



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

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL  
STATEMENTS OF THE INSTITUTE OF SOCIAL WORK  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2018**

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Dar es Salaam, Tanzania

January, 2019

AR/ISW/2019

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## INSTITUTE OF SOCIAL WORK

### ABBREVIATION AND DEFINITIONS OF TERMS:

BG	Board of Governors
CAG	Controller and Auditor General
CBET	Competence-BASED Education and Training
CWCY	Community Work with Children and Youth
ICT	Information Communication Technology
INTOSAI	International Organization of Supreme Audit Institutions
IPSASs	International Public Sector Accounting Standards
IRC	Information Resource Centre
ISA	International Standards on Auditing
ISW	Institute of Social Work
ISWOSO	Institute of Social Work Student Organization
NACTE	National Council for Technical Education
NAO	National Audit Office
OC	Other Charges
PAA	Public Audit Act,2008
PPA	Public Procurement Act, 2011
PPE	Property, Plant and Equipment
PPR	Public Procurement Regulations 2013
TASWO	Tanzania Association of Social Workers
TCU	Tanzania Commission for Universities
TUCTA	Trade Union Congress of Tanzania
URT	United Republic of Tanzania
VAT	Value Added Tax

## INSTITUTE OF SOCIAL WORK

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

### 1.0 GENERAL INFORMATION

(Established under Article 143 of the Constitution of the URT)

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

#### Vision

To be a 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.

#### Core Values

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 behaviour, 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.
- ✓ **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 appropriate training, adequate working tools and facilities that promote their independence.

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### **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.

### **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 in Sect. 10 (1) of the Public Audit Act No.11 of 2008.

### **Audit Scope**

The audit was 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 covered the evaluation of the effectiveness of the financial accounting system and internal control over various activities of the Institute of Social Work.

The audit was conducted on a sample basis; therefore, the findings are 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 Institute of Social Work.

As auditor, I am not required to specifically search for fraud and therefore, my audit cannot be relied upon to disclose all such matters. However, my audit was planned in such a way that I 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 Institute of Social Work.

### **Audit Methodology**

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

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### **Audit Methodology (Continued)**

- 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 to ensure that proper action has been taken in respect of all matters raised.

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## **INSTITUTE OF SOCIAL WORK**

### **1.1 BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018**

#### **1.1.1 INTRODUCTION**

The Institute of Social Work (ISW) was established by the National Social Welfare Training Institute Act No. 26 of 1973, which received Presidential assent on 6<sup>th</sup> December, 1973. The objectives and functions of the Institute included the provision of facilities for training, research and consultancy in the principles, procedures and techniques of community development, social welfare and such other related subjects as the Board may from time to time decide.

The Institute was renamed the Institute of Social Work by the Written Laws (Miscellaneous Amendments) Act No. 3 of 2002 which received Presidential assent on 14<sup>th</sup> December, 2002. The Institute is operating under the Ministry of Health, Community Development, Gender Elderly and Children (MoHCDGEC).

The overall Governance of the Institute is vested to the Board of Governors (hereinafter the Board), while the day to day activities are under the direction of the Rector.

The Board of Governors presents its report and the Financial Statements for the year ended 30<sup>th</sup> June, 2018 which sets out the state of affairs of the Institute.

#### **2.0 OBJECTIVES AND FUNCTIONS (PRINCIPAL ACTIVITIES) OF THE INSTITUTE**

The principal objectives and functions of the Institute of Social Work as per Section 4 of the Act No. 26 of 1973 include: -

- a) To provide facilities for study of, and for training in, the principles, procedures and techniques of community development, and social welfare and such other related subjects as the Board may from time to time decide.
- b) To conduct training programs leading to professional qualification in generic and multifunctional, social practice and development and such other related subjects as the Board may from time to time decide.
- c) To stimulate and promote the pursuit of students of specialized and higher professional course of study in social work in accordance with national policies and development requirements.
- d) To create a sense of responsibility in the student and to prepare them to work with the people of Tanzania for the benefit of the nation.



## **INSTITUTE OF SOCIAL WORK**

### **BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018 (Continued)**

#### **OBJECTIVES AND FUNCTIONS (PRINCIPAL ACTIVITIES) (Continued)**

- e) To co-operate with Government of the United Republic of Tanzania and other persons or organizations in the carrying out any of the purposes for which the Institute was established.
- f) To sponsor and arrange facilities for conferences and seminars to discuss matters relating to welfare and social development.
- g) To conduct examination and to grant diploma, certificates, and other awards of the Institute.
- h) To arrange for the publication and general dissemination of materials produced in connection with the work and activities of the Institute.

#### **3.0 SOLVENCY**

The Board has reviewed the current financial position of the Institute. On the basis of the review, the members of the Governing Board are of the opinion that the Institute's position is as expressed in the Financial Statements and that it has been prepared on an ongoing concern basis. The Institute has enough resources to enable it to run its operations for the foreseeable future.

#### **4.0 VISION OF THE INSTITUTE**

Leading provider of high quality training, research and consultancy services in Social Work and all responsive to societal and global needs.

#### **5.0 MISSION OF THE INSTITUTE**

To continuously transform individuals` and community`s life by conducting high quality training programs, research and consultancy services that lead to socio-economic development of the country.

## INSTITUTE OF SOCIAL WORK

### BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018 (Continued)

#### 6.0 MEMBERSHIP OF THE BOARD OF GOVERNORS

The Board members for the year ended 30<sup>th</sup> June, 2018 is provided under table 1 below:

**Table 1: List of Board Members**

S/N	Name	Position	Age	Date Appointed	No of meetings attended	Qualifications
1	Prof. Lucian Msambichaka	Chairperson	75	25-10-2014	4	PhD (Agricultural Economics)
2	Prof. Tumsifu Nnkya	Member	62	25-10-2014	4	PhD(Urban Planning)
3	Prof. Godwin Mjema	Member	62	25-10-2014	4	PhD (Economics)
4	Dr. Herman Moshi	Member	72	20-10-2014	4	PhD (Economics)
5	Dr. Joyce Nyoni	Member	49	25-10-2014	4	PhD (Sociology)
6	Mr. John Philemon	Member	28	20-05-2016	4	Bachelor Social Work
7	Mrs. Monica Nkhoma	Member	63	25-10-2014	4	MA (Education)
8	Eng. Leoni Msimbe	Member	65	25-10-2014	4	MSc (Civil Engineering)
9	Mr. Rabikira Mushi	Member	58	25-10-2014	2	Advanced Diploma in Social Work
10	Dr. Naftari Ng'ondi	Member	50	01-01-2018	2	PhD (Sociology)
11	Mr.Sauli Kinemela	Member	62	25-10-2014	4	LLB
12	Dr. Abu Mvungi	Secretary	63	25-10-2014	2	PhD (Sociology)
13	Dr. Zena Mabeyo	Secretary	50	01-01-2018	2	PhD (Psychology)

## INSTITUTE OF SOCIAL WORK

### BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018 (Continued)

The Board met four times during the reporting year and endorsed matters discussed by its committees.

All members of the Governing Board were Tanzanians.

#### 6.1 COMMITTEES OF THE BOARD OF GOVERNORS

There were four Committees of the Board. The composition and responsibilities of each committee were as hereunder:

##### a) Academic Committee

The list of Academic Committee members as at 30<sup>th</sup> June, 2018 is as shown in Table 2.

**Table 2: Members of the Academic Committee of the Board**

	Name	Position	Qualification	Responsibilities
	Prof. Tumsifu Nnkya	Chair person	PhD (Urban Planning)	Responsible for advising the Board on academic issues relating to technical, regulation and compliance to Government, NACTE and TCU standards and directives.
	Mr. John Philemon	Member	Bachelor Social Work	
	Dr. Joyce Nyoni	Member	PhD (Sociology)	
	Mrs. Monica Nkhoma	Member	MA (Education)	
	Dr. Zena Mabeyo	Secretary	PhD (Psychology)	

The Committee met six times during the year and discussed academic issues relating to technical, regulations and compliance. It approved admission of students for the academic year 2017/2018; examination regulations and academic prospectus for the year 2017/2018-2018/2019; appointment of the external examiners; Links and Cooperation policy; Library policy and Field Work Manual. It also reviewed, deliberated and recommended for approval of examination results for the year 2017/2018 including appeals, postponements, deferred and special examinations.

## INSTITUTE OF SOCIAL WORK

### BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018 (Continued)

#### COMMITTEES OF THE BOARD OF GOVERNORS (Continued)

##### b) Audit Committee

The list of Audit Committee members as at 30th June, 2018 is as shown in Table 3.

**Table 3: Members of the Audit Committee of the Board**

S/N	Name		Position	Qualification	Responsibilities
1	Dr. Herman Moshi		Chairperson	PhD (Economics)	Responsible for advising the Board on all matters on the internal controls, risk management and good governance.
2	Eng. Leoni Msimbe		Member	MSc (Civil Engineering)	
3	Dr. Joyce Nyoni		Member	PhD (Sociology)	
4	Mr. Remi Urrio		Member	CPA(T)	
5	Ms. Neema Kiure-Mssusa		Secretary	CPA(T)	

The Committee met seven times during the year and discussed quarterly internal audit reports associated with internal controls, risk management, and good governance of the Institute.

The Committee received draft Financial Statement for the year ended 30<sup>th</sup> June 2017 and approved it for submission to the Controller and Auditor General. Internal Audit Annual Plan for the year 2017/2018. In addition, it received and discussed Audit Report for the year 2016/2017 from CAG and commended the Management for obtaining a clean audit report for six consecutive years and for emerging the first winner in best presented Financial Statements awards under Universities and Higher Learning Institutions category issued by NBAA. Furthermore, the Committee received and discussed the Market strategy and ISW Strategic plan 2017/18-2021/22.

##### c) Finance and Planning Committee

The list of Planning and Finance Committee members as at 30th June, 2018 is as shown in Table 4

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**BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)**

**COMMITTEES OF THE BOARD OF GOVERNORS (Continued)**

**Table 4: Members of the Planning and Finance Committee of the Board**

S/N	Name	Position	Qualification	Responsibilities
1	Prof. Godwin Mjema	Chairperson	PhD (Economics)	Responsible for advising the Board on all financial and planning issues to ensure financial sustainability and the highest standards of financial management controls.
2	Prof. Tumsifu Nnkya	Member	PhD (Urban Planning)	
3	Dr. Herman Moshi	Member	PhD (Economics)	
4	Dr. Zena Mabeyo	Secretary	PhD (Psychology)	

The Committee met five times during the year and discussed procurement, budget and financial management issues. It reviewed and approved various implementation reports (including Annual Procurement Plan 2016/17, quarterly Procurement Report of 2017/2018, Statement of Financial Performance for 2016/2017, and quarterly financial performance report for 2017/2018), Strategic Plan, Land Use Master Plan, write-off of outstanding debts and ICT policy.

