



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



ISO 9001:2015 Certified

NATIONAL CONSTRUCTION COUNCIL (NCC)

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

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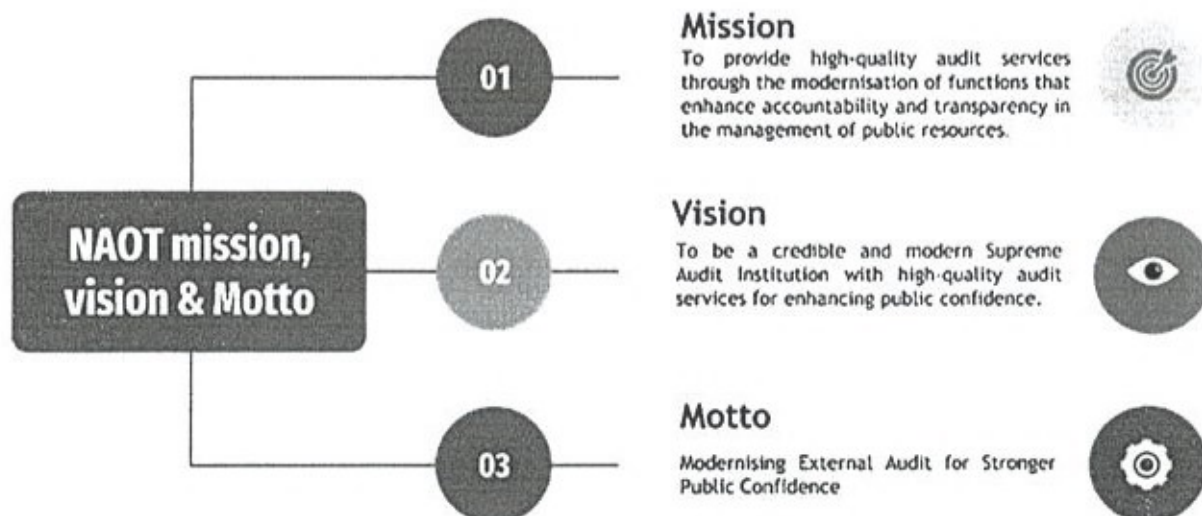
March 2024

AR/PA/NCC/2022/23

About the National Audit Office

Mandate

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



Independence and objectivity

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

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

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



Professional competence

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

Integrity

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

Creativity and Innovation

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

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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
AAT	Architects Association of Tanzania
MoWT	Ministry of Works and Transport
PAC	Public Accounts Committee
PFA	Public Finance Regulations
PPA	Public Procurement Act
CRB	Contractor Registration Board
PPR	Public Procurement Regulations
NCC	National Construction Council
NEEC	National Economic Empowerment Council
IET	Institution of Engineers Tanzania
FRF	Fire and Rescue Force
NSSF	National Social Security Fund
AQRB	Architects and Quantity Surveyors Registration Board
ERB	Engineers Registration Board
PPRA	Public Procurement Authority
ARU	Ardhi University
BOT	Bank of Tanzania
TCU	Tanzania Commission for Universities
TBS	Tanzania Bureau of Standards
TACECA	Tanzania Civil Engineering Contractors Association
TIQS	Tanzania Institute of Quantity Surveyors
TBA	Tanzania Building Agency
TCAA	Tanzania Civil Aviation Authority
TRA	Tanzania Revenue Authority
GCLA	Government Chemistry Laboratory Authority

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

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

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of National Construction Council (NCC), 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 of the National Construction Council present fairly in all material respects, the financial position of National Construction Council as at 30 June 2023, 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 and the manner required by the Public Finance Act, Cap. 348.

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 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 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- 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.

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 procurement of works, goods and services at the National Construction Council procurement for the financial year 2022/23 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.

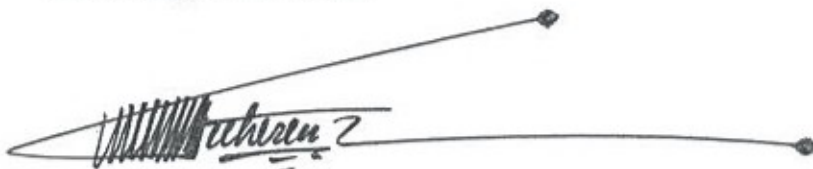
1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution at the National Construction Council (NCC) 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 Budget formulation and execution of National Construction Council (NCC) 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



2.0 REPORT OF THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

2.1 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 Councilors submit their report and Financial Statements of National Construction Council (NCC) for the year ended 30 June 2023.

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 2023.

2.2 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.

2.3 CORPORATE OUTLOOK

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

Vision

To be an outstanding provider of strategic leadership for the development of a competitive Tanzanian Construction Industry.

Mission:

To promote and provide strategic leadership for development 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

2.4 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.

2.5 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 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;

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- 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;
- 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; and
- o) To facilitate efficient resolution of disputes in the construction industry.

2.6 MEMBERSHIP OF THE COUNCIL

NCC Councilors, who held office during the period under review i.e., 01 July 2022 to 30 June 2023 are as shown in Table 1 below;

Table 1: NCC Councilors

S/N	Name	Position	Nationality	Institution	Age	Qualification	Date of Appointment
1	Arch. Dr. Fatma Kassim Mohamed	Chairperson	Tanzanian	University of Dar es Salaam	43	Architect	01.03.2022

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S/N	Name	Position	Nationality	Institution	Age	Qualification	Date of Appointment
2	Mr Awadhi Abdallah Salimu	Member	Tanzanian	Land Surveyor, Ministry of Land, Housing and Human Settlements Development	48	Architect	25.06.2022
3	Dr Sarah Armatia Phoya Utou	Member	Tanzania	Ardhi University	49	Senior Lecturer	25.06.2022
4	Eng. Elisante Ulomi Sumari	Member	Tanzania	Ministry of Finance and Planning	42	Engineer	22.08.2020
5.	Eng. Gwakisa G. Mwakyusa	Member	Tanzania	Tanzania Private sector Foundation	42	Engineer	22.08.2020
6	Mr Stephen Paschal Makingo	Member	Tanzania	Manyanga Contractors Limited	63	Engineer	25.06.2022
7	Eng. Gilbert Godfried Mwoga	Member	Tanzania	PRESIDENT'S OFFICE REGIONAL ADMINISTRATION AND LOCAL GOVERNMENTS (PO RALG)	50	Engineer	25.01.2023
8	Eng. Prof. John Mao Bura	Member	Tanzania	BQ Contractors Ltd	68	Mechanical Engineer	25.06.2022
9	Arch. Oswald Garimo Modu	Member	Tanzania	OMG Consultants	71	Architect	25.06.2022
10	Mr Ibrahim Adam Mwakasege	Member	Tanzania	Constan Company Limited	51	Quantity Surveyor	25.06.2022
11	Mr. Justin Mwesiga Rwel egera	Member	Tanzania	Winther Company Limited	34	Quantity Surveyor	25.06.2022

