ISO 9001:2015 Certified

NATIONAL AUDIT OFFICE OF TANZANIA (VOTE 45)

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

TABLE OF CONTENTS

ABBREVIATIONS

AO	Accounting Officer
ACL	Audit Command Language
AFROSAI	African Organization of English-speaking Supreme Audit Institutions
ARVs	Antiretroviral
BoT	Bank of Tanzania
CAG	Controller and Auditor General
CAM	Compliance Audit Manual
FAM	Financial Audit Manual
FTK	Forensic Toolkit
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HPC	High-Profile Clients
ICT	Information, Communication and Technology
IFRS	International Financial Reporting Standards
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
ISO	International Organization for Standardization
JNHPP	Julius Nyerere Hydropower Project
LAAC	Local Authorities Accounts Committee
MDAs	Ministries, Departments and Agencies
MoF	Ministry of Finance
NBAA	National Board of Accountants and Auditors
NCD	Non-Communicable Diseases
NGOs	Non-Government Organizations
PAC	Parliamentary Accounts Committee
SGR	Standard Gauge Railway
TFRS	Tanzania Financial Reporting Standard

STATEMENT OF THE CONTROLLER AND AUDITOR GENERAL

I am pleased to present the Annual Performance Report for the fiscal year 2024/25, prepared by the National Audit Office of Tanzania (NAOT). This report demonstrates our unwavering commitment to fulfilling the responsibilities mandated by Article 143 of the Constitution of the United Republic of Tanzania and the principles of transparency and accountability enshrined in the Public Audit Act and its Regulations.

This report highlights the successful implementation of the fourth year of our Strategic Plan for 2021/22 to 2025/26. Our strategy emphasizes modernizing business processes to strengthen public confidence and align with international standards, essential for establishing NAOT as a credible and contemporary Supreme Audit Institution.

During the financial year 2024/25, NAOT conducted audits as outlined in our Annual Audit Plan. These initiatives were aligned with national priorities, including the Sustainable Development Goals (SDGs), FYDP III targets and the commitments of Chama cha Mapinduzi (CCM). The audit findings from this period have provided crucial recommendations for improving public finance management, optimizing resource allocation, and maximizing the value of public funds.

Throughout the year, NAOT remained firmly committed to compliance with international auditing standards in the execution of its mandate. A total of **1,554** audits were conducted, and their results were consolidated into **six Annual General Audit Reports**, as follows:

The annual general reports includes;

- 1,339 financial and compliance audits;
- 19 Performance Audits;
- 12 Technical Audits using Real Time technique;
- 137 Information System Audits; and
- 47 Special audits.

The insights gained from these audits were compiled into six detailed reports, which were presented to Parliament and shared with the public, underscoring our dedication to transparency.

These notable achievements were made possible through the tireless efforts and dedication of the NAOT staff. We extend our deepest gratitude to the Tanzanian Government and our Development Partners for their steadfast support. The progress highlighted in this report is a testament to the commitment of our team and the unwavering support from key stakeholders, including the legislature, the President, the Ministry of Finance, the public, and our Development Partners.

As we advance with our ambitious Strategic Plan (2021/22-2025/26), we remain steadfast in our commitment to becoming a credible and modern Supreme Audit Institution. Our primary objective is to provide exceptional audit services that strengthen public trust and uphold the values of transparency and accountability.

Charles E. Kichere,
CONTROLLER AND AUDITOR GENERAL
JANUARY 2026

STATEMENT OF THE ACCOUNTING OFFICER

In compliance with Section 55(4) of the Budget Act No. 11 of 2015 and Section 43 of the Public Audit Act No. 11 of 2008, as well as their associated regulations, I am pleased to present the Annual Performance Report for Vote 45 – National Audit Office for the financial year ending 30 June 2025.

The fiscal year 2024/25 marked the fourth year of the implementation of our five-year Strategic Plan (2021/22 – 2025/26). Our focus was on achieving the Milestones, Targets and Objectives set out in this Plan.

APPROVED BUDGET 2024/25

TZS 122,917,354,333

Total Budget for Vote 45

Recurrent
TZS 111.4B
PE: TZS 20.6B | OC: TZS 90.8B

Development
TZS 11.5B
Local: TZS 8.8B | Foreign: TZS 2.6B

By 30 June 2025, the Office received from the Ministry of Finance (MoF) a total of TZS 118,218,804,899.58, equivalent to 96% of the approved budget. This amount comprised:

Recurrent expenditure: TZS 110,579,873,662.09

- PE: TZS 19,771,791,662.12
- OC: TZS 90,808,081,999.97

Development projects: TZS 7,638,931,237.49

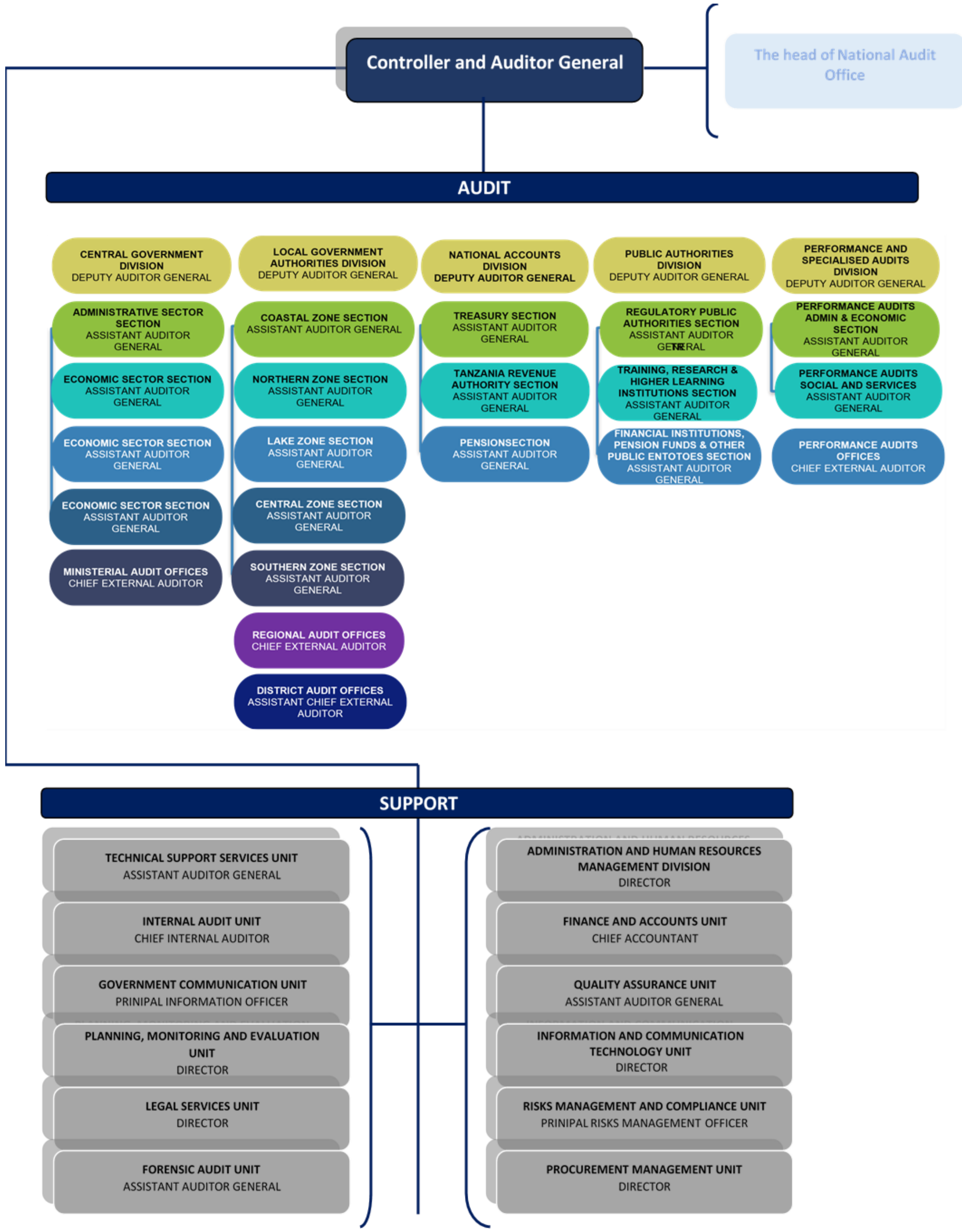
- Local funds: TZS 4,998,931,237.49
- Foreign funds: TZS 2,640,000,000

