADVISORY BOARD COMMITTEE

The Act no 35 of 1974 of the Parliament gave the power to the Permanent Secretary Ministry of Lands Housing and Human Settlement to select the Advisory Board members. During the financial year 2021/22 the Advisory Board had the following Members;

| No | Name | Title | Place of work | Profession |
|----|--------------------------|----------|--------------------------|---------------------------------------|
| 1. | Prof. Silvester Mpanduji | Chairman | SIDO | Engineer |
| 2. | Mr. Huruma L.P Lugalla | Member | Ardhi Institute Morogoro | Principal of Ardhi Institute Morogoro |
| 3. | Mr. Hamdoury Z Mansour | Member | Ministry of MLHSD | Director of Survey and Mapping |
| 4. | Mr. Zakariyya Kera | Member | Ministry of MLHSD | DAHRAM |
| 5. | Mr. G. Mutazamba | Member | NACTE | Chief Accountant |
| 6. | Dr. Dorothea Deus | Member | Ardhi University | Senior Lecturer |
| 7. | Mr. Samwel Marumbo | Member | Ardhi Institute Morogoro | President of ARISO |

7.0 STAFF WELFARE

The Management has maintained the relationship between Management and Employees as there is a systematic procedure of communication with employees on a regular basis, which is done through management and staff meetings. The management provides training facilities to staff for both short and long terms in order to update them with modern skills and technology. Other incentives include sponsoring of workers to attend seminars, short and long-term courses. In employees benefit plan, staffs are paid extra duty allowances and leave allowances once every two years to enable staff and their spouse and children to travel to their place of domicile.

Signature:

Name:

Title:

Charles S. Saguda

Ag. Principal of Institute

Date: 12/03/2023

COMMENTARY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2022.

1.0 INTRODUCTION

The financial statements for the financial year 2021/2022 presents, financial performance, financial position, cash flow and statement of changes in net asset of the Ardhi Institute Morogoro for the year ended 30 June2022.

The financial statements also provide analysis of the actual amount against final budget for the year under review.

2.0 OVERVIEW OF FINANCIAL STATEMENTS

Set of financial statements includes statement of financial position, statement of financial performance by nature, statement of change in net asset, cash flow statement, and statement of comparison of budget and actual amount and notes to the financial statements of the Ardhi Institute Morogoro.

2.1. FINANCIAL POSITION

Financial position comprises of, cash and cash equivalent, receivables, inventories prepayments, property, plant and equipment, work in progress, payables, short term loan, deposit and net asset.

2.1.1 Cash and Cash Equivalent

Cash and cash equivalent at the end of the fiscal year 2021/22 was TZS 349,233,525.98 compared to TZS 382,503,242.56 for the year ended June 2021.

2.1.2 Receivables

Receivables were TZS 1,579,496,482.00 for the year ended 30 June 2022 compared to TZS 1,655,069,833.05 (Restated amount) in the year ended 30 June 2021, the restated amount resulted due to increase in the number of students and staff imprest who once were not booked in receivables.

2.1.3 Prepayments

Prepayments in the financial year ended 30 June 2022 was TZS 2,601,420.00 this was Deposit for Fuel compared to TZS 894,515.04 reported during the year ended June 2021

2.1.4 Property, Plant and Equipment (PPE)

The total carrying amount for PPE as at 30 June 2022 was TZS 7,950,808,786.26 compared to TZS 8,013,281,643.20 for the year ended 30 June 2021.

2.1.5 Work in Progress

Total Work in Progress during the year ended June 2022 was TZS 76,522,986.79 this was costs of all material used and direct labour for construction of one classroom at the Institute Campus.

2.1.6 Accumulated Depreciation

During the year ended 30 June 2022, Ardhi Institute Morogoro recorded accumulated depreciation of TZS 451,460,297.35 compared to TZS 377, 249,287.80 for the year ended 30 June 2021.

2.1.7 Payables

Payables in the financial year ended 30, June 2022 was TZS 171,784,000.00 this was outstanding tutors and students field work allowance claims compared to TZS 349,372,389 for the year ended 30th June 2021.

2.1.8 KKK Short Term Loan

During the year under review, the institute secured a short term loan amounted to TZS 1,273,038,500 from government through MLHSD for regularization activities at Mbalizi Township Council.

