REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

DAR ES SALAAM WATER SUPPLY AND SANITATION AUTHORITY

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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March 2023

AR/PA/DAWASA/2021/22

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

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto: "Modernizing External Audit for Stronger Public Confidence"

Core values

In providing quality services, NAO is guided by the following Core Values:

i. Independence and objectivity
ii. Professional competence
iii. Integrity
iv. Creativity and Innovation
v. Results-Oriented
vi. Teamwork Spirit

We do this by:

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

TABLE OF CONTENTS

ABBREVIATIONS

AMT	Alternative Minimum Tax
CAG	Controller and Auditor General
DAWASA	Dar es Salaam Water Supply and Sanitation Authority
DAWASCO	Dar es Salaam Water and Sewerage Corporation
EWURA	Energy and Water Utilities Regulatory Authority
GAMD	Government Asset Management Division
GN	Government Notice
IDA	International Development Association
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISSAI	International Standards of Supreme Audit Institutions
MTEF	Medium Term Expenditure Framework
NBAA	National Board of Accountants and Auditors
NBV	Net Book Value
NRW	Non-Revenue Water
PSSSF	Public Services Social Security Fund
RUWASA	Rural Water Supply and Sanitation Authority
TARURA	Tanzania Rural and Urban Roads Authority
TUICO	Tanzanian Union of Industrial and Commercial Workers
USD	United States Dollars
WSDP	Water Sector Development Program
WSSP II	Second Water Sector Support Project

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman of the Board,
Dar es Salaam Water Supply and Sanitation Authority,
P.O. Box 1573,
Dar es Salaam.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Dar es Salaam Water Supply and Sanitation Authority, which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Dar es Salaam Water Supply and Sanitation Authority as at 30 June 2022, 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.

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 Dar es Salaam Water Supply and Sanitation Authority 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 of those Charged with Governance and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

If, based on the work I have performed on the other information that 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 my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest 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, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I performed a compliance audit on procurement of works, goods and services at Dar es Salaam Water Supply and Sanitation Authority for the financial year 2021/22 as per the Public Procurement laws of Tanzania.

Conclusion

Based on the audit work performed, I state that, except for the matters described below, procurement of works, goods and services of Dar es Salaam Water Supply and Sanitation Authority is generally in compliance with the requirements of the Public Procurement laws of Tanzania.

Procurement made without competitive quotations TZS 380,858,079

During financial year under review DAWASA procured various items worth TZS 380,858,079 without obtaining at least three quotations which is contrary to the requirements of Reg.164 (1) of PPR, 2013 as amended by Reg. 42 of the Public Procurement (Amendment) Regulations, 2016.

Report on micro procurements not submitted to the Tender Board and PPRA

My review of micro procurements worth TZS 97,016,680 found that, no report was prepared and submitted to the Tender Board and to the Public Procurement Regulatory Authority, which is contrary to Regulation 166 (7) & (8) of PPR, 2013 as amended by Reg. 43 of the Public Procurement (Amendment) Regulations, 2016.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution at Dar es Salaam Water Supply and Sanitation Authority for the financial year 2021/22 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 the Dar es Salaam Water Supply and Sanitation Authority is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

Weakness in the Budgetary Control

DAWASA records in form of excel sheets included multiple budget line items that were over utilized while others were under-utilized and in overall there was over utilization of budget by TZS 1,459,436,014.06 prior approval. The over expenditure situation is contrary to

Regulation 5.9 of DAWASA Financial Regulations of November 2018 on Budget Performance Review which provides that, no expenditure shall be incurred for the purposes of the Authority except it is in accordance with the provisions of the approved annual estimates or in accordance with the provisions of approved supplementary estimates if any, by the Board of Directors.

Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2023

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE

2.1 INTRODUCTION

The Directors hereby submit their report together with the audited financial statements for the year ended 30 June 2022, which disclose the state of affairs of Dar es Salaam Water Supply and Sanitation Authority (DAWASA).

2.2 BACKGROUND

The Dar es Salaam Water Supply and Sanitation Authority is a Parastatal organization whose operations are governed by the Water Supply and Sanitation Act No. 5 of 2019. In 2005, DAWASA entered into 10 years lease contract with the Dar es Salaam Water and Sewerage Corporation (DAWASCO) for operation and maintenance of water and sewerage services in the DAWASA Service Area. The Lease Contract expired in June 2015 and was subsequently extended to 30 June 2018 to allow the government to merge the two utilities. DAWASA and DAWASCO merger was effective from 1 September 2018 following the disestablishment of DAWASCO which was published in the Government Gazette through Government Notice No. 414 dated 10 August 2018. The disestablishment order effectively transferred all the functions and powers; assets, properties and liabilities; and employees of DAWASCO to DAWASA.

The Water Supply and Sanitation Act No. 5 of 2019 came into operation on 1 July, 2019 through Government Notice No. 460 of 2019 published on 14 June 2019. The new Act repealed the DAWASA Act No. 20 of 2001 and changed the long form of DAWASA from Dar es Salaam Water and Sewerage Authority to Dar es Salaam Water Supply and Sanitation Authority. The Act also established the Rural Water Supply and Sanitation Agency (RUWASA) which is responsible for implementing and overseeing water supply and sanitation projects in rural areas, thus water supply departments under Local Government Authorities (Municipal Councils) in the City of Dar es Salaam were abolished and activities implemented therein were transferred to DAWASA.

On 6 September 2019, the Government through GN No. 660/2019 extended the service area of DAWASA through the disestablishment of Kisarawe and Mkuranga water Supply and Sanitation Authorities.

On 31 January 2020, the Government through GN No. 71 of 2020 dis-established Chalinze Water Supply and Sanitation Authority (CHALIWASA) and extended the DAWASA service area to include Chalinze town and part of or villages in Bagamoyo District Council, Kibaha District Council and Morogoro Rural District Council.

On 31 May 2020 the Government transferred assets and liabilities owned by Maji Central Store to DAWASA and also transferred to DAWASA community boreholes in the DAWASA service area that was served by RUWASA.

DAWASA prepared the financial statements for the year ended 30 June 2022 based on normal accounting period as per the Treasury Circular No. 11 of financial year 2014/15.

The Authority operates as category "A" Urban Water Utility and thus it is required to finance all its operation and maintenance costs and part of capital investments, leaving the obligation of major capital investments to the Government.

The DAWASA service area includes the City of Dar es Salaam, Chalinze Town and part of or villages in Bagamoyo District Council, Kibaha District Council and Morogoro Rural District Council, Kisarawe Town in Coast region and settlements along the two transmission mains of Upper and Lower Ruvu within a 5 km corridor on either side of the transmission mains.

2.3 VISION, MISSION AND CORE FUNCTIONS

2.3.1 Vision

A utility with excellent water supply and sanitation services for social and economic development.

This will be achieved through efficient management of available resources, in order to ensure high quality of water supply and sewerage services delivery with integrity and commitment to its customers' well-being and the promotion of country's economic growth.

2.3.2 Mission

To provide quality, reliable and affordable water and sanitation services that exceed its customers' expectations.

2.3.3 Core Values

DAWASA has embraced the following core values so as to fulfil its responsibilities:

- Efficiency and effectiveness in service delivery.
- Integrity and quality in service delivery.
- Customer focus.
- Commitment to customers.
- Consideration for the poor.
- Transparency, trust and honesty.
- Accountability and responsibility.

