



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



NATIONAL ENVIRONMENT MANAGEMENT COUNCIL

**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/PA/NEMC/2022/23

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson,
Board of Directors,
National Environment Management Council (NEMC),
Kambarage Tower, 6th floor
P.O. Box 2724,
Dodoma.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of National Environment Management Council (NEMC), 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 National Environment Management Council (NEMC) 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 National Environment Management Council (NEMC) 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 by Those Charged with Governance, Statement of responsibilities by those charged by governance, Declaration by the Head of Finance and 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 exercised professional judgment and maintained professional skepticism throughout the audit. I also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained 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;
- Obtained 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;
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluded 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 concluded 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
- Evaluated 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 communicated 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 provided 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 described these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determined 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 National Environment Management Council (NEMC) for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that except for matters described below, procurement of works, goods and services of National Environment Management Council (NEMC) is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

- **Inadequate Implementation of annual procurement plan**

Regulation 69(3) of Public Procurement Regulations 2013 stipulates that, “A procuring entity shall forecast its requirements for goods, services and works as accurately as is practicable with reference to services or activities already programmed in the annual work plan and included in the annual estimates”.

Review of procurement management revealed procurements amounting to TZS 494,920,000 that were budgeted and planned to be executed but could not be completed as at year end. Furthermore, overall percentage of annual procurement plan implementation was at 50%. Thus, Annual Procurement Plan was not fully implemented.

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 National Environment Management Council 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 National Environment Management Council 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 2024



NATIONAL ENVIRONMENT MANAGEMENT COUNCIL (NEMC)

5.0 FINANCIAL STATEMENTS

5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	2022/23 TZS '000	Restated 2021/22 TZS '000	2021/22 TZS '000
ASSETS				
Current assets				
Cash and cash equivalents	7	1,840,318	3,603,854	3,603,854
Receivables from exchange transactions	8(a)	1,856,886	1,673,016	1,421,335
Prepayments	8(b)	139,354	415,913	415,913
Total current assets		3,836,558	5,692,783	5,441,102
Non-current assets				
Intangible assets	11	4,084	40,199	40,199
Property and equipment	12	7,198,148	7,150,847	7,150,847
Total non-current assets		7,202,232	7,191,046	7,191,046
TOTAL ASSETS		11,038,790	12,883,829	12,632,148
LIABILITIES				
Current liabilities				
Payables from exchange transactions	9	1,022,452	1,312,766	748,873
Deferred grants	10	1,219,450	3,055,746	5,215,587
TOTAL LIABILITIES		2,241,902	4,368,512	5,964,460
NET ASSETS		8,796,888	8,515,317	6,667,688
NET ASSETS		8,796,888	8,515,317	6,667,688
Accumulated surplus				

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


Eng. Prof. Esnati Osinde Chaggu

Chairperson of the Board


Dr. Immaculate Sware Semesi

Secretary of the Board

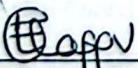
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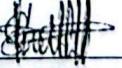
NATIONAL ENVIRONMENT MANAGEMENT COUNCIL (NEMC)

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022/23 TZS '000	2021/22 TZS '000	Restated 2021/22 TZS '000
REVENUE				
Revenue from non-exchange transactions	13(a)	13,152,822	7,911,089	6,063,460
Revenue from exchange transactions	13(b)	13,587,604	17,980,531	17,980,531
Other income	14	3,249,867	2,449,305	2,449,305
		29,990,293	28,340,925	26,493,296
EXPENSES				
Wages, salaries and employee benefit	15	9,807,565	9,389,432	9,389,432
Supplies and consumables used	16	10,099,667	9,909,144	9,909,144
Maintenance expenses	17	372,391	738,547	738,547
Amortization of intangible assets	11	36,115	33,239	33,239
Depreciation of property and equipment	12	745,277	1,164,198	1,164,198
Impairment of receivables from exchange transactions	8(a)	11,780	4,690,181	4,690,181
Project expenses	18	8,335,927	3,279,319	3,279,319
Contribution to consolidated fund	23	300,000	1,200,000	1,200,000
		29,708,722	30,404,060	30,404,060
Surplus / (deficit) for the year		281,571	(2,063,135)	(3,910,764)

The Notes form an integral part of these financial statements.


