



**THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE AUDIT OF  
FINANCIAL STATEMENTS OF TANZANIA COMMISSION FOR UNIVERSITIES  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2015**

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AR/TCU/2015

TANZANIA COMMISSION ON UNIVERSITIES

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2015

<u>Contents</u>	<u>Page No.</u>
NAO Background information	1
Definition of Terms and Abbreviations	2
Report of the Commission	3-17
Report of the auditors	18-19
Financial statements:	
Statement of financial position	20
Statement of comprehensive income and expenditure	21
Statement of changes in equity	22
Statement of cash flows	23
Statement of comparison of budget and actual amount	24
Notes to the financial statements	25-53

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

Office of the Controller and Auditor General,  
National Audit Office,  
The United Republic of Tanzania

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the URT of 1977 (revised 2005) and further elaborated under Sect. 10 (1) of the Public Audit Act No 11 of 2008.

**Vision**

To be a centre of excellence in public sector auditing.

**Mission**

To provide efficient audit services in order to enhance accountability and value for money in the collection and use of public resources.

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

- ✓ **Objectivity:** We are an impartial organization, offering services to our clients in an objectives and unbiased manner;
- ✓ **Excellence:** We are professionals providing high quality audit services based on best practices;
- ✓ **Integrity:** We observe and maintain high standards of ethical behavior and the rule of law;
- ✓ **People focus:** We focus on stake holders needs by building a culture of good customer care and having competent and motivated work force;
- ✓ **Innovation:** We are creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization; and
- ✓ **Best resource utilization:** We are an organization that values and uses public resources entrusted to it in efficient, economic and effective manner.

**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 Tanzania Commission for Universities. However, upon receipt of the report by the Speaker and once tabled in Parliament, the report becomes a matter of public record and its distribution may not be limited.

# TANZANIA COMMISSION FOR UNIVERSITIES

## REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

### DEFINITION OF TERMS AND ABBREVIATIONS

#### Definition of Terms

Financial Statements: mean a complete set of financial statements comprising of the following:

- Statement of Financial Position
- Statement of Comprehensive Income and Expenditure
- Statement of Changes in Equity
- Statement of Cash flows
- Statement of comparison of Budget and Actual amounts
- Notes to the Financial Statements

#### Abbreviations

AR	-	Audit Report
CAG	-	Controller and Auditor General
G.N	-	Government Notice
HESLB	-	Higher Education Students' Loans Board
IAS	-	International Accounting Standards
IASB	-	International Accounting Standards Board
IFRS	-	International Financial Reporting Standards
INTOSAI	-	International Organization of Supreme Audit Institutions
IPSAS	-	International Public Sector Accounting Standards
ISA	-	International Standards on Auditing
MDAs	-	Ministries, Departments and Agencies
NHIF	-	National Health Insurance Fund
NIC	-	National Insurance Corporation of Tanzania Limited
NSSF	-	National Social Security Fund
PAA	-	Public Audit Act of 2008
PAYE	-	Pay As You Earn
PFA	-	Public Finance Act (2001)
PFR	-	Public Finance Regulations
PMU	-	Procurement Management Unit
PPA	-	Public Procurement Act No. 7 of 2011
PPF	-	Parastatal Pension Fund
PPR	-	Public Procurement Regulations of 2013
PSPF	-	Public Service Pension Fund
Reg.	-	Regulations
Sect.	-	Section
SSSS	-	Staff Salary Superannuation Scheme
TCU	-	Tanzania Commission for Universities
TFRS	-	Tanzania Financial Reporting Standards
UDSM	-	University of Dar Es Salaam
URT	-	United Republic of Tanzania

# TANZANIA COMMISSION FOR UNIVERSITIES

## REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

1.1 In compliance with the Universities Act Cap 346, of the Laws of Tanzania, and the Tanzania Financial Reporting Standard No. 1 on Directors Report, the Commissioners submit their Report and Financial Statements of Tanzania Commission for Universities for the year ended 30<sup>th</sup> June, 2015

### 1.2 CORPORATE OUTLOOK

#### VISION

To be a world-class higher education regulatory agency supporting systematic growth and excellence of university education in Tanzania.

#### MISSION

To promote accessible, equitable and harmonized quality university education systems that produce nationally and globally competitive outputs.

#### CORE VALUES AND PHILOSOPHY

Transparency, efficiency, integrity, tolerance, accountability and creativity.

#### TCU Motto

Universities for Prosperity

### 1.3 PRINCIPAL MANDATES

The principal mandates of the Commission are:

#### a) Regulatory:

Conducts periodic evaluation of universities, their systems and programs so as to regulate the quality assurance systems at new and established universities and in the process institutions are registered and accredited to operate in Tanzania. TCU also validate programmes to ensure their credibility and evaluates for recognition university qualifications attained from local and foreign institutions for use in Tanzania.

#### b) Advisory:

Advises the government and the general public on matters related to higher education in Tanzania as well as international issues pertaining to higher education, including advice on program and policy formulation and other best practices.

#### c) Supportive:

Ensures the orderly conduct of university operations and management adherence to set standards and benchmarks, by providing support to universities in terms of coordinating the admission of students, offering training and other sensitization interventions in key areas like quality assurance, university leadership and management, fund raising and resources mobilization, entrepreneurial skills and gender mainstreaming.

## TANZANIA COMMISSION FOR UNIVERSITIES

### REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

#### 1.4 Composition of the Commissioners

The composition is as shown below in item 1.6

#### 1.5 Commissioners' Remuneration

The Commissioners' remuneration for services rendered as directors of the Commission for the year was TZS 400,000 and TZS 300,000 per sitting paid as business allowance to Chairman and each member respectively. In addition each member was paid TZS 400,000 as Commissioners' annual fees.

#### 1.6 Corporate Governance

The Commission consists of nineteen (19) members. Apart from the Executive Secretary, no other Member holds executive position in the Entity. The Commission takes overall responsibility for the Entity, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Commission is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Commission delegates the day to day management of the business to the Executive Secretary assisted by Deputy Executive Secretary and other senior management team. Senior Management team is invited to attend Commission meetings and facilitates the effective control of all the Commission's operational activities, acting as a medium of communication and coordination between all the various business units.

The Commission is committed to the principles of effective corporate governance. The Commissioners also recognize the importance of integrity, transparency and accountability. As one of its several strategies of fostering a high standard of good corporate governance the Commission appointed five (5) committees comprising number of members as shown in the bracket, namely,

- The Accreditation and Quality assurance Committee (9)
- The Admission Committee (9)
- The Grants Committee (7)
- Staff Appointment and Development Committee (7)
- The Audit Committee. (4)

Within those committees, members possess various expertises and are well-versed in the technical operational requirements of TCU. Together, all these members bring to the Commission a wealth of knowledge and experience requisite for the Commission's governance.

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

During the year, membership to the Commission and its various Committees was as follows:-

(a) The names of Members who served the Commission during the year under review is as follows:

S/N	Name	Academic Qualification	Position	Nationality	Appointment	Age
1.	Prof. Awadhi S. Mawenya	PhD, MSc., BSc. (Engineering)	Chairman	Tanzanian	30/09/2013	75
2.	Prof. Penina Mlamba (UDSM)	PhD(FPA), MA(Theatre), BAEd	Member	Tanzanian	30/09/2013	67
3.	Prof. Honoratha M.K.Mushi (OUT)	PhD(Adult Education and Distance Education)	Member	Tanzanian	30/09/2013	61
4.	Prof. Idris Kikula (UDOM)	PhD, MSc.(Natural Resource Management)	Member	Tanzanian	30/09/2013	65
5.	Prof. Nicholas Bangu (UoI)	PhD, MSc.(Biochemistry), BSc. (Chemistry)	Member	Tanzanian	30/09/2013	72
6.	Ms.Aida Juma (MEZ)	Master of Education, LLB, Diploma in Education	Member	Tanzanian	30/09/2013	44
7.	Prof. Idris Ahmad Rai (SUZA)	PhD (Computer Science &Networking), MSc., BSc.(Electrical and Electronics Engineering)	Member	Tanzanian	30/09/2013	45
8.	Prof. Sylvia Temu (MoEVT)	PhD (Business Management), MSc. (Business Management), B.Com. (Accounting) Hons	Member	Tanzanian	30/09/2013	57
9.	Mr. Kamana Stanley (MLCA)	LLB Hons	Member	Tanzanian	30/09/2013	36
10.	Dr. Primus Nkwera (NACTE)	PhD(Timber Structures), MSc.(Structures)	Member	Tanzanian	30/09/2013	47
11.	Dr. Gideon Kaunda (TPSF)	PhD (Air & Space), LLM, LLB, DPL	Member	Tanzanian	30/09/2013	73
12.	Hon. Luhaga Joelson Mpina (MP)	MSc.(Finance), BACC(Accounting & Finance)	Member	Tanzanian	30/09/2013	41
13.	Prof. Ephata Kaaya (CVCPT)	PhD, MSc., MD, FCP(SA), FC Path (ECSA)	Member	Tanzanian	30/09/2013	61
14.	Mr. John Cheyo (MoF)	MSc.(Finance), BACC(Accounting & Finance)	Member	Tanzanian	30/09/2013	54
15.	Hon. Mgeni Hassan Juma (MHR)	MSc.(Management in Tourism)	Member	Tanzanian	30/09/2013	57
16.	Mr. Mussa Mdede(TAHLISO- Main Land)	Student - Doctor of Medicine	Member	Tanzanian	30/09/2013	26
17.	Ms. Salha M.Mwinjuma(TAHLISO ZNZ)	Student - Diploma in International Relations and Diplomacy	Member	Tanzanian	30/09/2013	25
18.	Mr. George W. Nyatega (HESLB)	MSc.(Finance)	Member	Tanzanian	13/10/2010	63
19.	Prof. Yunus D. Mgaya - Executive Secretary	PhD (Mariculture), M.Sc(Fisheries) B.Sc (Marine Biology &Zoology)	Ex-official	Tanzanian	18/11/2014	58

The Commission is required to meet on quarterly basis per year. During the year ended 30<sup>th</sup> June 2015 the Commission held 4 ordinary meetings and 2 special meetings.