2.3.4 DAWASA core functions

- To provide water supply and sanitation services for uses as are required by Water Supply and Sanitation Act or any other written law dealing with the management of water resources, water quality standards and the environment;
- To secure the continued supply of water for all lawful purposes by continuously treating the water and monitoring the quality of water supplied at such times and in such a manner as may be prescribed in the water quality standards or regulations;
- To develop and maintain waterworks and sanitation works;
- In consultation with relevant authorities protect and maintain water sources;
- To advise the Government in the formulation of policies and guidelines relating to potable water standards;

- To plan and execute new projects for the supply of water and the provision of sanitation;
- To educate and provide information to persons on public health aspects of water supply, water conservation, sanitation, and similar issues;
- To liaise with relevant government authorities on matters relating to water supply and sanitation and the preparation and execution of plans relating to the expansion thereof;
- To collect fees and levies including any regulatory levy for water supply and sanitation services supplied to consumers by the water authority;
- To provide bulk procurement and distribution of water chemicals and materials to ensure availability of water chemicals and materials which meet required standards;
- To propose water supply and sanitation tariffs;
- To provide amenities or facilities which the water authority considers necessary or desirable for persons making use of the services or the facilities provided by the water authority; and
- To do anything or enter into any transaction which, in the opinion of the Board of the Water Authority, is calculated to facilitate the proper exercise of the functions of the Water Authority under the Water Supply and Sanitation Act.

2.4 KEY RESOURCES

DAWASA possesses adequate resources and human capacity to implement its mandates. The Authority uses its human, financial and technological resources to achieve its strategic objectives.

2.4.1HUMAN RESOURCES

DAWASA focuses on Strategic Change Management and Performance Management in ensuring existence of clear and agreed key deliverables for every employee. Proper employee placement has been conducted and employees are supported to deliver to the best of their capability through improvement of working environment, various capacity building initiatives, reliable working tool facilities, attractive performance-based rewards as well as strategic employee engagement and retention initiatives. Open performance management system (OPRAS) and quarterly performance-based contracts have remained to be key strategic tools in managing employees' performance for rewarding best performers and managing consistently non-performers.

In the FY 2021/22, various training, seminars, conferences and workshops were conducted to employees from different cadres as a strategy aiming at capacity building for improving knowledge, capabilities, skills and competencies as well as career path growth.

Staff attended training in different thematic areas including ICT; M&E; Financial Management; Customer Care; Engineering; Communication; Annual Board & Audit Committee Forum and Retreat, Annual Engineers Day, Annual Audit Conference, Training on Audit Monitoring System (GARI-ITS), Procurement management, Ethics in Public Service, effective e-Office Record Management in changing technological environment, "Government Approach", GACS Management, GEPG ERMS Management, Payroll accounting, taxation and cash management Annual Procurement Planning and Study tours. The internal and external training were used as a tool for intrinsic and extrinsic motivation to staff on awareness and morale raising.

DAWASA follows the principle of equal opportunities with regards to hiring and promoting its staff. During the period the Authority had 1,527 employees (2021: 1,567), out of which 500 were female (2021: 510) and 1,027 were male (2021: 1,057).

Description	Year Ended June 2022			Year Ended June 2021		
Management Team	Male	Female	Total	Male	Female	Total
CEO, Directors, Head of Units and managers	32	27	59	33	24	57
Principal and Senior Officers	57	37	94	22	16	38
Middle level Officers	938	436	1,374	1,002	470	1,472
Total	1,027	500	1,527	1,057	510	1,567

Employee's benefits compensation and other social welfare administration went smooth as employees' salaries and other dues were paid timely. Employees continued to enjoy medical services facilities provided by the National Health Insurance Fund (NHIF), Social Security Funds and Workers Compensation Fund. Employees were also supported for funeral assistance and condolences to employees who lost their immediate family members and to the bereaving dependents after the death of employees as per prevailing Authority Financial Regulations.

2.4.2 WATER RESOURCES

DAWASA abstracts its water from three surface sources, which are Ruvu River through the two main Upper and Lower Ruvu intakes for the two water treatment plants, Wami River for the Wami water treatment plant and Kizinga River at Mtoni water treatment plant. The water production is also augmented by borehole sources. Currently, water demand is estimated at about 679,893 m^3/day, while the total daily water production capacity is about 520,000 m^3. Out of that, 482,200.00 m^3/day is from the surface sources, and the remaining is from operational boreholes. The Lower Ruvu treatment plant (with capacity of 270,000 m^3/day) contributes about 52% of total water production capacity, 38% by the Upper Ruvu treatment Plant (196,000 m^3/day), 2% is contributed by Mtoni treatment plant (9,000 m^3/day), 1% by Wami treatment plant (7,200 m^3/day), and 7% by boreholes (37,800 m^3/day).

2.4.3 FINANCIAL RESOURCES

DAWASA enhances its financial sufficiency by improving management of its resources through prioritization of initiatives, implementing initiatives within the available financial resources to generate adequate revenue for timely implementation of planned activities.

DAWASA generates its finances from internal sources i.e. water and sewerage charges and external source that comprises of Government of Tanzania and Other Development Partners such as World Bank, Indian Line of Credit Financed and Korea Line of Credit Financed.

2.5 DAWASA OPERATING MODEL

DAWASA's operating model consists of inputs, operating activities, outputs and outcomes which broadly contribute to national long - term and medium - term development agenda (the National Planning and Strategic Frameworks). The basic assumption is that, there is a causal linkage in the various elements of the Results Chain.

The inputs, i.e. utilization of resources will lead to achievement of the activities, which will in turn, contribute to achievement of targets (outputs). Achievement of the outputs will lead to achievement of the outcomes i.e. intermediate outcomes and medium-term outcomes. Achievements of the outcomes will lead to achievement of the development objective, which in the medium term, will contribute to achievement of goals of the National Vision 2025, Tanzania Long Term Perspective Plan and the Third Five-Years Development Plan (FYDP III). This chain of results will justify DAWASA's use of tax payers' money into the various interventions, and thus contribute to the socio-economic development of the country.

2.5.1 INPUTS

(a) Human Capital

DAWASA has employed competent staff with adequate skills to ensure delivery of quality services. Employees are well motivated and perform their duties responsibly and in ethical manner

(b) Financial capital

Financial capital consists of the internally generated funds mainly from water sales and sewerage charges. In addition, there are financial resources obtained from Government and other development partners.

(c) Social and Relationship Capital

In executing its functions, DAWASA has established an ethical and transparent relationship with government institutions, contractors, consultants, customers, suppliers, policy makers, and the society in general. The Authority conducts stakeholders' meetings to provide awareness and receive feedback on issues related to the service provided by DAWASA. The agency also engages actively in Corporate Social Responsibility activities by setting aside funds which were directed to societal well-being.

2.5.2 OPERATING ACTIVITIES

The main function of DAWASA is to provide reliable and safe water supply and sanitation services in the DAWASA service area. During the year the Authority continued to undertake activities that would strategically improve the provision of water supply and sanitation services. These include:

(a) Increasing water service coverage. The aim is to achieve the objective of universal access to water (100%) by the year 2025;
(b) Protection and increasing water sources; improving and increasing water production capacity to ensure provision of reliable & sustainable water source, and maintaining 100% water service coverage;
(c) Improving and increasing water transmission and distribution network through rehabilitation and replacement of dilapidated pipelines;
(d) Increasing water storage capacity;
(e) Increasing sanitation service coverage;
(f) Reducing Non-Revenue Water to reach the EWURA standard of 20%;
(g) Improving Asset Management, and increasing asset base; and
(h) Strengthening institutional capacity.

2.5.3 OUTPUTS

The following were the outputs during the year:

(a) The Authority managed to achieve internal revenue collection of 98% of the budgeted collection;

(b) 39,360 new water customers and 364 wastewater customers were connected;

(c) The quality of treated water for all water treatment plants met TBS and WHO standards;

(d) 20 strategic projects were implemented and were at various stages of completion; and

(e) Percentage of population with access to safe and clean water reached 92%.

2.5.4 OUTCOMES

The following outcomes were noted:

(a) Improved service delivery.

(b) Improved customer services and customer care.

(c) Clean and updated customer database.

(d) Improved corporate image and Customers trust on DAWASA.

