REPORT OF THE CONTROLLER AND AUDITOR GENERAL

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 FINANCIAL YEAR ENDED 30TH JUNE, 2018

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AR/TCU/2017/2018

TANZANIA COMMISSION FOR UNIVERSITIES

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2018

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TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION
FOR THE YEAR ENDED 30TH JUNE 2018

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

1.0. GENERAL INFORMATION

1.1. Mandate

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.

1.2 Vision, Mission and Core Values

Vision

To be a highly regarded Institution that excels in Public Sector Auditing.

Mission

To provide high quality audit services that improves public sector performance, accountability and transparency in the management of public resources.

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

- ✓ **Objectivity:** We are an impartial public institution, offering audit services to our clients in unbiased manner;
- ✓ **Excellence:** We are professionals providing high quality audit services based on standards and best practices;
- ✓ **Integrity:** We observe and maintain high standards of ethical behavior, rule of law and a strong sense of purpose;
- ✓ **People focus:** We value, respect and recognize interest of our stakeholders;
- ✓ **Innovation:** We are a learning and creative public institution that promotes value added ideas within and outside the institution;
- ✓ **Results oriented:** We are an organization that focuses on achievement based on performance targets; and
- ✓ **Team work spirit:** We work together as a team, interact professionally, share knowledge, ideas and experiences.

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.

1.3 Audit Objectives

To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and are prepared in accordance with an applicable financial reporting framework; and whether laws and regulations have been complied with.

1.4 Audit Scope

The audit will be carried out in accordance with the, the International Standards of Supreme Audit Institutions (ISSAIs) and other audit procedures as were deemed appropriate under the circumstances. This will cover the evaluation of the effectiveness of the financial accounting system and internal control over various activities of the Tanzania Commission for Universities (TCU).

The audit will be conducted on a sample basis; therefore, the findings will be confined to the extent that records, documents and information requested for the purpose of the audit were made available to me. Audit findings and recommendations arising from the examination of the accounting records, appraisal of the activities as well as evaluation of the Internal Control System which requires management's attention and actions, are set out in the management letter issued separately to the Tanzania Commission for Universities (TCU).

As auditors, we are not required to specifically search for fraud and therefore, our audit cannot be relied upon to disclose all such matters. However, our audit was planned in such a way that we would have reasonable expectations of detecting material errors and misstatement in the financial statements resulting from irregularities including fraud. The responsibility for detection, prevention of irregularities and the maintenance of an effective and adequate system of internal control rests with the management of the Tanzania Commission for Universities (TCU).

1.5 Audit Methodology

Our audit approach included tests of the accounting records and other procedures in order to satisfy the audit objectives. Our audit procedures included the following:

- Planning the audit to identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the entity and its environment, including the entity's internal controls.
- Obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.
- Form an opinion on the financial statements based on conclusions drawn from the audit evidence obtained.
- Follow up on the implementation of the previous year's audit findings and recommendations and directives issued by PAC to ensure that proper action has been taken in respect of all matters raised.

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 Financial Performance
- Statement of Changes in Equity
- Statement of Cash flows
- Statement of Comparison of Budget and Actual amount
- 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

1.0 BACKGROUND AND GENERAL INFORMATION

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 30th June, 2018.

1.2 CORPORATE OUTLOOK

VISION

To become leading regional higher education regulatory agency supporting systematic growth and excellence of university education.

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 ofcoordinating 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.

2.0 REPORT OF THE COMMISSION

2.1 Composition of the Commissioners

The composition and its committees are as shown in item 2.3.

2.2 Commissioners' Remuneration

The Commissioners' remuneration for services rendered as directors of the Commission for the year was TZS 250,000 per sitting paid as directors' fees to Chairman and each member as directed by the Government. No siting allowance is allowed.

2.3 Corporate Governance

The Commission consists of seven (7) members. Apart from the Executive Secretary, no other Member holds executive position. The Commission takes overall responsibility, 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 three Directors 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 (6)
- The Admission Committee (6)
- The Grants Committee (6)
- Staff Appointment and Development Committee (4)
- The Audit Committee. (4)

Within those committees, members possess various expertise 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.

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

The names of Members who served the Commission during the year under review were as follows:

S/N	Name	Academic Qualification	Position	Nationality	Appointment	Age
1.	Prof. Jacob P. Mtabaji	PhD (Physiology)	Chairman	Tanzanian	15/9/ 2016	75
2.	Prof. Makenya Maboko	PhD (Geology)	Member	Tanzanian	22/9/2016	61
3.	Prof. Joshua Madumula	PhD (Literature)	Member	Tanzanian	22/9/2016	68
4.	Dr. Zakia M. Abubakari	PhD (Plant Microbiology)	Member	Tanzanian	22/9/2016	60
5.	Ms. Mariam Mvano	LLM (Corporate and Commercial Laws)	Member	Tanzanian	22/9/2016	42
6.	Ms. Adelgunda Mgaya	BA (Public Administration)	Member	Tanzanian	22/9/2016	62
7	Prof. Idris A. Rai	PhD (Computer Science & Networking),	Member	Tanzanian	22/9/2016	46
8.	Prof. Charles Kihampa Executive Secretary	PhD (Chemistry)	Ex-official Member	Tanzanian	13/1/2018	47

The Commission is required to meet on quarterly basis per year. During the year ended 30th June 2018 the Commission held 3 ordinary meetings and 3 special meetings. During those meetings, matters that were deliberated upon included the following:

i. Feedback and follow-up of implementation of Commission directives.
ii. Approval of accreditation of various programmes (Curricula).
iii. Approval of admission of students into higher education institutions.
iv. Approval of transfers of students to various institutions.
v. Approval of the TCU budget and financial and procurement progress reports.
vi. Approval of accreditation and quality assurance of institutions.
vii. Approval of other administrative matters as brought in by the Management.
viii. Approval of Audit Report for Financial Year 2016/2017.
ix. Approval of Internal audit reports and follow up of implementation of previous audit findings and recommendations.
x. Approval of disciplinary matters to employees.
xi. Approval of staff reports, positions and promotions.
xii. Advise the Minister of various Issues relating to Higher Education.

(b) Subcommittees of the Commission are as follows:

(i) Accreditation and Quality Assurance Committee

No.	Name	Position	Nationality
1.	Prof. Makenya Maboko	Chairperson	Tanzanian
2.	Prof. Idris A. Rai	Member	Tanzanian
3.	Prof. Paschalis Rugarabamu	Member	Tanzanian
4.	Dr. Adolf Rutayuga	Member	Tanzanian
5.	Eng. Steven Mlote	Member	Tanzanian
6.	Prof. Charles Kihampa (ES)	Member	Tanzanian
7.	Dr. Fulgence Matimbo	Secretary	Tanzanian

The Committee reports to the Commission and is required to meet on quarterly basis per year. During the year ended 30th June 2018 the Committee held 3 meetings and 8 special meetings. During those meetings, matters that were deliberated upon included the following:

i. Recommendations on Institutional accreditations.
ii. Recommendations on accreditation of programmes, courses and administrative tools for institutions.
iii. Reports on evaluation of academic awards.
iv. Recommendations on quality assurance matters of institutions.