## TANZANIA COMMISSION FOR UNIVERSITIES

### REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

During those meetings, matters that were deliberated upon included the following:

- i. Confirmation of previous minutes and follow-up of previous deliberations.
- ii. Approval of various programmes (Curricula).
- iii. Accreditation of the university institutions.
- iv. Admission of students into higher education institutions.
- v. Approval of the TCU budget and progress reports.
- vi. Approval of the TCU various service charges.
- vii. Accreditation and Quality Assurance.
- viii. Advising the Minister of various Issues relating to Higher Education.
- ix. Approval of other administrative matters as brought in by the Management.
- x. Approval of programme fees charges by Institutions using SUC Framework.
- xi. Approval of TCU administrative tools.

**(b)Subcommittees of the Commission are as follows:**

**(i) Accreditation and Quality Assurance Committee**

No.	Name	Position	Nationality
1.	Prof. Penina Mlama	Chairperson	Tanzanian
2.	Prof. Idris A. Rai	Member	Tanzanian
3.	Prof. Ephata Kaaya	Member	Tanzanian
4.	Prof. David Mfinanga	Member	Tanzanian
5.	Prof. Paschal Rugarabamu	Member	Tanzanian
6.	Mr. Mussa Mdede	Member	Tanzanian
7.	Prof. Yunus D. Mgaya (ES)	Member	Tanzanian
8.	Prof. Magishi Mgasa (DES)	Member	Tanzanian
9.	Dr. Savinus Maronga	Secretary	Tanzanian

The Committee report to the Commission and is required to meet on quarterly basis per year. During the year ended 30<sup>th</sup> June 2015 the Committee held 4 meetings and 2 special meeting.

During those meetings, matters that were deliberated upon included the following:

- i. Confirming of previous minutes and follow-up of previous deliberations.
- ii. Institutional accreditations.
- iii. Validation of programmes, courses and administrative tools for institutions.
- iv. Evaluation of academic awards.
- v. Reporting on quality assurance matters.



TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

(ii) Admission Committee

No.	Name	Position	Nationality
1.	Prof. Nicholas Bangu	Chairperson	Tanzanian
2.	Prof. Honoratha Mushi	Member	Tanzanian
3.	Prof. Sylvia Temu	Member	Tanzanian
4.	Dr. Primus Nkwera	Member	Tanzanian
5.	Mr. George Nyatega	Member	Tanzanian
6.	MS. Salha M. Mwinjuma	Member	Tanzanian
7.	Prof. Yunus D. Mgaya (ES)	Member	Tanzanian
8.	Prof. Magishi Mgasa (DES)	Member	Tanzanian
9.	Dr Savinus Maronga	Secretary	Tanzanian

The Committee report to the Commission and is required to meet on quarterly basis per year or as circumstances may necessitate. During the year ended 30<sup>th</sup> June 2015 the Committee held 3 meetings and one Joint Admission Meeting. During those meetings, matters that were deliberated upon included the following:

- i. Confirming of previous minutes and follow-up of previous deliberations.
- ii. Report on the 2014/15 admission cycle through Central Admission System (CAS)
- iii. Report on applicants selected by individual institutions.
- iv. List of multiple allocations through CAS and individual institutions.
- v. Clarification on minimum criteria and requirements to join various degree programmes.
- vi. Report on transfer procedures.
- vii. Guidelines the application under RPL.

(iii) Grants Committee

No.	Name	Position	Nationality
1.	Prof. Idris Kikula	Chairperson	Tanzanian
2.	Mr. John M. Cheyo	Member	Tanzanian
3.	Hon. Luhaga J. Mpina (MP)	Member	Tanzanian
4.	Hon. Mgeni Hassan Juma(MHR)	Member	Tanzanian
5.	Prof. Yunus D. Mgaya (ES)	Member	Tanzanian
6.	Prof. Magishi Mgasa (DES)	Member	Tanzanian
7.	Mr. Yusuf R. Iddi - (Acting DFA)	Secretary	Tanzanian

The Committee report to the Commission and is required to meet on quarterly basis per year. During the year ended 30<sup>th</sup> June 2015 the Committee held 4 meetings.

During those meetings, matters that were deliberated upon included the following:

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

- i. Confirmation of previous minutes and follow-up of previous deliberations.
- ii. Recommendation for approval of the annual report of income and expenditure for the financial year 2013/14.
- iii. Recommendation for approval of the revised budget for the financial year 2014/15.
- iv. Recommendation for approval of Annual Budget for Financial year 2015/2016.
- v. Recommendation for approval of review of Service Charges by TCU.
- vi. Recommendation for approval of programme fees by Institutions (SUC Framework).

(iv) **Staff Appointment and Development Committee**

No.	Name	Position	Nationality
1.	Dr. Gideon Kaunda	Member	Tanzanian
2.	Hamisa Mmanga Makame	Member	Tanzanian
3.	Ms. Aida Juma	Member	Tanzanian
4.	Mr. Ulimbakisyia Richard Masomelu	Member	Tanzanian
5.	Prof. Yunus D. Mgaya (ES)	Member	Tanzanian
6.	Prof. Magishi Mgasa (DES)	Member	Tanzanian
7.	Mr. Yusuf R. Iddi - (Acting DFA)	Secretary	Tanzanian

The Committee report to the Commission and is required to meet on semiannually basis per year. During the year ended 30<sup>th</sup> June 2015 the Committee held 2 meetings. During the meetings, matters that were deliberated upon included the following:

- i. Confirmation of previous minutes and follow-up of previous deliberations.
- ii. Recommendation for appointment of new staff.
- iii. Recommendation for promotion of staff.
- iv. Recommendation for employment of new staff.
- v. Recommendation for confirmation of new staff after the completion of probation period.

(v) **Audit Committee**

No.	Name	Position	Nationality
1.	Prof. Honorata M. K. Mushi	Chairperson	Tanzanian
2.	Mr. Kamana Stanley	Member	Tanzanian
3.	One member to be appointed by PS MoEVT (Vacant)	Member	Tanzanian
4.	TCU Head Of Internal Audit Unit (Vacant)	Secretary	Tanzanian

# TANZANIA COMMISSION FOR UNIVERSITIES

## REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

The Committee report to the Commission and is required to meet on quarterly basis per year. During the year ended 30<sup>th</sup> June 2015 the Audit Committee held two meetings.

During those meetings, matters that were deliberated upon included the following:

- i. Confirmation of previous minutes and follow-up of previous deliberations.
- ii. Deliberations and recommendation for adoption of the audited report and financial statements for the year ended 30<sup>th</sup> June 2014.
- iii. Recommendations on the draft Financial Statement for Financial Year 2013/2014 and approval for submission to External Auditor approved by GAG to commence audit process.
- iv. Discussion of audit report and letter issued by the statutory auditors as a service to the management.

### TENDER BOARD

No	Name	Position	Nationality
1.	Dr. Savinus Maronga	Ag.Chairman	Tanzanian
2.	Mr. Yusuf I. Rauna	Member	Tanzanian
3.	Mr. Stambuli Kimboka	Member	Tanzanian
4.	Mr. Ibrahim Mtweve	Member	Tanzanian
5.	Ms. Judith Missokia	Member	Tanzanian
6.	Mr. Alexander Kamwela	Member	Tanzanian
7.	Mr. Nsubis Mwansangubo	Secretary	Tanzanian

The Tender Board has worked and maintained an independent working environment and conducted its business and made decisions through both holding of meetings and circularization methods depending on issues requiring the approval of the Tender Board Committee. During the year ended 30<sup>th</sup> June 2015 the Tender Board Committee held 6 meetings and made 14 circular resolutions.

During those meetings and circularization, matters that were deliberated upon included the following:

- i. Confirmation of previous minutes and follow-up of previous deliberations.
- ii. Approval of Annual Procurement Plan for Financial Year 2014/2015.
- iii. Approval of various procurement through tender and circular resolutions
- iv. Approval of advert for quotations and quotation documents for various procurements
- v. Opening of Quotations for various procurements.

### 1.7 Capital Structure

The Commission's capital structure for the year under review is shown in the statement of financial position. The source of corporate funding has been through Government annual parliamentary budgetary allocations in respect of Personnel Emoluments and Other Charges. Funding for other charges (OC) remained unfair during the year to run operational activities.

# TANZANIA COMMISSION FOR UNIVERSITIES

## REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

### 1.8 Management

The Management of the Commission is under the Executive Secretary assisted by the Deputy Executive Secretary and is organized in the following Directorates.