**d) Staff Employment, Development and Disciplinary Committee**

The list of Staff Employment, Development and Disciplinary Committee members as at 30th June, 2018 is as shown in Table 5.

**Table 5: Members of the Staff Employment, Development and Disciplinary Committee of the Board**

S/N	Name	Position	Qualification	Responsibilities
1	Dr. Zena Mabeyo	Chairperson	PhD (Psychology)	Responsible for advising the Board on all matters concerning with staffing, employment, discipline and human resources development.
2	Mr. Rabikira Mushi	Member	Advanced Diploma in Social Work	
3	Mr.Sauli Kinemela	Member	LLB	
4	Ms.Monica Nkhoma	Secretary	MA (Education)	

## **INSTITUTE OF SOCIAL WORK**

### **BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018 (Continued)**

#### **COMMITTEES OF THE BOARD OF GOVERNORS (Continued)**

The Committee met five times during the year and discussed employee matters and Strategic Plan. It approved promotion and confirmation of employees, transfers, long-term training and verification of academic certificates.

#### **7.0 REVIEW OF INSTITUTE'S PERFORMANCE**

##### **7.1 Financial Performance**

During the year under review the Institute recorded a surplus of TZS 74,683,113 as compared to a deficit of TZS 36,843,428 during the year 2016/17. The surplus was mainly due to the receipt of TZS 37,400,000 as a grant from University Research Co LLC USAID which had no operating conditions as well as a decrease in impairment of receivables.

##### **7.2 Financial Position**

The Net Asset of the Institute decreased from TZS 52,292,085,821(2017) to TZS 51,938,088,126 (2018). The decrease in Net Asset was mainly due to increase of current liabilities from TZS 935,000,407 (2017) to TZS 1,295,616,681 (2018).

##### **7.3 Cash Flow**

Statement of Cash Flow indicated the increase in Cash and Cash Equivalent at the end of the financial year by TZS. 390,502,813. This has been mainly attributed by: -

- Increase in collections from course fee by TZS 227,528,015.
- Decreases in cash used in investing activities by TZS 123,266,648.

##### **7.4 Key Performance Indicators**

Key Performance indicators (both financial and non-financial) were used by the Institute to assess the Institute's performance. The indicators were derived from the Institute's Strategic Plan were used to assess the performance against strategic objectives. A brief analysis of the performance indicators is shown in the table 6.

INSTITUTE OF SOCIAL WORK

BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

REVIEW OF INSTITUTE'S PERFORMANCE (Continued)

Table 6: Key Performance Indicators

OBJECTIVE	TARGET	PERFORMANCE INDICATORS	FY 2017/18	FY 2016/17
Improved quality of academic programs	Establish demand-driven academic programs	Number of programs established	One (1) situation analysis was conducted and the curriculums for establishment of Master's degree in Human Resource Management was in the final stage	Two (2) programs established which enrolled hundred and six (106) students; -Business Administration (seventy-one (71) students) -CWCY (thirty-five (35) students)
	Increase enrolment	Number of eligible applicants selected and admitted	1,185 students were admitted	1,246 students were admitted
Improved organizational governance	Institution's operational policies and regulations reviewed by June 2018.	Number of policies reviewed	Four (4) policies which are Field Work Manual, ICT Policy, Links and Cooperation Policy and Library Policy were approved for use by the Board of Governors	Three (3) policies and one (1) regulation in progress (Links and Cooperation Policy, Library Policy, Field Work Manual and Financial Regulations)

INSTITUTE OF SOCIAL WORK

BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018 (Continued)

REVIEW OF INSTITUTE'S PERFORMANCE (Continued)

*Key Performance Indicators (Continued)*

OBJECTIVE	TARGET	PERFORMANCE INDICATORS	FY 2017/18	FY 2016/17
Enhanced Teaching and learning environment	To achieve NACTE's Teacher-Student Ratio (1:25) Standard by 2018	Teacher Student ratio	The target of 1:35 ratio was not achieved due to Government directive to freeze the recruitment	The target of 1:35 ratio was not achieved due to Government directive to freeze recruitment
	Improved Physical Infrastructure by June, 2018.	Percentage of completion construction	Construction of Information Resource Center (IRC) building phase VII	Construction of Information Resource Center (IRC) building phase VI
	Provide essential working tools and facilities by June 2018.	Furniture and equipment purchased	The Institute procured furniture worth TZS 120,621,471 and received grant furniture and office equipment from University Research Co LLC USAID worth TZS 61,722,007.00.	Furniture and equipment worth TZS 155,235,757 purchased.
	Mainstream ICT in working, teaching and learning environment by June 2018.	Number of Computers	120N-Computing units were procured and configured in the computer lab. Also 15 laptops, 1 printer and 1 photocopier were procured for staff.	NIL



	Renovate classroom buildings by June 2018	Number of classrooms buildings renovated	A total of six (6) classes were worked on. Three (3) classrooms were renovated and the former offices were transformed to three (3) classrooms.	Eight (8) classroom buildings were renovated
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INSTITUTE OF SOCIAL WORK

BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

REVIEW OF INSTITUTE'S PERFORMANCE (Continued)

*Key Performance Indicators (Continued)*

OBJECTIVE	TARGET	PERFORMANCE INDICATORS	FY 2017/18	FY 2016/17
Strengthened Research, Consultancy and Short Courses	Conduct capacity building program, research and consultancy by June 2018.	Number of trainings conducted	One joint International conference was conducted in March 2018 where 6 conference papers were presented and also 1 paper on vulnerable children protection conference in Tanga was presented in June 2018	Two (2) capacity building trainings were conducted to six (6) academic staff
		Number of research disseminated	One research paper was disseminated.	
	Publish Journal by June 2018	Number of Journals published	Six (6) papers were published in International Journal of Social Work, International Journal of Humanities and Social Studies and the International Journal of Business and Management.	The Institute published fifteen (15) Journal Articles of which six (6) were in ISW Journal and nine (9) in International Journals. Three Research Report were also produced
	Innovate, establish and conduct short term training programs annually	Short term training programs established annually	Five (5) short courses on guidance and counselling, improve productivity and life after retirement were conducted	Three (3) short courses from Social Work and Human Resource departments were conducted

INSTITUTE OF SOCIAL WORK

BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

REVIEW OF INSTITUTE'S PERFORMANCE (Continued)

*Key Performance Indicators (Continued)*

OBJECTIVE	TARGET	PERFORMANCE INDICATORS	FY 2017/18	FY 2016/17
Strengthened Library Service	Training of librarians conducted by June 2017.	Number of librarians facilitated for training	Five (5) library staff were trained	Four (4) library staff were trained
	Increase number of Books in the library	Number of awareness campaign conducted	Institute procured and put in the library the required/proposed 602 books and various library materials.	The Institute continued with the construction of IRC hence, increased library capacity from two hundred (200) to four hundred (400) students.
HIV/AIDS intervention programs developed and implemented	HIV/AIDS intervention programs developed by June, 2018	Number of awareness campaign conducted	The Institute conducted seven (7) awareness campaign on Reproductive health HIV/AIDS testing and positive living. Also HIV/AIDS day was celebrated in partnership with Royal Green Dispensary and JHPIEGO where more than 200 community members were voluntarily tested and counseled on HIV/AIDS.	One (1) HIV/AIDS testing program conducted.
Enhance Human Resource Management Capacity	Ensure optimal number of qualified staff by 2018.	Number of staff increased	The number of staff decreased from 144 to 135 staff. This was attributed by Four (4) transferred to the Institute and eleven (11) departed due to transfers, lack of authentic certificates and retirement.	The Institute had 144 staff

	Strengthen capacity of staff through long term training by June 2018	Number of Staff in training	Thirty one (31) staff were supported on PhD trainings and nine (9) on Masters studies	The Institute facilitated twenty-nine (29) staff on PhD studies and Six (6) on Masters studies.
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## 8.0 ENVIRONMENTAL SCANNING

The internal environmental analysis assessed the status of the main Institute operations. The external environmental scanning assessed Political, Economic, Social, Technological and Legal (PESTEL) environment and its influence on realization of the Institute vision and mission.

### 8.1 Internal Environment

The internal environmental scanning was done on the provision of academic training programs, research, consultancy and short courses, physical infrastructure development, links and cooperation, Institute financial resource mobilization, marketing of Institute services, human resource management, and Information and Communication Technology (ICT). The outcome of internal environmental scanning was as follows: -

#### 8.1.1 Academic Training Programs

Currently, the labor market needs graduates who are job creators and not job seekers. The main focus of the Institute was to design academic programs that produce job creators and not job seekers. Also, the Institute ensured the graduates acquire relevant and practical skills to enable them to excel in their careers and labor market.

#### 8.1.2 Physical Infrastructure Development

The analysis shows that available infrastructures are inadequate to cope with the changing Institute's operating environment. In order to address the challenge, the Institute has focused on improving physical infrastructures by continuing with the construction of the Information Resource Centre (IRC) and renovation of eleven (11) classrooms. It also plans to embark on improving infrastructures through Public Private Partnership (PPP), diversification of sources of funds and proper use of internally generated funds to implement development activities.

## **INSTITUTE OF SOCIAL WORK**

### **BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)**

#### **ENVIRONMENTAL SCANNING (Continued)**

##### **8.1.3 Human Resources Management**

The Institute HRM Policies emphasize on the employment of optimum number of employees with the required skills. Currently the Institute has 135 staff, among them 63 are academicians and 72 are non-academic staff. The standard teacher student ratio is 1:25 while the Institute is operating at the ratio of 1:35. In order to bridge the gap the Institute is using part time teachers to ensure smooth operations while making close follow up to secure employment permits from relevant authorities.

##### **8.1.4 Capacity and Application of ICT**

For improvement of operations of the Institute efficient ICT application in both academic and administrative purposes is inevitable. The Institute is faced with a challenge of integrating ICT into its operations. To overcome this, the Institute has installed reliable Internet services to students, academic and administrative staff.

The Institute has integrated Accounting Package/software (PASTEL) with the Student Information Management System (SIMS) that simplified the management of students' records and accounting operations. The Institute will continue with its efforts of mainstreaming ICT in its operations as it plans to implement intranet services, Elimu-First and Computer laboratory using E -technology which will smoothen the Institute operations.