(ii) Admission Committee

No.	Name	Position	Nationality
1.	Prof. Joshua Madumula	Chairperson	Tanzanian
2.	Prof. Allen Mushi	Member	Tanzanian
3.	Prof. Eligius Lyamuya	Member	Tanzanian
4.	Dr. Zakia M. Abubakar	Member	Tanzanian
5.	Mr. Abdul -Razaq Badru	Member	Tanzanian
6.	Prof. Charles Kihampa (ES)	Member	Tanzanian
7.	Dr. Kokuberwa Katunzi-Mollel	Secretary	Tanzanian

The Committee reports to the Commission and is required to meet on quarterly basis per year or as circumstances may necessitate. During the year ended 30th June 2018 the Committee held 4 ordinary meetings and one consultative meeting on admission procedures. During those meetings, matters that were deliberated upon included the following:

i. Guidelines on the 2017/18 admission cycle and almanac.
ii. Recommendations on applicants selected by individual institutions.
iii. List of multiple applications selected to join higher education institutions.
iv. Clarification on minimum criteria and requirements to join various degree programmes.
v. Verification of students undertaking undergraduate degree in all university institutions.
vi. Updates on the University Information Management System (UIMS) for data collections and management.
vii. Recommendations on the request for transfers and transfer procedures.
viii. Recommendations on the Guidelines for application of Recognition of Prior Learning (RPL).
ix. Recommendation for TCU revised ICT Policy 2018.
x. Reports on data collections from higher learning institutions.

(iii) Grants Committee

No.	Name	Position	Nationality
1.	Ms. Mariam Mvano	Chairperson	Tanzanian
2.	Prof. Joshua Madumula	Member	Tanzanian
3.	Mr. Godfrey Simbeye	Member	Tanzanian
4.	Prof. Lughano Kusiluka	Member	Tanzanian
5.	Mr. Joel Laurent (TEA Representative)	Member	Tanzanian
6.	Prof. Charles Kihampa (ES)	Member	Tanzanian
7.	Mr. Mabula G. Mabula - (DFA)	Secretary	Tanzanian

The Committee reports to the Commission and is required to meet on quarterly basis per year. During the year ended 30th June 2018 the Committee held 3 ordinary meetings. During those meetings, matters that were deliberated upon included the following:

i. Recommendation for approval of proposed Annual Budget for Financial year 2018/19.
ii. Recommendation for approval of Financial Quarterly Reports for Financial year 2017/2018.
iii. Recommendation for approval of Quarterly Procurement Reports for 2017/2018.
iv. Recommendation for approval of revised Financial Regulations and Procedures 2017.
v. Recommendation for approval of revised Annual Budget for Financial year 2018/19.

(iv) Staff Appointment and Development Committee

No.	Name	Position	Nationality
1.	Prof. Charles Kihampa (ES)	Chairperson	Tanzanian
2.	Ms. Mariam Mvano	Member	Tanzanian
3.	Dr. Aggrey Mlimuka	Member	Tanzanian
4.	Prof. David Mfinanga	Member	Tanzanian
5.	Mr. Mabula G. Mabula - (DFA)	Secretary	Tanzanian

The Committee reports to the Commission and is required to meet on quarterly basis per year. During the year ended 30th June 2018 the Committee held two ordinary meetings. During the meetings, matters that were deliberated upon included the following:

i. Recommendation on the disciplinary matters to employees.
ii. Reports on staff position, training and development.
iii. Recommendation on the staff promotions

(v) Audit Committee

No.	Name	Position	Nationality
1.	Prof. Idris A. Rai	Chairperson	Tanzanian
2.	Ms. Adelgunda Mgaya	Member	Tanzanian
3.	Prof. Godwin Ndossi	Member	Tanzanian
4.	Mr. Juma Abdulraham	Member	Tanzanian
5.	Ms. Judith Missokia	Secretary	Tanzanian

The Committee reports to the Commission and is required to meet on quarterly basis per year. During the year ended 30th June 2018 the Audit Committee held four meetings and one special meeting. During those meetings, matters that were deliberated upon included the following:

i. Recommendations on the draft Financial Statement for Financial Year 2016/2017 and approval for submission to External Auditor approved by CAG to commence audit process.
ii. Recommendations on the audited report and financial statements for the year ended 30th June 2017.
iii. Recommendations on Management Letter issued by the statutory auditors.
iv. Recommendation on the implementation of issues raised in the Management letter 2016/17.
v. Recommendation on external audit fees charged for financial year 2016/17.
vi. Recommendations on quarterly Internal Audit Reports.
vii. Recommendation of Internal Audit Plan 2018/19.

TENDER BOARD

No	Name	Position	Nationality
1.	Mr. Mabula G. Mabula	Chairperson	Tanzanian
2.	Dr. Fulgence Matimbo	Member	Tanzanian
3.	Dr. Valerian Kinemo	Member	Tanzanian
4.	Mr. Augustine Swai	Member	Tanzanian
5.	Mr. Yusuf I. Rauna	Member	Tanzanian
6.	Mr. Alexander Kamwela	Member	Tanzanian
7.	Dr. Fabian Mahundu	Member	Tanzanian
8.	Mr. Nsubisi Mwansangubo	Secretary	Tanzanian

The Tender Board 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 30th June 2018 the Tender Board Committee held 5 meetings and made 13 circular resolutions. During those meetings and circularization, matters that were deliberated upon included the following:

i. Approval of Annual Procurement Plan for Financial Year 2017/2018.
ii. Approval of various procurements through tender and circular resolutions.
iii. Approval of advert for quotations and quotation documents for various procurements.
iv. Approval of procurement quarter reports.
v. Approval of Annual Procurement Plan for Financial Year 2018/2019.

2.4 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, Development Fund and Other Charges. Funding for Development Fund and other charges (OC) remained unfunded during the year to run development and operational activities.

2.5 Management

The Management of the Commission is under the Executive Secretary assisted by the three Directors namely;

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

During the year the current organization structure has been reviewed and approved by the government whereby the position of the Deputy Executive Secretary has been removed. The implementation of the new organization structure will start in the next financial year after other administrative directives have been concluded.

