



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



NATIONAL ARTS COUNCIL

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL AND COMPLIANCE AUDIT FOR THE  
FINANCIAL YEAR ENDED 30 JUNE 2024

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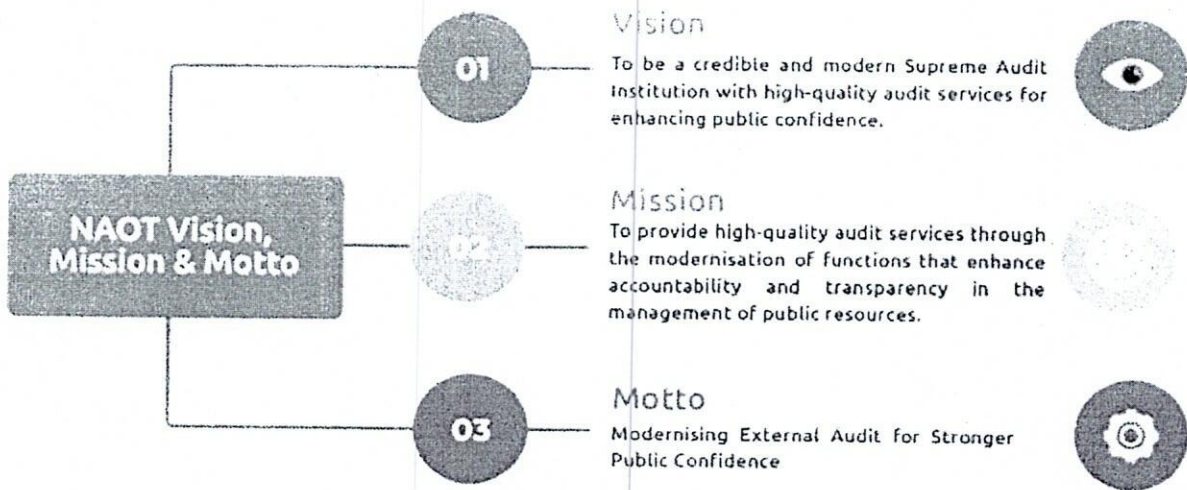
March 2025

AR/PA/NAC/2023/24

## 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.



#### Independence and impartiality

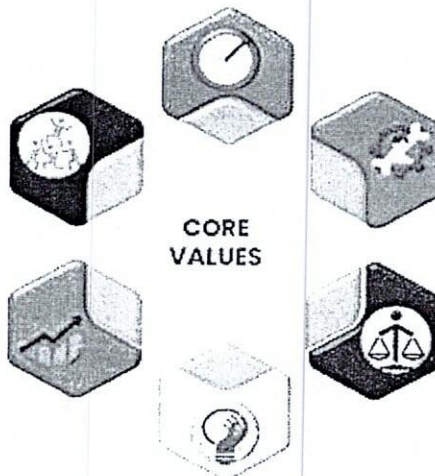
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

#### 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

ACPA	Associate Certified Public Accountant
AMIS	Artist Management Information System
AR	Audit Report
BASATA	Baraza la Sanaa Tanzania
CAG	Controller and Auditor General
CF	Common Fund
COVID19	Corona virus Disease of 2019.
CPA	Certified Public Accountant
Dr	Doctor
EAC	East Africa Community
ECL	Expected Credit Loss
GAMIS	Government Asset Management Information System
GePG	Government e-Payment Gateway System
HIV	Human Immunodeficiency Virus
HR	Human Resource
ICT	Information and Communication Technology
IESBA	International Ethics Standards Board for Accountants
IFACCA	International Federation of Arts Councils and Culture Agencies
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
MUSE	Mfumo wa Ulipaji Serikalini
NAC	National Arts Council
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
PAD	Public Authority Department
PLANREP	Planning and Reporting System
PPE	Property, Plant and Equipment
PSSSF	Public Service Social Security Fund
TFRS1	Tanzania Financial Reporting Standard 1
TZS	Tanzanian Shillings

## 1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board of Directors,  
National Arts Council,  
P.O. Box 4779,  
Dar es Salaam, Tanzania.

### 1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### Unqualified Opinion

I have audited the financial statements of National Arts Council (NAC), which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of changes in net assets, 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 Arts Council (NAC) as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

#### Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of National Arts Council (NAC) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

#### Key Audit Matters

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

## **Other Information**

Management is responsible for the other information. The other information comprises the report by those charged with governance or any other equivalent report, statement of management responsibility, Declaration by the Head of Finance, and any other information included in the entity's annual report but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on 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, Section 10 (2) of the Public Audit Act, Cap. 418 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap. 410 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

## **1.2 REPORT ON COMPLIANCE WITH 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 in National Arts Council (NAC) for the financial year 2023/24 as per the Public Procurement laws.

#### **Conclusion**

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

#### **Under implementation of the annual procurement plan**

Section 49 of the Public Procurement Act, Cap 410, requires procuring entities to prepare an Annual Procurement Plan, integrate it with their budget and expenditure program, and prevent emergencies and procurement splitting. However, our review of the Council's procurement revealed that while the approved budget for goods and services was TZS 734,497,000, the actual procurement amounted to only TZS 272,056,000, representing 37% of the total budget.

### **1.2.2 Compliance with the Budget Act and other Budget Guidelines**

**Subject matter: Budget formulation and execution**

I performed a compliance audit on budget formulation and execution in National Arts Council for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

#### **Conclusion**

Based on the audit work performed, I state that, except for the matter described below, Budget formulation and execution of National Arts Council is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

### Inadequate budget for settling staff debts

Paragraph 1.7 (ii) and (iv) of the Guidelines for the Preparation of Plans and Budget for 2023/24 require allocating funds to settle office operating expenses and employee entitlements to prevent debt accumulation. However, our review revealed outstanding debts of TZS 206,455,698, with TZS 85,436,116 unpaid for over a year, covering employee per diems, subsistence, housing, electricity, and telephone allowances, with no budget allocated for settlement.

The rising debts are due to inadequate budget provisions and low revenue collections, limiting the Council's ability to meet its obligations. This has negatively impacted staff morale, leading to dissatisfaction and affecting overall performance.

  
Charles E. Kichere  
Controller and Auditor General,  
Dodoma, United Republic of Tanzania.  
March 2025



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## 2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE

### 2.1 ESTABLISHMENT

The National Arts Council (NAC) is a public body established under the National Arts Act, No. 23 of 1984 as amended by Miscellaneous Amendment Act No. 5 of 2019. The Act repealed the National Arts Council and the National Music Council Act, both of 1974, to pave the way for the establishment of one Council responsible for all the arts in Tanzania Mainland. The objective of establishing the National Arts Council is to revive, promote and develop Arts in Tanzania.

### 2.2 MISSION, VISION AND CORE VALUES

The vision statement describes the Council's future direction that allows staff to carry out their tasks with a shared corporate goal while mission statement summarizes NAC's purpose of existence and how customers' expectations will be met. Additionally, NAC has defined Core Values that describe its identity and serve as ethical benchmarks by which NAC and its personnel are valued. The values are committed to its stakeholders and are infused into the Council's action.

In the financial year 2023/24, NAC was implementing the fourth year of its five years (2020/21-2025/26) Strategic Plan. The defined vision, mission and core values are:

#### 2.2.1 Vision

The National Arts Council should become the guiding and facilitating organization for artistic excellence, profitability, and vibrancy in Tanzania.

#### 2.2.2 Mission

To facilitate production, consumption, marketing of and participation in high quality art.

#### 2.2.3 Core Values

- a) Consolidation of national identity through the promotion and development of an authentic Tanzanian artistic tradition.
- b) Promotion of artistic activities with due respect and regard for sustainable environment protection.
- c) Respect for human rights including gender equality and equity, children's rights, rights of the elderly as well as those of people with disabilities.
- d) Promotion of artistic activities with due respect to legal requirements, including registration and permit regulations.
- e) High regard for professionalism and excellence; and

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2.3 Promotion of creativity and innovation.

## 2.4 STRATEGIC OBJECTIVES

NAC's Plan and Budget for the year 2023/24 aimed at achieving eleven (11) Strategic objectives as follows:

- a) Health Services improved and HIV/AIDS infections reduced
- b) Effective implementation of National Ant-Corruption Strategy enhanced and sustained
- c) Good Governance and Conducive Environment for Service Delivery enhanced
- d) Council Resources increased and controlled
- e) Art Centers Built and Council Offices strengthened
- f) ICT Services and Public and Access to Arts Information enhanced
- g) Legal Services for the Council and Art Sector Management strengthened
- h) Creativity and Quality Art Works enhanced
- i) Arts Promotion Activities in Primary and Secondary Schools strengthened
- j) The Use of Folklore Expressions and Traditional Arts managed
- k) Community Participation in Arts Activities enhanced

## 2.5 MAIN FUNCTIONS OF NAC

As per Section 4 (1) of the National Arts Act, Cap 204, the National Arts Council has the following functions: -

- a) To assume responsibility for the revival and to promote the development and production of artistic works including the production and use of indigenous and traditional musical instruments, songs, poetry, and traditional dancing with a view of reviving and promoting Tanzania Culture;
- b) To carry out research in the development and production of artistic works and marketing of such works, including the standard and quantity of artistic works produced in Tanzania;
- c) To provide advisory services and technical assistance necessary for the incidental to the proper development of enterprise for the production of artistic works to parastatal organizations and other person, engaged in such enterprises;
- d) To plan, monitor, regulate, assess and coordinate the activities of persons engaged in the production of artistic works in Tanzania;
- e) To advise the Government on all matters relating to policies, legislation, market, development and production of artistic works in Tanzania;
- f) To provide and promote training facilities for persons engaged in or employed or to be employed in enterprises for the production of artistic works;
- g) To undertaking or assist any institution or person in the undertaking of production, importation, exportation and sale of artistic works for any matters appertaining to artistic works;
- h) To stimulate the development of artistic works by preparing and arranging exhibitions, displays, performances, workshops, seminars and competitions between different artists;
- i) To provide bylaws publish in Gazette and in such manner as the Council may approve, a system of registration of artists, artistic ensembles, association or organization,

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- infrastructure used for artistic entertainment and performance, venter and all person engaged or otherwise uses for gain the works of arts;
- j) To make, publish and disseminate information and guidelines relating to the revival, promotion, development, production and marketing of artistic works;
  - k) To establish, compile and maintain databases, including database of persons, organization, institutions, equipment and facilities connected with the works of art;
  - l) To promote adherence with Tanzanians cultural, moral and ethical values among artists and other persons involved in production, performance, distribution or exhibition of artistic works;
  - m) To promote formation of association or organization with the view to encourage growth of smaller groups of persons engaging in artistic works in Tanzania;
  - n) To assist any artist or group of persons who are citizens of Tanzania in obtaining relevant training or study tour on arts or artistic skills within or outside of Tanzania;
  - o) To raise, maintain or otherwise administer funds from such sources and such means as the Minister may approve to enable the Council to carry out functions and empowering the artists in carrying out their artistic activities;
  - p) To exercise disciplinary power over person or group of persons, organization, association, or owners of infrastructures engaged in artistic works who contravene provision of this Act; and
  - q) To perform such other function as may be assigned by the Minister or prescribed to it under the provisions of this Act and other written law.

### 2.6 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

#### 2.6.1 CURRENT PERFORMANCE

During the year, the Council implemented a number of activities, including the following:

- a) To assume responsibility of the revival and to promote the development and production of artistic works including the production and use of indigenous and traditional musical instruments, songs, poetry, and promoting Tanzania culture: -
  - i) Participated at the 48<sup>th</sup> International Trade Fair held in Dar es Salaam. Apart from publicity, the Council coordinated the participation of the arts industry in which four individual artists and eight groups of Artists among others participated in the trade fair,
  - ii) Coordinated eight Music Federation Meetings,
  - iii) Coordinated One Fine Arts and Craft Federation training and one strategic meeting,
  - iv) Coordinated one Performing Arts Federation Training,
  - v) Raised public awareness on the arts promotion related matters by conducting media campaigns in social and mainstream Medias. The media tours conducted in 26 Media and 14 media conferences were undertaken,
  - vi) Published 18 notices though social media and other media to inform the public, issue warnings and guidelines on various art related issues,
  - vii) Prepared and published on quarterly basis Msanii Journal,
  - viii) Conducted through BASATA Vibes project,

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- ix) Conducted five days training to 23 Cultural officers from 9 regions of Tanzania Mainland and One from Zanzibar. The main topic was coordination of Arts events; and
  - x) Participated in the National Committee of vetting of Mwalimu Nyerere Portrait. The Portrait was fixed in the Africa Union Headquarters, in Addis Ababa, Ethiopia.
- b) To plan and co-ordinate artistic events
- i) Launched the Special Committee for Coordinating Tanzania Music Awards for the year 2023 and thereafter launched TMA and opened Artistic Works Submission Window for receiving songs released in year 2023 for nomination,
  - ii) Conducted through BASATA Vibes, ten Arts events in seven regions in Tanzania Mainland. These regions are Dar es Salaam, Tanga, Morogoro, Iringa, Dodoma, Ruvuma and Arusha,
  - iii) Coordinated five international artistic events namely Bagamoyo Arts Festival, African and Heads of States Summit, AGRA Summit, Magic Vibes Awards and HAPAWARDS,
  - iv) Coordinated the second National Cultural Festival and Tanganyika and Zanzibar 60 years Union,
  - v) Conducted Arts for Children event in Arusha where 853 children participated from two secondary schools and three Primary Schools. The event included Singing of National Patriotic Songs,
  - vi) Conducted drawing skills training in one secondary school in Morogoro whereby 270 students participated,
  - vii) Conducted “Sanaa Mtaa kwa Mtaa” for the purpose of uplifting upcoming artists directly from streets. This program was undertaken in Arusha and Tanga, Njombe by involving a number of musicians, fine and performing artists,
  - viii) Prepared a Concept Note to solicit sponsorships for implementing the “Mdundo wa Taifa” program. Furthermore, the Council held a Strategic Meeting with Association of Tanzanian Composers and Producers leadership to prepare strategies of implementation of the producer’s kit program; and
  - ix) Developed a system for parking Producers Kit Samples.
- c) To register and provide permits to artists, arts stakeholders and arts events
- i) Promoted the use of the Artists Management Information System (AMIS) as a user-friendly system in which all artists and arts stakeholders acquire their operation permits,
  - ii) Conducted the registration operations to artists, arts stakeholders and arts infrastructures including 462 entertainment halls in Tanzania mainland and 1,300 individual Artists, Artistic groups 248 and 112 Arts Stakeholders were registered, and
  - iii) Provided permits to 87 foreign artists, 288 local artists for international arts performances and 46 Arts events.
- d) To prepare and update arts legislations and maintain the artistic code of ethics for prevention of Tanzanians Tradition Custom:

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- i) Reviewing the National Arts Council Regulation No. 43 of the year 2018. The Draft was shared with various arts stakeholders and the Ministry, and
  - ii) Launched the Ethics Guidelines for Artists “Mwongozo wa Maadili kwa Wasanii” and shared on the website, Arts Federations and Associations, some regulatory authorities and various arts stakeholders.
- e) To provide advisory services and technical assistance necessary for or incidental to the proper development of enterprise for the production of artistic works to Parastatal organizations and other person engaged in such enterprises:
- i) Reviewed 150 songs and vetted,
  - ii) Vetted artists which were involved in Ceremony of awarding Five hundred Million to the National Football team; and
  - iii) Conducted quality assurance on arts performances for the launching of African Football League.