#### **8.2 External Environment Scanning**

The external environmental scanning was done in order to identify and analyze issues that may influence the realization of Institute vision and mission. A summary of the analysis of the Political, Economic, Social, Technological and Legal environment is provided in the subsections below:

##### **8.2.1 Political Environment**

Tanzania experiences peace and harmonious environment that creates an avenue for the Institute to achieve its Vision and Mission. The fifth phase Government is actively committed towards improving the education sector in terms of quality and quantity (National Five-Year Development Plan 2016/17-2020/21). The focus of the Government on improving the education sector increases the relevance and recognition of the Competence-based Education and Training (CBET) which creates more recognition of the technical higher learning institution such as ISW and their relevance in the industrialization initiatives process.

## **INSTITUTE OF SOCIAL WORK**

### **BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)**

#### **ENVIRONMENTAL SCANNING (Continued)**

Therefore, the Institute will take advantage of the calm political environment to realize its vision and mission. Furthermore, the implementation of President's directive to decentralize admission procedures to the Institutions from the regulatory authorities (TCU and NACTE) provide opportunity for the Institutions to increase enrollment.

#### **8.2.2 Economic Environment**

Tanzania is intending to industrialize her economy and transform it to the middle-income level. The Tanzania Development Vision 2025 clearly stipulate the need for having an educated population in order to foster the industrialization process. Therefore, the Institute's role is more recognized in the current macro-economic environment which provides an opportunity for the Institute to grow by conducting training programs, research and consultancy which fit into the nation economic activities.

#### **8.2.3 Social environment**

Tanzania is now embarking on the industrial transformation including the extraction and exploitation of oil and gas. The transformation may result into several social challenges such as HIV/AIDS transmission, labor mobility and cultural changes. This increases the demand for psycho-social care and support services, social work professionals, and research and consultancy in the social work areas. ISW has significant role by conducting research, short courses and consultancy services that address challenges facing the Community, Ministry and the Government.

#### **8.2.4 Legal Environment**

The Institute's academic programs are well supported by laws, and guidelines. Tanzania has introduced several Laws and guidelines to promote the society's well-being which include; the National Guideline for Improving Quality of Care, National employment policy, Support and Protection for Most Vulnerable Children (MVC) of 2009 (NCPA II) and National Coasted Plan of Action for MVC, 2013-2017.

Furthermore, Child Act of 2009, the Guideline for Child Protection for Approved Schools and Retention Homes of 2013; the Guide to Rehabilitation and Reintegration Services and Programs for Approved Schools of 2013; the National Guideline for Economic Strengthening of Most Vulnerable Households of 2014 and the National Poverty Eradication Strategy II support on the improvement of society's wellbeing.

## **INSTITUTE OF SOCIAL WORK**

### **BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)**

#### **ENVIRONMENTAL SCANNING (Continued)**

Tanzania has also introduced the National Economic Empowerment Policy of 2004, National Entrepreneurship Training and Education Framework that support the existence of Institute academic programs. The Institute will use these laws and regulations in order to amplify its ability to fulfill the vision and mission.

#### **9.0. POLITICAL AND CHARITABLE DONATIONS**

During this year the Institute contributed TZS 2,911,300 to Msoga village as a donation. The donation was mainly intended to support the construction of the house for accommodation of primary school teacher.

#### **10.0 RELATED PARTY TRANSACTIONS**

The Institute regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. ISW is an academic Institution controlled by the Government and operates under the Ministry of Health, Community Development, Gender, Elderly and Children (MoHCDGEC). Furthermore, the Institute received subvention from the Government amounting to TZS 3,421,915,526 in respect of salaries and employers' contribution to social security funds as per Note 15.

##### **Key Management Personnel and Board Remunerations**

During the year under review the Institute did not conduct any business with key management personnel and Board members as well as their associates and companies.

Key management short term benefits which were paid during the year included salaries, allowances and social security contributions as shown in Table 7.

**INSTITUTE OF SOCIAL WORK****BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)****Table 7: Key Management Personnel and Board Remunerations**

	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
	TZS	TZS
<b>Key Management remuneration</b>		
Salaries	637,835,000	577,272,000
Allowances	222,337,000	217,704,000
Social security contribution	140,931,200	115,454,400
Gratuity	60,861,966	44,443,800
<b>Sub total</b>	<b>1,061,965,166</b>	<b>954,874,200</b>
<b>Board of Governors remuneration</b>		
Board fees	49,000,000	49,000,000
Board allowances	40,356,493	42,006,371
<b>Subtotal</b>	<b>89,356,493</b>	<b>91,006,371</b>
<b>Grand Total</b>	<b>1,151,321,659</b>	<b>1,045,880,571</b>

Payments to Management personnel, Board members and executives were paid in accordance with the Government Standing Orders and the approved human resources management policy and Incentive Scheme of the Institute of Social Work.

**11.0 GENDER PARITY**

The Institute is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the qualified person is appointed to any given position without discrimination of any kind. The number of employees as at 30<sup>th</sup> June 2018 is as shown in Table 8 below:



## INSTITUTE OF SOCIAL WORK

### BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

Table 8: Number of Employees per gender

Gender	Year	Percentage	Year	Percentage
	2018	%	2017	%
Male	72	53.3	76	53
Female	63	46.7	68	47
<b>Total</b>	<b>135</b>	<b>100</b>	<b>144</b>	<b>100</b>

## 12.0 IMPLEMENTATION OF THE ISW PLANS

The future plans of the Institute are derived from the Strategic Plan. The implementation of previous year plan is presented hereunder:

### 12.1 Implementation analysis of the previous year.

During the reporting, period the Institute conducted the following: -

- (i) Stakeholders' meetings were conducted to review the draft curriculum for Master degree in Human Resource Management;
- (ii) Eleven (11) policies were reviewed and four (4) which are Field Work Manual, ICT Policy; Links and Cooperation Policy and Library Policy were approved for use by the Board of Governors. The other policies are in the final process;
- (iii) Completed Construction of IRC building phase VI;
- (iv) Renovated six (6) classes in the classrooms building;
- (v) Procured planned library books and equipment and working tools;
- (vi) Facilitated thirty-four (34) staffs on PhD studies and ten (10) on Master's degree;
- (vii) Six papers were published in the International Journal of Social Work, International Journal of Humanities and Social Studies and the International Journal of Business and Management;
- (viii) Continued to ensure protection of data, website connection, and security of information, maintenance and repair of computer, website hosting, SIMS capacity building, information backup, and security support for offsite backup for ISW data;
- (ix) Procured furniture worth TZS. 120,621,471.00 and received grant furniture and office equipment from University Research Co LLC USAID worth TZS 61,722,007.00;
- (x) 120 N-computing units were procured and configured in the computer laboratory. In addition, 15 laptops, 1 printer and 1 photocopier were procured;

## **INSTITUTE OF SOCIAL WORK**

### **BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)**

#### **IMPLEMENTATION OF THE ISW PLANS (Continued)**

- (i) The Institute conducted seven (7) awareness campaigns on Reproductive Health HIV/AIDS Testing and Positive Living;
- (ii) Published book titled "Natural Gas Management, Economic Diversification and Wealth Creation: Building an Inclusive Economy";

#### **12.2 Challenges**

In the course of implementation of its activities the Institute encountered a number of challenges that included the following;

- (i) The Government suspension of recruitment of new staff for FY 2017/18 delayed the process of bridging the gap in the teacher-student and academic-administrative staff ratio;
- (ii) Inadequate teaching space (lecture theatres) and accommodation for students;
- (iii) Inadequate fund to finance development projects.

#### **12.3 Future plans of the Institute**

The Institute plans to: -

- a) Increase Students enrolment by introducing/ establishing three additional programs namely, Community Development (NTA Level 4); Early Childhood Education (NTA Level 4); and, Master's degree in Human Resources Management.
- b) Continue with the construction of Information Resource Center building phase VII and VIII, rehabilitation of classrooms and other facilities in order to improve learning environment.
- c) Continue diversifying sources of funds by further strengthening the research and consultancy activities through PhD trainings and capacity building programs.
- d) Continue mainstreaming ICT into teaching and learning activities by implementing intranet services and E-Technology e.g. online registration and N - computing Technology.
- e) Enhancing welfare of employees as a retention strategy.

## INSTITUTE OF SOCIAL WORK

### BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

#### 13.0 RISK MANAGEMENT AND INTERNAL CONTROLS

The Board accepts final responsibility for risk management and internal control systems of the Institute. It is the task of the Management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance on:

- a) Effectiveness and efficiency of operations;
- b) Safeguarding of the Institute's assets;
- c) Compliance with applicable laws and regulations;
- d) Reliability of accounting records;
- e) Business sustainability under normal as well as under adverse conditions;
- f) Responsible behaviors to all stakeholders.

Efficiency of any internal control system is dependent on the strict observance of prescribed rules and regulations. There is always a risk of non-compliance of such rules and regulations by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the internal control system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 30<sup>th</sup> June 2018 and is of the opinion that they met accepted standards. The Board conducts risk and internal control assessment through the Audit Committee.

Key elements of the system of internal control are as follows:

(i) **Delegation**

The overall objectives of the Institute are approved by the Board of Governors, which delegates the day-to-day operations to Management for execution. There was a clear organization structure, detailing lines of authority.

(ii) **Budgets**

Detailed annual budget emanated from the Institute's Strategic Plan was prepared by the Management for review and approved by the Board of Governors and Parliament of United Republic of Tanzania on June 2018.

## **INSTITUTE OF SOCIAL WORK**

### **BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)**

#### **RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)**

(iii) **Competence**

Staff skills were maintained both by a formal recruitment process and a performance appraisal system. Training needs of ISW were identified and necessary training both in house and external helps to strengthened staff skills and competences.

(iv) **Internal Audit**

An Internal Audit Unit was in place and performed its functions as per requirement. The Unit assessed risk and reviews controls. The Unit ensured that recommendations to improve controls are followed up by the Management. The Head of Internal Audit reports functionally to the Audit Committee and administratively to the Rector.

#### **14.0 STAFF WELFARE**

a) **Staff relationship**

Good relationship between employees and Management of the ISW was observed during the period under review as there was no any crisis reported.

b) **Staff medical benefits**

The Institute does not have any separate medical scheme. The Institute's employees subscribe to the National Health Insurance Fund which is taking care of medical consultation and treatment for all employees and their immediate dependants as per the Government regulations.

c) **Defined employee benefits plan**

The Institute has an incentive policy to pay retiring employees who have served for ten (10) years and above an amount of TZS 40,000,000. In complying to IPSAS 25, the ISW has determined entitled employees as per the policy and provided for their benefit during the year under review.