2.1.9 Total Net Assets

Ardhi Institute Morogoro has a Total Net Assets of TZS 8,525,195,101.03 as at 30th June 2022 compared to TZS 9,705,501,744.85 (restated amount) for the year ended 30 June 2021.

2.2. FINANCIAL PERFORMANCE

2.2.1 Revenue

Exchequer allocated to expenditure of revenue nature was TZS 1,166,568,500.00 in the year ended 30th June 2022. This comprises Exchequer for PE TZS 478,068,500, Exchequer for Development TZS 300,000,000.00 and Exchequer for OC TZS 388,500,000. However, Exchequer for the year ended June 2021 was TZS 1,604,368,000. Collection for non-tax revenue during the year was TZS 1,216,159,600.00 as compared to TZS 1,092,211,800.00 of the previous year.

2.2.2 Wages, Salaries and employee's benefits.

Wages, salaries and employee's benefits incurred by Ardhi Institute during the year under review was TZS 1,105,093,514.00 compared to TZS 1,152,977,180.20 in the year ended 2021

2.2.3 Use of Goods and Services.

During the fiscal year ended 2021/22 use of goods and services incurred was TZS 2,294,364,191.67 compared to TZS 1,577,912,431.38 in the year ended 2021.

2.2.4 Current grants, transfer and subsidies

There were no any grants, transfers, and subsidies in the year ended 30 June 2022

2.2.5 Routine maintenance and repair

During the year under review, Ardhi Institute Morogoro incurred TZS 64,366,028.60 as the costs of minor rehabilitation, spare parts, tyres and maintenance of motor vehicles compared to TZS 20,926,537.70 in the year ended June 2021.

2.2.6 Other Expenses

Other expenses for Ardhi Institute were TZS 25, 000,000.00 during the year ended 30 June 2022 this includes fund contributed to the Consolidated Fund compared to TZS 35,000,000.00 in the year ended June 2021.

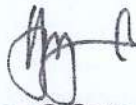
2.2.7 Depreciation

During the financial year 2021/22 Ardhi Institute Morogoro recognized depreciation of TZS 74,211,009.55 compared to TZS 105,024,181.15 for the year ended 30 June 2021. The institute holds assets (computer and computer related equipment's) which have been depreciated at fully. Hence no depreciation charge was allocated during the year. However, the management is in the process of establishing new values of their assets in order to determine new useful life.

3.0 AUDITORS

The Controller and Auditor-General (CAG) is the statutory auditor for the Office pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 and Section 10 (1) of the Public Audit Act, Cap 418 [R.E 2021]

Signature:



Name: Charles S Saguda

Date: 12/03/2023

Title: Ag. Principal of Institute

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2022**

STATEMENT OF THE MANAGEMENT RESPONSIBILITY

Section 30 of the Public Finance Act, Cap 348 [R.E 2020] requires the Management to prepare Financial Statements for each year. The Financial Statement prepared by Management should give a true and fair view of the state of affairs of the Institute as at the end of the financial year. They are also required to ensure that the Institute keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Institute. The Management is also responsible for safeguarding the assets of the Institute.

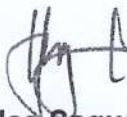
The Management accepts responsibility for the preparation of annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the International Public Sector Accounting Standards (*IPSAS-Accrual Basis*) and in the manner required by Section 30 of the Public Finance Act, Cap 348 [R.E 2020] and its regulations; and Guidelines issued or that may be issued from time to time by Paymaster General (PMG) and Accountant General (ACGEN)

The Management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing implementing and maintaining an adequate system of internal control. Management is responsible for safeguarding the assets of the reporting entity and has liability to take reasonable steps for the prevention and detection of fraud, errors and other irregularities.

Management accepts responsibility for the integrity of the financial statements, the information they contain, and its compliance with the Public Finance Act Cap 348 [R.E 2020] and instructions from the Treasury. Procurement of goods, works, consultancy and non-consultancy services, to the extent that they are reflected in these Financial Statements, have been done in accordance with the Public Procurement Laws

Nothing has come to the attention of the Management to indicate that the Institute will not remain a going concern for at least twelve months from the date of this Statement.

