



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



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT OF NATIONAL
CONSTRUCTION COUNCIL (NCC) FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2021**

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March 2022

AR/PA/NCC/2020/21

Mandate

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

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.

Motto: "Modernizing External Audit for Stronger Public Confidence"

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
- 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.

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NATIONAL CONSTRUCTION COUNCIL

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Abbreviations

IPSAS	International Public Sector Accounting Standards
MDAs	Ministries, Departments and Agencies
PAC	Public Accounts Committee
PFA	Public Finance Regulations, 2009
PPA	Public Procurement Act, 2011
PPR	Public Procurement Regulations, 2013
MoWT	Ministry of Works and Transport

1.0 GOVERNING COUNCIL REPORT FOR THE YEAR ENDED 30 JUNE 2021

1.1 INTRODUCTION

In compliance with the Public Corporation Act, 1992 (Revised 2020) and the Tanzania Financial Reporting Standard No 1: On Those Charged with Governance (TCWG), the Councillors submit their report and Financial Statements of National Construction Council (NCC) for the year ended 30 June 2021.

The report discloses the state of affairs of the National Construction Council. The Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The Members of the Council are pleased to present this report and the accompanying financial statements for the year which ended on 30 June 2021.

1.2 ESTABLISHMENT OF NATIONAL CONSTRUCTION COUNCIL

The National Construction Council (NCC) is a Government Institution established through Act of Parliament No. 20 of 1979 and became operational in 1981. Its establishment was prompted by the need to promote the development of the local construction industry whose performance was considered unsatisfactory. The National Construction Council (amended) Act No. 25 of 2007 which was assented by the President of the United Republic of Tanzania (His Excellence Jakaya Mrisho Kikwete on 24 January 2008 has superseded Act No. 20 of 1979, established through the National Construction Council Act. No .20 of 1979. The Council commenced its activities officially from 17 August 1981.

1.3 CORPORATE OUTLOOK

The Council is guided by the following vision, mission and values:

Vision

To provide outstanding strategic leadership for development and growth of a sustainable and internationally competitive construction industry in Tanzania.

Mission:

To promote the growth, development and expansion of the construction industry in Tanzania with emphasis on the development of the local capacity and competitiveness.

Values:

The six core values that drive the Council in implementing its responsibilities are as follows:

- a) Service excellence
- b) Transparency

- c) Integrity
- d) Innovation
- e) Professionalism
- f) Responsibility

1.4 OBJECTIVES OF THE COUNCIL

The National Construction Council was established to promote and provide strategic leadership for the growth, development and expansion of the construction industry in Tanzania with emphasis on the development of the local capacity for socio-economic development and competitiveness in the changing global environment.

The mission and vision of NCC are achieved by implementing the following strategic objectives for the period of July 2018 to June 2023:

- a) Co-ordination of construction sector is enhanced to enable consolidation, harmonization and competitive performance of the construction industry;
- b) Capacity building of local contractors and consultants enhanced to enable adequate participation in work opportunities;
- c) Capacity building of Clients enhanced to enable improved sector performance;
- d) Research in the construction industry is promoted and effectively coordinated;
- e) Institutional capacity of NCC is enhanced to enable effective performance of its functions;
- f) HIV/AIDS infection reduced and service improved; and
- g) Anticorruption and good governance strategies implemented effectively.

1.5 FUNCTIONS OF THE COUNCIL

The following are the legal functions of the National Construction Council:

- a) To promote and provide strategic leadership for the growth, development and expansion of the CI in Tanzania with emphasis on the development of the local capacity for socio-economic development and competitiveness in the changing global environment
- b) To advise the government on all matters relating to the development of the construction industry and to formulate proposals and recommendations for their implementation.
- c) To provide advisory services and technical assistance to construction industry stakeholders on all matters related to the construction industry
- d) To promote and co-ordinate quality training for persons engaged, or to be engaged in the construction industry
- e) To promote, conduct and coordinate research on all matters related to the construction industry
- f) To compile and maintain a list of projects and promote the documentation and dissemination of information related to the construction industry

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- g) To promote and monitor the development and implementation of standards, regulations and codes of practices on all matters related to the construction industry.
- h) To promote the use of innovative technologies and the application of best practices in the construction industry
- i) To promote and establish forums for enhancing industry wide co-ordination, collaboration and discussion on matters related to the construction industry
- j) To benchmark, monitor and evaluate the performance of the construction industry
- k) To solicit and manage the fund for training of personnel in the construction industry
- l) To promote quality management including provision of technical auditing services in the construction industry
- m) To promote environmentally sustainable construction practices including health and safety aspects
- n) To promote the export of goods and services related to the construction industry
- o) To Facilitate efficient resolution of disputes in the construction industry

1.6 MEMBERSHIP OF THE COUNCIL

The NCC Councillors, who held office during the year under review and up to 30 June 2021 are as follows;

S/N	Name	Position	Nationality	Institution	Age	Qualification	Date of Appointment
1.	Prof. Mayunga H.H.Nkunya	Chairman	Tanzanian	University of Dar es Salaam	68	Ph.D Organic Chemistry	17 January 2020
2.	Arch. Livin Henry Moshia	Member	Tanzanian	Ardhi University	61	Ph.D Architect	1 July 2019
3.	Dr. Zacharia Saimon Katambara	Member	Tanzanian	Mbeya University of Science and Technology	52	Ph.D Engineering	22 August 2020
4.	Qs. Optatus W. Kanyesi	Member	Tanzanian	Ministry of Works and Transport	59	Quantity Surveyor	1 July 2019
5.	Eng. Julius M. Kabyemera	Member	Tanzanian	Institute of Engineers (EIT)	64	Engineer	1 July 2019
6.	Eng. Lawrence G. Mwakyambiki	Member	Tanzanian	Contractors Association Tanzania (CATA)	64	Engineer	1 July 2019
7.	Arch. Shaban Walad Mwatawala	Member	Tanzanian	Association of Architects Tanzania (AAT)	56	Architect	1 July 2019
8.	Eng. Pascal Ncheye	Member	Tanzanian	TACECA	64	Engineer	1 July 2019
9.	Eng. Rita F. Kilua	Member	Tanzanian	Ministry of Water	57	Engineer	1 July 2019
10.	QS. Joseph T. Tango	Member	Tanzanian	Tanzania Institute of Quantity	56	Quantity Surveyor	1 July 2019

