



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



CO-OPERATIVE AUDIT AND SUPERVISION CORPORATION

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

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: +255 (026) 2161200
Fax: +255 (026) 2321245
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

February, 2023

AR/ PA/COASCO/2021/22



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



CO-OPERATIVE AUDIT AND SUPERVISION CORPORATION

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

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: +255 (026) 2161200
Fax: +255 (026) 2321245
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

February, 2023

AR/ PA/COASCO/2021/22

Mandate

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

Vision

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

Mission

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

Core values

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

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

We do this by:

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

© This audit report is intended to be used by Co-operative Audit and Supervision Corporation (COASCO) and may form part of the annual general report which once tabled to National Assembly, becomes a public document hence, its distribution may not be limited.

GENERAL INFORMATION

PLACE OF BUSINESS:	Cooperative Audit and Supervision Corporation, P.O. Box 761, Dodoma, Tanzania. Telephone: +255 (0) 26 2321485 E-mail: info@cosasco.go.tz Website: www.coasco.ac.tz
PARENT MINISTRY:	Ministry of Agriculture Kilimo Street, Government City - Mtumba Area, P.O. Box 2182, Dodoma, Tanzania.
ACCOUNTING OFFICER:	CPA Zavery E. Mkingule, Director General, Cooperative Audit and Supervision Corporation, Dodoma. P.O. Box 761, Dodoma, Tanzania.
AUDITOR:	Controller and Auditor General, National Audit Office, 4 Ukaguzi Road, Hazina Street, P.O. Box 950, 41104 Tambukareli, Dodoma, Tanzania.
BANKERS:	Bank of Tanzania 16 Jakaya Kikwete Road 40184, Dodoma Tanzania, P.O. Box 2303, Dodoma Tel: +255 26 2963183/7 or +255 22 2232506, Fax: +255 26 2963189, Email: botcommunications@bot.go.tz , CRDB Bank PLC, Lumumba Branch, P.O. Box ,2318 Dar es salaam, Tanzania. NMB Bank PLC, Mazengo Branch, P. O. Box 277, Dodoma, Tanzania.

TABLE OF CONTENTS

ABBREVIATIONS.....	ii
1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL.....	1
2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE.....	5
3.0 STATEMENT OF DIRECTORS' RESPONSIBILITY	30
4.0 DECLARATION OF THE HEAD OF FINANCE	31
5.0 FINANCIAL STATEMENTS	32

ABBREVIATIONS

CAG	Controller and Auditor General
COASCO	Cooperative Audit and Supervision Corporation
GAMIS	Government Assets Management Information System
GPSA	Government Procurement Services Board
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
ICT	Information Communication Technology
IT	Information Technology
MUSE	Mfumo wa Ulipaji Serikalini
NBAA	National Board of Accountants and Auditors
PSSSF	Parastatal Social Services Security Fund
RSP	Rolling Strategic Plan
TCDC	Tanzania Cooperative Development Commission
TFRS	Tanzania Financial Reporting Standard
TR	Treasury Registrar
TZS	Tanzanian Shilling
URT	United Republic of Tanzania

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

The Chairperson,
Board of Directors,
Co-operative Audit and Supervision Corporation,
P.O. Box 761
Dodoma

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Co-operative Audit and Supervision Corporation, which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Co-operative Audit and Supervision Corporation as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Co-operative Audit and Supervision Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit 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 I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements

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

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

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

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

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

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

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

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

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

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

In addition, Section 10 (2) of the Public Audit Act, Cap 418 (R.E 2022) requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011(as amended in 2016) requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws.

Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on procurement of works, goods and services in the Co-operative and Audit Supervision Corporation for the financial year 2021/22 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, procurement of goods, works and services of Co-operative and Audit Supervision Corporation is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

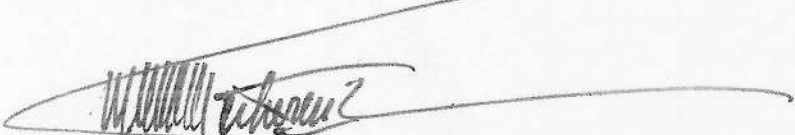
1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Co-operative and Audit Supervision Corporation for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of Co-operative and Audit Supervision Corporation is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.


Charles E. Kichere
Controller and Auditor General
Dodoma, United Republic of Tanzania.

March, 2023



2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE

2.1 INTRODUCTION

In pursuant to the Tanzania Financial Reporting Standard No. 1 of 2010 as revised in 2020 regarding the Report by Those Charged with Governance, the Board of Directors would like to present this report and financial statements for the financial year ended 30 June, 2022. The presentation of the financial statements is in accordance with the provisions of the Public Audit Act No. 11 of 2008, Public Finance Act No. 6 of 2001 (revised 2004), Rule 73 of the Corporation of Dodoma Charter of 2007 (amended Rules 2020) and IPSAS accrual basis. The financial statements disclose the affairs of the Cooperative Audit and Supervision Corporation (COASCO) for the year ended 30 June, 2022 and future plans as detailed in its Rolling Strategic Plan (RSP) for the years 2019/20 - 2023/24.

2.2 ESTABLISHMENT OF THE CO-OPERATIVE

The Co-operative Audit and Supervision Corporation (COASCO) was established under the Act of parliament No. 15 of 1982. The Act came into operation on 1 July 1985 vide Government Notice No. 399 dated 25 October 1985. The Act was amended in 2005. COASCO carries its activities in Mainland Tanzania and is located at the following physical address: -

Cooperative Audit and Supervision Corporation,
Khatibu Avenue,
P.O. Box 761,
Dodoma, Tanzania

COASCO is charged with the overall responsibility of providing audit, consultancy and supervision services to the co-operative societies in the mainland Tanzania, as well as providing audit and consultancy services to other entities including those which may be assigned by the CAG.

2.3 CORPORATE OUTLOOK

COASCO's operations revolve around its vision and mission which are stated below:

Vision

To become a unique center of excellence for provision of cooperative audit and cooperative consultancy services in East and Central Africa.

Mission

To continue being entrusted in delivering quality audit, consultancy and enhance corporate governance to the Cooperatives.

Core Values

Currently, five core values guide COASCO in accomplishing its vision, mission and functions as shown in a table below:

Table.1: A list of Core Value

Ethics and integrity	COASCO community upholds and observes accuracy, professional ethics, honesty, corporate social responsibility, good governance and human respect in all its undertakings.
Innovation	In performing its core functions, COASCO will strive to be creative, up-to-date, innovative and inventive.
Accountability and transparency	COASCO management and staff will observe openness, teamwork, inclusiveness, reliability and accountability in making decisions and implementation of all activities.
Equity and inclusion	COASCO is an equity observing institution. Thus, all sections of the society, especially the disadvantaged groups and individuals are given the opportunity to education, training, recruitment, promotion, decision-making, and the like.
Partnerships	COASCO works and collaborates closely with stakeholders who include staff, government institutions, NGOs, civil society groups, service providers, development partners, and other co-operative societies.

2.4 OBJECTIVES AND FUNCTIONS OF COASCO

As prescribed under section 4(1) of Cooperative Audit and Supervision Corporation Act, the principal functions and roles of COASCO include:

- i) To provide audit services to pre-cooperative groups, cooperative societies, private or public companies and organizations;
- ii) To provide supervision services to pre-cooperative groups and cooperative societies;
- iii) To formulate audit and accounting policies for adoption by the societies;
- iv) To carry out research and consultancy services;
- v) To monitor other audit firms which shall conduct auditing services to pre - cooperative groups and cooperative societies; and
- vi) To do anything which may facilitate the proper services of the functions of the Corporation.

The COASCO's Five Years Strategic Themes

Under the COASCO's Rolling Strategic Plan for the years 2019/20 - 2023/24, the COASCO focuses on achieving the following development objective:

To become among the most reliable Audit, Research and Consultancy Services provider for Cooperative Sector in Eastern Africa. Our Vision, Mission and Values Statements commit us to provide quality services to our clients. The Corporation desires to be among the leaders in enhancing financial accountability through good governance practices by providing quality and demand-driven services to both co-operatives and the non-co-operative entities in the country.

COASCO RSP IV sets out the roadmap for the future strategic direction of COASCO by identifying objectives, strategies and targets to be pursued during the five years, (2019/20-2023/24). The Plan guides planning, budgeting, implementation and reporting in all audit of cooperatives and administrative units. Similarly, it provides a basis for mobilization and effective utilization of resources, and as a tool for providing improved services. It describes what COASCO aspires to achieve in the next five years, and how it will attain the intended outcomes for its stakeholders. It also contributes to the national long-term goals and development agenda.

To achieve this grand objective, COASCO will pursue six (6) strategic objectives during the 2019/20-2023/24 period. Objectives 1 and 2 are cross-cutting at the national level (implemented by all public institutions). The remaining four (4) objectives reflect the core functions and issues of COASCO. Each strategic objective is justified by a rationale, expected results, KPIs and main targets that are to be implemented. The strategic objectives and number of targets to be addressed during the RSP implementation period are as shown in Table 2 below:

Table 2: Number of Planned Targets for Each Strategic Objective

S/N	Strategic Objectives	Number of Targets
1.	Health Services Improved, HIV/AIDS Infections and NCD Reduced	4
2.	National Anti-Corruption Strategy Effectively Implemented	4
3.	Corporation Performance and Service delivery Improved	4
4.	Client's base and Market Share increased	2
5.	Human Resource Management and Good Governance improved	4
6.	Stakeholders' contributions, communication and participation improved	3
	Total Number of Targets	21

2.5 CORPORATE GOVERNANCE MATTERS

2.5.1 Board of Directors

The Board of Directors is responsible for the governance of the COASCO by ensuring that the corporation complies with the law, standards of the corporate governance and business ethics. The board takes overall responsibility for the running of COASCO, including effective and efficient implementation of various activities, monitoring operations and investment decisions, considering significant financial matters, and reviewing the performance of management plans and budgets. The Board is also responsible for identifying key risk areas and ensuring that a

system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board delegates the day-to-day management of the business to Director General assisted by the management. The Management officers are invited to attend board meetings and facilitate the effective control of all the COASCO's operational activities, acting as a medium of communication and coordination between all the various business units.

