



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



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON
THE FINANCIAL STATEMENTS AND COMPLIANCE AUDIT OF
THE NATIONAL KISWAHILI COUNCIL OF TANZANIA FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2021**

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March 2022

AR/PA/BAKITA/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 United Republic of Tanzania, 1977 and in Sect. 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.

© This audit report is intended to be used by the National Kiswahili Council (BAKITA) and may form part of the annual general report which once tabled to National Assembly, becomes a public document hence, its distribution may not be limited.

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ABBREVIATIONS

BAKITA	Baraza la Kiswahili Tanzania
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IPSAS	International Public Sector Accounting Standards
Sect.	Section
URT	United Republic of Tanzania

1.0 EXECUTIVE COUNCIL'S REPORT FOR THE YEAR ENDED 30 JUNE 2021

1.1. INTRODUCTION

The Executive Council has the pleasure in submitting its report, together with the audited financial statements of the Council for the year ended 30 June 2021. The report highlights the Council's work relationships with its stakeholders as well as its financial performance.

1.2. COUNCIL INFORMATION

The National Kiswahili Council is established by an Act of Parliament Act No.27 of 1967 (Amended 1983 &2016). The Council is under the supervision of Ministry of Culture, Arts and Sports.

1.3. VISION OF THE COUNCIL

To be an institution which is capable legally, financially and which is recognized nationally and internationally in coordinating and promoting development of Kiswahili language.

1.4. MISSION OF THE COUNCIL

To promote the use of standard Kiswahili within and outside the nation in cooperation with other stakeholders.

1.5. FUNCTIONS OF THE COUNCIL

According to the Act of Parliament No. 27 Sect. 4 of 09 August 1967 as repealed by Act no. 7 of 1983 the Council has the following responsibilities:

- 1) To promote the development and usage of standard Kiswahili throughout the United Republic of Tanzania.
- 2) To co-operate with other bodies in the United Republic of Tanzania which are concerned to promote the Kiswahili language and to endeavour co-ordinate their activities.
- 3) To encourage the use of Kiswahili language in the conduct of official business and public life generally
- 4) To encourage the achievement of high standards in the use of Kiswahili language and to discourage its misuse
- 5) To co-operate with the authorities concerned in establishing standard Kiswahili translations of technical terms.
- 6) To publish a newspaper or a magazine concerned with the Kiswahili language and literature.

- 7) To provide services to the Government, public authorities and individual authors writing in Kiswahili with respect to the use of Kiswahili language.

1.6. ORGANIZATION STRUCTURE

The day-to-day activities of the Council are managed by the Executive Secretary who is the Chief Executive Officer. The Executive secretary is accountable to the Board of Directors which is obliged to meet at least once in every three months and is the highest policy making body of the Council.

1.7. COMPOSITION OF THE EXECUTIVE COUNCIL

The composition of the Executive Council includes elected members. It is led by a chairperson elected by the Minister responsible of Culture, Arts and Sports.

Below is a list of Members of the Executive Council, who held office from February 2018 to February 2021

Members of Executive Council who Held Office

No	Name	Position	Qualification	Age	Nationality	Appointment date	Institution/ Place of Domicile
1	Dr. Method Samwel,	Chairperson	PhD (Kiswahili)	41	Tanzanian		Dar es Salaam
2	Mrs Consolata Mushi	Acting Secretary to the Council	MA Linguistics	52	Tanzanian	29 January 2018	BAKITA
3	Dr. Elia Sibonike Mwaifuge	Member	PhD in Literature	57	Tanzanian	29 January 2018	Dar es Salaam
4	Mrs. Consolata Philipo Mgimba	Member	LLB	58	Tanzanian	29 January 2018	Kisarawe
5	Mr. Mwangata Hamid Makawa	Member	LLB	50	Tanzanian	29 January 2018	Kibaha
6	Mr. Sixbert Roman Kavishe	Member	Msc. Finance	47	Tanzanian	29 January 2018	Dodoma
7	Dr. Rhoda Peterson Kidami	Member	PhD (Kiswahili)	44	Tanzanian	29 January 2018	Dar es Salaam
8	Dr Mwanahija Ali Juma	Member	PhD (Kiswahili)	48	Tanzanian	27 February 2020	Zanzibar

Source: Executive Council Appointment letters

For the financial year 2020/2021, there were two council meetings, which were conducted in July 2020 and December 2020 only due expiry of the Board tenure on 23rd January 2021. The main issues discussed were implementation report of the Council for the financial year 2020/2021 and approving the strategic plan of The Council for the year 2020/21 to 2024/25.

NATIONAL KISWAHILI COUNCIL OF TANZANIA (BAKITA)

The Council has committees entrusted with specific tasks. These committees and their composition are:

i) Core Activities Committee

Members of Core Activities Committee

No.	Name	Position	Qualification	Age	Nationality	Institution/ Place of Domicile
1.	Dr. Method Samwel,	Chairperson	PhD (Kiswahili)	41	Tanzanian	Dar es Salaam
2.	Dr. Elia Sibonike Mwaifuge	Member	PhD Literature	57	Tanzanian	Dar es Salaam
3.	Dr. Rhoda Peterson Kidami	Member	PhD (Kiswahili)	44	Tanzanian	Dar es Salaam

The main function of the Committee is to ensure the Council's policy of promoting Kiswahili is achieved. In the financial year 2020/21 the Committee discussed various implementation reports from core activities sections on matters pertaining to Kiswahili translation, Interpretation, seminars and Training, and developing the database for Kiswahili experts.

Due to the number of the Council members and qualifications for each committee the Chairperson was opted to join this Committee.

ii) Operational and Administrative Committee

Members of Operational and Administrative Committee

No.	Name	Position	Qualification	Age	Nationality	Institution/ Place of Domicile
1.	Mrs. Consolata Philipo Mgimba	Member	LLB	58	Tanzanian	Kisarawe
2.	Mr. Mwangata Hamid Makawa	Member	LLB	50	Tanzanian	Kibaha
3.	Mr. Sixbert Roman Kavishe	Member	Msc. Finance	47	Tanzanian	Dodoma

Functions of the committee:

- To supervise financial matters and administration;
- To advise on different means to raise the Council's income; and
- To plan and make decision on Council's projects and monitor their implementation.

The key decisions made by the Committee in the year under Audit was to discuss and approve the quarterly reports for finance, human resources and procurements.

iii) Audit Committee

Members of Audit Committee

No.	Name	Position	Qualification	Nationality	Institution/ Place of Domicile
1.	Cyrus Gabone	Chairperson	ACCA	Tanzanian	Dar es Salaam
2.	Valet Maira	Secretary	Msc. Accounting & Finance	Tanzanian	Dar es Salaam
3.	Enna Victor	Member	CPA (T)	Tanzanian	Dar es Salaam
4.	Fatuma Abdallah	Member	MA in Language	Tanzanian	Dar es Salaam

The audit committee met only on October 2020 and discussed the Internal Audit report and provided some recommendations on improvement of the submitted report. The next meeting was to be in April 2021 but the Board tenure expired.