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S/N	Name	Position	Nationality	Institution	Age	Qualification	Date of Appointment
				Surveyors			
11.	Dr. Erick Mwaikambo	Member	Tanzanian	Ministry of Lands, Housing and Human Settlements	63	Ph.D Land Survey	1 July 2019
12.	Eng. Gwakisa Gallen Mwakyusa	Member	Tanzanian	Tanzania Private Sector Foundation	41	Engineer	22 August 2020
13.	Eng. Elisante Ulomi Sumari	Member	Tanzania	Ministry of Finance and Planning	40	Engineer	22 August 2020

The Council's Secretary as at 30 June 2021 was Dr. Matiko S. Mturi who is the Chief Executive Officer. However, the Council Chairman, Prof. Mayunga H. H.Nkunya passed away on 20 July 2021.

1.7 CORPORATE GOVERNANCE

The Councillors consider corporate governance as a key to good governance of the National Construction Council. In view of this, the Councillors continued to strengthen good governance system by reviewing policies in the areas of human resource management, Council and Council Committees' activities and general management of the National Construction Council.

1.7.1 Council's Structure

According to the Schedule of the NCC Act, CAP 162 (RE 2008), the Council is comprised of fifteen Councillors, the Chairman and 14 members. The Chairman of the Council is appointed by the President of United Republic of Tanzania, while the members are appointed by the Minister of Works, Transport and Communication.

The fourteen members are appointed from both the public sector and private sector as follows:

- a) Seven members representing the public sector; one from each of the following ministries: -
 - i. Ministry responsible for infrastructure development;
 - ii. Ministry responsible for local government;
 - iii. Ministry responsible for lands, housing and human settlement development;
 - iv. Ministry responsible for water;
 - v. Ministry responsible for finance;
 - vi. Ministry responsible for science and technology; and
 - vii. An institution of higher learning, training persons to be engaged in the construction industry.
- b) The other seven members represent the private sector and are appointed from the professionals, categories of groups or institutions as follows.
 - i. Two Contractors;
 - ii. Architects;
 - iii. Engineers;
 - iv. Quantity Surveyors,
 - v. Manufacturers and suppliers of construction equipment and materials, and
 - vi. Tanzania Private Sector Foundation.

1.7.2 Council Meetings

During the year under review, the Council convened four meetings of which three were ordinary and one special meeting. Number of meetings attended by the members of the Governing Council by 30 June 2021 are summarised in the Table below:

S/N	Council Member	Ordinary meeting	Special meeting	Total
1.	Prof. Mayunga H.H. Nkunya	4	1	5
2.	Arch. Prof. Livin Masha	4	0	4
3.	QS. Optatus W.Kanyesi	4	0	4

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4.	Eng. Julius M. Kabyemera	4	1	5
5.	Eng. Lawrence G. Mwakyambiki	3	1	4
6.	Arch. Shaban Walad Mwatawala	3	0	3
7.	Eng. Pascal Ncheye	3	1	4
8.	Eng. Rita F. Kilua	4	0	4
9.	QS. Joseph T. Tango	3	0	3
10.	Dr. Erick Mwaikambo	4	0	4
11.	Dr. Zacharia Salmon Katambara	3	0	3
12.	Eng. Gwakisa Gallen Mwakyusa	3	1	4
13.	Eng. Elisante Ulomi Sumari	2	0	2

1.7.3 Committees

The Council has two committees, namely Audit Committee and Technical Committee. However, the appointment of the Committee members was finalized after the year end. As such the named committees did not convene any meeting throughout the reporting period.

1.8 BUSINESS PHILOSOPHY

National Construction Council fully recognizes and accepts its responsibility of ensuring that social and economic infrastructure projects are developed and maintained economically and that they will serve the intended objectives. Consequently, it is committed to provide intelligent, responsible and capable guidance to the industry in due regards. This embodies a commitment to the provision of top-quality services to its customers by serving them as efficiently and effectively as possible.

1.9 MANAGEMENT

According to the current organization structure, the Council is composed of the Office of the Chief Executive Officer (CEO) and the following three Directorates:

- Directorate of Technical Services
- Directorate of Research and Innovation
- Directorate of Corporate Services

Both the line and staff functions of the Council are coordinated and supervised by the Chief Executive Officer.