(e) Increased population with access to safe and clean water and improved sanitation services.

(f) Improved social welfare.

(g) Reduced rate of water related diseases.

(h) Decreased customers' complaints on water supply services.

(i) Increased compliance with environmental laws and regulations

(j) Increased staff morale.

(k) Increased efficiency in service delivery.

(l) Reduced staff turnover.

2.6 CORPORATE GOVERNANCE

According to Water Supply and Sanitation Authority Act. No. 5 of 2019, the Board of Directors should consist of ten (10) Directors. Apart from the Chief Executive Officer, no other Director held executive position in the Authority. The Board has the overall responsibility for the activities of DAWASA, including responsibility for identifying key risk areas, considering and monitoring investment decisions, significant financial matters and reviewing performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative and is in compliance with sound corporate governance principles. In the absence of the Board, the Permanent Secretary Ministry of Water has the overall responsibility on such matters. The Authority is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

BOARD OF DIRECTORS

The Chairman of the Board is appointed by the President of the United Republic of Tanzania while other Board members and the Chief Executive Officer are appointed by the Minister responsible for Water. As at 30 June 2022, the Directors who served the Authority were as stated hereunder: -

Table 1: Board Members

Name	Gender	Position	Age Years	Qualification/ Discipline	Nationality	Date appointed
General (Retired) Davis Mwamunyange	Male	Chairman	69	Military Courses	Tanzanian	18 August 2021
Mr. Laston T. Msongile	Male	Vice Chairman	59	PG Dip Development Planning	Tanzanian	18 August 2021
Dr. Fred Msemwa	Male	Member	50	PhD Audit risk	Tanzanian	18 August 2021
Ms. Beatrice Rest Dominic	Female	Member	58	Masters in Economics and Management of Rural Development	Tanzanian	18 August 2021
Mr. Prosper Buchafwe	Male	Member	52	Masters Public Policy in Economic Development	Tanzanian	18 August 2021
Eng. Evarist Welle Ndikilo	Male	Member	62	Msc in Hydraulic Engineering	Tanzanian	18 August 2021
Mrs. Kate Sylvia Kamba	Female	Member	71	Masters of Political Science and Public Administration	Tanzanian	18 August 2021
Eng. Gaudence Aksante	Male	Member	60	Bsc Civil Engineering	Tanzanian	18 August 2021
Mr. Hassani Abasi Rugwa	Male	Member	43	Bachelor of Procurement Management, CPSP	Tanzanian	18 August 2021
Eng. Cyprian Luhemeja	Male	Member	45	MBA- Finance	Tanzanian	18 August 2021

With the exception of Eng. Cyprian J. Luhemeja, the Chief Executive Officer, all other Directors are non-executive and are appointed for three years' term. The board tenure will expire on 17 July 2024.

2.6.1 BOARD COMMITTEES

During the year the Board of DAWASA had the following board committees to ensure a high standard of corporate governance throughout the Authority.

1. Audit Committee
2. Finance and Business Development Committee
3. Technical Committee
4. Human Resources Management Development Committee

2.6.2 Audit Committee

Board members, who served the Audit Committee during the year under review, are as listed hereunder:

Table 2: Audit Committee

Name	Position	Age Years	Qualification/ Discipline	Nationality	Date Appointed
Dr. Fred Msemwa	Chairman	50	PhD Audit risk	Tanzanian	18 August 2021
Eng. Gaudence Aksante	Member	60	Bsc Civil Engineering	Tanzanian	18 August 2021
Mr. Prosper Buchafwe	Member	52	Masters of Public Policy in Economic Development	Tanzanian	18 August 2021
Ms. Kate Kamba	Member	71	M.A Political Science and Public Administration	Tanzanian	18 August 2021

The Committee met four times during the period and discussed internal audit issues reported in the quarterly progress reports as well as issues relating to quality assurance. The findings that were discussed were on billing and revenue collection, procurement issues, customer services issues. On the technical audit part, the Committee discussed on the performance of the water treatment plants, supervision of projects, quality management system and protection of transmission way leaves. Besides, the Committee also reviewed the implementation status of previous audit findings. On the area of quality assurance, the Committee focused on the quality and standards of projects implemented by DAWASA, compliance to specifications and project managment. Also, the Committee Reviewed the Risk Management Implementation as well as the Risk Based Annual Internal Audit Plan for the financial year 2021/22.

2.6.3 Finance and Business Development Committee

Members in the Finance and Business Development Committee are as listed hereunder:

Table 3: Finance and Business Development Committee

Name	Position	Age Years	Qualification/ Discipline	Nationality	Date Appointed
Mr. Laston T. Msongole	Chairman	69	PG Dip Development Planning	Tanzanian	18 August 2021
Dr. Fred Msemwa	Member	50	PhD Audit risk	Tanzanian	18 August 2021
Mr. Prosper Buchafwe	Member	52	Masters of Public Policy in Economic Development	Tanzanian	18 August 2021
Mr. Hassan Rugwa	Member	43	Certified Procurement and Supplied Professional) - CPSP (T)	Tanzanian	18 August 2021
Eng. Cyprian Luhemeja	CEO/ Member	45	MBA- Finance	Tanzanian	18 August 2021

The Committee met six times during the period and generally discussed issues relating to customer services, planning, monitoring and evaluation, procurement, budget and financial performance of the Authority. The Committee discussed issues relating to billing and revenue collection, meter reading performance, procurement matters, strategies to reduce unaccounted for water, budget performance, issues related to payment of trade receivables (outstanding liabilities). The Committee reviewed the Proposal for amendment of DAWASA Billing and Revenue Collection Procedure Manual, Proposal for amendment of Customer Service Charter, Proposal to approve charges for new domestic water connections, and the Proposal for amendment of DAWASA Accounting Policies and Procedures Manual.

The Committee reviewed the budget for the financial year 2021/22 and revised the annual procurement plan for the year 2021/22.

The Committee also reviewed the MTEF for the years 2022/23 - 2024/25 and the annual procurement plan for the year 2022/23.

The Committee also reviewed the Business Plan for the years 2021/22 - 2023/24 and Strategic Plan for financial years 2021/22 - 2025/26.

2.6.4 Technical Committee

Members in the Technical Committee are as listed hereunder:

Table 4: Technical Committee

Name	Position	Age Years	Qualification/ Discipline	Nationality	Date Appointed
Eng. Gaudence Aksante	Chairman	60	Bsc. Civil Engineering	Tanzanian	18 August 2021
Eng. Evarist Ndikilo	Member	62	Post Graduate Diploma Hydropower Development	Tanzanian	18 August 2021
Ms. Beatrice Dominic	Member	58	Bsc. in Economic and Management of Rural Development	Tanzanian	18 August 2021
Mr. Hassan Rugwa	Member	43	Certified Procurement and Supplies Professionals - CPSP (T)	Tanzanian	18 August 2021
Eng. Cyprian Luhemeja	CEO/Member	45	MBA- Finance	Tanzanian	18 August 2021

The Committee met four times during the period and discussed the quarterly technical progress reports on infrastructure development, water production and distribution, waste water management, environmental management, Information Communication Technology and off grid water supply and sanitation services. The discussion focused on the implementation status of the Dar es Salaam Water Supply Development Projects such as Kimbiji Groundwater Drilling and Distribution Schemes and Aquifer Assessment Study, Expansion of Chalinze Water Supply Project, construction of Kidunda Dam including its financing and payment of compensation to Project Affected Families, construction of waste water treatment plants, performance of Lower Ruvu and Upper Ruvu Water Treatment Plants, Expansion of distribution network system, Expansion of sewerage network system, capacity building for counterpart staff, Environmental and Social Impact Assessment

Studies, rehabilitation of waste water pumping stations, status of water treatment chemicals and non-revenue water.