Functions of the Committee

The Committee provides the council with independent, objective advice on the adequacy of management arrangement with respect to: -

- Internal control
- Internal audit
- External audit
- Financial reporting
- Compliance to legislative regulatory and another requirement
- Risk management
- Compliance to values and code of ethics
- Governance
- Fraud risk management

1.8. SOLVENCY EVALUATION

The Government has no intention to cease its subventions to the Council. Therefore, nothing has come to the attention of the management to indicate that the Council will not operate as a going concern in the foreseeable future.

1.9. EMPLOYEES WELFARE

1.9.1 Relationship between Management and Employees

The Council believes that its employees should find working for the Council an inspiring and personally elevating experience, and consequently accepts co-responsibility for the development of each employee to his/her full potential. Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the Council. This encompasses individual commitment towards innovative thinking and professional expertise resulting to reward.

The Council is convinced that equal opportunities for all, irrespective of ethnicity, race, gender, disability or religion, should be pursued. The Council accepts that it is only through total commitment, loyalty and dedication of its employees will be able to achieve its goal. The Council provides various benefits to staff such as long service awards for retiring employees, best worker rewards and Sports bonanza.

Employees are members of Public Service Social Security Fund (PSSSF). The Government through Treasury contributes 15% of basic salary of each employee to the fund while employees contribute 5% of their salaries. The Council operates insured (health benefit) plan where contributions are paid to the National Health Insurance Fund (NHIF), employees contribute 3% of their gross salary.

1.9.2 Equal Opportunity Employer

The Council is an equal opportunity employer and gives disabled persons opportunities for those vacancies that they are able to fill.

1.10. FINANCIAL POSITION

The Council had current liabilities worth TZS 40 million (2019/20: TZS 60 million) and long -term loans of TZS 139 million for current and TZS 145 million prior years.

1.11. FINANCIAL PERFORMANCE

During the year, the Council registered a surplus of TZS 34 million (2019/20: Loss of TZS 22 million). This surplus has been attributed by an increase of revenue by 12% from 1,083,515,427 in 2019/20 to TZS 1,213,416,056 2020/21, while the expenses for the mentioned years was almost the same.

1.12. IMPLEMENTATION OF THE PLAN AND BUDGET 2020/21

The Council planned to implement activities worth TZS 1,403 million, the actual achievements of implementation was TZS 1,213 million equals to 86 percent of the entire budget. The setting of the plan was based on bottom-up approach, where by all stakeholders from the lower level were given equal opportunities to participate in the whole budgeting process to plan their needs according to priority and available scarce resources.

Main achievements for the financial year 2020/2021 were as follows:

- i. Conducting Kiswahili day in Dodoma on 19 and 20 January 2021;
- ii. Radio and Television programmes were conducted as planned;
- iii. Conducting Special Kiswahili test examination to the Ambassadors of Poland and Italy;
- iv. Continuing teaching Kiswahili for foreigners and having Kiswahili examinations for foreigners from Czech, Canada and Italy;
- v. Publishing two Kiswahili Books "Mwongozo wa kufundisha Kiswahili kwa Wageni" and "English-Swahili-Portugues";
- vi. Rehabilitation of two buildings;
- vii. A database for Kiswahili experts was developed. For the year 2020/2021 a total of 55 Kiswahili experts was registered in that database to make a grand total of 1221 experts;
- viii. The Council provided consultancy services to the government and the public in translations, writing, editing and publishing with respect to Kiswahili;
- ix. Seminar for members of mass media on the proper use of Kiswahili was conducted as planned;
- x. Teaching of tutors for Kiswahili as a foreign language was conducted;
- xi. Standardization of Environmental and Meteorological terms; and
- xii. Training BAKITA Staff (Teaching Swahili to foreigners) on how to conduct classes via zoom platform and train foreigners online.

1.13. FUTURE PLANS OF THE COUNCIL

In the next financial year, the Council shall strive to at least have full powers and statutory authority to supervise and coordinate development of Kiswahili language within and outside Tanzania. It is the intention of the Council to enhance its operations in order to improve its sources of revenue and advertise its activities out of dependence from central government funding. Also, the Council is striving to ensure that there exists good working environment for its staff in general by rehabilitating the new building with enough space at Kijitonyama as well as acquiring up to date equipment like computers and printing press.

The following are the plans for the financial year 2021/2022:

- i. To standardize Kiswahili terminologies;
- ii. To prepare and conduct radio and televisions programmes;
- iii. To recognize & register Institutions and Centres which teach Kiswahili to foreigners;
- iv. To conduct seminars for members of mass media on the proper use of kiswahili radio, newspaper and television for six regions;
- v. To print 5 publications and write 'kamusi ya sheria';
- vi. To conduct festival "IDHAA ZA KISWAHILI DUNIANI";
- vii. To participate in Kiswahili Day, conducted by BAKIZA in January 2022;
- viii. To conduct "Mafunzo ya Ukalimani" with well advanced instruments installed at the council offices;
- ix. To conduct capacity building to teachers of Kiswahili for foreigners and to run seminars for strengthening the teaching skills of Kiswahili teachers for foreigners and capacity building of translators;
- x. To open two classes abroad for teaching Kiswahili for foreigners in collaboration with Diasporas/Ambassadors; and
- xi. To procure a Motor Vehicle.

1.14. COUNCIL SOCIAL RESPONSIBILITIES

Special need

The Council upholds its policy of being a socially responsible organization. The council has implemented a responsibility scheme as a way of interacting with the society. Council fulfils its core functions of promoting the development and usage of standard Kiswahili throughout Tanzania and to participate fully in the establishment of Kiswahili Commission for East Africa.

Gender

The Council ensures gender balancing in all its managerial and other day to day responsibilities. BAKITA has 26 permanent employees, out of these men are 15 and women are 11.

Environment

The Council ensures that all publication works undertaken are environmentally friendly and all other Council's activities meets the BAKITA environment regulations. BAKITA has been doing translations of different environmental documents, journals and other publications from different languages into Kiswahili and also been conducting media programmes for environmental conservations.

HIV/AIDS

The Council has been joining hands with the nation in the fight against HIV/AIDS. The Council provides in-house education to its staff. The Council is currently compiling terminologies for the HIV/AIDS specialised dictionary.

1.15. AUDITORS

The Controller and Auditor General (CAG) is the statutory auditor of National Kiswahili Council by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified by section 32(4) of the Public Audit Act, Cap 418 [R.E 2021]. However, pursuant to section 33(1) of the Act, RS and Partners (Certified Public Accountants-Public Practice) were authorized to carry out Audit of National Kiswahili Council on behalf of the Controller and Auditor General for the financial year ended 30 June 2021.

