



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



BUSINESS REGISTRATIONS AND LICENSING AGENCY (BRELA)

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2023**

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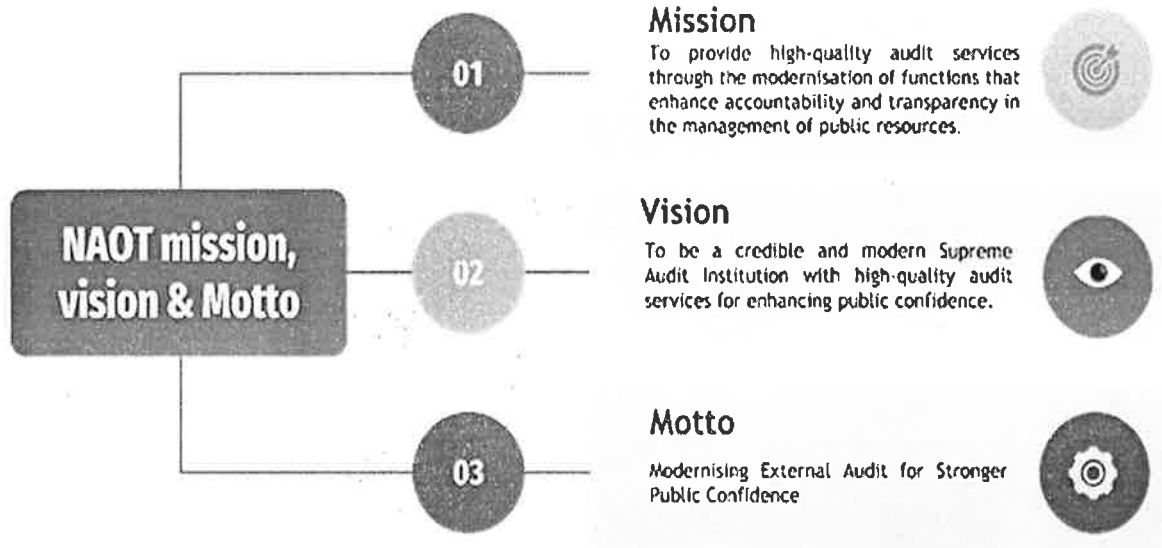
March 2024

AR/CG/BRELA/2022/23

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418[R.E 2021]



Independence and objectivity

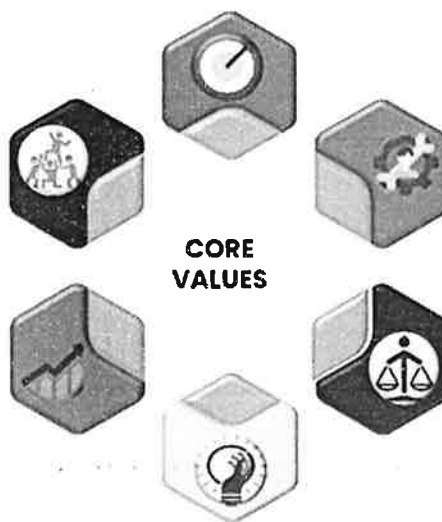
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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



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Abbreviations

AG	Attorney General
BRELA	Business Registrations and Licensing Agency
BSAAT	Building Sustainable Anti- Corruption Action Plan Tanzania
CAG	Controller and Auditor General
EGA	E-Government Agency
FCC	Fair Competition Commission
ICT	Information Communication Technology
IESBA	International Ethics Standards Board for Accountants
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
LAN	Local Area Network
MAB	Ministerial Advisory Board
MIT	Ministry of Industry and Trade
NBAA	National Board of Accountants and Auditors
NBP	National Business Portal
NIDC	National Information Data Centre
ORS	Online Registrations System
PFA	Public Finance Regulations
PMG	Pay Master General
PPA	Public Procurement Act
PPR	Public Procurement Regulations
TR	Treasury Registrar
TRA	Tanzania Revenue Authority
UDSM	University of Dar Es Salaam

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Hon. Chief Executive Officer,
Business Registrations and Licensing Agency,
P.O. Box 9393,
DAR ES SALAAM, TANZANIA