Currently, there are six support services units that report directly to the 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;
c) Legal Unit;
d) Public Relations; and -
e) Information, Communication Technology

2.6 Shareholders of TCU

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

2.7 Attainment in Physical Terms

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

2.7.1 Accreditation and Admission Performance

During the year under review, the commission registered none in the categories shown below:-

Types of Registration	2017/2018	2016/2017
	Number of Institution	
Certificate of Accreditation	0	1
Certificate of full registration	0	0
Certificate of Provisional Registration	0	0
TOTAL	0	1

Also the Commission conducted 36 technical visitations, impromptu and verifications (last year 98), reviewed and validated 143 programme curricula and administrative tools (last year 155) and validated and recognized 2,296 foreign awards (last year 1,894).

As at 30th June, 2018 cumulative list of institutions registered/recognized by the Commission is 48 as outlined below:-

(a) Institution by Level of Registration

Types of Registration	2017/2018	2016/2017
	Number of Institution	
Certificate of Accreditation	16	16
Certificate of full registration	31	31
Certificate of Provisional Registration	1	1
TOTAL	48	48

- 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 license are not allowed to run academic and research activities until they are granted Certificate of accreditation.

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

	Public		Private		Total	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Fully fledged Universities	12	12	22	22	34	34
Constituent Colleges	2	2	12	12	14	14
Centres and Institutes	4	4	16	17	20	21
TOTAL	18	18	50	51	68	69

During the year the Commission coordinated, harmonized and approved admission of 63,737 students to various universities as listed below:-

		2017/2018	2016/2017
(i)	Public Universities	50,576	44,732
(ii)	Private Universities	13,161	24,807
	TOTAL	63,737	69,539

2.7.2 Financial Performance for the year 2017/2018

The Commission recoded a deficit of Tzs. 200,992,078 during the year ended 30th June 2018 against a surplus of Tzs. 426,217,922 recorded in the year ended 30th June 2017. The deficit was due to decrease in revenue particularly admission fees following government directive to abolish central admission system that was generating income of over Tzs. 2.5 billion per year. The Commission will make exerted efforts to increase revenue and control expenditure.

2.7.3 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 Tzs. 785,700,000 has been received.

During the year under review, the government has not allocated the development funds following government directives to move to Dodoma. Hence any plans for construction of permanent office should be in Dodoma. Therefore, if funding is provided TCU shall construct it offices in Dodoma.

This decision has impacted on capital in development of our plot No. 59 at Uporoto Street - Ursino.

2.7.4 Key Performance Ratios

Inadequate funds received from the Government for recurrent expenditure, development expenditure hampered Commission's activities and it was not possible to efficiently 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 2017/18 were attained compared to the last financial year 2016/17.

	2017/2018	Desired	2016/2017
Liquidity Ratios			
Current ratio	23.60:1	2:1	16.58:1
Acid test	23.53:1	1:1	16.55:1
Profitability Ratios			
Return on assets	-4.66%	15%	9.28%
Return on equity	-4.82%	15%	9.71%

2.7.5 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 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.

2.7.6 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 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.

2.7.7 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 government funds collected and retained for its operations. Quality assurance income received from registered university students, foreign award recognition fees, institutional accreditation fees and accreditation of new curricula.

2.7.8 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.

2.7.9 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 systems.

2.7.10 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.

2.7.11 Seriously Prejudicial Matters

During the period under review there was a Civil Case. NO. 122 Of 2016 Ramadhani Kipenya & others Versus Tanzania Commission for Universities (TCU) & St. Joseph University in Tanzania (SJUIT). The plaintiffs in this matter are suing the Commission and SJUIT for negligently admitting them to an institution to a 5 years integrated degree programme which would later be suspended. The hearing of the plaintiff's case has commenced. Hearing of the matter shall proceed on the 7th February, 2019.

2.7.12 Management and Employees' Relationship

There were continued good relations between employees and management for the year 2017/18.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.

2.7.13 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 three staff are pursuing PhD studies and one staff is pursuing Masters studies as part of staff capacity building. Also members of staff have attended short courses to sharpen their skills and widen their practical knowledge while executing the Commission's daily activities.

2.7.14 Medical Assistance

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

2.7.15 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, CRDB Bank Ltd Plc and National Micro Finance Bank.

2.7.16 Persons with Disabilities

The Commission does not discriminate against disable persons during employment. 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.

2.7.17 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. However, the government has taken responsibility to pay salaries and employers pension contributions.

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.

2.7.18 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.

2.8 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.

2.9 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.

2.10 Related Party Transactions

All related party transactions and balances are disclosed in note 26 to these financial statements.

2.11 Political and Charitable Donations

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

2.12 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.

2.13 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.

2.14 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 30th June 2018.

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

BY ORDER OF THE COMMISSION

.....	21/12/2018	.....
CHAIRMAN	DATE	MEMBER

TANZANIA COMMISSION FOR UNIVERSITIES (TCU)

DECLARATION OF THE HEAD OF FINANCE / ACCOUNTING OF TANZANIA COMMISSION FOR UNIVERSITIES (TCU)

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned. It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors / Governing Body as under Directors Responsibility statement on an earlier page. I **Mabula G. Mabula** being the **Director of Finance and Administration of Tanzania Commission for Universities (TCU)** hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June 2018 have been prepared in compliance with applicable accounting standards and statutory requirements. I thus confirm that the financial statements give a true and fair view position of **Tanzania Commission for Universities (TCU)** as on that date and that they have been prepared based on properly maintained financial records.

Signed by: .....

Position: Director of Finance and Administration (DFA)

NBAA Membership No.: 2605-ACPA

Date: 21/12/2018

INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

To: Prof. Jacob P. Mtabaji
Chairman
Tanzania Commission for Universities
P. O. Box 6562
Dar Es Salaam

RE: REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF TANZANIA COMMISSION FOR UNIVERSITIES (TCU) FOR THE YEAR ENDED 30TH JUNE, 2018

Introduction

I have audited the accompanying financial statements of Tanzania Commission for Universities (TCU), which comprise the statement of financial position as at 30th June 2018, and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, including a summary of significant accounting policies and other explanatory notes set out on pages 20 to 52.

Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the TCU as at 30th June 2018, its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am independent of the TCU in accordance with the International Ethics Standards Board for Accountants` Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Commissioners are responsible for the other information. The other information comprises the Report of the Commission and the Declaration by the Head of Finance but does not include the Financial Statements and my auditor's report thereon.

My opinion on the Financial Statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the Financial Statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. During the audit of financial statements for the financial year ended 30th June, 2018, there were no key audit matters.

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

The Commissioners are responsible for the preparation and fair presentation of the Financial Statements in accordance IPSASs, and for such internal control as the Commissioners determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Commissioners are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commissioners either intend to liquidate the Commission or cease operations, or have no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In addition, Sect. 10 (2) of the PAA No.11 of 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the Law and its Regulations.

Report on Other Legal and Regulatory Requirements

Compliance with the Public Procurement Act, 2011

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, TCU procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011 and its underlying Regulations of 2013.