As of 30 June 2025, the Office managed to spend TZS 118,218,804,899.58, equivalent to 100 percent of the received funds from the MoF. With these resources, the Controller and Auditor General (CAG) effectively fulfilled constitutional responsibilities, conducting various audits, including Financial, Compliance, Performance, Forensic, Technical, IS, and Special audits, as well as Donor-funded projects. Cooperative services were also facilitated to execute their plans for the period under review.

I would like to express my sincere gratitude to the Ministry of Finance for its financial support, which has enabled NAOT to carry out its interventions and fulfil its mandate in service of the Tanzanian people. I look forward to ongoing support from the government and stakeholders as we work to improve our audit services for the benefit of our nation.

Aziz J. Dachi,
Ag. ACCOUNTING OFFICER
January 2026

ORGANISATION STRUCTURE



NAOT MANAGEMENT

Charles E. Kichere
Controller and Auditor General – CAG

Wendy W. Massoy
Deputy Auditor General – Central Government

Kubela A. Mwakatundu
Deputy Auditor General – Local Government Authorities

Salhina M. Mkumba
Deputy Auditor General – Public Authorities

George C. Haule
Deputy Auditor General – Performance and Specialised Audit

Benja L. Majura
Deputy Auditor General – National Accounts

Johannes J. Kisiri
Accounting Officer

Novati A. Mfalamagoha
Director of Administration and Human Resource Management

Seleman M. Mwamba
Director of Planning, Monitoring and Evaluation

Masale C. Rajab
Chief Accountant

Elieshi A. Saidimu
Director of Legal Service

Alcard M. Mumwi
Director of Information and Communication Technology

Justin S. Kavishe
Director of Procurement Management Unit

Kauthar K. Othman
Ag. Assistant Auditor General – Technical Support Services Unit

Glory N. Mtana
Chief Internal Auditor

Baker M. Mageuza
Assistant Auditor General – Forensic Audit

Deogratius E. Kirama
Assistant Auditor General - Quality Assurance Unit

Focus L. Mauki
Head of Government Communication Unit

Rajab A. Amasi
Head of Risk Management and Compliance Unit

Gabriel C. Ntengo
Personal Assistant – CAG

CAG PROFILE

Mr. **Charles Kichere** serves as the Controller and Auditor General (CAG) of the United Republic of Tanzania, overseeing the strategic direction and operations of the National Audit Office of Tanzania (NAOT). As the head of NAOT, he is entrusted with ensuring the integrity and quality of the audit process, including the provision of resources, approval of work plans, and final endorsement of audit reports.

With over 20 years of experience in public sector finance and audit, he has demonstrated exceptional leadership across local government authorities, central government institutions, parastatals, and international audit assignments. His expertise and proven track record in managing complex organisations have cemented his reputation as a distinguished figure in the field, driving the continuous improvement of financial oversight and accountability in Tanzania.

Before being appointed as the Controller and Auditor General (CAG) of Tanzania, he held several high-level positions that significantly shaped his public finance and audit leadership. He served as the **Regional Administrative Secretary** of Njombe Region, **Deputy Commissioner General** and **Commissioner General** of the Tanzania Revenue Authority (TRA), where he played a pivotal role in enhancing tax administration and revenue collection.

His governance expertise extended to the corporate sector, where he was the **Vice Chair of the Board of Directors** at **CRDB Bank PLC** and served on the **Board of the Export Processing Zones Authority (EPZA)** from 2017 to 2019. Before that, he was the **Head of Finance and Chief Accountant** at the Tanzania National Roads Agency (TANROADS) from 2012 to 2016, and he had previously served as **Principal Internal Auditor** of TANROADS for over a decade (2000-2012). His early career includes experience as an **Internal Auditor** at Unilever Tanzania Company Limited.

Mr. Kichere also chairs the **AFROSAI-E Human Resource Subcommittee**, demonstrating his influence in regional audit governance.

As CAG, Mr. Kichere has made remarkable strides in transforming NAOT into a world-class audit institution. His leadership has introduced pioneering reforms, such as **real-time audits** on key national projects, integrating data analytics tools, and establishing a **data lab** to enhance audit precision and effectiveness. These innovations have significantly improved the quality and scope of audits, ensuring independent and impartial oversight of Tanzania's public finances.

Mr. Kichere is a **Certified Public Accountant (CPA-T)**. He holds multiple academic qualifications, including a **Master of Business Administration (MBA)**, a **Diploma in Financial Management of Donors Projects**, a **Bachelor of Laws (LLB)**, and a **Bachelor of Commerce in Accounting**. His extensive academic and professional background underscores his commitment to advancing public financial management and ensuring robust accountability in Tanzania's public sector.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE

1.0 INTRODUCTION

The National Audit Office of Tanzania (NAOT), a Supreme Audit Institution (SAI), presents its Annual Performance Reports in compliance with Section 55(4) of the Budget Act No. 11 of 2015 and Section 43 of the Public Audit Act No. 11 of 2008, along with their associated regulations. This report is prepared in accordance with the Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) issued by the National Board of Accountants and Auditors (NBAA) and the International Public Sector Accounting Standards (IPSAS) accrual basis of accounting. The purpose of these reports is to reveal the actual progress and achievements attained during the financial year and to promote transparency and accountability in public financial management. NAOT's mission is to provide high-quality audits that enhance accountability and transparency in managing public resources.

VISION, MISSION & CORE VALUE

NATIONAL AUDIT OFFICE NAOT ISO 9001:2015 Certified

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.

Vision, Mission & Motto

Vision 01	**OUR VISION** A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.
Mission 02	**OUR MISSION** To provide high-quality audit services through modernization of functions that enhance accountability and transparency in the management of public resources.
Motto 03	**OUR MOTTO** Modernizing External Audit for Stronger Public Confidence.