## INSTITUTE OF SOCIAL WORK

### BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

#### RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

d) **Persons with disabilities**

It is the Institute's policy to give equal opportunities to all persons irrespective of their disabilities.

e) **Gender equity and equality**

The Institute gives equal opportunities to persons irrespective of their gender in both employment and training.

#### 15.0 STAFF TRAINING

The Institute offers sponsorship to its employees both for short and long-term courses within and outside the country on the basis of staff training programme.

It also facilitates and/or encourages its employees to acquaint with professional seminars and various workshops that are undertaken within and outside the Institute and the Country.

For the year under review, a total of 44 staff were sponsored to undertake further training at different level as indicated in the table 9 below:

**Table: Number of staff sponsored for further studies during the year**

S/N	Programme	Academic		Administration		Total
		F	M	F	M	
1	PhD	13	20	00	01	34
2	Master	04	01	02	03	10
<b>Total</b>		<b>17</b>	<b>21</b>	<b>02</b>	<b>04</b>	<b>44</b>

## INSTITUTE OF SOCIAL WORK

### BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

#### 16.0 HIV AND AIDS POLICY

HIV and AIDS is a potential challenge to the Institute and possess operational and health risk. ISW has adopted the following core principles as a basis for its HIV AND AIDS policy:

- a) It has HIV/AIDS sensitization programs aimed at providing preventive strategies against new infections among employees and students;
- b) Ensure employees and students living with HIV and AIDS are aware of their rights and that the rights are respected and protected;
- c) Provide care and support to employees and students living with HIV and AIDS.

#### 17.0 HUMAN RESOURCES

As at 30<sup>th</sup> June 2018, the Institute had 135 staff (2017: 144 staff) in various operational areas in which 53% were male while 47% were female.

#### 18.0 EVENTS AFTER REPORTING PERIOD

The tenure of the Institute's Board of Governors ended in 25<sup>th</sup> January 2018. However, an extension to the term in office was granted per letter ref No CAB.57/141/02D of 22 January 2018. The extended period ended on 12 November 2018. Subsequent to the year end, the president of the United Republic of Tanzania appointed Ms. Sophia Simba as the Chairperson of the Board of Governors of the Institute.

Following this appointment, the Minister in charge named the new members of the Board of Governors as indicated in the table below:

S/N	Name	Position	Age	Date Appointed	Qualifications
1	Ms. Sophia Simba	Chairperson	68	05/11/2018	LLB
2	Dr Theresa John Kaijage	Member	71	12/11/2018	PhD (Social work)
3	Dr Naftali Ng'ondi	Member	50	12/11/2018	PhD (Social work)
4	Dr Mariana Makuu	Member	50	12/11/2018	PhD (Social work)
5	Dr Adolf Rutayuga	Member	55	12/11/2018	PhD (Education)
6	Dr Rose Mbwete	Member	44	12/11/2018	PhD (Social work)

**INSTITUTE OF SOCIAL WORK**

**BOARD OF GOVERNORS' REPORT FOR THE YEAR ENDED 30th JUNE 2018 (Continued)**

**19.0 ACCOUNTING POLICIES**

The accounting policies used in preparing the financial statements have been disclosed in Note 4 to the financial statements. These policies are all considered to be critical to an understanding of the performance and financial position of the Institute and are subject to annual review to ensure continuing compliance with International Public Sector Accounting Standards (IPSASs).

**20.0 AUDITORS**

By virtue of the provisions of Article 143 of the Constitution of the United Republic of Tanzania, the Public Audit Act No.11 of 2008, the Controller and Auditor General is the appointed statutory Auditor of all Government revenue and expenditure including the accounts of the Institute of Social Work (ISW). The Controller and Auditor General has powers to appoint any eligible person to conduct an audit of accounts of any entity on his behalf. Accordingly, M/s ABA Alliance was appointed by the CAG to be an auditor of the Institute of Social Work for the fiscal year ended on 30<sup>th</sup> June 2018. The Controller and Auditor General shall perform quality review of the work done and reports produced.

**BY ORDER OF THE BOARD**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_

**INSTITUTE OF SOCIAL WORK**

**BOARD OF GOVERNORS' REPORT (Continued)**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018**

**21.0 STATEMENT OF THE BOARD OF GOVERNORS' RESPONSIBILITY FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018**

These Financial Statements have been prepared by the Management of the Institute of Social Work in accordance with requirement of the ISW Act No. 26 of 1973 and section 25(4) of the Public Finance Act (No. 6) of 2001. The Board is responsible for establishing and maintaining a system of effective internal control designed to give reasonable assurance that the transactions recorded in the accounts are within the statutory requirement and that they contain the receipts and use of resources by the ISW.

The Board of ISW is responsible for keeping proper accounting records which at any time disclose with reasonable accuracy the financial position of the Institute, and enabled them to ensure that the financial statements comply with the ISW Act. The Board is also responsible for safeguarding the assets and taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Board confirms that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30<sup>th</sup> June, 2018. The Board also confirms that International Public Sector Accounting Standards (IPSASs) have been followed and that the financial statements have been prepared on the going concern basis.

To the best of Board's knowledge, the internal control system has operated adequately throughout the reporting period and the accounting and underlying records provide a reasonable basis for the preparation of the financial statements for the year ended 30<sup>th</sup> June, 2017. We accept responsibility for the integrity of the Financial Statements, the information they contain and their compliance with IPSASs.

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_



## INSTITUTE OF SOCIAL WORK

### DECLARATION OF HEAD OF FINANCE

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 International Public Sector Accounting Standards (IPSASs) 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, ATHMAN SHAABAN SENZOTA, being the Head of Finance/Accounting Institute of Social Work hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30<sup>th</sup> June 2018 have been prepared in compliance with International Public Sector Accounting Standards (IPSASs) and statutory requirements.

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

Signed by: \_\_\_\_\_

Position: \_\_\_\_\_

NBAA Membership No.: \_\_\_\_\_

Date: \_\_\_\_\_

### **3.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL**

To: The Chairperson  
Institute of Social Work,  
P.O. Box 3375,  
DAR ES SALAAM

#### **Report on the audit of financial statements for the financial year ended 30<sup>th</sup> June, 2018**

##### **Introduction**

I have audited the accompanying financial statements of Institute of Social Work which comprise the statement of financial position as at 30<sup>th</sup> June, 2018 and the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies set out pages 42 to 78 of this report.

##### **Opinion**

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Institute of Social Work as at 30<sup>th</sup> June, 2018, and its financial performance and its cash flows for the year then ended in accordance with 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 my report. I am independent of Institute of Social Work 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 Board of Governors is responsible for the other information. The other information comprises of the Board's Report and the Declaration by the Head of Finance but does not include the financial statements and our 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.

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. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters to communicate in my report.

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

The Board of Governors of the Institute of Social Work is responsible for the preparation and fair presentation of the financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Responsibility of the Controller and Auditor General**

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 (Amendment) Act, 2016**

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, Institute of Social Work procurement transactions and processes have generally complied with the requirements of the Public Procurement (Amendment) Act of 2016 and its underlying Regulations (Amendment) of 2016.

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 of the United Republic of Tanzania**  
.....February, 2018

National Audit Office of Tanzania,  
P.O. Box 9080,  
11101 Dar es Salaam, Tanzania.  
Tel: 255 (022) 2115157/8  
Fax: 255 (022) 2117527  
Email: [ocag@nao.go.tz](mailto:ocag@nao.go.tz)

INSTITUTE OF SOCIAL WORK

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		<u>30<sup>th</sup> June 2018</u>	<u>30<sup>th</sup> June 2017</u>
	<u>Notes</u>	TZS	TZS
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	9	2,050,301,694	1,643,699,008
Inventories	10	16,542,470	15,612,159
Trade and Other Receivables	11	<u>74,169,935</u>	<u>761,526,177</u>
		<b>2,341,014,099</b>	<b>2,420,837,344</b>
<b>NON - CURRENT ASSETS</b>			
Property, Plant and Equipment	7	50,849,623,967	50,800,789,190
Intangible Assets	8	<u>43,066,741</u>	<u>5,459,694</u>
		<b>50,892,690,708</b>	<b>50,806,248,884</b>
<b>TOTAL ASSETS</b>		<b><u>53,233,704,807</u></b>	<b><u>53,227,086,228</u></b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	13	1,030,429,281	662,865,993
Provisions	14	<u>265,187,400</u>	<u>272,134,414</u>
<b>TOTAL LIABILITIES</b>		<b>1, 295,616,681</b>	<b>935,000,407</b>
<b>EQUITY</b>			
Tax Payer`s Fund	12	46,127,046,042	46,555,426,849
Accumulated Surplus		<u>5,811,042,084</u>	<u>5,736,658,972</u>
		<b>51,938,088,126</b>	<b>52,292,085,821</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>53,233,704,807</u></b>	<b><u>53,227,086,229</u></b>

These financial statements were approved for issue by the Board on \_\_\_\_\_

and were signed on its behalf by:

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_

INSTITUTE OF SOCIAL WORK

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

		<u>30<sup>th</sup> June 2018</u>	<u>30<sup>th</sup> June 2017</u>
	<u>Notes</u>	TZS	TZS
<b>Revenue from non-exchange transaction</b>			
Government Grants	16	3,510,112,467	3,196,514,100
Development grant	17	300,000,000	-
Amortization of Grant	12	<u>128,380,807</u>	<u>128,572,807</u>
<b>Total Revenue</b>		<b>3,938,493,274</b>	<b>3,325,086,907</b>
<b>Revenue from exchange transaction</b>			
Course Fee	15	2,763,619,500	2,789,427,000
Other Income	18	<u>488,178,90</u>	<u>412,506,177</u>
		<b>3,251,798,404</b>	<b>3,201,933,177</b>
<b>Total Revenue</b>		<b><u>7,190,291,678</u></b>	<b><u>6,527,020,084</u></b>
<b>Expenses</b>			
Depreciation	7	473,098,825	455,294,706
Provision for Impairment of Receivables	11	47,646,350	64,924,822
Salaries and Staff Benefits	19	4,117,956,130	3,843,008,077
Administrative Expenses	20	1,744,115,657	1,540,014,103
Operating Expenses	21	575,815,000	532,099,075
Other Expenses	22	<u>156,976,604</u>	<u>128,522,729</u>
<b>Total expense</b>		<b><u>7,115,608,566</u></b>	<b><u>6,563,863,512</u></b>
<b>Surplus/(Deficit) for the year</b>		<b><u>74,683,112</u></b>	<b><u>(36,843,428)</u></b>