Members of the Board include the following:

- i) Chairperson (non-executive), who is appointed by the President,
- ii) Eight non-executive members,
- iii) Controller and Auditor General (CAG), who is appointed by the Minister responsible for Agriculture and Cooperatives,
- iv) Two members (Male and Female) from Cooperative movements who are appointed by the Minister responsible for Agriculture and Cooperatives.
- v) Vice Chancellor of Moshi Co-operative Corporation (MOCU) who is appointed by the Minister responsible for Agriculture and Cooperatives
- vi) Registrar of Co-operatives who is appointed by the Minister responsible for Agriculture and Cooperatives
- vii) One member from Workers Council who is appointed by the Minister responsible for Agriculture and Co-operatives
- viii) Commissioner of Budget who is appointed by the Minister responsible for Agriculture and Cooperatives

Subject to the provisions of the Act, Regulations made there under, and the Charter, control of the COASCO shall be vested in the Board of Directors. COASCO Board shall have power as follows:

- i) To administer the properties of the Corporation both movable and immovable.
- ii) To formulate policies for the better implementation of the COASCO's objects.
- iii) To administer the funds and other assets of the COASCO.
- iv) To do all such other acts and things as are or may be provided for in the Act.

The committee and sub-committees of the Board of Directors, necessary to achieve the above are in place, are properly constituted, having appropriate terms of reference and reporting procedures. We would also like to note that, during the year, no conflict of interest existed between the members of the Board and the COASCO. The following are the Board members who served the Corporation during the year under review.

Table 3: Members who served in the Board during the year ended 30th June, 2022

S/N	Name	Position	Age	Qualification	Nationality	Period served
1	CPA Yona S. Killagane	Chairperson	68	Msc. (Fin. Mgt, ACCA& Certificate in Petroleum and Management Analysis	Tanzanian	From: 18 Sept 2021 To: 30 th June 2022
2	Prof. Alfred S. Sife	Vice-Chairperson	50	PhD inf. Bsc. F	Tanzanian	From: 18 Sept 2021 To: 30 th June 2022
3	CPA Aziz J. Dachi	Member	48	Bsc. Comp, MBA, CISA, CPA(T)	Tanzanian	From: 18 Sept 2021 To: 30 th June 2022
4	Dr. Benson O. Ndiege	Member	43	PhD. (Fin. Mgt), Msc. (Eco) BAED	Tanzanian	From: 18 Sept 2021 To: 30 th June 2022
5	Mr. Balandya M. Elikana	Ex-officio Member	51	BA Eco, MA (Eco), Pgd (Social Eco)	Tanzanian	From: 18 Sept 2021 To: 30 th June 2022
6	Ms. Theresia A. Chitumbi	Member	48	Pgd IT, Adv. Dipl. Tel & Economics	Tanzanian	From: 18 Sept 2021 To: 30 th June 2022
7	Ms. Mechtilda Y. Zimbwe	Member	57	MBA (Fin), ADCMA	Tanzanian	From: 18 Sept 2021 To: 30 th June 2022
8	Mr. Florian O. Haule	Member	51	BA (Business Admin)	Tanzanian	From: 18 Sept 2021 To: 30 th June 2022
9	CPA Thomas F. Samo	Member	57	CPA(T), Bcom Accounting	Tanzanian	From: 18 Sept 2021 To: 30 th June 2022
10	CPA Zavery E. Mkingule	Secretary	59	FCPA(T), MBA Fin, & ADCA	Tanzanian	From: 18 Sept 2021 To: 30 th June 2022

During the year ended 30 June, 2022, the Board of Directors conducted a total of four (3) ordinary meetings. In these meetings, among others, the Board approved the following important documents/matters:

- i) New COASCO Scheme of Service.
- ii) Confirmed Director General
- iii) Review of various COASCO policies and guidelines including Accounting Manual and ICT policies.
- iv) Approved Audited Financial Statement 2020/21
- v) Approved Annual Budget 2022/23

2.5.2 Board Meetings

Table 4: Attendance of the Board Members and meetings held from 01st July, 2021 to 30th June, 2022 is shown in the below:

S/N	NAME	MEETINGS		
		69 th Ordinary Meeting	70 th Ordinary Meeting	71 st Special Meeting
		05-12-2021	24-03-2022	16-06-2021
1	CPA Yona S. Killagane	P	P	P
2	Prof. Alfred S. Sife	P	P	P
3	CPA Aziz J. Dachi	P	P	P
4	Dr. Benson O. Ndiege	P	P	P
5	Mr. Balandya M. Elikana	P	P	A
6	Ms. Theresia A. Chitumbi	P	P	A
7	Ms. Mechtilda Y. Zimbabwe	P	P	P
8	Mr. Florian O. Haule	P	P	P
9	CPA Thomas F. Samo	P	P	P
10	CPA Zavery E. Mkingule	P	P	P

KEY:

P=Present

A=absent with apology

2.5.3 Committees of the Board Members

In the execution of its policy and decision-making roles, The BOARD is assisted by various technical committees. These committees include the following:

- i) Finance, Planning and Economic Committee.
- ii) Audit Committee
- iii) Appointment and Disciplinary Committee.

Finance, Planning and Economic Committee

The Finance, Planning and Economic Committee is a standing committee of the Board composed of various members and a secretary. The PFEIC advises the Corporation Board on matters related to strategic planning, resource mobilization, and development projects, budgeting, procurement, physical, and financial resource management.

Finance, Planning, and Economic Committee

The following were members of the Committee who served the COASCO during the year under review:

Table 5: Members of the Finance, Planning and Economic Committee from 1st July, 2021 to 30th June, 2022

S/N	Name	Position	Nationality	Period served in year
1	Mr. Balandya M. Elikana	Chairperson	Tanzanian	18 th Sept 2021 - 30 th June 2022
2	Dr. Benson O. Ndiege	Member	Tanzanian	18 th Sept 2021 - 30 th June 2022
3	Ms. Mechtilda Y. Zimbwe	Member	Tanzanian	18 th Sept 2021 - 30 th June 2022
4	Ms. Theresia A. Chitumbi	Member	Tanzanian	18 th Sept 2021 - 30 th June 2022
5	CPA Zavery E. Mkingule	Secretary	Tanzanian	18 th Sept 2021 - 30 th June 2022

Finance, Planning, and Economic Committee

During the financial year 2020/22, the Committee held a total of three (3) meetings in which it deliberated and recommended the following documents to the COASCO Board for approval:

- i) Quarterly reports on income and expenditure.
- ii) Annual budget.
- iii) Annual Procurement Plan.
- iv) Semi-annual report on budgetary performance.

Table 6: Attendance of the Finance, Planning, and Economic Committee Members from 1st July, 2021 to 30th June, 2022

S/N	Name	Meetings		
		03 rd Dec 2021	22 nd March 2022	13 th June 2022
1	Mr. Balandya M. Elikana	P	P	P
2	Dr. Benson O. Ndiege	P	P	P
3	Ms. Mechtilda Y. Zimbwe	P	P	P
4	Ms. Theresia A. Chitumbi	P	P	P
5	Mr. Zavery E. Mkingule	P	P	P

KEY:

P=Present

A=absent with apology

Audit Committee

The Audit Committee is established in accordance with Regulation 116(1) of the Public Audit Regulations, 2009 which now read together with the Public Finance (Amendment) Regulations, 2022. This is the committee of the COASCO Board charged with the duty of reviewing significant accounting policies and financial reporting systems to ensure that they are adequate and are complied with at all times. It reviews the adequacy of internal control systems and monitors the implementation of actions to address issues raised by internal and external auditors.

The Committee consisted of five members of the Board.

The COASCO Audit Committee's responsibilities are to:

- i. Approve annual internal and strategic audit plans;
- ii. Review all internal and external audit reports, involving matters of concern to the management of the COASCO, including identification and dissemination of good audit practices;
- iii. Providing advice to the Director General on actions to be taken regarding matters of concern raised in internal audit reports and reports of the Controller and Auditor-General concerning the Corporation;
- iv. Coordinate audit programmes conducted by the Internal Auditor and those conducted by the Controller and Auditor General;
- v. Review and recommend to the Board audit-related instruments;
- vi. Monitor the COASCO code of conduct and Ethics for Auditors and Accountants
- vii. Ensure that the COASCO policy on conflict of interests is comprehensive documentation of conflicts; and
- viii. The Chief Internal Auditor Audit reports functionally to the Audit Committee.

The Audit Committee as at 30th June, 2022 was composed of the following members:

Table 7: Members of the Audit and Risk Management Committee (ARMC)

S/N	Name	Position	Qualifications	Nationality	Period of service
1	CPA Aziz J. Dachi	Chairperson	Bsc. Comp, MBA, CISA, CPA(T)	Tanzanian	18 Sept 2021-30 June 2022
2	CPA Thomas F. Samo	Member	CPA(T), Bcom Accounting	Tanzanian	18 Sept 2021-30 June 2022
3	Ms. Mechtilda Y. Zimbwe	Member	MBA (Fin), ADCMA	Tanzanian	18 Sept 2021-30 June 2022
4	Mr. Florian O. Haule	Member	BA (Business Admin)	Tanzanian	18 Sept 2021-30 June 2022
5	CPA Zavery E. Mkingule	Member	F CPA(T), MBA Fin, & ADCA	Tanzanian	18 Sept 2021-30 June 2022

The Audit Committee held three (3) ordinary meetings during the financial year 2021/22 in which, it discussed and made appropriate decisions on various matters regarding the followings:

- i) Implementation Internal Audit Plan for the financial year 2021/22.
- ii) Quarterly internal audit reports.
- iii) Audit Committee annual report for the financial year 2020/21.
- iv) Draft financial statements for the year 2020/21.
- v) Audited financial statements for the year 2020/21.
- vi) Management Letter from the external auditors for the financial year 2020/2021.

Table 8: Meeting's attendance of the Audit Committee Members from 1 July 2021 to 30 June 2022

S/N	NAME	MEETING		
		Ordinary	Ordinary	Ordinary
		03 Dec 2021	22 March 2022	13 June 2022
1	CPA Aziz J. Dachi	P	P	P
2	CPA Thomas F. Samo	P	P	P
3	Ms. Mechtilda Y. Zimbwe	P	P	P
4	Mr. Florian O. Haule	P	P	P
5	CPA Zavery E. Mkingule	P	P	P

KEY:

P=Present

A=absent with apology

Appointment and Disciplinary Committee.

The Appointment and Disciplinary Committee advises the COASCO Board on the handling of appointments and related matters concerning administrative and technical staff.