1.10 IMPLEMENTATION OF THE COUNCIL'S PLANS

During the reporting period under review, the Council made a number of achievements including the following service output:

- The Council managed to prepare the proposals for review of NCC Arbitration Rules and Adjudication Rules. The review team is already established;

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- NCC coordinated resolution of 74 construction project disputes of which 31 disputes were in progress from the previous financial year and 43 disputes were registered during the financial year 2020/21
- Conducted four sessions of course on construction contract management and administration which were attended by 65 participants; and two sessions of course on The Conduct and Practice of Arbitration attended by 41 participants;
- Published a journal, directory, and technical guidelines as follows:
 - Directory of Construction Materials 2020/21;
 - National Construction Council Price Fluctuation Indices.
- Continued with research on the following topics:
 - a) Study on construction cost per square meter for different categories of buildings
 - b) Study on NCC Price Fluctuation Formula to accommodate changes in the infrastructure designs and construction materials
 - c) Study on sources, causes and effects of construction claims and disputes in Tanzania
 - d) Study on contribution of informal construction sector in building sub sector
 - e) Contribution of local consulting firms in Infrastructure projects
 - f) Learning from foreign firms to build capacity and competitiveness of the local firms
 - g) Project management, quality and productivity studies in construction industry of Tanzania
 - h) Competence and competitiveness of the Tanzanian construction industry;
 - i) Study of skills demand in Tanzania construction industry
- Conducted technical audits on the projects implemented by TANROADS and TARURA in Rukwa and Kigoma Regions. These are road projects financed by the Roads Fund Board. A total of 63 projects valued at 8.3 Billion were audited in Kigoma and 46 projects with a total value of 7.8 Billion were audited in Rukwa; and
- Collected information from 24 Regions to facilitate availability of base prices of construction materials and preparation of price indices in the respective regions.

1.11 BUSINESS DEVELOPMENT

There was a decrease of 11% of internally generated funds during the year under review compared to previous year income (Note3). The Council's main constraint is shortage employees and funds to implement most of its activities. The main sources of funds are government subvention and internally generated funds. The Council is looking for sustainable financing arrangements to finance its activities.

1.12 INTERNAL CONTROLS

Members of the Council are responsible for the Council's system of internal controls. Whilst no system of internal control can provide absolute assurance against material misstatement or loss, the Council's system is designed to provide the Council with reasonable assurance that the procedures in place are operating effectively. The key elements of the system of internal control are:

1.12.1 Delegation

The overall financial objectives of the Council are agreed by the Governing Council, which delegates the day to day operations to management for execution. Similarly, the Governing Council monitors the performance of the Management through Reports presented to the Council Meetings.

1.12.2 Budgets

Annual budgets are prepared by management and reviewed for approval by the Governing Council. The annual budgets are derived from the Council's approved corporate plan. During the year under review the Council approved budget was TZS 3,269,623,853. Out of this TZS 456,228,000 was Personnel Emoluments; TZS 338,713,893 was for Other Charges (OC), and TZS 2,474,681,960 was revenue from own sources. Comparing to previous year's approved budget of TZS 2,573,729,390; Personnel Emolument was TZS 456,228,000, other charges (OC) TZS 338,713,893 and Own source TZS1, 778,787,497.

1.12.3 Competence

Staff skills are maintained both by a formal recruitment process and a performance appraisal system, which identifies training needs. Training, both in-house and outside helps to consolidate existing staff skills and competence.

1.13 SOLVENCY

The Council confirms that applicable accounting standards have been consistently followed and that the financial statements have been prepared on a going concern basis. In the current year, internally generated revenue decreased by 11% to TZS 945,422,675 from, TZS 1,068,206,618 (year 2020). The Council realized a Deficit of TZS (72,894,227) and (a surplus of TZS 152,701,910 year 2020). The Council has reasonable expectation that National Construction Council will continue to generate revenue in future and has adequate resources to continue in operation for the foreseeable future. The Council's state of affairs as at 30 June 2021 is set out from page 15.

1.14 EMPLOYEES' WELFARE**Management - Employee's Relationship**

There is a systematic procedure of communication with employees on a regular basis, which is done through staff meetings. One Workers Council and two staff meetings were conducted during the year under review. The average number of employees of the Council during the year was 28 (26 in Previous year). The relationship between management and employees was good. There were no unresolved complaints received by management from the employees during the year.

1.14.2 Staff Turnover

There was recruitment of eight employees during the year under review, out of which two are new employees, while five employees were transferred into the Council and one was seconded on the other hand, three staff retired from public service and three staff were transferred to other institutions.

1.14.3 Staff Development

The Council continued to provide training for its employees depending on the availability of funds. During the reporting period 15 staff attended various short courses and continuing professional development (CPD). The amount spent on training during the year is 45,896,500. Out of the amount, TZS 16,734,000 was spent on CPD, TZS 24,350,000 Short Courses and TZS 4,812,500 for Long Courses.

1.14.4 Medical Assistance

All employees of the Council together with their spouses and four dependants for each employee were availed medical facilities by the Council through the National Health Insurance Funds (NHIF). During the year the Council contributed TZS 14,162,540 to NHIF compared to TZS.14, 128,140 contributed in previous year. The number of employees taken care were 30 and 26 for years 2020/21 and 2019/20 respectively.

1.14.5 Financial Assistance

Financial assistance is available to all confirmed employees depending on the assessment by management of the need, circumstances and ability to make payment in accordance with the existing Staff Regulations. Employees have established the Savings and Credit Co-operative Society (SACCOS) to assist in promoting the welfare. Employees were also supported in getting loans from commercial banks and Hazina Saccos.

1.14.6 Persons with Disabilities

The Council has not recruited any person with disabilities. However, it is the policy of the Council not to discriminate against persons with disabilities in recruitment.

1.14.7 Gender

Gender equality is among NCC's core values. All employees are given equal treatment in regard to employment matters with no any discrimination based on gender. During the year under review NCC had 28 employees on average, among them 14 were female and 14 were male. Review accordingly.

1.15 STATUTORY AUDITORS

The Controller and Auditor General is the statutory auditor of National Construction Council (NCC) by virtue of Article 143 of Constitution of the United Republic of Tanzania as amplified in section 10 of Public Audit Act No 11 Cap 418 [R.E 2021]. However, in accordance with section 33(1) of the same Act, Hekima Associates have been authorized by the CAG to carry out the audit of NCC for the financial year ended 30 June 2021.