Signature:



Name: Charles Saguda

Title: Ag. Principal of Institute

Date: 12/03/2023

**UNITED REPUBLIC OF TANZANIA
MINISTRY OF LANDS, HOUSING, HUMAN SETTLEMENTS DEVELOPMENT VOTE 048
ARDHI INSTITUTE MOROGORO TR 06**


**DECLARATION OF THE HEAD OF FINANCE AND ACCOUNTS UNIT
FOR THE YEAR ENDED 30 JUNE, 2022**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accounts (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance and Accounts Unit responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Management to discharge the responsibility of preparing financial statement of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Management as under Management Responsibility statement on an earlier page.

I, Nicholas E Chisuse being Head of Finance and Accounts Unit of the Ardhi Institute Morogoro hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June, 2022 have been prepared in compliance with applicable accounting standards' and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of The Institute of Ardhi Morogoro as on that date and they have been prepared based on properly maintained financial records.

Signed by: 

Position: Head of Finance and Accounts Unit

NBAA Membership No: GA 2180

Date: 12.03.2023

UNITED REPUBLIC OF TANZANIA
MINISTRY OF LANDS, HOUSING, HUMAN SETTLEMENTS DEVELOPMENT VOTE 048
ARDHI INSTITUTE MOROGORO TR 06

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

| | Notes | 2021/22 TZS | 2020/21 TZS Restated |
|----------------------------------|-------|-------------------------|----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 22 | 349,233,525.98 | 382,503,242.56 |
| Receivables | 23 | 1,579,496,482.00 | 1,655,069,833.05 |
| Inventories | 24 | 11,354,400.00 | 3,124,900.00 |
| Prepayments | 25 | 2,601,420.00 | 894,515.04 |
| Total Current assets | | 1,942,685,827.98 | 2,041,592,490.65 |
| Non-current assets | | | |
| Property, Plant and Equipment | 26 | 7,950,808,786.26 | 8,013,281,643.20 |
| Work In Progress | 27 | 76,522,986.79 | 0.00 |
| Total Non-current assets | | 8,027,331,773.05 | 8,013,281,643.20 |
| | | | - |
| TOTAL ASSETS | | 9,970,017,601.03 | 10,054,874,133.85 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 28 | 171,784,000.00 | 349,372,389.00 |
| KKK Short term Loan | 29 | 1,273,038,500.00 | 0.00 |
| Total Current liabilities | | 1,444,822,500.00 | 349,372,389.00 |
| Non-Current liabilities | | | |
| | | | |
| TOTAL LIABILITIES | | 1,444,822,500.00 | 349,372,389.00 |
| | | | |
| NET ASSETS | | 8,525,195,101.03 | 9,705,501,744.85 |
| NET ASSETS | | | |
| Taxpayers Fund | 30 | 8,314,283,739.00 | 8,314,283,739.00 |
| Accumulated Surplus | | 210,911,362.03 | 1,391,218,005.85 |
| TOTAL NET ASSETS | | 8,525,195,101.03 | 9,705,501,744.85 |

Signature:

Name: Charles S Saguda

Title: Ag. Principal of Institute

Date: 12/03/2023

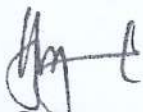
UNITED REPUBLIC OF TANZANIA
MINISTRY OF LANDS, HOUSING, HUMAN SETTLEMENTS DEVELOPMENT VOTE 048
ARDHI INSTITUTE MOROGORO TR 06

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2022

(Classification of Expenses by Nature)

| | NOTE | 2021/2022 TZS | 2020/21 TZS |
|--|------|---------------------------|-------------------------|
| REVENUE | | | |
| Non- Tax Revenue | 11 | 1,216,159,600.00 | 1,092,211,800.00 |
| Exchequer Issues | 13 | 1,166,568,500.00 | 1,604,368,000.00 |
| TOTAL REVENUE | | 2,382,728,100.00 | 2,696,579,800.00 |
| EXPENSES | | | |
| Wages, Salaries and Employees Benefits | 14 | 1,105,093,514.00 | 1,152,977,180.20 |
| Use of Goods and Services | 16 | 2,294,364,191.67 | 1,577,912,431.38 |
| Routine Maintenance and Repair | 18 | 64,366,028.60 | 20,926,537.70 |
| Other Expenses | 20 | 25,000,000.00 | 35,000,000.00 |
| Depreciation | 21 | 74,211,009.55 | 105,024,181.15 |
| TOTAL EXPENSES | | 3,563,034,743.82 | 2,891,840,330.43 |
| Surplus/Deficit during the year 2021/2022 | | (1,180,306,643.82) | (195,260,530.43) |