### 2.7 COUNCIL’S OPERATING MODEL

The Council continues with the developed operating model which provides the system of transforming inputs, through its operating activities, into outputs and outcomes that aims to fulfil NAC's strategic purposes and create value over the short, medium and long term.

Thus, Council Operating Model is based on the following:

#### A. Inputs

i. **Human Capital:** The Council has employed staff with adequate skills and competence in different cadre to ensure delivery of quality services. Employees are well motivated and perform their duties responsibly and in ethical manner. NAC engages in a capacity building to its Staff on short and long courses with the aim of improving their performance to meet expected targets.

ii. **Financial Capital:** Financial capital is composed of financial resources for recurrent activities and development activities received from the Government and through own sources collections. NAC is a Public Institution entrusted to ensure the development and promotion of arts and entertainment sector.

iii. **Social and Relationship Capital:** In executing its functions has established an ethical and transparent relationship with government institutions, artists, artistic stakeholders, policy makers and the society in general. In doing this, the Council conducted several meetings with artist associations and federations during the year under review.

iv. **Intellectual Capital:** The Council has developed a system known as Artist Information Management System (AMIS) that is used to manage artists and artist stakeholders’ information.

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### B. Operating Activities

The Council implements several activities in converting inputs into quality service potential delivery. The operating activities are divided into two major groups, artistic activities and operational activities.

### C. Outputs

During the year under review the Council the performed in accordance to its mandatory activities, which include regulatory, advisory, promotion and development of artistic activities, and coordination of artistic events, all the activities was aimed to revive and to promote the development of arts in the Country.

### D. Outcomes

In translating the inputs, here are some of the major experienced outcomes for the year ending 30 June 2024:

- i) Increased compliance into NAC rules and regulations
- ii) Increased awareness of NAC services.
- iii) Increased ethics compliance of ethics by artists in performing their activities
- iv) Increased operational efficiency of the Council in terms of good governance functions.
- v) Enhanced the use of ICT system in service provision

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### 2.8 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

RISK DESCRIPTION	CATEGORY OF RISK	RESIDUAL RISK ASSESSMENT				RISK MITIGATION
		IMPACT	LIKELIHOOD	RISK RATING	RISK STATUS	
Possibility of an increase in HIV infection due to inadequate awareness resulting into loss of manpower	Operational	4	3	12	HIGH	<ol style="list-style-type: none"> <li>1. To establish HIV, AIDS and NCD Council Committee</li> <li>2. To strengthen awareness programmes</li> <li>3. To implement sports and exercise activities/schedule accordingly.</li> <li>4. To execute an Action Plan as planned</li> <li>5. To provide protective gears to staff</li> </ol>
Possibility of an increase in staff with NCD due to poor working condition resulting into unsatisfactory performance	Operational	4	4	16	EXTREME	<ol style="list-style-type: none"> <li>1. To establish awareness sessions for all staff annually.</li> <li>2. To register all staff and their dependents in NHIF.</li> <li>3. To implement staff sports and exercise programs.</li> <li>4. To provide staff with NCD with Special Diet.</li> <li>5. To acquire adequate office space and improved facilities.</li> </ol>
Possibility of employees' turnover due to inadequate incentives resulting into decrease of manpower	Operational	4	3	12	HIGH	<ol style="list-style-type: none"> <li>1. To establish training and mentoring sessions to NAC staff</li> <li>2. To provide management training to Senior Officials</li> <li>3. To recognize the need of work-life balance to staff</li> <li>4. To introduce recognition and reward systems programs</li> <li>5. To propose Staff Incentive Package and Review of Salaries</li> </ol>
Implementation of the Council's activities may not adhere the stated Budget due to funding constrains as well as occurrence of unbudgeted and overlapping activities that can lead the Council failure to	Operational	3	3	9	MODERATE	<ol style="list-style-type: none"> <li>1. To Provide awareness to staff on Public Finance Act, and Regulations</li> <li>2. To provide training to the Budget Committee on Budget Act and its Regulations</li> <li>3. To train Account staff of Accounting Standards and MUSE</li> <li>4. To update Financial Regulations and develop accounting manual</li> <li>5. To train Budget Officers on PLANREP and Budget Implementation Procedures</li> </ol>

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RISK DESCRIPTION	CATEGORY OF RISK	RESIDUAL RISK ASSESSMENT				RISK MITIGATION
		IMPACT	LIKELIHOOD	RISK RATING	RISK STATUS	
achieve its strategic goals. Possibility of qualified Audit opinion due to inadequate exposure of professional Accountants in IPSAS resulting to bad reputation	Operational	3	4	12	HIGH	<ol style="list-style-type: none"> <li>1. To Increase awareness on accounting standards</li> <li>2. To support accountants and auditor attend CPE Seminars and training</li> <li>3. To communicate system misbehaviors to MUSE experts of Ministry of Finance</li> <li>4. To attend audit queries promptly</li> </ol>
Possibility of improper budget forecast due to poor participation of budget officers resulting to unachievement of set objective.	Operational	4	2	8	MODERATE	<ol style="list-style-type: none"> <li>1. To strengthen budget training to budget officers before budget preparation</li> <li>2. To conduct mid-year budget review so as to prioritize crucial activities</li> <li>3. To provide budget lead to all departments on how to prepare their budget.</li> <li>4. To provide budget guidelines to budget officers</li> </ol>
Possibility of inaccurate witness evidence due to non-involvement in investigation resulting in loosing cases	Operational	3	2	6	MODERATE	<ol style="list-style-type: none"> <li>1. To strengthen on the compliance to the laws</li> <li>2. To strengthen on the roles of witness</li> <li>3. To strengthen awareness on matters related to witness</li> <li>4. To conduct the dual case maintenance register</li> </ol>
Possibility of system failure due to Network hardware faults resulting into unavailability of service	Operational	3	2	6	MODERATE	<ol style="list-style-type: none"> <li>1. To Strengthen Artists Registration &amp; Permit Desk.</li> <li>2. To develop a complaint handling procedure</li> <li>3. To provide artists with simple guidelines.</li> <li>4. To promote AMIS and other issued guidelines</li> <li>5. To conduct customer satisfaction survey</li> </ol>

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RISK DESCRIPTION	CATEGORY OF RISK	RESIDUAL RISK ASSESSMENT				RISK MITIGATION
		IMPACT	LIKELIHOOD	RISK RATING	RISK STATUS	
Possibility of cyber-attacks due to improper security configuration resulting into Denial of Service	Operational	3	2	6	MODERATE	<ol style="list-style-type: none"> <li>To ensure that awareness trainings are conducted on ICT Security and ICT Policy to NAC employees and stakeholders</li> <li>To facilitate ICT Officers on ICT Security Professional Certifications such as CISP, CEH, etc.</li> <li>To ensure that Intrusion Detection Systems are in place and well configured</li> <li>To ensure that Intrusion Prevention Systems are in place and well configured</li> </ol>
Possibility of issuing wrong assurance due to frequent change of laws and regulations resulting into wrong decision making	Operational	3	4	12	HIGH	<ol style="list-style-type: none"> <li>To comply with laws and regulations</li> <li>To adhere with correct procedures and best practice</li> <li>To have time or resources to conduct the audit</li> <li>To have an expertise in a particular audit</li> <li>To review audit processes regularly</li> <li>Promote the ethical requirements of an auditor (Independent, integrity, objectivity, confidentiality and competence)</li> </ol>
Possibility of not implementing of audit recommendations due to inadequate audit knowledge resulting into qualified opinion	Operational	5	5	25	EXTREME	<ol style="list-style-type: none"> <li>To have effective follow-ups by internal auditor</li> <li>To have effective internal control system</li> <li>To have training to the management team</li> <li>To value the work of internal auditor</li> </ol>

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RISK DESCRIPTION	CATEGORY OF RISK	RESIDUAL RISK ASSESSMENT			RISK MITIGATION
		IMPACT	LIKELIHOOD	RISK RATING	
Possibility of untimely internal Audit report due to delay of management response resulting into failure to achieve desired goals	Operational	2	2	4	<p>NEGLIGIBLE</p> <ol style="list-style-type: none"> <li>1. To conduct awareness training on audit matters to all staff</li> <li>2. Provide professional training</li> <li>3. Communicating Audit Queries immediately to Management for further action</li> <li>4. To conduct entrance and Exit Meetings with auditees so as to improve co-ordination and co-operation with auditors</li> </ol>
Possibility of inaccurate technical specifications due to inadequate knowledge resulting in delaying	Operational	4	3	12	<p>HIGH</p> <ol style="list-style-type: none"> <li>1. To ensure implementation of annual procurement plan</li> <li>2. To implement evaluation report</li> <li>3. To execute Action Plan as planned</li> <li>4. To conduct capacity building on procurement Quarterly</li> </ol>

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### 2.9 KEY PERFORMANCE INDICATORS

S/No.	OBJECTIVE DESCRIPTION	TARGETS	KEY PERFORMANCE INDICATORS	OUTCOME INDICATORS
1	Health Services improved and HIV/AIDS infections reduced	<ul style="list-style-type: none"> <li>HIV/AIDS prevention awareness and support provided to 80 Council staff and 120 Artists by June 2024</li> </ul>	<ul style="list-style-type: none"> <li>Number of staff attended awareness seminar</li> <li>Number of staff voluntarily tested</li> <li>Number of staff living with HIV/AIDS provided with care and supportive services</li> </ul>	<ul style="list-style-type: none"> <li>HIV/AIDS and NCD prevalence rate at work place</li> </ul>
2	Effective implementation of National Anti-Corruption Strategy enhanced and sustained	<ul style="list-style-type: none"> <li>Number of integrity committee meeting conducted</li> </ul>	<ul style="list-style-type: none"> <li>Number of integrity committee meeting conducted</li> <li>Number of corruption cases reported</li> </ul>	<ul style="list-style-type: none"> <li>Reduced number of fraudulent cases.</li> </ul>
3	Good Governance and Conducive Environment for Service Delivery enhanced	<ul style="list-style-type: none"> <li>Seminars, workshops and training conducted by June 2025</li> <li>Board of Directors and Board committees' meetings conducted by June 2025</li> <li>Training on good governance issues conducted to Council staff and artist by June 2025</li> <li>Staff development and motivation tools improved by June 2025.</li> </ul>	<ul style="list-style-type: none"> <li>Number of board and committees' meetings conducted</li> <li>Number of staff attended training</li> <li>Number of seminars and workshops conducted</li> </ul>	<ul style="list-style-type: none"> <li>Increased good governance practices in the art sector</li> </ul>
4	Council Resources increased and controlled	<ul style="list-style-type: none"> <li>Audit of council Accounts and other resources conducted by June 2025</li> <li>Annual procurement plans prepared and implemented by June 2025</li> <li>Audit of council accounts and other resources conducted by June 2025</li> </ul>	<ul style="list-style-type: none"> <li>Number of audit queries reduced</li> <li>Unqualified audit opinion</li> </ul>	<ul style="list-style-type: none"> <li>Increased council resources</li> </ul>

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5	ICT Services and Public Access to Arts Information enhanced	<ul style="list-style-type: none"> <li>• ICT and information advocacy developed and implemented by June 2025</li> <li>• To conduct ICT Security awareness training to NAC employees by June 2025</li> <li>• Five years of information, communication and advocacy strategy developed and implemented by June 2025</li> </ul>	<ul style="list-style-type: none"> <li>• Number of awareness trainings conducted</li> <li>• Information and communication advocacy document developed</li> </ul>	<ul style="list-style-type: none"> <li>• ICT services and public access to arts information increased</li> </ul>
6	Creativity and Quality Art Works enhanced	<ul style="list-style-type: none"> <li>• Arts awards and Competitions conducted by June 2025</li> <li>• Artists' meetings, events, exhibitions and competitions conducted by June 2025</li> <li>• Workshops, seminars and training on quality and creative arts conducted to 1000 artists by June 2026</li> <li>• Arts awards and competitions conducted by June 2026</li> </ul>	<ul style="list-style-type: none"> <li>• Number of competitions conducted</li> <li>• Number of meetings conducted</li> <li>• Number of artistic events conducted</li> <li>• Number of artistic exhibitions conducted</li> </ul>	<ul style="list-style-type: none"> <li>• Creativity in arts sector enhanced</li> </ul>

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## 2.10 FUTURE DEVELOPMENT PLANS AND STRATEGIES

The Council is developing an Arts Centre in Dar es Salaam in plot no. 417; Block D of Square Meter 9,725 Ilala Shariff Shamba and Plot no. 882 Block D of Square Meter 8,613 in Dodoma at Chamwino District, the idea of establishing an Arts Centre is a long-standing dream of the Council and was hatched at the very beginning of its formation. The designated responsibilities of the Council can be more efficiently performed within the conceptual and physical environment that an arts Centre provides. An Arts Centre is an inclusive institution and facility, to serve not only as the administrative hub of the Council but also as a resourceful and nourishing Centre for upcoming and established artists to turn to in order to improve and reinspire their powers of artistic creation.