2.0 STATEMENT OF MANAGEMENT RESPONSIBILITIES

The National Kiswahili Council Financial Rules and Regulations, 2011 requires The National Kiswahili Council management to prepare Financial Statements of the Council for each financial year, as at the end of the financial period that gives a true and fair view of the state of affairs of the Council for that period.

The Board of Directors confirms that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgement and estimates have been made in the preparation of the financial statements for the year ended 30 June 2021. The Board of Directors also confirms that the International Public Sector Accounting Standards (IPSAS) have been followed and that the financial statements have been prepared on the going concern basis.

The Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Council and which enable them to ensure that the financial statements comply with the National Kiswahili Council Regulations. They are also responsible for safeguarding the assets of the Council and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Procurement of goods, works, consultancy, and non-consultancy services to the extent that they are reflected in these financial statements have been done in accordance with the Public Procurement Act, 2011 and Regulations, 2013 (as amended in 2016).



Chairperson

14/03/2022

DATE



Executive Secretary

3.0 DECLARATION OF THE HEAD OF FINANCE OF NATIONAL KISWAHILI 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 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 Executive Council Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors.

I, **CPA HANS H. MBELLA**, being the Head of Finance/Accounting of National Kiswahili Council of Tanzania 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 in all material respect, the financial position, financial performance and cash flows of the National Kiswahili Council of Tanzania (BAKITA) as at 30 June 2021, in accordance with the International Public Sector Accounting Standards (IPSAS) and that they have been prepared based on properly maintained financial records.

Name: CPA HANS H. MBELLA

Signature: 

Position: CHIEF ACCOUNTANT

NBAA Membership No.: ACPA 2637.

Date: 14/03/2022

4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Council,
National Kiswahili Council,
P.O. Box 4766,
Dar es Salaam.

4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of National Kiswahili Council of Tanzania, which comprise the statement of financial position as at 30 June 2021, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of National Kiswahili Council of Tanzania as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis.

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 Kiswahili Council of Tanzania I conducted my audit in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

- On 8 October 2009 BAKITA acquired eight apartments at Kijitonyama from the National Insurance Corporation (NIC) for a consideration of TZS 1.5 billion which was fully paid. The transfer process of the four apartments (50%) out of eight have not been completed due to the unresolved legal issues between NIC and its former employees who are still occupying the apartments. As a result, the value of the four buildings has not been recognized in BAKITA's Property, Plant and Equipment rather the amount paid has been reported as an advance payment of TZS 750 million as disclosed under Note 7 to the financial statements.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the report of the Council and the Declaration by the Head of Finance but does not include the financial statements and my audit 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 I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- 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 our 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, Sect. 10 (2) of the Public Audit Act, Cap 418 [R.E. 2020] requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Sect. 48(3) of the Public Procurement Act, 2011 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 OTHER LEGAL AND REGULATORY REQUIREMENTS

Compliance with the Public Procurement Laws

Subject matter: Compliance audit on procurement of goods, works and services

I performed a compliance audit on procurement of goods, works and services in the National Kiswahili Council of Tanzania for the financial year 2020/21 as per the Public Procurement Laws of Tanzania.

Conclusion

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



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



March 2022

5.0 FINANCIAL STATEMENTS OF BAKITA FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

ASSETS	NOTE	2020/21 TZS	2019/20 TZS
Non-current Assets			
Property, Plants and Equipment	5	408,748,279	394,916,680
Land	5	433,923,048	433,923,048
Total Non-Current Asset		842,671,327	828,839,728
Current Assets			
Cash and bank balance	6	9,943,226	19,440,630
Advance payment	7	750,000,000	750,000,000
Accounts Receivable	8	4,000,000	4,000,000
Inventory	9	<u>33,819,816</u>	<u>29,469,540</u>
Total current Assets		797,763,042	802,910,170
TOTAL ASSETS		<u>1,640,434,369</u>	<u>1,631,749,899</u>
Current Liabilities			
Accruals and payables	10	40,713,016	60,657,218
Long term liabilities			
Loans	11	139,136,127	145,204,303
TOTAL LIABILITIES		179,849,143	205,861,521
TOTAL NET ASSETS		<u>1,460,585,226</u>	<u>1,425,888,378</u>
GRANTS, RESERVES & LIABILITIES			
Grants & Reserves			
Taxpayers fund		1,772,621,500	1,772,621,500
Accumulated surplus / (Deficit)		<u>(312,036,274)</u>	<u>(346,733,122)</u>
NET ASSEST		<u>1,460,585,226</u>	<u>1,425,888,378</u>
TOTAL GRANTS, RESERVES AND LIABILITIES		<u>1,640,434,369</u>	<u>1,631,749,899</u>

The accompanying notes are an integral part of the financial statements which were approved by the Council and authorized for issue and signed on its behalf by:



Chairperson

DATE 14/03/2022



Executive Secretary

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 TZS	2019/20 TZS
Revenue			
Revenue from non-exchange transactions	12	796,979,811	770,832,160
Revenue from exchange transactions	13	416,436,245	312,683,267
Total Revenue		1,213,416,056	1,083,515,427
EXPENSES			
Cost of books sold	14	5,689,526	4,703,976
Salaries, Wages & Employee Benefits	15	919,059,605	893,678,016
Direct expenses	16	46,728,631	41,018,112
Supplies and consumables	17	131,108,928	68,597,903
Maintenance expenses	18	19,894,593	33,521,982
TR Contribution	19	3,750,000	2,000,000
Audit Fees		25,600,000	33,280,000
Depreciation	5	26,887,925	28,912,541
TOTAL		1,178,719,208	1,105,712,530
Surplus/(Deficit) for the year		34,696,848	(22,197,103)

The accompanying notes are an integral part of the financial statements



 Chairperson

DATE 14/03/2022



 Executive Secretary

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

	Taxpayer Fund	Accumulated Surplus/ (Deficit)	TOTAL
		TZS	TZS
Balance As At 1 July 2019	1,772,621,500	(324,536,019)	1,448,085,481
Deficit for the Year	-	(22,197,103)	(22,197,103)
Balance As At 30 June 2020	1,772,621,500	(346,733,122)	1,425,888,378
Balance As At 1 July 2020	1,772,621,500	(346,733,122)	1,425,888,378
Surplus for the Year		34,696,848	34,696,848
Balance As At 30 June 2021	1,772,621,500	(312,036,274)	1,460,585,226

