



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



TANZANIA AGRICULTURAL RESEARCH INSTITUTE (TARI)

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2024**

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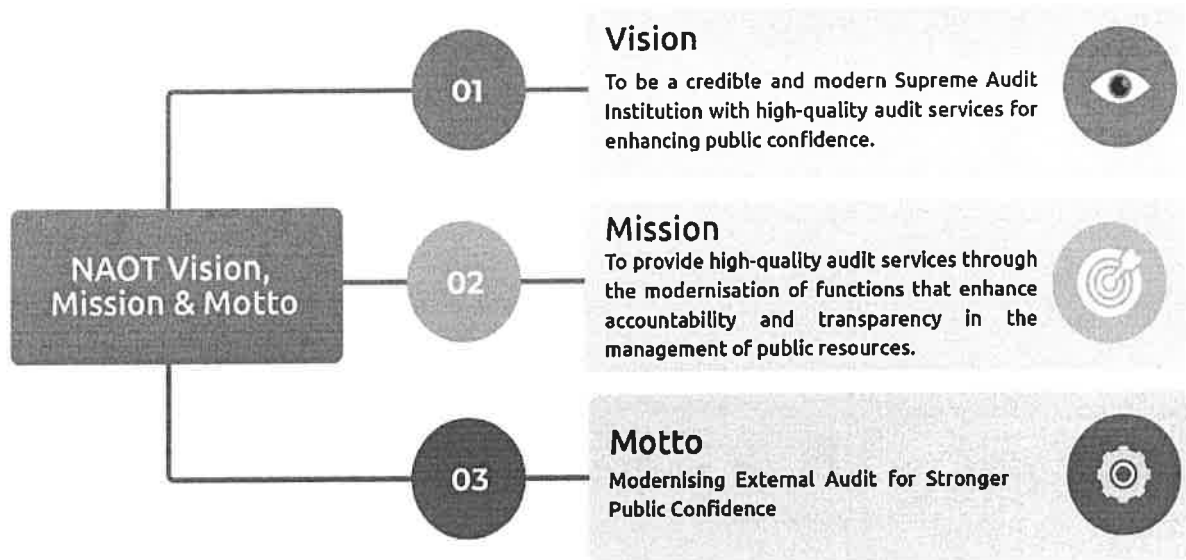
March 2025

AR/CG/TARI/2023/24

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.



Independence and objectivity

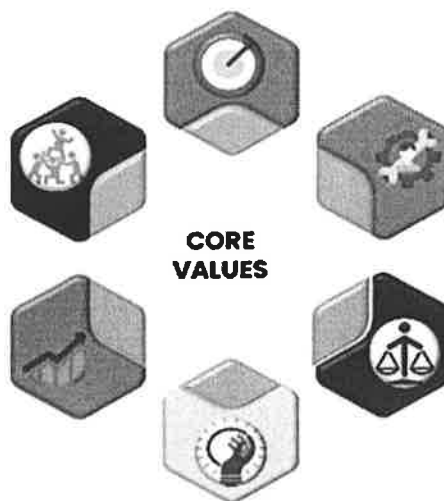
We are an impartial public Institution, independently offering high-quality audit services to our clients in an unbiased manner.

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.

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ABBREVIATIONS

AfDP	Agricultural and Fisheries Development Program
AG	Accountant General
ASA	Agricultural Seeds Agency
BOT	Bank of Tanzania
CAG	Controller and Auditor General
CPA	Certified Public Accountant
DG	Director General
EAD	Exposure at Default
ECL	Expected Credit Loss
FVTSD	Fair Value through Surplus/Deficit
HIV	Human Immunodeficiency Virus
IPSASs	with International Public Sector Accounting Standards
LGD	Loss Given Default
MUSE	Mfumo wa Uhasibu Serikalini
NFRA	National Food Reserve Agency
PD	Probability at Default
PMU	Procurement Management Unit
PPE	Property Plant and Equipment
NHIF	National Health Insurance Fund
TANESCO	Tanzania Electric Supply Company Limited
TARI	Tanzania Agricultural Research Institute
TEMESA	Tanzania Electrical, Mechanical and Electronics Services Agency
TFRS	Tanzania Financial Reporting Standards
TOSCI	Tanzania Official Seeds Certification Institute
TRA	Tanzania Revenue Authority
TZS	Tanzania Shillings
URT	United Republic Tanzania
USD	United State of America Dollar
WCF	Workers Compensation Funds
WIP	Work in Progress

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
Tanzania Agricultural Research Institute,
P.O. Box 1571,
DODOMA, TANZANIA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Agricultural Research Institute, which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of changes in net assets, 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 Tanzania Agricultural Research Institute as at 30 June 2024, 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 Tanzania Agricultural Research Institute 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.