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S/N	Name	Position	Nationality	Institution	Age	Qualification	Date of Appointment
12	Prof. Zacharia Saimon Katambara	Member	Tanzanian	Mbeya University of Science and Technology	54	Ph.D Engineering	22.08.2020
13	Qs. Optatus W. Kanyesi	Member	Tanzanian	Ministry of Works and Transport	61	Quantity Surveyor	25.06.2022

The Council's Secretary as at 30 June 2023 was Eng. Dr. Matiko S. Mturi who is the Chief Executive Officer. The Council Chairman is Dr. Fatma Kassim Mohamed.

CORPORATE GOVERNANCE

The Councilors consider corporate governance as a key to good governance of the National Construction Council. In view of this, the Councilors 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.

2.7 COUNCIL'S STRUCTURE

According to the Schedule of the NCC Act, CAP 162 (RE 2008), Council is comprised of Fifteen (15) Councilors, the Chairperson and Fourteen (14) members. The Chairman of the Council is appointed by the President of the United Republic of Tanzania, while the members are appointed by the Minister responsible for Works. However, the current NCC council has thirteen (13) councilors, Chairperson and twelve (12) members, two (2) councilors have not been appointed yet.

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: -

viii) Two Contractors;

ix) Architects;

x) Engineers;

xi) Quantity Surveyors,

xii) Manufacturers and suppliers of construction equipment and materials, and

Xiii) Tanzania Private Sector Foundation.

2.8 COUNCIL MEETINGS

During the year under review, the Council managed to convene three ordinary meetings. Similarly, four Audit committee meetings were convened. Number of meetings attended by the members of the Governing Council by 30 June 2023 are summarized in the Table 2 below:

Table 2: Meetings Attended

S/N	Council Member	Ordinary meeting	Special meeting	Total
1	Dr. Arch. Fatma Kassim Mohamed	3	0	3
2	Mr Awadhi Abdallah Salimu	3	0	3
3	Dr Sarah Armatia Phoya Utou	3	0	3
4	Eng. Elisante Ulomi Sumari	3	0	3
5	Mr Stephen Paschal Makingo	3	0	3
6	Eng. Gilbert Godfried Mwoga	3	0	3
7	Prof. Eng John Mao Bura	3	0	3
8	Arch. Oswald Garimo Modu	3	0	3
9	Mr Ibrahim Adam Mwakasege	3	0	3
10	Mr. Justin Mwesiga Rwelegera	3	0	3

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S/N	Council Member	Ordinary meeting	Special meeting	Total
11	Prof. Zacharia Saimon Katambara	2	0	2
12	Qs. Optatus W. Kanyesi	3	0	3

2.9 COMMITTEES

The Council has two committees, namely Audit Committee and Technical Committee.

A. AUDIT COMMITTEE

The objective of the Audit Committee is to advise the Council on all matters relating to Financial and Accounting. Table 3 below shows the Names of Audit committee members who served the council during the year under review.

Table 3: Members of the NCC's Audit Committee

No.	Name	Position	Status	Qualification /Education	Nationality
1.	Eng. Gwakisa G. Mwakyusa	Chairman	Councillor	Engineer	Tanzanian
2.	Eng. Elisante U. Sumari	Member	Councillor	Engineer	Tanzanian
3.	Eng. Leonard Lucas	Member	Non-Councillor	Engineer	Tanzanian
4.	CPA. Mecklaud E. Marick	Member	Non-Councillor	Auditor	Tanzanian
5.	CPA. Vicentus Vedasto	Member	Non-Councillor	Auditor	Tanzanian

During the reporting period, Audit Committee convened four meetings. Meeting attendance is summarized below;

Table 4: Meetings Attended

S/N	Council Member	Ordinary meeting	Special meeting	Total
1	Eng. Gwakisa G. Mwakyusa	4	-	4
2	Eng. Elisante U. Sumari	4	-	4
3	Eng. Leonard Lucas	2	-	2
4	CPA. Mecklaud E. Marick	4	-	4

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S/N	Council Member	Ordinary meeting	Special meeting	Total
5	CPA. Vicentus Vedasto	4	-	4

B. TECHNICAL COMMITTEE

The objective of the committee is to advise the Council on technical issues with regard to construction industry. Table 4 below shows the Names of the member who served the committee during the year under review.

Table 5: Members of the NCC's Technical Committee

No.	Name	Qualifications	Status	Nationality
1.	Eng. Prof. John Mao Bura	MSc. Engineering	Chairman	Tanzanian
2.	Arch. Oswald Garimo Modu	Architect	Member	Tanzanian
3.	Mr Justin Mwesiga Rwelengera	Quantity Surveyor	Member	Tanzanian
4.	Mr. Awadhi Abdallah Salimu	Architect	Member	Tanzanian
5.	Dr.Sarah Armatia Phoya Utou	Quantity Surveyor	Member	Tanzania

During the reporting period, Technical Committee convened two (2) meetings. Below is summary of number of meetings attended by each member.

Table 6: Meetings Attended

S/N	Council Member	Ordinary meeting	Special meeting	Total
1	Eng. Prof. John Mao Bura	2	-	2
2	Arch. Oswald Garimo Modu	1	-	1
3	Mr Justin Mwesiga Rwelengera	2	-	2
4	Mr. Awadhi Abdallah Salimu	2	-	2
5	Dr.Sarah Armatia Phoya Utou	1	-	1

2.10 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.