Core Values

Independence & Objectivity An impartial institution independently offering high-quality audit services in an unbiased manner.	**Professional Competence** Delivering audit services based on professional knowledge, skills, and best practices.
Integrity Observing high ethical standards and rules of law in the delivery of audit services.	**Creativity & Innovation** Encouraging value-adding ideas for continuous improvement of audit services.
Results-Oriented Focusing on reliable, timely, accurate, and clear performance targets.	**Teamwork Spirit** Valuing and working together with internal and external stakeholders.

2.0 OBJECTIVE

The primary objective of NAOT is to provide exceptional audit services that strengthen public trust and uphold the values of transparency and accountability. This aligns with the broader aim of TFRS 1 to provide a framework for discussing the main factors underlying an entity's operations, financial performance, budget implementation, and cash flows, thereby assisting primary users and other stakeholders in assessing strategies for value creation. In the fiscal year 2024/25, NAOT focused on achieving the milestones, targets, and objectives set out in its five-year Strategic Plan (2021/22-2025/26), which emphasizes modernizing business processes to bolster public confidence and aligning with international standards. The Office's objectives also include improving audit standards, methodologies, and reporting, and enhancing human resources and professional development.

3.0 NATURE OF THE OPERATION

NAOT is an independent Supreme Audit Institution of Tanzania and an independent department of the Government of the United Republic of Tanzania (URT). Its mandate is enshrined under Article 143 of the Constitution of the URT of 1977 and further elaborated in the Public Audit Act, CAP.418 and Public Audit Regulations 2009. NAOT operates within the Public Sector Industry, focusing on Public Administration and Governmental Fiscal Oversight.

As a public sector entity, NAOT provides audit services to ensure accountability, transparency, and prudence in public resource management. It operates within a complex external environment shaped by legislative directives, socio-economic developments, and governmental operations. NAOT's "products" are its various audit services, and its "customers" are public sector entities.

NAOT aims to contribute to positive changes in public administration and improve citizens' lives, aligning with INTOSAI P12 principles.

The main functions and responsibilities of NAOT include:

Auditing and Reporting: Examining, inquiring into, auditing, and reporting on the accounts of all ministries, independent departments, agencies, local government authorities (LGAs), public authorities, and any other entity receiving or spending public funds or managing public property. This includes financial, compliance, performance, special, and forensic audits, as well as any other type of audit deemed fit by the Controller and Auditor General (CAG).

Ensuring Compliance and Safeguarding Resources: Ensuring accounts comply with generally accepted accounting principles and relevant laws, and that public resources are safeguarded, properly authorized, applied, accounted for, and used economically, efficiently, and effectively.

Making Recommendations: Empowered to make recommendations to prevent or minimize unproductive expenditure, maximize public revenue collection, and avert loss due to negligence, theft, fraud, or corruption.

Submitting Reports: Submitting audit reports to the President and Parliament annually or as required by law, with findings also shared with the public.

NAOT had undergone different transformations and reforms since its establishment as "the Audit Department" in July 1961, becoming the Exchequer and Audit Department with the introduction of The Exchequer and Audit Ordinance of 1961, and eventually NAOT under the Public Audit Act No. 11 of 2008.

4.0 OBJECTIVES AND STRATEGIES

NAOT's operations are guided by its Five-Year Strategic Plan (2021/22 – 2025/26). The financial year 2024/25 marked the fourth year of this plan's implementation.

The seven strategic objectives for the financial year 2024/25 are:

A. HIV and AIDS infections and Non-Communicable Diseases Reduced and Supportive Services improved.

B. Implementation of the National Anti-Corruption Strategy Enhanced and Corruption Incidences Reduced.

C. Audit Standards, Methodologies, and Reporting Improved.

D. NAOT Legal Framework Enhanced.

E. Human Resources and Professional Development Enhanced.

F. Organisation, Management, and Ethics Enhanced.

G. Communication and Stakeholders Management Improved.

To achieve these objectives, NAOT formulated several priority areas and activities, which served as the basis for preparing budget estimates and annual action plans. Key priority areas for 2024/25 included:

A. Conducting various audits (financial, technical, performance, IS, special, and investigative).

B. Building capacity of Parliamentary Standing Committees.

C. Strengthening ICT use within the Office.

D. Initiating and continuing construction and rehabilitation of office buildings in various regions.

E. Improving the working environment by ensuring timely provision of operating services, employee entitlements, and work tools.

F. Addressing human resource shortages, especially in specialized audit areas.

G. Providing awareness and public education to stakeholders.

H. Building employee capacity in new audit areas (e.g., Mining, PPP, Technical, IS, Real Time Audits).

I. Strengthening performance standards and employee education on ISO 9001:2015 implementation.

5.0 ENTITY OPERATING MODEL

NAOT's operating model involves transforming key inputs through operating activities into outputs and outcomes to fulfil its strategic purposes and create value.

Inputs:

Financial Resources: Funding provided by the Parliament of the United Republic of Tanzania, enabling personnel recruitment, modern technology adoption, and comprehensive audits.

Human Resources: About 1,000 auditors, investigators, and support staff, with a commitment to continuous professional development to maintain current auditing standards and techniques.

Information: Access to detailed and accurate information (financial reports, performance data, policy documents, essential records) for comprehensive understanding of audited entities and insightful recommendations.

Technology: Utilisation of advanced technology like data analysis software, secure communication platforms, and other IT tools to boost efficiency and effectiveness, including the Audit Data Lab System and TeamMate Plus.

Legal Authority: Mandate established by the Constitution and Public Audit Act, granting authority to scrutinise public spending, access information, and report findings to Parliament.

Operating Activities:

Financial and Compliance Audits: Regularity audits conducted at least annually for all ministries, independent departments, LGAs, agencies, public authorities and other bodies to provide a professional opinion on financial statements. In 2024/25 we have conducted 1,339 audits while in 2023/24, 1,301 audits were conducted.

Forensic Audits: Specialised audits conducted when fraud is suspected, initiated and scoped by the CAG to investigate fraudulent activities and maintain accountability. In 2024/25, 47 special and forensic audits were conducted while in 2023/24, we conducted 52 special audits.

Performance Audits: Assessing the economy, efficiency, and effectiveness of operations to identify areas for improvement in financial control and value for money. In 2024/25 we conducted 19 performance audits and 15 for the financial year 2023/24.

Information System Audits: In 2024/25 we performed 137 information system audits compared to 105 in the financial year 2023/24.

Reporting to Parliament: Preparation and presentation of audit findings and recommendations to MPs to support scrutiny of government activities. In 2024/25 and 2023/24, six comprehensive General Audit Reports were submitted to the President and Parliament.

Providing Guidance: Promoting good practice and offering advice to government departments on effective public fund management.

Stakeholder Engagement: Regular engagement with Parliament, government departments, and the public to understand emerging issues and ensure findings are relevant.

Outputs:

Audit Reports: Detailed findings from performance, regularity, special, and forensic audits, providing independent assessment and recommendations for improvement.