- a) Accreditation and Quality Assurance.
- b) Admission and Documentation.
- c) Grants, Finance, Human Resource and Administration.

Six support services unit report directly to the Executive Secretary and the Deputy Executive Secretary as shown below:

- a) Internal Audit Unit - Administratively reports to the Executive Secretary; functionally reports to the Audit Committee of the Commission;
- b) Procurement Management Unit - reports to the Executive Secretary in line with Public Procurement Act;
- c) Legal Unit - reports to the Executive Secretary for the provision of legal services; and
- d) Public Relations- reports to the Executive Secretary for effective communication with stakeholders
- e) University Services Coordination Unit - reports to the Deputy Executive Secretary
- f) Information, Communication Technology - reports to the Deputy Executive Secretary

### 1.9 Shareholders of TCU

The Commission is wholly owned by the Government of Tanzania through the Treasury Registrar.

### 1.10 Attainment in Physical Terms

Given below are the brief explanations for physical performance of planned operational activities during the year under review;

#### 1.10.1 Accreditation and Admission Performance

During the year under review, the commission registered 6 institutions in the categories shown below:-

Types of Registration	2014/2015	2013/2014
	Number of Institution	
Certificate of Accreditation	2	0
Certificate of full registration	0	2
Certificate of Provisional Registration	0	3
<b>TOTAL</b>	<b>2</b>	<b>5</b>

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

Also the Commission conducted 17 technical visitations (last year 16), validated and approved 56 programme curricula and administrative tools (last year 54) and validated and recognized 1323 foreign awards (last year 1101).

As at 30th June, 2015 cumulative list of institutions registered/recognized by the Commission is 68 as outlined below:-

(a) Institution by Level of Registration

Types of Registration	2014/2015	2013/2014
	Number of Institution	
Certificate of Accreditation	15	12
Certificate of full registration	29	31
Certificate of Provisional Registration	24	24
<b>TOTAL</b>	<b>68</b>	<b>67</b>

- Institutions established by Acts of Parliament, Government Notice, University Act, with certificate of accreditation and certificate of full registration may conduct convocations and graduations.
- Institutions with certificate of provisional registration may run academic and research activities but cannot conduct graduation until they are granted Certificate of Full Registration.
- Institutions with certificate of provisional license can neither run academic and research activities nor can conduct graduation until they are granted Certificate of accreditation

(b) University level Institutions operating in Tanzania by Status and ownership

	Public		Private		Total	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Fully fledged Universities	13	12	25	21	38	33
Constituent Colleges	2	3	14	16	16	19
Centres and Institutes	8	8	20	18	28	26
<b>TOTAL</b>	<b>23</b>	<b>23</b>	<b>59</b>	<b>55</b>	<b>82</b>	<b>78</b>

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

During the year the Commission coordinated, harmonized and approved admission of 59,887 students to various universities as listed below:-

	2014/15	2013/2014
(i) Public Universities	38,259	28,630
(ii) Private Universities	21,628	23,908
<b>TOTAL</b>	<b>59,887</b>	<b>52,538</b>

1.11 Future Development Plans

Tanzania Commission for Universities owns plot No. 59 at Uporoto Street -Ursino and has plans to build a permanent office building. Since 2007/2008 to date the government has been allocating some funds in its development budget for the construction of TCU offices and so far Tshs. 785,700,000 has been received.

During the year under review, the government has not released the development funds that were approved for this purpose. Furthermore, efforts are underway to secure alternative sources of financing the construction of permanent office so that inconveniences relating to renting are avoided including escalation of renting costs. The alternative sources include securing a loan from a bank or entering into PPP arrangements.

1.12 Key Performance Ratios

Inadequate funds received from the Government for recurrent expenditure, development expenditure hampered Commission's activities and it was not possible to efficient execute the Development projects planned activities for the year under review. The Commission operated within the properly approved budget.

The following financial ratios for year 2014/15 were attained compared to the last financial year 2013/14

	2014/15	Desired	2013/14
<b>Liquidity Ratios</b>			
Current ratio	4.29:1	2:1	0.4:1
Acid test	4.28:1	1:1	0.4:1
<b>Profitability Ratios</b>			
Return on assets	72.56%	15%	-183%
Return on equity	83.67%	15%	1647%

1.12.1 Risk Management and Internal Control

The Commission has a risk management policy, which was duly approved by the Commission. Every individual within the Commission is required to appreciate

## TANZANIA COMMISSION FOR UNIVERSITIES

### REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

risks inherent at his/her place of work. Risk assessment responsibility rests with Internal Audit Department. Effective internal control is maintained through ensuring that there is segregation of duties and enhancing oversight systems. The Commission's Audit Committee is in charge of the overall risk management.

#### 1.12.2 Solvency

The Commissioners have reviewed the current financial position of the Commission and the working capital needs. On the basis of this review, the Commissioners are of the opinion that for the Commission to perform effectively and efficiently, it needs additional internal and external sources of financing which include review of current charge rate for services rendered by the Commission. Subsidy from the Government is received unevenly and inadequately. In order to enable the Commission to carry out its operations effectively, the Commissioners have been highly recommending/demanding injection of more funds from the Government to execute effectively its role as per given mandates. The annual operating results are as shown in the financial statements attached to this report.

#### 1.12.3 Resources

The major resource that the Commission possesses is the human capital. It has well-trained personnel in all relevant disciplines. The other resource which forms part of corporate funding has been through Government annual parliamentary budgetary allocations and its own quality assurance income for registered university students and admission income received from candidates aspiring to join universities to pursue degree programs.

#### 1.12.4 Principal Risks and Uncertainties

These constitute, among others the principal risks and uncertainties

- a) Funding of development projects;
- b) Cost control under technical consultancy services;
- c) Recruitment and retention scheme of the human capital; and
- d) Operations in the day to day activities - in terms of operational challenges and working capital needs.

#### 1.12.5 Relationships with Stakeholders

The Commission's operations cut across several stakeholders' interests. The Commission enjoys good and cooperative support from almost all stakeholders. Key to this relationship has been prompt and informed communication system.

## TANZANIA COMMISSION FOR UNIVERSITIES

### REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

#### 1.12.6 Financial Position and Cash Flows

The annual financial position, operating results, changes in equity and cash flows are as shown in the set of financial statements attached to this report.

#### 1.12.7 Seriously Prejudicial Matters

There was no any seriously prejudicial matter during the year 2014/15 to warrant disclosure through this report.

#### 1.12.8 Management and Employees' Relationship

There were continued good relations between employees and management for the year 2014/15. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and employees. The Commission is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

#### 1.12.9 Training Facilities

The Commission continued to provide training for its employees as need arose. Opportunities to attend seminars and courses inside and outside the country were also provided. A total of seven staffs are pursuing PhD studies and two staffs are pursuing Master's degree as part of staff capacity building. Also four members of staff have attended short courses to sharpen their skills and widen their practical knowledge while executing the Commission's daily activities.

#### 1.12.10 Medical Assistance

The Commission meets the cost of medical consultation and treatment for all employees and their immediate family dependants through contributions made to the National Health Insurance Fund. The Commission joined the Fund since July 2011.

#### 1.12.11 Financial Assistance to Staff

This is available to all employees depending on the merit of each case as assessed by management as well as liquidity position of the Commission. However, employees are also encouraged to obtain loans or advances from Commercial banks to meet their various needs in as far as finance is concerned. Currently we have contractual agreements with four commercial banks namely Azania Bank, Tanzania Postal Bank, Bank of Africa and National Micro Finance Bank.



## TANZANIA COMMISSION FOR UNIVERSITIES

### REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

#### 1.12.12 Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that his/her employment with the Commission continues and appropriate training is arranged. It is the policy of the Commission that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### 1.12.13 Employee Benefits

##### **Retirement Benefits**

The Commission has statutory obligations to contribute to various pension schemes in favor of all the employees employed under permanent and personable terms. The pension scheme in force which the Commission contributes includes the Parastatal Pension Fund (PPF), National Social Security Fund (NSSF) and Local Authority Pension Fund (LAPF). For those employees seconded from the government scheme of Public Service Provident on contract basis the Commission makes contributions to their pension's Fund (PSPF) depending on terms of payment. Contributions to these funds are recognized as an expense in the period the employees render the related services.

##### **Short Term Benefits**

The cost of all short term employees' benefits such as salaries, employees entitlements to leave pay, medical aids, long service award, other contributions, etc are recognized during the period in which the employees renders the related services.

##### **Terminal Benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accept voluntary redundancy in exchange of these benefits. The Commission recognizes termination benefits when it is constructively obliged to either terminate the employment of the current employees according to detailed formal plan without possibility or to provide termination benefits as a result of an offer made to encourage voluntary redundancy

#### 1.12.14 Gender Policy

The Commission has an equal opportunity employment policy as far as gender issues are concerned. Every effort is made to ensure that the Commission's employment policy maintains gender balance subject to technical and experience considerations.

## TANZANIA COMMISSION FOR UNIVERSITIES

### REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

#### 1.13 Statement of Compliance

The Commission complied with laws, rules and regulations relating to the higher education sector, labour, environmental, and all other laws in the country which affects the Commission during the year.