These financial Statements were approved for issue by the Board on \_\_\_\_\_  
and were signed on its behalf by:

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_



INSTITUTE OF SOCIAL WORK

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

	TAX PAYER'S FUND TZS	ACCUMULATED SURPLUS TZS	TOTAL TZS
At 01 July 2017	46,555,426,849	5,736,358,972	52,291,785,821
Additional	(300,000,000)	-	(300,000,000)
Surplus for the year	-	74,683,112	74,683,113
Amortization	<u>(128,380,807)</u>	<u>-</u>	<u>(128,380,807)</u>
<b>As at 30 June 2018</b>	<b><u>46,127,046,042</u></b>	<b><u>5,811,042,084</u></b>	<b><u>51,938,088,127</u></b>
At 01 July 2016	46,383,999,656	5,773,202,400	52,157,202,056
Additional	300,000,000	-	300,000,000
Deficit for the year	-	(36,843,428)	(36,843,428)
Amortization	<u>(128,572,807)</u>	<u>-</u>	<u>(128,572,807)</u>
<b>As at 30 June 2017</b>	<b><u>46,555,426,849</u></b>	<b><u>5,736,358,972</u></b>	<b><u>52,291,785,821</u></b>

These Financial Statements were approved for issue by the Board on \_\_\_\_\_

and were signed on its behalf by:

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_

INSTITUTE OF SOCIAL WORK

CASH FLOW STATEMENT FOR THE  
YEAR ENDED 30TH JUNE 2018

	Note	<u>30<sup>th</sup> June 2018</u> TZS	<u>30<sup>th</sup> June 2017</u> TZS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Government Grants		3,000,296,067	3,026,621,000
Course Fee		3,313,259,316	3,085,731,301
Other Income		394,663,554	412,506,177
Interest received		-	-
		<u>6,708,218,936</u>	<u>6,524,858,478</u>
<b>Payments</b>			
Salaries and Staff Benefit		(3,523,752,124)	(3,555,138,762)
Payments to Suppliers		(2,207,518,785)	(1,903,027,422)
<b>Cash Flows Used in Operating Activities</b>		<u>( 5,731,270,909)</u>	<u>(5,458,166,184 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of Property, Plant and Equipment		(586,445,213)	(709,711,861)
Capital Grants Received		-	<u>300,000,000</u>
<b>Cash Flows Used in Investing Activities</b>		<u>(586,445,213)</u>	(409,711,861)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		-	-
<b>Increase/Decrease in cash and cash equivalent</b>		<u>390,502,813</u>	<u>656,980,433</u>
<b>Cash and Cash Equivalent at 01 July</b>		1,643,699,008	981,563,547
<b>Gain in Exchange Fluctuation</b>		<u>1,167,636</u>	<u>5,155,028</u>
<b>Cash and Cash Equivalent at 30 June</b>	<b>9</b>	<u>2,035,369,457</u>	<u>1,643,699,008</u>

These financial statements were approved for issue by the Board on \_\_\_\_\_ and were signed on its behalf by:

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_

INSTITUTE OF SOCIAL WORK

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2018

(Budget Prepared on Cash Basis)

Budget Item	Original Budget	Final Budget	Actual on Comparable basis	Difference	Difference in Percentage
	TZS	TZS	TZS	TZS	%
<b>Revenue From Non exchange Transaction</b>				-	
Government Personnel Emoluments	4,218,573,000	4,218,573,000	3,000,296,067	(1,218,276,934)	(29)
Government Development	500,000,000	0	-		
<b>Subtotal</b>	<b>4,718,573,000</b>	<b>4,218,573,000</b>	<b>3,000,296,067</b>	<b>(1,718,276,934)</b>	<b>(36)</b>
<b>Partnership Project</b>				-	
UNICEF	122,280,000	122,280,000	58,045,000	(64,235,000)	(53)
<b>Subtotal</b>	<b>122,280,000</b>	<b>122,280,000</b>	<b>58,045,000</b>	<b>(64,235,000)</b>	
<b>Revenue From Exchange Transaction</b>					
<b>Fees</b>				-	
Master's Program	215,237,500	215,237,500	132,527,151	(82,710,349)	(38)
Bachelor Program	2,160,060,000	2,160,060,000	1,794,048,543	(366,011,457)	(17)
Postgraduate Diploma	135,800,000	135,800,000	52,499,306	(83,300,694)	(61)
Ordinary Diploma	934,130,000	941,050,000	911,778,418	(29,271,582)	(3)

INSTITUTE OF SOCIAL WORK

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018

Budget Item	Original Budget	Final Budget	Actual on Comparable basis	Difference	Difference in Percentage
Certificates	607,500,000	607,500,000	422,405,897	(185,094,103)	(30)
<b>Subtotal</b>	<b>4,052,727,500</b>	<b>4,059,647,500</b>	<b>3,313,259,316</b>	<b>(746,388,184)</b>	<b>(18)</b>
<b>Other Revenue</b>				-	
Other Revenue	560,522,160	560,522,160	394,663,554	(169,164,576)	(30)
<b>Subtotal</b>	<b>560,522,160</b>	<b>560,522,160</b>	<b>394,663,554</b>	<b>(169,164,576)</b>	.
<b>Total Revenue</b>	<b>9,454,102,660</b>	<b>8,961,022,660</b>	<b>6,766,263,936</b>	<b>(2,198,064,694)</b>	
<b>Expenditure</b>				-	
Salaries and Staff Benefit	4,218,573,000	(4,218,573,000)	(3,523,752,124)	703,736,473	16
HIV AID Intervention Programs developed	4,420,000	(4,420,000)	(1,313,000)	3,107,000	70
Improved organizational governance and transparency	122,761,000	(122,761,000)	(108,571,000)	14,190,000	12
Improved Quality of Academic Programs	431,300,000	(431,300,000)	(338,733,540)	92,566,460	21
Enhanced teaching and learning environment	73,185,000	(73,185,000)	(69,665,000)	6,100,000	5

INSTITUTE OF SOCIAL WORK

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018

Budget Item	Original Budget	Final Budget	Actual on Comparable basis	Difference	Difference in Percentage
<b>Expenditure</b>				-	
Strengthened sponsored research and consultancy services	155,195,000	(155,195,000)	(102,911,000)	52,284,000	34
Financial Sustainability Improved	47,950,000	(47,950,000)	(43,740,000)	4,210,000	9
Enhanced Human Resource Management Capacity	1,881,770,000	(1,881,770,000)	(1,348,334,503)	524,519,900	28
Infrastructures and Facilities Improved	1,864,970,000	(1,864,970,000)	(587,171,183)	1,278,524,787	69
Strengthened Sustainable Links and Cooperation	122,280,000	(122,280,000)	(58,045,000)	64,235,000	53
Governing Board Costs	93,944,000	(93,944,000)	(92,557,073)	1,386,927	1
Audit Costs	59,600,000	(59,600,000)	(60,087,700)	(487,700)	(1)
Settlements for Legal cases	400,000,000	(400,000,000)	(40,880,000)	359,120,000	90
<b>Total Expenditure</b>	<b>9,475,948,000</b>	<b>(9,475,948,000)</b>	<b>(6,375,761,123)</b>	<b>3,103,492,847</b>	
<b>Net increase/(decrease) in cash and</b>			<b>390,502,813</b>		

cash equivalents

**INSTITUTE OF SOCIAL WORK**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2018**

Cash and cash equivalents at beginning of period			1,643,699,008
Effect of foreign currency changes			1,167,636
<b>Cash and cash equivalents at end of period</b>	<b>-</b>	<b>-</b>	<b>2,035,369,457</b>

The explanations on material variances are made on NOTE No.23 Page No 65-67

## **INSTITUTE OF SOCIAL WORK**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018**

#### **1. INSTITUTE INFORMATION**

The Institute of Social Work is a higher learning public Institution under the Ministry of Health, Community Development Gender Elderly and Children. It was established under an Act of Parliament No. 26 of 1973 as subsequently amended underwritten laws (Miscellaneous Amendment) No. 25 Act 2002. The Institute is located at Kijitonyama Plot No. 684, Block 44, along New Bagamoyo/Shekilango roads, Dar es Salaam.

#### **2. BASIS OF PREPARATION**

The Financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair value. The financial statements have been prepared in accordance with International Public Sector Accounting Standard (IPSAS).

#### **3. CHANGES IN ACCOUNTING POLICIES**

There were no changes in accounting policies during the year. The accounting policies which were used during the year were consistent with previous years.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Foreign currency translation**

###### *(i) Functional and presentation currency*

Items included in the Financial Statements of the Institute are measured using the currency of the primary economic environment in which the Institute operates (“the functional currency”). The Financial Statements are presented in Tanzanian Shilling, which is the Institute’s functional and presentation currency.

###### *(ii) Transactions and balances*

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets (bid price) and liabilities (offer price) denominated in foreign currencies are recognized in the statement of financial performance.



INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018

(Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Revenue recognition

*i. Revenue from non-exchange transactions*

*Transfers from other Government entities*

Revenues from non-exchange transactions with other Government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions, but if there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

*ii. Revenue from exchange transaction*

*Fees*

The institute recognizes revenues from fees when the event occurs and the asset recognition criteria are met, to the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

*iii. Rental Income*

Rental income is recognised on straight line basis over the period of the lease.

4.3 Property, Plant and Equipment

Plant and equipment are initially recorded at cost and thereafter stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met.

The depreciation rates were calculated on a straight-line basis at annual rates adopted from Accountant General as per Accounting Circular No 1 & 2 of 2017/18 on testing for impairment and charging for depreciation as per standards. The depreciation rates used during the year under review are the same as previous year as shown in table 10 below:

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018

(Continued)

Table 10: property, Plant and equipment

Asset Description	Depreciation Rates
Motor vehicles	20.00%
Furniture and equipment	20.00%
Buildings	2% & 1.331
Software/electronic equipment	14.29%
Library books	20.00%
Fence	4.00%
Water well	6.67%
Generator	6.67%

An item of property, plant and equipment and any significant part initially recognised is derecognised 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 Statement of Financial Performance when the asset is derecognised.

The assets' residual values and useful lives and methods of depreciation of property, plant and equipment are reviewed and adjusted if appropriate, at each balance sheet date.