The engagement partner on the audit resulting in this independent auditor's report is the Controller and Auditor General.

Prof. Mussa Juma Assad
CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dar es Salaam, Tanzania.

8th February, 2019

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2018

	NOTE	2018 TZS	2017 TZS
ASSETS			
CURRENT ASSETS			
Inventories	17	10,178,940	6,959,726
Trade Receivables under exchange transactions	18	2,376,944,140	2,364,670,915
Staff Receivables under exchange transactions	19	69,549,658	63,532,156
Cash and Cash Equivalents	20	913,873,029	975,555,499
Prepayment/Deposits	25	3,500,000	3,500,000
TOTAL CURRENT ASSETS		**3,374,045,767**	**3,414,218,296**
NON-CURRENT ASSETS			
Property and Equipment (Net)	8(a)	937,974,508	1,172,134,097
Intangible Assets	8(b)	4,617,254	6,296,254
TOTAL NON-CURRENT ASSETS		**942,591,762**	**1,178,430,351**
TOTAL ASSETS		**4,316,637,529**	**4,592,648,647**
LIABILITIES			
CURRENT LIABILITIES			
Trade payables under exchange transactions	21	109,593,881	123,981,883
Other Payables under exchange transactions	22	20,822,421	69,326,058
Project Funds Payables	23	12,567,294	12,567,294
TOTAL CURRENT LIABILITIES		**142,983,596**	**205,875,235**
TOTAL LIABILITIES		**142,983,596**	**205,875,235**
NET ASSETS		**4,173,653,933**	**4,386,773,412**
NET ASSETS / EQUITY			
Capital Funds		785,700,000	785,700,000
Revaluation Reserve	24	1,036,573,252	1,036,573,252
Retained Earnings		2,351,380,681	2,564,500,160
TOTAL EQUITY		**4,173,653,933**	**4,386,773,412**
TOTAL NET ASSETS / EQUITY		**4,173,653,933**	**4,386,773,412**

THE NOTES ON PAGES 25 TO 52 FORM PARTS OF THESE FINANCIAL STATEMENTS.
AUDITORS REPORT ON PAGES 17 TO 19

NAME	.....	.....	MABULA G. MABULA
POSITION	CHAIRMAN	MEMBER	DIRECTOR, FA
REG. NO	N/A	NA	2605-ACPA
DATE	21/12/2018	21.12.18	21/12/2018

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 TZS	2017 TZS
REVENUE			
Revenue from non-exchange transactions	9	1,610,236,000	4,434,029,462
Revenue from exchange transactions	10	5,058,181,807	3,496,811,008
TOTAL REVENUE		**6,668,417,807**	**7,930,840,470**
EXPENSES			
Personnel Expenses	12	2,501,469,728	2,544,683,594
Accreditation, Admission and Grants Expenses	11	1,906,504,514	2,171,447,263
Administrative Expenses	13	1,697,395,816	1,504,895,082
Other Expenses	15	380,564,064	601,058,999
Financial Expenses	16	6,860,536	8,882,890
Depreciation and Amortization	14	376,615,227	673,654,720
TOTAL EXPENSES		**6,869,409,885**	**7,504,622,548**
SURPLUS / (DEFICIT) FOR THE YEAR		**(200,992,078)**	**426,217,922**

THE NOTES ON PAGES 25 TO 52 FORM PARTS OF THESE FINANCIAL STATEMENTS.
AUDITORS REPORT ON PAGES 17 TO 19

NAME	.....	.....	MABULA G. MABULA
POSITION	CHAIRMAN	MEMBER	DIRECTOR, FA
REG. NO	N/A	N/A	2605-ACPA
DATE	21/12/2018	21.12.18	21/12/2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2018

	Capital Fund TZS	Revaluation Reserves TZS	Retained Earnings TZS	Total TZS
2017 - 2018				
At start of year	785,700,000	1,036,573,252	2,564,500,160	4,386,773,412
Adjustments	-	-	(12,127,402)	(12,127,402)
Deficit for the year	-	-	(200,992,078)	(200,992,078)
As at 30 June 2018	**785,700,000**	**1,036,573,252**	**2,351,380,681**	**4,173,653,933**
2016 - 2017				
At start of year	785,700,000	1,036,573,252	2,217,512,738	4,039,785,990
Adjustments	-	-	(79,230,500)	(79,230,500)
Surplus for the year	-	-	426,217,922	426,217,922
As at 30 June 2017	**785,700,000**	**1,036,573,252**	**2,564,500,160**	**4,386,773,412**

THE NOTES ON PAGES 25 TO 52 FORM PARTS OF THESE FINANCIAL STATEMENTS.
AUDITORS REPORT ON PAGES 17 TO 19

NAME	.....	.....	MABULA G. MABULA
POSITION	CHAIRMAN	MEMBER	DIRECTOR, FA
REG. NO	N/A	N/A	2605-ACPA
DATE	21/12/2018	21.12.18	21/12/2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2018

	2018	2017
Cash generated From / (Used in) Operating Activities	**TZS**	**TZS**
Receipts:		
Government Subvention	1,654,534,600	1,611,979,985
Admission Fees	16,380,000	2,822,456,062
Quality Assurance Fees	3,147,704,410	2,217,015,604
Other income	1,762,208,699	722,409,601
Total Receipts	**6,580,827,709**	**7,373,861,252**
Payments:		
Personnel Expenses	(2,554,419,016)	(2,576,763,256)
Accreditation, Admission and Grants Expenses	(1,911,734,714)	(2,143,601,681)
Administrative Expenses	(1,672,774,879)	(1,523,687,343)
Other Expenses	(475,408,660)	(512,134,343)
Financial Expenses	(6,860,536)	(8,882,890)
Total Payments	**(6,621,197,805)**	**(6,765,069,513)**
Net Cash generated From / (Used in) Operating Activities	**(40,370,095)**	**608,794,340**
Cash flow From / (Used in) Investing Activities		
Cash paid for purchase of Property, plant and equipment	(21,596,698)	(33,942,514)
Cash paid for purchase of Intangibles	-	(6,716,000)
Receipts for Disposal of Property, Plant and Equipment	-	15,868,000
Net Cash flow From / (Used in) Investing Activities	**(21,596,698)**	**(24,790,514)**
Cash flow From / (Used in) Financing Activities		
Foreign Exchange (Gain) / Loss	284,322	2,369,221
Net Cash Flow From Financing Activities	**284,322**	**2,369,221**
Net Increase / (Decrease) in cash and cash equivalent	(61,682,470)	586,370,447
Cash and cash equivalent at the beginning of the year	975,555,499	389,185,052
Cash and cash equivalent at end of year	**913,873,029**	**975,555,499**