#### 1.14 HIV/AIDS Awareness Programme

The Commission has an HIV/AIDS awareness programme in operation. The Commission encourages her employees to undergo regular voluntary HIV tests and for those in need of medical assistance such assistance is provided free of charge by the Commission.

#### 1.15 Related Party Transactions

All related party transactions and balances are disclosed in note 27 to these financial statements.

#### 1.16 Political and Charitable Donations

The Commission did not make any political donations during the year. Neither charitable Donation was made.

#### 1.17 Corporate Social Responsibility

The Commission upholds good corporate social responsibility practices. It identifies itself with the community that it works with and maintains good working harmony. The level of responsibility is dependent on the nature of operations within the vicinity. Typically, unskilled labour at the place of operation is reserved to the communities in which the Commission operates.

#### 1.18 Statement of Commissioners' Responsibilities

The TCU Establishment Order requires the Commissioners to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Commission as at the end of the financial year and of its comprehensive income for that year. It also requires the Commissioners to ensure that the Commission maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Commissioners accept responsibility for the preparation and presentation of financial statements that are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the Commissioners to indicate that the Commission will not remain a going concern for the foreseeable future.

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

1.19 Audit Mandate

The Controller and Auditor General is the statutory auditor of The Tanzania Commission for Universities (TCU) by virtue of Article 143 of the Constitution of the United Republic of Tanzania, amplified in section 30(1) of the Public Audit Act No.11 of 2008. However, in accordance with section 33(1) of Public Audit Act No.11 of 2008, the Controller and Auditor General authorized BAKER TILLY DGP & CO, to carry out the audit of The Tanzania Commission for Universities for the year ended 30<sup>th</sup> June 2015.

The Commission through the Audit Committee approves the remuneration of the external auditors.

BY ORDER OF THE COMMISSION

  
.....  
CHAIRMAN

8<sup>th</sup> March 2016  
.....  
DATE

  
.....  
EXECUTIVE SECRETARY

## AUDIT REPORT ON THE FINANCIAL STATEMENTS

To: Prof. Awadhi S. Mawenya  
Tanzania Commission for Universities  
P.O. Box 6562  
DAR ES SALAAM

RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF TANZANIA COMMISSION FOR UNIVERSITIES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2015

### Introduction

I have audited the financial statements of Tanzania Commission for Universities which comprises of the Statement of Financial Position as at 30<sup>th</sup> June, 2015, Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of accounting policies and other explanatory notes set out from pages 20 to 53 of this report.

### Directors' Responsibility for the Financial Statements

The Board of Directors of Tanzania Commission for Universities is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Responsibility of the Controller and Auditor General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing (ISA) and such other audit 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 about whether the financial statements are free from material misstatement.

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 misstatement, whether due to fraud or error. In making those risk assessments; the auditor considers the internal control relevant to the Commission's preparation and fair presentation of 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 Tanzania Commission for Universities internal control. An 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.

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 and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditures of the public monies have been properly authorized.

Further, Sect. 44 (2) of the Public Procurement Act No. 21 of 2004 read with Sect. 48(3) of the Public Procurement Act 2011 and Reg No. 31 of the Public Procurement (Goods, Works, Non-consultant Services and Disposal of Public Assets by Tender) Regulations of 2005 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.

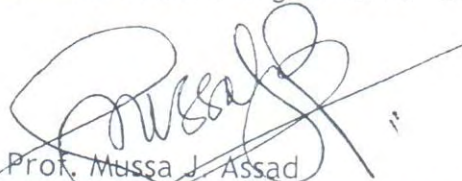
### **Unqualified Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tanzania Commission for Universities as at 30<sup>th</sup> June, 2015, its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

### **Report on Other Legal and Regulatory Requirements**

#### **Compliance with Public Procurement Act**

In view of my responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes I reviewed as part of this audit, I state that Tanzania Commission for Universities procurement processes have generally complied with the requirements of the Public Procurement Act, 2004 and its related Regulation of 2005 read with Public Procurement Act, 2011 and its related Regulation of 2013.

  
Prof. Mussa J. Assad  
**CONTROLLER AND AUDITOR GENERAL**

National Audit Office,  
Dar es Salaam, Tanzania

17<sup>th</sup> March, 2016



TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2015

	NOTE	2015 TZS	Restated 2014 TZS
<b>ASSETS EMPLOYED</b>			
<b>NON-CURRENT ASSETS</b>			
Property and Equipment (Net)	8(a)	1,380,972,501	640,696,751
Capital Works in Progress		126,009,676	126,009,676
Intangible Assets	8(b)	69,169,347	111,932,937
		<u>1,576,151,524</u>	<u>878,639,364</u>
<b>CURRENT ASSETS</b>			
Inventories	17	4,340,752	5,940,170
Trade Receivables under exchange transactions	18	1,493,485,238	160,200,276
Staff Receivables under exchange transactions	19	42,131,376	56,860,626
Cash and Cash Equivalents	20	377,835,285	362,349,634
<b>TOTAL CURRENT ASSETS</b>		<u>1,917,792,651</u>	<u>585,350,706</u>
<b>TOTAL ASSETS</b>		<u>3,493,944,175</u>	<u>1,463,990,070</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Capital Funds		785,700,000	785,700,000
Revaluation Reserve	24	1,036,573,252	82,647,956
Retained Earnings		1,185,201,407	(1,080,402,517)
<b>Total Equity</b>		<u>3,007,474,659</u>	<u>(212,054,561)</u>
<b>CURRENT LIABILITIES</b>			
Trade payables under exchange transactions	21	174,051,688	320,954,870
Other Payables under exchange transactions	22	269,231,090	415,279,906
Project Funds Payables	23	43,186,738	328,918,929
Over Draft CBA Bank		-	610,890,926
<b>Total Current Liabilities</b>		<u>486,469,516</u>	<u>1,676,044,631</u>
<b>TOTAL EQUITY AND LIABILITY</b>		<u>3,493,944,175</u>	<u>1,463,990,070</u>

THE NOTES ON PAGES 25 TO 53 FORM PARTS OF THESE FINANCIAL STATEMENTS.  
AUDITORS REPORT ON PAGES 18 TO 19

  
CHAIRMAN

8<sup>th</sup> March 2016  
DATE

  
EXECUTIVE SECRETARY


TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 TZS	Restated 2014 TZS
Revenue from non-exchange transactions	9	3,510,629,203	1,439,715,946
Revenue from exchange transactions	10	4,143,776,165	1,490,062,116
<b>TOTAL REVENUE</b>		<b>7,654,405,368</b>	<b>2,929,778,062</b>
Personnel Expenses	12	2,273,065,345	2,323,465,189
Accreditation, Admission and Grants Expenses	11	1,221,173,113	1,648,620,177
Administrative Expenses	13	1,502,809,424	1,002,370,216
Other Expenses	15	106,397,687	347,938,257
Financial Expenses	16	18,562,739	51,229,468
Depreciation and Amortization	14	266,793,136	261,198,614
<b>TOTAL EXPENSES</b>		<b>5,388,801,444</b>	<b>5,634,821,921</b>
<b>Surplus(Deficit) for the Year</b>		<b>2,265,603,924</b>	<b>(2,705,043,859)</b>

THE NOTES ON PAGES 25 TO 53 FORM PARTS OF THESE FINANCIAL STATEMENTS.  
AUDITORS REPORT ON PAGES 18 TO 19

  
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CHAIRMAN

*8<sup>th</sup> March 2016*  
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DATE

  
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EXECUTIVE SECRETARY

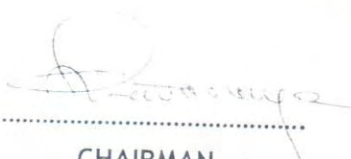
TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH JUNE 2015

	Capital Fund	Revaluation Reserves	Retained Earnings	Total
	TZS	TZS	TZS	TZS
<b>2014-15</b>				
At start of year	785,700,000	82,647,956	(1,080,402,517)	(212,054,561)
Profit for the year	-	-	2,265,603,924	2,265,603,924
Adjustment	-	953,925,296	-	953,925,296
As at 30 June 2015	<u>785,700,000</u>	<u>1,036,573,252</u>	<u>1,185,201,407</u>	<u>3,007,474,659</u>
<b>2013-14</b>				
At start of year	785,700,000	82,647,956	1,624,641,342	2,492,989,298
Profit for the year	-	-	(2,705,043,859)	(2,705,043,859)
As at 30 June 2014	<u>785,700,000</u>	<u>82,647,956</u>	<u>(1,080,402,517)</u>	<u>(212,054,561)</u>

THE NOTES ON PAGES 25 TO 53 FORM PARTS OF THESE FINANCIAL STATEMENTS.  
AUDITORS REPORT ON PAGES 18 TO 19

  
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CHAIRMAN

*8th March 2016*  
.....  
DATE

  
.....  
EXECUTIVE SECRETARY



TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2015.