2.0 STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2021

Members of the Council are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 30 June 2021, the statement of financial performance, the statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Public Sector Accounting Standards (IPSAS) and in the manner required by the Public Finance Act No.6 of 2001 (Revised 2004).

The management's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Members of the Council have made an assessment of the Council's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the financial year ahead.

By the order of the council



CHIEF EXECUTIVE OFFICER



CHAIRMAN

Date 19/03/2022

3.0 DECLARATION OF HEAD OF FINANCE OF NATIONAL CONSTRUCTION COUNCIL

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 Statement of 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 Council Management to discharge their responsibility of preparing financial Statements of an entity showing the true and fair view of the entity in accordance with International Public Sector Standards (IPSAS) and statutory reporting requirements. Full legal responsibility for financial statements rests with the Council as under Council Members Responsibility statement on an earlier page.

I, Amosi Magomba Mazaba, being the head of Finance of the National Construction Council hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 30 June 2021 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 National Construction Council as on that date and they have been prepared based on properly maintained financial records.

Signed by.....

Amosi M. Mazaba
Position: Director of Corporate Services

NBAA Membership No: ACPA 2968

Date: 18/03/2022

4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

To: Chairman of the Council,
Governing Council,
National Construction Council,
P. O. Box 70039,
DAR ES SALAAM.

4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the National Construction Council, which comprise the statement of financial position as at 30 June 2021 and the statement of financial performance, the statement of changes in net assets, the cash flow statement, 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 of the National Construction Council present fairly in all material respects, the financial position of National Construction Council as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with International Public Sectors Accounting Standards (IPSAS) Accrual Basis of Accounting.

Basis for Opinion

I conducted my audit in accordance with 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 Construction Council 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.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises of the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and our auditor's 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 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 these financial statements in accordance with the International Public Sector Accounting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 going concern basis of accounting unless management either intends to liquidate the entity or create 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.

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As part of an audit in accordance with ISSAIs, 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.
- 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. 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, 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.

4.2 REPORT ON COMPLIANCE WITH LEGISLATIONS


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 National Construction Council procurement for the financial year 2020/21 as per the Public Procurement Laws.

Conclusion

Based on the audit work performed, I state that procurement of works, goods and services of National Construction Council procurement is generally in compliance with the requirements of the Public Procurement Laws.


Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2022



5.0 FINANCIAL STATEMENT

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/21 TZS	2019/20 TZS
ASSETS			
Current Asset			
Cash and Cash Equivalents	9	385,602,229	292,712,386
Inventories	11	8,755,797	6,319,985
Receivables	10	609,144,234	855,420,023
Total Current Asset		1,003, 502,260	1,154,452,394
Non-Current Asset			
Intangible Assets	16	-	1
Investment Property	12	2,722,000,000	2,722,000,000
Property, Plant and Equipment	15	2,527,815,740	2,560,670,413
Total Non-Current Asset		5,249,815,740	5,282,670,414
TOTAL ASSETS		6,253, 318,000	6,437,122,808
LIABILITIES			
Current Liabilities			
Payables and Accruals	14	547,549,135	658,459,716.00
Total Current Liabilities		547,549,135	658,459,716.00
TOTAL LIABILITIES		547,549,135	658,459,716.00
Net Assets		5,705,768,865	5,778,663,092
NET ASSETS/EQUITY			
Capital Contributed by:			
Accumulated Surplus		5,705,768,865	5,778,663,092
TOTAL NET ASSETS/EQUITY		5,705,768,865	5,773,663,091
TOTAL NET ASSET AND LIABILITIES		6,253,318,000	6,437,122,808

Notes form part of the financial statements which were approved by the Board of Directors and signed on its behalf by:-


CHAIRMAN

Date 18/03/2022


CHIEF EXECUTIVE OFFICER

NATIONAL CONSTRUCTION COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2021

		2020/21	2019/20
	Note	TZS	TZS
REVENUE			
Amortization of Revenue Grants	2	952,488,963	866,192,840
Revenue from Exchange Transactions	3	945,422,675	1,068,206,618
TOTAL REVENUE		1,897,911,638	1,934,399,458
EXPENSES			
Depreciation of Property, Plant and Equipment	15	100,359,425	98,630,155
Maintenance Expenses	7	106,035,783	68,034,174
Other Expenses	8A	307,578,957	442,812,429
Supplies and Consumables Used	6	609,395,754	482,065,503
Wages, Salaries and Employee Benefits	4	847,435,946	690,155,287
TOTAL EXPENSES		1,970,805,865	1,781,697,548
Surplus / (Deficit)		(72,894,227)	152,701,910

Notes form part of the financial statements.