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Business Registration and Licensing Agency, which comprise the statement of financial position as at 30 June 2023, 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 Business Registration and Licensing Agency as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Business Registration and Licensing Agency 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 report with those charged with governance, comments by accounting officer, statement of members responsibility, and declaration by the Head of Finance but does



not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

In addition, Section 10 (2) of the Public Audit Act, Cap 418 [R.E 2021] 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, Cap 410 [R.E 2022] 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 the procurement of works, goods, and services in the Business Registration and Licensing Agency for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, except for the matters described below, procurement of goods, works and services of Business Registration and Licensing Agency) is generally in compliance with the requirements of the Public Procurement laws.

i. Procured less than planned by 58 Percent

Reg. 69 (7) of Public Procurement Regulations, 2013 (amended 2016) requires a procuring entity to draw up procurement plans of the requirements for which sufficient fund have been budget for.

Contrary to the regulation above, review on the implementation of the annual procurement plan for 2022/23 revealed that BRELA planned to procure goods and services worth TZS 8,396,962,444.02 but up to the year end the agency managed to procure goods and services worth TZS 3,547,528,809.75, leaving un implemented procurement plan of goods and services worth TZS 4,849,433,634.27 equivalent to 58 percent. I attribute the deficiency to Inadequate preparation of Planned budget that resulted to unrealistic budget.

ii. Procurement exceeding approved budget by TZS 368,841,724

Regulation 69(3) of the Public Procurement Regulations, 2013 (amended 2016) require a procuring entity to forecast its requirements for goods, services and works as accurately as is practicable with particular reference to services or activities already programmed in the annual work plan and included in the annual estimates. Contrary to the regulation above, I noted that BRELA entered into several contracts with contract sum exceeding the approved budget by TZS 368,841,724. I attribute this weakness to inadequate internal control system in Management of the budget.

iii. **Micro Procurements not Reported Monthly to Tender Board TZS 193,928,258.84**

Reg.166 (7) of the Public Procurement Regulations, 2013 (amended 2016) states that, all Micro procurements shall be reported to the tender board on a monthly basis by the holder of delegated authority, using the appropriate procedural form issued by the PPRA. Contrary to the regulation above, review of sampled payment vouchers for BRELA noted that micro procurements worth TZS 193,928,258.84 were not reported on a monthly basis to tender board.

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 Business Registration and Licensing Agency for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that, except for the matters described below, Budget formulation and execution of Business Registration and Licensing Agency) is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

i. **Inadequate functioning of the budget committee in budget monitoring**

Para 113 (x) of the Budget Plan Guideline of 2022/23 requires the accounting officers to hold meetings of the budget committee to review and discuss the information of monitoring, evaluation and implementation every quarter for transparency and accountability.

Also Reg. 17(3) of the Budget Regulation, 2015 REQUIRES the budget committee TO review revenue collection measures, allocate resources based on the strategic plan and national priorities without exceeding the ceiling provided by the paymaster general, evaluate budget performance and perform other functions as described in the plan and the budget guidelines, treasury registrar circulars and directives. To the contrary review of BRELA budget file revealed that in the financial year 2022/23 the budget committee conducted only one meeting that was held from 19-20 Jan 2023 and on 23 Jan 2023 in which the committee mainly discussed concerning the Budget issues for the financial year 2023/24. The deficiency is attributed by inadequate performance of the budgetary committee.


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

March 2024



**THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY**

STATEMENT OF MEMBERS RESPONSIBILITY

The Members of the Ministerial Advisory Board (MAB) accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements (the Statement of Financial Position as at 30 June 2023, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2023 and the Notes to the Financial Statements which include a summary of significant accounting policies and other explanatory notes). The Members of the MAB understand that system of internal control of BRELA is effective to provide reasonable, but not absolute, assurance that the transactions recorded in the books of accounts, which were used to prepare these financial statements, are free from material misstatements.

The Members of the MAB further accept 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), Section 25(4) of Public Finance Act, 2001 as Revised 2004 and NBAA's Pronouncements. The Members of MAB are of the opinion that the financial statements give a true and fair view of state of the financial affairs of BRELA and of its operating results for the year ended 30 June 2023.

Nothing has come to the attention of the Members of MAB to indicate that the Government of the United Republic of Tanzania shall wind-up the operations of BRELA, thus, not to remain a going concern for at least the next twelve months from the date of this Statement.