2.11 MANAGEMENT

According to the current organization structure, the Council is composed of the Office of the Chief Executive Officer (CEO), three (3) Directorates and four (4) units namely: -

- Directorate of Technical Services
- Directorate of Research and Innovation
- Directorate of Corporate Services
- Internal Audit Unit
- Public Relation Unit
- Legal Services Unit
- Procurement and Management Unit

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

2.12 IMPLEMENTATION OF THE COUNCIL'S PLANS

During the reporting period under review, the Council made a number of achievements against what the Council did plan to implement.

Planned activities during the period starting 1 July 2022 to 30 June 2023.

These are: -

1. Preparation of NCC Regulations
2. To support two employees, attend Local Long Course
3. To facilitate payment of statutory and administrative requirements
4. To provide Office Security, insurance and utilities
5. To prepare proposal on recognizing best practice in construction industry
6. To identify research topics on identified research areas
7. To Coordinate disputes resolutions on arbitration and adjudication cases
8. To conduct short trainings to stakeholders in the industry
9. To shortlist trainers of NCC short course
10. To prepare criteria for promotion of innovative technologies
11. To carry out technical audits
12. To implement plans in the existing collaborations and form other collaborations
13. To provide consultancy services to NSSF, Ministry of Health, Government Chemistry Laboratory Authority (GCLA) and APAK Steel Industry Factory.
14. To collect comments on the proposed areas for the National Building Act from CRB, AQRB, ERB, TBA, PPRA, OSHA, ARU, BOT, TCAA, PCCB, TRA, NEEC, TCU, TBS, FRF, Ministry of Foreign affairs, IET, TANESCO, AAT TIQS and TACECA.

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Summary of what the Council had achieved in the period under review is as shown in Table 5 below;

ACTIVITY	ACHIEVEMENT
To facilitate 2 workers council meetings	TUGHE Branch established at NCC where twenty-six (26) employees joined. The first NCC workers Union meeting held on 14 March 2023 where leaders elected.
To provide training for 15 employees Local Short Courses	Capacity building has been enhanced where sixteen employees (16) staff facilitated to attend short course and annual conferences of their professions. This includes engineers, QS, HR, Economist, Accountants, Procurement officer and registry.
To facilitate NCC Board perform its functions	i. NCC Board received Induction training. ii. NCC Board inaugurated on 19 October, 2022 and Board meeting was held on 21 st October, 2022 and 17 February 2023. Audit Committee meeting conducted on 19 January, 2023, 14 April, 2023 and 23 June 2023 and Technical Committee meetings conducted on, 26 January 2023, and 22 June 2023.
To prepare NCC Regulation	Final comments on the proposed Regulation from Stakeholders have been collected and worked on by the consultant as per Ministries directive. Final Draft to be submitted to the Ministry for approval.
To facilitate the preparation of the Strategic Plan for year 2023/24 - 2025/26	Draft Strategic Plan for year 2023/24 - 2025/26 prepared and submitted to the NNC Board on 17 February 2023 as well as submitted to PO-ESTABLISHMENT for comments and endorsement.
To establish formal collaboration with local institution	MoU between TI Arb is finalized and approved by NCC Board pending signing. Other strategic collaborations with TANTRADE and NEEC established.
To conduct Training, Seminars and Workshops	Seven (7) courses successively conducted during the period on: (i) A course on Conduct and Practice of Arbitrations 13 to 15 July 2022 conducted in Dar es Salaam and 30 th November - 2 nd December, 2022 in Dar es Salaam, (ii) A course on Construction Contract Administration October, 2022 conducted in Mbeya, (iii) A course on Design and Build Methods of Construction Projects Delivery conducted in December, 2022, (iv) A course in construction contract Administration was successfully held in Mwanza from 29 February to 3 March 2023, (v) A tailor-made course in Construction Contract Management for Zanzibar Water Authority personnel was successfully held in Dar es Salaam from 29 th March to 31 March 2023 that was.

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ACTIVITY	ACHIEVEMENT
To coordinate Dispute resolutions	<p>NCC successfully managed to coordinate Dispute resolutions where:</p> <ul style="list-style-type: none"> (i) New registered cases were Twelve (12) Arbitration cases and Five (5) Adjudication cases. (ii) Ongoing cases are sixty-seven (67) Arbitration cases and eight (8) t adjudication cases. (iii) Concluded cases were Six (6) Arbitration cases and four (4) Adjudication cases.
To provide Consultancy and Advisory Services	<p>Consultancy Services have been provided to the following;</p> <ul style="list-style-type: none"> i) Construction cost review for Ministry of Health Ukerewe Hospital project, the review pointed out areas for improvement to achieve value for money on the project and minimize construction dispute. ii) Review of contract Claims for loss and expense on NSSF projects totaling TZS 64.1 billion and managing to lower the claims to TZS 10.9 billion saving TZS 53.8 billion. iii) Conduct a review on observed Audit findings of cost overrun on Government Chemistry Laboratory Authority (GCLA) office building project, and assisted GCLA with solutions to resolve the observed cost overrun to facilitate finishing the project and achieve value for money. iv) Conduct valuation of work done on Proposed construction of APAK Steel Industry Factory on Plot No. 1 and 2 Block X Misugusugu Kibaha, Pwani Project, establishing value of work done and facilitate amicable settlement of dispute between the client and Contractor. c) The directorate has continued collecting information on basic prices of construction material and publish price and cost indices on monthly basis (Published indices for July, August and September 2022). Along same product, NCC has introduced new price for indices with effect from July 2022 (Initially it was TZS 20,000.00 now it is TZS 500,000.00 per request) earning a total of TZS 49,780,000.00 for the reporting period. d) Conducting Price adjustments for balance of work of Five Contracts for NSSF

2.13 BUSINESS DEVELOPMENT

There was a decrease of 5 % of internally generated funds during the year under review compared to previous year income (Note 3A). The Council's main constraint is shortage of 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.

2.14 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:

2.14.1 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.

2.14.2 BUDGETS

Annual budgets are prepared by management and 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 final budget to expend TZS 2,904,548,818. Out of this TZS 760,862,800 was Personnel Emoluments; TZS 338,713,900.00 was for Other Charges (OC), and TZS 1,804,972,118.00 was revenue from own sources. Comparing to previous year's approved final budget of TZS 3,025,333,871; Personnel Emolument was TZS 743,549,000, other charges (OC) TZS 338,714,000 and Own source TZS 1,943,070,871. In addition, TZS 716,450,000 being Development funds to implement development projects of establishment of Base Unit Rate and Cost for Roads works for the Year 2022/2023 was allocated from the ministry of Works. However, only TZS 367,310,000 was received during the period under review.