#### 4.4 Impairment of Property, Plant and Equipment

Three residential building were identified to have indicators for impairments. The assessment confirmed that the identified buildings have been impaired due to physical damage, idleness, deteriorations and obsolescence. The impairment amount for both buildings amounted to TZS17, 600,000 as calculated using restoring method as shown in table 11 below.

Table 11: Value of impairment

ITEM	Rector's House	Counseling Center	House One	Total Impairment Loss
Impairment loss	5,440,000	5,560,000	6,600,000	17,600,000

INSTITUTE OF SOCIAL WORK

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<sup>1</sup> The depreciation rates for residential building is 2% while for school building is 1.33 as per Accounting Circular No 2 of 2017/2018

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

### 4.5 Budget information

The Institute's budget for the year 2017/18 was approved by the National Assembly on June 2017. It was prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Institute. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or under spending on line items.

### 4.6 Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of Financial Performance. The losses arising from impairment are recognised in the statement of Financial Performance in finance costs.

### 4.7 Employee's benefits

#### *i. Retirement benefit obligation*

The Institute's employees are members of state owned pension schemes including the National Social Security Fund (NSSF), PPF pension funds, Local Administration Pension Fund (LAPF) and Public Sector Provident Fund. These schemes will bear all pension obligations. Both employer and employees contribute the statutory fee to the pension funds and the amounts are charged to the statement of comprehensive income when due.

#### *ii) Defined Employee Benefit Plan*

The institute has a policy to pay retiring employees who have served for at least ten years an amount of TZS 40,000,000. In complying IPSAS 25, the ISW has determined entitled employees as per the policy and provided for their benefit during the year under review.

## INSTITUTE OF SOCIAL WORK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018

(Continued)

#### iii) *Other entitlements*

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognized as an expense accrual. The Institute also accrues and pays gratuity of 25% of basic salary to its employees who employed in contract terms. Termination benefits are payable when employment is terminated before the normal retirement/contract expiry date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

#### **4.8 Cash and cash equivalent**

Cash and cash equivalents are carried in the balance sheet at face value. For the purpose of cash flow statements cash and cash equivalents, comprise cash at bank.

#### **4.9 Intangible assets - Computer software costs**

Costs incurred on computer software are initially accounted for at costs as intangible assets and subsequently at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over the estimated useful lives. The Institute's intangible assets have finite useful life of five (5) years. The residual value and expected useful lives are reassessed annually.

#### **4.10 Impairment on Non-Financial Assets**

##### *Impairment of Cash-Generating Assets*

At each reporting date, the entity assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates 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 or the cash-generating unit (CGU) 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

## INSTITUTE OF SOCIAL WORK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018

#### (Continued)

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

#### 4.11 Inventories

Inventories are stated at the lower of cost and current replacement cost<sup>2</sup>. Costs comprise purchase price, direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

#### 4.12 Accounts Payables

Accounts payables are non-interest bearing and are stated at their nominal value.

#### 4.13 Comparative figures

Where necessary, the comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 4.14 Provisions

Provisions are recognized when the entity 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 or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement. Table 12 indicates the total provision during the year.

**Table 12: Summary of provision**

DESCRIPTION	2018	2017
Provision for untaken leave	125,013,310	52,240,960
Provision for audit fees	52,000,000	44,089,000
Provision for bad debts	-	119,326,832
Provision for gratuity and other employees' benefit	88,174,090	179,893,454
	<b>265,187,400</b>	<b>395,550,246</b>

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<sup>2</sup> Current replacement cost is the cost to be incurred to acquire inventory at the reporting date.

## INSTITUTE OF SOCIAL WORK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018

(Continued)

#### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Institute's Financial Statement requires the Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and

Liabilities and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could require a material adjustment to carrying amount of the asset or liability affected in the future periods.

##### *i. Judgments*

In the process of applying the Institute's accounting policies, no significant judgments were made by management.

##### *ii. Estimates and Assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### *iii. Asset Useful Lives*

The useful lives of items of Property Plant and equipment are estimated annually and are in line with the rate at which they are depreciated.

##### *iv. Impairment of Non-Financial Assets*

The Institute assessed and observed that some of the Institute's assets have indicators for impairment. The method used to measure impairment was a cost of replacement method. It was noted that there was an impairment loss on some of the assets reviewed. The identified impairment loss was recognized in the Financial Statements under Note 7.

##### *v. Impairment of Financial Assets*

The Institute assesses annually whether there are any indicators of impairment for all financial assets at each reporting date. If indicators exist, an impairment test is done and any identified impairment loss is recognized in the Financial Statements. No impairment loss has been recognized during the year.

**INSTITUTE OF SOCIAL WORK**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018  
(Continued)**

**SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)**

**6. FUTURE CHANGES IN ACCOUNTING POLICIES**

- IPSAS 40 -Public Sector combination with effect from 2019

These standards have no impact on the Financial Statements of the Institute.

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Office furniture & equipment	Library Books	Motor vehicles	Cement slabs	Fence	Graduation gowns	Water well	Capital Work-In-Progress	Generator	Electronic Equipments	Total
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
<b>Cost</b>													
As at 1 July 2017	36,447,684,500	7,746,707,000	978,435,184	315,673,840	295,065,871	16,362,140	296,175,077	33,021,000	13,126,883	5,896,151,778	27,000,000	154,436,735	52,219,840,007
Additions	-	-	96,299,464	63,261,750	-	-	-	-	-	229,498,388	-	150,474,000	539,533,602
Impairment	-	(17,600,000)	-	-	-	-	-	-	-	-	-	-	(17,600,000)
<b>At 30 June 2018</b>	<b>36,447,684,500</b>	<b>7,729,107,000</b>	<b>1,074,734,648</b>	<b>378,935,590</b>	<b>295,065,871</b>	<b>16,362,140</b>	<b>296,175,077</b>	<b>33,021,000</b>	<b>13,126,883</b>	<b>6,125,650,166</b>	<b>27,000,000</b>	<b>304,910,735</b>	<b>52,741,773,609</b>
<b>Accumulated depreciation</b>													
As at 1 July 2017	-	594,502,807	394,863,455	189,499,664	104,257,734	16,342,374	62,728,417	33,021,000	1,925,276	-	3,150,000	18,760,091	1,419,050,817
Charge for the year	-	128,380,807	203,780,220	66,297,856	31,013,174	19,766	11,847,003	-	875,126	-	1,800,000	29,084,873	473,098,825
<b>At 30 June 2018</b>	<b>-</b>	<b>722,883,614</b>	<b>598,643,675</b>	<b>255,797,520</b>	<b>135,270,908</b>	<b>16,362,140</b>	<b>74,575,420</b>	<b>33,021,000</b>	<b>2,800,401</b>	<b>-</b>	<b>4,950,000</b>	<b>47,844,964</b>	<b>1,892,149,642</b>
<b>Carrying Value</b>													
At 30 June 2018	36,447,684,500	7,006,223,386	476,090,973	123,138,070	159,794,963	-	221,599,656	-	10,326,482	6,125,650,166	22,050,000	257,065,771	50,849,623,967
At 30 June 2017	36,447,684,500	7,152,204,193	583,571,729	126,174,176	190,808,137	19,766	233,446,659	-	11,201,607	5,896,151,778	-	135,676,644	50,800,789,190



INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018  
(Continued)

	<u>30<sup>th</sup> June 2018</u>	<u>30<sup>th</sup> June 2017</u>
	TZS	TZS
<b>8 INTANGIBLE ASSETS</b>		
Cost		
As at 1 July	106,006,897	106,006,897
Additions	<u>33,036,000</u>	<u>-</u>
At 30 June	139,042,897	106,006,897
Accumulated amortization		
As at 1 July	86,830,046	80,437,762
Charge for the year	9,146,110	20,109,441
At 30 June	<u>95,976,156</u>	<u>100,547,203</u>
Carrying value	<u><b>43,066,741</b></u>	<u><b>5,459,694</b></u>

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018  
(Continued)

	<u>30<sup>th</sup> June 2018</u>	<u>30<sup>th</sup> June 2017</u>
	TZS	TZS
<b>9 CASH AND CASH EQUIVALENTS</b>		
BOT FOREX	604,222,306	401,440,069
BOT	981,618,689	536,556,168
NBC	13,695,153	87,161,803
CRDB	430,446,599	163,781,002
NMB	20,318,948	454,756,666
Petty cash	<u>-</u>	<u>3,300</u>
	<b>2,050,301,694</b>	<b>1,643,699,008</b>
<b>10 INVENTORIES</b>		
Stationery Stocks	16,447,132	15,454,148
Spare Parts stock	43,200	43,200
Cleaning Materials stock & Spare parts	<u>52,139</u>	<u>114,812</u>
	<b><u>16,542,470</u></b>	<b><u>15,612,159</u></b>

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018  
(Continued)

	<u>30<sup>th</sup> June 2018</u>	<u>30<sup>th</sup> June 2017</u>
	TZS	TZS
<b>11 TRADE AND OTHER RECEIVABLES</b>		
Student Receivables	379,737,050	879,680,910
Staff Receivables	20,820,006	17,307,278
Other Receivables	<u>54,129,983</u>	<u>48,789,643</u>
	<b>454,687,039</b>	<b>945,777,831</b>
Less: Provision for impairment of receivables	<u>(180,517,104)</u>	<u>(184,251,654)</u>
	<b><u>274,169,935</u></b>	<b><u>761,526,177</u></b>
<b>Movement of provision for impairment of receivables</b>		
At 01 July	184,251,654	119,326,832
Addition	47,646,350	64,924,822
Write-offs	<u>(51,380,900)</u>	-
At 30 June	<b><u>180,517,104</u></b>	<b><u>184,251,654</u></b>
At 01 July	46,555,426,849	46,383,999,656
Development fund	(300,000,000)	300,000,000
Amortization of Capital Grant	<u>(128,380,807)</u>	<u>(128,572,807)</u>
	<b><u>46,127,046,042</u></b>	<b><u>46,555,426,849</u></b>

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018  
(Continued)

	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
	TZS	TZS
Accounts Payable	165,185,274	28,243,323
Other Payables	<u>865,244,007</u>	<u>634,622,670</u>
	<b><u>1,030,429,281</u></b>	<b><u>662,865,993</u></b>
<b>14 PROVISIONS</b>		
Provision for impairment	-	9,600,000
Provision for untaken leave	125,013,310	52,240,960
Provision for audit fees	52,000,000	40,000,000
Provision for Leave, Gratuity and other employees benefit	<u>88,174,090</u>	<u>179,893,454</u>
	<b><u>265,187,400</u></b>	<b><u>281,734,414</u></b>
<b>15 COURSE FEE</b>		
Master Degree Program	155,305,000	82,670,000
Bachelor Degree	1,477,953,500	1,684,862,000
Ordinary Diploma	746,300,000	648,228,000
Post Graduate Diploma	51,772,000	40,678,000
Certificate	<u>332,289,000</u>	<u>332,989,000</u>
	<b><u>2,763,619,500</u></b>	<b><u>2,789,427,000</u></b>

INSTITUTE OF SOCIAL WORK  
 NOTES TO THE FINANCIAL  
 STATEMENTS FOR THE YEAR ENDED  
 30th JUNE 2018 (Continued)

	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
	TZS	TZS
<b>16 GOVERNMENT GRANTS</b>		
Employers social security contribution	646,000	496,000
Personnel Emolument (P/E) Grant	<u>41,183,113</u>	<u>38,621,520</u>
	<u><b>41,829,113</b></u>	<u><b>39,117,520</b></u>
<b>17 DEVELOPMENT GRANT</b>		

Development grant is the amount that was received from the Government for development activities of the Institute. The amount (TZS 300,000,000) was received on 30<sup>th</sup> June 2017 and therefore it was recorded under Tax payer's fund for the year ended 30<sup>th</sup> June 2017. The amount has been recognized as income during the year in accordance to International Public Sector Accounting Standards (IPSAS 23) as there were no conditions attached that would have led to alternative accounting treatment.