THE NOTES ON PAGES 25 TO 52 FORM PARTS OF THESE FINANCIAL STATEMENTS.
AUDITORS REPORT ON PAGES 17 TO 19

NAME	.....	.....	MABULA G. MABULA
POSITION	CHAIRMAN	MEMBER	DIRECTOR, FA
REG. NO	N/A	N/A	2605-ACPA
DATE	21/12/2018	21.12.18	21/12/2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FINANCIAL YEAR 2017/2018

	Original/Final Budget	Actual Comparable Basis	Performance Difference
	2017/2018		
REVENUE	TZS	TZS	TZS
Government Subvention	2,044,444,800	1,654,534,600	(389,910,200)
Admission Fees	20,000,000	16,380,000	(3,620,000)
QA Fees	2,783,104,000	3,147,704,410	364,600,410
Other Income	662,763,400	1,762,208,699	1,099,445,299
Cash balance from previous year	975,000,000	975,000,000	-
TOTAL REVENUE	**6,485,312,200**	**7,555,827,709**	**1,070,515,509**
EXPENSES			
Personnel Expenses	2,847,152,100	2,554,419,016	(292,733,084)
Accreditation, Admission and Grants Expenses	1,364,000,000	1,911,734,714	547,734,714
Administrative Expenses	1,727,560,000	1,672,774,878	(54,785,122)
Other Expenses	402,000,100	475,408,660	73,408,560
Finance Expenses	9,600,000	6,860,536	(2,739,464)
Capital Expenditure	135,000,000	21,596,698	(113,403,302)
TOTAL EXPENSES	**6,485,312,200**	**6,642,794,502**	**157,482,302**
Surplus / (Deficit) for the Year	**-**	**913,033,207**	**913,033,207**

THE NOTES ON PAGES 25 TO 52 FORM PARTS OF THESE FINANCIAL STATEMENTS.
AUDITORS REPORT ON PAGES 17 TO 19

NAME	.....	.....	MABULA G. MABULA
POSITION	CHAIRMAN	MEMBER	DIRECTOR, FA
REG. NO	N/A	N/A	2605-ACPA
DATE	21/12/2018	21.12.18	21/12/2018

NOTES TO THE FINANCIAL STATEMENTS

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:

Ministry of Education, Science, and Technology Building
Ground Floor
P. O. Box 6562,
7 Magogoni Street
11479, Dar es Salaam - Tanzania

Tel. Gen:	+255 (0) 22 2113694
Direct Line:	+255 (0) 22 2113691
Fax:	+255 (0) 22 2113692
Email:	es@tcu.go.tz
Website:	www.tcu.go.tz

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 Commissionhave 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 9th 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 40: Public Sector Combinations	Effective for annual financial statements covering periods beginning on or after 1 January 2019

The above new and revised IPSAS and Amendments was issued but not yet effective and therefore has 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 SUMMARIES 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.

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 OtherComprehensive 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 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 Commissionrecognizes 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 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%
4	Computers	25%
5	Office Equipment	15%
6	Office Furniture	15%
7	Motor Vehicles	25%
8	Intangible Assets	25%
9	Fixture and Fittings - Partitions	50%

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.

Fixture and fittings-Partitions is recognized as assets when costs are incurred and shall be depreciated depending on the duration of lease agreement.
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 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.

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.

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.
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.

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.

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 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 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), Public Service Pension Fund (PSPF) and National Social Security Fund (NSSF). The Commission and the employees contribute 15% or 10% and 5% or 10% 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.

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 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 Carry out revaluation of property, Plant and Equipment (PPE) every three years or anytime as may be directed or where circumstances necessitate valuation of assets. The Commission engaged independent valuation specialists to determine fair value as at 30thJune, 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.

Stocks and Stores (inventory)

Stocks and store (Inventory) are measured at costs upon initial recognition. The extent that inventory was received through non exchange transactions (for no cost or for nominal costs) the costs of the inventory is its fair value at the date of acquisition.
Inventories are recognized as expenses when deployed for utilization or consumption in the ordinary course of operations of the Commission using FIFO method.

NOTE 8 (a) PROPERTIES, PLANT AND EQUIPMENT

CURRENT YEAR 2017/2018

Description	Leasehold Land	Buildings	Computers	Office Equipment	Furniture & Fittings	Motor Vehicles	Fixture and Fittings-Partitions	Total
	Tzs	Tzs	Tzs	Tzs	Tzs	Tzs	Tzs	Tzs
% Rates	0	0.04	0.25	0.15	0.15	0.25	0.5	
Costs and revaluation								
Cost - As at 01.07.2017	477,000,000	77,000,000	206,166,969	98,630,315	191,678,020	548,000,000	456,586,388	2,055,061,692
Additions - Current year	-	-	10,723,250	5,857,680	5,546,768	-	-	22,217,698
Disposal - Current year	-	-	-	-	-	-	-	-
Carrying Amount at costs/revaluation as at 30.06.2018	477,000,000	77,000,000	216,890,219	104,487,995	197,224,788	548,000,000	456,586,388	2,077,189,390
Accumulated as at 01.07.2017	-	6,160,000	87,111,706	26,837,786	51,256,148	274,000,000	437,561,955	882,927,595
Depreciation	-	3,080,000	52,486,971	15,250,834	29,445,049	137,000,000	19,024,433	256,287,287
Disposal - Current year	-	-	-	-	-	-	-	-
Total Accumulated Depreciation and Impairment	-	9,240,000	139,598,677	42,088,620	80,701,197	411,000,000	456,586,388	1,139,214,882
Net Assets as at 30.06.2018	477,000,000	67,760,000	77,291,542	62,399,375	116,523,591	137,000,000	-	937,974,508

PREVIOUS YEAR 2016/2017

Description	Leasehold Land	Buildings	Computers	Office Equipment	Furniture & Fittings	Motor Vehicles	Fixture and Fittings-Partitions	Total
	Tzs	Tzs	Tzs	Tzs	Tzs	Tzs	Tzs	Tzs
% Rates	0	0.04	0.25	0.15	0.15	0.25	0.5	
Costs and revaluation								
Cost - As at 01.07.2016	477,000,000	77,000,000	185,354,855	140,019,815	193,728,120	548,000,000	456,586,388	2,077,689,178
Additions - Current year	-	-	26,230,114	1,300,000	6,412,400	-	-	33,942,514
Disposal -Current year	-	-	(5,418,000)	(42,689,500)	(8,462,500)	-	-	(56,570,000)
Carrying Amount at costs/revaluation as at 30.06.2017	477,000,000	77,000,000	206,166,969	98,630,315	191,678,020	548,000,000	456,586,388	2,055,061,692
Accumulated as at 01.07.2016	-	3,080,000	44,737,037	34,598,989	31,198,565	137,000,000	152,195,463	402,810,054
Depreciation	-	3,080,000	47,724,669	14,648,297	28,431,083	137,000,000	285,366,492	516,250,541
Disposal - Current year	-	-	(5,350,000)	(22,409,500)	(8,373,500)	-	-	(36,133,000)
Total Accumulated Depreciation and Impairment	-	6,160,000	87,111,706	26,837,786	51,256,148	274,000,000	437,561,955	882,927,595
Net Assets as at 30.06.2017	477,000,000	70,840,000	119,055,263	71,792,529	140,421,872	274,000,000	19,024,433	1,172,134,097