An Arts Centre also generates long-term active involvement in the arts, across all disciplines, through specific outreach programs targeting artists and marginalized groups such as children, the youth, women people with disabilities and the aged. Its inclusive nature increases community participation in the arts and promotes attendance at arts events.

Using its current infrastructure, though limited, the Council has, all along, been implementing the arts Centre concept through training programs for artists, hosting small performances, exhibitions, art and culture meetings and availing its small multipurpose hall to arts organizations to conduct their own meetings, seminars and workshops. Every Monday the Council holds a session of art talks which artists and the general public are encouraged to attend. When the theatre house is ready, it will increase the number and size of activities open to artists and the public.

Overall, the Council has kept its doors open to the general public as much as is practically possible. The implementation of the full arts Centre project will put the Council where it should be the Centre of the Tanzania world of art.

## 2.11 ORGANIZATION STRUCURE

The overall Management of NAC is vested to management of the National Arts Council under the Executive Secretary who is assisted by a Management Team composed of units and departments. The Executive Secretary is the Chief Executive Officer responsible for day-to-day operations of the Council, the management of funds, property and business of the Council and for the administration, organization and control of the other officers and staff of the Council. The organization structure of the council has two departments, the Department of Corporate Services and Department of Arts Promotion and Marketing, one dealing with core functions and the other with supporting functions. Also, there are five independent units as follows: Procurement unit, Legal Service unit, and internal audit unit, Public Relations and ICT and Statistics.

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## 2.12 ANALYSIS OF FINANCIAL PERFORMANCE

### 2.12.1 REVENUE

Based on the Statement of Financial Performance, the Council's total revenue for the year 2023/24 was TZS 2,679,110,157 comprised of own source revenue and Government grant. The Council's own source revenue was TZS 779,347,699 and Government grants was TZS 1,899,762,458 in the year 2023/24, which is an increase of 20% from the previous year's (2022/23) revenue of TZS 2,234,537,344.

The revenue increase was mainly due to an increase in government subvention to facilitate its planned activities. A total of TZS 1,899,762,458 was received during the year 2023/24 compared to TZS 1,340,741,668 in 2022/23 which is an increase of 42%.

### 2.12.2 EXPENDITURE

The total expenditure during the year under review was TZS 2,931,120,297, indicating an increase of 34% compared to the previous year's 2022/23 expenditures of TZS 2,182,312,045. The increase was mainly due to the increase in the Council's operations. The increase in expenditure was also associated with the increase in the number of staff (55 Staff) in year 2023/24 compared to (52 Staff) in the previous year and Board expenses which was not there in the previous year. The Council incurred various expenses in the financial year ending 30 June 2024. These expenditures include;

#### 2.12.2.1 Wages, Salaries, Employment Benefits and Other Staff-Related Costs

During the year under review the Council incurred TZS 2,097,270,532 for Wages, Salaries, Employees benefits, and other Staff-related costs. Compared to the year 2022/23 TZS 1,522,072,889 was spent on Wages, Salaries and other employee allowances. The increase in this category was mainly due to the increase in the number of staff, transfer of staff (in and out), increase of managerial staff with entitlements and increase of rates of per diem paid to staff.

#### 2.12.2.2 Use of Goods and Service

During the year 2023/24, the expenditure incurred for the supplies of goods and services was TZS 601,580,123 compared to 2022/23 TZS 513,937,881. The increase was due to more expenditure on procured office consumables, and other administrative activities to facilitate operations of the Council as per planned activities.

#### 2.12.2.3 Acquisition of Property, Plant and Equipment

During the year 2023/24, the Council acquired new assets worth TZS 29,401,695 (2022/23: TZS 26,441,003).

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## 2.12.2.4 Council Member's Fees and Other Expenses

During the year 2023/24, TZS 32,250,000 was paid to the Council members as annual fee basing on the Treasury Registrar's Circular No.1 of 2020. The new Council Members were appointed in October 2023. There was no Council Members in the year 2023/23.

## 2.11.2.5 Maintenance Expenses

Maintenance expense was TZS 65,170,297 (30 June 2023: TZS 16,436,070) an increase of TZS 48,734,227 the increase of expenses was due to raise of prices of spare parts for motor vehicles frequently incurring maintenance due to the fact that these vehicles was acquired many years ago.

## 2.11.2.6 Other Expenses

Other expenses were TZS 92,014,430 (30 June 2023: TZS 37,134,392) which there is as increase of TZS 54,880,038 this was resulted to expenses incurred to facilitate the Tanzania Music Awards 2023 (TMA 2023).

## 2.11.2.7 Payables and Accrued Expenses

During the Financial year ended 30 June 2024 the Council's total payables and accrued expenses amounted to TZS 852,749,857 Compared to TZS 510,821,129 for the year ended 30 June 2023, there was an increase of TZS 341,928,728 for payables and accrued expenses. The increase was due to the expenses incurred for TMA 2021 and 2022 that was recognized in the year ended 30 June 2024.

## 2.13 CASH FLOWS

The Council's cash flows can be analyzed through the cash flow statement, which is categorized into three areas: cash flows from operating activities, cash flows from investing activities, and cash flows from financing activities. Thus, the analysis of NAC's cash flows is summarized below.

### (a) Cash Flows from Operating Activities

The net cash flows from operating activities of TZS 9,109,711 in current year compared to TZS 30,323,471 of previous year. This was a resulted as the difference between cash receipts amounting to TZS 2,527,730,618 in current year from government subvention and own source collections and other revenue. and payments amounting to TZS 2,518,620,908 for wages, salaries and employee benefits; and, other expenses.

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### (b) Cash Flows from Investing Activities

The net cash flows used in investing activities of TZS 29,401,697 in current year compared to TZS 26,441,003 of previous year was derived from cash capital expenditures for acquisition of property and equipment.

### (c) Cash Flows from Financing Activities

There were no net cash flows from financing activities during the financial year ended on 30 June 2024, and in the previous year.

## 2.14 LIQUIDITY

During the financial year ended 30 June 2024, the Council managed its liquidity level to ensure there is sufficient funds to meet its obligation when due, without incurring unacceptable losses or risking damage to the Council's reputation. This was achieved through wise liquidity management which includes maintaining sufficient cash and cash equivalents and striving to ensure that NAC renders its services on cash. During the year under review the Council faced a Liquidity gap by the current liabilities was over and above the current assets by TZS 729,445,053. This shows that the Council was not able to meet its current obligations when due.

Therefore, the Council shall continue to monitor its existing sources of revenue, find other sources of revenue and ensure control of expenditure to minimize the effect of Council to suffer from failure to discharge its obligations when due.

## 2.15 RESOURCES

The National Arts Council depends on a number of existing resources that complement each other in the attainment of its objectives. Resources available at the closure of financial year 2023/24 are explained below:

### 2.15.1 Human Resources

As at the end of FY 2023/24, the Council's staff compliment stood at 55 as compared to 52 in the preceding financial year. The approved establishment of the NAC is 80. The staff compliment as at 30 June 2024 is shown in 2.9.2.

### 2.15.2 Staff complement as at 30 June, 2024

S/No.	Staff Category	Gender		Total	In percentage (%)	
		Male	Female		Male	Female
1.	Managerial Staff	11	4	15	73%	27%
2.	Technical Staff	24	12	36	67%	33%
3.	Support Staff	2	2	4	50 %	50%
	<b>Total</b>	<b>37</b>	<b>18</b>	<b>55</b>	<b>67%</b>	<b>33%</b>

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### 2.15.3 Financial Resources

During the financial year 2023/24, the Council's sources of finance were Government grant and subvention amounting to TZS 1,777,966,920. Own Sources amounting to TZS 728,717,699 and other sources amounting to TZS 50,630,000.

### 2.15.4 Social and Relationship Resources

In line with NAC operations, the resource comprises external key stakeholder relationships that are likely directly or indirectly to influence the Council operations. The key stakeholders include Public and Private Institutions, Artists, Art Stakeholders, Financial Institutions, Suppliers, Development Partners and Media.

### 2.15.5 Capital Resources

The Council has Properties, Plant and Equipment (PPE) that are used in day-to-day operation. The PPEs are classified into different categories as shown in Note 8. Proper utilization of this resource is enhancing operational efficiency and effectiveness in service delivery. In this regard, NAC has Financial Regulations which provide guidance on management of PPEs starting from acquisition up to disposal point. At the closure of financial year 2023/24, the Council had PPEs with total net book value amounting to TZS 6,136,273,734 as indicated in Note 8 to the Financial Statements.

### 2.15.6 Intellectual Resources

The Council's intellectual resources include ICT application systems which have automated and modernized operations. The Council has developed the system known as AMIS that is used for storing artists and artists' stakeholders' information. Further, the Council uses MUSE for all payments to its customers as well as GePG for revenue collections.

In general, implementation of ICT application systems improves the Office's service delivery process and enhances efficiency. The Council shall continue with its initiative to automate business operations to enhance efficiency and reduce costs of business operations. Factors that may affect availability, quality and affordability of intellectual resources include fast technological changes, systems hackers where access controls and firewalls are weak and unexpected power outage. However, the Council is organized to cope with future changes and expects intellectual resources will continuously be available to meet future demand.

## 2.16 INTERNATIONAL AND LOCAL RELATIONS

During the year 2023/24 NAC continued to maintain its relationship with various stakeholders including the general public, local and international organizations. The Council activated its membership with the International Federation of Arts Councils and Culture Agencies (IFACCA).

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## 2.17 RISK MANAGEMENT AND INTERNAL CONTROL

The Council accepts final responsibility for the risk management and internal control systems of the National Arts Council.

### 2.17.1 Risk Management

The Council uses Risk management Framework and Risk Register to guide risk management of the NAC. The evaluation of NAC operations indicates that the Council may have exposure in following risk areas:

- a) Strategic Risks
- b) Compliance Risks
- c) Financial Risks
- d) Operational Risks

### 2.17.2 Internal Controls

It is the responsibility of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- a) Effectiveness and efficiency of operations.
- b) Safeguarding of NAC assets.
- c) Compliance with applicable laws and regulations.
- d) Reliability of accounting records.
- e) Operational sustainability under normal as well as adverse conditions; and
- f) Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the National Arts Council system is designed to provide the Council with reasonable assurance that the procedures in place are operating effectively. The Council conducts risk and internal control assessment through the Audit & Risk Committee.

Key elements of the system of Internal Control are as follows:

#### a) Delegation

The overall objectives of the National Arts Council are approved by the Council which delegates the day-to-day operations to Management for execution. There was a clear organization structure, detailing lines of the Institute.

#### b) Budget

Detailed annual budget emanated from the NAC's Strategic Plan was prepared by the Management for review and approved by the Council in April, 2024.

#### c) Competence

Staff skills were maintained both by a formal recruitment process and a performance appraisal system. The training needs of NAC were identified and necessary training to

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staff facilitated both in house and external which helps to strengthened staff skills and competences.

### d) Internal Audit

An Internal Audit Unit was in place and performed its functions as per requirement. The Unit assessed risk and reviews controls. The Unit ensured that recommendations to improve controls are followed up by the Management. The Head of Internal Audit reports functionally to the Audit & Risk Committee and administratively to the Executive Secretary.

## 2.18 CORPORATE GOVERNANCE MATTERS

The National Arts Council is committed to the highest standards of corporate governance. Its governance structure is flexible enough to adopt changes in the internal and external environment and the Council strives to regularly review its processes, rules and regulations and structure with a view to ensuring the best performance of the Council of Directors and overall management of its operations. The Council adheres to global standards and practices of good corporate governance. The Council has established and maintains an internal audit unit, tender board, and procurement management unit.

### 2.18.1 Composition of the Council Members

The Council is headed by the Chairperson. The Chairperson of the Council is appointed by the President of the United Republic of Tanzania whereas the rest of the Council members are appointed by the Minister responsible for Culture, Arts. The table below show the list of the newly appointed board members and Sports. All members of the Council are appointed for a term of three years and are eligible for re-appointment only for another one term.

The Council comprises of eight (8) members including the Chairperson and Executive Secretary of the Council as Secretary. The Composition of the Council is shown on Table 1.

Table 1: Composition of the Council Members

S/N	Name	Position	Age	Qualification /Discipline	Nationality	Appointment
1	Prof. Saudin Jacob Mwakaje	Chairman	50	PhD-Law	Tanzanian	October 2023
2	Joachim Marunda Kimaryo	Member	51	BSc-Electrical Engineering	Tanzanian	October 2023
3	Single Mohamed Mtambalike	Member	52	Secondary education	Tanzanian	October 2023
4	Felista Steven Lelo	Member	38	Master of Law in Taxation	Tanzanian	October 2023
5	Mgunga Attilio Mwamnyenyerwa	Member	58	MA (Theatre) studies	Tanzanian	October 2023
6	Dr. Gervas Andrew Kasiga	Member	42	PhD. in Kiswahili Literature	Tanzanian	October 2023
7	Jessica Julius Mshama	Member	29	MBA- International Business	Tanzanian	October 2023

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S/N	Name	Position	Age	Qualification /Discipline	Nationality	Appointment
8	Dr. Kedmon E. Mapana	Secretary	48	PhD in Education (Music Education and Ethnomusicology)	Tanzania	October 2023

The Council takes overall responsibility for the Organization, including responsibility for identifying key risk areas, considering significant financial matters, and reviewing the performance of Organization plans and budgets.