The Committee performs the following functions:

- i) Recruitment and selection of all COASCO staff;
- ii) COASCO human resources planning;
- iii) Promotion and discipline;
- iv) Staff development and welfare;
- v) Emoluments, compensation, and benefits of staff;
- vi) Terms and conditions of staff development;
- vii) Salaries and remunerations of staff;
- viii) Safety, health, and security of staff; and
- ix) Labour and industrial relations;

Table 9: Members of the Appointment and Disciplinary Committee who served the Council from 1st July, 2021 to 30th June, 2022

S/N	Name	Position	Nationality	Period served
1	Prof. Alfred S. Sife	Chairperson	Tanzanian	18 Sept 2021-30 June 2022
2	CPA Aziz J. Dachi	Member	Tanzanian	18 Sept 2021-30 June 2022
3	Mr. Balandya M. Elikana	Member	Tanzanian	18 Sept 2021-30 June 2022
4	Dr. Benson O. Ndiege	Member	Tanzanian	18 Sept 2021-30 June 2022
5	CPA Zavery E. Mkingule	Secretary	Tanzanian	18 Sept 2021-30 June 2022

During the year, the Committee held a total of three (3) meetings in which it deliberated and recommended to the Corporation Council for approval the following:

- i) Reports on Human Resources Matters;
- ii) Staff recruitment, training, and development;
- iii) Proposals for staff promotion;
- iv) Proposals for Confirmations of the Acted Management Positions

Table 10: Attendance of the Appointment and Disciplinary Committee who served the Council from 1st July, 2021 to 30th June, 2022

S/N	Name	03-12-2021	23-03-2022	14-06-2022
1	Prof. Alfred S. Sife	P	P	P
2	CPA Aziz J. Dachi	P	P	P
3	Mr. Balandya M. Elikana	P	P	P
4	Dr. Benson O. Ndiege	P	P	P
5	CPA Zavery E. Mkingule	P	P	P

KEY:

P=Present

A=absent with apology

2.5.4 Management

The Board has delegated authority to conduct day to day business to the Director General. The Director General manages day to day operations of the Corporation in collaborations with the Senior Management Team. The Management Team is made up of three Directors:

Table 11: Management Team who served from 1st July, 2021 to 30th June, 2022

Name	Position	Qualification
CPA Zavery E. Mkingule	Director General	F CPA(T), MBA Fin, & ADCA
CPA Jeremiah J. Mugeta	Ag. Director of Audit	ACPA (T) PP, MBA & ADA
CPA Ismail I. Mshare	Ag. Chief Accountant	ACPA (T), Msc. Accounting, Pgd Acc, ADCA, Dipl. IPSAS
Mr. Vincent Bukombe	Ag. Chief Human Resource Office	MBA, ADAHR

2.6 CHALLENGES THAT INFLUENCED THE COASCO OBJECTIVES

The Corporation faced the following major changes which adversely affected the realization of the set targets during the implementation of the plan.

Inadequate financial resources

Inadequate financial resources among other factors have been caused by the poor economic activities of Corporation's clients (co-operatives) as expected and intermittent flow of funds for other charges and development projects from the Government. This has impeded the implementation of the development projects especially renovations of COASCO Buildings.

Shortage of staff

The shortage of staff is still a problem at the COASCO, especially for auditors. Currently, the Corporation has only 70 audit staff out of 200 required.

Inadequate infrastructure

Lack of sufficient infrastructures such as ICT infrastructure, working gears (Motor Vehicles, Furniture, Computers, Photocopy Machines and Printers, hired offices etc) This has limited the number of co-operative audited, while the target of the Corporation is to audit all registered Co-operative Societies.

2.7 REMEDIAL ACTIONS TO ADDRESS THE CHALLENGES THAT INFLUENCED THE CORPORATION OBJECTIVES

To address the aforementioned challenges, the Corporation has embarked on the following remedial measures:

Improving Financial Resource Mobilization Strategies

The Corporation has continued to strengthen its financial resource mobilization strategies to attract funds from different sources apart from the government budget one. Strategies employed include; COASCO in corroboration with TCDC had started charging fees basing on client's economic wealth.

Improving Physical Infrastructure

In response to the shortage of infrastructure at the Corporation, the management has taken various initiatives to address the challenge. Currently, the Corporation had started renovating buildings located in Kilimanjaro, Mtwara, Dodoma by using its own sources. Likewise, there is a move to purchase one motor vehicle on each financial year.

Increasing the Number of Staff

In response to the challenge relating to staff shortage, COASCO management has continued to apply for employment permits from the Government. So far, during the year under review, permits for forty-two (42) auditors have been secured from the Government. In operational areas with acute shortage, the Corporation has engaged interns in audit activities.

2.8 FUTURE PLAN

The Corporation shall continue to implement its Strategic Plan IV 2019/20-2023/24; that targets to achieve the 2020 Ruling Party Election Manifesto, the National Five-Year Development Plan (FYDP III):2021/22-2025/26; Development Plans and Strategies of the Cooperative Sector and other Government directives. In order to fulfil its vision and mission Corporation set four (4) objectives namely:

- i) Services Improved and HIV/AIDS infections reduced;
- ii) National Anti-Corruption Strategy and Action Plan enhanced and sustained;
- iii) Audit of Co-operative Societies Strengthened; and
- iv) Audit and Consultancy work strengthened;

During the next Financial Year (2022/2023), the Corporation has planned to continue implementing the following plans which are carried forward from the 2021/2022 fiscal year:

- i) Rehabilitation and improvement of existing buildings, fixtures and other amenities
- ii) Improve the quality of audit reports
- iii) Removal of working papers files from manual to automated audit trail through own developed audit software
- iv) To develop and review various policies, guidelines procedures and guidelines; necessary in the running of Corporation activities
- v) Improve ICT infrastructures
- vi) Capacity building to staff (academic and administrative) both in long-term and short-term training

2.9 OPPORTUNITIES

- i) Recognition by the Cooperative Act as auditors of Cooperative Societies
- ii) Stable national political and macroeconomic environment
- iii) Strong national and international demand for Cooperative sectors
- iv) Existence and emerging of Cooperative Societies
- v) Opportunities for national, regional, and international collaborations

2.10 CHALLENGES

- i) Inability to meet the revenue collection target due to weak economic activities of cooperatives.
- ii) Absence of new clients (out of Cooperatives)
- iii) Budget constraints especially in implementing planned activities such as renovation of COASCO Buildings; acquisition of modern technologies to improve and simplify some tasks;
- iv) Inadequate senior staff in the labour market to fill positions in reviewing process of current and permanent auditors working paper files;
- v) Inadequate built infrastructure such as offices, in some regions to accommodate staff.

2.11 FUTURE STRATEGIES

- i) Exposing audit staff to various national and international professional conferences by covering some of their conference expenses;
- ii) Provision of financial support to motivate researchers to publish in peer reviewed journals;
- iii) Implementation of capacity building programs to audit staff in the areas of professionalism in order to raise the quality of audit reports;
- iv) Recruit more senior audit staff to ensure proper review of audit working papers to reduce errors and improve quality audit reports;
- v) Encourage and support staff development program by developing junior staff to curb shortage of senior academic staff in the labour market;
- vi) Enhance ICT infrastructure and e-learning to offer quality services and produce competent staff;
- vii) Continued training Cooperative workers on good bookkeeping, so that to reduce work load to auditors.
- viii) Timely advertising and participating in Nanenane, Sabasaba, SACCOS day, Cooperative day and other professional events to increase public awareness of COASCO activities.

2.12 KEY PERFORMANCE INDICATORS DURING THE YEAR 2021/22

Key Performance Indicators measure the nature and scope of efficiency and effectiveness of The COASCO operations. The Key Performance Indicators are as per Recommended Practice Guideline (RPG) on reporting service performance information that assists users of the financial statements to assess the Corporation service efficiency and effectiveness. The Annual Action Plan for the financial year 2021/22 has set 4 targets, which were spread across all four (4) strategic objectives to be attained by 30th June, 2022. The implementation of the Rolling Strategic Plan is evaluated based on KPIs on a quarterly basis. The evaluation reports are compiled on a semi-annual and annual basis. Importantly, performance assessments include both financial and non-financial aspects. For the period of 12 months, the Cooperative Audit and Supervision Corporation implemented a number of activities through 2021/22 annual budget. The implementation is in accordance with the Rolling Strategic Plan 2019/20 - 2023/24 objectives.

2.13 OVERVIEW OF FINANCIAL STATEMENTS

The financial statements present financial position, financial performance by nature and changes in net assets, cash flows, and statements of comparison of budget and actual amount, and notes to the financial statement of the COASCO as at 30th June, 2022.

2.13.1 FINANCIAL POSITION

The financial position of the Corporation for 2021/22 is set out in the statement of the financial position as of 30th June, 2022. Each item to the statement of financial position is as detailed below;

Cash and cash equivalent

Cash and cash equivalent balance as at 30th June, 2022 was TZS 7,422,924 compared to TZS 165,414,544 reported as at 30th June, 2021. The decrease of TZS 157,991,620 (equivalent to 96%) in the year under review is attributed by increase of audit activities operating costs.

Accounts receivable

Accounts receivable comprises unpaid audit fees and other rents. Receivables increased by 2% from TZS 1,036,415,000 in 2020/21 to TZS 1,061,950,000 as at 30th June, 2022. This is mainly attributed by outgoing tenant invoice raised to AlKareem General Supplies.

As at 30th June, 2022, trade receivables with more than one year amounting to TZS 1,145,591,989 were impaired and fully provided for. Resulting to net trade receivables to TZS 17,500,000.

Prepayments

Prepayments figure comprises procurement of one motor vehicles and insurance cover note. Prepayments increased by 67% from TZS 100,412,718 in 2020/21 to TZS 168,119,473 as at 30th June, 2022. This is attributed by substantial amount deposited to GPSA for purchase of New Toyota Land Cruiser previous was Toyota Hilux double cabin.

Inventories

Inventories comprise office consumables which were not consumed during the year under review.

Inventories as at 30th June, 2021 amounted to TZS 27,007,412 while the balance as at 30th June, 2022 was TZS 28,556,516. The increase of the inventory value by 6% were attributed by the increase of purchases for stationary items as part of audit expenses.

Property and equipment

Property and Equipment principally comprise land, buildings, equipment, motor vehicles, office furniture, and fittings.

At the end of the financial year 2021/22 the carrying amount of property and equipment was TZS 15,341,635,652 compared to TZS 14,797,417,841 at the end of the previous financial year. The movement is due to decrease in accumulated depreciations, based on determination of useful life according to GAMIS excel computation sheet.

Payable and accruals

The outstanding liabilities for the financial year ended 30th June 2022 was TZS 64,353,304 while for the last year 2020/21 was TZS 75,782,011. The substantial decrease of 15% is attributed by management effort toward settlement of suppliers' debts.