Professional Opinions: Assessments on whether financial statements of audited entities represent a true and fair view.

Guidance: Advice for audited entities on good practices and effective management of public funds.

Presentations to Parliament: Independent, evidence-based analysis to enable MPs to scrutinize government activities.

Public Communications: Dissemination of findings to the public to increase transparency and accountability, including a simplified Citizen Audit Report.

Referrals for Further Investigation or Prosecution: Cases of fraud or illegal activities uncovered by forensic audits may be referred to relevant authorities.

Outcomes:

Increased Accountability and Transparency: Public entities are held to high fiscal responsibility standards, and the public is informed about tax expenditure.

Improved Financial Management: Recommendations lead to improved practices and more efficient use of public funds.

Better Public Services: Identification of inefficiencies contributes to service enhancements that directly benefit the public.

Detection and Prevention of Fraud: Forensic audits protect public funds and uphold integrity.

Informed Decision-Making: Reports and presentations provide information for MPs to make informed decisions.

Public Trust: Demonstrating wise spending and addressing issues builds public trust in government financial management.

6.0 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

NAOT's development and performance are guided by its Strategic Plan (2021/22-2025/26), aiming to provide high-quality audit services and enhance accountability. The Office anticipates future changes in the external environment and is equipped to respond to critical challenges, as evidenced by its strategic plan and monitoring processes. Current and planned investment expenditure is directed towards achieving its objectives.

Notable achievements in 2024/25 include:

- Conducting 1,339 financial and compliance audits, 19 performance audits, 12 technical audits using Real Time technique, 47 special and forensic audits, and 137 information systems audits.

- Upgrading ICT systems, including infrastructure, Enterprise Risk Management, Planning, Monitoring, and Evaluation System (PMES), Audit Data Lab integration, and biometric attendance systems.
- Training 884 auditors in new areas like Mining, PPP, Technical, IS, and Real Time Audit.
- Significant progress in construction projects (Katavi, Songwe, CAG's residential house reaching 99.8% completion), commencement of new works in Mwanza and Ruvuma, and successful rehabilitation of various office buildings.
- Conducting awareness campaigns for media, CSOs, and NGOs in multiple regions.
- Promoting ISO 9001:2015 Quality Management System (QMS) awareness, management review, and internal audits.
- Recruiting 11 new staff for emerging audit areas.

7.0 RESOURCES

NAOT relies on various resources to fulfil its mandate and create value.

Financial Resources: For 2023/24, the approved budget was TZS 98.95 billion, with TZS 9.41 billion for development and TZS 89.54 billion for recurrent activities (including TZS 26.88 billion for personnel emoluments and TZS 60.73 billion for operational expenses). The Office received TZS 118.21 billion. For 2024/25, Parliament approved TZS 122,917,354,333, with TZS 111,449,354,333 for recurrent and TZS 11,468,000,000 for development.

Human Resources: As of June 30, 2025, NAOT had 961 staff out of an established 1,268, with 307 unfilled vacancies carried forward to 2025/26. 50 staff were recruited and 320 were promoted in 2024/25. The Office actively develops staff skills through various training programs.

Information and Technology: Access to vast amounts of data and utilization of advanced IT tools (e.g., Audit Data Lab, TeamMate Plus) are crucial for efficiency and effectiveness.

Legal Authority: The Constitutional and statutory mandate empowering NAOT to conduct its audits.

8.0 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

NAOT faces several principal risks and uncertainties, which are identified, assessed, and managed through its risk management framework.

Challenges (Risks) encountered in 2024/25:

- **Delayed disbursement of development funds:** Only TZS 7.64 billion out of the approved TZS 11.47 billion development budget was released (approximately 67%), affecting timely implementation of projects, especially procurement of capital items, infrastructure improvements, and other capital activities.

- **Concentration of knowledge among a few staff:** Despite training efforts, a small number of staff accessed specialized programs in IS, technical, and real-time audits, raising concerns about knowledge sharing and long-term sustainability.
- **Capacity gaps in specialised audit areas:** Staffing in Information Systems, Extractive Industries, and Technical Audits remained below demand, limiting the expansion and depth of technically demanding audits.
- **Procurement delays and inadequate working tools:** Delays hindered the acquisition of essential tools (computers, vehicles, equipment), affecting audit efficiency and timely delivery. In the 2023/24 report, "delays in the disbursement of the development budget and regional capacity constraints" were also noted.

Remedial Actions and Mitigation Measures:

- Collaborate with the Ministry of Finance for quicker fund releases and streamline internal procurement processes.
- Accelerate capacity building by increasing training and mentorship opportunities for junior staff in specialized audits.
- Promote knowledge transfer through institutionalizing internal workshops, peer learning, and knowledge-sharing sessions.
- Prioritise essential work tools and expedite procurement to close gaps in equipment and logistics.
- Strengthen monitoring of departmental plans and enforce quarterly internal reviews to track progress and adjust plans.
- Awareness programs are in place to mitigate the risk of staff reluctance to voluntarily test for HIV/AIDS.
- An action plan for stakeholder involvement has been developed to mitigate risks of less stakeholder involvement.
- A budget is available for the procurement of working tools to mitigate low service delivery.
- A Training Needs Assessment scheme is available to mitigate the risk of less professionally developed employees.

Opportunities: NAOT identifies several opportunities for improvement and value creation:

- **Technological Advancement:** Leveraging data analytics, AI, and modern auditing software to enhance capabilities and detect irregularities more effectively.
- **Capacity Building:** Continuous training and development to improve staff competencies for complex audits and updated standards.
- **Collaboration and Partnerships:** Collaborating with international auditing bodies and engaging with civil society organizations for global best practices and citizen-centric audits.
- **Public Engagement:** Holding forums, workshops, and consultations to gather feedback and improve audit focus areas.
- **Diversification of Audit Areas:** Expanding audits to include emerging sectors like environmental practices, cybersecurity, and social responsibility initiatives.

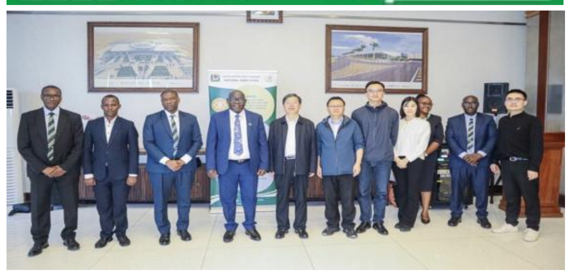
- **Strengthening Regulatory Framework:** Advocating for stronger legislative support to enhance NAOT's mandate and enforcement powers.
- **Innovative Approaches:** Adopting risk-based and performance auditing for critical areas and value for money.
- **Feedback Mechanism:** Instituting a robust feedback mechanism for continuous improvement.
- **Sustainable Practices:** Leading by example in adopting sustainable practices.
- **Global Recognition:** Achieving certifications and recognitions to enhance credibility and foster international collaborations.

9.0 STAKEHOLDERS' RELATIONSHIP

Regular engagement with key stakeholders is crucial for NAOT. NAOT's stakeholder analysis identifies various groups and outlines the services offered, their expectations, and milestones.