2.6.5 Human Resources Development Committee

Members in the Human Resources Development Committee are as listed hereunder:

Table 5: Human Resources Development Committee

Name	Position	Age (Years)	Qualification/Discipline	Nationality	Date Appointed
Ms. Kate Kamba	Chairman	71	M.A Political Science and Public Administration	Tanzanian	18 August 2021
Ms. Beatrice Dominic	Member	58	Msc. in Economic and Management of Rural Development	Tanzanian	18 August 2021
Mr. Liston T. Mazengule	Member	69	PG Dip Development Planning	Tanzanian	18 August 2021
Eng. Evarist Ndikilo	Member	62	Post Graduate Diploma Hydropower Development	Tanzanian	18 August 2021
Eng. Cyprian Luhemeja	CEO/Member	45	MBA- Finance	Tanzanian	18 August 2021

The Committee met four times during the period and discussed the quarterly progress reports on human resources and administration and legal. The discussion focused on staff welfare, staff training, office and administrative expenses, security, recruitment of new staff to fill vacant positions, court cases, board matters, review of contracts and documentation of plots and property development. The committee reviewed and recommended for approval the Conflict of Interest Policy and the Good Governance Enhancing Plan. The Committee also reviewed the proposal for DAWASA Incentive Scheme and the Proposal to divide Kibaha Operational Region.

The total number of the Board meetings including those of its committees conducted during the period under review were 24.

2.6.6 Meetings of the Board of Directors and its Committees

The total number of the Board meetings including those of its committees conducted during the period under review were 24.

Table 6: Meetings of the Board of Directors and its Committees

Details	Number of meetings required annually	Number of meetings held
Board of Directors (BOD)	4	7
Board of Directors Extra ordinary meetings	5	3
Audit Committee (AC)	4	4

Details	Number of meetings required annually	Number of meetings held
Finance and Business Development Committee	4	6
Technical Committee	4	4
Human Resources Development Committee	4	6
Total	22	24

During the meetings the following were among the issues discussed and deliberated:

- Quarterly Performance Reports.
- Audited Financial Statements.
- Plan and Budget of the Authority.
- MTEF for the year 2021/22 -2023/24
- Business Plan for the financial years 2021/22 - 2023/24
- Strategic Plan for the financial years 2021/22 - 2025/26
- Recruitment of Employees.
- Risk Based Annual Internal Audit Plan.
- Risk Management Framework
- Quality Management System Based on ISO 9001: 2015 Procedures Manual.
- Authority Operational Policies.
- Corporate Social Responsibility
- Customers' Services Charter.

2.6.7 INDEPENDENCE

All the Non-Executive Directors are considered by the Board to be independent both in character, judgment and free of relationships or circumstances, which could affect their judgment.

2.7 MANAGEMENT OF THE AUTHORITY

DAWASA management is led by the Chief Executive Officer who is supported by 14 members of the Management team comprising of 10 Directors and four (4) Heads of Units. In addition, there are 44 managers who are extended members of Management. DAWASA Service Area is operationally divided into 23 regions namely Ilala, Kinondoni, Kawe, Tabata, Tegeta, Ubungo, Temeke, Magomeni, Kibaha, Chalinze, Mapinga, Mabwepande, Mivumoni, Makongo, Kibamba, Kimyerezi, Ukonga, Mbagala, Mkuranga, Kisarawe, Bagamoyo, Kigamboni and Mlandizi. Each region is led by the Regional Manager who mainly deals with commercial and customer services activities within the region.

2.7.1 MANAGEMENT COMMITTEES

2.7.2 Disciplinary committees

The Authority does not have a permanent disciplinary committee rather members are chosen on case by case basis.

2.7.3 Workers Council

During the period the Authority conducted two workers' council meetings to deliberate on budget for financial year 2021/22. The composition of the council is as follows:

Table 7: Workers Council Composition

SN	Name	Position
1.	Eng. Cyprian Luhemeja	Chairman
2.	Elias Kayela	Secretary
3.	Neema Mugassa	Deputy Secretary
4.	14 Directors and Heads of Units	Members
5.	35 Managers	Members
6.	5 TUICO Representatives	Members
7.	27 FIBUCA Representatives	Members
8.	26 Workers representatives	Members

The main purpose of the workers' council is to advise and recommend to the Board of Directors on all matters related to staff and Management issues which need workers' participation as per agreed regulations and procedures.

2.7.4 Tender Board

The Tender Board of the Authority was appointed on 6 September 2021. The members of the board include the following: -

Table 8: Member of the Tender Board

SN	Name	Position
1.	Eng. Shaban Mkwanywe	Chairman
2.	Mr. Sais Kyejo	Member
3.	Ms. Bernadetha Mkandya	Member
4.	Eng. Ramadhani Mtindasi	Member
5.	Ms. Ritamary Lwabulinda	Member
6.	Eng. Lydia Ndibalema	Member
7.	Mr. Kiula Kingu	Member
8.	Ms. Hellen Lubogo	Secretary

The main responsibilities of the Tender Board include approval of tendering and contracts documents, disposal by tender procedures, reviewing applications for variations and amendments for ongoing contracts and ensuring compliance with procurement laws in all procurement related matters.

The three-year tenure of the Tender Board will expire on the 5 September 2024.

2.8 OBJECTIVES AND STRATEGIES

The objectives and strategies set out in the DAWASA strategic plan for financial years 2021/22 - 2025/26, Business Plan for financial years 2021/22 - 2023/24 and as adopted in the approved three years spending plans include the following:

S/N	Objective	Key Strategic Issue	Strategies	Targets by FY2025/26
1.	Improvement of Access to adequate, safe and clean water	• Increasing water Service Coverage	• Completion of ongoing water supply extension projects	• Increase Water service coverage from 92% to 97% • Number of active water customer connections increased from 343,291 to 500,000
		• Protection and increasing water sources; improving and increasing water production capacity	• Completion of drilling and developing Kimbiji and Mpera deep boreholes (to produce **57,000 m3/day**) • Expansion of Lower Ruvu Treatment Plant (installation of extra pump with capacity to produce **90,000 m3/day** • Construction of Mwalimu Nyerere Water Treatment Plant with capacity of **750,000 m3/day** • Construction of Kidunda Dam with storage capacity of about **190 million m^3** of water	• Water production capacity increased from **520,000 m^3/day** to **708,000 m^3/day**
		• Improving and increasing water transmission and distribution network	• Completion of extension of water supply projects, including construction of distribution network project • Construction of 180 km of transmission pipeline from Rufiji to Kisarawe	• Water transmission and distribution network increased from **4,690.7 km** to **11,164 km**
2.	Improvement of Access to sanitation services	• Increasing sanitation service coverage	• Construction of new Faecal Sludge Treatment Facilities (FSTPs) and other simplified sanitation infrastructure in Off-grid areas • Construction of wastewater treatment plant in Buguruni with capacity of 25,000 m3/ day and 21.37 km of sewerage network; • Construction of wastewater treatment plant in Mbezi Beach with capacity of 16,000 m3/ day and 97 km of sewerage network. • Construction of 21.37 km of sewerage network in areas surrounding the Bugurum wastewater treatment plant; • Construction of 97km sewerage network in areas	• Conventional sewer network coverage is increased from **450 km to 670.84 km** • Number of sewer connections is increased from **20,060** to **45,410** • Sanitation service coverage is increased from 45% to 60%