The accompanying notes are an integral part of the financial statements



 Chairperson

DATE 14/03/2022



 Executive Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/21 TZS	2019/20 TZS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts:			
Revenue from non-exchange transactions	20(a)	796,979,811	770,832,160
Revenue from exchange transactions	20(a)	416,436,245	308,683,267
Total cash receipts		1,213,416,056	1,079,515,427
Payments			
Cost of books sold	20(b)	13,164,654	2,600,000
Salaries, Wages & Employee Benefits	20(c)	938,078,955	915,026,427
Direct expenses	20(d)	46,728,631	41,018,112
Supplies and consumables	20(e)	131,108,928	68,597,903
Maintenance expenses	20(f)	19,894,593	33,521,982
TR Contribution	20(g)	3,750,000	2,000,000
Audit Fees	20(h)	23,400,000	9,480,000
Total cash Payments		1,176,125,761	1,072,244,424
Net cash flows from operating activities		37,290,295	7,271,003
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	5	(40,719,523)	(20,235,211)
Net Cash flows used in investing activities		(40,719,523)	(20,235,211)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan Payment	11	(6,068,176)	-
Net cash flows used in financing activities		(6,068,176)	-
Net change in cash and cash equivalents		(9,497,404)	(12,964,208)
Cash and cash equivalents			
At the beginning of the period		19,440,630	32,404,838
At the end of the period	6	<u>9,943,226</u>	<u>19,440,630</u>

The accompanying notes are an integral part of the financial statements



 Chairperson

DATE..... 14/03/2022



 Executive Secretary

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

	Notes	Original Budget {A}	Final Budget {B}	Actual on Comparable Basis {C}	Difference {C-B}	Percentage of Difference
Revenue						
Revenue from non-exchange transactions	20(a)	1,004,189,365	1,004,189,365	796,979,811	(207,209,554)	-21%
Revenue from exchange transactions	20(a)	398,338,512	398,338,512	416,436,245	18,097,733	5%
Total Revenue		1,402,527,877	1,402,527,877	1,213,416,056	(189,111,821)	-13%
Payments						
Cost of books sold	20(b)	20,575,000	20,575,000	13,164,654	(7,410,346)	-36%
Salaries, Wages & Employee Benefits	20(c)	1,116,869,377	1,116,869,377	938,078,955	(178,790,422)	-16%
Direct expenses	20(d)	46,000,000	46,000,000	46,728,631	728,631	2%
Supplies and consumables	20(e)	128,683,500	128,683,500	131,108,928	2,425,428	2%
Maintenance expenses	20(f)	21,600,000	21,600,000	19,894,593	(1,705,407)	-8%
TR Contribution	20(g)	5,000,000	5,000,000	3,750,000	(1,250,000)	-25%
Audit Fees	20(h)	22,000,000	22,000,000	23,400,000	1,400,000	6%
Acquisition of property, plant, and equipment		41,800,000	41,800,000	40,719,523	(1,080,477)	-3%
Debt repayments				6,068,176		
Total Payments		1,402,527,877	1,402,527,877	1,222,913,460	(185,682,593)	-13%
Net Payments				(9,497,404)	(3,429,728)	

*Explanation on Budget and Actual Variance are in Note 21.

The accompanying notes are an integral part of the financial statements which were approved by the Council and authorized for issue and signed on its behalf by:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

2. BASIS OF PREPARATION

These annual financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) of the International Accounting Standards Board and are consistent with those from the previous year.

The annual financial statements are prepared on the historical cost. The annual financial statements are prepared on a going concern basis.

The annual budget is prepared on cash basis, and the budget period is 12 months ended 30 June 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted, which are consistent with those of previous years, are shown below.

i. Cash and cash equivalents

Cash and bank balances in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less and is measured at amortized cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above..

ii. Employment benefits

Employee benefits include salaries, pensions and other related - employment costs. Employee benefits are recognized on accrual basis.

The Council operates a defined contribution plan. Employees are members of PSSSF. The Government through Treasury contributes for each employee out of the basic salary. Additionally, the Council operate insured (health benefit) plan where contributions are paid to the National Health Insurance Fund (NHIF).

iii. 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.

iv. Revenue from exchange transactions

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.

v. Revenue from Non-Exchange Transactions

Revenue from Non-Exchange Transactions includes Government subventions and assistances received from the government and other donors. Grants are accounted for when there is a reasonable assurance that the grants 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.

vi. Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria. Depreciation is calculated on a straight-line basis over the useful life of the assets. The annual rates of depreciation which have been consistently applied are:

These rates are as per Council's financial regulations.

Description	Rate	Years
Land	NIL	
Buildings	4%	25
Plant and machinery	10%	10
Furniture, fixture and equipment	15%	7
Motor vehicles	25%	4
Computer hardware	20%	5

The carrying values of cash-generating property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. However, no impairment loss has been discovered during 2020/21 in the National Kiswahili Council financial statements.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognised.

The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end.

vii. Intangible assets

Intangible assets (consisting of computer software's) are recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized, and expenditure is charged against surplus/deficit in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The expected useful life is approximately 5 years.

viii. Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Council expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in surplus/deficit net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ix. Inventories

Inventories are stated at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials-purchase cost on first in first out basis.

- Stationeries and other consumables- cost is determined on first in first out
- Finished goods and work in progress- cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

x. Investments and other financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. No any transaction has been made during the period.

After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in surplus/deficit when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

xi. Financial Risk Management

The overall risk management focuses on unpredictable financial markets and is aimed at minimizing potential adverse effects on the council's financial performance. The final responsibility of the council's risk management is primarily vested in the hands of the Executive council. Management has a duty of developing and maintaining adequate operational and financial internal control systems.

a) Liquidity Risk Management

The Council has a prudent liquidity risk management procedures policy through maintaining sufficient cash to cover committed credit facilities and working capital requirements as budgeted in each financial year based on the approved funds disbursed to the council from the Government, donors as well as own generated funds.

Maturity profile of non-derivative financial liabilities based on the contractual cash flows, including Loans due to Books publication contracts as follows:

	Carrying amount	Contractual cash flows	Within 1 Year	More than 1 Year
YEAR 2021	TZS	TZS	TZS	TZS
Longhorn contract	66,581,127	66,581,127	0	66,581,127
Books Publishers contract	72,555,000	72,555,000	0	72,555,000
Total	139,136,127	139,136,127	0	139,136,127

There is low liquidity risk on the amounts due to related parties, as settlement can be rearranged and terms of obligations can be renegotiated by virtue of the parties' relationship, and at under arm's length. Low liquidity risk is also attached to the accruals and other payables the Authority ensures that they are followed up and settled immediately when they fall due.

b) Credit Risk Management

The potential credit risk involves short-term cash and receivables which are managed as follows:

i) Short Term Cash Surpluses:

The council may deposit with banks of high credit reputation its short-term surpluses.

ii) Receivables

The Authority's receivables mainly constitute of office rent. The management of the council ensures that the tenants pay the rental bills intact and promptly. The asset is past due but not impaired with age of more than one year.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Council's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Council's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

For determination of the useful lives of property, plant and equipment, Management uses reasonable judgment in determining the useful lives and hence depreciation rates of the items of property, plant and equipment.

