



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 2024**

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March 2025

AR/PA/NEMC/2023/24

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
National Environment Management Council (NEMC),
P.O. Box 63154,
Dar es Salaam.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of the National Environment Management Council (NEMC), which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, the statement of changes in net assets, the cash flow statement, and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Environment Management Council (NEMC) as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting and the requirements of the Public Finance Act, Cap. 348/the Local Government Finances Act, Cap. 290.

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 titled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements."

I am independent of the National Environment Management Council (NEMC) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

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, Declaration by the Director of Finance and administration 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 (International Standards of Supreme Audit Institutions) 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 (International Standards of Supreme Audit Institutions), I exercise professional judgment and maintain professional scepticism 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 LEGISLATION

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 for the financial year 2023/24 as per the Public Procurement laws.

Conclusion

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

Procurements worth TZS 174,985,153 done outside NeST system

Section 63 of the Public Procurement Act 2022 requires that "procuring entities to ensure that procurement or disposal by tender is implemented and reported through electronic procedures or manually where electronic facilities are not available. In the year 2023/24, the Council procured goods and services worth TZS 174,985,153 outside the National e-Procurement System of Tanzania (NeST) due to procurement staff's limited familiarity with the system.

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 2023/24 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of National Environment Management Council (NEMC) 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 2025



5.0 FINANCIAL STATEMENTS

5.1 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

DETAILS	Note	2023/24 TZS '000	2022/23 TZS '000
ASSETS			
Current asset			
Cash and cash equivalents	7	3,298,384	1,812,842
Prepayments	8	146,562	139,354
Receivables from exchange transactions	9	1,850,924	1,856,886
Total current asset		5,295,870	3,809,082
Non-Current Asset			
Intangible assets	10	-	4,084
Property and equipment	11	7,285,285	7,198,148
Total non-current asset		7,285,285	7,202,232
TOTAL ASSETS		12,581,155	11,011,314
LIABILITIES			
Current liabilities			
Deferred grants	12	2,241,730	1,219,450
Payables from exchange transactions	13	873,940	1,022,452
Total current liabilities		3,115,670	2,241,902
TOTAL LIABILITIES		3,115,670	2,241,902
Net assets		9,465,485	8,769,412
NET ASSETS/EQUITY			
Capital contributed by:			
Taxpayers/share capital		-	-
Accumulated surpluses/deficits		9,465,485	8,769,412
TOTAL NET ASSETS/EQUITY		9,465,485	8,769,412

The Notes form an integral part of these financial statements. The financial statements were approved and authorised for issue by the Board of Directors on 25/03/2025 2025 and were signed on its behalf by:

Eng. Cyprian John Lukemeja
Permanent Secretary
Office of the Vice President

Date: 25/03/2025

Dr. Immaculate Sware Semesi
Secretary of the Board

5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2024

Classification by Nature	Notes	2023/24 TZS '000	2022/23 TZS '000
REVENUE			
Revenue			
Revenue from exchange transactions	14	19,013,847	13,587,604
Revenue from non-exchange transactions	15	9,787,316	13,152,822
Other revenue	16	1,324,066	3,249,867
TOTAL REVENUE		30,125,229	29,990,293
EXPENSES AND TRANSFERS			
Amortization of intangible assets	17	4,084	36,115
Depreciation of property, plant and equipment	18	198,974	745,277
Loss on disposal of assets	19	-	11,780
Maintenance expenses	20	648,532	372,391
Other and project expenses	21	4,944,785	8,363,403
Use of goods and service	22	11,866,774	10,099,667
Wages, salaries and employee benefits	23	10,784,967	9,807,565
TOTAL EXPENSES		28,448,116	29,436,198
Other transfers	24	1,008,516	300,000
TOTAL TRANSFER		1,008,516	300,000
TOTAL EXPENSES AND TRANSFERS		29,456,632	29,736,198
Surplus		668,597	254,095

The notes form an integral part of these financial statements.