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2021

		2021	2020
	Note	TZS	TZS
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Funds Received	2	952,488,963	866,192,840
Revenue from Exchange Transactions	3	945,422,675	1,068,206,618
Other Receipts	5	238,968,355	794,743,058
Total Receipts		2,136,879,993	2,729,142,516
PAYMENTS			
Wages, Salaries and Employee Benefits	4	847,435,946	690,155,287
Supplies and Consumables Used	6	609,395,754	482,065,503
Other Payments	13	220,072,568	1,008,691,405
Other Expenses	8B	193,545,347	288,495,029
Maintenance Expenses	7	106,035,783	68,034,174
Total Payments		1,976,485,398	2,537,441,398
NET CASH FLOW FROM OPERATING ACTIVITIES		160,394,595	191,701,118
CASH FLOW FROM INVESTING ACTIVITIES			
Investing Activities			
Acquisition of Property, Plant and Equipment			
Acquisition of Intangibles	13	67,504,752	101,569,470
Total Investing Activities		67,504,752	101,569,470
NET CASH FLOW FROM INVESTING ACTIVITIES		67,504,752	101,569,470
CASH FLOW FROM FINANCING ACTIVITIES			
Movement of CoST Project Fund		-	37,311,810
NET CASHFLOW FROM FINANCING ACTIVITIES		-	37,311,810
Net Increase		92,889,843	52,819,838
Cash and cash equivalent at beginning of period		292,712,386	239,892,548
Cash and cash equivalent at end of period		385,602,229	292,712,386

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STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 JUNE 2021

	Tax Payer's Fund TZS	Accumulated Surplus/(Deficit) TZS	Total TZS
	TZS	TZS	TZS
Opening Balance as at 01 July 2020	-	5,778,663,092	5,778,663,092
Adjustment	-	-	-
Surplus/ (Deficit) for the Year	-	(72,894,227)	(72,894,227)
Closing Balance as at 30 Jun 2021	-	5,705,768,865	5,705,768,865
Opening Balance as at 01 Jul 2019	-	1,682,984,182	1,682,984,182
Fair Value Movement	-	3,109,615,000	3,109,615,000
Adjustment	-	833,362,000	833,362,000
Surplus/ Deficit for the Year	-	152,701,910	152,701,910
Understated Payables in 2019/20 (adjustments)*	0	5,000,0000	5,000,0000
Closing Balance as at 30 Jun 2020	-	5,778,663,092	5,778,663,092

Notes form part of the financial statements.

*In the financial year 2019/20, the payables were understated by TZS 5,000,000 on 5% of employee deduction on pension funds.

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original Budget	Reallocations/ Adjustment	Final Budget (B)	Actual Amount	Difference
RECEIPTS	TZS	TZS	TZS	TZS	TZS
Funds Received					
Revenue from Exchange	794,941,893	-	794,941,893	952,488,963	157,547,070
Transactions	2,474,681,960	-	2,474,681,960	1,184,391,030	1,290,9301,
Total Receipts	3,269,623,853	-	3,269,623,853	2,136,879,993	1,132,743,860
PAYMENTS					
Grants, Subsidies and other					
Transfer Payments	7,500,000	-	7,500,000	-	7,500,000
Maintenance Expenses					
Other Expenses	130,450,000	73,123,598	57,326,402	106,035,783	48,709,381
	343,000,000	6,000,000	337,000,000	413,617,915	88,920,700
Supplies and Consumables					
Used	1,471,910,500	75,619,680	1,396,290,820	609,395,754	786,895,066
Wages, Salaries and					
Employee Benefits	951,713,353	495,485,353	456,228,000	847,435,946	391,207,946
Acquisition of Intangibles	10,000,000	-	10,000,000	-	-10,000,000
Acquisition of Property, Plant and Equipment	355,050,000	41,056,946	313,993,054	67,504,754	246,488,300-
Total Payment	3,269,623,853	-462,924,489	2,578,338,276	2,043,990,150	534,348,126
Net Receipts/Payments		462,924,489	691,285,577	92,889,843	598,395,734

*The NCC budget is on Cash basis.

* Notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE: 1.0 PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of Accounting.

The financial statements of National Construction Council have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). No adjustments have been made for inflationary factors affecting the financial statements.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Council's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements are separately disclosed in a note.

1.2 Property, Plant and Equipment

Property, plant and equipment are stated at historic cost less subsequent accumulated depreciation and any accumulated impairment losses. The cost comprises of expenditure that is directly attributed to acquisition of the items.

Subsequent costs are included in asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that any future economic benefits associated with item will flow to the Council and the cost of the item can be measured reliably.

All other costs are charged to the Statement of Financial Performance during the financial period in which they are incurred.

1.3 Depreciation of Property Plant and Equipment (PPE)

Land is not depreciated. Depreciation on other assets is calculated using the straight- line method to write off the cost of each asset value over its estimated useful life of a given rate per annum as detailed below: -

Assets Description	Rate %
Building	4
Office Furniture, Fittings and Equipment	12.50
Computers	33.33
Loose Tools	12.50
Motor Vehicles and Bicycles	20
Library Books	25

Depreciation is charged on assets from the date when they are ready for use and stop on the date when the asset is derecognized by the Council.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gains or losses on disposal are determined by comparing the disposal proceeds with the carrying amount and are credited/ charged to income and expenditure account.

1.4 Computer Software

Costs associated with developing or maintaining computer software programmes are recognized as expenses when incurred. Cost that are directly associated with identifiable and unique software products that the Council controls, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development team's staff costs, and an appropriate portion of relevant overheads.

Expenditure that enhances or extends the performance of computer software programme beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives, not exceeding a period of 4 years.

1.5 Accounting Policy on Investment Property

Investment property comprises freehold and leasehold property that are held to earn rentals or for capital appreciation or both. It is not depreciated but is stated based on valuations made by independent registered valuer. The Government used deemed cost model for valuation of investment property which NCC has adopted. The cost of NCC investment property was determined under para 91 and 92 of IPSAS 16.

1.6 Capital Work in Progress

Capital work in progress is stated at actual cost of materials plus direct labour and associated overheads incurred in construction. However, the Council did not have Work in Progress during the year.

1.7 Inventories Valuation

Inventories are valued at the lower of cost and current replacement cost. Cost is determined using weighted average cost method. Current replacement cost is estimated current market price to purchase the inventory.