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor Vehicles	Plant and machinery	Office Furniture & Fittings	Computers and Equipment TZS	Total
COST							
Balance as at 1 July 2020	433,923,048	449,599,225	26,000,000	1,800,000	76,165,760	41,904,097	1,029,392,130
Additions during the year	-	22,276,542	-	-	13,182,778	5,260,203	40,719,523
Balance as at 30 June 2021	433,923,048	471,875,767	26,000,000	1,800,000	89,348,538	47,164,300	1,070,111,653
ACCUMULATED DEPRECIATION							
Balance as at 1 July 2020	-	70,598,340	26,000,000	1,260,000	70,443,092	32,250,970	200,552,402
Charge for the year	-	18,875,031	-	180,000	5,617,144	2,215,750	26,887,925
Balance as at 30 June 2021	-	89,473,371	26,000,000	1,440,000	76,060,236	34,466,720	227,440,327
CARRYING VALUE							
As at 30 June 2021	433,923,048	382,402,396	-	360,000	13,288,303	12,697,580	842,671,327
As at 30 June 2020	433,923,048	379,000,885	-	540,000	5,722,669	9,653,127	828,839,728

	Land	Buildings	Motor Vehicles	Plant and machinery	Office Furniture & Fittings	Computers and Equipment TZS	Total
COST							
Balance as at 1 July 2019	433,923,048	438,453,095	26,000,000	1,800,000	74,007,000	34,973,776	1,009,156,919
Additions during the year	-	11,146,130	-	-	2,158,760	6,930,321	20,235,211
Balance as at 30 June 2020	433,923,048	449,599,225	26,000,000	1,800,000	76,165,760	41,904,097	1,029,392,130
ACCUMULATED DEPRECIATION							
Balance as at 1 July 2019	-	52,614,371	26,000,000	1,080,000	61,597,188	30,348,301	171,639,860
Charge for the year	-	17,983,969	-	180,000	8,845,904	1,902,669	28,912,541
Balance as at 30th June 2020	-	70,598,340	26,000,000	1,260,000	70,443,092	32,250,970	200,552,402
CARRYING VALUE							
As at 30 June 2020	433,923,048	379,000,885	-	540,000	5,722,669	9,653,127	828,839,728
As at 30 June 2019	433,923,048	385,838,724	-	720,000	12,409,812	4,625,475	837,517,059

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

Notes	2020/21 TZS	2019/20 TZS
6 Cash and Cash equivalents		
Petty Cash	1,264,807	1,130,207
NMB Bank House A/C 20101100005	10,000	5,336,000
NMB Bank House A/C 20101100019	(5,750,867)	1,007,424
BOT A/C9925262681	14,419,286	11,966,999
Total	<u>9,943,226</u>	<u>19,440,630</u>
7 Advance payment		
This relate to Buildings at Kijitonyama acquired from the National Insurance Corporation (NIC) under the purchase agreement dated 8 October 2009 for purchase consideration of TZS 1.5 billion which was fully paid. The transfer process of four buildings has not yet been completed due to the unresolved legal issues between NIC and its former employees still occupying four apartments out of eight. Due to the incomplete transfer of the buildings, the value of the four buildings has not been recognized in PPE rather has been recognized as advance payment of TZS 750,000,000.		
8 Accounts Receivable	4,000,000	4,000,000
This receivable is for Current Group Company, a Company that has rented one of the Council's buildings. The signed contract is TZS 12M yearly and the tenant in the year ended 30 June 2020 has not settled the dues amount for four months and vacate from the premises.		
9 Inventory		
Kamusi Kuu ya Kiswahili	1,462,500	1,242,500
Other books apart from Kamusi Kuu ya Kiswahili	32,357,316	28,227,040
Total	<u>33,819,816</u>	<u>29,469,540</u>
10 Accruals and payables		
Audit Fees	29,180,000	26,980,000
RAAWU Payable	949,868	3,712,368
Utility	-	460,000
PSSSF Penalty	-	1,249,950
Acting Allowance	-	794,000
Responsibility Allowance	6,270,500	17,652,800
Terminal Benefits	-	1,870,600
Extra duty	250,000	750,000
TEMESA	4,062,648	-
Longhorn	-	7,187,500
Total	<u>40,713,016</u>	<u>60,657,218</u>
11 Long term loan		
Longhorn	66,581,127	72,649,303
Books Publishers	72,555,000	72,555,000
Total	<u>139,136,127</u>	<u>145,204,303</u>
The Long-term loan represent amount received from publishers in writing KAMUSI KUU		

Notes	2020/21 TZS	2019/20 TZS
(Longhorn) amounting TZS 104,000,000 and KAMUSI KWA SHULE ZA MSINGI (Books Publishers) amounting TZS 72,555,000. The loans are non-interest loans payable by half of 15% Royalty receivable when the books are produced and sold by above Publishers.		
12 Revenue from non-exchange transactions		
Personnel Emoluments	696,979,811	749,530,800
Other charges	100,000,000	21,301,360
Total	<u>796,979,811</u>	<u>770,832,160</u>
13 Revenue from exchange transactions		
Translation & Imprimatur Income	348,196,304	255,491,984
Publication Income	20,045,623	8,932,000
Miscellaneous Income	48,194,318	48,259,283
Total	<u>416,436,245</u>	<u>312,683,267</u>
14 Cost of books sold		
Opening stock	29,469,540	30,436,016
Purchases	10,039,802	3,737,500
Goods available for sale	39,509,342	34,173,516
less: Closing stock	33,819,816	29,469,540
cost of sales	<u>5,689,526</u>	<u>4,703,976</u>
15 Employee benefits		
Salaries and Wages	600,118,380	639,277,700
PSSSF	89,132,250	90,372,000
NHIF	17,826,450	18,074,400
WCF	2,971,075	3,012,400
Director's fee	9,850,000	6,300,000
Per diem Allowance	62,957,500	52,855,000
House Allowance	13,200,000	8,800,000
Sitting Allowance	9,050,000	3,550,000
Leave Travel	7,427,400	4,431,800
Training expenses	9,156,250	2,306,000
Utility	7,830,000	5,060,000
Honoraria	17,442,000	8,770,000
Terminal benefits	2,397,500	1,545,000
Extra Duty	29,289,000	28,947,816
Subsistence Allowance	605,000	1,400,000
Special allowance	17,000,000	-
Ground Travel	22,806,800	18,975,900
Total	<u>919,059,605</u>	<u>893,678,016</u>
16 Direct expenses		
Remuneration to Instructors	46,728,631	41,018,112