	Notes	2015	Restated 2014
		TZS	TZS
<b>Cash generated/(used in) from operating Activities</b>			
<b>Receipts</b>			
Government Subvention		1,340,978,966	1,161,025,869
Admission Fees		1,956,812,021	278,690,077
Quality Assurance Fees		1,584,025,000	-
Other income		1,018,987,165	1,910,491,196
<b>Total Receipts</b>		<u>5,900,803,152</u>	<u>3,350,207,142</u>
<b>Payments</b>			
Personnel Expenses		(2,331,244,945)	(2,265,285,589)
Accreditation, Admission and Grants Expenses		(1,221,173,114)	(1,095,975,555)
Administrative Expenses		(1,520,719,090)	(770,548,882)
Other Expenses		(172,346,687)	(268,383,564)
Financial Expenses		(18,562,739)	(51,229,468)
<b>Total Payments</b>		<u>(5,264,046,575)</u>	<u>(4,451,423,058)</u>
<b>Net Cash generated/(used in) from operating Activities</b>		<u>636,756,577</u>	<u>(1,101,215,916)</u>
<b>Cash flow from Investing Activities</b>			
Cash paid for purchase of Property, plant and equipments		(10,380,000)	(57,803,460)
Cash paid for purchase of intangible asset		-	(9,551,360)
<b>Net Cash flow used in Investing Activities</b>		<u>(10,380,000)</u>	<u>(67,354,820)</u>
<b>Cash flow used in Financing Activities</b>			
(Decrease)/Increase in Bank Overdraft		(610,890,926)	610,890,926
<b>Net Cash flow used in Financing Activities</b>		<u>(610,890,926)</u>	<u>610,890,926</u>
Net Increase/(Decrease) in cash and cash equivalent		15,485,651	(557,679,810)
Cash and cash equivalent at start of year		362,349,634	920,029,444
Cash and cash equivalent at end of year	20	<u>377,835,285</u>	<u>362,349,634</u>

THE NOTES ON PAGES 25 TO 53 FORM PARTS OF THESE FINANCIAL STATEMENTS.  
AUDITORS REPORT ON PAGES 18 TO 19

CHAIRMAN

8<sup>th</sup> March 2016

DATE

EXECUTIVE SECRETARY

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FINANCIAL YEAR  
2014/2015

	Original Budget	Adjustments	Final Budget	Actual Comparable Basis	Performance Difference
	2014/2015	2014/2015	2014/2015	2014/2015	2014/2015
	TZS	TZS	TZS	TZS	TZS
Government Subvention	6,549,068,149	(3,529,948,149)	3,019,120,000	1,459,467,182	(1,559,652,818)
Admission Fees	2,300,000,000	(700,000,000)	1,600,000,000	2,051,162,021	451,162,021
QA Fees	-	2,400,000,000	2,400,000,000	3,114,789,000	714,789,000
Project (NICHE)	500,000,000	(300,000,000)	200,000,000	-	(200,000,000)
Other Income	730,000,000	15,980,000	745,980,000	1,028,987,165	283,007,165
<b>TOTAL REVENUE</b>	<b>10,079,068,149</b>	<b>(2,113,968,149)</b>	<b>7,965,100,000</b>	<b>7,654,405,368</b>	<b>(310,694,632)</b>
Personnel Expenses	2,935,338,149	(13,998,149)	2,921,340,000	2,273,065,345	(648,274,655)
Accreditation, Admission and Grants Expenses	903,900,000	305,700,000	1,209,600,000	1,183,188,857	(26,411,143)
Administrative Expenses	1,698,000,000	45,060,000	1,743,060,000	1,502,809,424	(240,250,576)
Other Expenses	352,430,000	(41,330,000)	311,100,000	106,397,687	(204,702,313)
Financial Expenses	20,000,000	-	20,000,000	18,562,739	(1,437,261)
Capital Expenditure	3,969,400,000	(2,409,400,000)	1,560,000,000	10,380,000	(1,549,620,000)
Projects	200,000,000	-	200,000,000	37,984,257	(162,015,743)
<b>TOTAL EXPENSES</b>	<b>10,079,068,149</b>	<b>(2,113,968,149)</b>	<b>7,965,100,000</b>	<b>5,132,388,309</b>	<b>(2,832,711,691)</b>
Surplus(Deficit) for the Year	-	-	-	2,522,017,059	2,522,017,059

THE NOTES ON PAGES 25 TO 53 FORM PARTS OF THESE FINANCIAL STATEMENTS.  
AUDITORS REPORT ON PAGES 18 TO 19

CHAIRMAN

8<sup>th</sup> March 2016

DATE

EXECUTIVE SECRETARY

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

NOTES TO THE ACCOUNTS

NOTE 1 COMMISSION'S INFORMATION

Tanzania Commission for Universities (TCU) was established under the Universities Act Cap 346, 2005 with a noble aim of regulating and promoting the quality of the higher education in the country through setting of minimum benchmarks with which the universities are required to comply. Tanzania Commission for Universities discharges its functions under the Ministry of Education and Vocational Training.

The principal mandates of the Commission are:

- a) **Regulatory:**  
Conducts periodic evaluation of universities, their systems and programs so as to regulate the quality assurance systems at new and established universities and in the process institutions are registered and accredited to operate in Tanzania. TCU also validate programmes to ensure their credibility and evaluates for recognition university qualifications attained from local and foreign institutions for use in Tanzania.
- b) **Advisory:**  
Advises the government and the general public on matters related to higher education in Tanzania as well as international issues pertaining to higher education, including advice on program and policy formulation and other best practices
- c) **Supportive:**  
Ensures the orderly conduct of university operations and management adherence to set standards and benchmarks, by providing support to universities in terms of coordinating the admission of students, offering training and other sensitization interventions in key areas like quality assurance, university leadership and management, fund raising and resources mobilization, entrepreneurial skills and gender mainstreaming.

Tanzania Commission for Universities is incorporated in Tanzania. Its registered office and address of its principal place of business is:

Garden Road

P. O. Box 6562, Dar es Salaam-Tanzania

Tel: +255-22 277 2657

Fax: +255-22 277 2891

Email: [es@tcu.go.tz](mailto:es@tcu.go.tz)

Website: [www.tcu.go.tz](http://www.tcu.go.tz)

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

**NOTE 2 BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost convention except for investment properties, certain items of property, plant and equipment and financial instruments that have been measured at fair value.

The financial statements are presented in Tanzanian Shillings (TZS) and all values are stated in whole except when otherwise indicated.

**Statement of compliance**

The financial statements of the Commission have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB) and comply with the Universities Act Cap 346, of the law of Tanzania, Public Finance Act (2001), Public Procurement Act (2011) and Tanzania Financial Reporting Standards (TFRS 1: Directors Report).

**NOTE 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The financial statements of the Commission (first time adoption] have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) as directed by the government through Circular No EB/AG/FNA/14/VOL IV/78 dated 9<sup>th</sup> January 2015-which are in line with Public finance Act 2001. Before this directive, the Commission was using International Financial Reporting Standards (IFRS).

The financial statements have been prepared under the historical cost convention.

**NOTE 4 NEW AND AMMENDED STANDARDS**

IPSAS 34: Separate Financial Statements	Effective for annual financial statements covering periods beginning on or after 1 January 2017.
IPSAS 35: Consolidated Financial Statements	Effective for annual financial statements covering periods beginning on or after 1 January 2017.
IPSAS 36: Investments In Associates and Joint Venture	Effective for annual financial statements covering periods beginning on or after 1 January 2017.
IPSAS 37: Joint Arrangements	Effective for annual financial statements covering periods beginning on or after 1 January 2017.

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

IPSAS 38: Disclosure of interest in other entities	Effective for annual financial statements covering periods beginning on or after 1 January 2017.
Amendments to IPSAS 1: Presentation of Financial Statements	The amendments are for annual financial statements covering periods beginning on or after 1 January 2015.
Amendments to IPSAS 17: Property, Plant and Equipment	The amendments are to be applied prospectively for annual financial statements covering periods beginning on or after 1 January 2015.
Amendments to IPSAS 28: Financial Instruments: Presentation	The amendments are for annual financial statements covering periods beginning on or after 1 January 2015.
Amendments to IPSAS 31: Intangible Assets	These amendments are applied prospectively for annual financial statements covering periods beginning on or after 1 January 2015.

The above new and revised IPSAS and Amendments were issued but not yet effective and therefore have not been applied in these financial statements. The Commission has not yet assessed the impact of these changes on the financial statements.

**NOTE 5      STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Standards issued but not yet effective at the date of issuance of the Commission's financial statements shall be applicable at a future date. The Commission intends to adopt those applicable standards when they become effective.

**NOTE 6      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted, which are consistent with those of previous years, are shown below:

**6.1 Foreign Currency Translation**

*Functional and Presentation Currency*

The financial statements are presented in Tanzanian Shillings (TZS), which is the Commission's functional and presentation currency.

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

*Transactions and balances*

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

**6.2 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Commission and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and Value Added Tax or duty. The Commission assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Commission has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

*Sale of goods*

Revenue is recognized when significant risks and rewards of ownership of goods have passed to the buyer, usually on delivery of the goods.

*Rendering of services*

Revenue from the rendering of services is recognized by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

*Interest income*

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

liability. Interest income is included in finance income in the statement of comprehensive income.

*Dividends*

Dividend revenue is recognized when the Commission's right to receive the payment is established.

**6.3 Property, Plant and Equipment**

Plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Commission recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a re-valued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the assets revaluation surplus included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the re-valued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. Upon disposal, any

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual depreciation rates which have been consistently applied are:

No.	Class	Rate
1	Leasehold Land	NIL
2	Building	4%
3	Plant and Machinery	10%
5	Computers	25%
6	Office Equipment	15%
7	Office Furniture	15%
8	Motor Vehicles	25%
10	Intangible Assets	25%

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted retrospectively, if appropriate.