NOTE 8 (b) INTANGIBLE ASSETS 2017/2018

						25% Amortization			Carrying Amount	
Software	Date of Effective Usage	Date of Upgrade	Cost / Valuation	Upgrade Cost	Total Cost / Valuation	As at 30.06.2017	Carrying for the year	As at 30.06.2018	As at 30.06.2018	As at 30.06.2017
Central Admission System	Mar-13		121,495,000	-	**121,495,000**	121,494,999	-	**121,494,999**	**1**	**1**
Aruti Software (Payroll Module)	Apr-13		5,600,000	-	**5,600,000**	5,599,999	-	**5,599,999**	**1**	**1**
Programme Management System (PMS)	Apr-13		14,500,000	-	**14,500,000**	14,499,999	-	**14,499,999**	**1**	**1**
Asset Management Enterprises Software	Jul-12	Apr-17	8,058,000	6,716,000	**14,774,000**	8,477,750	1,679,000	**10,156,750**	**4,617,250**	**6,296,250**
Documents Management System	Jul-12		11,850,000	-	**11,850,000**	11,850,000	-	**11,850,000**	**-**	**-**
Sage Pastel Version 11.2	Jul-13		9,551,360	-	**9,551,360**	9,551,359	-	**9,551,359**	**1**	**1**
TOTAL			**171,054,360**	**6,716,000**	**177,770,360**	**171,474,106**	**1,679,000**	**173,153,106**	**4,617,254**	**6,296,254**

TANZANIA COMMISSION FOR UNIVERSITIES

REPORT OF THE COMMISSION
FOR THE YEAR ENDED 30TH JUNE 2018

		2018 TZS	2017 TZS
NOTE 9	**REVENUE FROM NON EXCHANGE TRANSACTIONS**		
	Government Subvention	1,593,856,000	1,611,573,400
	Admission Fee (CAS)	16,380,000	2,822,456,062
	TOTAL	**1,610,236,000**	**4,434,029,462**
NOTE 10	**OTHER INCOME FROM EXCHANGE TRANSACTIONS**		
	Institutional Fees	1,040,719,588	325,817,980
	Grants, Donation and Contributions	167,850,700	117,360,732
	Quality Assurance Fees	3,206,214,000	2,628,245,438
	Miscellaneous Income	643,397,519	425,386,858
	TOTAL	**5,058,181,807**	**3,496,811,008**
NOTE 11	**ACCREDITATION,ADMISSION AND GRANTS**		
	Visitation and Evaluation Expenses(Local)	308,571,870	272,531,479
	Admission Expenses	345,078,659	114,050,663
	Certificate Evaluation Expenses	7,905,200	5,400,000
	Grants Expenses	202,171,000	262,111,673
	Programme Evaluation Expenses	566,200,752	514,247,720
	Task Force Expenses	68,684,923	88,674,135
	Quality Assurance Expenses	278,136,994	456,579,602
	Central Admission System (CAS)	-	397,167,338
	NICHE Project	206,440	1,717,819
	Higher Education Forum	-	25,900,000
	Printing expenses	41,882,677	33,066,834
	ESPJ Project	87,666,000	-
	TOTAL	**1,906,504,514**	**2,171,447,263**

NOTE 12	STAFF COSTS / (BENEFITS)	2018	2017
		TZS	TZS
	Salaries and Wages	1,803,901,048	1,851,393,283
	Housing Allowance	123,420,000	178,170,000
	Transport / Fuel Allowance	13,800,000	13,800,000
	Hospitality Allowance	19,120,000	12,694,000
	Overtime Allowance	119,555,000	93,519,000
	Staff Welfare	33,629,287	33,678,150
	Pension Contribution Employer / Gratuity	22,463,090	5,872,862
	Staff Insurance	3,424,252	13,939,646
	Other Allowances	111,516,710	125,901,900
	Responsibility Allowance	61,652,518	50,635,053
	Leave Travel Allowance	63,630,200	60,731,100
	Short term Training (Local)	79,201,950	76,129,500
	Short-term Training (Foreign)	-	1,386,000
	Long-term Training (Foreign)	46,155,673	26,833,100
	TOTAL	**2,501,469,728**	**2,544,683,594**

NOTE 13	ADMINISTRATION EXPENSES		
	Travelling on Duty (Local)	197,130,408	157,786,630
	Travelling on Duty (Foreign)	35,927,193	17,246,400
	Recruitment and Transport	18,160,000	14,130,000
	Stationery and Office Supplies	67,457,136	72,908,819
	Telephone, Fax and Internet	34,008,178	21,458,597
	Electricity	82,737,506	80,601,141
	Postage and Telegrams	6,983,272	6,400,238
	Property Insurance	7,126,493	9,852,443
	Legal Matters	16,790,000	6,400,000
	Office general Cleanliness	18,304,600	21,365,304
	Land Rent and Taxes	-	688,311
	Security Expenses	26,049,120	39,887,515
	Maintenance and Repair of Computer	-	8,971,980
	System Development and Acquisition	51,438,358	25,123,097
	Computer Accessories	2,284,000	1,375,000
	Fuel and Oil	41,084,923	40,504,747
	Maintenance of Motor Vehicles	44,301,860	39,161,659

NOTE 13	ADMINISTRATION EXPENSES	2018	2017
		TZS	TZS
	Motor Vehicle Insurance	20,243,784	18,877,271
	Tyres and Tubes	9,556,264	5,914,810
	Repair of Offices	159,341,088	13,057,479
	Repair of Office Equipment & Furniture	7,137,928	11,426,035
	Rental Expenses	501,595,217	546,076,099
	Commission Expenses	109,887,000	126,509,668
	Commission Committee Expenses	201,801,488	182,136,840
	Tender Board Committee Expenses	9,800,000	15,390,000
	Audit Committee Expenses	27,850,000	18,895,000
	Workers Council and annual staff retreats	400,000	2,750,000
	TOTAL	**1,697,395,816**	**1,504,895,082**

NOTE 14	DEPRECIATION/AMORTIZATION EXPENSES		
	Depreciation Expenses	256,287,287	516,250,541
	Amortization of Intangibles	1,679,000	26,825,503
	Impairment	-	126,009,676
	Disposal (Loss)	-	4,569,000
	Write-off Expenses	118,648,940	-
	TOTAL	**376,615,227**	**673,654,720**