2.14.3 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.

2.15 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 TZS 56,828,600 from TZS 1,096,567,359 (year 2022) (Note 3A) to TZS

1,039,738,759 (Note 3A). The Council realized a deficit of TZS 330,762,940 as compared to a deficit of TZS 305,427,235 (Year 2022).

The Council has reasonable expectation that NCC 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 2023 is as indicated in the Statement of Financial Position.

2.1 EMPLOYEES' WELFARE

2.16.1 MANAGEMENT - EMPLOYEE'S RELATIONSHIP

There is a systematic procedure of communication with employees on a regular basis, which is done through staff meetings. Two staff meetings were conducted during the year under review. The average number of employees of the Council during the year was 45 (32 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.

2.16.2 STAFF TURNOVER

During the financial year ended 30 June 2023, twelve (12) employees were transferred to the Council and three (3) staff were transferred to other institutions while the new hire were four (4) employees.

2.16.3 STAFF DEVELOPMENT

The Council continued to provide training for its employees depending on the availability of funds. During the reporting period 18 staff attended various short courses and continuing professional development (CPD). One staff continued with her studies for Long Course.

2.16.4 MEDICAL ASSISTANCE

All employees of the Council together with their spouses and four dependents for each employee were availed medical facilities by the Council through the National Health Insurance Funds (NHIF). The number of employees taken care were 42 and 32 for years 2022/23 and 2021/22 respectively.

2.16.5 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.

2.16.6 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.

2.16.7 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 42 employees on average, among them 14 were female and 28 were male.

2.17 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 2023.


3.0 STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2023

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 2023, 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).

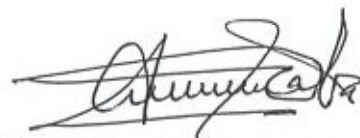
The management's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies;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


.....

Eng. STEPHEN MAKIGO
For: CHAIRPERSON


.....

AMOSI M. MAZABA
Ag. CHIEF EXECUTIVE OFFICER

Date 27/03/2024

4.0 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, Florida Faustin Kahatano, being the head of Finance of the National Construction Council hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 30th June 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the Financial Statements give a true and fair view position of National Construction Council as on that date and they have been prepared based on properly maintained financial records.

Signed by 

Florida F. Kahatano

Position: Principal Accountant II

NBAA Membership No: ACPA 2610

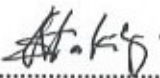
Date: 27/3/2024

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2023

		2022/2023	2021/2022 (Restated)
	Notes	TZS	TZS
ASSETS			
Current Asset			
Cash and Cash Equivalents	10	163,024,650	21,249,305
Receivables	11	382,732,970	569,140,755
Inventories	12	7,277,722	14,257,383
Prepayments	13	4,772,856	31,428,945
Total Current Asset		557,808,198	636,076,388
Non-Current Asset			
Property, Plant and Equipment	19	2,506,321,581	2,600,319,072
Investment Property	14	2,504,240,000	2,558,680,000
Total Non-Current Asset		5,010,561,581	5,158,999,072
TOTAL ASSETS		5,568,369,779	5,795,075,460
LIABILITIES			
Current Liabilities			
Payables and Accruals	15	668,921,090	564,863,831
Total Current Liabilities		668,921,090	564,863,831
TOTAL LIABILITIES		668,921,090	564,863,831
Equity Contributed by:			
Accumulated Surplus		4,899,448,689	5,230,211,629
TOTAL NET ASSETS/EQUITY		4,899,448,689	5,230,211,629
TOTAL NET ASSETS AND LIABILITIES		5,568,369,779	5,795,075,460

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



 Eng. STEPHEN MAKIGO
 For: CHAIRPERSON



 AMOSI M. MAZABA
 Ag. CHIEF EXECUTIVE OFFICER

Date 27/03/2024

NATIONAL CONSTRUCTION COUNCIL

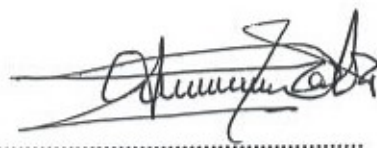
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

		2022/23	2021/22 (Restated)
	Notes	<u>TZS</u>	<u>TZS</u>
REVENUE			
Revenue Grants (Government Subvention)	2A	1,387,363,411	1,065,419,655
Revenue from Exchange Transactions	3A	1,039,738,759	1,096,567,359
TOTALREVENUE		2,427,102,170	2,161,987,014
EXPENSESANDTRANSFERS			
Wages, Salaries and Employee Benefits	5	1,387,183,147	1,373,405,340
Use of Goods and Service	6A	276,616,952	656,877,493
Development Grant Local (Expenses)	7	323,934,000	-
Maintenance Expenses	8A	45,221,212	121,114,583
Other Expenses	9A	443,912,238	92,000,000
Depreciation of Investment Property	14	54,440,000	54,440,000
Grants, Subsidies and other Transfer Payments	17	-	20,000,000
Impairment of Receivables	18	110,917,066	50,000,000
Depreciation of Property, Plant and Equipment	19	115,640,494	99,576,834
TOTALEXPENSESANDTRANSFERS		2,757,865,110	2,467,414,250
Surplus/ (Deficit)		(330,762,940)	(305,427,236)

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



 Eng. STEPHEN MAKIGO
 For: CHAIRPERSON



 AMOSI M. MAZABA
 Ag. CHIEF EXECUTIVE OFFICER

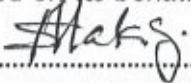
Date 27/03/2024

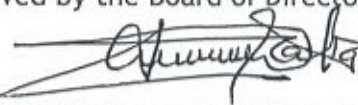
NATIONAL CONSTRUCTION COUNCIL

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

		Tax Payer's Fund	Accumulated Surplus /(Deficit)		Total
	Notes	TZS	TZS		TZS
Opening Balance as at 01 July 2022 as restated		-	5,230,211,629		5,230,211,629
			-		-
Adjustment -			-		-
Surplus/(Deficit) for the Year			(330,762,940)		(330,762,940)
Closing Balance as at 30 June 2023			4,899,448,689		4,899,448,689
Restated					
Opening Balance at 01 July 2021 as previously reported		-	5,596,888,865		5,596,888,865
Adjustment- understated directors fees	25		-61,250,000		-61,250,000
Accumulated Surplus/(Deficit) for the Year ended 30 th June 2022 as restated			5,535,638,865		5,535,638,865
Surplus/(Deficit) for the Year		-	(305,427,236)		(305,427,236)
Closing Balance as at 30 June 2022			<u>5,230,211,629</u>		<u>5,230,211,629</u>