#### 6.4 Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortization applied is 25%.

The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the



REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of comprehensive income. Gains or losses arising from derecognizing of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

**6.5 Leases**

**a) TCU as a lessee**

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Commission. Operating lease payments are recognized as an operating expense in the statement of financial performance on a straight-line basis over the lease term.

**b) TCU as a lessor**

Leases in which the Commission does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

**6.6 Impairment of Non-Financial Assets**

The Commission assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Commission makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

## TANZANIA COMMISSION FOR UNIVERSITIES

### REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is

the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **6.7 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Commission capitalizes borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009.

Where the Commission receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to the income statement over the expected useful life of the relevant asset by equal annual installments.

#### **6.8 Non-current assets held for sale and discontinued operations**

Non-current assets and disposal groups of assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

6.9 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

6.10 Financial assets

*Initial recognition and measurement*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through comprehensive income statement, loans and receivables, held-to-maturity investments or available-for-sale financial assets as appropriate.

The Commission determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through comprehensive income statement, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Commission commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Commission's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at fair value through comprehensive income statement*

Financial assets at fair value through comprehensive income statement include financial assets held for trading and financial assets designated upon initial recognition as at fair value through comprehensive income statement.

## TANZANIA COMMISSION FOR UNIVERSITIES

### REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

#### *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Authority has the positive intention and ability to hold to maturity.

After initial measurement held-to-Maturity investments are measured at amortized cost using the effective interest method. Gains and losses are recognized in comprehensive income statement when the investments are derecognized or impaired, as well as through the amortization process.

#### *Cash and cash equivalents*

Cash and bank balances in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

#### *Fair value*

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the financial year end date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

*Amortized cost*

Held-to-maturity investments and loans and receivables are measured at amortized cost. This is computed using the effective interest method less any allowance for impairment.

The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

*Impairment of financial assets*

The Commission assesses at each financial year end date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

*Financial assets carried at amortized cost*

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in comprehensive income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in statement of comprehensive income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Commission will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of allowance/provisions of 25% total amount identified trade debtors. Impaired debts are derecognized when they are assessed as uncollectible.

## TANZANIA COMMISSION FOR UNIVERSITIES

### REPORT OF THE COMMISSION FOR THE YEAR ENDED 30TH JUNE 2015

#### *Available-for-sale financial investments*

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in comprehensive income statement, is transferred from equity to comprehensive income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognized in comprehensive income statement. Reversals of impairment losses on debt instruments are reversed through comprehensive income statement; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in comprehensive income statement.

#### *Derecognizing of financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Commission has transferred its rights to receive cash flows from the asset or has assumed obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
  - (a) The Commission has transferred substantially all the risks and rewards of the asset, or
  - (b) The Commission has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Commission has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Commission's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Commission could be required to repay.

#### 6.11 Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through comprehensive income statement, or loans and

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

borrowings as appropriate. The Commission determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Commission's financial liabilities include trade and other payables, bank overdraft, loans and borrowings.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

- Financial liabilities at fair value through comprehensive income statement
- Financial liabilities at fair value through comprehensive income statement includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through comprehensive income statement. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.
- Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income.

*Interest bearing loans and borrowings*

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in comprehensive income statement when the liabilities are derecognized as well as through the amortization process.

*Derecognizing of financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

**6.12 Provisions**

Provisions are recognized when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Commission expects some or all of a provision to be

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**6.13 Employment benefits**

***Short term benefits***

These include salaries and wages, annual leave and other short term benefits. Liabilities related to annual leave at the end of the financial year are accrued in the financial statements.

***Post employment benefits***

The Commission operates defined contribution plans only at the moment.

***Defined contribution plan***

The Commission's employees are members of state-owned pension schemes, namely the Parastatal Pension Fund (PPF) and National Social Security Fund (NSSF). The Commission and the employees contribute 15% and 5% respectively, of the employee's gross salary. The Commission's contributions to the funds are charged to the statement of comprehensive income in the year to which they relate.

***Other long-term employment benefits***

These include gratuity for contract staff which are paid at the end of the contract terms.

***Termination benefits***

Termination benefits are payable when employment is terminated by the Commission before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Commission recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after financial year end date are discounted to present value.



TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

6.14 Taxes

*Income Tax*

The Tanzania Commission for Universities is a Government agency, thus is not liable to pay tax. The Commission is exempted under Second Schedule of Income Tax Act, 2004.

*Value added tax*

Revenues, expenses and assets are recognized net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

NOTE 7      **SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparations of financial statements in conformity with IPSAS require the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Commission's accounting estimates.

The Commission makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

*Impairment of non-financial assets*

The Commission assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

choose a suitable discount rate in order to calculate the present value of those cash flows.

*Revaluation of property, plant and equipment and investment properties*

The Commission carries its investment properties at fair value, with changes in fair value being recognized in the comprehensive income statement. In addition, it measures land and buildings at re-valued amounts with changes in fair value being recognized in other comprehensive income. The Commission engaged independent valuation specialists to determine fair value as at 30<sup>th</sup> June, 2015 and the results are applicable to the financial position related to the current reporting period.

*Fair value of financial instruments*

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

NOTE 8(a) PROPERTIES, PLANT AND EQUIPMENT

Description	Leasehold Land		Buildings		Computers		Office Equipment		Furniture & Fittings		Motor Vehicles		Total	
	Tzs		Tzs		Tzs		Tzs		Tzs		Tzs		Tzs	
% Rates	0		0.04		0.25		0.15		0.15		0.25			
<b>Cost and revaluation</b>														
Cost - As at 01.07.2014	200,000,000		77,000,000		218,704,939		127,196,101		86,456,425		532,317,927		1,241,675,392	
Accumulated depreciation - As at 01.07.2014			(8,957,980)		(137,206,765)		(42,907,295)		(34,616,561)		(377,290,040)		(600,978,641)	
Additions - current year							2,580,000		7,800,000				10,380,000	
Depreciation							(19,336,297)		(13,857,532)		(133,079,482)		(224,029,546)	
Carrying Amount as at 30.06.2015	200,000,000		64,962,020		26,821,939		67,532,509		45,782,332		21,948,405		427,047,205	
<b>Revaluation reserve</b>														
Revalued amounts as at 30.06.2015	277,000,000		12,037,980		97,600,562		27,045,991		14,189,168		526,051,595		953,925,296	
	477,000,000		77,000,000		124,422,501		94,578,500		59,971,500		548,000,000		1,380,972,501	

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

NOTE 8(b) INTANGIBLE ASSETS

Software	Date of Effective Usage	Cost/Valuation	25% Amortization					Carrying Amount 30.06.2014
			As at 30.06.2014	Carrying for the year	As at 30.06.2015	Carrying Amount 30.06.2015	Carrying Amount 30.06.2014	
Central Admission System	Mar-13	121,495,000	40,498,333	30,373,750	70,872,083	50,622,917	80,996,667	
Aruti Software (Payroll Module)	Apr-13	5,600,000	1,750,000	1,400,000	3,150,000	2,450,000	3,850,000	
Programme Management System (PMS)	Apr-13	14,500,000	4,531,250	3,625,000	8,156,250	6,343,750	9,968,750	
Asset Management Enterprises Software	Jul-12	8,058,000	4,029,000	2,014,500	6,043,500	2,014,500	4,029,000	
Documents Management System	Jul-12	11,850,000	5,925,000	2,962,500	8,887,500	2,962,500	5,925,000	
Sage Pastel Version 11.2	Jul-13	9,551,360	2,387,840	2,387,840	4,775,680	4,775,680	7,163,520	
<b>TOTAL</b>		<b>171,054,360</b>	<b>59,121,423</b>	<b>42,763,590</b>	<b>101,885,013</b>	<b>69,169,347</b>	<b>111,932,937</b>	

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

NOTE 9	REVENUE FROM NON EXCHANGE TRANSACTIONS	<u>2015</u>	<u>2014</u>
	Government Subvention	1,459,467,182	1,161,025,869
	Admission Fee (CAS)	<u>2,051,162,021</u>	<u>278,690,077</u>
	<b>TOTAL</b>	<b><u>3,510,629,203</u></b>	<b><u>1,439,715,946</u></b>
NOTE 10	OTHER INCOME FROM EXCHANGE TRANSACTIONS		
	Institutional Fees	522,809,910	373,217,500
	Grants, Donation and Contributions	250,962,721	990,572,049
	Quality Assurance Fees	3,114,789,000	-
	Miscellaneous Income	<u>255,214,534</u>	<u>126,272,567</u>
	<b>TOTAL</b>	<b><u>4,143,776,165</u></b>	<b><u>1,490,062,116</u></b>
NOTE 11	ACCREDITATION, ADMISSION AND GRANTS		
	Visitation and Evaluation Expenses(Local)	166,086,256	119,534,360
	Admission Expenses	63,863,250	69,194,750
	Certificate Evaluation Expenses	4,500,000	4,305,000
	Grants Expenses	90,849,001	21,300,975
	Programme Evaluation Expenses	205,349,700	49,315,500
	Task Force Expenses	9,800,000	46,825,000
	Quality Assurance Expenses	123,971,787	54,230,660
	Science and Tech. Higher Ed. Project (WB)	12,961,593	116,464,378
	National Qualification Framework	-	10,000,000
	Central Admission System (CAS)	292,620,672	348,833,741
	Data Management Information System	5,637,500	13,842,160
	NICHE Project	27,566,677	-
	Higher Education Forum	197,592,289	15,905,000
	DAAD Scholarship	10,417,580	768,515,885
	Printing expenses	<u>9,956,808</u>	<u>10,352,768</u>
	<b>TOTAL</b>	<b><u>1,221,173,113</u></b>	<b><u>1,648,620,177</u></b>
NOTE 12	STAFF COSTS(BENEFITS)		
	Salaries and Wages	1,345,617,335	1,278,018,484
	Housing Allowance	220,216,150	225,888,000
	Transport/Fuel Allowance	6,750,000	11,200,000
	Hospitality Allowance	10,684,500	12,213,000
	Overtime Allowance	55,811,593	60,567,291