NOTE 15	OTHER EXPENSES		
	Advertising and Publicity	27,181,440	28,855,300
	Newsletters, Newspapers and Periodicals	11,722,800	16,706,040
	Research/Evaluation and Consultancy Expenses	-	9,000,000
	Annual fees, Contributions and Events	-	15,800,000
	Audit Fees	26,500,000	25,421,440
	Taxes and Penalties	45,000,000	352,945,370
	Exhibition Expenses	270,159,824	152,330,849
	TOTAL	**380,564,064**	**601,058,999**

		2018	2017
		TZS	TZS
NOTE 16	**FINANCE EXPENSES**		
	Bank Charges	6,860,536	8,882,890
	TOTAL	**6,860,536**	**8,882,890**
NOTE 17	**INVENTORIES**		
	Stationeries	10,178,940	6,959,726
	TOTAL	**10,178,940**	**6,959,726**
NOTE 18	**TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Abdul Rahman Al-Sumait University	460,000	460,000
	Arch Bishop James University College	36,452,000	63,952,000
	Archbishop Mihayo University College of Tabora	1,522,000	27,712,000
	Ardhi University	107,262,000	91,717,680
	Mwl Julius Nyerere University of Agr & Technology	-	7,000,000
	Cardinal Rugambwa Memorial University College	4,236,000	4,416,000
	Catholic University of Health and Allied Sciences	4,000,000	4,000,000
	CRDB Bank Plc	-	20,820,000
	Dar es Salaam University College of Education	66,004,490	53,476,000
	Eckernforde Tanga University	45,773,000	32,367,000
	Global Education Link	-	5,000,000
	Hubert Kairuki Memorial University	-	1,192,000
	International Medical and Technological University	31,766,000	25,624,000
	Jomo Kenyatta University of Agriculture & Technology	10,372,000	5,004,000
	Jordan University College	6,714,000	2,192,000
	Josiah Kibira University College	49,448,000	36,016,000
	Kampala International University	-	19,620,000
	Karume Institute of Science & Technology	-	224,000
	Katavi University of Agriculture	-	10,000,000

NOTE 18 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2018	2017
	TZS	TZS
Kenyatta University	-	4,000,000
Kilimanjaro Christian Medical College	14,530,000	13,168,000
Marian University College	13,536,000	11,644,000
Ministry of Education Science and Technology	11,446,985	76,566,245
Mkwawa University College of Education	71,842,279	60,769,979
Moshi Co-operative University	-	4,016,000
Mount Meru University	58,082,000	38,920,000
Muhimbili University of Health & Allied Sciences	55,633,600	71,960,000
Muslim University of Morogoro	7,542,000	2,064,000
Mzumbe University	318,952,000	237,068,000
Nelson Mandela African Institute of Science & Technology	14,444,000	7,024,000
Open University of Tanzania	197,047,000	355,039,000
Phoenix T Assurance Ltd	16,503,970	16,503,970
Ruaha Catholic University College	25,690,000	7,680,000
Sebastian Kolowa Memorial University	66,018,000	49,968,000
Sokoine University of Agriculture	133,784,000	128,764,000
St. Augustine University of Tanzania	164,460,000	89,992,000
St. Francis Unv College of Health and Allied Sciences	230,000	8,000,000
St. John's University of Tanzania	83,924,800	156,140,000
St. Joseph University in Tanzania	6,828,000	-
State University of Zanzibar	68,672,000	36,512,000
Stefano Moshi Memorial University College	44,148,000	13,480,000
Stella Maris Mtwara University College	37,628,000	69,144,000
Tanzania International University	-	7,000,000
Teofilo Kisanji University	106,296,000	90,206,000
Teofilo Kisanji University - Tabora	18,572,000	14,544,000
Teofilo Kisanji University - DSM Centre	7,518,000	-
Tumaini University Dar es Salaam College	39,358,000	23,416,000

NOTE 18 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2018	2017
	TZS	TZS
Tumaini University Makumira and Mbeya	37,652,000	29,472,000
United African University of Tanzania	448,000	3,588,000
University of Arusha	5,434,000	10,384,000
University of Bagamoyo	26,544,000	22,544,000
University of Dar es Salaam	271,162,000	239,452,000
University of Dodoma	427,934,000	372,492,000
University of Iringa	41,896,980	15,780,980
UTUMISHI	51,930,952	112,609,552
Zanzibar University	16,454,000	31,130,000
TOTAL	2,826,152,056	2,841,834,406
Less: Provision for Doubtful Debts	(449,207,916)	(477,163,491)
TOTAL	**2,376,944,140**	**2,364,670,915**

AGEING OF TRADE RECEIVABLES		
1 - 6 Months	1,029,320,390	933,180,444
6 - 9 Months	-	-
9 - 12 Months	21,446,985	37,783,000
Over 1 Year	1,775,384,681	1,870,870,962
TOTAL	**2,826,152,056**	**2,841,834,406**

NOTE 19 STAFF RECEIVABLES

Loans		
Sub Total 1	55,317,660	37,183,014
Outstanding Imprest		
Sub Total 2	14,231,998	26,349,142
TOTAL	**69,549,658**	**63,532,156**

		2018	2017
		TZS	TZS
NOTE 20	CASH AND CASH EQUIVALENTS		
	General Account CRDB	45,846,514	(10,059,546)
	Revolving Fund CRDB	125,979,785	211,987,501
	Carnegie Project CRDB	18,483,566	16,542,799
	World Bank Project CRDB	-	-
	CBA Account	-	1,781,396
	CAS Account CRDB	214,571,491	19,903,440
	Bank of Tanzania	507,704,541	732,555,858
	CAS Account NBC	-	1,392,287
	NICHE/TIMBE Project	1,287,131	1,451,764
	TOTAL	**913,873,029**	**975,555,499**

NOTE 21	TRADE PAYABLES FROM EXCHANGE TRANSACTIONS		
	Tanzania Telecommunication Company	4,602,227	5,317,620
	Antelope Tours and Travel Services Ltd	1,572,000	3,538,400
	Masumin Printways and Stationers Ltd	-	1,384,310
	State Oil T Ltd	3,508,980	2,790,860
	Copier Solutions	-	660,000
	Reos Insurance Co Ltd	23,613,938	2,400,526
	Mabeyo Enterprises	5,426,000	-
	Toyota Tanzania	2,488,688	-
	Zamzam Stationery Supermarket	1,837,248	-
	Abdulhakim Amani	1,101,600	1,129,440
	Tanzania Electric Co. Ltd	-	6,160,691
	Mlimani Properties	-	1,239,280
	Knight Support T Ltd	1,787,700	-
	Simply Computers Ltd	5,752,500	-
	Computer Centre Tanzania Ltd	3,523,000	-
	Commissioner for Domestic Revenue - Ilala	-	94,816,756
	SUB TOTAL	**55,213,881**	**119,437,883**