This Statement was approved and authorized for issue by the Members of MAB on 31 August 2023 and signed on their behalf by:

SIGNATURE:

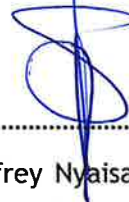


NAME:

Prof. Neema Mori

DESIGNATION:

CHAIRPERSON



Godfrey Nyaisa

CHIEF EXECUTIVE OFFICER

DATE:



**THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY**

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/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Accounting Officer and Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with Accounting Officer and the management of the Agency.

I, **Fatuma A. Mwenkalle** being the Head of Finance/Accounting of Ministry of Industry and Trade hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 30 June 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Business Registrations and Licensing Agency (BRELA) as on that date and that they have been prepared based on properly maintained financial records.

Signature.....

Name: ACPA. Fatuma A. Mwenkalle

Position: Ag. CHIEF ACCOUNTANT

NBAA Membership No.: ACPA 4950

Date: 05/03/2024

**THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY**

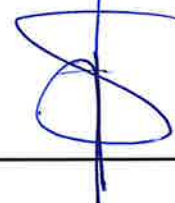
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

	Notes	2022/2023 TZS	2021/2022 TZS
ASSETS			
Current assets			
Cash and cash equivalents	9	20,834,781,575	20,056,590,876
Receivables	10	235,892,265	337,777,159
Prepayment	11	215,319,110	87,161,772
Inventories	12	103,503,716	38,762,509
Total Current assets		21,389,496,666	20,520,292,316
Non-current assets			
Property, plant and	15	17,142,198,676	4,697,792,217
Work in Progress	15	-	2,098,081,721
Intangible Assets	16	1,288,558,381	1,600,390,022
Total Non-current assets		18,430,757,057	8,396,263,960
TOTAL ASSETS		39,820,253,723	28,916,556,276
LIABILITIES			
Current liabilities			
Payables from Exchange	14A	257,811,518	774,384,256
Deposit General	14B	397,620,846	384,455,576
Total Liabilities		655,432,364	1,158,839,832
NET ASSETS		39,164,821,359	27,757,716,443
NET ASSETS/ EQUITY			
Taxpayers Fund		300,731,850	300,731,850
Accumulated surplus		38,864,089,509	27,456,984,593
TOTAL NET ASSETS/EQUITY		39,164,821,359	27,757,716,443

CHAIRPERSON



CHIEF EXECUTIVE OFFICER



**THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2023

Revenue	Notes	2022/2023 TZS	2021/2022 TZS
Revenue from exchange transactions	2	29,094,883,303	26,001,833,159
Revenue from non-exchange transactions	1A	528,545,096	700,844,263
Government Grant non-monetary	1B	10,740,918,279	-
Gain on foreign exchange transaction	4	-	243,040
Total revenue		40,364,346,678	26,702,920,462
Expenses			
Transfers to Consolidated fund 15%	8	4,377,855,564	4,218,159,872
Transfer to Government	20	10,000,000,000	3,640,625,145
Wages, salaries and employee benefits	5	5,919,619,514	4,388,141,534
Supplies and consumables used	6A	6,009,782,587	4,742,589,858
Other expenses	6B	322,388,200	603,550,317
International Contribution	6D	7,578,743	-
Routine repair and maintenance expenses	7	462,005,414	487,355,403
Depreciation and amortization	3	1,858,011,741	918,354,665
Total expenses		28,957,241,762	18,998,776,796
Surplus during the year		11,407,104,915	7,704,143,666

CHAIRPERSON



CHIEF EXECUTIVE OFFICER



**THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2023

	Taxpayers Fund TZS	Accumulated surplus TZS	TOTAL TZS
At 01 July 2022	300,731,850	27,456,984,593	27,757,716,443
Surplus for the year	-	11,407,104,915	11,407,104,915
At 30 June 2023	300,731,850	38,864,089,508	39,164,821,359
At 01 July 2021	300,731,850	19,752,840,927	20,053,572,777
Surplus for the year	-	7,704,143,666	7,704,143,666
At 30 June 2022	300,731,850	19,752,840,927	27,757,716,443

CHAIRPERSON

Mw

CHIEF EXECUTIVE OFFICER

[Signature]

**THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY**

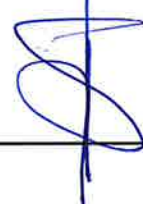
CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2023