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

Staff Welfare	23,624,400	19,132,700
Medical Expenses/NHIF	100,000	-
Pension Contribution Employer/Gratuity	41,256,237	52,915,721
Staff Insurance	11,999,117	8,562,561
Other Allowances	90,562,000	148,039,674
Responsibility Allowance	63,555,325	86,673,952
Leave Travel Allowance	56,550,000	15,160,000
Short term Training (Local)	11,645,800	33,861,368
Short-term Training (Foreign)	1,188,000	46,120,735
Long-term Training (Local)	-	6,255,000
Long-term Training (Foreign)	333,504,888	318,856,704
<b>TOTAL</b>	<b>2,273,065,345</b>	<b>2,323,465,190</b>

**NOTE 13 ADMINISTRATION EXPENSES**

Travelling on Duty (local)	63,904,490	44,959,085
Travelling on Duty (Foreign)	133,114,114	225,758,970
Recruitment and Transport	36,864,500	22,344,800
Stationery and Office Supplies	31,182,791	31,029,885
Telephone, Fax and Internet	31,671,867	34,784,507
Electricity	37,359,682	34,065,871
Water	1,474,000	-
Postage and Telegrams	2,453,000	1,535,400
Property Insurance	4,616,030	2,804,196
Consultancy and Honoraria	-	14,999,160
Printing of Office Stationery	2,332,000	3,335,000
Office general Cleanliness	18,600,500	18,637,000
Land Rent and Taxes	-	2,419,000
General Expenses	57,578,384	48,929,446
Maintenance and Repair of Computer	1,306,000	-
System Development and Acquisition	647,820	-
Computer Accessories	171,000	-
Fuel and Oil	43,848,201	39,083,429
Maintenance of Motor Vehicles	36,408,010	21,375,400
Motor Vehicle Insurance	26,656,104	10,980,000
Tyres and Tubes	11,425,000	4,989,000
Repair of Offices	7,410,500	2,954,500
Repair of Office Equipment & Furniture	8,142,752	5,117,452
Rental Expenses	284,286,418	265,429,255
Commission Expenses	129,550,850	94,568,220
Commission Committee Expenses	112,904,410	36,845,000

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

	Commission Members Fees	9,200,000	8,800,000
	Tender Board Committee Expenses	17,910,000	9,900,000
	Audit Committee Expenses	4,000,000	8,650,000
	Workers Council and annual staff Retreats	5,100,000	8,075,640
	Bad and Doubtful Debt	382,691,000	-
	<b>TOTAL</b>	<b><u>1,502,809,424</u></b>	<b><u>1,002,370,216</u></b>
<b>NOTE 14</b>	<b>DEPRECIATION/AMORTIZATION EXPENSES</b>		
	Depreciation Expenses	224,029,546	218,435,024
	Amortization of Intangibles	42,763,590	42,763,590
	<b>TOTAL</b>	<b><u>266,793,136</u></b>	<b><u>261,198,614</u></b>
<b>NOTE 15</b>	<b>OTHER EXPENSES</b>		
	Advertising and Publicity	35,880,462	29,883,047
	Newsletters, Newspapers and Periodicals	9,851,610	7,795,260
	Research/Evaluation and Consultancy Expenses	-	8,947,250
	Annual fees, Contributions and Events	3,205,100	6,589,900
	Audit Fees	19,039,890	12,000,000
	Annual Events and Celebration	5,880,000	23,800,000
	Exhibition Expenses	32,540,625	258,922,800
	<b>TOTAL</b>	<b><u>106,397,687</u></b>	<b><u>347,938,257</u></b>
<b>NOTE 16</b>	<b>FINANCE EXPENSES</b>		
	Bank interest Expenses	10,886,155	45,487,560
	Bank Charges	7,676,584	5,741,907
	<b>TOTAL</b>	<b><u>18,562,739</u></b>	<b><u>51,229,467</u></b>
<b>NOTE 17</b>	<b>INVENTORIES</b>		
	Stationeries:	4,340,752	2,550,570
	Books and Publications:	-	3,389,600
	Computer Consumables/Accessories:	-	-
	<b>TOTAL</b>	<b><u>4,340,752</u></b>	<b><u>5,940,170</u></b>

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

NOTE 18	TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS	<u>2015</u>	<u>2014</u>
	Catholic University of Health and Allied Sciences	-	4,000,000
	Jomo Kenyatta University	-	5,000,000
	St. Augustine University	108,900,000	5,000,000
	University of Dodoma	306,980,000	3,000,000
	Sokoine University of Agriculture	11,000,000	7,000,000
	University of Dar es Salaam	272,600,000	1,000,000
	Ardhi University	81,989,680	4,709,680
	KCMC College	4,000,000	4,000,000
	Stephano Moshi M. College	27,960,000	2,000,000
	CRDB Bank Ltd	20,820,000	20,820,000
	International Medical and Technological University	23,480,000	3,000,000
	Butiama University of Agriculture	7,000,000	3,000,000
	Mzumbe University	162,120,000	6,000,000
	Herbert Kairuki Memorial University	3,000,000	-
	Josiah Kibira University College	-	3,000,000
	Arch Bishop Mihayo University	-	3,000,000
	Nelson Mandela Inst. Of Science and Technology	12,700,000	3,000,000
	St. Jordan University	-	3,000,000
	University of Iringa	64,040,000	3,000,000
	Katavi University of Agriculture	7,000,000	6,000,000
	United African University	-	3,000,000
	Zanzibar University	-	3,000,000
	Tanzania International University	7,000,000	3,000,000
	Open University of Tanzania	90,544,000	-
	Enkernford Tanga University	18,550,000	-
	Mount Meru University	13,760,000	-
	St John's University in Tanzania	74,780,000	-
	Stella Maris University College	22,200,000	-
	Phonex Assurance of Tanzania Ltd	16,503,970	16,503,970
	Teophilo Kisanji University	44,430,000	-
	Sebastian Kolowa Memorial University	14,560,000	-
	Tumaini University Dar es Salaam College	14,200,000	-
	Dar es Salaam College of Education	71,780,000	-
	Mbeya Univ of Science and Technology	43,340,000	-



TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

Mkwawa University College of Education	54,600,000	-
Muhimbili Univ of Health & Allied Sciences	43,960,000	-
Idara kuu ya Utumishi	24,250,052	19,876,306
MoEVT	118,488,216	-
Maxcom Africa Ltd	94,350,000	-
<b>TOTAL</b>	<b>1,880,885,918</b>	<b>164,909,956</b>
Less: Provision for Doubtful Debts	(387,400,680)	(4,709,680)
<b>TOTAL</b>	<b>1,493,485,238</b>	<b>160,200,276</b>

AGEING OF TRADE RECEIVABLES

1-6 Months	94,350,000	-
6-9 Months	1,563,764,000	-
9-12 Months	184,242,238	-
Over 1 Year	38,529,680	-
<b>TOTAL</b>	<b>1,880,885,918</b>	<b>-</b>

NOTE 19 STAFF RECEIVABLES

	<u>2015</u>	<u>2014</u>
Loans		
Sub Total 1	39,480,961	55,838,231
Outstanding Imprest		
Sub Total 2	<u>2,650,415</u>	<u>1,022,395</u>
<b>Grand Total</b>	<u>42,131,376</u>	<u>56,860,626</u>

NOTE 20 CASH AND CASH EQUIVALENTS

General Account CRDB	64,753,215	(2,798,460)
Revolving Fund CRDB	173,570,349	13,837,814
Carnegie Project CRDB	42,257,742	38,849,349
World Bank Project CRDB	588,871	736,675
CBA Account	23,823,519	-
CAS Account CRDB	38,902,394	1,633,821
CAS Account NBC	3,319,765	22,339,437
NICHE/TIMBE Project	<u>30,619,431</u>	<u>287,750,997</u>
<b>TOTAL</b>	<u>377,835,285</u>	<u>362,349,633</u>

NOTE 21 TRADE PAYABLES FROM EXCHANGE TRANSACTIONS

Tanzania Standard (Newspapers) Ltd	2,461,989	20,044,193
MFI Investments	1,471,054	1,471,054
Airtel Tanzania Ltd	10,072,089	1,000,000