S/N	Objective	Key Strategic Issue	Strategies	Targets by FY2025/26
			surrounding the Mbezi Beach wastewater treatment plant; • To construct Sewerage pumping stations, Primary, secondary and tertiary sewer networks and 30,000 sewer connections; and • Installation of new sewer extension lines in Ubonga and Chingombe	
3.	Improvement of working environment and staff welfare	Construction and rehabilitation of buildings, procurement of working tools and gears.	• Construction of 14 DAWASA regional offices in Kigamboni, Kisarawe, Mkuranga, Ubonga, Chalinze (town area), Kawe, Tabata, Kibamba, Mapinga, Mabwepande, Mivumoni, Mbagala, Kisyerezi and Makongo; • Construction of sub-garage at Chalinze, construction and renovation of Pugu road garage and purchase of garage tools and equipments; and • Renovation of 36 staff houses in Lower Ruvu and Wami; • Procurement of motor vehicles.	• Completion of 14 regional offices buildings
		Enhancing knowledge and skill.	• Regular training of staff and Board members (inhouse and external training); • Recruitment of appropriate staff (on merits) from the labour market; and • Enhancement of customers' services through conducting internal tailor made training to all Staff	• Implementation of approved annual training program
4.	Improvement of Institutional capacity to carry out operations	Reducing Non Revenue Water	• Implementation of Performance Based Contracts (PBC) for NRW reduction under World Bank financing; • Rehabilitation and replacement of aged and dilapidated pipes in the transmission and distribution network; • Procurement of 150,000 meters for new water connections; • Procurement of 137,200 meters for replacement of aged and defective meters; and • Procurement of 30,000 intelligent/ smart meters for pilot study.	• Non Revenue Water (NRW) is reduced from 38.9% to 30% • Meter reading efficiency increased from 97% and maintained at 100%; • Monthly average water sales increased from 7.3 million m^3 to 14.2 million m^3 • Monthly average revenue collection increased from TZS 12.5 billion to TZS 18.5 billion

2.9 DEVELOPMENT PROJECTS

a) Water Sector Development Program (WSDP)

The WSDP is financed under basket funding contributed by Development Partners and the Government of Tanzania. The basket funding arrangement for this program was closed in December 2015. The project that spill-over beyond the closing date are being by the Government. The ongoing projects under WSDP that are financed by the Government of Tanzania worth TZS 27,651 million and the Authority has disbursed a total of TZS 22,212 million, which is equivalent to 80% of the total contracts amount. A total of TZS 4.37 billion was spent during the financial year 2021/22.

b) Projects financed under Indian Line of Credit (USD 178.125 million)

The project financed under this credit include the expansion of Upper Ruvu Water Treatment Plant, construction of Transmission pipelines from Upper Ruvu to Kimara including construction of Kibamba tank, extension of the Distribution Network in Dar es Salaam and the Rehabilitation of Chalinze Water Treatment Plant, Supply and Installation of Secondary and Tertiary Distribution Network and Construction of Reservoirs in Chalinze Villages (Chalinze III). The total value of contracts under this financing was TZS 407 billion. A total of TZS 366 billion has been disbursed as of 30 June 2022. There was no disbursement made during the year due to delay in obtaining the NO objection for the ongoing contract for Chalinze III balance works.

c) Projects Financed under Second Water Sector Support Program (WSSP II)

The World Bank through IDA has allocated a total of USD 225 million for the program. Out of that, USD 166 million is for the improvement of water supply and sanitation in the city of Dar es Salaam. As at the reporting date DAWASA implemented 26 Contracts worth TZS 190 billion. A total of TZS 67.12 billion was disbursed by the World Bank in the financial year 2021/22 (Note 7a).

d) Projects Financed by Korean Credit

The Loan from the Exim Bank of Korea is used to finance development of wastewater infrastructure for increased level of wastewater collection and treatment. The loan agreement between the Government of Tanzania and the EXIM Bank of Korea was signed in October 2016 for the credit amount of USD 90,092 million. As part of the implementation of project financed under EXIM Bank Korea, DAWASA has signed a contract for consultancy services on design review and construction supervision of the Jangwani Wastewater Plant for USD 6.05 million. The project site has been relocated to Buguruni as the previously proposed site at Jangwani is flood prone. During the year TZS 3.48 billion was disbursed by EXIM bank Korea for the project. There was no disbursement made under this project in the fourth quarter of the financial year 2021/22. The cumulative expenditure as at 30th June 2022 stood at USD 2.42 million which is equivalent to 3% of the total funds allocated for this project.

e) Projects Financed by DAWASA

DAWASA implements some of the development projects using internally generated funds. During the year, DAWASA received substantial support from the Government in order to fast-track the implementation some of the ongoing strategic projects which include projects implemented in-house for network extensions, construction of Water Supply Pipeline from Kibamba to Kisarawe; Construction of water supply scheme in Mkuranga; and Kigamboni Water Supply project. In addition, DAWASA has successfully completed the water supply project from Mlandizi to Mboga in Chalinze. The total contract price for these projects was TZS 168 billion and the Authority spent TZS 67.77 billion during the financial year 2021/22 for settlement of the project claims using both Government and DAWASA internal sources of funds. Out of the amount spent during the year, TZS 51.26 billion was from the Government and TZS 16.51 was from DAWASA internal funds.

2.10 BUDGET PERFORMANCE REVIEW

(a) Annual Approved Revenue Vs Actual Expenditure FY 2021/22

The total revenue projection for the financial year 2021/22 was **TZS 301.32 billion.** Out of that amount, **TZS 162.91 billion** was estimated to be generated from DAWASA internal sources (i.e. water and sewer charges plus other incomes); and **TZS 138.41 billion** was estimated to be received from other sources, (i.e. **TZS 67.76 billion** from the Government of Tanzania and **TZS 70.65 billion** from Development Partners).

The actual fund received in the FY 2021/22 was **TZS 287.78 billion,** which is equivalent to **96%** of the total annual approved estimates (Out of that amount, **TZS 158.55 billion** was internal revenue collected from the sale of water and sanitation charges and other small internal sources (equivalent to **97%** of the projected internal revenue), and **TZS 129.23 billion** was from the Government of Tanzania and Development Partners. Comparison between approved revenue projections and actual funds received in FY 2021/22 is shown below.

<u>Performance in Revenue Collection Vs Budget FY 2021/22</u>

Type of Income in TZS' Billion	Approved Revenue TZS billion	Actual Collection TZS billion	Collection as % of Approved Revenue
Water & Sewer Charges	156.91	149.83	95%
Other Income	6.00	8.72	145%
Subtotal - Internal sources	**162.91**	**158.55**	**97%**
Local Funds- Government	67.76	62.11	92%
Foreign Funds -Development Partners	70.65	67.12	95%
Subtotal -External sources	**138.41**	**129.23**	**93%**
Grand Total	**301.32**	**287.78**	**96%**

(b) Annual Approved Budget Vs Actual Expenditure FY 2021/22

The actual expenditure for the financial year 2021/22 amounted to **TZS 250.16 billion,** which is 83% of the annual approved expenditure. Out of that amount, the actual expenditure from internal sources was **TZS 157.38 billion** and **TZS 92.78 billion** was spent from funds received from Government and other Development Partners.