The Council is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and that the Organization complies with sound corporate governance principles.

During the year ended 30 June 2024, the Council planned to hold three ordinary meetings because the Board was appointed in October 2023 however a total of two ordinary meetings were held. In these meetings, matters that were deliberated were:

- a) Appointed members of Council Committees and Timetable of Council and Committee meetings;
- b) Reviewed and approved FY 2022/23 Audited Financial Statements;
- c) Approved budget for the year 2024/2025;
- d) Reviewed and approved FY 2022/23 Audited Financial Statement and Auditor Management Letter;
- e) Approved accounting Staff Rules and Regulations 2024;
- f) Approved Risk Management Framework and Risk Register;
- g) Approved the Council Charter;
- h) Approved the Council Performance Contract for FY 2023/24;
- i) Approved FY 2024/25 Budget and Procurement Plan;
- j) Received and approved Semi Annual, third quarter and fourth Quarter Progress Reports; and
- k) Received and approved Reviewed Procurement Plan for year 2024/25.

**Table 2: Attendance of the Council meetings**

S/N	Name	30.01.2024	30.04.2024	No. of Meetings Attended	% Meetings Attended
		(Normal)	(Normal)		
1	Prof. Saudin Jacob Mwakaje	P	P	2	100
2	Felista Steven Lelo	P	P	2	100
3	Joachim Marunda Kimaryo	P	P	2	100
4	Single Mohamed Mtambalike	P	P	2	100
5	Mgunga Attilio Mwamnyenyerwa	P	P	2	100
6	Dr. Gervas Andrew Kasiga	P	P	2	100
7	Jessica Julius Mshana	P	P	2	100
8	Dr. Kedmon E. Mapana	P	P	2	100

Key: P = Present

A = Absent with Apology;

N/A = Not Applicable

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## 2.18.2 Committees of the Council

In the execution of its policy and decision-making roles, the Council is assisted by various technical committees. These include the Arts Development, Finance & Planning Committee, Audit & Risk Management Committee and Human Resources and Administration Committee. The composition and responsibilities of each committee are as follow.

### A. Arts Development, Finance & Planning Committee

The Arts Development, Finance & Planning Committee reviews significant accounting policies and financial reporting systems to ensure that they are adequate and are always complied with. It reviews adequacy of internal control systems and monitors implementation of actions to address issues raised by internal and external auditors. The Committee consists of four members as shown in Table 3.

Table 3: The Arts Development, Finance and Planning Committee

S/N	Name	Age	Position	Qualification	Nationality
1	Dr. Gervas Andrew Kasiga	42	Chairperson	Ph.D. in Kiswahili Literature	Tanzanian
2	Jessica Julius Mshama	29	Member	Master's degree in construction law (LLM.)	Tanzanian
3	Joachim Marunda Kimaryo	51	Member	BSc-Electrical Engineering	Tanzanian
4	Single Mohamed Mtambalike	52	Member	Secondary education	Tanzanian

The Arts Development, Finance & Planning Committee's responsibilities include:

- a) Review all papers and Agenda for Governing Council Meetings.
- b) Review the Policy, legal and regulatory environment to ensure alignment with arts development and promotion objectives.
- c) Provide strategic direction of the Council in matters of arts development based on applied research findings in arts development and promotion matters.
- d) Oversee implementation of resolutions of the Governing Council pertaining to arts development and promotion, finance and planning.
- e) Ensure the Council adheres to sound planning and budgeting practices and observation of credible revenue forecasting models.
- f) Ensure adequate monitoring and evaluation of the Council activities and projects in line with the National Monitoring and Evaluation Frameworks.
- g) Review the adequacy of the Risk Management Policy, procedures and practices; and
- h) Ensure adherence to sound financial management policies and practices in line with rules, regulations, International Financial Reporting Standards and other Government guidelines and directives.

During the year under review, the Committee planned to hold three ordinary meetings since the board was appointed in October 2023 and they held all planned meetings. In these meetings, the committee deliberated the following:

- a) Review Proposed Revision of NAC Regulations, 2018.

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- b) Review of Quarterly Progress Reports on Arts Promotion & Development for FY 2023/24.
- c) Review Quarterly Financial Progress Reports for FY 2023/24.
- d) Review of Resource Mobilization Strategy.
- e) Approved Arts Development, Finance and Planning Committee Charter.
- f) Approved Events Calendar for 2024.
- g) Review Implementation of FY 2023/24 Budget; and
- h) Review of Proposed Budget for FY 2024/25.

During the period under review, the Committee convened two ordinary meetings attended as shown in Table 4.

**Table 4: Attendance of the Arts Development, Finance & Planning ordinary Committee meetings**

S/N	Name	22.01.2024	22.04.2024	No. of Meetings Attended	% Meetings Attended
1.	Dr. Gervas Andrew Kasiga	P	P	2	100
2.	Jessica Julius Mshama	P	P	2	100
3.	Joachim Marunda Kimaryo	P	P	2	100
4.	Single Mohamed Mtambalike	P	P	2	100

Key: P = Present                      A = Absent with Apology;      N/A = Not Applicable

### B. Audit & Risk Committee

The Audit & Risk Committee reviews significant accounting policies and financial reporting systems to ensure that they are adequate and are always complied with. It reviews adequacy of internal control systems and monitors implementation of actions to address issues raised by internal and external auditors. The Committee consists of four members and is chaired by a member of the Council.

The Audit and Risk Committee members who serve during the reporting period are as shown in Table 5.

**Table 5: The Audit and Risk Committee**

S/N	Name	Age	Position	Qualification	Nationality
1	Felista Steven Lelo	38	Chairperson	Master of Law in Taxation	Tanzanian
2	Joachim Marunda Kimaryo	51	Member	BSc-Electrical Engineering	Tanzanian
3	Dr. Gervas Andrew Kasiga	42	Member	Ph.D. in Kiswahili Literature	Tanzanian
4	CPA Mohamed N. Msimu	39	Co-opted Member	CPA (T)	Tanzanian

The audit Committee's functions among other things include:

- a) Review all internal and external audit reports;
- b) Approval of the annual internal audit plan and programs;
- c) Advise Accounting officer on all matters raised on the reports;
- d) Review reliability, Relevance of Financial Statement of the Council and prepare its annual reports;

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- e) To review and assess the adequacy of and compliance with the NAC's policies and procedures for identifying, assessing and managing risks;
- f) Compliance with Laws and Regulations and
- g) Review Internal Audit Activities.

During the year under review, the Committee planned to hold three ordinary meetings because the Board was appointed in October 2023, however two ordinary meetings were held. In these meetings, the committee deliberated the following:

- a) Review and approved Audit and Risk Committee Charter and Internal Audit Charter for the year 2023/24.
- b) Reviewed and approved Internal Audit Quarterly reports for FY 2023/24
- c) Received, discussed and approved CAG audit reports for FY 2022/23.
- d) Received and approved Internal Audit Plan for FY 2024/25
- e) Received and approved Audit and Risk Management Committee Plan for FY 2024/25

During the period under review, the Audit Committee convened two ordinary meetings attended as shown in Table 6.

**Table 6: Attendance of the ordinary Audit and Risk Committee meetings**

S/N	Name	Position	24.01.2024	23.04.2024	No. of Meetings Attended	% Meetings Attended
1.	Felista Steven Lelo	Chairperson	P	P	2	100
2.	Joachim Marunda Kimaryo	Member	P	P	2	100
3.	Dr. Gervas Andrew Kasiga	Member	P	P	2	100
4.	Jessica Julius Mshama	Member	P	P	2	100

Key: P = Present                      A = Absent with Apology;                      N/A = Not Applicable

### C. The Human Resources and Administration Committee

The Human Resources and Administration Committee has three members, and the secretary is an employee of the Council as indicated in Table 7.

**Table 7: The Human Resources and Administration Committee**

No.	Name	Age	Position	Qualification	Nationality
1	Mgunga Attilio Mwamnyenyerwa	58	Chairperson	MA (Theatre) studies	Tanzanian
2	Felista Steven Lelo	38	Member	Master of Law in Taxation	Tanzanian
3	Jessica Julius Mshama	29	Member	MBA- International Business	Tanzanian

Duties and responsibilities of the Committee are including the following:

- a) Review and propose an optimal organizational structure.
- b) Review the Council's Scheme of Service from time to time to ensure that it remains relevant to the human capital needs of the Council.
- c) Review staffing requirements and recommend optimal staffing level.
- d) Review HR plan.

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- e) Review Recruitment and retention policies.
- f) Review the Council's Staff and Administrative Regulations as and when required.
- g) Ensure that the Council has in place a staff training and development policy.
- h) Consider the Council's staff performance appraisal and recommendations for staff confirmation and staff promotions.
- i) Ensure that there is in place a staff disciplinary policy and procedures.
- j) Deal with disciplinary matters involving staff.

During the period under review, the committee planned to hold three ordinary meetings because the Board was appointed in October 2023, however they held two ordinary meetings. In these meetings matters that were deliberated were:

- a) Endorsed to the Council Board the Human Resources Charter for Further approval
- b) Endorsed to the Council Board NAC Staff Regulations to the Council Board for further approval.
- c) Review and receive the inauguration on the Council Board.
- d) Review and discussed the total number of staff and its categories.
- e) Approved the employment of new staff of the Council.
- f) Approved promotions of NAC staff.
- g) Endorsed the Guidelines of Temporary and Internship to the Council Board for approval.
- h) Approved the Training plan for financial year 2024/2025.

The Human Resources and Administrative Committee attendance is as shown in Table 8.

**Table 8: Attendance of the Human Resources & Administration Committee Ordinary meetings**

S/N	Name	Position	25.01.2024	24.04.2024	No. of Meetings Attended	% Meetings Attended
1	Mgunga Attilio Mwamnyenyewa	Chairperson	P	P	2	100
2	Felista Steven Lelo	Member	P	P	2	100
3	Jessica Julius Mshama	Member	P	P	2	100

### 2.18.3 Management Team

**Table 9: The Management team of NAC for the year ended 30 June 2024**

S/N	Name	Position
1	Dr. Kedmon E. Mapana	Executive Secretary
2	Edward E. Buganga	Director of Arts Promotion and Development
3	CPA. Hannah C, Mwakalinga	Director of Corporate Services
4	CPA. Dhahaben Jumbe	Head of Internal Audit Unit
5	Christopher Kamugisha	Acting Head of Legal Services Unit
6	Alex A. Mero	Head of ICT & Statistics
7	Oloju J. Oloponu	Acting Head of Procurement Management Unit
8	Isaac Bilali	Acting Head Communication & Public Relations

## NATIONAL ARTS COUNCIL

S/N	Name	Position
9	CPA. Wambura W Manoti	Assistant Director Finance & Accounts
10	Christopher Mramba	Assistant Director Planning, M&E
11	Philipo Mkemwa	Acting Assistant Director Human Resources and Administration
12	Lilian F. Shayo	Assistant Director Performing Arts
13	Bona L. Masenge	Acting Assistant Director Fine Arts & Crafts
14	Mr. Kevin M. Stanslaus	Acting Assistant Director of Music

### 2.19 ANALYSIS OF EXTERNAL OPERATING ENVIRONMENT

The National Arts Council has various stakeholders it works with; this includes Government Institutions, Ministries, Departments, Agencies, Artists, and Artist stakeholders. Each stakeholder included in the scope of operation of NAC is affected by its external environment. Thus, analysis of the external environment that might affect the NAC's operations includes but not limited to:

#### 2.19.1 Political environment

The Council plans, and budgets are prepared and implemented while observing the ruling political party "Chama cha Mapinduzi" manifesto, 2020-2025 Development Goals and other initiatives. The prevailing political environment facilitates the Development and promoting artistic activities in the country. The Council receives resources from the Government to support the implementation of its planned activities for financial year 2023/24. The political environment in the country is favorable for the Council to perform its functions without challenges and disturbances. Further, during the year ended 30 June 2024 the Council did not experience any political interference to hinder its regulatory operations as mandated by law. In the Geopolitical environment, prevailing peace and security within East Africa Community (EAC) region is important in providing conducive environment for artistic events.

#### 2.19.2 Economic environment

According to the Tanzania economic report shows that there is a rapid growth of sports and entertainment sector than another sector. 13.7% for 2018/2019, 11.2% for 2019/2020 (the drop was due to COVID 19) and 19.4% for 2023/23. This indicates the importance of this sector in the economic growth of the Country. The introduction of National and International artistic events has become the main stimulus for economic growth. Thus, NAC with its stakeholders will continue organizing more National and International artistic events in the Country which will attract more people inside and outside the Country to participate. World Intellectual Property Organization (WIPO) statistics shows that arts contribute to 4.8% of employment in Tanzania. The contribution of copyright-based industry in Tanzania.

## NATIONAL ARTS COUNCIL

### 2.19.3 Environmental challenges

The environment has been a major challenge in many areas of the country in terms of burning trees, throwing garbage in drainage which hinders free flow of rainwater and hence pollutes the air which becomes a disaster. The Council continued with its efforts on educating the stakeholders to observe environmental protection when conducting artistic events especially in public ground. Further, the management has instituted adequate and fully combated disaster recovery plan to mitigate environmental challenge risks if it happened.

### 2.19.4 Technological environment

The technology is changing very fast forces NAC to develop Artists Information Management System (AMIS) to assist in performing its duties as mandated in managing its stakeholder's information. Also, the Council uses PLANREP in budgeting preparation and reporting, MUSE for expenditures and finance. These systems have motivated and promoted efficiency in managing the affairs of the Council.

Technological developments have exposed the entertainment sector to rapid changes through digitalization and the availability of more digital platforms.

### 2.19.5 Social environment

The council operates within societies in Tanzania whose society is very sensitive in preserving its national values and norms. The most challenge that faced the Council during the year under review was the unethical behavior of some of its stakeholders.

The council is working to make sure that ethical behavior is maintained by its stakeholders when conducting their artistic activities.