	Note	2022/2023 TZS	2021/2022 TZS
Cash flows from operating activities			
Receipts			
Revenue from exchange transactions	17	29,194,768,197	26,676,403,115
Revenue from non-exchange transactions	1A	528,545,096	700,844,263
Total receipts		29,723,313,293	27,377,247,378
Payments			
Transfers to Consolidated fund 15%	8	4,377,855,564	4,218,159,872
Wages, salaries and employee benefits	21	5,895,573,996	4,393,141,534
Supplies and consumables used	18	6,355,826,325	4,308,752,688
Routine repair and maintenance expenses	7	462,005,414	487,355,403
Other Expenses Deposit	6C	7,198,777	339,976,672
International Contribution	6D	7,578,743	-
Other expenses	22	584,307,090	603,550,318
Transfer to Government	20	10,000,000,000	3,640,625,145
Total payments		27,690,345,908	17,991,561,632
Net cash from operating activities		2,032,967,385	9,385,685,745
Cash flow from investing activities			
Acquisition of property, plant, and equipment & investment properties	19	(1,254,776,686)	(1,120,834,622)
Net cash from investing activities		(1,254,776,686)	(1,120,834,622)
Cash flows from financing activities			
Net cash used in financing activities		-	-
Cash payments for other financial liabilities			
Net increase in cash and cash equivalents		778,190,699	8,264,851,122
Cash and cash equivalents at beginning of period		20,056,590,876	11,791,739,754
Cash and cash equivalents at the end of period		20,834,781,575	20,056,590,876

CHAIRPERSON



CHIEF EXECUTIVE OFFICER



**THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY**

**RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES FOR
THE YEAR ENDED 30 JUNE 2023**

Description	2022/2023	2021/2022
Net Surplus from Ordinary Activity	11,407,104,915	7,704,143,666
Add/(Less) Non-Cash Items: Depreciation	1,546,180,000	606,523,025
Amortization	311,831,641	311,831,641
Increase/Decrease in Payable	(503,407,468)	195,525,349
Increase in Prepayment	(24,967,212)	59,515,087
(Increase)/Decrease in Grant	(10,740,918,279)	(166,254,120)
Increase/Decrease in Consumable Stock	(64,741,207)	(5,168,859)
Increase/Decrease in Receivables from Exchange	101,884,894	679,569,956
Net cash from operating activities	2,032,967,385	9,385,685,745

**THE UNITED REPUBLIC OF TANZANIA
BUSINESS REGISTRATIONS AND LICENSING AGENCY**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT-BY NATURE FOR THE YEAR
ENDED 30TH JUNE 2023**

Budget approved on the Cash Basis

	Original Budget {A}	Reallocation/ Adjustments	Final Budget	Actual Amount on Cash Basis	Difference: Final Budget Vs Actual
Revenue	TZS	TZS	TZS	TZS	TZS
Revenue from exchange transactions	23,176,677,240	-	23,176,677,240	29,194,768,197	(6,018,090,95)
Revenue from non-exchange transactions	5,727,540,000	-	5,727,540,000	528,545,096	5,198,994,904
	28,904,217,240	-	28,904,217,240	29,723,313,293	(819,09,053)
Expenses					
Transfers to Consolidated fund 15%	4,257,735,989		4,257,735,989	4,377,855,564	(120,119,575)
Other payments - Transfer to Treasury PMG				10,000,000,000	(10,000,000,000)
Wages, salaries and employee benefits	8,873,676,309	(104,000,000)	8,769,676,309	5,895,573,996	2,874,102,313
Supplies and consumables used	10,892,048,095	-	10,892,048,095	6,355,826,325	4,536,221,770
Routine repair and maintenance expenses	299,500,000	192,500,000	492,000,000	462,005,414	29,994,586
Other Expenses Deposit				7,198,777	(7,198,777)
International Contribution				7,578,743	(7,578,743)
Other payments	615,000,000		615,000,000	584,307,090	30,692,910
Acquisition of Asset	3,966,256,847	(88,500,000)	3,877,756,847	1,254,776,686	2,622,980,161
	28,904,217,240	-	28,904,217,240	28,945,122,594	(40,905,354)
Net Receipts	-	-	-	778,190,699	(778,190,699)