Comparison between approved budget and actual expenditure in the FY 2021/22 is shown in the table below:

Summary of Annual Approved Vs Actual Expenditure FY 2021/22

Description	Approved Budget TZS' Billion	Actual Expenditure in TZS' Billion	Actual expenditure as % of Approved Budget
Personnel Emoluments	44.07	43.80	99%
Other charges	95.38	92.62	97%
Development Expenditure - Internal Sources	23.46	20.96	89%
Sub-total - Internal sources	**162.91**	**157.38**	**97%**
Development Expenditure - Government	67.76	62.11	92%
Development Expenditure-Development Partners	70.65	30.67	43%
Subtotal - External sources	**138.41**	**92.78**	**67%**
Grand Total	**301.32**	**250.16**	**83%**

2.11 REVIEW OF BUSINESS PERFORMANCE

a. Financial Performance

The financial results for the period are disclosed on page 31 of these Financial Statements. The Authority recorded a surplus of TZS 75,319 million during the year (2020/21: Surplus of TZS 42,536 million). The surplus recorded during the year is attributable to the increase in revenue from non-exchange transactions as a result of increased project activities financed under WSSP II. During the year TZS 96,870 million was recognised as Government grant compared to TZS 61,055 million recognised in 2020/21. This represents an increase of TZS 35,815 million.

b. Financial Position

The Authority's equity stood at TZS 775,656 million as at 30 June 2022 (2020/21: TZS 700,336 million) and total assets amounted to TZS 1,088,307 million compared to TZS 977,408 million as at 30 June 2021.

c. Cash flows

The Authority's cash inflows and outflows during the reporting period is as set out in the statement of cash flows shown on the financial statements. As at 30 June 2022, the Authority had cash and cash equivalents of TZS 100,258 million compared to TZS 62,637 million as at 30 June 2021.

d. Non-revenue Water

The Non-Revenue Water (NRW) rate for the period slightly increased by 0.14% from 38.89% recorded in Financial Year 2020/21 to 39.03% in Financial Year 2021/22. The increase in NRW rate was due to pipe bursts and leakages when water production returned to normal level after the prolonged period of drought experienced in the financial year 2021/22. Management has implemented short-term interventions to address this challenge including rehabilitation and replacement of dilapidated pipes and reducing turn-around time in attending the reported leakages.

e. DWSSP Debt

The loan amount of TZS 47,731,728,372 was drawn from Subsidiary Loan Agreements between DAWASA and the Government of Tanzania covering 40% of the capital improvement expenditures and 100% of the DAWASCO withdrawal of the DAWASCO subsidiary loan from funds received from the DWSSP Financiers (i.e., IDA, ADF and EIB). The debt servicing/repayment was scheduled to start in July 2018 in equal annual instalments and with full repayment no later than June 2020 for IDA and ADF related subsidiary loans and June 2030 for EIB related subsidiary loan. The Authority submitted the request to the Government for conversion of DWSSP debt into Equity through letter with reference number DAWASA/PGA/DF/18/192 dated 27 September 2018. During the year, Management continued to follow up on the matter with the Treasury Registrar (TR) and the response is awaited.

f. Compensation of Project Affected Persons

During the period the authority spent over TZS 351 million for compensation of project affected families for the Mshikamano Water Supply project.

2.12 FUTURE DEVELOPMENT PLANS

The Authority will continue to improve and modernize its services to the satisfaction of its stakeholders/customers. In view of the foregoing, the Authority has prepared the DAWASA's five years Strategic Plan (FY 2021/22 -2025/26) and three years Business Plans for the period from year 2021/22 to year 2023/24. There are important milestones that have been set in order to achieve the DAWASA objectives which are consistent with the aspirations of the Tanzania Development Vision (TDV 2025),the Third National Five Years Development Plan (FYDP III 2021/22 - 2025/26) and the ruling party election manifesto of 2020-2025. The three years strategic plan for financial years 2021/22 to year 2023/24 focuses on expansion of water supply and sanitation coverage, increase in water production capacity, improvement in customer services and reduction of non-revenue water to the acceptable level as per Industrial Standard and Regulator requirements. The successful implementation of these plans will yield positive results to the Authority.

2.13 SOLVENCY

The Authority's state of affairs as at 30 June 2022 is set out on page 33 of these financial statements. In the opinion of the Directors, the Authority is able to continue as a going concern.

2.14 STAKEHOLDERS' RELATIONSHIP

The Authority believes that the stakeholders including customers are what make the Authority exist. Several measures have been taken to institute a responsible behaviour towards members of the Authority and other stakeholders/customers. These measures include, but are not limited to, holding interactive meetings, seminars, conferences and workshops; provide education through media and improving customer services at our offices. The analysis of key stakeholders with significant relationships with DAWASA is summarised in the following table:

S/N	Stakeholder	DAWASA's expectation from Stakeholders	Stakeholders' expectation from DAWASA	Ranking (Based on Influence, 1= High, 2=Medium 3= Low)
1.	Customers	• Conservation of water sources; • Protection of water supply and sanitation infrastructures; • Timely payment of bills; • Customers not to tamper with meters; and • Provision of information on water leakages, vandalism and water theft.	• Access to adequate clean and safe water; • 24 hours quality water services; • Adequate and reliable sanitation services; • Effective participation of different social groups in water supply decision making, including tariff settings; • Timely and effective service delivery; • Effective and reliable communication on water and sanitation services; and • Fair water tariff and easy procedures in payment of bills. • Timely and correct bills	1
2.	DAWASA Employees	• Knowledge and skills, time, diligence, and labour; • Commitment; and • Ethics, integrity, professionalism	• Improved working environment; • Capacity and career development; • Attractive pay package; • Clear Staff regulations; and • Good governance and transparency.	1
3.	Ministry of Water (MoW)	• MoW takes a leading role in soliciting funds from domestic and foreign sources, for major capital investment projects; • MoW sets appropriate policies for water and wastewater sectors; and • MoW sets laws and regulations wherever necessary for water supply and sanitation services.	• Increase water production to meet water demand; • Ensure public receive water 24 hours a day; • Universal access to water supply and sanitation services realized; • NRW is reduced to allowable level (30%); • Financial accountability; and • Timely implementation of ministerial directives.	1

4.	Wami-Ruvu and Rufiji Basin Water Office	• Protection of wetlands and water catchment areas; and • Timely granting of permits for water abstraction.	• Water abstraction is efficiently done and royalties are timely paid.	1
5.	EWURA	• Tariff changes expedited upon application; without delays; • Effective regulatory guidance; and • Timely decision on matters brought before EWURA on appeal.	• DAWASA operates according to regulatory rules set by EWURA.	1
6.	TANESCO	• Constant and reliable supply of electricity; • Continued cooperation in settling electricity debts; and • Consideration of special tariff for DAWASA as a large TANESCO customer, and a public social services provider.	• Timely payment of electricity bills; and • Commitment and settling of electricity debts as agreed.	1
7.	TANROAD AND TARURA	• Involve DAWASA in road construction projects around/along DAWASA infrastructures; and • Timely issuance of permit for road crossing during the implementation of new projects or maintenance of DAWASA infrastructures.	• Involve TANROAD and TARURA in planning and implementation of water and sanitation projects; • Timely submission of requests for road permit crossing during implementation of new projects or maintenance of DAWASA infrastructures; and • Timely attendance of water pipes leaking on roads.	1
8.	Ministry of Finance and Planning	• Provision of guidelines, policies related to planning, financing, budgeting, resource allocation and financial management; • Timely disbursement of approved funds; and • Timely provision of Tax exemptions where appropriate.	• Financial accountability; • Budgets for capital projects are submitted within prescribed time and according to the set ceilings; • Value for money on implemented projects; • Appropriate project documents for new projects for resource mobilization; and • Timely submission of statutory documents (Strategic Plan and MTEF) to the Treasury Registrar.	1
9.	Development Partners	• Technical and financial support for large capital investment projects and timely disbursements of committed funds; • Reasonable terms and conditions on external support; and • Transfer of technology.	• Good governance and transparency; • Quality services; • Grants and loans given are efficiently and effectively utilized; • Impact of projects is realized and the implemented projects are sustainable; • Assurance of value for money and improved access to quality water	1

			and sanitation services at all levels; and • Provision of timely and quality reports.	
10.	Local Governments/ Local Communities	• Cooperation in conservation of water sources; protection of water supply and sanitation infrastructures; and provision of information on water leakages, vandalism and water thefts; and • Timely provision of land for water and sanitation infrastructure.	• Quality water and sanitation services; • User friendly water supply technology; and • Participatory relationship in policy and programme development and implementation.	1
11	Members of Parliament (MPs)/Legislators and Political Leaderships	• Advisory on policies, regulatory framework, programs and projects related to water and sanitation; • Approval of budget for MoW and DAWASA; and • Ratification of regional and international water goals and initiatives.	• Good governance and transparency; • Assurance of value for money and improved access to quality water supply and sanitation services to the Community; • Reduced complaints from the public regarding DAWASA services; • The national and international water goals and initiatives are implemented; • Effective implementation of projects; and • Projects approved for implementation in the MPs constituencies have been implemented and Projects realized.	[illegible]
12.	Vice President's Office-Environment	• To get support for enforcement of environmental laws and regulations on protection of water sources; • To get support for proper management of industrial effluents; and • Timely approval of ESIA reports.	• Projects implementation does not adversely affect the environment; • Projects implementation starts after the ESIA has been carried out and approved by NEMC; and • Effective management of waste water and protection of the environment.	[illegible]
13.	Ministry of Justice	• Timely approval of water laws and regulations; and • Timely provision of legal opinions.	Contracts for loans and large projects are timely submitted to the Attorney General for approval. • Compliance to Laws and Regulations	2