1.8 Provision for Impairment of Receivables

Receivables are recognized initially at fair value and subsequently measured at value less provision for bad and doubtful debts. Specific provision is made in the financial statements against receivable considered to be doubtful of recovery.

1.9 Foreign Currency Transactions

(i) Functional and Presentation Currency

The Financial statements are presented in Tanzania Shillings, which is the Council's functional and presentation currency. However, the Council did not have foreign currency transactions during the year.

(ii) Transactions and Balances

Foreign currency transactions are translated into Tanzania shillings at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the year-end expressed in foreign currencies are translated into Tanzania shillings at the rates of exchange ruling at the end of the financial year. The resultant gains/losses on exchange rate translations are dealt with in the Statement of Financial Performance.

1.10 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand; deposits held on call and fixed deposits.

1.11 Revenue Recognition

Revenue comprises Revenue from Exchange Transactions and Revenue from Non-Exchange Transactions (Transfers). It includes the gross inflows of economic benefits or service potential received and receivable by the entity, and these benefits can be measured reliably. Revenue is recognized when it is determined that it will accrue to the Council.

1.12 Government Subvention and Grants

Government Subvention and Grants are accounted for when there is a reasonable assurance that funds will be received. Revenue recognition is based on an assessment of whether an asset or a liability has been created. For capital grants without conditions attached, revenue is recognized immediately in the statement of financial performance. If conditions are attached, a liability is recognized as capital funds in the statement of financial position and is reduced and revenue recognized as the conditions are satisfied.

1.13 Revenue from Exchange Transactions

Revenue from Exchange Transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

1.14 Provision, Contingent Liabilities and Contingent assets

Provisions are recognized when the Council 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 Council 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.

1.15 Employees Benefits

(i) Retirement Benefits

The National Construction Council has statutory obligations to contribute to a pension scheme of Public Service Social Security Fund (PSSSF) in favour of all the employees employed under permanent and pensionable terms.

(ii) Short Term Benefits

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

(iii) Terminations Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange of these benefits.

The Council 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. However, the Council did not have such benefits during the year.

1.16 Comparative figures

During the Financial Year 2020/21, NCC adopted the new Government's accounting software known "MUSE" with the standardized chart of accounts called GFS codes with the view of simplifying the consolidation of all Public institution's accounts. As a result, this has

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prompted re-classification of notes for harmonization of financial statements. The following changes have been noted:

1.16.1 Notes to Financial Statements

Figures for Note 22, Note 24, Note 25 and Note 28 are not compatible in terms of line item comparison for the reasons explained above. There are interchanges and overlapping of the line items between the above named notes hence lack of comparability among the items.

1.16.2 Opening Balances

There is difference between the opening balance of Cash and cash equivalents for TZS 23,595,066 and the corresponding liability for the same amount. The particular amount is the balance of Construction Industry Transparency Initiative (CoST) project with independent operations, and reporting system. The amount was mistakenly included in the NCC Financial Statements for the year ended June, 2020 contrary to the best practice.

1.17. Cash Flow Statement

Amount referred to in Note 7 as per Statement of financial performance differs from the same Note in the Cash flow statement. The difference is due to recognition of total arbitration expenses of TZS 287,578,957 while cash flow statement presented only the amount paid for the same of TZS 173,545,347 and TZS. 20,000,000 paid for contribution to consolidated fund

	2020/21	2019/20
	TZS	TZS
2- Amortization of Revenue Grants		
Government Grant Other Charges	338,713,892	310,486,000
Government Grant Personal Emolument	613,775,071	555,706,840
	952,488,963	866,192,840
3-Revenue from Exchange Transactions		
Receipt from sales of Publications	3,360,000	4,490,000
Rent - Other Parastatal houses	81,700,000	70,200,000
Miscellaneous Receipts	-	1,260,000
Receipt from Consultancy Fees	275,282,034	276,587,584
Receipt from Miscellaneous Fees	498,503,141	651,919,034
Receipt from Training and Examination Fees	86,577,500	63,750,000
	945,422,675	1,068,206,618
4- Wages, Salaries and Employee Benefits		

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Civil Servants	613,775,071	470,938,000
Pension- Employer contributions	-	70,640,247
Councilors Allowance	38,750,000	-
Electricity	9,193,109	2,820,000
Extra-Duty	36,780,000	30,947,000
Food and Refreshment	40,201,700	35,287,000
Furniture	18,000,000	-
Gratuities	3,250,000	-
Honoraria	5,850,000	7,500,000
Housing allowance	12,600,000	9,600,000
Staff welfare	-	-
Leave Travel	6,946,300	5,913,300
Medical and Dental Refunds	14,162,540	14,128,140
Moving Expenses	2,444,000	3,600,000
Responsibility Allowance	13,504,400	10,453,000
Sitting Allowance	18,024,000	17,228,600
Special Allowance	8,549,340	8,400,000
Telephone Allowance	5,405,486	2,700,000
	847,435,946	690,155,287

5 - Other Receipts - Receipt from Debtors

Arbitration Fees	202,120,820	279,823,235
Receipt from Consultancy Services	29,724,585	217,060,478
Receipt from Rental income	2,000,000	33,000,000
Receipt from Other Debtors	5,122,950	264,859,345
	238,968,355	794,743,058

Other receipts refer to receipt from debtors, (Internally Generated Revenue) earned in previous period but received during current period 2020/21

6- Supplies and Consumables Used

Advertising and Publication	14,299,979	48,029,200
Air Travel Tickets	10,200,000 *	18,832,900
Audit fees	46,464,000 *	47,117,400
Burial Expenses	1,290,000	-