Emphasis of the matter

I draw attention to the matters below. My opinion is not modified in respect of these matters.

As disclosed in Note 46 to the financial statements that, on 15 December 2023, the Minister of State, Office of the President, Planning and Investment announced the Government's intention to merge the operations of Tea Research Institute of Tanzania

(TRIT), Tanzania Coffee Research Institute (TCRI) and Tobacco Research Institute of Tanzania (TORITA) with Tanzania Agricultural Research Institute (TARI). Based on the government announcement, the merging of these institutions was supposed to be concluded by June 2024.

In this regard, TARI's financial statements for the year ended 30 June 2024 did not include the operations and financial affairs of TRIT, TCRI, and TORITA as the merging process has not been finalised.

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 by those charged with governance, statement of management 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 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 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 Tanzania Agricultural Research Institute for the financial year 2023/24 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 Tanzania Agricultural Research Institute is generally in compliance with the requirements of the Public Procurement laws.

i. Delay in delivery of Eight seed processing plant TZS 1.79 billion

TARI signed Contract No. IE/054/2022-2023/G/01 (LOT III) with 3D System Contractors Ltd on 21st July 2023 for the supply of eight seed processing plants, including a theatre/coating machine, at a contract sum of TZS 1.79 billion. The contract had an initial implementation period of 90 days. However, the contractor requested two extensions: The first extension approved up to 7 June 2024 and the Second extension approved up to 7 September 2024.

Despite these extensions, as of 19th November 2024, delivery has not been finalized, contrary to the agreed timelines. This delays the project's intended benefits and contravenes Regulation 114(a) of the Public Procurement Regulations, 2013, which mandates timely delivery and effective contract management.

ii. Significant delay in completion of construction of warehouse

Reg 114 (a) of Public Procurement Regulation 2013, requires A procuring entity to be responsible for the effective management of any procurement of goods, services or works for which it is undertaking and shall monitor the costs and timely delivery of goods and services in the correct quantities and to the quality specified in each contract.

I noted that TARI entered into contract No. IE/054/202-2023/W/3 with MCB Company Limited on 14 September 2022 at a contract sum of TZS 2,282,069,850.00 for the Design and building of five warehouses at TARI centre Hombolo, Dakawa, Tumbi, Naliendele and Selian for contract duration of eight (8) months commencing from 25 October 2022 to 24 June 2023.

However, a review of the last progress report dated 30 April 2024 revealed that overall physical progress was 40% and financial progress of TZS 1,187,722,833 equivalent to 52% of the contract sum while the contract duration lapsed by 200%.

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 Tanzania Agricultural Research Institute for the financial year 2023/24 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, the Budget formulation and execution of Tanzania Agricultural Research Institute generally complies with the Budget Act's requirements and other Budget Guidelines.

i. Under collection of budgeted revenue, TZS 18.49 billion

Section 58(b) of the Budget Act, 2015 requires a person vested with authority for public revenue collection to be accountable for efficient collection, accounting, and reporting based on applicable law and taking precautions to prevent mismanagement of the revenue.

I reviewed budget implementation for the financial year 2023/24 and found that the Tanzania Agricultural Research Institute (TARI) had budgeted to collect TZS 35,000,000,000 from its own source of revenue from exchange transactions. However, the revenue collected during the year amounted to TZS 16,508,518,953, which is 47%. In that regard, the Institute failed to collect TZS 18,491,481,047, equivalent to 53%.



Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2025

2.40 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the Governing Board's responsibility to cause and keep proper books of accounts and, at the end of each financial year, to produce financial statements which reflect a true and fair view of the state of affairs and the results of operations of the Institute.

The Governing Board confirms that suitable policies have been used and applied consistently and reasonably, and prudent judgments and estimates have been made in the preparation of TARI's financial statements for the year ending 30 June 2024.

The Governing Board further confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going-concern basis. The Board has reasonable expectations that the Institute has adequate resources to continue in operation for the foreseeable future.

BY ORDER OF THE GOVERNING BOARD



Mr. Andrew W. Massawe
CHAIRMAN

DATE 13-03-2025

2.41 DECLARATION OF THE HEAD OF FINANCE OF THE INSTITUTE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Accountants and Auditors (Registration) Act, CAP 286 R.E 2002, requires Financial Statements be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors 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.