14.	Ministry of Health	• Provide DAWASA with information on eruption of water-borne diseases; and • Timely provision of information and requests for water supply and sanitation services for new hospitals and health centres to be constructed.	• Water borne diseases are minimized or eradicated; and • Sufficient and reliable water is provided to health centres and hospitals.	2
15.	Ministry of Land, Housing and Human Settlements	• Timely granting of title deeds for areas with water and waste water infrastructure; and • Proper land use planning.	• Application for rights of occupancy for areas with water and waste water infrastructure are submitted to the Ministry of Lands, Housing and Human Settlements timely; • Application for granting of DAWASA right of pipes way leave submitted to the Ministry of Land timely; and • DAWASA complies with land use requirement.	2
16.	Ministry of Industry and Trade	• Information on the number and location of existing industries and planned new industries to be established; and • Estimation of water demand for industries (long term and short term).	• Sufficient water supply for industries to meet demand.	3
17.	Public Procurement Regulatory Authority (PPRA)	• Any review of procurement legislation and regulations are communicated to DAWASA as early as possible; and • Timely decision on matters brought before PPRA on appeal.	• Procurement of goods and works in the water supply and sanitation projects is done according to the PPRA regulations.	2
18.	Small Scale Service Providers (water by tankers, informal service providers, private schemes)	• Are registered and operate according to DAWASA guidelines; and • They serve water drawn from DAWASA sources and not from other unknown sources.	• They are treated as partners in the provision of water supply services; and • They are not harassed during service provision especially in areas with intermittent water supply.	3
19.	Private Cesspit emptier	• They are registered and operate according to DAWASA guidelines; and • They remove sewage from households, and dump them in DAWASA wastewater stabilization ponds.	• They are treated as partners in the provision of sanitation services.	3
20.	Service Providers (Consultants, Contractors, Suppliers)	• Timely, quality, and cost effective services.	• Timely payment for services provided as agreed in the contracts.	3

22	Media	• Media work with DAWASA in educating the public on proper use of water; and • Balanced reporting is done by media to avoid misleading the general public.	• Access to information for dissemination to the public; and • Good public relations.	1
23	National Bureau of Statistics (NBS)	• Provide statistical information, such as population, inflation, economic growth, disposable income, etc. for use by DAWASA during planning.	• The NBS data and information become the basis for planning of provision of water supply and sanitation services; and • DAWASA submit timely and accurate data and information to NBS.	3

2.15 STATEMENT OF COMPLIANCE WITH LAWS AND REGULATIONS

The principal functions and operations of the Authority are governed by the Water Supply and Sanitation Authority Act. No. 5 of 2019. The Directors confirm that the activities and operations of the Authority were conducted in accordance with the Act and the Board is not aware of non-compliance with other applicable laws and regulations that would have material impact on the Authority.

2.16 ISO 9001:2015 CERTIFICATION

DAWASA was issued with ISO 9001:2015 certificate on 18 December 2020. This confirms that the Authority meets the requirements for a Quality Management Systems in provision of water supply and sanitation services.

2.17 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

(i) PRINCIPAL RISKS AND MITIGATION MEASURES

DAWASA Risk Management Framework was prepared in accordance with the requirements of 'Guidelines for Developing and Implementing Institutional Risk Management Framework' in the Public Sector' (Tanzania)-2012 as well as the International Risk Management Standards (ISO 31000:2018, COSO: 2017) and best practices on Risk Management.

DAWASA recognizes that, it is susceptible to risks which can be detrimental in providing quality, reliable and affordable water and sewerage services, if no proper mitigation measures are executed. Therefore, the Authority is committed and continuously employ proactive risk management practices across all levels of the Authority, in order to contain potential risks within defined tolerance limits.

In order to facilitate effective management, DAWASA has stated five broad categories of risks peculiar to its operating environment which are; Strategic, Infrastructure and Technical, Operational, Legal and Compliance, Financial and Commercial.

The Principal Risks of DAWASA and their mitigation measures have been itemized in the matrix below:

S/N	Risk Title	Risk Category	Mitigation Measures
1.	Corruption and Fraud incidences	Strategic	• Develop and enforce fraud control framework (Fraud Policy, Governance and Control Procedures). • Develop and enforce whistle blowing policy • Develop and implement incentive scheme. • Develop and enforce conflict of interest policy.
2.	Employees perform less than expected (ineffective performance by employees)	Operational	• Finalize the Quality Management System (QMS) - ISO 9001 Certification within and across the Authority • Conduct objective (Anonymous) staff satisfaction survey • Adopt Balance Scored Performance Management System and link it with OPRAS
3.	Insufficient fund (Erratic flow of funding) - Illiquidity	Financial	• Prepare and implement effective revenue collection strategy. • Develop and implement DAWASA service awareness and sensitization program for timely payment by customers. • Set and pursue realistic revenue collection target.
4.	Failure to achieve production target level	Operational	• Develop and implement community awareness program and plan • Liaise with Wami Ruvu River Basin office to ensure enforcement of policy and regulations. • Expedite payments for service providers, and suppliers (e.g., supplier of water treatment chemicals)
5.	Theft of stock	Financial	• Acquire and install security devices (e.g. CCTV Camera, Alarms etc.). • Prepare and implement a schedule for stock marshalling. • Develop and implement adequate remuneration and incentive program. • Train and create awareness on the code of ethics and conduct. • Recruit and place competent supplies officers.

S/N	Risk Title	Risk Category	Mitigation Measures
			• Adhere to Financial Regulations on stores management.
6.	Water Infrastructure Failure (Design, construction and operation)	Operational	• Conduct training to project supervision team on contract management (such FIDIC and others). • Prepare and implement community awareness program (plan) (e.g. on importance of protecting water infrastructure and impact of encroachment). • Establish dedicated infrastructure design team (responsible for among others, verification of survey data and design related information. • Establish effective project monitoring and evaluation (Timely communication, facilities)
7.	Delayed completion of water supply and sanitation projects (Project completion delays)	Infrastructure and Technical	• Prepare adequate and comprehensive contractors (consultants)'s selection criteria in the tender documents. • Expedite approvals in procurement process and contract implementation • Provide realistic project completion period (duration) • Exercise perseverance - follow up for matters pertaining to project from designing to implementation
8.	Failure to achieve desired level of customers' satisfaction (low customer satisfaction)	Operational	• Communicate the Customer Service Charter (CSC). • Conduct customer care and soft skills training to customer service personnel. • Conduct annual independent customer survey. • Develop and implement Customers complaints handling mechanism.
9.	Non-Compliance with legal and regulatory requirements.	Legal and compliance	
10.	Failure to comply with financial reporting guideline	Legal and compliance	
11.	Inefficient planning and budget execution	Strategic	• Prepare risk based annual plan and budget.