Eng. Prof. Esnati Osinde Chaggua
Chairperson of the Board


Dr. Immaculate Sware Semesi
Secretary of the Board

Date: 23/03/2024

NATIONAL ENVIRONMENT MANAGEMENT COUNCIL (NEMC)

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

	Accumulated surplus TZS '000
Balance as at 1 July 2021	10,578,452
Net deficit for the year	(3,910,764)
Balance as at 30 June 2022	6,667,688
 Restated	
Balance as at 1 July 2021	10,578,452
Net deficit for the year	(2,063,135)
Balance as at 30 June 2022	8,515,317
 Balance as at 1 July 2022	8,515,317
Net surplus for the year	281,571
Balance as at 30 June 2023	8,796,888

The Notes form an integral part of these financial statements.

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Eng. Prof. Esnati Osinde Chagg
Chairperson of the Board

W. M. S.
Dr. Immaculate Sware Semesi
Secretary of the Board

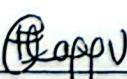
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NATIONAL ENVIRONMENT MANAGEMENT COUNCIL (NEMC)

5.3 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022/23 TZS '000	2021/22 TZS '000
Operating activities			
Receipts			
Government subvention	13(a)	4,789,381	4,119,610
Grant income		8,363,441	6,571,297
Fees and charges	13(b)(i)	3,348,051	6,756,774
Environmental Impact Assessment and Environmental Audit Income and Environmental penalties	13(b)(ii)	8,271,180	8,842,434
Other income	14	3,249,867	2,413,363
Total receipts		28,021,920	28,703,478
Payments			
Wages, salaries, and employee benefit	15	9,807,565	9,389,432
Supplies and consumables used	16	10,099,668	9,804,258
Maintenance expenses	17	372,391	738,547
Contribution to the government consolidated fund	23	300,000	1,200,000
Project expenses	18	8,335,927	3,279,319
Audit fee expenses		77,328	93,467
Total payments		28,992,879	24,505,023
Net cash generated from operating activities		(970,959)	4,198,455
Investing activities			
Acquisition of intangible assets	11	-	(11,505)
Proceeds from disposal of assets	14	-	35,942
Acquisition of properties and equipment	12	(792,577)	(1,013,663)
Net cash used in investing activities		(792,577)	(989,226)
Net Increase in cash and cash equivalents		(1,763,536)	3,209,229
Cash and cash equivalents at the beginning of the year		3,603,854	394,625
Cash and cash equivalents at the end of the year	7	1,840,318	3,603,854

The Notes form an integral part of these financial statements.


Eng. Prof. Esnati Osinde Chaggan
Chairperson of the Board

Date: 23/03/2024


Dr. Immaculate Sware Semesi
Secretary of the Board

NATIONAL ENVIRONMENT MANAGEMENT COUNCIL (NEMC)

5.4 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	Original budget	reallocations/adjustments	Final budget (B)	Actual amount on comparison basis (A)	Different final budget & actual (B-A)
RECEIPTS	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Revenue from exchange transactions	28,042,560	-	28,042,560	16,837,471	11,205,089
Subvention from other Government entities	4,362,628	-	4,362,628	4,789,381	(426,753)
Total receipts	32,405,188	-	32,405,188	21,626,852	10,778,336
PAYMENTS					-
Maintenance expenses	807,703	-	807,703	372,391	435,312
Other transfers	4,206,384	-	4,206,384	300,000	3,906,384
Use of goods and service	14,145,157	-	14,145,157	10,099,668	4,045,489
Wages, salaries and employee benefits	10,509,558	-	10,509,558	9,807,565	701,993
Acquisition of property and equipment	2,736,387	-	2,736,387	792,577	1,943,810
Total payment	32,405,189	-	32,405,189	21,372,201	11,032,988
Net receipts/payments	-	-	-	254,651	(254,651)

The Notes form an integral part of these financial statements.

Eng. Prof. Esnati Osinde Chaggu
Chairperson of the Board

Dr. Immaculate Sware Semesi
Secretary of the Board

Date: 23/03/2024