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018  
(Continued)

18 OTHER INCOME	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
	TZS	TZS
Other grants	37,400,000	-
Carry forward Module Fees	2,400,000	7,465,000
Class room & Conference Hire	1,400,000	600,000
Student refund	120,400	-
Miscellaneous Income	1,034,933	28,367,979
Playground Hire	7,280,000	4,904,000
Rent investors container	7,688,000	7,440,000
Rent posters and other advert	67,357,735	23,753,570
Rent Residential external	8,632,500	13,000,000
Rent Hostel	78,370,000	80,854,000
Salary in lieu of notice	430,000	921,200
Sale of Prospectus	24,020,000	24,841,000
Sale of Tender Documents	-	350,000
Students Application Form	34,204,900	7,190,000
Penalty Income	660,600	942,460
Sale of Academic Transcript	5,040,500	5,415,500

Rental Income -Residential Internal Staff	72,896,350	77,673,720
Appeal Fee	870,000	4,240,000
Postponement Fees	5,450,000	17,550,000
Graduation Gown Hire	17,050,000	17,865,000
Penalty on book lost and card lost	320,000	110,000
Bad debt recovery	-	1,156,800
workshop and seminar income	3,555,000	40,000
Students commission refund income	-	158,400
Sale of Provisional result	978,000	3,207,000
staff Advance	160,000	-
charges of duplication of certificates	250,000	360,000
Registration fee	33,231,000	27,248,000
ISW Journal	20,000	-
Gain in exchange Fluctuation	16,099,873	5,155,028
Library fees	19,420,000	12,430,000
sale of research book	10,000	-
English Program	-	150,000
Short term Hostel	646,000	496,000
Other Income	<u>41,183,113</u>	<u>38,621,520</u>
	<b><u>488,178,904</u></b>	<b><u>412,506,177</u></b>

## INSTITUTE OF SOCIAL WORK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

#### 19 SALARIES AND STAFF BENEFITS

	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
	TZS	TZS
Basic salaries	3,000,296,067	3,026,621,000
Employers Social security contribution	509,816,401	169,893,100
Staff and Student welfare	408,253	12,694,000
Overtime Payment	11,198,674	39,727,928
Occupational Hazard& Hardship allowance	116,957,400	123,131,129
Sports Games and Cultural	22,164,050	21,773,200
Gratuity and other employees terminal benefits	93,303,202	117,976,215
Housing allowance house rent	119,170,250	108,870,500
Residential electricity allowances	34,910,500	41,566,208
Residential water & sewerage allowance	30,354,940	37,210,000
Tea Refreshment and bites	44,223,843	44,907,412
Telephone allowance-TEL&SPEC	35,237,000	41,444,000
Temporary Employee Casual	1,635,000	4,726,000



House hold amenities

_____ -	_____ 20,000,000
<b><u>4,117,956,130</u></b>	<b><u>3,843,008,077</u></b>

**INSTITUTE OF SOCIAL WORK**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018**

**(Continued)**

	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
20 ADMINISTRATIVE EXPENSES	TZS	TZS
Audit Fees	52,487,700	45,063,000
Advertisement Expenses	15,919,600	32,576,800
Bank charges	24,511,987	24,271,780
Board fees Expenses	92,557,073	91,006,371
Burial Expenses	8,475,000	5,583,000
Cleaning, Sanitation and Gardening	45,817,773	54,561,167
Water bill expenses	23,466,287	31,339,094
Electricity expenses	95,701,907	78,872,999
Policy review	8,795,000	-
Audit expenses	21,220,000	9,680,000
Impairment Losses	17,600,000	9,600,000
Extra Duty Expenses	86,077,461	63,011,860
Fumigation Expenses	-	1,148,560
Generator Services & Repairs	7,436,870	3,690,320
Consultancy work expenses	48,006,360	-
Motor vehicle Fuels and oils	27,530,091	21,020,890

**INSTITUTE OF SOCIAL WORK**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018  
(Continued)**

	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
	TZS	TZS
Insurance Expenses	12,384,100	44,736,875
Legal Fees	40,880,000	77,075,873
Maintenance furniture & equipment	17,491,528	7,028,723
Clothing and bedding	2,536,000	-
Newspapers and periodicals	6,788,800	17,808,200
Internet	8,271,128	11,889,700
Printing and Stationery	115,605,095	63,709,602
Repair and Maintenance-Buildings	20,850,391	35,301,409
Repair and Maintenance-Motor vehicles & license	43,314,976	18,390,388
Responsibilities & enter allowances	80,946,270	83,813,308
Security Expenses	40,020,000	39,426,000
Staff Honoraria Expenses	69,471,000	63,762,168
Telephone, Postage and Fax expenses	1,816,969	1,811,531
Tender expenses	16,610,000	10,110,000
Training expenses	193,559,125	236,458,737
Transport subsidy-trans. allow emp	30,184,500	33,630,000
Travelling in country	44,341,200	65,285,589

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018  
(Continued)

	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
	TZS	TZS
Travelling outside country	19,617,201	4,170,497
Accounting package Maintenance expenses	1,551,250	21,028,391
Acting Allowance	29,941,874	23,913,009
Recruitment expense	2,198,000	-
budget preparation expenses	4,320,000	14,920,000
Computer Accessories	22,044,283	-
HIV prevention	1,313,000	-
Depreciation Intangible Asset- Amortization	9,146,109	20,109,441
Financial preparation	21,210,000	19,950,000
Graduation Ceremony	26,191,040	22,247,306
Internal training and capacity build	2,850,000	8,850,000
Business promotion expenses	2,540,000	-
New year celebrations	21,139,333	3,660,000
Property Taxes	4,572,150	4,723,550
Rehabilitation expenses	170,902,688	8,716,315
Repair & maintenance of electronic Equipment	7,576,530	17,737,693
Seminars, conference & Workshop	54,693,850	47,068,452

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018

(Continued)

	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
	TZS	TZS
Stock taking and Survey Expenses	14,370,000	17,710,000
Subscription and professional fees	7,264,158	5,243,855
Bad debt expense	<u>-</u>	<u>27,901,650</u>
	<u><b>1,744,115,657</b></u>	<u><b>1,540,014,103</b></u>

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018  
(Continued)

	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
	TZS	TZS
<b>21 OPERATING EXPENSES</b>		
Field Supervision Expenses	146,526,500	80,178,906
Part Time Teaching	46,220,600	78,618,850
research supervision	29,800,000	32,860,000
Teaching-Extra hours	196,653,900	207,363,200
Research Expenses	-	8,879,719
Postponement expenses	-	2,519,000
Research and Consultancy expenses	48,006,360	22,760,900
Curriculum ,Quality assurance and policy Review Expenses	<u>11,808,000</u>	<u>300,000</u>
	<b><u>575,815,000</u></b>	<b><u>532,099,075</u></b>

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018  
(Continued)

	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
	TZS	TZS
<b>22 OTHER EXPENSES</b>		
Discontinue students expenses	41,932,800	52,407,729
Management Committees	-	8,850,000
May Day Expenses and National celebrations	6,950,000	6,948,000
Miscellaneous admin expenses	450,000	-
strategic plan n review expenses	11,255,000	-
Stakeholders meeting	5,140,000	-
Workers Council and Participation	16,999,000	10,527,000
Contribution to Public Activities	2,911,300	500,000
Exhibitions on Higher Education	3,390,000	3,620,000
ARIS Hosting	2,400,000	200,000
Loss on foreign exchange unrealized	1,232,674	-
Special duty allowance	<u>64,765,830</u>	<u>45,470,000</u>
	<b><u>156,976,604</u></b>	<b><u>128,522,729</u></b>

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

23. EXPLANATION OF VARIATION BETWEEN BUDGET AND ACTUAL EXPENDITURE (Continued)

Budget Item	Final Budget	Actual on Comparable basis	Difference	Explanations/comments/Reasons
	TZS	TZS	TZS	
Revenue From Non exchange Transaction			-	
Government Personnel Emoluments	4,218,573,000	3,000,296,067	(1,218,276,934)	The Institute expected to employ new staff but the Government froze both recruitments and promotions during the period.
UNICEF	122,280,000	58,045,000	(64,235,000)	Partners reduced expenditures and support on some of the project activities.
Masters Program	215,237,500	132,527,151	(82,710,349)	High competition from the Institutions which offer similar programs
Bachelor Program	2,160,060,000	1,794,048,543	(366,011,457)	The decrease was as a result of suspension of the evening class programs.



Ordinary Diploma	941,050,000	911,778,418	(29,271,582)	Decrease in enrollment due to competition from other Institutions which offer similar programs
Certificates	607,500,000	422,405,897	(185,094,103)	Decrease in enrollment due to competition from other Institutions which offer similar programs
<b>Budget Item</b>	<b>Final Budget</b>	<b>Actual on Comparable basis</b>	<b>Difference</b>	<b>Explanations/comments/Reasons</b>
	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	
Other Revenue	560,522,160	391,357,584	(169,164,576)	The decrease was attributed the reduction of the number of billboards rented and decrease of lease fee.
<b>Expenditure</b>				
HIV AID Intervention Programs developed	(4,420,000)	(1,313,000)	3,107,000	The Institute partnered with JHPIEGO and Royal Green Dispensary hence some of the cost was covered by the partners.
Improved Quality of Academic Programs	(431,300,000)	(338,733,540)	92,566,460	Delay of approval by NACTE of the Master degree in Human Resource Management.
Strengthened sponsored research and consultancy services	(155,195,000)	(102,911,000)	52,284,000	The Institute embarked on capacity building programs to enhance research skills.