The Council with the mandate given by the law cannot dissociate itself from these societies. Into this regard, the council has been participating and supporting financially and technically its stakeholders in preparation of their artistic events.

However, despite continuous participation and funding, demands from stakeholders are higher than approved annual budgets. Going forward, the NAC will increase its budget allocation for supporting its stakeholders.

### 2.19.6 Legislative Environment

The National Arts Council (NAC) performed its function by mandate by an Act of Parliament, Act No 23 of 1984 by amalgamation of the National Arts Council and the National Music Council, to repeal the National Arts Council Act, 1974 and the National Music Council Act, 1974. The Council is in the process of reviewing its Regulations that hinders the proper performing its duties.

# NATIONAL ARTS COUNCIL

## 2.20 APPOINTMENT OF AUDITORS

The Controller and Auditor General is the Statutory Auditor of the National Arts Council by virtue of Article 143 of the Constitution of the United Republic of Tanzania (URT) and as amplified in Section 32 (4) of the Public Audit Act CAP.418. However, in accordance with Section 33 (1) of the same Act, M/s Forvis Mazars was authorized to carry out audit of the National Arts Council on behalf of the Controller and Auditor General for the financial statements of the year ended 30 June 2024.

## 2.21 RESPONSIBILITIES OF THE AUDITORS

Auditors' objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes an opinion. In addition, Sect. 10(2) of the PAA no. 11 of 2008 require auditors to satisfy themselves, that the financial statements have been prepared in accordance with the appropriate accounting standards.

## 2.22 CORPORATE SOCIAL RESPONSIBILITIES

The council made the corporate social responsibility contribution in the year 2023/24 as well as in the prior year. The CSR provided in terms of condolences and financial supports to artists and arts stakeholders who ware in needs.

## 2.23 HIV/AIDS POLICY

The Council recognizes the seriousness of the HIV/AIDS epidemic and its negative impact on the capacity to realize National Arts Council vision and objectives. The Council has adopted HIV/AIDS policy, which aims at raising HIV/AIDS awareness to its employees.

## 2.24 ACCOUNTING POLICIES

Summary of key accounting policies relating to Financial Statements are provided in Note 4 to the Financial Statements for the period ended 30 June 2024.

## 2.25 EMPLOYEES WELFARE

### 2.25.1 Relationship between management and employees

The relationship between management and employees continued satisfactory. Complaints were resolved through meetings and discussions. Work morale was good and continued to be good during and after the financial year 2024; there were no unsolved complaints from employees.

# NATIONAL ARTS COUNCIL

## 2.25.2 Employment

The Council is an equal-opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

## 2.25.3 Employee's benefits

The National Arts Council facilitates social welfare of employees by providing moral and material support such as medical care through National Health Insurance Fund (NHIF), leave pay, prizes to the best workers and other benefits. Employee benefits are recognized when incurred. The Office continued to operate a defined contribution plan where contributions were paid to the Public Service Social Security Fund (PSSSF).

The employer contributed 15% and employee 5% and the total contributions remitted to PSSSF. The employer contribution is often affected centrally by the Ministry of Finance Public Debt and General Services, Vote 22.

## 2.25.4 Health and Industrial Safety

The Council continued to satisfy the standards of safety established by the Occupational Safety and Health Administration.

## 2.25.5 Training

Training programs have been and are continually being developed to ensure that employees are adequately trained in accordance with the training plan developed from the need assessment conducted annually.

## 2.26 GENDER BALANCE

The NAC recognizes gender balance matters. Recruitment and promotion processes provide for equal opportunity to both men and women. The Council constitutes both men and women. As at 30 June 2024 NAC had the following distribution of employees by gender:

Gender	2023/24	2022/23
Male	38	34
Female	17	18
Total	55	52

## 2.27 POLITICAL AND CHARITABLE DONATIONS

The Council did not make any political or charitable donations to political parties during this year under review as well as last year.

# NATIONAL ARTS COUNCIL

## 2.28 DISABLED PERSONS

It remains the Council's policy to accept disabled persons for employment for those vacancies that they are able to fill. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Council continues, and appropriate training is arranged. It is the Council's policy that training, career development and promotion of disabled persons are identical to that of other employees.

## 2.29 PREJUDICIAL ISSUES

During the year ended 30 June 2024 there were no serious prejudicial matters to be reported (2023: NIL).

## 2.30 GOING CONCERN

Nothing has come to the attention of the Council Members to indicate that the Government of the United Republic of Tanzania shall wind up the operations of the Council, thus, not to remain a going concern for at least twelve months from the date of this Statement. Therefore, the Government will provide funding for future operations.

## 2.31 STATEMENT OF COMPLIANCE

The Report by Those Charged with Governance has been prepared in accordance and comply with TFRS No.1 as issued by the NBAA in June 2020 and relevant statutory legislations issued by the Government.

## 2.32 EVENTS SUBSEQUENT TO THE REPORTING DATE

There were no significant events subsequent to the reporting date that may have effect on the Financial Statements for the year ended 30 June 2024.

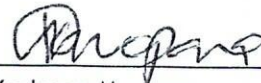
## 2.33 APPROVAL

The Report by Those Charged with Governance was approved by the Council for audit and was signed on its behalf by:



Prof. Saudin J. Mwakaje  
Chairman of the Council

Date: 12/03/2025



Dr. Kedmon Mapana  
Executive Secretary

Date: 12/03/2025

## NATIONAL ARTS COUNCIL

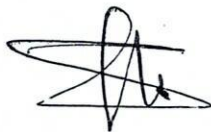
### 3.0 STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE

As required under section 15(1) of the Public Corporation's Act (amendment) 1992, the Board is responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial Position at 30 June 2024, and the Statement of Financial Performance, the Statement of Changes in Net Assets and Cash flows Statement for the year then ended, Statement of comparison of Budget and Actual Amounts 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 and in the manner required by the National Arts Council as established by Act No. 23 of 1984.

The Council confirms that suitable accounting policies have been used and applied consistently, reasonably, and prudent judgments and estimates have been made in the preparation of financial statements for the year ended 30 June 2024. The Council also confirms that applicable International Public Sector Accounting Standards (IPSASs) have been followed and that the financial statements have been prepared on going concern basis. Council is also responsible to; 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 appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

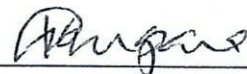
Nothing has come to the attention of the Council members to indicate that the Government of the United Republic of Tanzania shall wind up the operations of the Council thus, not to remain a going concern for at least twelve months from the date of this Statement.

Approval of the financial statements of the Council, as indicated above, were approved by the Council Members and are signed on its behalf by:



Prof. Saudin J. Mwakaje  
Council Chairperson

Date: 12/03/2025



Dr. Kedmon Mapana  
Executive Secretary

Date: 12/03/2025

## NATIONAL ARTS COUNCIL

### 4.0 DECLARATION OF HEAD OF FINANCE OF NATIONAL ARTS 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 by 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 Governing Body to discharge the responsibility of preparing financial Statements of an entity showing the true and fair view of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Governing Body as under the Board Members' Responsibility statement on an earlier page.

I, ACPA Hannah C. Mwakalinga, being the Director of Corporate Services of the Council hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 30 June 2024 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 the National Arts Council as of that date and they have been prepared based on properly maintained financial records.

Signed by Hiles

Position: Director of Corporate Services  
Membership No. ACPA 1021

Date: 12/03/2025

# NATIONAL ARTS COUNCIL

## 5.0 FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

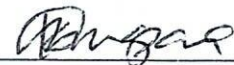
ASSETS	NOTE	2023/24 TZS	RESTATED* 2022/23 TZS
<b>CURRENT ASSET</b>			
Cash and cash equivalents	5	3,567,709	23,859,694
Receivables	6	119,438,841	119,329,495
Inventories	7	298,254	784,000
<b>Total current asset</b>		<b>123,304,804</b>	<b>143,973,189</b>
<b>Non-current asset</b>			
Property, plant, and equipment	8	6,136,273,734	2,028,641,270
Work in progress - open air theatre	9	1,518,378,888	1,518,378,888
Intangible assets	10	106,436,000	106,436,000
<b>Total non-current asset</b>		<b>7,761,088,622</b>	<b>3,653,456,158</b>
<b>TOTAL ASSETS</b>		<b>7,884,393,426</b>	<b>3,797,429,347</b>
<b>LESS: LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and Accruals	11	852,749,857	510,821,129
<b>Total current liabilities</b>		<b>852,749,857</b>	<b>510,821,129</b>
<b>TOTAL LIABILITIES</b>		<b>852,749,857</b>	<b>510,821,129</b>
<b>NET ASSETS</b>		<b>7,031,643,569</b>	<b>3,286,608,218</b>
<b>Financed by:</b>			
Accumulated surpluses		7,031,643,569	3,286,608,218
<b>TOTAL NET ASSETS</b>		<b>7,031,643,569</b>	<b>3,286,608,218</b>

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



Prof. Saudin J. Mwakaje  
Council Chairperson

Date: 12/03/2025



Dr. Kedmon Mapana  
Executive Secretary

Date: 12/03/2025

# NATIONAL ARTS COUNCIL

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	2023/24 TZS	RESTATED* 2023/23 TZS
<b>REVENUE</b>			
Revenue grants	15	1,899,762,458	1,340,741,668
Revenue from exchange transactions	13	728,717,699	745,889,426
Other revenue	14	50,630,000	147,906,250
<b>TOTAL REVENUE</b>		<b>2,679,110,157</b>	<b>2,234,537,344</b>
<b>EXPENSES AND TRANSFERS</b>			
<b>EXPENSES</b>			
Wages, salaries and employee benefits	16	2,097,270,532	1,522,072,889
Use of Goods and Service	17	601,580,123	513,937,881
Maintenance expenses	18	65,170,297	16,436,070
Depreciation of property, plant and equipment	19	45,610,260	42,014,499
Other expenses	20	92,014,430	37,134,392
Expected Credit Losses	21	29,474,655	50,716,318
<b>Total expenses</b>		<b>2,931,120,297</b>	<b>2,182,312,049</b>
<b>TRANSFER</b>			
Contribution to CF	29	5,000,000	-
<b>TOTAL EXPENSES AND TRANSFERS</b>		<b>2,936,120,297</b>	<b>2,182,312,045</b>
<b>(DEFICIT)/SURPLUS</b>		<b>(257,010,140)</b>	<b>52,225,299</b>

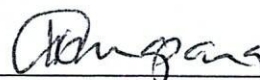
\*Details of the restatements are given in Note 30 to the financial statements

The accompanying notes are an integral part of the financial statements.



Prof. Saudin J. Mwakaje  
Council Chairperson

Date: 12/03/2025



Dr. Kedmon Mapana  
Executive Secretary

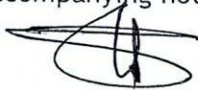
Date: 12/03/2025

# NATIONAL ARTS COUNCIL

## STATEMENT OF CHANGE IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	ACCUMULATED SURPLUS TZS
<b>YEAR ENDED 30 JUNE 2024</b>		
At the end of year (restated)		3,286,608,218
Deficit for the year		(257,010,140)
Fixed asset adjustment	8	4,002,045,491
At end of year		7,031,643,569
 <b>YEAR ENDED 30 JUNE 2023</b>		
At start of year		3,234,382,919
Surplus for the year (Restated)		52,225,299
At end of year (Restated)		3,286,608,218

The accompanying notes are an integral part of the financial statements.



\_\_\_\_\_  
Prof. Saudin J. Mwakaje  
Council Chairperson

Date: 12/03/2025



\_\_\_\_\_  
Dr. Kedmon Mapana  
Executive Secretary

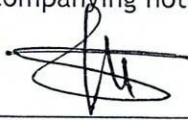
Date: 12/03/2025

# NATIONAL ARTS COUNCIL

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2024

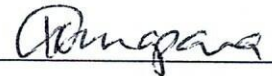
		2023/24 TZS	RESTATED* 2022/23 TZS
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Revenue grants	12	1,777,966,920	1,340,741,668
Revenue from exchange transactions	15A	749,763,698	762,063,862
<b>Total receipts</b>		<b>2,527,730,618</b>	<b>2,102,805,530</b>
<b>PAYMENTS</b>			
Wages, salaries, and employee benefits	16(A)	1,952,251,311	1,473,307,727
Other payments	17(A)	566,369,597	599,174,328
<b>Total payments</b>		<b>2,518,620,908</b>	<b>2,072,482,059</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>9,109,710</b>	<b>30,323,471</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	8	(29,401,695)	(26,441,003)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(29,401,695)</b>	<b>(26,441,003)</b>
Net (decrease)/increase in cash and cash equivalents		(20,291,985)	3,882,467
Cash and cash equivalents at beginning of year	5	23,859,694	19,977,222
Cash and cash equivalent at end of year		<b>3,567,709</b>	<b>23,859,694</b>

The accompanying notes are integral part of the financial statements.