Taxpayers Funds

The previous year's contribution made by the Government of TZS 17,230,000 stays the same as the current year under review; no new contribution was received in 2021/22.

Accumulated Surplus/Deficit

Accumulated Surplus amount as at 30th June 2022 was TZS 15,481,597,034 while in the financial year 2020/21 accumulated surplus balance amounted to TZS 16,033,655,671. The decrease is attributed by provision of doubtful debts amounting to TZS 1,145,591,989 and deficit for the year amounting to TZS 30,821,449.

Events after the reporting date

There were no material non-adjusting events after the reporting date.

2.13.2 FINANCIAL PERFORMANCE

During the year ended 30th June, 2022, the Corporation reported a deficit of TZS 30,821,449 compared to surplus of TZS 287,967,428 for the year ending 30th June, 2021. The decrease of TZS 318,788,877 equivalent to 111% was attributed by increase in Audit expenses and increase in amount of depreciation resulted from previous valuation report (2020/21) of buildings.

Detailed financial performance for 2021/22 is provided in the statement of financial performance for the year ended 30th June, 2022. Each item contained in the statement of financial performance is as detailed below;

Revenue from exchange transactions

Revenue collections during the year 2021/22 aggregated to TZS 1,910,523,294 while in the financial year 2020/21 was TZS 1,723,370,479. The revenue collection during the year was mainly from Audit fees for the current year. The increment of revenue was attributed by increase of audit fees by 11% during the year under review.

Revenue from non-exchange transactions

Revenue from non-exchange transactions earned up to 30th June, 2022 in respect of staff personnel emoluments and other charges were TZS 2,974,569,714 while in financial year ended 30th June, 2021 the total revenue received amounted to TZS 2,648,171,787 showing an increase of TZS 326,397,927 which is equivalent to 12%. The increase was attributed by new approved salary scheme, promotions, and annual salary increments.

Staff salaries and benefits

The salaries and employee benefits for the financial year 2021/22 were TZS 1,974,569,714 while during the year ended 30th June 2021 the employee benefits amounted to TZS 1,665,506,574. The increase of TZS 309,063,140 (equivalent to 16%) was caused by an approved new COASCO salary scheme and staff promotion made during the year under review.

Supplies Consumables Used

During the year ended 30th June, 2022 expenses under the use of goods and services aggregated to TZS 2,615,958,314 compared to TZS 2,160,140,797 of the last financial year 2020/21. The increase of TZS 455,817,517 (equivalent to 21%) caused by increase of Audit activities especially on transport expenses to reach Cooperatives societies in rural areas.

Depreciation and amortization expenses

Depreciation expenses increased by TZS 95,238,730 (equivalents to 82%) from TZS 116,217,995 to TZS 211,456,725 for the year ended 30th June, 2021 and 30th June, 2022 respectively. This increase caused by revaluation made on Buildings on 30.06.2021.

Impairment Losses

In the financial year 2020/21 the reported balance for impairment of receivable from audit fee was TZS 2,205,518,439 out of which TZS 101,141,821 were recovered during the year under review equals to 0.73%. Hence, the remained balance of impairment of receivable from audit fee as at 30th June, 2022 was 2,104,376,618.

Also, as at 30th June, 2022, trade receivables with more than one year amounting to TZS 1,145,591,989 were impaired and fully provided for. Resulting to total balance of impaired receivables to be TZS 3,267,468,607.

2.13.3 CASH FLOW STATEMENT

The Corporation cash flow is as set out in the cash flows statement. The three items under the cash flow statement are summarized below;

Cash from operating activities

During the year under review, the COASCO has a deficit of TZS 26,739,671 from operating activities while in 2020/21 net cash from operating activities was TZS (29,442,308) with the increase of TZS 2,702,637 equivalents to 9%. The increment was caused by increase in revenue collected.

Cash flow from investment activities

During the year under review, the COASCO used a total of TZS 131,251,950 from internal sources to procure assets. The amount used increased by TZS 112,964,310 equivalents to 618% from TZS 18,287,640 used in the financial year 2020/21. This is due to the procurement of Motor vehicle and other assets.

Cash flow from financing activities

During the year 2021/22 the Corporation had not received any capital grants.

2.14 RISK MANAGEMENT AND INTERNAL CONTROL

2.14.1 Board Responsibility

The Board of Directors takes final responsibility for the risk management and internal control systems of the Corporation. It is the task of the Management to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis to provide reasonable assurance regarding:

- i) The effectiveness and efficiency of operations;
- ii) The safeguarding of the Corporation's assets;
- iii) Compliance with applicable laws and regulations;
- iv) The reliability of accounting records;
- v) Business sustainability under normal as well as adverse conditions; and
- vi) Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the institution system is designed to provide the Corporation Council with reasonable assurance that the procedures in place are operating effectively.

The Board of Directors assessed the internal control systems throughout the financial year ended 30th June, 2022 and is of the opinion that they met recognized criteria. The Board of Directors undertakes risk and internal control assessment through the Audit and Risk Management Committee.

Audit Committee Responsibility

The Audit Committee, is the Committee of the Board of Directors charged with the duty of reviewing significant accounting policies and financial reporting systems to ensure that they are adequate and are complied with at all times. It reviews the adequacy of internal control systems and monitors the implementation of actions to address issues raised by internal and external auditors. Furthermore, the committee ensures that the Corporation has a reasonable assurance that the risk management processes are sufficient.

Internal Audit Responsibility

The Corporation has Internal Audit Department that assesses risks and reviews governance and controls processes. The Department reports functionally to the Audit Committee of the Board of Directors and administratively to the Director General.

The Department ensures that audit recommendations to improve risk management, control can provide absolute assurance against misstatement. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Internal Audit Department among other activities is responsible to provide the Board Members reasonable assurance that

the Corporation's systems and practices in place on risk management, controls and governance are adequate and effective.

1.14.2 Key Elements of Internal Control System

Internal Audit

The Corporation has Internal Audit Department that assesses risks and reviews governance and controls processes. The department reports functionally to the Audit Committee of the Board of Directors, and administratively to the Director General. The Department ensures that audit recommendations to improve risk management, controls and governance processes are implemented by management. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Internal Audit Department among other activities is responsible to provide the Corporation Council reasonable assurance that the Corporation's systems and practices in place on risk management, controls and governance are adequate and effective.

Corporation Budget

The annual budget is prepared in accordance with the provisions governing the Medium-Term Expenditure Framework (MTEF) and five-year rolling strategic plan. Corporation uses Activity Based Budgeting approach with an extensive planning and governance process focused on strategic Plan to determine its operational and capital requirements.

Detailed annual budgets are prepared by Corporation cost center later submitted for consideration by Budget Committee and PFEIC before submission to the Board of Directors for approval. The budget briefings take place yearly and attended by Regional Cooperative Auditor, Head of Departments, Directors and worker's council to discuss key strategic issues within the Corporation. These meetings are chaired by Director General who is the Accounting Officer of the Corporation.

Tender Board

Further, to enhance internal control, the COASCO has established the Tender Board as per section 31(1) of the Public Procurement Act, 2011 (Revised 2022). The Tender Board oversees all procurement processes and procedures, reviews all applications for variations, addenda, or amendments to an ongoing contract, ensures compliance with the Public Procurement Act, 2011 (Revised 2022) and its underlying Regulations of 2013 (Revised 2016), and approving procurement and disposal by tender procedures.

Risk and Internal Control Assessment

The Corporation management is obliged to establish and maintain an effective system of internal control. The Audit Committee continues overseeing these controls and reviews the effectiveness of the system as a whole. The performance of the Corporation internal control system is being assessed through continuous monitoring activities done by the Department of

Internal Audit. Risk assessment is being carried out to determine how identified risks can be mitigated so that the Corporation objectives can be achieved through the implementation of the fourth Five Years Rolling Strategic Plan (2019/20 - 2023/24).

Safeguarding of the Corporation's Assets

The Board of Directors is responsible for safeguarding the assets of the Corporation. Safeguarding assets include the methods of protecting and maintaining the Corporation's daily operations. The Corporation's Financial Regulations have provided for the methods of safeguarding the Corporation's assets as follows.

Policies and Regulations

The Corporation has placed various policies and regulations, including; Financial Regulations, Corporation Staff rules, ICT policy, and the Schemes of Service. These policies were prepared to strengthen the internal controls and hence, promote efficiency within the corporation's operations.

Compliance with Laws and Regulations

The principal functions and operations of the Corporation are governed by The Corporation Act No. 15 of 1982, amended in 2005. The Board of Directors confirms that the activities and operations of the Corporation were conducted as per Act and Rules and there was no noncompliance with other applicable laws and regulations that would have a material impact on the Corporation's financial statements for the year ended 30th June, 2022.

Reliability of Accounting Records

The Corporation has employed skilled and competent staff in the Finance and Internal Audit Departments; and has in place, a computerized accounting system (MUSE). Accordingly, proper books of accounts have been maintained and the financial statements are prepared and presented in compliance with the International Public Sector Accounting Standards (IPSAS).

2.15 PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors of the Corporation has established a risk management policy for all COASCO activities to ensure the likelihood and consequences of risks are controlled within predetermined limits. It is the responsibility of the Board of Directors to ensure that proper financial controls are in place to uphold principles of accountability and transparency; and that there are sufficient resources to support this function. During the year under review, the Corporation faced the following major risks;

Strategic Risks

These are the risks that affect the Corporation's ability to achieve its goals. Failure to collect audit fee is among the major strategic risks. The Corporation depends on the audit fee as a major source of internally generated revenue. Failure to charge audit fees at standard rates for the financial year 2021/22 affected the Corporation from achieving its strategic objectives.

To mitigate this risk, the Corporation Management has continued to extensively improving quality the of audit reports that meet demand of stakeholders and increases good governance and accountability of Cooperative Societies.

Financial Risks

These are risks relating to financial/budget control and reporting, financial management or transactions, Investment strategy and management such as theft, duplicated payments, failure to meet annual budget targets.

To mitigate this risk, the Corporation has a financial system that tracks all transactions performed during the financial year and the same exercise to update the asset register is ongoing. Also, the required procedures for safeguarding the Corporation's assets are adhered to.

ICT and Security Risks

These are risks arising from loss of ICT services/data services, loss of critical services, compromise or corruption of data in key ICT systems.

To mitigate this risk, The Corporation Management assessed the ICT and security risk. The mitigating measures taken included procurement of a new server system to ensure daily activities are ongoing as planned and performed in conformity with the established internal controls.