Enhanced Human Resource Management Capacity	(1,881,770,000)	(1,348,334,503)	533,435,497	Institute advised staff to obtain loan from Students Loan Board
Infrastructures and Facilities Improved	(1,864,970,000)	(586,445,213)	1,278,524,787	Construction of IRC phase VII was rolled over to financial year 2018/19
Audit Costs	(59,600,000)	(60,087,700)	(487,700)	Slight increase in actual cost compared to budget is due to increased operational cost of the auditing than anticipated.
Settlements for Legal cases	(400,000,000)	(40,880,000)	359,120,000	The cases in the court of law are still waiting for ruling.

## INSTITUTE OF SOCIAL WORK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018

(Continued)

#### 24. CAPITAL MAINTENANCE

The equity of the Institute is made up of and accumulated surplus and capital grant (deferred income). The Board monitors the growth of capital to ensure growth of the Institute. As at 30<sup>th</sup> June 2018 the capital balance stood at

Description	<u>30<sup>th</sup> June 2018</u>	<u>30<sup>th</sup> June 2017</u>
	TZS	TZS
Accumulated Surplus	5,811,042,084	5,736,658,972
Tax payers fund	<u>46,127,046,042</u>	<u>46,555,426,849</u>
	<u>51,938,088,126</u>	<u>52,292,085,821</u>

#### 25. NUMBER OF EMPLOYEES

The number of employees during the year was 135 (2017: 144).

#### 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Institute operations are exposed to financial risks as explained hereunder. Financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on The Institute's financial performance. The main risks arising from the Institute's operations are credit risk, liquidity risk and currency risk. The Institute reviewed risk register to enable management of risks. Some of the risks are summarized below: -

##### i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Institute is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. However, The Institute does not regard that there is significant concentration of credit risk. The Institute mitigates the credit risk by maintaining cash and cash equivalents with reputable financial institutions; and recovering staff debts in terms of the applicable regulations directly from the employee's salary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018  
(Continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

i) Credit risk (Continued)

The age analysis of trade and other receivables is as shown below: (Amounts in TZS)

	3 - 6 months	6 - 12 months	Over 1 year	Total
	TZS	TZS	TZS	TZS
<b><u>30 June 2018</u></b>				
Trade and other receivables	274,169,935	-	-	274,169,935
<b><u>30 June 2017</u></b>				
Trade and other receivables	761,526,177	-	-	761,526,177

The maximum exposure to credit risk is as shown below:

	<b><u>30<sup>th</sup> June 2018</u></b>	<b><u>30<sup>th</sup> June 2017</u></b>
	TZS	TZS
Cash and Cash Equivalents	2,050,301,694	1,643,699,008
Trade and Other Receivables	<u>274,169,935</u>	<u>761,526,177</u>
	<b><u>2,324,471,629</u></b>	<b><u>2,405,225,185</u></b>

ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet obligations associated with financial instruments. The Institute manages its liquidity risk to ensure it is able to meet estimated expenditure requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents.

## **INSTITUTE OF SOCIAL WORK**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018 (Continued)**

#### **26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

The Institute's main sources of income are the annual budget allocation from the Ministry of Finance and Planning and other sources of income. The income is used to fund The Institute's operational and capital requirements. The annual budget is allocated by the Ministry in accordance with the provisions governing the Medium-Term Expenditure Framework (MTEF). The Institute uses Activity Based Budgeting approach with an extensive planning and governance process focused on the Strategic Plan to determine its operational and capital requirements. This is considered to be adequate mitigation for liquidity risk.

## INSTITUTE OF SOCIAL WORK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

#### 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The table below summarizes the maturity profile of financial liabilities:

	1 to 3 months	3 to 12 months	Over 1 year	Total
	TZS	TZS	TZS	TZS
<b><u>30<sup>th</sup> June 2018</u></b>				
Payables	-	1,295,616,681	-	1,295,616,681
<b><u>30<sup>th</sup> June 2017</u></b>				
Payables	-	935,300,407	-	935,300,407

#### iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Some of the Institute's operations utilize various foreign currencies and consequently, are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies, and accepting the local currency invoices only. The loss on foreign currency fluctuation during the year arose from the translation of bank balances.

#### 27. FAIR VALUE OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a) Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- b) Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

INSTITUTE OF SOCIAL WORK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018

(Continued)

27 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

- c) Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Table 13: Fair value of financial instruments

	Carrying Value		Fair Value
		Level I	Level II
	TZS	TZS	TZS
<b><u>30<sup>th</sup> June 2018</u></b>			
<b>Assets</b>			
Cash and Cash Equivalents	2,050,301,694	-	2,050,301,694
Trade and other receivables	274,169,935		274,169,935
<b>Liabilities</b>			
Payables	1,295,616,681	-	1,295,616,681
<b><u>30<sup>th</sup> June 2017</u></b>			
<b>Assets</b>			
Cash and Cash Equivalents	1,643,699,008	-	1,643,699,008
Trade and other receivables	973,679,481	-	973,679,481
<b>Liabilities</b>			
Payables	935,000,407	-	919,859,984

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018**  
**(Continued)**

The fair value of the assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- a) Cash and cash equivalents, fixed deposits, trade and other receivables, and payables approximate their carrying amounts largely due to the short-term maturities of these instruments.
- b) Fair value of property, plant and equipment is based on independent valuers' valuation.

**28 CATEGORIES OF FINANCIAL INSTRUMENTS**

- c) The categorization of financial instruments as per IAS 39 Financial Instruments

Recognition and Measurement - is as shown below:

	Carrying Value	Held to maturity	Loans and receivables
	TZS	TZS	TZS
<b><u>30<sup>th</sup> June 2018</u></b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	2,050,301,694	2,050,301,694	-
Trade and other receivables	<u>274,169,935</u>	<u>-</u>	<u>274,169,935</u>
	<b><u>2,324,471,629</u></b>	<b><u>2,050,301,694</u></b>	<b><u>274,169,935</u></b>
<b><u>30<sup>th</sup> June 2017</u></b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	1,643,699,008	1,643,699,008	-
Trade and other receivables	<u>973,679,481</u>	<u>-</u>	<u>973,679,481</u>
	<b><u>2,717,378,489</u></b>	<b><u>1,643,699,008</u></b>	<b><u>973,679,489</u></b>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018  
(Continued)

	Carrying Value	Other financial liabilities	
	TZS	TZS	
<b><u>30<sup>th</sup> June 2018</u></b>			
<b>Financial Liabilities</b>			
Payables	<u>1,295,616,681</u>	<u>1,295,616,681</u>	-
	<b><u>1,295,616,681</u></b>	<b><u>1,295,616,681</u></b>	=
<b><u>30<sup>th</sup> June 2017</u></b>			
<b>Financial Liabilities</b>			
Payables	<u>935,000,407</u>	<u>935,000,407</u>	-
	<b><u>935,000,407</u></b>	<b><u>935,000,407</u></b>	=

## INSTITUTE OF SOCIAL WORK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018

(Continued)

#### 29 ASSETS PLEDGED AS SECURITY FOR LIABILITIES

None of the Institute's assets have been pledged as security for liabilities.

#### 30 RELATED PARTY TRANSACTIONS

The entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of key Management are regarded as related parties and comprise the Rector, two Deputy Rectors, Heads of Academic and administration departments and independent units.

##### Key Management Personnel and Board Remunerations

Key management short term benefits which were paid included salaries, allowances and social security contributions as table 14 indicates: -

Table 14: key Management Personnel and Board Remunerations

	30 <sup>th</sup> June 2018	30 <sup>th</sup> June 2017
	TZS	TZS
<b>Key Management remuneration</b>		
Salaries	637,835,000	577,272,000
Allowances	222,337,000	217,704,000
Social security contribution	140,931,200	115,454,400
Gratuity	60,861,966	44,443,800
<b>Sub total</b>	<b>1,061,965,166</b>	<b>954,874,200</b>
<b>Board of Governors remuneration</b>		
Board fees	49,000,000	49,000,000
Board allowances	40,356,493	42,006,371
<b>Subtotal</b>	<b>89,356,493</b>	<b>91,006,371</b>
<b>Grand Total</b>	<b>1,151,321,659</b>	<b>1,045,880,571</b>

Payments to Board members and executives are paid in accordance with the Government Standing Orders and the approved human resources management policy and incentive scheme of the Institute of Social Work.

## INSTITUTE OF SOCIAL WORK

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018 (Continued)

#### 31 COMMITMENTS

##### 32.1 Capital expenditure

This is a total amount expected for execution of development activities in the Institute. Currently, the Institute is under commitment to finalize the construction of Information Resource Center (IRC). As at 30th June, 2018 the Institute committed TZS. 750,000,000.00 for construction of IRC building.

	2018	2017
	TZS	TZS
<b><u>Capital expenditure</u></b>		
Contracted and authorized	750,000,000	209,087,933

##### 32.2 Lease

The Institute entered into operating leases with tenants. The Institute sublets unutilized space (Land and building) to earn rental income. The leases cover a period of one year with an option to renew after expiry. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Financial Performance due to its operating nature. During the year under review there was no unexpired lease for existing contracts.

	2018	2017
	TZS	TZS
<b><u>Lease commitments</u></b>		
<b><u>(Institute as Lessor - Operating Lease)</u></b>		
Rental income: Within one year	75,045,735	31,193,570

## **INSTITUTE OF SOCIAL WORK**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018**

(Continued)

#### **32 CONTINGENT LIABILITIES:**

At the balance sheet date, there were two (2) undecided legal suits against the Institute. Should the Courts rule in favour of the plaintiffs the Institute might be required to redeem the plaintiffs by paying legal costs and any other claims the Court might grant. A trial date has not yet been set and therefore it is not practicable to state the timing of the payment, if any.

The Institute has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

#### **33 CONTINGENT ASSETS**

As at 30<sup>th</sup> June 2018 the Institute had a court case settled a pending case associated with one of its former employees who was obligated to bank cash amounting to TZS 27,901,650. Even though the outcome of the case has been in favor of the Institute, there is no expected cash inflow associated with the outcome of the case.