The Board of Directors has full legal responsibility for preparing financial statements, as stated in the Directors Responsibility statement on an earlier page.

I, CPA Margareth R. Ndebelamatwi being the Chief Accountant of the Tanzania Agricultural Research Institute hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2024 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 the Tanzania Agricultural Research Institute as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Date: 12/03/2025

Position: Chief Accountant

NBAA Membership No: ACPA 2873

2.42 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

ASSETS	Note	TZS 2023/24	TZS 2022/23
Current Asset			
Cash and Cash Equivalents	2	3,666,477,830	727,834,884
Inventories	3	27,560,621	203,123,165
Prepayments	4	161,203,762	2,830,103,931
Receivables	5	<u>1,127,857,123</u>	<u>796,308,799</u>
Total Current Asset		<u>4,983,099,336</u>	<u>4,557,370,779</u>
Non-Current Asset			
Biological Assets	6	14,101,320,361	15,161,820,361
Property, Plant and Equipment	7	124,066,552,832	122,249,229,926
Work In Progress	8	17,538,520,560	11,663,904,299
Total Non-Current Asset		<u>155,706,393,753</u>	<u>149,074,954,586</u>
TOTAL ASSETS		<u>160,689,493,089</u>	<u>153,632,325,365</u>
LIABILITIES			
Current Liabilities			
Deferred Income	9	1,929,586,298	507,941,415
Deposits	10	28,506,735	76,872,778
Payables and Accruals	11	6,482,689,512	5,458,249,648
Total Current Liabilities		<u>8,440,782,545</u>	<u>6,043,063,841</u>
TOTAL LIABILITIES		<u>8,440,782,545</u>	<u>6,043,063,841</u>
Net Assets		<u>152,248,710,544</u>	<u>147,589,261,524</u>
NET ASSETS			
Capital Contributed by:			
Taxpayers Fund		143,755,615,979	143,755,615,979
Accumulated Surpluses		<u>8,493,094,565</u>	<u>3,833,645,545</u>
TOTAL NET ASSETS		<u>152,248,710,544</u>	<u>147,589,261,524</u>
			
Mr. Andrew W. Massawe		Dr. Thomas N. Bwana	
BOARD CHAIRMAN		DIRECTOR GENERAL	
<u>13-03-2025</u>		<u>13/3/2025</u>	
DATE		DATE	

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
TANZANIA AGRICULTURAL RESEARCH INSTITUTE

2.43 STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2024

		TZS	TZS
REVENUE	Note	2023/24	2022/23
Revenue			
Subvention from other Government entities	12	30,175,754,843	31,571,298,672
Revenue from Exchange Transactions	13	2,928,794,680	2,942,096,432
Other Revenue	14	13,537,990,913	12,776,066,274
Revenue Grants	15	<u>107,867,513</u>	-
TOTAL REVENUE		<u>46,750,407,949</u>	<u>47,289,461,378</u>
EXPENSES			
Expenses			
Depreciation of Property, Plant and Equipment	16	1,575,219,242	3,503,400,456
Loss in Fair value of biological assets	17	1,060,500,000	-
Expected Credit loss (ECL)	22	23,242,679	15,986,888
Maintenance Expenses	18	356,139,511	781,202,883
Other Expenses	19	352,459,889	399,929,721
Use of Goods and Service	20	11,714,519,625	12,404,860,786
Wages, Salaries and Employee Benefits	21	<u>27,008,877,984</u>	<u>25,837,638,395</u>
Total Expenses		<u>42,090,958,930</u>	<u>42,943,019,129</u>
Surplus for the Period		<u>4,659,449,019</u>	<u>4,346,442,249</u>

Mr. Andrew W. Massawe

BOARD CHAIRMAN

13-03-2025

DATE

Dr. Thomas N. Bwana

DIRECTOR GENERAL

13/3/2025

DATE

2.44 STATEMENT OF CHANGES IN NET ASSET AND EQUITY FOR THE PERIOD ENDED
30 JUNE 2024

	Tax Payer's Fund	Accumulated Surplus/(Deficit)	Total
	TZS	TZS	TZS
Opening Balance as at 01 July 2023	143,755,615,979	3,833,645,545	147,589,261,524
Capital Fund	-	-	-
Adjustment	-	-	-
Surplus/ Deficit for the Year	-	<u>4,659,449,019</u>	<u>4,659,449,019</u>
Closing Balance as at 30 June 2024	<u>143,755,615,979</u>	<u>8,493,094,565</u>	<u>152,248,710,544</u>
Opening Balance as at 01 July 2022	143,755,615,979	(512,796,704)	143,242,819,275
Capital Fund	-	-	-
Adjustment	-	-	-
Surplus for the Year	-	<u>4,346,442,249</u>	<u>4,346,442,429</u>
Closing Balance as at 30 June 2023	<u>143,755,615,979</u>	<u>3,833,645,545</u>	<u>147,589,261,524</u>