Prof. Saudin J. Mwakaje  
Council Chairperson

Date: 12/03/2025



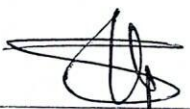
Dr. Kedmon Mapana  
Executive Secretary

Date: 12/03/2025

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

	Original Budget	Reallocations/ Adjustments	Final Budget (A)	Actual Amount on comparison Basis (B)	Difference (A-B)
	TZS	TZS	TZS	TZS	TZS
<b>RECEIPTS</b>					
Revenue Grants	1,643,025,000	-	1,643,025,000	1,777,966,920	(134,941,920)
Revenue from Exchange Transactions	950,000,000	-	950,000,000	628,841,699	321,158,301
Other Revenue	150,738,860	-	150,738,860	120,922,000	29,816,860
<b>Total Receipts</b>	<b>2,743,763,860</b>	<b>-</b>	<b>2,743,763,860</b>	<b>2,527,730,619</b>	<b>216,033,241</b>
<b>PAYMENTS</b>					
Wages, Salaries and Employee Benefits	1,680,315,106	(16,370,000)	1,663,945,106	1,952,251,311	(288,306,205)
Use of Goods and Service Subsidies	620,411,172	(8,770,000)	611,641,172	430,184,870	181,456,302
Other Transfers	24,600,000	-	24,600,000	-	24,600,000
International Contribution	5,000,000	-	5,000,000	5,000,000	-
Other Expenses	5,000,000	-	5,000,000	-	5,000,000
Maintenance Expenses	128,272,964	16,340,000	144,612,964	66,014,430	78,598,534
Acquisition of Property, Plant and Equipment	126,200,000	11,800,000	138,000,000	65,170,298	72,829,702
Acquisition of Intangibles	152,944,618	(3,000,000)	149,944,618	29,401,695	120,542,923
Total Payment	1,020,000	-	1,020,000	-	1,020,000
<b>NET RECEIPT/(PAYMENT)</b>	<b>2,743,763,860</b>	<b>-</b>	<b>2,743,763,860</b>	<b>2,548,022,604</b>	<b>195,741,256</b>
				<b>(20,291,985)</b>	<b>(20,291,985)</b>

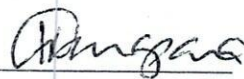
NB/-Explanation of Variances on Final Budget Vs Actual amount are in Note 33.



Prof. Saudin J. Mwakaje  
Council Chairperson

Date: 12/03/2025

Controller and Auditor General



Dr. Kedmon Mapana  
Executive Secretary

Date: 12/03/2025

ML/PA/NAC/2023/24

# NATIONAL ARTS COUNCIL

## 6.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### 1 REPORTING ENTITY

The Council is a government-owned institution that was established under the National Arts Act No 23 of 1984. The Council has its offices located at Utumishi House, Block B/C/D 8 Kivukoni road, Dar es Salaam, Tanzania. The financial statements of the Council are for the year ended 30 June 2024.

### 2 BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) accrual and its interpretations adopted by International Public Sector Accounting Standards Board (IPSASB).

#### (b) Basis of preparation

The financial statements have been prepared on a historical cost basis except for the financial instruments at fair value through surplus or deficits measured at fair value. The Council's budget is prepared on cash basis.

The preparation of financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed as ongoing. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### (c) Functional and presentation currency

These financial statements are presented in Tanzania Shillings (TZS) which is the Council's both functional and presentation currency. The rounding up of figures in the financial statements has been limited to the nearest shilling.

### 3. GOING CONCERN

The Council is dependent upon subvention from the Government through the Ministry of Finance to pay for the personnel emoluments, to run arts development projects and other office

## NATIONAL ARTS COUNCIL

operations. The Government has no plans to stop providing support in respect of funding to the Council in order that the Council meets its liabilities as and when they fall due thus the financial basis statements have been prepared on the basis of accounting policies applicable to a going concern entity. Apart from the Government subvention, the Council has its own legislative internal revenues sources to finance its operational activities.

### 4.1 NEW / AMENDED STANDARDS AND INTERPRETATIONS

#### 4.1.1 Adoption of IPSAS 41

The objective of this standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing, and uncertainty of an entity's future cash flows. The introduction of IPSAS 41 substantially modifies IPSAS 29 by classifying financial assets and liabilities through a principles-based classification model, a forward-looking expected credit loss model. During the year under review the Council adopted IPSAS 41 in preparation of Financial Statements

#### 4.1.2 The Impact of the adoption of IPSAS 41

The impact of introducing IPSAS 41 is the emergence of Expected Credit Loss /Gain in the Financial Statements.

### 4.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new standards were issued by the International Public Sector Accounting Standards Board (IPSASB) but were not yet effective at the date of issuance of the Council's Financial Statements. The Council will adopt them for the purpose of the preparation of the future Financial Statements, where applicable. Further, the Council does not currently plan to early adopt them.

#### 4.2.2 IPSAS 42 - Social Benefits

The main objective of the standard is to assist users of financial statements and general-purpose financial reports assess the nature of social benefits provided by the entity, the features of the operation of the social benefit schemes, and the impact of the social benefits on the entity's financial performance, financial position and cash flows. The standard requires an entity to recognize a liability for a social benefit scheme when the entity has a present obligation for an outflow of resources that results from a past event, and the present obligation can be measured in a way that achieves the qualitative characteristics and takes account of constraints in the conceptual framework. The standard is effective for periods commencing on or after 1 January 2023. The standard will have no impact on the Financial Statements of the Council as Social Benefits are not applicable to the Statements. Therefore, the Council will not adopt the standard for preparation of future Financial Statements.

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### 4.2.3 IPSAS 43 - Leases

In January 2022, IPSASB issued IPSAS 43. The standard sets out the principles for recognition, measurement, presentation and disclosure of leases. The objective is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for the users of financial statements to assess the effect that leases have on financial position, financial performance and Cash flows of an entity.

The standard requires an entity to consider terms and conditions of contracts as well as all relevant facts and circumstances when applying the standard. In this regard, the entity is required to apply the standard consistently to contracts with similar characteristics and similar circumstances. For lessees, the IPSAS introduces a right-to-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13.

For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13. Additionally, IPSAS 43 provides exemption to leases with a term of less than 12 months and leases for which the lease asset is of low value. The standard is effective from 1 January 2025. The Standard does not have an impact on Financial Statements as they do not cover any lease arrangement. Thus, the Standard will not be adopted for the preparation of future Financial Statements.

### 4.2.4 IPSAS 44 Non-current Assets Held for Sale and Discontinued Operations

In May 2022 IPSASB issued IPSAS 44 that specifies the accounting for assets held for sale and the presentation of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:

- a) Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and
- b) Presented separately in the statement of financial position and results of discontinued operations to be presented separately in the Statement of financial performance.

The standard is effective from periods commencing on or after 1 January 2025. The standard does not impact on the Financial Statements as there are no non-current assets relating to the issued standard.

### 4.2.5 IPSAS 45 Property, Plant and Equipment

In May 2023, IPSASB issued IPSAS 45, Property, Plant and Equipment which replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured. The objective of the standard is to update principles drawn from IPSAS 17, Property, Plant and Equipment by adding new guidance for heritage assets, infrastructure assets and measurement of property, plant and equipment.

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The standard prescribes the accounting treatment for property, plant, and equipment so that users of financial statements can discern information about an entity's investment in its property, plant, and equipment and the changes in such investment. The principal issues in accounting for property, plant, and equipment are the recognition of the assets, the determination of their carrying amounts, and the depreciation charges and impairment losses to be recognized in relation to them.

This standard is effective from the period beginning on January 1, 2025. The Standard does not have an impact on the Council's Revenue Statements as they do not cover Plant, Property and Equipment. Thus, the Standard will not be adopted for the preparation of future Financial Statements.

### 4.2.6 IPSAS 46 Measurement

In May 2023, IPSASB issued IPSAS 46, Measurements which provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. It brings in generic guidance on fair value for the first time, and introduces current operational value, a public sector specific current value measurement basis addressing constituents' views that an alternative current value measurement basis to fair value is needed for certain public sector assets. The objective of this standard is to improve measurement guidance across IPSAS by:

- a) Providing further detailed guidance on the implementation of commonly used measurement bases, and the circumstances under which they should be used.
- b) Clarifying transaction costs guidance to enhance consistency across IPSAS; and
- c) Amending, where appropriate, guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement-related disclosures.

This standard is effective from the period commencing on 1 January 2025. The standard will have an impact on the Financial Statement as it provides measurement of Assets and Liabilities. The Council plans to adopt it in the financial year commencing on 1 July 2025.

### 4.2.7 IPSAS 47 Revenue

In May 2023, IPSASB issued IPSAS 47, Revenue. IPSAS 47 is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This new Standard provides focused guidance to help entities apply the principles to account for public sector revenue transactions. IPSAS 47 replaces IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers). The standard aimed at improving revenue reporting in public sector by:

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- (a) Presenting revenue guidance in a single Standard.
- (b) Clarifying and refining the accounting principles and concepts to account for revenue transactions in the public sector; and
- (c) Providing non-authoritative guidance to help preparers use professional judgment in applying the accounting principles consistently.

The standard effective date is January 1, 2026, with earlier application permitted. This standard has impact in preparation of Financial Performance in future as it provides basis and guidelines for revenue recognition, measurement and reporting. The Council plans to adopt it in the financial year commencing on 1 July 2026.

### 4.2.8 IPSAS 48 Transfer Expenses

In May 2023, IPSASB issued IPSAS 48, Transfer Expenses. The standard provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. This new standard fills a significant gap in the IPSASB's literature and provides guidance to help entities account for public sector transfer expense transactions. IPSAS 48 presents two accounting modules based on the existence of a binding arrangement. The standard includes comprehensive guidance for an entity to determine whether their transaction arises from a binding arrangement, and consequently, which accounting module to apply. The objective of this standard is to provide accounting requirements for transfer expenses. A transfer expense is an expense arising from a transaction, other than taxes, in which an entity provides a good, service, or other asset to another entity, without directly receiving any good, service, or other asset in return. The effective date of IPSAS 48 is January 1, 2026. This standard will have an impact in the preparation of Financial Performance in future as it provides basis and guidelines for treatment of transfer expenses. The Council has opted for early adoption.

### 4.2.9 IPSAS 49 'Retirement benefit plans

In October 2023, IPSASB issued IPSAS 49, "Retirement Benefit Plans." The standard clarifies that retirement benefit plans, also known as pension schemes, superannuation schemes, or retirement benefit schemes, are considered separate reporting entities from the employers of plan participants while all other standards apply to the financial statements unless superseded by specific requirements.

IPSAS 49 outlines that retirement benefit obligations owed to participants should be recognized in the statement of financial position as provisions for the actuarial present value of promised retirement benefits. However, for defined contribution plans, retirement benefit obligations owed to participants should be recognized as defined contribution plan obligations.

The objective of IPSAS 49 is to specify the accounting and reporting requirements for public sector retirement benefit plans, which offer retirement benefits to public sector employees and other eligible participants. Effective date for this standard is on or after January 1, 2026. IPSAS 49. The standard will have an impact on our financial statements as will significantly impact the preparation of financial statements by providing guidance on the scope, recognition,

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measurement, and presentation of retirement benefit plans. The NAC plans to adopt IPSAS 49 in the financial year commencing on July 1, 2026.

### 4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the council are:

#### a) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Council assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognized:

#### (i) Revenue from Exchange Transactions

Rental income arising from operating leases on Council properties is recognized when it is probable that the economic benefits will flow to the Council and the revenue can be measured reliably in line with the tenancy agreement. Rental income is initially measured at cost and amortized on a straight-line basis over the lease terms.

#### (ii) Revenue from non-exchange transactions

Revenue is recognized to the extent that it is probable that the service potential associated with the transaction/asset will flow to the entity and that the revenue can be measured reliably. Rental revenue is recognized on an accrual basis of accounting. Such revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Council. Value added tax is excluded. Other earned revenue recognized as it accrues.

#### (iii) Allocations from the Government

These comprise of operational income (other charges) of the Council, which is monthly cash allocations, or any other income received on special cases; salaries and based on approved Budgets. The income is recognized when it is probable that the economic benefits will flow to the Council and the revenue can be measured reliably.

#### (iv) Fees, Fines and Penalties

Income from artist registration fees, stakeholders' fines and penalties are recognized when it is probable that economic benefit will flow to the Council and the revenue can be measured reliably.

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### b) Foreign Currency Transactions and Balances

#### (i) Functional and Presentation Currency

The Financial Statements items of the Council are measured and presented using the currency of the primary economic environment which is Tanzanian Shillings (TZS). This is the Council's functional and presentation currency.

#### (ii) Transactions and Balances

Foreign currency transactions are initially translated to Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. The rate applicable is the selling price as quoted at Bank of Tanzania as at 30 June 2024.

### c) Inventories

Inventory is measured at cost upon initial recognition. Cost is comprised of the purchase price of the inventories. After initial recognition, inventory is measured at the lower of cost or net realizable value/current replacement cost. Cost is determined using the weighted average method. Net realizable value is the estimated selling price less costs to make the sale.

The current replacement cost is the cost the Council would incur to acquire the assets on the reporting date.

Inventories are recognized as an expense when deployed for consumption in the ordinary course of the Council's operations. The Council's inventories at the Statement of Financial Position date are comprised of stocks of stationery, office supplies, customs seals and other consumables that will be expensed in the subsequent year.

### d) Provisions

Provisions are recognized 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 or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Council's provisions at the Statement of Financial Position date comprise of Audit fees payable during the financial year but untaken to be undertaken in the next financial year. The expense relating to this provision is presented in the Statement of Financial Performance in net of any reimbursement.

### e) Property, plant, and equipment

The Council uses Cost Model to value its assets.

All items of plant and equipment are initially recorded at cost. The amounts comprise of expenditure directly attributable to the acquisition of the items. These amounts are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is

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probable that the service potential associated with the item will flow to the Council and the value of item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Depreciation is recognized in the statement of financial performance on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment.

### *Changes in depreciation rates*

The Government issued Public Asset Management Regulations “*Kanuni za Usimamizi wa Mali za Umma*” on May 2024 that replace the Public Asset Management Guidelines 2019. The Council has adopted these Regulations in the Preparations of the Financial Statements for the year ended June 2024. The impact on the depreciation changes is reflected in the depreciation expense, surplus, and PPE financial position and will affect the carrying amounts of the affected assets in future reporting periods. The Council has complied with IAS 8 and other regulatory requirements pertaining to changes in accounting estimates. The depreciation rates are as indicated below:

Description of Asset	2023/24	
	Years	Rates
Land	-	-
Buildings and Structures	50	2%
Motor vehicle	10	10%
Office equipment	10	10%
Office furniture and Fittings	10	10%
Computer (Desktops, Laptops, Tablets, etc.)	8	12.50%
Plant and Machinery (Including Excavator, Tractor, Generators, etc.	10	10%

*Source; Public Asset Management Guideline*

An asset’s carrying amount is written down immediately to its recoverable amount when there is strong evidence that the carrying amount is greater than its estimated recoverable amount. Likewise, the assets’ residual values and useful lives are reviewed only when the conditions to warrant the review exist at the date of the statement of financial position.