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


 Eng. STEPHEN MAKIGO
 For: CHAIRPERSON


 AMOSI M. MAZABA
 Ag. CHIEF EXECUTIVE OFFICER


Date 27/03/2024

NATIONAL CONSTRUCTION COUNCIL

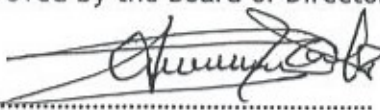
CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022/23 TZS	2021/22 TZS
CASHFLOWFROMOPERATINGACTIVITIESRECEIPTS			
RECEIPTS			
Funds Received (Government Grants)	2B	1,387,363,411	1,280,419,655
Receipts from Exchange Transactions	3B	1,061,552,727	977,129,331
Other Receipts	4	68,433,719	168,474,391
Total Receipts		2,517,349,857	2,426,023,377
PAYMENTS			
wages, Salaries and Employee Benefits	5	1,387,183,147	1,415,405,340
Supplies and Consumables Used	6B	212,409,627	656,877,493
Development Grant local (Expenses)	7	323,934,000	-
Maintenance Expenses paid	8B	34,356,272	121114583
Other Expenses paid	9B	283,109,646	257479259
Other Payments	16	112,938,819	167,419,461
Total Payments		2,353,931,512	2,618,296,136
NETCASHFLOWFROMOPERATINGACTIVITIES		163,418,345	(192,272,759)
CASHFLOWFROMINVESTINGACTIVITIES			
Advances and Loans made to other Parties			-
Acquisition of Property, Plant and Equipment	19	(21,643,000)	(172,080,165)
Total Investing Activities		(21,643,000)	(172,080,165)
NETCASHFLOWFROMINVESTINGACTIVITIES		(21,643,000)	(172,080,165)
CASHFLOWFROMFINANCINGACTIVITIES			
NETCASHFLOWFROMFINANCINGACTIVITIES		-	-
Net Increase		141,775,345	(364,352,924)
Cash and cash equivalent at beginning of period		21,249,305	385,602,229
Cash and cash equivalent at end of period		163,024,650	21,249,305

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


 Eng. STEPHEN MAKIGO
 For: CHAIRPERSON


Date 27/03/2024


 AMOSI M. MAZABA
 Ag. CHIEF EXECUTIVE OFFICER

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

REVENUE	TZS	TZS	TZS	TZS
Revenue from Exchange Transactions	1,665,772,118		1,061,552,727	604,219,391
Revenue Grant				
Government Subvention	1,099,576,700		367,310,000	(367,310,000)
Other Revenue	139,200,000		1,020,053,411	79,523,289
TOTAL	2,904,548,818		68,433,719	70,766,281
EXPENDITURE			2,517,349,857	371,725,729
Grants, Subsidies and other Transfer Payments	-			
Maintenance Expenses	212,152,500		323,934,000	(323,934,000)
Other Expenses & Payments	578,437,424		34,356,272	177,796,228
Supplies and Consumables Used	698,166,694		396,048,465	182,388,959
Wages, Salaries and Employee Benefits	1,383,352,200		212,409,627	421,549,742
Acquisition of Property, Plant and Equipment	32,440,000		1,387,183,147	(3,830,947)
TOTAL	2,904,548,818		21,643,000	10,797,000
Net Receipts/Payments			2,375,574,511	464,766,981
Opening cash & cash equivalent	-		141,775,346	(141,775,346)
Closing cash & cash equivalent			21,249,305	21,249,305
			163,024,651	(120,526,041)


 Eng. STEPHEN MAKIGO
 For: CHAIRPERSON


 AMOSI M. MAZABA
 Ag. CHIEF EXECUTIVE OFFICER

Date 27/03/2024

NOTES TO THE FINANCIAL STATEMENTS:

6.0 PRINCIPAL ACCOUNTING POLICIES

6.1 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.

6.2 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.

6.3 Depreciation of Property Plant and Equipment (PPE) and Investment Property

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	Economic Life (yrs.)	Rate %
Building (Office)	50	2
Office Furniture and Fixtures	5	20
	7	14.29

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Document processing Equipment			
Computers (Desktop & Laptops)	4	25	
Motor Vehicles (light duty below 5 tons)	5	20	
Office equipment	5	20	
	50	2	
Investment (Building)	Property		

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.

6.4 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.

6.5 Accounting Policy on Investment Property

Investment property comprises freehold and leasehold property that are held to earn rentals. The Government used deemed cost model for valuation of investment property which NCC has adopted. The investment properties after initial recognition are measured by cost model, that is, at cost less

any accumulated depreciation and any accumulated impairment losses. The useful life of investment property is estimated to be 25 years.

6.6 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.

6.7 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.

6.8 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.

6.9 Foreign Currency Transactions

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.

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.

6.10 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.

6.11 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.

6.12 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.

6.13 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.

6.14 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.

6.15 Employees Benefits**Retirement Benefits**

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

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.

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.

6.16 Comparative figures

During the Financial Year 2022/2023, NCC continued to adopt the new Government's accounting software known as "Mfumowa Uhasibu Serikalini" (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, comparative items were re-classified to align with government Chart of accounts.