 Eng. Cyprian John Luhameja
 Permanent Secretary
 Office of the Vice President

Date.....25/03/2025.....



 Dr. Immaculate Sware Semesi
 Secretary of the Board

5.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Accumulated surplus TZS '000
Balance as at 1 July 2022	8,515,317
Surplus for the year	254,095
Balance as at 30 June 2023	8,769,412
 Balance as at 1 July 2023	 8,769,412
Surplus for the year	668,597
Balance as at 30 June 2024	<u>9,438,008</u>

The Notes form an integral part of these financial statements.



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Eng. Cyprian John Luhemeja
Permanent Secretary
Office of the Vice President

Date.....25/03/2025.....



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Dr. Immaculate Sware Simesi
Secretary of the Board

5.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

NARRATIONS		2023/24	2022/23
	Notes	TZS '000	TZS '000
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Subvention from other Government entities	38	9,957,928	13,152,822
Revenue grants	40	2,029,156	-
Revenue from exchange transactions		7,554,880	3,348,051
Other revenue	16	31,349	3,249,867
Fees, fines, penalties and forfeits	39	8,955,414	8,271,180
Total receipts		28,528,727	28,021,920
PAYMENTS			
Wages, salaries and employee benefits	23	10,784,967	9,807,565
Use of goods and service	22	8,252,168	10,099,668
Other transfers	24	1,008,516	300,000
Other and project expenses		5,305,619	8,335,927
Maintenance expenses	20	633,401	449,719
Decrease in deposit	40	769,663	-
Total payments		26,754,334	28,992,879
NET CASH FLOW FROM OPERATING ACTIVITIES		1,774,393	(970,959)
CASH FLOW FROM INVESTING ACTIVITIES			
Investing activities			
Acquisition of property, plant and equipment	11	(286,112)	(792,577)
Total investing activities		(286,112)	(792,577)
NET CASH FLOW FROM INVESTING ACTIVITIES		(286,112)	(792,577)
Net increase in Cash and cash Equivalent		1,488,281	(1,763,536)
Cash and cash equivalent at beginning of period	7	1,840,318	3,603,854
Cash and cash equivalents at end of period	7	3,328,599	1,840,318

The Notes form an integral part of these financial statements.

Eng. Cyprian John Luhemeja
Permanent Secretary
Office of the Vice President

Date.....25/03/2025.....

Dr. Immaculate Sware Semesi
Secretary of the Board


5.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

	Original budget	Reallocations/ adjustments	Final budget (B)	Actual amount on comparison basis (A)	Different Final Budget & Actual (B-A)
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
RECEIPTS					
Revenue from Exchange Transactions	31,376,038	-	31,376,038	16,510,294	14,865,744
Subvention from other Government entities	5,284,964	-	5,284,964	9,957,928	4,672,964
					-
Total Receipts	36,661,002	-	36,661,002	26,468,222	10,192,780
PAYMENTS					
Decrease in Deposit	-	-	-	769,663	769,663
Maintenance Expenses	908,948	20,800	929,748	633,401	296,347
Other Expenses	618,558	(45,250)	573,308	5,305,619	4,732,312
Other Transfers	4,706,948		4,706,948	1,008,516	3,698,432
Use of Goods and Service	14,558,273	(380,571)	14,177,702	8,252,168	5,925,534
Wages, Salaries and Employee Benefits	11,996,541	385,021	12,381,562	10,784,967	1,596,595
Acquisition of Property, Plant and Equipment	3,871,737	20,000	3,891,737	(286,112)	4,177,849
Total Payment	36,661,002	-	36,661,002	26,468,222	10,192,780
Net Receipts/Payments	-	-	-	-	-



 Eng. Cyprian John Luhemeja
 Permanent Secretary
 Office of the Vice President

Date.....25/03/2025.....



 Dr. Immaculate Sware Semesi
 Secretary of the Board