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. Gain or losses on disposal are determined by comparing the disposal proceeds with the carrying amount and are credited/charged to the statement of financial performance.

### f) Financial Instruments

#### (i) Non-derivative financial instruments

The Council initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through the

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statement of financial performance) are recognized initially on the transaction date at which the Council becomes a party to the contractual provisions of the instrument.

The Council derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that are created or retained by the Council is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Council has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Council has the following non-derivative financial assets: loans and receivables.

### (ii) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. For an investment to qualify as cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

### g) Revaluation reserve

The revaluation reserve represents the surplus of valuation over the historical cost of buildings, furniture, and equipment to the extent that the depreciation charge on the revalued assets exceeds that which would have been charged had the assets not been revalued, a release is made from the revaluation reserve to accumulated deficit. The Council is now using the Cost Model to value its assets.

### h) Intangible assets

Intangible assets are stated at cost less amortization. The council used the cost model to value its intangible assets as at 30 June 2024. Intangible assets are not amortized.

## Impairment

### (i) Impairment of non-financial assets

The Council assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations is undertaken, management must estimate the expected remaining service amount of a non-cash generating asset or non-cash generating unit and

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choose a suitable discount rate in order to calculate the present value of the remaining service potential.

### *(ii) Impairment of Financial Assets*

The impairment of financial assets is calculated using the **Expected Credit Losses Model**. The entity recognizes loss allowances [Expected Credit Losses (ECL)] on all financial assets except those measured at FVTSD and credit-impaired financial assets. The Council uses a **simplified approach** in determining the impairment of its Receivables. A loss allowance is calculated at each reporting date, however, the ECL model is updated on an annual basis to accommodate any event that might cause a significant increase in credit risks on financial assets. The term 'expected credit loss' does not imply that losses are anticipated, but rather that there is recognition of the potential risk of loss. Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in the credit risk of the financial set since initial recognition.

Loss allowances for ECL are presented in the statement of financial position as follows: The financial assets are measured at amortized cost as a deduction from the gross carrying amount of the assets.

### *(iii) Useful life of assets*

Critical estimates are made by the management in determining depreciation rates for property, plant and equipment.

## i) Employee benefits

### (i) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal and constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

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### (ii) Retirement benefits

The Council has statutory obligations to contribute to various pension schemes in favour of all the employees employed under permanent and pensionable terms. The pension scheme in force to which the Council contributes is the Public Service Social Security Fund (PSSSF). Contributions to this fund are recognized as an expense in the period the employees render the related services.

### (iii) Termination benefits

Termination benefits are recognized as an expense when the Council is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense. If the Council has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

### (iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or performance-sharing plans if the Council has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### j) Provisions

A provision is recognized if, as a result of a past event, the Council has a present legal or constructive obligation that can be estimated reliably, it is probable that an outflow of resources embodying service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### k) Receivables

Trade and other receivables are non-interest bearing and are carried at anticipated realizable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the year-end. Bad debts are written off when all reasonable steps to recover them have failed.

### l) Payables

The liabilities payables are carried at cost, which is measured at the fair or contractual value to be paid in respect of goods or services supplied to the Board, whether billed or not.

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### m) Related Party

Related parties comprise of key management personnel who include all directors and Board Members of the Council as indicated on Note 21.

### n) Comparative figures

Due to the adoption of the International Public Sector Accounting Standards (IPSAS) for the time during the period from the previous financial reporting framework, comparative figures have been re-aligned to the new reporting framework presentation requirements.

### o) 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. In the financial year 2023/24 the significant issues were as follows.

The figures of Property Plant and Equipment have been affected by the estimates of useful life to non-current assets and judgment on the method for depreciation calculation.

Registration and permit fee receivable relate to uncollected Registration and permit fees from registered hall conducting arts and entertainment activities as at 30 June 2024.

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### 5 CASH AND CASH EQUIVALENTS

	2023/24	RESTATED*
	TZS	TZS
Bot own source collection account	3,195,095	16,131,398
Cash in hand	-	140,000
Development expenditure cash account	-	100,000
Imprest cash account	-	5,500,000
Own source collection account - Akiba Commercial Bank	-	81,254
Own source collection account - NBC	-	100,000
Own source recurrent expenditure GF	372,614	1,807,042
	<b>3,567,709</b>	<b>23,859,694</b>

### 6 RECEIVABLES

Trade and another receivable	199,629,814	170,045,813
Provision for Expected Credit Loss	(80,190,973)	(50,716,318)
	<b>119,438,841</b>	<b>119,329,495</b>

### 7 INVENTORY CONTROL

Stationaries	298,254	784,000
	<b>298,254</b>	<b>784,000</b>

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### 8. PROPERTY PLAN AND EQUIPMENTS

COST	Land	Office building and structures	Other equipment and installation	Office furniture and Fittings	Motor vehicle	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS
As at 1 July, 2023 (Cost)	1,032,653,750	1,655,000,000	253,371,969	78,075,025	-	3,019,100,744
Adjusted cost*	3,862,500,000	-	(130,743,141)	(27,299,025)	-	3,704,457,834
Additions (Monetary)	-	-	11,299,999	18,101,696	-	29,401,695
Additions (Donation in kind)	-	-	47,879,000	5,088,305	68,828,233	121,795,538
As at 30 June, 2024	<u>4,895,153,750</u>	<u>1,655,000,000</u>	<u>181,807,827</u>	<u>73,966,001</u>	<u>68,828,233</u>	<u>6,874,755,811</u>
DEPRECIATION						
As at 1 July, 2023	-	695,100,000	225,643,186	69,716,288	-	990,459,474
Adjusted depreciation*	-	-	(227,871,369)	(69,716,288)	-	(297,587,657)
Charge for the year	-	33,100,000	7,917,487	1,151,360	3,441,413	45,610,260
As at 30 June, 2024	-	<u>728,200,000</u>	<u>5,689,304</u>	<u>1,151,360</u>	<u>3,441,413</u>	<u>738,482,077</u>
NET BOOK VALUE						
As at 30 June 2024	<u>4,895,153,750</u>	<u>926,800,000</u>	<u>176,118,523</u>	<u>72,814,641</u>	<u>65,386,820</u>	<u>6,136,273,734</u>
As at 30 June 2023	<u>1,032,653,750</u>	<u>959,900,000</u>	<u>27,728,783</u>	<u>8,358,737</u>	<u>-</u>	<u>2,028,641,270</u>

\*The Council fixed asset records were not reconciled to the fixed asset register and most of its assets were not traceable to the accounting records. To clean up the books during the year, the Council engaged the service of a professional valuer who assigned values to each identified asset. In recognizing the newly assigned values, the value was deemed to be the cost of the assets thus resulting to the adjustment as disclosed in this note. The net effect of the adjustment is as follows:

	TZS
Net adjustment on asset cost	3,704,457,834
Net adjustment on accumulated depreciation	297,587,657
Total adjustment (See Statement of Changes in Equity)	4,002,045,491

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	2023/24 TZS	RESTATED* 2022/23 TZS
<b>9. WORK IN PROGRESS - OPEN AIR THEATRE</b>		
<b>COST</b>		
As at 1 July	1,518,378,888	1,518,378,888
Addition	-	-
As at 30 June	<b>1,518,378,888</b>	<b>1,518,378,888</b>

The Council is currently constructing an Open-Air Theatre at Sharif Shamba. The facility is still under construction and not ready for capitalization. Additionally, there was no advancement in the construction process during the 2023/24 period.

### 10 INTANGIBLE ASSETS

Intangible assets relate to Artist Management Information System (AMIS). NAC engaged e-GA to develop this system for registering and issuing permits to artists, event's organizers and entertainment halls. The system current development value is TZS 106,436,000 which is yet to be paid to the developer.

#### Amortization

Artist Management Information System (AMIS) is an intangible asset with indefinite life. According to IPSAS 31 Paragraphs 88, 106-109, intangible assets with indefinite life should not be amortization.

	2023/24 TZS	RESTATED* 2022/23 TZS
<b>11 PAYABLES AND ACCRUALS</b>		
Supplies of goods and services	269,535,471	198,680,806
Staff Claims	289,965,380	144,946,159
Other payables	293,004,606	167,194,164
Withholding tax payable	244,400	-
	<b>852,749,857</b>	<b>510,821,129</b>

Supply of goods and services payable include development cost of Artistic and stakeholders' registration system (AMIS) which is now operational. The system was developed by eGA in year 2021, and the development cost was TZS 106,436,000. An increase of staff payables was brought by the outstanding managerial staff allowances and other staff allowances. Other payable includes retention fee and construction fee of the open-air theatre to Motto Search amounting to TZS 98,316,367.

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### 12 REVENUE GRANTS

The Council depends on the subvention from the Government of United Republic of Tanzania through Ministry of Finance. The breakdown of the subvention received during the year is shown hereunder:

Month	2023/24			2023/23		
	Personal emolument	Other charges	Total	Personal emolument	Other charges	Total
	TZS	TZS	TZS	TZS	TZS	TZS
July	125,860,410	24,641,667	150,502,077	73,864,590	19,500,000	93,364,590
August	133,949,220	19,713,333	153,662,553	80,848,590	-	80,848,590
September	131,465,225	-	131,465,225	88,311,055	39,000,000	127,311,055
October	135,340,385	19,713,333	155,053,718	90,719,369	-	90,719,369
November	137,469,830		137,469,830	100,565,103	17,550,000	118,115,103
December	139,086,830	29,570,000	168,656,830	103,172,103	4,875,000	108,047,103
January	139,648,520	-	139,648,520	97,410,503	9,750,000	107,160,503
February	137,965,823	19,713,335	157,679,158	98,595,503	9,750,000	108,345,503
March	124,072,589	12,320,833	136,393,422	101,220,278	14,625,000	115,845,278
April	133,235,009	12,320,833	145,555,842	113,135,688	19,500,000	132,635,688
May	138,899,872	12,320,833	151,220,705	110,123,418	19,500,000	129,623,418
June	138,338,207	12,320,833	150,659,040	111,225,468	17,500,000	128,725,468
<b>Total</b>	<b>1,615,331,920</b>	<b>162,635,000</b>	<b>1,777,966,920</b>	<b>1,169,191,668</b>	<b>171,550,000</b>	<b>1,340,741,668</b>

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### 13 REVENUES FROM EXCHANGE TRANSACTIONS

	2023/24	RESTATED*
	TZS	2022/23
		TZS
Miscellaneous Receipts	-	360,482,932
Permit Fees	516,030,999	324,641,999
Registration Fees	212,686,700	60,764,495
	<u>728,717,699</u>	<u>745,889,426</u>

### 14 OTHER REVENUE

Rent from government Quarters	50,630,000	66,120,000
Release of provision for doubtful debt	-	81,786,250
	<u>50,630,000</u>	<u>147,906,250</u>

### 15 GOVERNEMENT SUBVENTION AND DONATION

Government Grant Personal Emolument	1,615,331,920	1,169,191,668
Subvention Other Charges	162,635,000	171,550,000
Amortization of capital grant	121,795,538	-
	<u>1,899,762,458</u>	<u>1,340,741,668</u>

### 15(A) CASH RECEIPT FROM EXCHANGE TRANSACTIONS

Opening balance	170,045,813	38,314,000
Revenue for the year	779,347,699	893,795,676
Closing balance	(199,629,814)	(170,045,813)
Total cash collected	<u>749,763,698</u>	<u>762,063,863</u>

### 16 WAGES, SALARIES AND EMPLOYEE BENEFITS

Civil Servants	1,615,331,920	1,169,191,668
Leave Travel	10,851,000	8,905,958
Extra-Duty	114,257,000	50,414,850
Sitting Allowance	53,855,000	37,188,242
Subsistence Allowance	1,392,000	12,220,000
Housing Allowance	60,370,000	25,794,254
Uniform Allowance	-	1,640,000
Electricity Allowance	31,620,000	10,260,000
Telephone Allowance	28,260,000	9,430,000
Facilitation Allowance	78,269,582	150,050,513
Food And Refreshment	23,998,200	25,108,400
Casual Labor	34,950,000	21,869,000
Sub total	<u>2,053,154,702</u>	<u>1,522,072,885</u>

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	2023/24	RESTATED*
	TZS	TZS
<b>Sub total</b>	<b>2,053,154,702</b>	<b>1,522,072,885</b>
Invigilators Allowance	740,000	-
Outfit Allowance	1,000,000	-
Fuel Allowance	635,830	-
Transport Expenses	3,450,000	-
Transport Allowance	1,540,000	-
Honoraria	4,500,000	-
Director's Fees	32,250,000	-
	<b>2,097,270,532</b>	<b>1,522,072,885</b>
 <b>16(A) CASH PAYMENTS TO EMPLOYEES</b>		
Opening balance (staff claim)	144,946,159	96,181,001
Wages, salaries, and employee benefits	2,097,270,532	1,522,072,885
Closing balance (staff claim)	(289,965,380)	(144,946,159)
	<b>1,952,251,311</b>	<b>1,473,307,727</b>
 <b>17. USE OF GOODS AND SERVICE</b>		
Office Consumables (papers, pencils, pens and stationaries)	20,191,283	11,317,850
Computer Supplies and Accessories	5,216,398	530,000
Printing and Photocopying Costs	-	2,031,500
Cleaning Supplies	8,648,000	600,000
Electricity	24,800,000	20,525,000
Diesel	47,999,200	31,190,600
Consumable Medical Supplies	-	450,000
Uniforms	-	870,000
Conference Facilities	79,616,054	22,110,000
Ground Transport (Bus, Train, Water)	22,258,852	-
Ground travel (bus, railway taxi, etc.)	42,162,616	74,605,219
Per Diem - Domestic	275,135,436	80,347,253
Internet and Email connections	-	5,920,000
Posts and Telegraphs	1,354,000	108,000
Wire, Wireless, Telephone Services and Facsimile	-	200,000
Publicity	20,819,884	20,600,000
Exhibition, Festivals and Celebrations	-	225,632,659
Food and Refreshments	400,000	1,831,800
Gifts and Prizes	15,260,000	2,568,000
Security Services	-	5,600,000
consultancy fees	-	6,900,000
Software License Fees	1,000,000	-
Outsourcing Costs (includes cleaning	4,518,000	-
Water and Waste Disposal (Garbage)	1,154,000	-
<b>Sub total</b>	<b>570,533,723</b>	<b>513,937,881</b>