Notes	2020/21 TZS	2019/20 TZS
Total	<u>46,728,631</u>	<u>41,018,112</u>
17 Supplies and consumables		
Telephone, Internet and Postage	14,221,048	10,068,066
Electricity	15,650,000	11,410,000
Office Consumables	20,724,740	7,482,256
Advertisement	9,339,600	2,567,680
Burial Expenses	7,246,000	800,000
Casual labor	4,800,000	2,060,000
Legal expenses	3,000,000	2,500,000
Conference Facilities	6,915,240	5,190,000
Food and Refreshment	29,598,600	14,196,500
Security expenses	8,400,000	9,100,000
Printing	9,026,600	1,292,000
Gifts and Prizes	890,000	
Water Bills	1,287,100	1,919,001
Bank charges	10,000	12,400
Total	<u>131,108,928</u>	<u>68,597,903</u>
18 Maintenance expenses		
Maintenance -Building	12,096,345	19,595,546
Repair and Maintenance -Motor Vehicle	7,798,248	13,926,436
Total	<u>19,894,593</u>	<u>33,521,982</u>
19 Treasury Registrar Contribution	3,750,000	2,000,000
20 Reconciliation of Actual Amounts on a comparable basis and actual amount on the financial statements		
20(a) Cash receipts		
Revenue from non-exchange transactions	796,979,811	770,832,160
Revenue from exchange transactions	416,436,245	312,683,267
Decrease / (Increase) in Receivables	-	(4,000,000)
	416,436,245	308,683,267
20(b) Cash payments		
Cost of books sold	10,039,802	3,737,500
Add: Opening balance of Payable	7,187,500	6,050,000
Less: Closing Balance of Payable	4,062,648	7,187,500
Cash payment	13,164,654	2,600,000
20(c) Salaries, Wages & Employee Benefits		
Payables as July 1,	919,059,605	893,678,016
Payables as June 30,	26,489,718	47,838,129
RAAWU Payable	(949,868)	(3,712,368)
Utility	-	(460,000)
PPF Penalty	-	(1,249,950)

Notes	2020/21 TZS	2019/20 TZS
Acting Allowance	-	(794,000)
Responsibility Allowance	(6,270,500)	(17,652,800)
Terminal Benefits	-	(1,870,600)
Extra duty	(250,000)	(750,000)
		-
Cash payment	938,078,955	915,026,427
20(d) Direct expenses	46,728,631	41,018,112
20(e) Supplies and consumables	131,108,928	68,597,903
20(f) Maintenance expenses	19,894,593	33,521,982
20(g) TR Contribution	3,750,000	2,000,000
20(h) Audit fee	25,600,000	33,280,000
Less: Closing Balance	(29,180,000)	(26,980,000)
Add: Opening Balance	26,980,000	3,180,000
Cash payment	23,400,000	9,480,000
20(i) Loans		
Closing Balance	139,136,127	
Less: Opening Balance	145,204,303	
Cash payment	(6,068,176)	

21: EXPLANATION ON BUDGET AND ACTUAL VARIANCE

Revenue	Percentage	Reasons for variance
Revenue from non-exchange transactions	(21)	Variation due to the fact that the budget included the employees that were supposed to be employed but were not employed.
Revenue from exchange transactions	(5)	The amount received was high than budgeted due to the increase of Miscellaneous Income and Translation income.
Payments		
Cost of books sold	(36)	Due demand the Council bought more books for sale
Salaries, Wages & Employee Benefits	(16)	The actual amount received was less than budgeted because the approved budget included the employees that were supposed to be employed but were not employed.
Treasury Registrar Contribution	(25)	The Council under contributed this financial year

22: CAPITAL COMMITMENTS

The Council had no capital commitments as at 30 June 2021.

23: CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2021.

24: RELATED PARTY TRANSACTIONS

These represent transaction in respect of Board members and key Management Remuneration. The related party transactions are in respect to the following:

Detail	2020/21	2019/20
	TZS	TZS
Board Members Remuneration	9,850,000	6,300,000
Key Management Remuneration	320,033,000	343,394,000

25: EVENT AFTER THE REPORTING DATE

1. Audit fee adjustment: The was necessity to adjust the accrued audit fee for the Financial Year 2019/20 and 2020/21.

26: RECONCILIATION OF DEFICIT/SURPLUS FROM ORDINARY ACTIVITIES WITH THE NET CASH FLOWS FORM OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2021

	2020/21	2019/20
	TZS	TZS
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts:		
Surplus / (Deficit) for the year	34,696,848	(22,197,103)
Depreciation	26,887,925	28,912,541
Change in Accounts Receivable	-	(4,000,000)
Change in Inventory	(4,350,276)	966,476
Change in Accruals and payables	(19,944,202)	3,589,089
Net cash flows from operating activities	37,290,295	7,271,003



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS AND
COMPLIANCE AUDIT OF NATIONAL KISWAHILI COUNCIL OF TANZANIA
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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March 2022

ML/PA/BAKITA/2020/2021

RS AND PARTNERS

Certified Public Accountants, Tax and Management Consultants

Ref: ML/PA/BAKITA/2020/21

March 2022

Chairperson of the Council,
National Kiswahili Council,
P.O. Box 4766,
DAR ES SALAAM.

Management Letter on the Audit of Financial Statements and compliance audit of National Kiswahili Council for the financial year ended 30 June 2021


I have completed the audit of National Kiswahili Council for the year ended 30 June 2021 and I am pleased to forward you this management letter.

This letter serves to bring to your attention the observations and recommendations made during the audit for action. The detailed audit findings presented in this Management Letter were communicated to management of National Kiswahili Council during the exit meeting held on 16/11/2021 in which they were discussed and agreed upon. Management responses have been considered in the preparation of this Management Letter in accordance with Regulation 86 of the Public Audit Regulations GN No.47/2009.

During the audit, I also conducted relevant audit procedures to evaluate the effectiveness of the internal controls relating to the operation of National Kiswahili Council.

I expect that the Management of National Kiswahili Council has procedures to take appropriate actions regarding the audit findings and recommendations raised in this Management Letter.

I wish to express my appreciation to the management of National Kiswahili Council for the co-operation and assistance extended to the audit team during the audit.