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Cleaning Supplies	2,668,000	2,800,000
Computer Supplies and Accessories	8,273,000	8,040,814
Conference Facilities	42,948,694	20,540,255
consultancy fees	26,811,776	20,461,776
Consumable Medical Supplies	723,000	1,452,430 -
Courier Services	7,342,799	5,480,500-
Diesel	83,861,891	70,349,762 -
Electricity	15,350,416	22,027,343
Entertainment	4,000,000	2,500,000
Food and Refreshments	11,952,000	24,621,327
Gifts and Prizes	1,700,000	1,000,000-
Ground travel (bus, railway taxi, etc.)	31,476,158*	11,454,500
Lodging/Accommodation	5,050,000	-
Lubricants	298,969	150,000 -
Materials Testing Services	5,899,800	16,825,453
Newspapers and Magazines	1,999,000	2,386,000
Office Consumables (papers, pencils, pens and stationeries)	8,844,008	8,040,814
Outsourcing Costs (includes cleaning and security services)	8,284,000	20,640,000
Per Diem - Domestic	215,199,288 *	93,415,900
Per Diem - Foreign	3,120,000	-
Posts and Telegraphs	1,200,000	2,640,400
Printing and Photocopy paper	1,291,000	2,200,000-
Printing and Photocopying Costs	100,000	5,233,300-
Remuneration of Instructors	1,370,000	2,500,000
Subscription Fees	3,035,000	1,200,000-
Suppliers Debts	8,812,080	14,999,148 -
Telephone Charges (Land Lines)	12,966,219	16,177,781
Training Allowances	5,777,500	6,500,000
Training Materials	750,000	17,566,100
Tuition Fees	8,600,000	10,965,000
Uniforms	725,000	-
Wire, Wireless, Telephone, Telex Services and Facsimile	5,912,177	4,234,800-

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Supplies of goods	-	
Sundry expenses	800,000	
	<u>609,395,754</u>	<u>482,065,503</u>

7- Maintenance Expenses

Air conditioners	1,416,000	720,000
Computers, printers, scanners, and other computer related equipment	1,671,160	22,469,775
Direct Labor (contracted or casual hire)	11,791,785	9,572,855
Electrical and Other Cabling Materials	4,398,208	4,560,000
Metal Fence and Posts	1,979,100	-
Motor Vehicles and Water Craft	48,015,135	31,710,162
Outsource maintenance contract services	1,928,367	1,850,000
Paint and Weather Protection Coatings	1,631,400	-
Roofing Materials	1,970,000	-
Small Tools and Implements	1,535,000	2,850,000
Spare Parts	20,000,000	15,500,000
Tyres and Batteries	9,699,628	13,854,237
	<u>106,035,783</u>	<u>68,034,174</u>

8 A - Other Expenses

Other Payments	20,000,000	10,000,000
General repairs	-	16,982,855
Arbitration expenses	287,578,957	205,728,934
Consultancy Expenses	-	172,725,200
Training and seminar	-	37,015,440
Bank Charges and Commissions	-	360,000
	<u>307,578,957</u>	<u>442,812,429</u>

8 B - Other Expenses Arbitration fees and expenses paid	173,545,347	175,091,942
Contribution to Consolidated fund	20,000,000	10,000,000
Finance costs	-	360,000
	-	103,043,087

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Consultancy expenses paid	193,545,347	288,495,029
9- Cash and Cash Equivalents		
BoT Own source Collection Account	234,748,757	253,384,770
		-
Own source Collection Account - NMB	11,195,000	3,980,902
Own source Recurrent Expenditure GF	23,651,525	-
Recurrent Expenditure Cash Account	111,488,848	-
NMB expenditure- Cheque account	4,518,099	11,751,648
CoST project account	-	23,595,066
	<u>385,602,229</u>	<u>292,712,386</u>
10- Receivables		
Trade receivables	497,430,828	508,522,132
Imprest receivable	39,896,644	73,659,838
Other receivables	385,075,413	748,146,368
Prepayment- Asset	160,415,665	-
Principal loan receivables	1,234,000	-
Motor vehicle sinking fund	1,485,127	1,485,127
Allowances for impairment of receivables	(476,393,443)	(476,393,442)
	<u>609,144,234</u>	<u>855,420,023</u>
11- Inventories		
Consumables	8,755,797	6,319,985
	<u>8,755,797</u>	<u>6,319,985</u>
12- Investment Property		
Investment Property	2,722,000,000	2,722,000,000
	<u>2,722,000,000</u>	<u>2,722,000,000</u>

NB: NCC did not determine the market value of the investment property at the year end. However NCC assumes that there were no significant changes in the market which makes the fair value of last year to remain the same.

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13 - Other payments

	160,415,665	-
Prepayment (Asset)	39,098,950	467,238,487
Payment to creditors	20,557,953	541,452,918
VAT and Withholding Tax paid	220,072,568	1,008,691,405

Other payments refer to payment of previous period expenses (Creditors) and payment made to transactions which are not expenses in nature (Asset prepayment)

14- Payables and Accruals

Other Payables	466,551,320	634,864,649
Understated payables in 2019/20		
	0	5,000,000
Supplies of goods and services	80,997,815	-
CoST project funds	-	23,595,067
	547,549,135	663,459,716

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15-PROPERTY, PLANT AND EQUIPMENT