Key stakeholders include:

Parliament: Receives audit reports, oversight committee briefs, professional advice, and capacity building on public sector audits. Expectations include quality and timely reports, independent auditors, and credible NAOT reports. In 2024/25, six annual general reports and 1,499 individual financial statement audit reports were submitted on time which related to the audit of financial year 2023/24. In 2024/25, 84 members of Parliamentary Oversight Committees and 9 Clerks were sensitized on Value for Money, real-time audit, expenditure tracking, and CAG's mandate.



Treasury (Ministry of Finance): Provides financial support and expects timely approval of funds, audit assurance on government revenue and expenditure, and disclosure of irregularities.

President's Office - Public Service Management and Good Governance: Expects timely and quality audit reports on Wage Bill and Human Capital Management Information System (HCMIS), and accurate information on NAOT staff.

Ministries, Departments, Executive Agencies, Local Government Authorities, Public Authorities, and other bodies: Are auditees, expecting high-quality audit services, recommendations, and technical support.

Development Partners (including international organizations): Expect audit reports for funded projects and assurance on governance, transparency, and accountability in Public Financial Management (PFM).

Private Audit Firms, Suppliers, and Consultants: Provided outsourcing services, NAOT audit guidelines, and professional advice. They expect unbiased information on opportunities and clear guidelines.

Professional Bodies and Academic Institutions: Engage in knowledge sharing and internship programs, expecting timely audit reports and compliance with professional standards.

Supreme Audit Institutions (SAIs) and associated professional organizations: Engage in peer reviews and knowledge exchange, expecting accurate information and independent auditors.

Law Enforcement Organs: Expect reliable evidence and testimonies from CAG audit reports, and capacity building on these reports.

External Auditors to NAOT: Provided with performance reports, financial statements, internal audit reports. Expectations include timely and accurate information.

Media: Receives press releases, audit reports, and citizen reports, and is trained on disseminating CAG reports to the public.

10.0 CAPITAL STRUCTURE AND TREASURY POLICIES

NAOT's financial position and capital structure are analysed through its budget and expenditure reports. For the financial year 2024/25, Parliament approved a total budget of **TZS 122,917,354,333** for Vote 45. This budget was divided into:

Recurrent Expenditures: TZS 111,449,354,333

- Personnel Emoluments (PE): TZS 20,638,564,000
- Other Charges (OC): TZS 90,810,790,333

Development Projects: TZS 11,468,000,000

- Local Funds: TZS 8,828,000,000
- Foreign Funds: TZS 2,640,000,000

As of June 30, 2025, NAOT received TZS 118,218,804,899.58, representing 96% of the approved budget. The funds received comprised TZS 110,579,873,662.09 for recurrent expenditure and TZS 7,638,931,237.49 for development projects. Of the recurrent funds, TZS 19,771,791,662.12 was for PE (96% of approved) and TZS 90,808,081,999.97 for OC (100% of approved). For development, TZS 4,998,931,237.49 was from local funds (57% of approved) and TZS 2,640,000,000.00 from foreign funds (100% of approved).

11.0 CASH FLOWS

During the fiscal year 2024/25, which was the fourth year of the implementation of our five-year Strategic Plan (2021/22 – 2025/26), our focus was on achieving the Milestones, Targets, and Objectives set out in the Plan. Parliament approved a total budget of TZS 122,917,354,333.00 for Vote 45. This budget included TZS 111,449,354,333.00 for recurrent expenditures and TZS 11,468,000,000.00 for development projects. Of the recurrent budget, TZS 20,638,564,000.00 was allocated for Personnel Emoluments (PE) and TZS 90,810,790,333.00 for Other Charges (OC). The development budget comprised TZS 8,828,000,000 in local funds and TZS 2,640,000,000.00 in foreign funds.

By June 30, 2025, the Office received from the Ministry of Finance (MoF) TZS 118,218,804,899.58 equivalent to 96 percent of the approved budget, comprising TZS 110,579,873,662.09 for recurrent expenditure and TZS 7,638,931,237.49 for development projects. Within these, TZS 19,771,791,662.12 was dedicated to PE, TZS 90,808,081,999.97 for OC in the recurrent category, TZS 4,998,931,237.49 local funds and TZS 2,640,000,000.00 foreign funds.

As of 30 June 2025, Office managed to spend TZS 118,218,804,899.58 equivalent to 100 percent of the received fund from the MoF.

12.0 LIQUIDITY

As of June 30, 2025, NAOT's gross deposit balances held in bank accounts stood at TZS 11,300,067,232, while cash and cash equivalents presented in the Statement of Financial Position amounted to TZS 11,245,092,754 after recognising an expected credit loss of TZS 54,974,478. The closing balances are disclosed in Note 12 and Note 19.

13.0 KEY PERFORMANCE INDICATORS

NAOT utilizes Key Performance Indicators (KPIs) to assess progress against its strategic objectives.

Achievements in 2024/25 against Priorities (equivalent to KPIs):

- **Financial Audit:** 1,339 financial audits conducted (562 Ministerial Accounts, 221 LGAs, 225 Public Authorities and 331 Development projects).
- **Technical, Performance, and IS Audits:** 19 Performance audits, 12 Technical audits, and 137 Information Systems audits conducted.
- **Special and Forensic Audits:** 47 Special and Forensic audits conducted.
- **Strengthen ICT Use:** Upgrade of ICT systems, including infrastructure, ERM, PMES, Audit Data Lab integration, data security, and biometric attendance systems.
- **Capacity Building for Parliamentary Committees:** Awareness creation for 84 MPs and 9 Clerks on Value for Money, real-time audit, expenditure tracking, and CAG's mandate.

- **Capacity Building for Staff:** 884 auditors trained in new auditable areas (Mining, PPP, Technical, IS, Real Time Audit).
- **Construction and Rehabilitation:** Construction projects in Katavi, Songwe and CAG's residential house reached 99.8% completion; TSSU Office completed, new construction started in Mwanza and Ruvuma; rehabilitation of various office buildings successfully completed.
- **Awareness Creation to Stakeholders:** Dissemination of Citizen Audit Report to 125 media across five regions and 168 CSOs/NGOs in five regions; awareness raised at the 49th Trade Fair.
- **Strengthening Compliance with ISO 9001:2015:** Awareness sessions, management review, corrective actions, QMS revision, and internal/external audit coordination.
- **Improving Office Working Environment:** Timely provision of utilities, employee benefits, and essential working facilities (vehicles, computers, furniture).
- **Recruiting New Staff:** 11 new staff recruited for emerging audit areas.

14.0 CORPORATE GOVERNANCE MATTERS

NAOT has several committees to ensure operational integrity and efficiency.

Audit Committee

Functions (from 2023/24): This committee, established on February 23, 2023, is responsible for approving internal audit plans, scrutinizing internal and external audit reports, advising the Controller and Auditor General (CAG) on matters arising from audit reports, guiding the preparation and review of financial statements, and overseeing internal controls and the Risk Management Framework.