Selina Adolf Mkony CPA-PP 671
ENGAGEMENT PARTNER

RS and PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS
IN PUBLIC PRACTICE

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ABBREVIATIONS

ICT	Information and Communication Technology
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
ML	Management Letter
PAC	Public Accounts Committee
BAKITA	National Kiswahili Council
TZS	Tanzania Shillings
NAO	National Audit Office
URT	United Republic of Tanzania

SUMMARY OF KEY AUDIT FINDINGS AND RECOMMENDATIONS

I have completed the audit of financial statements and compliance with legislations of National Kiswahili Council for the financial year ended 30 June 2021. The audit was conducted in accordance with Article 143 of the Constitution of the United Republic of Tanzania of 1977 and Sect.10 of the Public Audit Act, Cap 418 [R.E. 2021]. I present below the summary of key audit findings:

(i) Absence of Council's Board of Directors (Refer Para 3.1.1)

I noted that, the Council's Board tenure ended on 23rd January 2021, and up to the time of completion of the current audit, the Council had no Board of Directors.

Recommendation

I recommend that Management make close follow up with the Ministry of Culture, Arts, and Sports for appointment of the new Board of Directors.

(ii) Un-submitted monthly procurement reports to PPRA (Refer Para 4.1.1)

I observed that four months reports (September 2020, October 2020, March 2021 and June 2021) were not submitted to the PPRA.

Recommendation

I recommend that Management ensure monthly procurement reports are submitted to Public Procurement Regulatory Authority as required by Regulation 87 (2) (c) of the PPR, 2013 [as amended in 2016].

INTRODUCTION, SCOPE AND METHODOLOGY

I have completed the audit of the financial statements and compliance with legislations of National Kiswahili Council for the financial year ended 30 June 2021.

This audit included a review of financial transactions, internal controls and operations only to the extent considered necessary for the effective performance of the audit to form an opinion as to whether the financial statements were prepared fairly in all material respects in accordance with the International Public Sector Accounting Standards (IPSASs) Accrual Basis.

Also, the audit included a review of the effectiveness of internal controls relating to the procurement of works, goods and services to obtain reasonable assurance on whether or not (Name of the audited entity) has complied with the provisions of the Public Procurement Law.

The audit was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and other audit procedures as deemed appropriate under the circumstances. Specific attention was placed on accountability of revenues collected/received, expenses, custody, disposal, issue and proper use of public property, and compliance with the applicable laws, directives, and instructions.

My findings should not be regarded as representing a comprehensive statement of all the weaknesses that exist in the financial and managerial systems or identifying all improvements that could be made to the systems and procedures operated.

1.0 FINANCIAL OVERVIEW

1.1. Financing of the National Kiswahili Council

The activities of National Kiswahili Council are financed mainly by Government Grants and Own Source revenue. The approved budget for 2020/21 for National Kiswahili Council was TZS 1,402,527,877 whereby TZS 1,004,189,365 was Government Grants and TZS 398,338,512 was for Own Source revenue. However, the funds collected during the year against approved budget was TZS 1,213,416,056 which includes TZS 796,979,811 and TZS 416,436,245 for Government Grants and Own source revenue respectively. The financial performance for the financial year 2020/21 was as per Table 1:

Table 1: Budget vs Actual release of Government Grants

Financial Year	Approved Estimates (TZS)	Actual Release (TZS)	Under release (TZS)	%
2020/21	1,004,189,365	796,979,811	(207,209,544)	(21)
2019/20	1,046,073,995	770,832,160	(275,241,835)	(26)
2018/19	984,149,382	678,541,800	(305,607,582)	(31)

Source: Audited financial statements for the financial years from 2018/19 to 2020/21

The deviation of 21% from the budgeted amount was due to unremitted funds from the Government.

1.2. Own source revenue performance

During the year under review, the National Kiswahili Council estimated to collect a total of TZS 398,338,512 from Own Source revenue but collected TZS 416,436,245 reflecting an over collection of TZS 18,097,733 equivalent to 5 percent. Details of budget vs. actual collection of each revenue sources is shown in Table 2 below:

Table 2: Budget vs Actual collections of each own source revenue (Exchange revenue sources)

Income item	Amount Budgeted (TZS)	Actual Collection (TZS)	(Under)/over collection (TZS)	%
Translation and Imprimatur	298,338,512	348,196,304	49,857,792	17
Publication	30,000,000	20,045,623	(9,954,377)	(33)
Miscellaneous	70,000,000	48,194,318	(21,805,682)	(31)
Total	398,338,512	416,436,245	18,097,733	5

Source: Audited Financial Statements for financial year 2020/21

Analysis below shows the trend of own source revenue estimates and actual collection for three consecutive years as per Table 3:

Table 3: Trend of Own Source Revenues

Financial year	Approved Estimate (TZS)	Actual Collection (TZS)	(Under)/Over collection (TZS)	%
2020/21	398,338,512	416,436,245	18,097,733	5

Financial year	Approved Estimate (TZS)	Actual Collection (TZS)	(Under)/Over collection (TZS)	%
2019/20	339,776,361	312,683,267	(27,093,094)	(8)
2018/19	240,499,118	297,268,800	56,769,682	24

Source: Financial Statements for the financial years from 2018/19 to 2020/21

From the above table, Own Source revenue collections from the year 2020/21 has increased by TZS 103,752,978 from that of 2019/20 equivalent to 33 percent due to the increase of Translation revenue.

2.0 FOLLOW UP OF RECOMMENDATIONS AND PAC DIRECTIVES FROM PREVIOUS YEARS

2.1 Implementation status of previous years' audit recommendations

The implementation status of previous years' audit recommendations is as summarized in Table 4 below:

Table 4: Implementation status of previous years audit recommendations

Status	No. of recommendations	Percentage
Implemented	1	20
Under implementation	4	80
Not implemented	0	-
Total	5	100

Source: Auditors' assessment of the previous years' recommendations

Generally, the implementation status is fairly satisfactory owing to the adequate management follow-up to address the outstanding audit recommendations. However, Management needs to speed up the implementation of outstanding recommendations. The detailed status of the implementation of these recommendations is shown in Appendix I.

2.2 Implementation status of PAC directives

As at 30 June 2021 the National Kiswahili Council had no directives from the Parliamentary Accounts Committee (PAC).

3.0 CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS

3.1 Governance Issues

3.1.1 Absence of the Council's Board of Directors

Section 3 and 4 of the National Kiswahili Council Act, 1967 (amended 2016) requires the Council to have Board of Directors for overseeing Council operations and, approving various tools as prepared by the management.

My review of the BAKITA operations noted that the Board of Directors tenure expired on 23rd January 2021. However, I noted limited follow up with responsible appointing authority as the last follow up letter was submitted to the then Permanent Secretary of the Ministry of Culture, Arts and Sports on 05 February 2021.

Cause

Inadequate follow up with the appointing authority.

Implication

Without Board of Directors the Council may fail to timely approve some activities such as projects, implementation reports, budgets, procurements plan and others.

Recommendation

I recommend management make close follow up with the Ministry of Culture, Arts and Sports for appointment of the new Board of Directors.