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

Tanzania Telecommunication Company	3,323,260	11,260,357
Kanana General Supply	2,424,900	1,075,570
Antelope Tours and Travel Services Ltd	23,141,400	11,361,900
Zamzam Stationery Supermarket	2,647,300	8,269,160
Media Express Ltd	4,200,800	4,200,800
Knight Support (T) Ltd	-	3,982,500
East African Television	-	1,140,000
Meliki Msuya	83,617,801	67,780,500
The Guardian Ltd	2,212,500	5,162,150
Reos Insurance Co Ltd	10,902,616	4,364,853
Numne Ltd	-	17,287,500
TBC	-	2,124,000
Toyota Tanzania	6,670,367	4,803,722
Interpress Tanzania Ltd	-	13,242,800
Expo Team T. Ltd	-	47,200,000
Blue Pearl Appartment	-	6,220,500
ESRF	-	4,999,160
DTBi	6,766,597	9,760,000
Regency Park Hotel	-	1,474,850
Grand Villa Hotel Ltd	-	5,345,500
Girraffe Ocean View Hotel	-	1,699,200
Clouds Entertainment co. Ltd	-	1,400,000
El Moureen General Supply	-	6,105,000
TSN Oil T Ltd	3,120,320	-
Maxcom African Ltd	2,402,000	-
Abdulhakim Amani	732,000	-
Tanzania Electric Co. Ltd	2,621,895	-
John Aswile	-	58,179,600
Mwananchi Communication Ltd	5,262,800	-
<b>TOTAL</b>	<b>174,051,688</b>	<b>320,954,869</b>

NOTE 22 OTHER PAYABLES UNDER EXCHANGE  
TRANSACTIONS

Provision for Audit Fees	15,000,000	16,559,322
PAYE	214,075,072	348,518,177
PSPF	-	9,377,500
PPF	(173,636)	10,398,863
NSSF	(460,000)	6,010,000
NIC	-	3,152,316
SSSS	4,500,000	4,500,000
UDSM NBC	1,154,838	1,154,838

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

NHIF	-	14,025,000
HESLB	(188,000)	1,583,890
Withholding Tax/Stamp Duty	33,449,117	-
THTU	1,873,700	-
<b>TOTAL</b>	<b>269,231,090</b>	<b>415,279,906</b>

**NOTE 23 PROJECT FUNDS PAYABLES**

CATS Project Funds	12,567,294	12,567,294
Carnegie Project Funds	-	27,863,962
World Bank Project Funds	-	736,676
NICHE/TIMBE Project Funds	30,619,444	287,750,997
<b>Total</b>	<b>43,186,738</b>	<b>328,918,929</b>

**NOTE 24 REVALUATION RESERVE**

Balance at 1 July 2014	82,647,956	82,647,956
Valuation during the year	953,925,296	-
Balance at 30 June 2015	1,036,573,252	82,647,956

The Commission makes revaluation of its property, plant and equipment with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The revaluation was carried out in June 2015 which resulted into the revaluation surplus of 953,925,296.

**NOTE 25 RELATED PARTY TRANSACTIONS AND BALANCES**

As defined by IPSAS 20 require disclosure of related party transactions in relation to remuneration received by key management personnel and Commission members. The total remunerations paid to key management personnel and members of commission for period ended June 2015 are shown below:-

<b>Key Management Employees</b>	<b>2015</b>	<b>2014</b>
Short-term Employee Benefits	468,483,775	676,899,373
Post-Employment Benefits	-	-
	<b>468,483,775</b>	<b>676,899,373</b>
Number of Key Management personnel	<b>5</b>	<b>5</b>
<b>Commissioners' Emoluments</b>		
Commissioners Annual Fees	9,200,000	8,800,000
Commissioner's meeting Expenses	129,550,850	94,568,220
	<b>138,750,850</b>	<b>103,368,220</b>
Number of Commissioners	<b>19</b>	<b>20</b>

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

**NOTE 26      CONTINGENT LIABILITIES**

As at 30th June, 2015 the Commission had no contingent liabilities.

**NOTE 27      CAPITAL COMMITMENTS**

The Commission had no capital commitments as at 30<sup>th</sup> June, 2015

**NOTE 28      NUMBER OF EMPLOYEES**

The number of employees at the end of the year was 38 (30<sup>th</sup> June, 2014: 37)

**NOTE 29      CAPITAL MANAGEMENT**

The primary objective of the Commission's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Commission manages its capital structure and makes adjustment to it, in light of changes in economic conditions to maintain or adjust the capital structure as it may deem necessary.

No changes were made in the objectives, policies or processes during the year ended 30<sup>th</sup> June, 2015

**NOTE 30      FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Commission's principal financial instruments comprise project funds and trade payables. The main purpose of these financial instruments is to raise finance for the Commission's operations. The Commission has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations and other government revenue sources.

The main risks arising from the Commission's financial instruments are treasury risk management, interest rate risk, credit risk, liquidity risk, and foreign currency risk. The Commission reviews and agrees policies for managing each of these risks which are summarized below:

*a.      Treasury risk management*

The Commission operates a treasury function to provide competitive funding costs, invest and monitor financial risk. The Commission does not use derivative financial instruments for speculative purposes.

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

**b. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission's exposure to the risk of changes in market interest rates is insignificant as the Corporation has fixed interest rate on borrowings.

**c. Credit risk management**

Potential concentration of credit risk consists principally of short term cash and trade debtors. The Commission deposits short term cash surpluses only with banks of high credit standing. Trade debtors are presented net of allowance for doubtful debts. For the majority of customers, including export clients, full upfront payment is demanded. With few exceptions, credit customers are secured by guarantees issued by reputable banks. Accordingly, the Commission has no significant concentration of credit risk that has not been adequately provided for.

**d. Liquidity risk**

The Commission adopts a liquidity policy that addresses acceptable ranges of operational liquidity and a maximum limits on liquidity borrowings sources. The Commission is ensuring enough liquidity to guarantee the day to day operations costs by employing measures on debts collection and funds mobilization.

**e. Foreign currency risk**

Foreign exchange risks are quantified by identifying all currently liabilities denominated in foreign currency and identifying contractually committed future currency transactions. The foreign exchange exposure will exist until settlement or until the exchange rate is fixed. The foreign exchange exposure is determined by aggregating these balances by currency and settlement date and converting to reporting currency i.e. Tanzania Shilling.

**NOTE 31 LOSS FOR OFFICE BREAKING AND STOLEN PROPERTIES**

In the financial year 2012/2013 unknown thief/thieves in the mid night did break and enter into the office on 7<sup>TH</sup> March, 2013 and stole some office properties (computers(8), laptops(2) and unserviceable projectors(2)) worth TZS 18,182,800/= The incident was discovered and immediately reported to the Police and filed referenced No. OB/IR/4305/2013 for immediate investigation and possible arrest/recoveries of the properties. According to the assessment it was established that TCU shall be compensated the amount equal to 16,503,970. Our Insurer Ms. Phoenix of

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

Tanzania Assurance Co. Ltd worked on the matter and upon completion of investigation and ruling, TCU will be compensated accordingly. Investigation by Police is still continuing to date.

**NOTE 32      COMPARATIVE FIGURES**

Previous year's figures have been regrouped whenever appropriate to make them comparable with current year figures.

**NOTE 33      EVENTS AFTER THE REPORTING DATE**

There were no events after the reporting dates which require adjustments or disclosure in the financial statements.

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION  
FOR THE YEAR ENDED 30TH JUNE 2015

NOTE 34

COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED  
30TH JUNE 2015

	Final Budget	Actual amount	Performance	Explanations
	2014/2015	2014/2015	Difference	
	TZS	TZS	TZS	
Government Subvention	3,019,120,000	1,459,467,182	(1,559,652,818)	The decrease was due to unreleased government subvention
Admission Fees	1,600,000,000	2,051,162,021	451,162,021	Number of application increased
QA Fees	2,400,000,000	3,114,789,000	714,789,000	The increase was due to number of enrolled students
Project (NICHE)	200,000,000	-	(200,000,000)	Nuffic released more funds to accomplish project activities
Other Income	745,980,000	1,028,987,165	283,007,165	More contributions and applications received for exhibitions and evaluation of foreign awards respectively
<b>TOTAL REVENUE</b>	<b>7,965,100,000</b>	<b>7,654,405,368</b>	<b>(310,694,632)</b>	
Personnel Expenses	2,921,340,000	2,273,065,345	(648,274,655)	Positions for Executive Secretary was vacant for five months
Accreditation, Admission and Grants Expenses	1,209,600,000	1,183,188,857	(26,411,143)	Increased demand for institutional visitations and programme evaluations
Administrative Expenses	1,743,060,000	1,502,809,424	(240,250,576)	Administrative services were fairly maintained.
Other Expenses	311,100,000	106,397,687	(204,702,313)	Higher education Exhibitions was postponed until August 2015.
Financial Expenses	20,000,000	18,562,739	(1,437,261)	Settlement of Bank Loan decreased bank interest.
Capital Expenditure	1,560,000,000	10,380,000	(1,549,620,000)	Capital development funds was not released by the government
Projects	200,000,000	37,984,257	(162,015,743)	Implementations of project activities.
<b>TOTAL EXPENSES</b>	<b>7,965,100,000</b>	<b>5,132,388,309</b>	<b>(2,832,711,691)</b>	