Relevance to 2024/25: The 2024/25 report highlights NAOT's continued focus on strengthening accountability and transparency in public financial management by completing over 1,554 audits and preparing six annual general audit reports. The Audit Committee's oversight was essential for maintaining the quality and integrity of these audit processes and financial reporting.

S/N	NAME OF THE MEMBER	ROLE
1	CPA. Victus Paul Tesha	Chairman
2	CPA. Kauthar Khalid Othman	Secretary
3	CPA. Baker Mwawa Mageuza	Member
4	ENG. Elibariki Charles Mkumbo	Member
5	MR. Renatus Dismas Msangira	Member

Technical Committee

Functions (from 2023/24): Established in 2007, this committee is fundamental for refining audit methodologies and enhancing the efficiency of the TeamMate audit management software. Its responsibilities include discussing technical reports from consultants, reviewing terms of reference for technical assignments, approving articles and maintaining the quality of NAOT Journals, approving technical manuals, and discussing progress and challenges during audits.

Relevance to 2024/25: For 2024/25, NAOT conducted 12 technical audits and prioritized strengthening the use of Information and Communication Technology (ICT) within the Office, including upgrading ICT systems and integrating the Audit Data Lab. The Technical Committee's expertise was vital in supporting these advanced audit practices and technological enhancements.

The following are the members of the committee.

S/N	Name	Position	Role
1	CPA. Charles E. Kichere	CAG	Chairman
2	CPA. Johannes J. Kisiri	AO	Member
3	CPA. Benja Majura	DAG - NA	Member
4	CPA. Kubela Mwakatundu	DAG -LGA	Member
5	CPA. Wendy Massoy	DAG -CG	Member
6	CPA. Salhina M. Mkumba	DAG - PA	Member
7	Eng. George Haule	DAG - VFM	Member

S/N	Name	Position	Role
9	CPA. Emanuel Kalibashubao	AAG	Member
10	Eng. James Pilly	AAG	Member
11	CPA. Sigismund Kisunga	AAG	Member
12	CPA. Isaya Jeremiah	AAG	Member
13	CPA. Amnon M. Mwasakatili	AAG	Member
14	CPA. Ali Zuberi	AAG	Member
15	CPA. Baker Mageuza	AAG	Member
16	CPA. Nestory Karia	AAG	Member
17	CPA. Kemi Laurian John	AAG	Member
18	CPA. Elibariki Lyatuu	AAG	Member
19	CPA. John Ladislaus Nalwambwa	AAG	Member
20	Ms. Esnath N. Henry	AAG	Member
21	CPA. Samwel E. Mmbuji	AAG	Member
22	CPA. Lucius Nchimbi	AAG	Member
23	CPA. Azizi Dachi	AAG	Member
24	CPA. Deogratius Kirama	AAG	Secretary

Integrity Committee

Functions (from 2023/24): Instituted in response to a 2009 circular, this committee is crucial for ensuring transparency, accountability, and integrity within the workplace. Its roles include recommending measures to prevent corruption, coordinating integrity issues, receiving and reviewing complaints of wrongdoings, promoting adherence to codes of conduct, and advising management on actions for confirmed wrongdoings.

Relevance to 2024/25: Objective B of the 2024/25 Strategic Plan focuses on "Implementation of the National Anti-Corruption Strategy Enhanced and Corruption Incidences Reduced". The Integrity Committee's work in disciplinary hearings, ethics capacity building, and collaboration with legal institutions directly supports this objective.

S/N	Name	Position
1	Ms. Mary William	Chairperson
2	Mr. Isaya Jeremiah	Member
3	Ms. Elieshi Saidimu	Member
4	Mr. Bahati Sanga	Member
5	Ms. Levina Kishimba	Member
6	Ms. Lucy Mtegele	Secretary

HIV/AIDS Control Committee

Functions (from 2023/24): Established in accordance with the Public Service Guideline of November 2007, this committee is responsible for overseeing, guiding, and coordinating efforts in the control and prevention of HIV/AIDS. This includes policy formulation, awareness and education campaigns, resource mobilization, monitoring and evaluation, and providing advisory roles.

Relevance to 2024/25: Objective A for 2024/25 aims for "HIV and AIDS infections and Non-Communicable Diseases Reduced and Supportive Services Improved". The initiatives taken, such as improving nutritional support for employees living with HIV/AIDS and promoting employee wellness through gym sessions and sports, align directly with the committee's mandate.

S/N	Name	Position
1	CPA. Charles Kichere	Chairman
2	CPA. Johannes Kisiri	Member
3	Mr. Suleiman Mwamba	Member
4	Ms. Elizabeth Zakayo	Member
5	CPA. Masale Rajabu	Member
6	Mr. Michael Alonga	Member

Innovation Committee

Functions (from 2023/24): This proposed committee, with operations commencing in the 2023/24 fiscal year, is tasked with spearheading NAOT's innovation agenda. Its functions involve deliberating on received ideas, approving promising innovations, and managing a reward and recognition system to encourage creativity.

Relevance to 2024/25: NAOT's Objective F for 2024/25, "Organisation, Management, and Ethics Enhanced," includes strengthening organizational capacity through investments in human and physical resources, as well as upgrading ICT systems, which are key areas for innovation. The efforts to strengthen ICT use and integrate systems are directly supported by an innovation focus.

15.0 APPOINTMENT OF AUDITORS

In accordance with Section 46(1) of the Public Audit Act, Cap. 418, the financial statements of the National Audit Office of Tanzania are required to be audited annually by an external auditor appointed by the Public Accounts Committee (PAC). The Committee appoints the auditor from among registered auditors or other qualified persons as it may determine, and it also determines the auditor’s remuneration and other terms and conditions. The current external auditor is **LOGICA Accountants & Business Advisers**, whose three-year tenure commenced in June 23 and ends on 30 June 2026.

16.0 RESPONSIBILITY OF THE AUDITOR

The external auditor's responsibility is to form and issue an independent opinion on NAOT's financial statements based on their audit. The auditor aims to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error. For the financial statements as of 30 June 2024, LOGICA ACCOUNTANTS & BUSINESS ADVISERS issued an **unqualified opinion**, stating that the financial statements present fairly, in all material respects, NAOT's financial position, performance, and cash flows in accordance with IPSAS Accrual basis and the Public Finance Act, Cap 348. The auditors confirmed compliance with International Standards on Auditing (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs).

17.0 EMPLOYEE WELFARE

NAOT is committed to the holistic development and welfare of its employees.

- **Management and Employees' Relationship:** NAOT fosters a work environment that is intellectually stimulating and personally rewarding, recognising and rewarding initiative, innovative thinking, and professional expertise. The Office champions diversity and inclusion, providing equal opportunities regardless of ethnicity, race, gender, disability, or religion.
- **Training Facilities:** NAOT prioritizes enhancing human resource capabilities by facilitating staff attendance at various long and short training courses, locally and internationally, based on job requirements and Training Needs Assessments (TNAs). In 2024/25, 884 staff attended training in relevant areas.