Liquidity Risk Management

This is the risk that insufficient funds will be available on da-to-day basis to meet operational and funding needs of members both in a normal and adverse operating environment. The Corporation faces this risk during the beginning of the new financial year and at the end of academic year that leads to a low season in execution of Corporation budget for the first and second quarter of the financial year.

To mitigate this risk, The Corporation Management ensures that there is both proper management of Corporation projected sources of income.

Assets and Real Estate Management Risks

These are risks relating to the construction, management and rehabilitation of the Corporation's physical assets, buildings or equipment.

To mitigate this risk, The Corporation Management ensures that the Maintenance Plan is managed across the Corporation and reviewed regularly.

Legal and Regulatory Risk Management

The Corporation ensures that it does not breach its constitutional and statutory powers and regulatory requirements. It will ensure that there is evidence of counterparties powers, authority, and compliance in respect of the transactions they may enter into with the

Corporation. In so far, as it is reasonably able to do so, the Corporation will seek to minimize the risk of future legislative or regulatory changes impacting adversely on the Corporation.

Board Director's opinion on risk management and internal control systems

The Board of Directors assessed the internal control systems throughout the financial year ended 30th June, 2021 and is of the opinion that they met accepted criteria. The Board of Directors carries risk and internal control assessment through the Audit Committee.

2.16 LIQUIDITY AND GOING CONCERN

The Corporation's liquidity ratios and working capital is summarized below;

	30-Jun-22 TZS '000	30-Jun-21 TZS '000
Liquidity ratios:		
Current ratio	3.4:1	17.5:1
Acid test ratio	3:1	17:1
Working capital	15,498,827	16,050,886

Based on the above data, the Corporation's total liability as at 30th June, 2022 was TZS 64,353,304 compared to TZS 75,782,011 as at 30th June, 2021. Total net assets were worth TZS 15,498,827,034 as at 30th June, 2022 as compared to TZS 16,050,886,000 as at 30th June, 2021. Thus, the Corporation's state of affairs as at 30th June, 2022 is shown in the accompanying statement of financial position.

2.17 KEY MILESTONES ATTAINED DURING FINANCIAL YEAR 2021/22

Financial Performance

The Corporation closed the year with a deficit of TZS 30,821,449 compared to surplus of TZS 287,967,428 for the year 2020/21. The deficit was caused by the increase in operating costs that facilitate audit activities and depreciations charges on assets.

2.18 OPERATIONAL AND FINANCIAL PERFORMANCE REVIEW

Audit Performance and Clientele Position

The Corporation's clients comprise of pre-co-operative groups, co-operative societies, private or public companies and other organizations registered under Section 4(1) of Co-operative Audit and Supervision (Amendment) Act, 2005. During the year ended 30 June 2022 the Corporation audited 6,005. The number of clients planned, and the number actually audited during the year under review are summarized below under different categories: -

Table 12: Pan-Territorial Activity indicators

	2021/22	2020/21
Budgeted Co-op Societies for Audit	6,150	6,350
Less: Un-covered cases due to budgetary non-Submission of accounts	(145)	(337)
Co-op Societies Audited in the year	6,005	6,013
Ratio of audited cases to budgeted for Audit (6,005/6150)	97%	95%

Table 13: Audited Co-operative Societies - Broad Classification

CATEGORY	2021/22 (UNITS)	2020/21 (UNITS)
Tanzania Federation of Co-operative	1	1
Co-operative Unions	47	45
Agricultural Marketing Co-op Societies	3,846	3,714
Savings and Credit Societies (SACCOS)	1,848	1,879
Companies (Parastatals)	-	-
Others	263	374
Total Clients Annual Accounts Budgeted	6,150	6350
Clients Annual Accounts Audited	6,005	6,013
% of Clients Audited (6005/6150) (6013/6350)	97%	95%

Table 14: Staffing Level

Details	Approved Structure	Actual Strength	Variance
Management	10	6	(4)
Audit Staff	170	64	(106)
Supporting Staff	91	40	(51)
TOTAL	271	110	(161)

Explanations on the variances:

The unfavorable variances were contributed by shortage of staff due lack of Government permits to fill the gaps.

Solutions

Corporation is continuing seeking employment permits from the government to fill the gaps. Continue using graduate Volunteers from different Universities.

2.19 COASCO OWNERSHIP

The Corporation is 100% owned by the Government of the United Republic of Tanzania through the Treasury Registrar.

2.20 EMPLOYEES' WELFARE:**Management and Employees' Relationship**

The good relationship between employees and management continued to exist for the year 2021/22. Management conducted twelve (12) meetings with all employees and one (1) worker council meeting. In these meetings employees had opportunity to meet and air their views to the Management and Board of Directors. During the year, there were no unresolved complaints received by Management from the employees. A healthy relationship continues to exist between management and employees' trade union.

The Corporation is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available people are appointed to available positions free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability, which does not impair ability to discharge duties.

Table 15: Number of employees base on gender

Year	Male	Female	Total
2021/22	69	41	110
2020/21	71	43	114

Training Facilities

To ensure employees are adequately trained at all levels; the corporation spent a sum of TZS 117 million for staff long term and short term and in-house training. This drive has advanced employees' technical skills and hence effectiveness.

Medical Assistance

The Corporation contributes to the National Insurance Fund (NHIF), the cost of medical consultation and treatment for all employees and their immediate family dependants. The Corporation continues to pursue initiatives to further improve the health and safety of its employees through the provision of training and promotion of health and safety initiatives to ensure that employees continue to have the knowledge and expertise to undertake their jobs safely.

Financial Assistance to Staff

COASCO continued to assist its staff by guaranteeing loans issued to staff by financial institution through CRDB Bank, Tanzania Postal Bank, NBC Bank, Ukaguzi ASF SACCOS and AMANI SACCOS. Employees are encouraged to obtain short- and long-term loans from those Financial Institutions to ensure employees are well served with credit facilities.

Retirement Benefits

The Corporation contributes statutory deductions towards employees' pension scheme administered by a new Pension Scheme known as Public Service Social Security Fund (PSSSF) w.e.f. August, 2018 on behalf of all employees.

2.21 RELATIONSHIP WITH STAKEHOLDERS

The Corporation operations cut across various stakeholders' interests. The Corporation enjoys good and cooperative support from all stakeholders. Key to this relationship has been prompt and informed communication system in form of press releases, public information media, public seminars to mention few; timely handling of customers' inquiries on financial statements after being audited, participation in various community supporting activities and events and collaborating with government and private entities in fostering provision of various audit and consultancy services.

2.22 GENDER POLICY

The Corporation has an equal opportunity employment policy as far as gender issues are concerned. Every effort is made to ensure that the Corporation's employment policy maintains gender balance subject to technical and experience considerations. To promote gender equality women are given priority in cases where the equal top scorers include a woman.

2.23 HIV/AIDS AWARENESS PROGRAMME

The Corporation has an HIV/AIDS awareness program in operation. The Corporation encourages her employees to undergo regular voluntary HIV tests and for those in need of medical assistance are provided with such assistance free of charge by the Corporation. In addition, the infected employees are given a token amount of money to cater for their nutrition expenses.

2.24 RELATED PARTY TRANSACTION

Details of related party transactions for the year ended 30 June 2022 have been appropriately disclosed in Note 23 to the financial statements.

2.25 POLITICAL AND CHARITABLE DONATIONS

The Corporation did not make donation to any political party or charitable organizations during the reporting period.

2.26 COMPLIANCE WITH LAWS AND REGULATIONS

The Corporation is in compliance with statutory laws and regulations. There are no known incidences of breach of law that resulted to fines or penalties in the period under review.

2.27 FIDUCIARY RESPONSIBILITIES

The Co-operative's Board of Directors as stewards of public trust always acted for the good of the organization, rather than for the benefit of themselves throughout the year. Reasonable care was exercised in all decisions taken by the Co-operative, without placing the organization under unnecessary risk.

2.28 PREJUDICIAL ISSUES

In the opinion of the members of the Board of Directors, there are no serious unfavourable matters that can adversely affect COASCO.

2.29 PERSONS WITH DISABILITIES

The Corporation is an "Equal Opportunity employer" and does not discriminate in the application of its recruitments, Salary or career development process on the basis of age, sex, race, or religion. All applicants for vacancies are considered exclusively on the basis of the relevant skills and ability and experience presented. In promoting the welfare of disabled persons, the Corporation considers employing disabled persons with required skills and ability, subject to vacancies becoming available. The Corporation considers on merit continuing to employ and train staff who have been disabled whilst in employment. Disability would not prevent a person with requisite academic qualification experience and competence from being employed by the Corporation.

2.30 AUDIT MANDATE

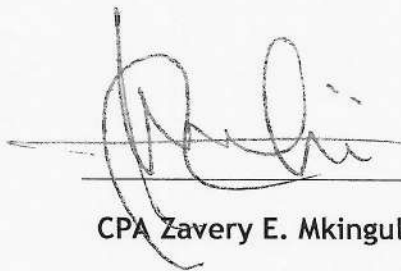
The Controller and Auditor general is the statutory Auditor of the Co-operative Audit and Supervision Corporation by virtue of Article 143 of the Constitution of the United Republic of Tanzania, and as amplified in section 32(4) of the Public Audit Act, Cap 418 [R.E 2022]. However, in accordance with section 33(1) of the Public Audit Act, Cap 418 [R.E 2022], M/S EVK Certified Public Accountants was authorized by Controller and Auditor General to conduct on his behalf statutory audit of the Co-operative Audit and Supervision Corporation for the year ended 30th June 2022

Approved by Board of Directors for issue in _____ and signed on its behalf by:



CPA Yona S. M. Killagane

Board Chairperson



CPA Zavery E. Mkingule

Director General

3.0 STATEMENT OF DIRECTORS' RESPONSIBILITY

COASCO Establishment Order requires the Directors to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the Corporation as at the end of the financial year and of its comprehensive income for that year. It also requires the Directors to ensure that the Corporation maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the Corporation.

They are also responsible for safeguarding the assets of the Corporation. The Directors accepted responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS). The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Corporation.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal control.

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

Approved by Board of Directors for issue in _____ and signed on its behalf by:



CPA Yona S. M. Killagane

Board Chairperson



CPA Zavery E. Mkingule

Director General

4.0 DECLARATION OF THE 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 responsible for the preparation of financial statements of the entity concerned.

It is the duty of Professional Accountant to assist the Board of Directors of the Co-operative Audit and Supervision Corporation (COASCO) to discharge the responsibility of preparing Financial Statements of an entity showing true and fair view of the entity's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors of the Co-operative Audit and Supervision Corporation (COASCO) under Director's responsibility statement on an earlier page.