6.17 Events after the reporting date

Eight members of the Council were appointed by the Minister of Works and Transport. The full list will be included in the financial statements for the next financial year

	2023	2022
2A - Amortization of Revenue Grants with Exchequer Revenue		
	TZS	TZS
Government Grant Other Charges	251,212,803	324,416,617
Government Grant Development Local	367,310,000	-
Government Grant Personal Emolument	768,840,608	741,003,038
	1,387,363,411	1,065,419,655
2B - Funds Received		
Aromatization of Revenue Grants	1,387,363,411	1,065,419,655
Moving to Dodoma Funds	-	215,000,000
	1,387,363,411	1,280,419,655

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3A - Revenue from Exchange Transaction		
Receipt from sales of Publications	87,500,000	5,920,000
Receipt from Consultancy Fees	362,000,000.00	403,589,586
Receipt from Miscellaneous Fees	303,582,156.72	553,411,253
Receipt from Training and Examination Fees	178,850,000.00	44,250,000
Receipts from Government Quarters	107,806,602.00	89,396,520
	1,039,738,759	1,096,567,359
3B - Receipts from Exchange Transaction		
Receipt from sales of Publications	86,000,000.00	5,920,000
Receipts from Government Quarters	94,961,390.00	54,425,000
Receipt from Consultancy Fees	361,700,000	403,589,586
Receipt from Training and Examination Fees	158,025,000	44,250,000
Receipt from Miscellaneous Fees	360,866,337	468,944,745
	1,061,552,727	977,129,331
4 - Other Receipts - Receipt from Debtors		
Arbitration fees	21,063,200	60,417,891
Receipt from Consultancy services	17,619,000	80,556,500
Receipt from Rent Income	29,751,519	20,000,000
Receipt from Seminars & Workshop	-	7,500,000
	68,433,719	168,474,391
5 - Wages, Salaries and Employee Benefits		
Civil Servants	768,840,608	741,003,038
Leave Travel	15,186,980	3,282,800
Extra-Duty	46,150,000	43,170,000
Acting Allowance	-	1,480,000
Responsibility Allowance	10,454,400	10,454,200

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Sitting Allowance	28,249,500	28,345,000
Subsistence Allowance	442,816,794	138,976,500
Medical and Dental Refunds	1,286,365	6,436,645
Housing allowance	32,990,000	29,400,000
Moving Expenses	9,518,500	268,405,248
Councilors Allowance	-	42,000,000
Electricity Allowance	13,160,000	11,980,000
Telephone allowance	11,930,000	10,670,715
Food and Refreshment	-	43,543,053
Special allowance	-	250,000
Honoraria	6,600,000	19,850,543
Furniture Allowance	-	16,157,598
	1,387,183,147	1,373,405,340

6A -Use of goods and service

Advertising and Publications	1,885,000	3,922,462
Air Travel Tickets	9,257,700	15,521,163
Audit fees	-	45,630,000
Burial expenses	-	1,840,000
Cleaning Supplies	880,000	1,200,000
Computer Supplies and Accessories	13,692,900	7,910,040
Conference facilities	34,585,000	20,362,656
Consultancy fees	-	187,140,102
Consumable Medical Supplies	500,000	1,200,000
Courier Services	-	2,462,650
Diesel	38,774,309	51,585,966
Electricity	5,991,896	11,226,174
Food and Refreshments	21,183,471	1,919,000
Gift and Prizes	2,000,000	-
Ground Travel (Bus, Railway, Taxi etc.)	46,519,700	37,499,500
Lubricants	1,800,000	1,800,000

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	-	9,153,600
Material Testing services	-	204,754
Newspapers and Magazines	29,054,196	39,906,100
Office consumables (papers, pencil, pens and stationeries)	11,863,933	24,596,218
Outsource costs (include cleaning and security services)	-	99,426,145
Perdiem Domestic	5,932,750	5,600,000
Posts and Telegraphs	-	4,760,000
Printing and Photocopy papers	6,933,200	4,751,836
Printing and Photocopy costs	-	31,428,945
Rent- Office Accommodation	-	500,000
Software Licenses fees	4,000,000	5,212,000
Subscription fees	12,789,038	11,322,757
Telephone Charges (land lines)	4,040,000	1,190,000
Training Allowances	430,000	250,000
Training Materials	5,867,500	6,080,000
Tuition fees	3,610,000	2,970,000
Uniforms	10,002,670	4,830,000
Wire, wireless, Telephone, Telex services and Facsimile	113,688	607,500
Water charges	-	6,667,925
Resource Lease on land	-	1,300,000
Special operations services	2,060,000	2,400,000
Computer software	2,850,000	2,500,000
Exhibition, Festivals and Celebrations	276,616,952	656,877,493
6B -Supplies and Consumables used	1,885,000	3,922,462
Advertising and Publications	9,257,700	15,521,163
Air Travel Tickets	-	45,630,000
Audit fees	-	1,840,000
Burial expenses	880,000	1,200,000
Cleaning Supplies		

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Computer Supplies and Accessories	8,462,900	7,910,040
Conference facilities	22,335,000	20,362,656
Consultancy fees	-	187,140,102
Consumable Medical Supplies	500,000	1,200,000
Courier Services	-	2,462,650
Diesel	38,774,309	51,585,966
Electricity	3,791,896	11,226,174
Food and Refreshments	12,538,471	1,919,000
Gift and Prizes	2,000,000	-
Ground Travel (Bus, Railway, Taxi etc.)	33,974,700	37,499,500
Lubricants	1,800,000	1,800,000
Material Testing services	-	9,153,600
Newspapers and Magazines	-	204,754
Office consumables (papers, pencil, pens and stationeries)	18,054,196	39,906,100
Outsource costs (include cleaning and security services)	7,104,608	24,596,218
Per diem Domestic	-	99,426,145
Posts and Telegraphs	5,932,750	5,600,000
Printing and Photocopy papers	-	4,760,000
Printing and Photocopy costs	5,275,200	4,751,836
Rent- Office Accommodation	-	31,428,945
Software Licenses fees	-	500,000
Subscription fees	4,000,000	5,212,000
Telephone Charges (land lines)	11,069,0398	11,322,757
Training Allowances	4,040,000	1,190,000
Training Materials	430,000	250,000
Tuition fees	5,867,500	6,080,000
Uniforms	3,610,000	2,970,000
Wire, wireless, Telephone, Telex services and Facsimile	5,802,670	4,830,000
Water charges	113,688	607,500

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Resource Lease on land	-	6,667,925
Special operations services	-	1,300,000
Computer software	2,060,000	2,400,000
Exhibition, Festivals and Celebrations	2,850,000	2,500,000
	212,409,627	656,877,493