		2018	2017
		TZS	TZS
NOTE 21	**ADVANCE FROM CUSTOMERS**		
	Aga Khan University - Tanzania Institute of Higher Edu	712,000	508,000
	Hubert Kairuki Memorial University	1,716,000	-
	Kampala International University	6,008,000	-
	Mwenge University College of Education	184,000	40,000
	Mbeya University of Science and Technology	29,304,000	3,692,000
	Moshi Co-operative University	16,456,000	-
	Mzumbe University - Mbeya	-	304,000
	SUB TOTAL	**54,380,000**	**4,544,000**
	TOTAL	**109,593,881**	**123,981,883**
NOTE 22	**OTHER PAYABLES UNDER EXCHANGE TRANSACTIONS**		
	Provision for Audit Fees	26,500,000	26,424,000
	PPF	(215,027)	(173,237)
	NSSF	(450,900)	(459,250)
	NIC	460,272	(65,114)
	SSSS	4,500,000	4,500,000
	UDSM NBC	1,154,838	1,154,837
	HESLB	-	150,400
	Withholding Tax / Stamp Duty	(10,883,689)	32,426,121
	THTU	3,300	5,368,300
	PSPF	(155,200)	-
	LAPF	(11,450)	-
	NHIF	(79,724)	
	TOTAL	**20,822,421**	**69,326,058**
NOTE 23	**PROJECT FUNDS PAYABLE**		
	CATS Project Funds	12,567,294	12,567,294
	TOTAL	**12,567,294**	**12,567,294**

		2018	2017
		TZS	TZS
NOTE 24	**REVALUATION RESERVE**		
	Balance as at 1 July 2017	1,036,573,252	1,036,573,252
	Valuation during the year	-	-
	Balance as at 30 June 2018	**1,036,573,252**	**1,036,573,252**

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 Tzs. 953,925,296.

NOTE 25	**PREPAYMENT / DEPOSITS**		
	Security Deposit	3,500,0000	3,500,000
	TOTAL	**3,500,000**	**3,500,000**

NOTE 26 **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 2018 are shown below:-

	2018	2017
	TZS	TZS
Key Management Employees		
Short-term Employee Benefits	456,605,633	449,788,778
Post-employment Benefits	-	-
	456,605,633	**449,788,778**
Number of Key Management Personnel	6	6
Commissioners' Emoluments		
Commissioners Annual Fees / Meetings	109,887,000	126,509,668
	109,887,000	**126,509,668**
Number of Commissioners	7	7

NOTE 27 CONTINGENT LIABILITIES

As at 30th June, 2018 the Commission has total unsettled contingent liabilities amounting to Tzs. 1,901,494,889 in relation to disputed PAYE (Pay As You Earn - amounting to Tzs. 1,339,450,366 - made up of Tzs. 1,310,200,366 in respect of Tax debit no. 437327704 and Tzs. 29,250,000 in respect of Tax debit no. 437327705) and SDL (Skills and Development Levy - amounting to Tzs. 562,044,523 - made up of Tzs. 532,794,523 in respect of Tax debit no. 437327714 and Tzs. 29,250,000 in respect of Tax debit no. 437327715) payable to TRA arising from tax assessments for the years July 2012 - 2016. The matter was submitted to Hon. Minister of Finance and Planning for guidance and waiver as per letter with Ref. No. CBC.199/272/01/26 dated 10/2/2017. TCU has committed to pay monthly installment of Tzs. 15,000,000 via the letter with Ref: TCU/BE.23/248/01/32 dated 18th April 2018 until the dispute is resolved and has paid Tzs. 45,000,000 so far.

NOTE 28 CAPITAL COMMITMENTS

The Commission had no capital commitments as at 30th June, 2018.

NOTE 29 NUMBER OF EMPLOYEES

The number of employees at the end of the year was 49 (30th June, 2017: 51)

NOTE 30 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 30th June, 2018.

NOTE 31 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.

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 32 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 7th 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 Tzs. 16,503,970. The Tanzania Police has issued the report with Ref. No. KIN/CID/B.1/1/VOL.99/164 dated 20th November 2017 as conclusion for the investigation. Our Insurer Ms. Phoenix of Tanzania Assurance Co. Ltd, through REOS Insurance Brokers Ltd furnished with the police report so that they can process for insurance compensation. The matter is being handled by insurers and the Security Company.

NOTE 33 COMPARATIVE FIGURES

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

NOTE 34 EVENTS AFTER THE REPORTING DATE

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

NOTE 35 DETAILS ON STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FINANCIAL YEAR 2017/2018

	Original / Final Budget	Actual Comparable Basis	Performance Difference	Remarks
	2017/2018			
	TZS	TZS	TZS	
Government Subvention	2,044,444,800	1,654,534,600	(389,910,200)	The decrease was due to transfer of staff from TCU to other institutions and lack of permit to employ new staff.
Admission Fees	20,000,000	16,380,000	(3,620,000)	Number of applicants decreased for application requested for No Objection Certificates for foreign students.
QA Fees	2,783,104,000	3,147,704,410	364,600,410	The increases were due to payment of previous years' outstanding quality assurance fees.
Other Income	662,763,400	1,762,208,699	1,099,445,299	The increase was due to the re-audit of institutions that had shortfalls on QA issues and funds for implementation of ESPJ initiatives.
Cash balance from previous year	975,000,000	975,000,000	-	
TOTAL REVENUE	**6,485,312,200**	**7,555,827,709**	**1,070,515,509**	
Personnel Expenses	2,847,152,100	2,554,419,016	(292,733,084)	The decrease was due to cost cutting measure regarding allowances.
Accreditation, Admission and Grants Expenses	1,364,000,000	1,911,734,714	547,734,714	Increase was because of re auditing, verification and impromptu visits to check and monitor QA issues to institutions with QA challenges and increased number of programmes required accreditation.
Administrative Expenses	1,727,560,000	1,672,774,878	(54,785,122)	Administrative services were fairly maintained due to cost cutting measures.
Other Expenses	402,000,100	475,408,660	73,408,560	Increase in other expenses was due to charges for penalties and fines from TRA but others were fairly maintained.
Financial Expenses	9,600,000	6,860,536	(2,739,464)	Bank transactions cost decreased.
Capital Expenditure	135,000,000	21,596,698	(113,403,302)	Some office facilities (computers, furniture, and office equipment) were acquired during the year while waiting for transfer of offices to MoEST building where good number facilities would be acquired.
TOTAL EXPENSES	**6,485,312,200**	**6,642,794,502**	**157,482,302**	
Surplus / (Deficit) for the Year	-	**913,033,207**	**913,033,207**	