I, **CPA Ismail I. Mshare** being the Ag. Director of Finance and Administration of Cooperative Audit and Supervision Corporation hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) and statutory requirements.

I thus confirm that the financial statements give a true and fair view of the financial position of Cooperative Audit and Supervision Corporation as on that date and that they have been prepared based on properly maintained financial records.

Signature:



Signed by:

CPA Ismail I. Mshare

Position:

Ag. Director of Finance and Administration

NBAA Membership No.

ACPA 3022

Date:

.....

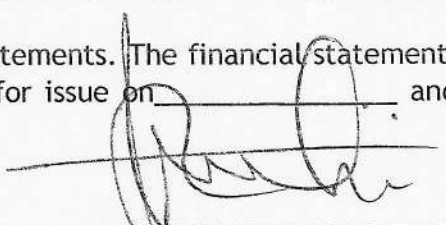
5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

ASSETS	NOTES	30.6.2022 TZS	30.6.2021 TZS
Current Assets			
Cash and Cash Equivalents	5	7,422,924	165,414,544
Receivables	6	17,500,000	1,036,415,167
Prepayment	7	168,119,473	100,412,718
Inventories	8	<u>28,556,516</u>	<u>27,007,412</u>
Total Current Assets		221,598,913	1,329,249,841
Non-Current Assets			
Property, Plant and Equipment	9	<u>15,341,581,426</u>	<u>14,797,417,841</u>
Total Non-Current Assets		15,341,581,426	14,797,417,841
TOTAL ASSETS		<u>15,563,180,339</u>	<u>16,126,667,682</u>
LIABILITIES			
Current Liabilities			
Payables	10	<u>64,353,305</u>	<u>75,782,011</u>
Total Current Liabilities		64,353,305	75,782,011
NET ASSETS		<u>15,498,827,034</u>	<u>16,050,885,672</u>
NET ASSET/EQUITY			
Tax Payers' Fund	11	17,230,000	17,230,000
Accumulated Surplus	12	<u>15,481,597,034</u>	<u>16,033,655,672</u>
TOTAL NET ASSETS/EQUITY		<u>15,498,827,034</u>	<u>16,050,885,672</u>

The notes form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on _____ and were signed on its behalf by:


 CPA Yona S. M. Killagane
 Board Chairperson


 CPA Zavery E. Mkingule
 Director General

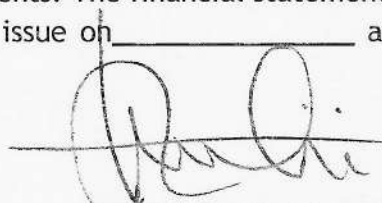
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2021/22 TZS	2020/21 TZS
REVENUE			
Revenue from Exchange	13	1,910,523,294	1,723,370,479
Revenue from Non-Exchange	14	<u>2,974,569,714</u>	<u>2,648,171,787</u>
Total Revenue		4,885,093,008	4,371,542,266
EXPENSES			
Personnel Expenses	15	1,974,569,714	1,665,506,573
Operating expenses	16	2,615,958,313	2,160,140,796
Maintenance cost	17	113,643,263	138,243,598
Finances Costs	18	300,000	3,465,875
Depreciation	9	<u>211,443,167</u>	<u>116,217,995</u>
Total Expenses		4,915,914,457	4,083,574,837
DEFICIT FOR THE YEAR		<u>(30,821,449)</u>	<u>287,967,429</u>

The notes form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on _____ and were signed on its behalf by:



CPA Yona S. M. Killagane
Board Chairperson



CPA Zavery E. Mkingule
Director General

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

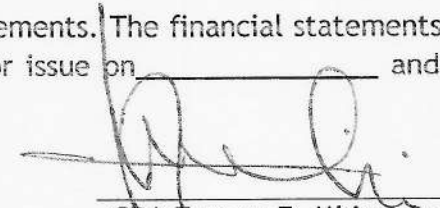
	Tax Payers Fund	Accumulated Surplus	TOTAL
	TZS	TZS	TZS
Balance at 30 June 2020 Brought forward	17,230,000	3,927,339,705	3,944,569,705
Surplus for the year	-	287,967,429	287,967,429
Gain from Revaluation - Land & Building	-	11,818,348,538	11,818,348,538
Balance as at 30 June 2021	<u>17,230,000</u>	<u>16,033,655,672</u>	<u>16,050,885,672</u>
Balance at 30 June 2021 Brought forward	17,230,000	16,033,655,672	16,050,885,672
Provision for doubtful debts*	-	(1,145,591,989)	(1,145,591,989)
Decrease in accumulated depreciation**	-	624,354,802	624,354,802
Deficit for the year	-	(30,821,449)	(30,821,449)
Balance as at 30 June 2022	<u>17,230,000</u>	<u>15,481,597,034</u>	<u>15,498,827,034</u>

*As at 30th June, 2022, trade receivables with more than one year were impaired and fully provided for.

**The Corporation has adopted the Government Assets Management Information System (GAMIS) and hence reviewed the economic useful life of its assets of which the change of accounting estimates has affected retrospective the opening balances of the accumulated depreciations and retained earnings.

The notes form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on _____ and were signed on its behalf by:


CPA Yona S. M. Killagane
Board Chairperson

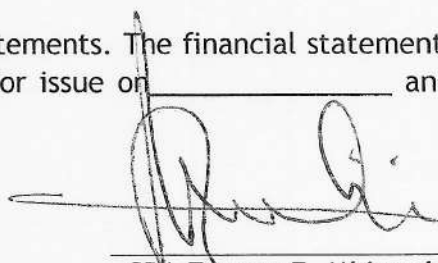

CRA Zavery E. Mkingule
Director General

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2021/22 TZS	2020/21 TZS
A: CASH FROM OPERATING ACTIVITIES			
Receipts from Exchange Transactions	19	1,716,139,717	1,200,344,654
Receipts from Non-Exchange Transactions	14	<u>2,974,569,714</u>	<u>2,648,171,787</u>
Total Receipts		<u>4,690,709,431</u>	<u>3,848,516,441</u>
PAYMENTS			
Personnel Expenses	15	1,974,569,714	1,665,506,573
Supplies & Consumables	20	2,628,936,125	2,163,451,614
Maintenance Expenses	17	113,643,263	138,243,598
Bank interest	18	<u>300,000</u>	<u>3,465,875</u>
Total Payments		<u>4,717,449,102</u>	<u>3,970,667,660</u>
Net Cash Flows used in Operating Activities		<u>(26,739,671)</u>	<u>(122,151,219)</u>
B: CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	9	<u>(131,251,950)</u>	<u>(18,287,640)</u>
Net Cash Flows used in Investing Activities		<u>(131,251,950)</u>	<u>(18,287,640)</u>
C: CASH FLOWS FROM FINANCING ACTIVITIES			
Decreases in Cash and Cash Equivalent during a year(A+B+C)		(157,991,620)	(140,438,859)
Cash and Cash equivalent at 1 July		<u>165,414,544</u>	<u>305,853,403</u>
Cash and Cash equivalent at 30 June	5	<u>7,422,924</u>	<u>165,414,544</u>

The notes form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on _____ and were signed on its behalf by:


 CPA Yona S. M. Killagane
 Board Chairperson


 CPA Zavery E. Mkingule
 Director General

CO-OPERATIVE AUDIT AND SUPERVISION CORPORATION (COASCO)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Description	Budget Amounts		Actual Amounts on Comparable Basis	Variance: Final Budget and Actual	Performance Percentage
	Original	Final			
		TZS			
RECEIPTS					
Revenue from Exchange Transactions	2,750,000,000		1,910,523,294	(839,476,706)	(31) %
Receipts from Non-Exchange Transactions	3,065,515,000	3,065,515,000	2,974,569,714	(90,945,286)	(3) %
Total Receipts	5,815,515,000	5,815,515,000	4,885,093,008	(930,421,992)	(16) %
PAYMENTS					
Personnel Expenses	2,065,515,000	2,065,515,000	1,974,569,714	(90,945,286)	(4) %
Supplies & Consumables	3,189,500,000	3,189,500,000	2,615,958,314	(573,541,686)	(18) %
Maintenance Expenses	254,500,000	254,500,000	113,643,263	(140,856,737)	(55) %
Bank Charges	10,000,000	10,000,000	300,000	(9,700,000)	(97) %
Sub Total	5,519,515,000	5,519,515,000	4,704,471,291	(815,043,709)	(15) %
Acquisition of Property Plant & Equipment	296,000,000	296,000,000	204,139,919	(91,860,081)	(31) %
TOTAL PAYMENTS	5,815,515,000	5,815,515,000	4,908,611,210	(906,903,790)	(16) %
SURPLUS FOR THE YEAR	-	-	(23,518,202)	(23,518,202)	

The statement of comparison of budget and actual amounts above is prepared on the same basis as the budget. Additional information about the budget and a reconciliation of amounts as per above statement and actual amounts in the statement of cash flows is disclosed in Note 21 to the financial statements. The financial statements were approved by the Board of Directors and authorised for issue on _____ and were signed on its behalf by



CPA Yona S. M. Killagane

Board Chairperson



CPA Zavery E. Mkingule

Director General

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Registered Office and Branches

Co-operative Audit and Supervision Corporation (COASCO) is a public entity incorporated by Act of the Parliament. In recognition of the immense contribution which Co-operatives are able to make to the economy, the Government of United Republic decided to assist them by giving support, guidance and supervision. It is with this in mind that the Government decided to strengthen the system of audit and supervision of the Co-operatives by having an autonomous audit institution which would enable the Member's to exercise proper control over the affairs of their Co-operatives. The Cooperative Audit and Supervision Act No. 15 of 1982 as amended in 2005 was therefore enacted to establish the Co-operative Audit and Supervision Corporation (COASCO). The Act was assented by the President of the United Republic of Tanzania on 28 June 1982 and came into operation on 1st July 1985 vide Government Notice no. 399 of 25 October 1985. COASCO operates through a network of 14 regional offices namely; Dodoma, Dar es Salaam, Moshi, Arusha, Songea, Tabora, Mbeya, Iringa, Mwanza, Shinyanga, Bukoba, Morogoro, Tanga and Mtwara.

The registered office and address of its principal place of the Corporation is:

Co-operative Audit and Supervision Corporation (COASCO)

P.O. Box 761

Hatibu Avenue at Plot No.7 Block 2

Dodoma.

E-mail: info@coasco.go.tz

Website: www.coasco.go.tz

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparations

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis. The complete set of the financial statements comprises a statement of financial position, a statement of financial performance, a statement of changes in net assets/equity, a cash flow statement, a comparison of budget and actual amounts, and notes comprising a summary of significant accounting policies and other explanatory notes.