7- Development Grant local (Expenses)

Per diem - Domestic	244,580,000	-
Transport Allowance	16,997,000	-
Conference facilities	10,940,000	-
Food and Refreshments	39,772,500	-
Diesel	5,640,000	-
Stationeries/Consumables	6,004,500	-
	323,934,000	-

8A - Maintenance Expenses

Air Conditioners	0	23,000
Cement, Bricks and Building Materials	0	1,404,400
Computers, printers, scanners, and other computer	0	2,990,000
Direct labour (contracted or casual hire)	2,600,000	6,492,893
Electrical and other cabling Materials	0	500,000
Fax machine and other small equipment's	0	100,000
Metal fence and posts	0	240,500
Motor vehicle and water craft	39,663,212	5,594,858
Outsource maintenance contract services	1,350,000	84,066,482
Paint and Weather protection coatings	0	2,000,000
Photocopiers	1,608,000	1,000,000
Tyres and Batteries	0	8,852,500

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Wood and Timber suppliers	0	7,849,950
	45,221,212	121,114,583

8B - Maintenance Expenses - Paid

Air Conditioners	0	23,000
Cement, Bricks and Building Materials	0	1,404,400
Computers, printers, scanners, and other computer	0	2,990,000
Direct labour (contracted or casual hire)	2,600,000	6,492,893
Electrical and other cabling Materials	0	500,000
Fax machine and other small equipment's	0	100,000
Metal fence and posts	0	240,500
Motor vehicle and water craft	28,798,272	5,594,858
Outsource maintenance contract services	1,350,000	84,066,482
Paint and Weather protection coatings	0	2,000,000
Photocopiers	1,608,000	1,000,000
Tyres and Batteries	0	8,852,500
Wood and Timber suppliers	0	7,849,951
	34,356,272	121,114,583

9A - Other Expenses

Audit fees	47,255,600	-
Directors' fees	92,000,000	92,000,000
consultancy fees	188,276,092	-
Rent Office Accommodation	116,380,546	-
	443,912,238	92,000,000

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9B - Other Expenses Paid		
Consultancy fees paid	188,276,092	237,479,259
Rent Office accommodation	41,018,554	0
Contribution to consolidated fund	-	20,000,000
Council allowances paid	10,250,000	-
Audit fees paid	43,565,000	0
	283,109,646	257,479,259
 10 - Cash and Cash Equivalents		
BOT Own source Collection Account	16,100,001	-
Own source Collection Account - NMB	132,560,000	10,750,000
Own source Recurrent Expenditure GF	-	354,750
Recurrent Expenditure Cash Account	14,364,649	10,144,555
	163,024,650	21,249,305
 11 - Receivables		
Imprest Receivable	5,019,000	10,042,000
Other receivables	296,320,779	309,066,345
Principal Loan Receivables	-	2,034,000
Trade Receivables	413,008,959	468,697,112
Allowance for impairment of receivables	(331,615,768)	(220,698,702)
	382,732,970	569,140,755
 12 - Inventories		
Consumables items	7,277,722	14,257,383
	7,277,722	14,257,383
 13 - Prepayments		
Prepayment asset	4,772,856	31,428,945
	4,772,856	31,428,945
 14 - Investment Property		

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Investment property Cost	2,722,000,000	2,722,000,000
Depreciation charge		
at the beginning of the year	163,320,000	108,880,000
Charge of the year	54,440,000	54,440,000
Accumulated Depreciation at the end of the year	217,760,000	163,320,000
Carrying value	2,504,240,000	2,558,680,000

Investment property comprises of freehold and leasehold property that are held to earn rentals or for capital appreciation or both. Below is Investment property details:

No.	Name of Investments	Location
1.	Mbezi Beach Residential House	Plot No.2062 Block L. Mbezi Beach area, Dar es salaam
2.	Regent Estate, Migombani street, House	Plot No.18615/87, Regent Estate DSM
3.	Office space at Office Accommodation scheme building, Azikiwe DSM	9 th Floor of Office accommodation scheme, Building, Azikiwe street DSM
4.	Undeveloped PlotNo.19B, Central Business Park, Dodoma City	Central Business Park area, Dodoma City

Other Payables	385,079,183	427,526,589
Staff Claim	2,300,000	-
Directors' fees	203,250,000	111,250,000
Supplies of goods and services	74,520,364	-
VAT Payable	1,859,393	26,087,242
Withholding tax	1,912,150	-
	668,921,088	564,863,831

16 - Other Payments		
Prepayments Asset	4,772,856	31,428,945
Payment to Creditors	46,886,622	84,711,365

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Vat and Withholding Tax Paid	61,279,341	51,279,151
	112,938,819	167,419,461
17 - Grants, Subsidies and other Transfer Payments	-	20,000,000
Contribution to CF (15%)	-	20,000,000
18 - Impairment of Receivables	110,917,066	50,000,000
	110,917,066	50,000,000

Management expensed TZS. 110,917,066 as impairment of receivables. The amount relates to rental income from three (3) tenants of NCC Mbezi beach Quarters and Lindi Express ltd rented apartment at Samora Tower (NCC, NHC and Lindi express joint venture project). The unpaid amount for Mbezi Beach tenants remained unpaid for long period of time and management judged full amount as impaired despite a case which is currently being pursued in court while only 25% of Lindi express debt judged doubtful has been provided.