Management response

Management has undergone all the necessary procedures for establishing the new Board of Director. This includes letters Ref BKT/S/HU/II/60 of 11th November 2020 and BKT/S/HUM/II/63 dated 5th February 2021 to then Permanent Secretary Ministry of Information Culture, Arts and Sports regarding appointment of Board of Directors. Management is now waiting for the appointment and announcement of the new Board of Directors by the appointing authorities.

Audit comment

Management response has been noted, I will keep monitoring the status of audit recommendations in my future audits.

3.1.2 Unsubmitted quarterly audit report to Internal Auditor General

Treasury Circular No 3 of 2020 requires Heads of Public Institutions to submit to the Internal Auditor General Quarterly Internal Audit Reports.

During audit, I noted that the quarterly internal audit report of April - June 2021 has not been submitted to Internal Auditor General as per cited circular.

Cause

Transfer of the Council Internal Auditor to other institution without replacement.

Implication

Without submission of the mentioned reports may affect the internal auditor General to plan for its audit and supervision.

Recommendation

I recommend management continue liaising with the President's Office (Establishment) to fill the Internal Audit position for enhancing accountability and review of internal controls, risk management and governance.

Management response

Management has already (vide letter ref. BKT/S/AJIRA/24/74 of 15th November 2021) requested for a permit from the President's Office (Establishment) to fill the vacancy of Internal Auditor by transfer. One application has been received from an employee of the Judiciary.

Audit comment

Management response has been noted. I will keep monitoring the status of audit recommendations in my future audits.

3.2 Human Resource and Payroll Management

3.2.1 Executive Secretary posts acted for more than 6 months without confirmation

Order D-24 (3) of the Government Standing orders for Public Service of 2009 requires the government posts not to be acted for more than six months without confirmation. During audit, I observed that the Executive Secretary has been acting in that position since 1st March 2020 thus exceeds six months.

Cause

Vetting process regarding the appointing of the Executive Secretary.

Implication

Create limitations in efficiency and effective management of the Council.

Recommendation.

I recommend management follow up with the appointing authority to ensure appointment of the Executive Secretary to the Council.

Management response

Management is waiting for the appointment of Executive Secretary.

Audit comment

Management response has been noted. I will keep monitoring the status of audit recommendations in my future audits.

4.0 CURRENT YEAR FINDINGS AND RECOMMENDATIONS ON COMPLIANCE AUDIT

4.1 Procurement and Contract Management

4.1.1 Un-submitted monthly procurement reports to PPRA

Reg. 87 (2) (c) of the Public Procurement Regulations, 2013 require that monthly procurement implementation reports to be submitted to the Public Procurement Authority (PPRA) by the procuring entities.

The purpose of the reports is for the Authority to continuously monitor procurement activities and contract implementation. During the audit I observed that four months reports i.e., September 2020, October 2020, March 2021 and June 2021 were not submitted to the PPRA.

Cause

Misunderstanding by Procurement staff that if there were no procurements during the month there is no need to report.

Implication

Failure to submit monthly procurement reports affect monitoring of procurement activities by PPRA.

Recommendation

I recommend management ensure monthly procurement reports are submitted to Public Procurement Regulatory Authority as required by Reg. 87 (2) (c) of the PPR, 2013 [as amended in 2016].

Management response

Management has directed PMU to prepare monthly reports for all months regardless of whether there are procurements or not. Where there are no procurements, the report will show nil Procurements.

Audit comment

Management response has been noted. I will keep monitoring the status of audit recommendations in my future audits.

5.0 ACKNOWLEDGEMENT

I wish to express our appreciation to the management of National Kiswahili Council for the co-operation extended to the audit team during the course of audit. I hope that such good working relationship will continue to be extended to audit teams during future audits.

APPENDICES

Appendix I: Implementation status of previous years' recommendations up to the year ended 30 June 2021

Financial year	Category	Summary of audit observation	Audit recommendation	Management response	Auditor's comments on the assessment of the outstanding matter	Status
2019/2020	Risk Management Framework	During the audit we observed that the Council had no Risk Management Framework	I recommended the Council to train staff on risk awareness procedures to be in a position to establish and maintain Risk Management Framework.	Staff were trained on risk management. A Consultant is preparing the Risk Management Framework and this is in the final stages of completion.	Management response noted for engagement of consultant on preparation of risk management framework for follow up in the coming audit.	Under implementation
	ICT POLICY	The Council does not maintain an ICT policy	I recommended management to develop an ICT policy as per e-Government Guidelines.	ICT policy has been developed and the Council is currently using it.	The ICT policy has been verified and it is in place.	Implemented
2017/18 3.1.1	Litigations against the National Kiswahili Council,	Breach of Sale Agreement Relating to buildings on Plots 75, 76, 77 and 78 at Kijitonyama Makumbusho area relating to TZS 1.5 billion paid by BAKITA to NIC in October 2009 but still occupied by NIC staff and the case is in the court of law.	I recommended management to request NIC to compensate BAKITA at an agreed rate for the failure to fulfill the sale agreement. Also, NIC should refund the Council all costs incurred for running the case.	The NIC staff were evicted by police help in 2016. BAKITA won the case on 06.05.2020 However, NIC Staff filed an appeal in the Court of Appeal. The case has been taken over by The Solicitor General. BAKITA is now waiting for summons to the Appeal Court through the Solicitor	Since management cannot influence the current position, I will keep monitoring the status of the litigation as we proceed with future audits.	Under Implementation

Financial year	Category	Summary of audit observation	Audit recommendation	Management response	Auditor's comments on the assessment of the outstanding matter	Status
2017/18	Internal Controls	BAKITA operational manuals not updated.	I recommended that Management ensure that accounting manuals and other operational manuals are updated.	General. BAKITA has prepared the manuals and the Board of Directors have approved. These have been sent to the Treasury Registrar for final approval. However, the Treasury Registrar vide letter No CAB/85/213/01/04 of 27.7.2020, has withheld the approval pending Government's overall directive on the matters of accounting and work manuals in Government Departments.	Management response noted for the prepared manuals. Despite that, the matter will be in tab for follow up of approval of the operational tools.	Under Implementation
2017/18 3.3.2	Human Resources management	Absence of personnel inadequate manpower strength	I recommended that Management liaise with the appropriate recruitment Authority to fill the vacant posts.	The Council has made a lot of efforts to increase the number of staff, in the year under review the Council set a budget for new employees and we got permits of 7 employees, but due to budget limitations from Central Government only 1 person was employed and one person was transferred to our Council. In the year 2020/2021 we set a budget of employing 14 employees and 1 person has been employed. The Council is still	Auditors will make follow up for the employment of new employees in the next audit.	Under Implementation

Financial year	Category	Summary of audit observation	Audit recommendation	Management response	Auditor's comments on the assessment of the outstanding matter	Status
				communicating with the President's Office, Public Service Management and Good Governance, so that we get all budgeted employees.		