The measurement basis applied in the preparation of these financial statements is the historical cost basis adjusted for revaluations of assets, except where otherwise stated. The financial statements are presented in Tanzanian Shillings (TZS).

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

2.2 Property, Plant and Equipment

Owned Assets

All Property, Plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes expenditure that is directly attributed to the acquisition of the items. Also the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Corporation recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in the income statement of financial performance as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation

Land is not depreciated. The annual rates for the estimated useful lives on other assets for the current period are determined by using the Government Assets Management Information System (GAMIS) depreciation formula that depends on the condition and reviewed economic life of the assets.

Depreciation of an asset begins when it is available for use, i.e when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation on asset is charged on a straight -line basis over the estimated useful life of the asset.

2.3 Impairment of Assets

Assets that are subject to the depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash generating units). No impairment review for the assets was carried out by the Corporation since such events or changes did not exist during the year under review.

2.4 Investment Property

Investment property is a property held either to earn rental income or for capital appreciation or both. Fair value model is the policy adopted by the Corporation for measuring investment property.

Subsequent Costs

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with an item will flow to the Corporation and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

A gain or loss arising from a change in the fair value of investment property is recognized in the statement of financial performance for the period in which it arises.

2.5 Inventories

Inventories are stated at the lower of cost and current replacement cost. The cost is based on first in first out (FIFO) principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The FIFO principle has been consistently applied. Any obsolete items are provided for in full in the year when detected.

2.6 Provision for Receivables

Trade Receivables are initially recognized at fair value and subsequently measured at fair value less provision for doubtful debt. The amount of the provision if any is recognized in the statement of financial performance. The bad debts are written off after all steps to recover them have failed and subject to the approval of the Board of Directors.

2.7 Foreign Currency Translations

(a) Functional and Presentation Currency

Items included in the financial statements are measured in Tanzanian shillings, the currency of the primary environment in which the entity operates ("functional currency"). The financial statements are presented in Tanzanian Shillings, which is the Corporation's functional and presentation currency.

(b) Transaction and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on 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 and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Balances in the Financial Position which are in foreign currency are translated at the closing rate at the date of that statement of Financial Position.

Foreign currency transactions are translated into Tanzanian shillings at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the year-end expressed in foreign currencies are translated into Tanzanian shillings at the rate of exchange ruling at the year end. The resultant gains/losses on exchange rate translations are treated in the statement of financial performance.

2.8 Financial Risk Management

The overall risk management focuses on the unpredictable financial markets and is aimed at minimizing potential adverse effects on the Corporation's financial performance. The institute maintains sufficient cash to cover committed credit facilities and working capital requirements as a way of managing liquidity risks. The foreign currency risk is managed through timely settlement of outstanding liabilities.

2.9 Cash and Cash Equivalents

Cash and cash equivalent include cash in hand, deposit held at call with banks, other short - term highly liquid investments with original maturities of three months or less, and bank overdraft.

2.10 Income Recognition

Income is recognized to the extent that it is probable that economic benefit will flow to the Corporation and income can be measured reliably. The following specific recognition criteria are met before income is recognized: -

- Audit, supervision and consultancy fees are recognized when work is completed, approved and appropriate bills raised. No fees are recognized for audit work in progress.
- Government grants are recognized on cash basis, i.e as and when cash is received.
- Rental fees are recognized on accrual basis.

2.11 Income Related Government Grants

Funds received by the Corporation from the Government for meeting operating expenditure are recognized in the statement of financial performance for the period it is received.

2.12 Government Grants

Government Grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related assets. Where the Corporation receives non-monetary grants, the asset and the grant are recorded at normal amounts and released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

2.13 Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Corporation expects a provision to be reimbursed, for example under insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

2.14 Payables and Accrued Charges

Payables are recognized at fair value. Other payables are recognized when incurred through either enjoyment of services on credit and/or receiving of goods supplied on credit.

2.15 Taxation

COASCO is a public utility and as such it is exempted from corporation tax and other taxes. Accordingly, no provision for tax has been made in the financial statements.

2.16 Employee's Benefits**2.16.1 Retirement Benefits**

The Corporation contributes statutory deductions towards employees' pension scheme administered by a new Pension Scheme known as Parastatal Social Services Security Fund (PSSSF) w.e.f. August 2018 on behalf of all employees. A defined Contribution scheme under which the Corporation pays a fixed contribution as per rate set by laws establishing the funds. The Corporation has no legal obligation if the funds do not have sufficient assets to pay all the employees benefits relating to the employees in services contributions. Contributions to these funds are recognized as an expense in the period the employees render services to the Corporation.

2.16.2 Short Term Benefits

The cost of all short-term employee benefits such as salaries, employees' entitlements to leave pay, medical aids, other contributions, are recognized during the period in which the employees render the related services.

2.16.3 Termination Benefits

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the COASCO's financial statements in conformity with IPSAS requires 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 end of the reporting period. However, uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1 Useful lives

Critical estimates are made by the Directors in determining the useful lives of property, equipment and intangible assets as well as their residual values. The Corporation reviews the estimated useful lives of property, equipment and useful lives at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

3.2 Impairment of assets

COASCO follows guidance of IPSAS to determine when an asset is impaired. This determination requires significant judgement. In making this judgement, the Corporation evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology, operational and financing cash flow.

4. RISK MANAGEMENT

Risk is an inherent feature of the activities of any entity. Co-operative Audit and Supervision Corporation manages its risk by having in place appropriate functional risk management structures, systems and procedures which evolve continuously in response to changes in the environment in which the Corporation operates. The following are the main types of risks the Corporation is exposed to in the course of executing its day to day operations: -

- Operational Risk
- Liquidity Risk
- Credit risk

4.1 Operational Risk

Operational risk is the risk of loss both financial and non-financial resulting from inadequate systems, management failures, ineffective internal control processes, fraud, theft and human errors. The Corporation addresses this risk through ensuring existence of a sound internal control system. Managing operational risk is an integral part of the day to day operations by the management. The risk is closely monitored by management and the Board of Directors.

4.2 Liquidity Risk

Liquidity risk is the risk that the Corporation faces by not having adequate funds to settle day to day obligations as they fall due. The Corporation has a prudent liquidity risk management through which it maintains sufficient cash to cover committed credit facilities, working capital as well as capital project requirements. Management of liquidity risk includes forward planning and close monitoring by the finance department.

4.3 Credit Risk

Potential credit risk involves possible loss of short-term cash deposits and trade and other receivables. Risk relating to short term cash deposits is managed through ensuring that cash surpluses are deposited with banks of high credit standing. Management of risk associated with trade and other receivables includes dealing with credit worthy customers, prompt invoicing, close follow up and requiring regular customers to deposit money in advance to cover for services to be rendered.

NOTE 5: CASH AND CASH EQUIVALENT	2021/22 TZS	2020/21 TZS
CRDB Bank Dar es salaam Ushirika Tower	500,000	8,817,520
CRDB Bank Dodoma Branch	-	1,058,190
NMB Bank Expenditure	571,628	3,831,982
BOT Dodoma	<u>6,351,296</u>	<u>151,706,852</u>
	<u>7,422,924</u>	<u>165,414,544</u>

	2021/22 TZS	2020/21 TZS
NOTE 6: TRADE AND OTHER RECEIVABLES		
Trade Receivables	3,267,468,607	3,241,933,606
Provision for doubtful debts Note (a)	<u>(3,249,968,607)</u>	<u>(2,205,518,439)</u>
Net Trade Receivables	<u>17,500,000</u>	<u>1,036,415,167</u>
 (a) Movement of Provision for doubtful debts		
Opening Balance	2,205,518,439	2,205,518,439
Provision for the year*	1,145,591,989	-
Amount Received	<u>(101,141,821)</u>	=
Closing Balance	<u>3,249,968,607</u>	<u>2,205,518,439</u>
*As at 30 th June, 2022, trade receivables with more than one year were impaired and fully provided for.		
 NOTE 7: PREPAYMENTS		
Purchase of Motor vehicle (GPSA)	160,415,665	92,708,910
Insurance	<u>7,703,808</u>	<u>7,703,808</u>
	168,119,473	100,412,718
 NOTE 8: INVENTORIES		
Stationeries	28,556,516	27,007,412
	<u>28,556,516</u>	<u>27,007,412</u>

CO-OPERATIVE AUDIT AND SUPERVISION CORPORATION (COASCO)

NOTE 9: PROPERTY, PLANT, AND EQUIPMENT

PARTICULARS	Land TZS	Buildings TZS	Motor Vehicles TZS	Computer and Other Accessories TZS	Furniture and Equipment TZS	Total TZS
Cost						
At the beginning 1.7.2021	10,818,000,000	3,905,200,000	1,146,105,122	395,269,957	321,893,393	16,586,468,472
Additions	=	=	<u>92,708,910</u>	<u>8,123,000</u>	<u>30,420,040</u>	<u>131,251,950</u>
Balance As at 30.6.2022	10,818,000,000	3,905,200,000	1,238,814,032	403,392,957	352,313,433	16,717,720,422
Accumulated Depreciation						
At the beginning 1.7.2021	-	-	1,146,105,122	334,475,579	308,469,929	1,789,050,630
Gamis Revaluation**	=	=	<u>(475,201,343)</u>	<u>(97,456,994)</u>	<u>(51,696,464)</u>	<u>(624,354,801)</u>
Adjusted balance 1.7.2021	-	-	670,903,779	237,018,585	256,773,465	1,164,695,829
Charge for the year	-	<u>97,227,890</u>	<u>55,241,643</u>	<u>40,483,788</u>	<u>18,489,846</u>	<u>211,443,167</u>
Balance As at 30.6.2022	-	97,227,890	726,145,422	277,502,373	275,263,311	1,376,138,996
Net Book Value 30.6.2022	<u>10,818,000,000</u>	<u>3,807,972,110</u>	<u>512,668,610</u>	<u>125,890,584</u>	<u>77,050,122</u>	<u>15,341,581,426</u>
Net Book Value 30.6.2021	<u>10,818,000,000</u>	<u>3,905,200,000</u>	=	<u>60,794,378</u>	<u>13,423,463</u>	<u>14,797,417,841</u>

**The Corporation has adopted the Government Assets Management Information System (GAMIS), the annual rates for estimated useful lives for the current period are determined by using GAMIS depreciation formula that depend on the condition and reviewed economic life of the assets. Therefore, the Corporation has reviewed the economic useful life of its assets of which the change of accounting estimates has affected retrospective the opening balances of accumulated depreciations and retained earnings.