- **Medical Assistance and Medical Services:** Comprehensive medical services are provided through onsite dispensaries and collaborations with external hospitals, with staff also able to utilise the National Health Insurance Fund (NHIF). In 2024/25, supportive services for staff living with HIV/AIDS were improved, with four employees receiving enhanced nutritional support.
- **Health and Safety:** A support scheme, "Mfuko wa Kusaidiana," assists staff during the demise of themselves or close relatives, funded by monthly contributions. Employee wellness and fitness are promoted through regular gym sessions and participation in sports bonanzas.
- **Financial Assistance to Staff:**
- **Ukaguzi SACCOS:** A Savings and Credit Cooperative Society (SACCOS) was founded, promoting regular savings and offering loans to members.
- **National Audit Office Staff Welfare Revolving Fund (NASWRF):** Initiated in 2007, this fund provides loans to personnel for housing, household essentials, and transportation.

18.0 DISABLED PERSONS AND GENDER BALANCE

NAOT actively collaborates with various stakeholders to execute the National Disability Policy as a mandatory commitment. Beyond supporting its employees with disabilities, NAOT integrates disability-related issues into its audit planning, holding government institutions and local governments accountable for their obligations towards the care and inclusion of persons with disabilities.

NAOT INFORMATION

ISO 9001:2015 Certified

HEADQUARTERS
Controller and Auditor General
National Audit Office of Tanzania,
Mahakama Road, Tambukareli,
P.O. Box 950, 41104 Dodoma
Tel: +255 26 2161200-9,
Email: ocag@nao.go.tz
Website: www.nao.go.tz

BANKERS
Bank of Tanzania (BOT),
P.O. Box 2939,
DAR ES SALAAM

National Microfinance Bank (NMB),
P.O. Box 9213,
DAR ES SALAAM

LAWYER
Attorney General**,**
Office of Attorney General,
Government City Mtumba,
Attorney Street, P.O. Box 630,
DODOMA, TANZANIA.

AUDITOR
Logica Accountants & Business Advisers
Certified Public Accountants,
MMK House, 2nd Floor, Plot No.970/758,
Block 47, Mabatini Road Kijitonyama,
P.O. Box 14845,
DAR ES SALAAM
Tel. No: +255 758 252 540
+255 767 78 7844
Email: ljamberi1975@gmail.com
ageofrey2013@gmail.com

NAOT FINANCIAL ANALYSIS FOR THE FINANCIAL YEAR 2024/25

This analysis provides an insightful review of the financial position, performance, cash flows, and budget execution of the National Audit Office of Tanzania (NAOT) for the fiscal year ending 30 June 2025. It draws upon the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows, and the Statement of Comparison of Budget and Actual Amount (Cash Basis) for the period, with comparative data from the previous fiscal year (2023/24) where available.

The financial year 2024/25 marks the **fourth year of implementation of NAOT's five-year Strategic Plan (2021/22 – 2025/26)**, with a focus on achieving its set milestones, targets, and objectives. The Controller and Auditor General (CAG) emphasized NAOT's commitment to fulfilling its constitutional responsibilities under **Article 143 of the Constitution of the United Republic of Tanzania**, adhering to transparency and accountability principles as outlined in the Public Audit Act and its Regulations.

1. Overall Financial Performance Summary (2024/25 vs 2023/24)

NAOT experienced significant growth in total assets and a substantial increase in its accumulated surplus for the fiscal year 2024/25, driven by higher revenue receipts and a noteworthy improvement in net cash flows from operating activities. The Office managed to fully utilize 100% of the funds received from the Ministry of Finance (MoF), which amounted to TZS 118,218,804,899.58, representing 96% of the approved budget.

Despite the overall positive financial trajectory, there was a marked decline in non-tax revenue and a significant reduction in transfers to the National Revenue Department (NRD). The approved budget for the year 2024/25 was TZS 122,917,354,333 with actual receipts reaching TZS 118,218,804,899.58, equivalent to 96% of the approved budget.

2. Statement of Financial Position Analysis

The Statement of Financial Position shows a healthy growth in NAOT's asset base and a robust equity position.

Horizontal Analysis (2024/25 vs 2023/24):

(a) **Total Assets** increased by TZS 19,253,923,812 (28.23%), rising from TZS 68,212,072,336 in 2023/24 to TZS 87,465,996,148 in 2024/25. This indicates significant expansion and investment.

Current Assets increased by TZS 8,219,787,642 (128.46%), primarily due to a substantial rise in cash and cash equivalents.

(b) **Cash and cash equivalents** surged by TZS 6,900,228,111 (158.81%), reaching TZS 11,245,092,754.

(c) **Inventories** increased by TZS 120,074,721 (121.09%) and Prepayments by TZS 745,214,569 (851.16%), suggesting increased operational readiness and advance payments.

(d) **Non-Current Assets** grew by TZS 11,034,136,170 (17.85%), mainly attributed to an **increase in Property, Plant, and Equipment (PPE) by** TZS 11,038,802,837 (17.87%). This reflects ongoing investments in infrastructure and operational tools, consistent with the construction and rehabilitation projects mentioned.

(e) **Total Liabilities increased** by TZS 9,715,508,068.88 (347.08%), predominantly driven by a significant rise **in Deposits by** TZS 9,725,534,315.42 (617.68 %).

(f) Conversely, **Payables decreased by** TZS 10,026,246.54 (-0.82%), indicating settlement of short-term obligations.

(g) **Total Net Assets/Equity rose** by TZS 9,538,415,743 (14.58%), with the Accumulated Surplus/(Deficit) increasing by TZS 9,538,415,743 (71.46%). This reflects the strong financial performance and profitability during the year.

Vertical Analysis (2024/25):

(a) **Asset Composition: Non-Current Assets constitute the majority at 83.29% of total assets**, with Property, Plant, and Equipment alone accounting for 83.25%. This highlights NAOT's capital-intensive nature and significant investment in long-term assets.

Current Assets represent 16.71% of total assets, with net cash and cash equivalents making up 12.86% of total assets, indicating strong liquidity.

(b) **Liabilities & Equity Composition:** Taxpayers' Funds remain the largest component of equity at 59.53% of total assets, while Accumulated Surplus accounts for 26.16%.

Total Liabilities represent only 14.31% of total assets, indicating a conservative financial structure with high reliance on equity financing.

3. Statement of Financial Performance Analysis

The Statement of Financial Performance reveals the following:

Horizontal Analysis (2024/25 vs 2023/24):

(a) **Total Revenue** increased by TZS 30,040,079,027 (25.09%), from TZS 119,739,173,053 in 2023/24 to TZS 149,779,252,080 in 2024/25. Exchequer Revenue, the primary source, grew by TZS 24,695,639,384 (26.41%). Other Receipts also increased significantly by TZS 5,690,336,407 (22.52%). However, Non-Tax Revenue decreased by TZS 345,896,764 (-36.46%).

(b) **Total Expenses increased** by TZS 29,788,882,346 (25.05%), from TZS 118,928,482,798 in 2023/24 to TZS 148,772,339,622 in 2024/25. Other Expenses increased by TZS 11,882,855,432 (101.64%), indicating a rise in miscellaneous operational costs. Wages, Salaries, and Employee Benefits rose by TZS 5,559,146,319 (20.70%), reflecting higher personnel costs. Use of Goods and Services increased by TZS 4,302,518,983 (9.45%). Conversely, depreciation declined by TZS 3,268,947,607 (57.68%), primarily as a result of the review and reassessment of the useful lives of assets due to the use of GAMIS system, which extended their expected useful life.