Signature:



Name: Charles S Saguda

Date: 12/03/2023

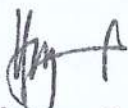
Title: Ag. Principal of Institute

UNITED REPUBLIC OF TANZANIA
MINISTRY OF LANDS, HOUSING, HUMAN SETTLEMENTS DEVELOPMENT VOTE 048
ARDHI INSTITUTE MOROGORO TR 06

STATEMENT OF CHANGE OF NET ASSET FOR THE YEAR ENDED 30TH JUNE, 2022

| | <u>Tax payer's fund's</u> | <u>Accumulated surplus/(deficit)</u> | <u>Total</u> |
|--------------------------------------|---------------------------|--------------------------------------|-------------------------|
| | TZS | TZS | TZS |
| At 01 July 2021 (Opening Balance) | 8,314,283,739.00 | 1,391,218,005.85 | 9,705,501,744.85 |
| Surplus/Deficit for the year | 0 | (1,180,306,643.82) | (1,180,306,643.82) |
| Transfer to and from surplus/deficit | 0 | 0.00 | 0.00 |
| Other reserves | 0 | 0.00 | 0.00 |
| At 30 June 2022 (Closing Balance) | <u>8,314,283,739.00</u> | <u>210,911,362.03</u> | <u>8,525,195,101.03</u> |
| At 01 July 2020 (Opening Balance) | 8,314,283,739.00 | 1,429,612,256.28 | 9,743,895,995.28 |
| Surplus for the year | 0.00 | (195,260,530.43) | (195,260,530.43) |
| Prior Year Adjustments | 0.00 | 156,866,280.00 | 156,866,280.00 |
| Transfer to and from surplus/deficit | 0.00 | 0.00 | 0.00 |
| Other reserves | 0.00 | 0.00 | 0.00 |
| At 30 June 2021 (Closing Balance) | <u>8,314,283,739.00</u> | <u>1,391,218,005.85</u> | <u>9,705,501,744.85</u> |

Signature:



Name: Charles S Saguda
Title: Ag. Principal of Institute

Date: 12/03/2023

UNITED REPUBLIC OF TANZANIA
 MINISTRY OF LANDS, HOUSING, HUMAN SETTLEMENTS DEVELOPMENT VOTE 048
 ARDHI INSTITUTE MOROGORO TR 06
 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2022

| <i>Receipts</i> | NOTE | 2021/22 TZS | 2020/21 TZS |
|---|------|---------------------------|-------------------------|
| Non- Tax Revenue | 12 | 1,291,732,951.00 | 1,184,800,200.00 |
| Exchequer Issues | 13 | 1,166,568,500.00 | 1,604,368,000.00 |
| TOTAL RECEIPT | | 2,458,301,451.00 | 2,789,168,200.00 |
| <i>Payments</i> | | | |
| Wages, Salaries and Employees Benefits | 15 | 1,132,578,703.00 | 966,590,447.20 |
| Use of Goods and Services | 17 | 2,454,403,796.63 | 1,433,333,746.42 |
| Routine Maintenance and Repair | 19 | 64,366,028.60 | 20,926,537.70 |
| Other Expenses | 20 | 25,000,000.00 | 35,000,000.00 |
| TOTAL PAYMENTS | | 3,676,348,528.23 | 2,455,850,731.32 |
| Net cash outflow from operating activities | | - 1,218,047,077.23 | 333,317,468.68 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of PPE | | - 11,738,152.61 | 28,576,800.00 |
| Construction WIP | | - 76,522,986.79 | 0.00 |
| Net cash outflow from investing activities | | - 88,261,139.40 | 28,576,800.00 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| KKK Short term Loan | 29 | 1,273,038,500.00 | 0 |
| Net cash inflow from financing activities | | 1,273,038,500.00 | 0 |
| Net increase (decrease) in cash and cash equivalents | | (33,269,716.63) | 304,740,668.68 |
| Cash and cash equivalents at beginning of period | | 382,503,242.61 | 77,762,573.93 |
| Cash and cash equivalents at end of period | | 349,233,525.98 | 382,503,242.61 |

Signature:

Name:

Title:

Charles S Saguda
 Ag. Principal of Institute

Date: 12/03/2022

Controller and Auditor General

AR/CG/VOTE.TR06/2021/22

UNITED REPUBLIC OF TANZANIA
MINISTRY OF LANDS, HOUSING, HUMAN SETTLEMENTS DEVELOPMENT VOTE 048
ARDHI INSTITUTE MOROGORO TR 06

STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30TH JUNE, 2022

Budget approved on the Cash Basis (Classification of Payment by Nature)

| Budget Amount | | | | |
|---------------------------------------|------------------|-------------------------|------------------------------------|-------------------------------------|
| | Original Budget | Reallocation/Adjustment | Actual Amounts on comparable Basis | Difference: Final Budget and Actual |
| | TZS | TZS | TZS | TZS |
| RECEIPTS | | | | |
| Exchequer issues | 1,184,548,000.00 | | 1,166,568,500.00 | 17,979,500.00 |
| Non-Tax Revenue | 3,794,200,000.00 | | 1,291,732,951.00 | 2,502,467,049.00 |
| KKK Short Term Loan | 0.00 | 0.00 | 1,273,038,500.00 | -1,273,038,500.00 |
| TOTAL RECEIPTS | 4,978,748,000.00 | 4,978,748,000.00 | 3,731,339,951.00 | 1,247,408,049.00 |
| PAYMENTS | | | | |
| Operations | | | | |
| Wages, Salaries and Employee Benefits | 2,111,807,733.60 | | 1,132,578,703.00 | 979,229,030.60 |
| Use of Goods and Services | 2,460,955,266.40 | | 2,454,403,796.63 | 6,551,469.77 |
| Routine Maintenance and Repair | 68,205,000.00 | | 64,366,028.60 | 3,838,971.40 |
| Other expenses | 40,000,000.00 | | 25,000,000.00 | 15,000,000.00 |
| Acquisition of PPE | 97,780,000.00 | | 11,738,152.61 | 86,041,847.39 |
| Construction WIP | 200,000,000.00 | | 76,522,986.79 | 123,477,013.21 |
| TOTAL PAYMENTS | 4,978,748,000.00 | 4,978,748,000.00 | 3,764,609,667.63 | 1,214,138,332.37 |
| NET RECEIPT/ PAYMENTS | | | -33,269,716.63 | |

Signature:

Name:

Title:

Charles S Saguda
Ag. Principal of Institute

Date: 12/03/2023

and Auditor General

AR/CG/NOTE. TR06/2021/22

UNITED REPUBLIC OF TANZANIA
MINISTRY OF LANDS, HOUSING, HUMAN SETTLEMENTS DEVELOPMENT VOTE 048
ARDHI INSTITUTE MOROGORO TR 06

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

1.0 GENERAL INFORMATION

| | |
|---|---|
| PRINCIPAL PLACE OF BUSINESS Ardhi Institute P.O.BOX 155 MOROGORO-TANZANIA. | BANKERS National Micro Finance Bank Limited, Wami Branch, P.O Box 84 <u>MOROGORO.</u> |
| RESPONSIBILITY FOR ARIMO ACCOUNTS Principal, ArdhiInstitute P.O.BOX 155 <u>MOROGORO –TANZANIA</u> | Bank Of Tanzania (BOT) 2 Mirambo Street 11884 Dar Es Salaam P.O.Box 2939. DAR ES SALAAM |
| AUDITORS The Controller and Auditor General, National Audit Office, Audit House, 4 Ukaguzi Road, P.O.Box 950, 41104 Tambukareli, <u>DODOMA-TANZANIA.</u> | CRDB Bank Limited, Morogoro Branch, P.O. Box 352, <u>MOROGORO.</u> |
| LAWYER Office of the Attorney General, Government City Mtumba, Mwanasheria Street, P.O.Box 630, <u>DODOMA –TANZANIA</u> | |

2.0 REPORTING ENTITY

The financial statements are for the Ardhi Institute Morogoro

3.0 BASIS OF PREPARATION

Ardhi Institute Morogoro financial Statements comply with International Public Sector Accounting Standards – Accrual basis of Accounting, the measurement bases applied historical cost to ascertain the deemed cost. The financial statements have been prepared on going concern basis and accounting policies have been applied consistently throughout the year. Furthermore, the financial statements have been prepared in accordance with Public Finance Act, Cap 348.