## NATIONAL ARTS COUNCIL

	2023/24	RESTATED* 2022/23
	TZS	TZS
<b>Sub total</b>	<b>570,533,723</b>	<b>513,937,881</b>
Special Uniforms and Clothing	600,000	-
Tuition Fees Training - Domestic	3,189,400	-
Hiring of Training Facilities	605,000	-
Air Travel Tickets Travel - In - Country	186,300	-
Air Travel Tickets Travel Out Office country	15,000,000	-
Ground travel (bus, railway taxi, etc.) Travel Out of Country	1,198,000	-
Per Diem - Foreign	3,000,000	-
Catering Services	602,700	-
Entertainment - Hospitality Supplies and Services	6,410,000	-
Communication Network Services	255,000	-
	<b>601,580,123</b>	<b>513,937,881</b>
 <b>17(A) CASH PAYMENT FOR ADMINISTRATIVE EXPENSES</b>		
Opening payables Note 11 for Supplies of goods and services and other Expenses	365,874,970	396,756,956
Inventory at start	(784,000)	
Add: Use of goods and services SOFP	601,580,123	513,937,880
Add: Maintenance expenses SOFP	65,170,297	16,436,070
Add: Other expenses	92,014,430	37,134,392
Add: Contribution to CF	5,000,000	-
Closing stock	298,254	784,000
<b>Total (A)</b>	<b>1,129,154,074</b>	<b>965,049,298</b>
Less: Closing payables Note 11 for Supplies of goods and services and other Expenses	(562,784,477)	(365,874,970)
<b>Expected cash out flow from usage of goods and services (A-B)</b>	<b>566,369,597</b>	<b>599,174,328</b>
 <b>18 MAINTENANCE EXPENSES</b>		
Cement, Bricks and Building Materials	-	1,000,000
Panel and body shop repair materials and services	-	12,905,505
Repair and Maintenance of Furniture	3,838,000	2,530,565
Tires and Batteries	6,524,663	-
Paint and Weather Protection Coatings	2,120,000	-
Motor Vehicles and Watercraft	52,687,634	-
	<b>65,170,297</b>	<b>16,436,070</b>
 <b>19 DEPRECIATIONS</b>		
Depreciation Office buildings and structures	33,100,000	33,100,000
Office Equipment	7,917,487	7,322,968
Office Furniture	1,151,360	1,591,531
Motor vehicles, Depreciation	3,441,413	-
	<b>45,610,260</b>	<b>42,014,499</b>

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	2023/24 TZS	RESTATED* 2022/23 TZS
<b>20 OTHER EXPENSES</b>		
Legal fees Expenses	432,000	-
Agency fees	2,500,000	-
Audit fees Expenses	26,000,000	26,000,000
Bank Charges and Commissions	181,253	380,405
Registration Fees Expenses	5,816,000	-
Sundry Expenses	20,074,177	-
Burial Expenses	7,716,000	-
Facilitation Fees	12,420,000	2,723,987
Security Services	11,700,000	-
consultancy fees	5,175,000	8,030,000
	<b>92,014,430</b>	<b>37,134,392</b>

	2023/24 TZS	RESTATED 2022/23 TZS
<b>21 EXPECTED CREDIT LOSS</b>		
Expected Credit Loss	29,474,655	50,716,318
	<b>29,474,655</b>	<b>50,716,318</b>

### 22. RELATED PARTY TRANSACTIONS

The salaries of the Key Management Personnel are drawn as per Government circulars and their letters of appointment. Benefits drawn by key Management Personnel include millage and housing allowance while the Council Member's fees are drawn as per Government circulars. The aggregate remuneration and number for the Council Member and Management were.

DESCRIPTION	2023/24 TZS	RESTATED* 2022/23 TZS
Salaries and allowances Management	578,460,000	291,060,000
Council Members' fees	32,250,000	-
<b>Total</b>	<b>610,710,000</b>	<b>291,060,000</b>
No. of Key Management Personnel	9	4
No. of Council Members	7	-

### 23. COMPARABILITIVE FIGURES

The comparative figures have been reclassified to conform to the current year's presentation. The reclassification was necessary due to a modification in the grouping of revenue and expense classes that were adopted in the current year following conformance to the MUSE grouping.

### 24. FINANCIAL RISK MANAGEMENT

The Council is exposed to the following risks from its use of financial instruments:

- Credit risk

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- Liquidity risk
- Market risk

This note presents information about the Council's exposure to each of the above risks, the Council's objectives, policies, and processes for measuring and managing risk, and the Council's management of capital. Further quantitative disclosures are included throughout these financial statements. The Council's management established the Council's risk management framework.

The Council's risk management policies are there to identify and analyze the risks faced by the Council, to set appropriate risk limits and controls, and to monitor adherence to risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Council, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The management are responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risk faced by the Council.

### *Credit risk*

Credit risk is the risk of financial loss to the Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The potential concentration of credit risk arises principally from the Council's receivables. As at 30 June 2024 the Council had a total of other receivables and prepayments balance of TZS 199,629,814 (TZS 170,045,813) and the Expected Credit Loss (ECL) was 80,190,973 (30 June 2023: TZS 50,716,318) and the net receivables was TZS 119,438,841 (30 June 2023: TZS 119,329,496).

Days	0-30	30-60	60-90	90-184	185-360	Over 360	Total
<b>30-Jun-24</b>							
Trade Receivables	-	-	-	-	17,150,000	182,479,814	199,629,814
Provision for ECL	-	-	-	-	(2,172,476)	(78,018,497)	(80,190,973)
	-	-	-	-	<b>14,977,524</b>	<b>104,461,317</b>	<b>119,438,841</b>

Other receivables do not have standard credit characteristics; they differ depending on whether they are normal prepayments and deposits, "governed by specific prepayment and deposits terms" or the creditworthiness of entity from which they are receivable.

### *Liquidity risk*

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council monitors its risk of a shortage of funds using a recurring liquidity planning procedure which considers the maturity of both accounts receivables and projected

## NATIONAL ARTS COUNCIL

cash flows from operations. The Council's objective is to maintain a balance to allow continuity of operations. As at 30 June 2024 the council had a total payable balance of TZS:852,749,857 (TZS 510,821,129 June 2023).

Days	0-30	30-60	60-90	90-360	Over 360	Total
<b>30-Jun-24</b>						
Supplies of goods and services	-	-	-	45,819,528	223,715,943	269,535,471
Other payables	-	-	-	116,579,174	176,425,432	293,004,606
Staff claims	-	-	-	181,353,148	108,612,232	289,965,380
Withholding tax payable	244,400	-	-	-	-	244,400
<b>Total Payable</b>	<b>244,400</b>	<b>-</b>	<b>-</b>	<b>343,751,850</b>	<b>508,753,607</b>	<b>852,749,857</b>

The Council's total current assets stood at TZS 123,304,804 (30 June 2023: TZS 143,943,189), comprising Cash and Cash Equivalents amounting to TZS 3,567,709 (30 June 2023: TZS 23,859,694), Receivables totaling TZS 199,629,14 (30 June 2023: 170,045,813), and inventories amounting to TZS 298,254 (30 June 2023: TZS 784,000).

The Council's total Current Liabilities amounted to TZS 852,749,857 (30 June 2023: TZS 510,821,129) made up of payables and accrued expenses.

The Council's ability to meet its short-term obligations as they fall due (liquidity ratio) stands at 0.14:1 (30 June 2023: 0.28:1). This indicates that the Council was not able cover its current liabilities 0.14 times as at 30 June 2024 (30 June 2023: 0.28 times).

### **Market risk**

Market risk is the risk that arises from changes in market prices, such as foreign exchange rates, interest rates and related risks that are bound to affect the Council's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### **25. TAX STATUS OF THE COUNCIL**

Under the second schedule of Income Tax Act, 2002 of United Republic of Tanzania the Council is exempted from paying corporate taxes on the excess of income over expenses.

### **26. CONTINGENT LIABILITY**

The management confirms that they are not aware of any contingent liability as at the date of this report. The management also confirms that there are no commitments involving the Council as at the date of this report.

### **27. SUBSEQUENT EVENTS**

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As at the date of signing the financial statements, the management are not aware of any matters or circumstance arising since the date of the end of the reporting period, not otherwise dealt in these financial statements, which significantly affecting the financial position of the Council and results of its operations.

### 28. NON\_CURRENT ASSETS THAT ARE NOT RECOGNIZED IN THE FINANCIAL STATEMENTS

During the year under review, the Council continued to maintain two Motor vehicles to facilitate its daily operations. The two vehicles are controlled by the Ministry of Culture, Arts and Sports, and therefore they are not incorporated in the Council's non-current assets.

The list of Motor Vehicles not yet transferred is as follows;

S/N	Detail/Type	Quantity	Location	Value (TZS)
1	Toyota Land Cruiser GX -STL 3108	1	NAC-DSM	N/A
2	Toyota Land Cruiser VX -STK 3083	1	NAC-DSM	N/A

### 29. OTHER TRANSFERS

During the year the Council transferred to consolidated fund TZS 5,000,000 (2022/23: NIL)

### 30. PRIOR PERIOD ADJUSTMENT

During the year, the Council adopted for the first time, the International Public Sector Accounting Standard No 41 - Financial Instruments. In accordance with the transitional provisions of the standard, the effect of this adoption is to be accounted for retrospectively. The Following summarizes the effect of the adoption of the standard in the previous years and the accounting balances affected:

SN	Item Affected	Reported amounts at 30 June 2023	Restatement	Restated Amounts at 30 June 2023	Reason for Restatement
		TZS	TZS	TZS	
<b>STATEMENT OF FINANCIAL POSITION</b>					
i	Receivable	170,045,814	(50,716,318)	119,329,496	The adjustment relates to the impact of the application of IPSAS 41- Financial Instruments that resulted in the Expected Credit Losses of TZS 50,716,318 relating to previous years.
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>					
ii	Expected Credit Losses	-	50,716,318	50,716,318	Recording of ECL as per IPSAS 41.

### 31. NON\_CURRENT ASSETS RECEIVED AS DONATIONS IN-KIND FROM STAKEHOLDERS

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During the year 2023/24 the Council received assets amounting to TZS. 121,795,537.59 from stakeholders as follows:

S/N	DESCRIPTION	QUANTITY	AMOUNT
1	Desk top Computers	10	27,080,000
2	Laptop Computers	2	6,549,000
3	Photocopy Machine	1	6,750,000
4	AC	1	1,360,000
5	Radio	1	1,350,000
6	Television	1	3,950,000
7	Projector	1	840,000
8	Office Chairs	20	2,958,305
9	Office Tables	1	1,300,000
10	Conference tables	1	830,000
11	Motor Vehicles -from NSSF	1	68,828,233
	<b>TOTAL</b>		<b><u>121,795,537</u></b>

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### 32. RECONCILIATION FOR CASHFLOW FROM OPERATING ACTIVITIES USING INDIRECT METHOD

	2023/24	RESTATED*
	TZS	2022/23
	TZS	TZS
(Deficit)/Surplus for the year	(257,010,140)	52,225,299
Add/Deduct Non-cash expenditures and income		
Allowance for Expected Credit Loss	29,474,655	50,716,318
Depreciation	45,610,260	42,014,499
Capital grant	(121,795,538)	-
	<b>(303,720,763)</b>	<b>144,956,116</b>
Changes in WC		
(Increases)/decrease in inventories	485,746	(784,000)
(Increase)/decrease in receivables	(29,584,001)	(131,731,817)
Increase/(decrease) in accounts payable	341,928,728	17,883,172
Net change in working capital	<b>312,830,473</b>	<b>(63,916,323)</b>
	<b>9,109,710</b>	<b>30,323,471</b>

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### 33. VARIANCE ANALYSIS ON THE STATEMENT OF BUDGET AND ACTUAL AMOUNTS

	Final Budget TZS	Actual TZS	Difference TZS	Explanation
<b>RECEIPTS</b>				
Revenue Grants	1,643,025,000	1,777,966,920	(134,941,920)	The variance is on additional funds received for Personnel Emolument due to transfers of staff from other public entities.
Revenue from exchange transaction	950,000,000	628,841,699	321,158,301	The amount collected was under the planned budget due to some lack of awareness to some artist stakeholders to Comply with NAC Regulations in conducting artistic activities.
Other Revenue	150,738,860	120,922,000	29,816,860	Some rent was not paid by tenants on time
<b>PAYMENTS</b>				
Wages, Salaries and Employee	1,663,945,106	1,952,251,311	(288,306,205)	Additional salaries paid to staff who were transferred with special salaries, per diem rates changed to what was approved by the Government for Public Entities and increase in staff entitlements due to additional staff.
Use of Goods and Service	611,641,172	430,184,870	181,456,302	The budgeted expenditure was not attained due low release of Government Subvention for Other Charges and decrease in collection from own sources
Other Expenses	144,612,965	66,014,430	78,598,535	
Maintenance Expenses	138,500,000	65,170,297	73,329,703	Some expenses were not met due to insufficient fund during the year
Acquisition of Property, Plant and Equipment	149,944,618	29,401,695	120,542,923	The budgeted expenditure was not attained due to non-collection of some of the budgeted revenue from the Government for Construction of Open-Air Theatre