19. PROPERTY PLANT AND EQUIPMENT

2022/23	Land	Buildings	Office Equipment	Computer	Document processing Equipment	Office Furniture	Motor Vehicles	Total
Cost:								
At 01 July 2022	1,358,400,000	1,114,000,000	32,316,456	49,713,735	18,270,000	219,684,887	370,520,957	3,162,906,035
Additions	-	-	-	-	5,190,000	16,453,000	-	21,643,000
At 30 June 2023	1,358,400,000	1,114,000,000	32,316,456	49,713,735	23,460,000	236,137,887	370,520,957	3,184,549,035
Depreciation								
As at 01 July 2021		89,120,000	28,588,248	43,978,478	16,162,270	142,549,540	242,188,424	562,586,960
Charge for the year		44,560,000	1,615,823	5,735,257	3,352,434	28,293,848	32,083,132	115,640,494
At 30 June 2023	-	133,680,000	30,204,071	49,713,735	19,514,704	170,843,388	274,271,556	678,227,454
Carrying Amount (Current)								
as at 30 June 2023	1,358,400,000	980,320,000	2,112,385	-	3,945,296	65,294,499	96,249,401	2,506,321,581
2021/22								
Cost								
At 01 July 2022	1,358,400,000	1,024,880,000	11,571,195	-	-	177,135,347	128,332,530	2,990,825,866
Additions	-	-	11,664,504	-	-	-	160,415,662	172,080,165
At 30th June 2022	1,358,400,000	1,114,000,000	219,684,887	-	-	100,300,191	370,520,954	3,162,906,031
Depreciation								
At 01 July 2021	-	44,560,000	130,582,556			77,762,278	210,105,292	463,010,126
Charge for the year	-	44,560,000	11,966,984			10,966,718	32,083,132	99,576,834
At 30 June 2022	-	89,120,000	142,549,540			88,728,996	242,188,424	562,586,960
Carrying Amount (Previous) as at 30 June 2022	1,358,400,000	1,024,880,000	77,135,347			11,571,195	128,332,530	2,600,319,071

20- Events after the reporting date

In 15 November 2023 NCC received motor vehicle (Toyota VXR High Specs S/W) with registration No. STL 7400. The vehicle was received from the ministry of Works to ease shortage of motor vehicles at NCC in implementation of NCC objectives. The value of the same will be incorporated in next financial year 2023/24.

21- Explanation of variances Between Approved Budget and Actual Results

Receipts

Revenue Grants (Government Subvention): Government subvention comprises of (Other Charges and Salaries and wages). The understatement of TZS 79,523,289.00 was due to the following;

- i. Other Charges received was less than budgeted
- ii. Lower numbers of staff were transferred to NCC when compared to budget estimates. This resulted to payment of lower salary and wages than the budgeted amount.

Revenue from exchange transactions: The difference of TZS 659,512,440 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. Technical Audit services, projects expected from the Roads Fund Board (RFB) with estimate contract price of TZS 250 million did not materialized as expected.
 - ii. Unit Rate project from Roads Fund Board with contract price TZS 400 million was signed. Again, only TZS 200,000,000 was received in the period due un-accomplishment of the project.
 - iii. The seminars and workshop conducted were few than planned, but also for stakeholders' forum and workshop which was not conducted as planned due to fragmentation of activities and financial constraints.
 - iv. *Rental income:* There was slight improvement of rent income mainly attributed to renting one (1) more apartment at Samora Tower Building from January 2023. The apartment was previously used as an office before NCC shifted its office to Dodoma in April 2022. However overall income was low than budgeted due Migombani house remained unoccupied for the whole period under review.

2. *Sales of NCC publications:* The positive variation was mainly due to raise of Indices price from TZS 20, 000/= to TZS 500,000/= per copy. The raise resulted to increase of revenue by TZS 81, 580,000/= more than budgeted amount.

Payments

3. *Maintenance Expense:* The variation of TZS 177,796,228 was attributed by reduction of Maintenance expenses due to decrease of number of motor vehicles maintained during the period. One Motor vehicle was put to disposal therefore only three (3) motor vehicles were maintained during the year.
4. *Other Expenses:* Understatement of actual expenses was a result of budget constraints resulting from under collection of own source revenue as explained above
5. *Supplies and consumables:* Same as no. 2 above
6. *Wages, salaries and employees' benefits:* The reasons for overstatement were mainly due to increase of Salaries & employees benefit paid to NCC employees. During the reporting period fourteen (14) staff joined NCC through recruitment and transfer as follows;
 - (a) Head of Procurement Management Unit (PMU)
 - (b) Head of Public Relation Unit (HPRU) and
 - (c) 12 other employees
7. Meanwhile most salaries of transferred employees were above the NCC Scheme of Service.
8. *Acquisition of PPE:*
9. Difference of TZS 10,797,000 underpayment resulted from financial constraints therefore failure to acquire PPE as budgeted.

22. RECONCILIATION OF NET CASHFLOWS FROM OPERATING ACTIVITIES TO SURPLUS (DEFICIT) FOR THE YEAR ENDED 30 JUNE 2023

	2022/23	2021/22
	TZS	TZS
Surplus/ Deficit for the Year	(330,762,940)	(305,427,236)
Add/Less: Non-Cash Items		
Depreciation of Investment Property - Carried at Cost	54,440,000	54,440,000
Depreciation of Property, Plant and Equipment	115,640,494	99,576,834
	(160,682,446)	(151,410,402)
Add/Less: Change in Working Capital		
Increase/Decrease in Inventory	6,979,661	(5,501,586)

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Increase/Decrease in Receivables	104,057,259	8,574,534
Increase/Decrease in Payables	213,063,871	(43,935,305)
Net Cash Flow from Operating Activities	163,418,345	(192,272,759)

23- Grants, Subsidies and Transfer payments

During the financial year 2022/23 NCC was tasked by the ministry of Works to coordinate preparation of Building Act, Code and Specifications. TZS367,310,000/= was received to facilitate the implementation of the same. This amount was not included in NCC budget for the period; however, its corresponding income and expenses are disclosed separately under note number 2A and 6 respectively.

24- Cases Outstanding in Courts of Law

There is ongoing case filed in the high Court of Tanzania at Dar es Salaam, Land case No. 331 of 2023 between National Construction Council & Another (Plaintiffs) versus Margareth E. Mosi & Others (Defendants). Whereas NCC has instituted a suit against defendants demanding TZS 75,420,000.00, being unpaid rental charges for its rented houses at Mbezi Beach Dar es salaam. This is contingents' assets whose existence will be confirmed depending on court decision. Therefore, not wholly within the control of National Construction Council.

25. Prior Year Adjustment - underpayment of Directors Fees for year 2020-2023

There were understated Directors' fees in a tune of TZS111, 250,000/=. This is unpaid directors' fees accrued from January 2020 to June 2022. The same amount was erroneously not incorporated in financial statements during the years they accrued. Directors' fees paid was only amount incorporated in financial statements.

Financial Year 2019/2020 TZS38,000,000.00

Financial Year 2020/2021 TZS23,250,000.00

Financial Year 2021/2022 TZS50,000,000.00

TZS111,250,000.00