2020/21	Land	Building	Furniture & Fittings	Computer	Motor vehicle	TOTAL
Cost:						
At start 01 July 2020	1,358,400,000	1,114,000,000	163,994,631	76,821,191	210,105,292	2,923,321,114
Additions	-	-	44,025,752	23,479,000	-	67,504,752
Disposals	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
At close 30 June 2021	1,358,400,000	1,114,000,000	208,020,385	100,300,191	210,105,292	2,990,825,866
Depreciation:						
At start 01 July 2020	-	-	107,331,618	48,243,716	207,075,367	362,650,701
Charges for the year	-	44,560,000	23,250,938	29,518,562	3,029,925	100,359,425
Disposals	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
At close 30 June 2020	-	44,560,000	130,582,556	77,762,278	210,105,292	463,010,126
Carrying Amount (Current) as at 30 June 2021	1,358,400,000	1,069,440,000	77,437,829	22,537,913	-	2,527,815,740
2019/20						
Cost:						
At start 01 July 2019	1,639,038,000	-	105,717,348	33,529,004	280,105,292	2,058,389,644
Additions	-	-	58,277,283	43,292,187	-	101,569,470
Disposals	-	-	-	-	70,000,000	70,000,000
Adjustments	280,638,000	1,114,000,000	-	-	-	833,362,000
At close	1,358,400,000	1,114,000,000	163,994,631	76,821,191	210,105,292	2,923,321,114
Depreciation:						
At start 01 July 2019	-	-	86,832,290	22,639,213	154,549,044	264,020,547
Charges for the year	-	-	20,499,329	25,604,503	52,526,323	98,630,155
Disposals	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
At close 30 June 2020	-	-	107,331,619	48,243,716	207,075,367	362,650,702
Carrying Amount (Previous) at 30 June 2020	1,358,400,000	1,114,000,000	56,663,012	28,577,475	3,029,925	2,560,670,412

16- Intangible Asset

Referred intangible Asset above is Accounting package software (SAGE PASTEL) acquired at a cost of TZS. 8,897,172 during financial year 2011/12. The asset is fully amortized and not in use.

17- Events after the reporting date

There was no event occurred after reporting date.

Explanation of differences**Receipts**

Funds received: Funds received comprises of Government grants (Other Charges and Salaries and wages). The overstatement of TZS 157,547,070 resulted from changes in Wages and salaries of employees transferred into NCC and filling of position of two Directors.

Revenue from exchange transactions: The difference of TZS 1,529,259,285 which is understatement of own source revenue.

The deviation for revenue collection was attributed by the following reasons;

1. The NCC's main sources of income consist of consultancy services, Seminar and workshop and Arbitration and Adjudication services. However, nature of all the named sources is mainly anticipation of projects on account of negotiations with different clients, the results of which NCC cannot guarantee. For instance, during the year under review, NCC had expectations for contracts including technical audits, Establishment of Unit Rate and seminar and workshop. Budget prospect for two major consultancy services included:
 - i. Establishment of unit cost for water projects expected from the Ministry of Water with estimate contract price TZS 650 million. The negotiation was cancelled at the advanced stage when the budget had been approved.
 - ii. Unit Rate project from Roads Fund Board with contract price TZS 650 million. Again, only TZS 400,000,000 was signed later out of which only TZS 150 million was received in the period.
 - iii. The seminar was conducted as planned except for stakeholders' forum and workshop which was affected by Covid-19.
2. *Rental income:* The variation was mainly attributed to Migombani house which remained unoccupied throughout the year and the disputes with some Mbezi Beach house tenants that resulted into unevenly collections.
3. *Sales of NCC publications:* The budgeted income was expected mainly from publications of Journal and directory which would attract advertisements from the stakeholders. However, the said publications were not published due to technical staff being involved in upcountry assignments.

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Payments

4. *Maintenance Expense*: The difference was attributed by re-allocation of Maintenance Expenses budget which resulted into decrease in amount budget.
5. *Other Expenses*: Understatement of actual expenses was a result of budget constraints resulting from under collection of own source revenue as explained above
6. *Supplies and consumables*: Same as no. 2 above
7. *Wages, salaries and employees benefits*: The reasons under Funds received above are applicable in this respect
8. *Acquisition of intangible assets*: No intangible assets acquired during the period
9. *Acquisition of PPE*:
Difference of TZS 246,488,302: TZS 160 Million was a prepayment for purchase of Motor vehicle which was not received until the following year. The amount of TZS 160 Million is not included in the item of Acquisition of PPE but it appears in receivables.

18 - Reconciliation of Net Cash Flows from Operating Activities

Details	2020/21	2019/20
	TZS	TZS
Deficit/Surplus for the year	(72,894,227)	152,701,910
Decrease/Increase of cost of project	0	(37,311,810)
Decrease in Inventories	2,435,812	3,458,374
Decrease in Receivables	246,275,789	170,340,295
Decrease Payables and accruals	(115,782,204)	(233,429,616)
Depreciation	100,359,425	98,630,155
Net Cash flow from Operating Activities	160,394,595	154,389,308

19 - Reconciliation of Expenses to Payments Made

Note 19: Reconciliation of Expenses to Payments Made	
Details	2021/20 TZS
Opening Payables	658,459,716
Adjustment of understated opening Payables (paid during the year)	(4,871,623)
Add Expenses Incurred	1,970,805,865
	2,624,393,958
Less Depreciation	(100,359,425)

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Less Closing Payables	(547,549,135)
Payments Made as per working	1,976,485,398
Payments as per Accounts	1,976,485,398
Difference	<u>0</u>

Reconciliation of Receivables to Cash Receipts

Details	2021/20
	855,420,023
Opening Receivables	1,897,911,638
Add sales	2,753,331,661
	7,307,434
Less Impairment of receivables	
Less Closing Receivables	609,144,234
	2,136,879,993
Receipt from Receivables as per working	
	2,136,879,993
Receipt from Debtors	
Difference	<u>0</u>