Mr. Andrew W. Massawe

BOARD CHAIRMAN

13-03-2025

DATE



Dr. Thomas N Bwana

DIRECTOR GENERAL

13/3/2025

DATE

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
TANZANIA AGRICULTURAL RESEARCH INSTITUTE

1.1 CASHFLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2024

		2023/24	2022/23
CASH FLOW FROM OPERATING ACTIVITIES		TZS	TZS
RECEIPTS	Notes		
Subvention from other Government entities	23	31,597,399,725	31,698,771,539
Revenue from Exchange Transactions	24	2,970,528,040	2,862,363,072
Other Revenue	25	13,537,990,913	12,776,066,274
Deposits	26	-	44,291,263
Total Receipts		<u>48,105,918,678</u>	<u>47,381,492,148</u>
PAYMENTS			
Wages, Salaries and Employee Benefits	27	26,527,230,453	25,280,724,258
Use of Goods and Service	28	11,523,978,453	9,171,568,165
Other Expenses	19	352,459,889	399,929,721
Maintenance Expenses	18	356,139,511	781,202,883
Deposits	32	48,366,043	-
Total Payments		<u>38,808,174,349</u>	<u>35,633,425,027</u>
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES		<u>9,297,744,329</u>	<u>11,748,067,122</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investing Activities			
Payment for Work in Progress (WIP)	29	(4,909,814,033)	10,677,763,464
Advance payments for the Acquisition of Property, Plant and Equipment	30	-	1,439,947,380
Acquisition of Property, Plant and Equipment	31	(1,448,098,000)	1,748,744,229
Total Investing Activities		<u>(6,357,912,033)</u>	<u>13,866,455,073</u>
NET CASH FLOW (USED IN)/ GENERATED FROM INVESTING ACTIVITIES		<u>(6,357,912,033)</u>	<u>13,866,455,073</u>
Net cash Increase /(Decrease)		2,939,832,296	(2,118,387,951)
Cash and cash equivalent at the beginning of the period		<u>727,875,101</u>	<u>2,846,263,052</u>
Cash and cash equivalent at end of the period	2	<u>3,667,707,397</u>	<u>727,875,101</u>

Mr. Andrew W. Massawe

BOARD CHAIRMAN

13-03-2025

DATE

Dr. Thomas N. Bwana

DIRECTOR GENERAL

13/3/2025

DATE

2.45 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE 2024

RECEIPTS AND PAYMENTS	Original Budget	Reallocation/ Adjustment	Final Budget (A)	Actual Amount (B)	Difference (A-B)
RECEIPTS					
Revenue from Exchange Transactions	35,000,000,000	-	35,000,000,000	16,508,518,953	18,491,481,047
Subvention from other Government entities	58,195,968,122	=	58,195,968,122	31,597,399,725	26,598,568,397
Total Receipts	93,195,968,122	=	93,195,968,122	48,105,918,678	45,090,049,444
PAYMENTS					
Maintenance Expenses	360,705,950	-	360,705,950	356,139,511	4,566,439
Other Expenses	379,850,069	-	379,850,069	352,459,889	27,390,180
Use of Goods and Service	14,991,985,956	-	14,991,985,956	11,572,344,496	3,419,641,460
Wages, Salaries and Employee Benefits	27,973,953,027	-	27,973,953,027	26,527,230,453	1,446,722,574
Acquisition of Property, Plant and Equipment	49,489,473,120	=	49,489,473,120	6,357,912,033	43,131,561,087
Total Payments	93,195,968,122	=	93,195,968,122	45,166,086,382	48,029,881,740
Net Receipts/ Payments	=	=	=	2,939,832,296	(2,939,832,296)

Mr. Andrew W. Massawe
BOARD CHAIRMAN
13-03-2025

DATE

Dr. Thomas N. Bwana
DIRECTOR GENERAL

DATE