	2021/22	2020/21
	TZS	TZS
NOTE 10: TRADE AND OTHER PAYABLES		
Accrued Charges	64,353,305	71,646,800
TUICO COASCO BRANCH	-	3,116,634
VAT - Control Account	-	1,018,579
	<u>64,353,305</u>	<u>75,782,013</u>

NOTE 11: TAX PAYERS' FUND

Net Value Assets	<u>17,230,000</u>	<u>17,230,000</u>
	<u>17,230,000</u>	<u>17,230,000</u>

This amount represents the net value of assets taken over by COASCO from the defunct Audit and supervision Fund (ASF) in July, 1985.

NOTE 12: ACCUMULATED SURPLUS

Balance as at 1 July	16,033,655,672	3,927,339,705
Less: Provision for doubtful debts	(1,145,591,989)	-
Less: Deficit for the year	(30,821,449)	287,967,429
Add: GAMIS revaluation	624,354,802	-
Gain from Revaluation - Land & Building**	-	11,818,348,538
Balance as at 30 June	<u>15,481,597,034</u>	<u>16,033,655,672</u>

****Revaluation Gain - Land & Building**

Land and Buildings of the Corporation were re-valued by M/s Aru Built Environment Consulting Company LTD (ABECC), P.O. Box 35700 Dar Es Salaam. The effective date of the valuation was 30 June, 2022. The basis of valuation was market value for land and buildings.

The main objective of the valuation was to provide a fair market value of land and buildings destined for financial reporting purposes in accordance to the applicable valuation standards and in compliance with International Public Sector Accounting

Standard (IPSAS) 17 Para 74 which specifies that land and buildings are separable assets and are accounted for separately, even when they are acquired together.

	2021/22	2020/21
	TZS	TZS
NOTE 13: REVENUE FROM EXCHANGE TRANSACTIONS		
Audit Fees from Cooperative Entities	1,729,841,340	1,660,828,106
Consultancy Fees	48,357,455	31,610,170
Rent Income	31,182,678	30,932,203
Recoverable from bad debts	<u>101,141,821</u>	-
	<u>1,910,523,294</u>	<u>1,723,370,479</u>

NOTE 14: REVENUE FROM NON-EXCHANGE TRANSACTIONS		
Government Subvention	<u>2,974,569,714</u>	<u>2,648,171,787</u>
	<u>2,974,569,714</u>	<u>2,648,171,787</u>

NOTE15: PERSONNEL EXPENSES

Basic Salaries - pensionable posts	1,666,303,556	1,405,490,779
Workmen Compensation Fund	8,331,518	7,027,454
15% Employees benefits	249,945,533	210,823,617
3% NHIF Employees benefits	<u>49,989,107</u>	<u>42,164,723</u>
	<u>1,974,569,714</u>	<u>1,665,506,573</u>

NOTE 16: OPERATING EXPENSES

Audit cost	51,174,800	51,372,000
Board Expenses	50,002,300	17,752,228
Board Committee Expenses	15,075,000	1,500,000
Board Remuneration	53,250,000	11,750,000
Communication, Information and Supplies	25,177,282	21,812,613

NOTE 16: OPERATING EXPENSES (Cont.)	2021/22	2020/21
	TZS	TZS
Exhibition, Festivals and Celebrations Expenses	57,439,880	41,156,284
Fuel, Oils and Lubricants	31,463,437	-
Insurance Expenses	19,493,600	10,703,692
Legal and Professional Fees	22,477,500	19,684,175
Medical Supplies and Services	4,374,000	3,410,000
Utilities, Supplies and Services	34,957,770	24,921,847
Printing and Advertising Supplies	140,194,040	60,281,954
Rental Expenses	42,233,364	64,129,575
Training Expenses domestic	116,858,750	52,617,500
Travel and Subsistence - in country	1,503,460,467	1,494,579,424
Sitting allowance	16,131,000	3,600,000
Leave Passage	33,070,800	15,916,616
Extra Duty Allowances	142,117,983	70,561,800
Advertising and Publications	3,296,550	-
Land and Development Tax	9,033,994	2,617,050
Furniture allowance	34,000,000	-
Uniforms and Ceremonial Dresses	8,690,000	-
Funeral Expenses	5,010,000	9,000,000
Security and Other Wages	100,516,127	69,188,666
Newspapers and Periodicals	1,364,000	938,000
Staff Welfare	50,550,880	49,161,886
Ground travel	12,744,789	2,085,486
House Allowance	16,800,000	11,400,000
Contribution to TR	15,000,000	35,000,000
Valuation of Fixed Assets	-	15,000,000
	<u>2,615,958,313</u>	<u>2,160,140,796</u>

	2021/22	2020/21
	TZS	TZS
NOTE 17: MAINTAINANCE EXPENSES		
Buildings	45,110,423	42,910,753
Vehicles and Transportation Equipment	68,532,840	91,956,325
Furniture and Fittings	-	<u>3,376,520</u>
	<u>113,643,263</u>	<u>138,243,598</u>

NOTE 18: FINANCE EXPENSES

Bank expenses and charges	<u>300,000</u>	<u>3,465,875</u>
	<u>300,000</u>	<u>3,465,875</u>

NOTE 19: RECEIPTS FROM EXCHANGE TRANSACTIONS

Add: Opening debtors	6	1,036,415,167	613,802,060
Add: Opening prepayments	7	100,412,718	-
Add: Revenue from exchange transaction	13	<u>1,910,523,294</u>	<u>1,723,370,479</u>
Sub Total		3,047,351,179	2,337,172,539
Less: Closing Debtors	6	17,500,000	1,036,415,167
Less: Provision for doubtful debts	6	1,145,591,989	-
Less: Prepayments	7	<u>168,119,473</u>	<u>100,412,718</u>
Net Receipts		1,716,139,717	1,200,344,654

NOTE 20: PAYMENT - OPERATING EXPENSES

Opening payables	10	75,782,013	73,069,923
Add: Closing stocks	8	28,556,516	27,007,413
Add: Operating expenses	16	<u>2,615,958,312</u>	<u>2,160,140,796</u>
Sub total		2,720,296,841	2,260,218,132

NOTE 20: PAYMENT - OPERATING EXPENSES (Cont.)

		2021/22	2020/21
		TZS	TZS
Less: Closing payables	10	64,353,304	75,782,013
Less: Opening stocks	8	<u>27,007,412</u>	<u>20,984,505</u>
Net Payments		2,628,936,125	2,163,451,614

NOTE 21A: RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

(Deficit)/Surplus during the year	(30,821,449)	287,967,429
Adjusted for:		
Depreciation	211,443,167	116,217,995
Working capital changes		
(Decrease)/Increase in trade receivables	1,018,915,167	(422,613,107)
Increase on provision for doubtful debts	(1,145,591,989)	-
Increase in prepayments	(67,706,755)	(100,412,718)
Increase in inventories	(1,549,104)	(6,022,907)
Decrease in Payables and accruals	<u>(11,428,707)</u>	<u>2,712,090</u>
Total adjustments	(207,361,388)	(526,336,643)
Net cash used in operating activities	(26,739,671)	(122,151,219)

NOTE 21B: BUDGET PERFORMANCE RECONCILIATION

Deficit per budget	(23,518,202)	385,897,784
Deficit per statement of financial performance	<u>(30,821,449)</u>	<u>287,967,429</u>
	7,303,247	97,930,355

The accompanying financial statements have been presented on an accrual basis of accounting, while the budget has been prepared using cash basis of accounting. The difference between the budget performance and statement of financial performance is made up of capital expenditure and depreciation charge during the year. Reconciliation of the difference is shown below:

****Reconciliations**

Capital expenditure	204,139,919	18,287,640
Less: Depreciation charge for the year (Note 9)	<u>(211,443,167)</u>	<u>(116,217,995)</u>
	7,303,248	97,930,355

NOTE 22: EXPLANATION OF MAJOR VARIANCES AGAINST THE BUDGET

The budget is approved on cash basis by functional classification. The approved budget covers the fiscal period from 01 July 2021 to 30 June 2022 and includes all activities within the Corporation.

Major variations between final budget and actual is as follows

Type of Budget item	Performance Percentage	Explanation
Revenue from Exchange Transactions	(31)	The decrease is due to poor performance of the cooperatives in terms of economic activities hence failure to pay budgeted fees to COASCO.
Operating expenses	(18)	The expenses could not be met due to unstable cash flow and lack of funds due to delay by the clients to pay cash timely.
Maintenance expenses	(55)	The expenses could not be met due to unstable cash flows and lack of funds due to delay by the clients to pay cash timely and weak economic performance hence inability to pay fees for the services.
Bank Charges	(97)	Bank transactions were minimized hence decrease in bank charges due to use of Mfumo wa Ulipaji Serikalini (MUSE).
Acquisition of Property Plant & Equipment	(31)	Part of the acquisition costs of TZS 160,415,615 was reflected under prepayment relating to Motor Vehicle acquisition and insurance. The remaining 31% could not be met due to unstable cash flow and lack of funds due to inability by the clients to pay the budgeted fees.

NOTE 23: RELATED PARTY TRANSACTIONS

The key management personnel (as defined by IPSAS 20, "Related Party Disclosures") are the members of board of directors and management, who together constitute the governing body of Co-operative Audit and Supervision Corporation (COASCO). The aggregate remuneration and number of members of the Board of Directors and management are:

	2021/22	2020/21
	TZS	TZS
Board Meeting Expenses	50,002,300	19,252,228
Board Committee Expenses		
Board Remunerations	15,075,000	1,500,000
	53,250,000	11,750,000
Key Management Staff	253,193,000	218,762,162
	<u>371,520,300</u>	<u>251,264,390</u>

The related party payments made to board Members were in respect of director's fees and night out allowances. For Management members, the payments made consist of salaries and night out allowances as part of employees' remuneration.

NOTE 24: CAPITAL COMMITMENTS

The Co-operative had no capital commitments which have not been disclosed in the financial statements.

NOTE 25: CONTINGENT LIABILITY

Management certifies that the Co-operative had no contingent liabilities as at 30 June 2022.

NOTE 26: FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Co-operative which is also its presentation currency is Tanzanian Shillings (TZS).

NOTE 27: COMPARATIVES FIGURES

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

NOTE 28: EVENTS AFTER REPORTING PERIOD

The Directors of the Co-operative are not aware of any further events since the date of the end of the reporting period not otherwise dealt with in these financial statements.