(c) Total Transfers (Revenue Transfer to NRD) decreased significantly by TZS 554,413,371 (-69.23%).

Vertical Analysis (2024/25):

(a) **Revenue Composition:** Exchequer Revenue remains the dominant revenue stream, accounting for 78.93% of total revenue. Other Receipts contribute 20.67%, while Non-Tax Revenue is a minimal 0.40%.

(b) **Expense Composition (excluding transfers):** Use of Goods and Services (33.51%) and other payment (25.62%) are the largest expenditure categories, followed by Wages, Salaries and Employee Benefits (21.79%) and Other Expenses (15.85%). These reflect NAOT's core operational costs and administrative overheads.

4. Statement of Cash Flow Analysis

The Cash Flow Statement highlights a strong positive cash generation from operating activities and a net increase in cash for the year.

Horizontal Analysis (2024/25 vs 2023/24):

(a) **Total Receipts** from Operating Activities increased by TZS 30,248,710,858 (25.38%), reaching TZS 149,422,818,739 in 2024/25. This total comprised exchequer issues of TZS 118,218,804,899.58 together with other receipts and other revenue recognised during the year. The exchequer receipts are therefore lower than total operating receipts because the primary statements include all operating receipts, not only funds received from the Ministry of Finance.

(b) **Total Payments** for Operating Activities increased by TZS 23,299,924,539 (20.47%), totalling TZS 137,138,168,669. Significant increases were observed in Other Expenses (99.29%) and Wages, Salaries and Employee Benefits (21.12%).

(c) **Net Cash Flow from Operating Activities** substantially increased by TZS 6,948,786,318 (130.23%), from TZS 5,335,863,752 in 2023/24 to TZS 12,284,650,070 in 2024/25. This demonstrates NAOT's improved ability to generate cash from its core operations.

(d) **Net Cash Flow from Investing Activities** showed a reduced outflow by TZS 2,067,897,653 (-27.95%), from (TZS 7,397,345,164) in 2023/24 to (TZS 5,329,447,511) in 2024/25. This implies slightly lower net capital expenditure compared to the previous year. Purchase/Construction of Non-Current Assets outflow decreased by 38.41%. However, there was a new Advance Payment for Acquisition of PPE amounting to TZS 773,462,400 in 2024/25.

(e) The **Net increase/(decrease)** in cash was TZS 6,955,202,559, a significant reversal from the TZS (2,061,481,413) decreases in 2023/24.

(f) **Cash at the end of the period** increased by 160.08% to TZS 11,300,067,232.

Vertical Analysis (2024/25):

(a) **Operating Receipts:** Exchequer Issues account for 79.12% of total receipts, followed by Other Receipts at 20.72%.

(b) **Operating Payments:** Supplies and Consumables Used (36.41%) and Wages, Salaries and Employee Benefits (23.73%) are the largest operating outflows.

(c) **Investing Activities:** The outflow for Purchase/Construction of Non-Current Assets represents 85.49% of total investing outflows, while Advance Payment for Acquisition of PPE is 14.51%.

5. Budget vs. Actual Analysis (Cash Basis for 2024/25)

The budget performance indicates that while NAOT broadly operated within its allocated funds, there were notable variances, particularly in revenue generation.

Total Receipts were TZS 118,465,193,472, which was TZS 5,352,160,861 (4.32%) under the approved budget of TZS 123,817,354,333.

- **Exchequer Issues** were TZS 4,698,549,433 (3.82%) under budget, suggesting a slight shortfall in expected government funding.
- **Other Revenue** was significantly under budget by TZS 653,611,427 (72.62%), indicating a substantial shortfall in generating income from non-exchequer sources.

Total Payments were TZS 118,465,193,472, also TZS 5,352,160,861 (4.32%) under the approved budget, mirroring the shortfall in receipts. This suggests that expenditures were managed in line with the funds received.

- All major expenditure categories, including Wages, Salaries and Employee Benefits, Use of Goods and Services, and Purchase/Construction of Non-Current Assets, were under budget.
- **Transfer to NRD** was significantly under budget by TZS 653,611,427 (72.62%), aligning with the underperformance in Other Revenue, which often includes such transfers.

6. Key Observations and Insights

(a) **Strong Financial Position and Liquidity:** NAOT concluded FY 2024/25 with a significantly enhanced financial position, characterized by a substantial increase in cash and overall assets. The 160.08% growth in cash and cash equivalents and positive net cash flow from operations demonstrate robust liquidity and financial health.

(b) **Improved Operational Self-Sufficiency:** The dramatic increase in the surplus (7591.14%) suggests that NAOT has become more efficient in managing its operations relative to its revenue.

(c) **Reliance on Exchequer Funding:** Exchequer Revenue remains the overwhelmingly dominant source of funding (78.93% of total revenue). While this provides stability, the significant shortfall against the budget in this area (3.82% under budget) indicates a dependency risk and potential for planning inaccuracies.

(d) **Underperformance in Other Revenue:** The 72.62% shortfall in Other Revenue against the budget is a critical area for review. This considerable variance, coupled with the corresponding reduction in transfers to NRD, points to potential challenges in revenue diversification or inaccurate projections for these income streams.

(e) **Controlled Expenditure aligned with Receipts:** Despite budget shortfalls in receipts, **NAOT successfully managed its expenditures to align perfectly with the funds received**, resulting in zero net cash flow variance at the end of the period. This demonstrates strong financial control and adaptive management in response to actual fund disbursements.

(f) **Continued Investment in Infrastructure:** The growth in Property, Plant, and Equipment by 17.87% indicates ongoing commitment to enhancing physical resources, aligning with strategic objectives of construction and rehabilitation of office buildings. However, the actual capital expenditure was 9.17% under budget, potentially due to delayed disbursement of development funds, as highlighted in the challenges section of the report for 2024/25.

(g) **Increased Personnel Costs:** The 20.70% increase in Wages, Salaries and Employee Benefits reflects either workforce expansion, enhanced benefit structures, or general pay adjustments, contributing significantly to the overall expense growth. This aligns with the strategic objective of enhancing human resources and professional development.

(h) **Successful Mobilization of Foreign Funds**: NAOT successfully received 100% of its approved foreign development budget for the fiscal year. A total of TZS 2,640,000,000 was disbursed by Development Partners (Basket funding) across three separate tranches during the year. These funds were fully utilized to execute the planned PFMRP development project activities, demonstrating strong donor confidence and effective project implementation capabilities.

In conclusion, NAOT's financial performance in 2024/25 was robust, marked by significant asset growth and a healthy surplus, despite challenges in meeting non-exchequer revenue targets and potential issues with foreign fund receipts. The Office demonstrated effective expenditure control to match actual funding, underscoring its commitment to fiscal responsibility in its mission to enhance accountability and transparency in public resource management.