S/N	Risk Title	Risk Category	Mitigation Measures
			• Adhere to the agreed plan • Ensure compliance with planning and budgeting procedures (guidelines) • Communicate the final corporate plan to the departments for implementation. • Prepare and communicate quarterly cash flows forecasting statement.
12.	ICT systems failure (Pastel, EDAMS, CRM, e-office, AHEEVA, SCADA, P-DASHBOARD, GEPG, Spot Bill, SBM, Govt-Mail, Biometric System, Payroll System, Android system, Fleet Management System etc.)	Operational	• Finalise approval and implement IT Disaster Recovery Plan. • Finalise the signing of contract to establish Data Recovery Site (Centre) • Prepare and implement specialized ICT training program. • Conduct and implement External Service Providers Service delivery satisfaction level survey.

(ii) UNCERTAINTIES

a. Shortage of Water Supply due to adverse weather conditions

The main source of water is from Ruvu River. The river levels are always affected by availability of rains. The drop in the water levels at the river during the draught season affects the supply of water and hence jeopardizing the sustainability of water supply services.

b. Delays in completion of strategic water supply and sanitation projects

DAWASA implements strategic projects which aim at increasing service coverage. Some of these projects are exempted from taxes where the Government needs to issue tax exemptions. Delays in issuance of the tax exemptions may cause delays in commencement and completion of the projects. In addition, lengthy and sometimes bureaucratic procedures of obtaining approvals (No Objection) from development partners for the donor funded projects creates uncertainty on commencement of implementation of the project. Further, there is uncertainty in the approvals for payment for payments made through the D-Fund may result in delays in payment, attracting interests on late payment and even delays in completion of the projects.

c. Uncertainty in revenue collection

The main source of DAWASA's revenue is collection from billed water and sewer customers. The success in revenue collection is mainly affected by the customers' willingness to pay where customers' willingness drops the Authority may not be able to collect 100% of the billed revenue which will in turn affect the Authority' ability to meet its operating costs and capital expenditure.

(iii) OPPORTUNITIES

The Authority's risk assessment process identified opportunities that can be capitalised to ensure sustainability in the provision of water supply and sanitation services. The potential opportunities are summarised in the matrix below:

Area/Criteria	OPPORTUNITIES
Organizational Capacity & Innovation Perspectives	• Availability of qualified and experienced staff in the competitive labour market. • Availability of Training institutions providing water professional courses. • New technologies for water service delivery, such as pre-paid meters for water. • Availability of advanced leak detection equipment in the market.
Customer Perspective	• Increasing demand for water services. • Availability of ICT hardware and software in improving service delivery.
Business Processes Perspective	• Existence of national and international development frameworks (TDV-2025, SDGs, FYDP II, CCM Manifesto) which advocate for additional resources for DAWASA. • Availability of water resources (ground and surface water sources). • Open-sourced technologies to improve work processes. • Availability of water supply and sanitation equipment and related supplies in the market. • High population growth and potential for increasing service coverage.
Stakeholders Perspective	• Willingness of multiple stakeholders to participate in water sector development. • Rule of law and democracy in the country. • Political support to the water sector. • Willingness of Development Partners (DPs) to support the water sector.

2.18 EMPLOYEES' WELFARE

a. Management and Employees' Relationship

There continued to be good management-employee's relation during the period ended 30 June 2022. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between Management, TUICO, TUGHE and FIBUCA.

The Authority 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, tribe, religion and disability which does not impair ability to discharge duties.

b. Training

The Authority had set aside a sum of TZS 378 million in the approved budget for financial year 2021/22 for staff training in order to improve employee's technical skills and hence their effectiveness. The actual cost incurred for the period on staff training was TZS 381 million (Note 12) and 562 staff attended training during the period. Training programs are continually being developed based on the Training Needs Assessment to ensure employees are adequately trained at all levels and all employees have some form of annual training to upgrade skills and enhance development.

c. Medical Assistance

The Authority contributes 3% of the employees' monthly basic salaries to NHIF. The employer's medical contribution during the period was TZS 935 million (TZS 1,021 million in previous year) (Note 10).

d. Employees Benefit Plans

The Authority pays contributions to publicly administered pension plan (PSSSF) on mandatory basis which qualifies to be a defined contribution plan. The employer's contributions paid to PSSSF in financial year 2021/22 was TZS 4,216 million (TZS 4,325 million in previous year) (Note 10).

e. Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Authority continues and appropriate training is arranged. It is the policy of the Authority that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

f. HIV Awareness Program

The Authority has adopted a HIV/AIDS policy and it is implementing the policy accordingly. During the year management conducted a training to all staff on HIV and other communicable diseases.

2.19 RELATED PARTIES TRANSACTIONS

The details of transactions and balances with other Government entities for the financial year ended 30 June 2022 is provided in Note 28 of the financial statements and Appendix I. All transactions with related parties were undertaken on arm's length basis. In addition, the total amount receivable from and payable to other Government entities as at 30 June 2022 were TZS 14,087 million and TZS 28,898 million respectively.

2.20 POLITICAL AND CHARITABLE DONATIONS

The Authority did not make any political donations during the period. Donations made during the period amounted to **TZS 149 million** (Note 12). These include:

	2022	2021
	TZS'000	TZS'000
Charitable Organizations	67,720	43,500
Local Governments	81,060	252,975
Total	**148,780**	**296,475**

2.21 PENDING LITIGATIONS

As at 30 June, 2022 the Authority had a total of 10 cases which were opened against DAWASA in various Tribunals and Courts of law. The cases reported relate to Employment and labour relations cases (7), Land cases (2) and Civil Cases (1). The authority is likely to suffer a loss of approximately TZS 1.17 billion as compensation and other related costs in the event it loses all cases filed against it (note 32). The amount is not the actual amount to be paid; rather it is the amount claimed by the claimants. The Authority has included the amount claimed in the pending cases in the provision as required under IPSAS 19. The amount may be less or more depending on the decrees made by the court on evidence and interest thereto.

2.22 PERFORMANCE MEASUREMENTS (INDICATORS) FOR GOVERNMENT UNITS

During the year the Board entered into a performance agreement with the Ministry of Water. The Authority is required to report performance based on key performance indicators targets set out in the contract. The annual performance of the Authority against the targets is as shown below:

PERFORMANCE CONTRACT: HARMONISED KEY PERFORMANCE MEASUREMENTS (INDICATORS) FOR GOVERNMENT UNITS
(SCORE ASSESSMENT: 81-100 - Excellent, 61-80 -Very good, 41-60 -Average, 0-40 - Poor)

SN	KPI	Benchmark	Target	Achievement FY2021/22	Achievement FY2020/21
1.0 CUSTOMER SERVICE MANAGEMENT					
1.1	*Service delivery level*				
1.1.1	Percentage of urban population with access to safe and clean water	95%	90%	92%	97%
1.1.2	Proportion of household connected to conventional	30%	10%	43%	43%

SN	KPI	Benchmark	Target	Achievement FY2021/22	Achievement FY2020/21
	public sewerage system in urban area				
1.1.3	Proportion of wastewater safely treated	100%	35%	27%	27%
1.1.4	Number of new connections	N/A	50,000	19,380	30,475
1.2	**Customer Handling**				
1.2.1	Level of satisfaction among customers	100%	92%	93%	93%
1.2.2	Level of satisfaction among key partners	100%	92%	92%	92%
1.2.3	Outreach/public awareness and information programmes to customers	Min. 4	6	8	8
1.2.4	Existence and compliance to approved Client Service Charter	1	1	1	1
2.0 WATER AND WASTE WATER SERVICES MANAGEMENT					
2.1	Production capacity Utilization	100%	69%	58%	97%
2.2	Water quality compliance to standards	100%	98%	98.9%	98%
2.3	Wastewater compliance to standards	100%	55%	N/A	N/A
2.4	Non - Revenue Water (NRW)	Max. 25%	37%	39.03%	38.89%
2.5	Average hours of supply	24	22	22	22
2.6	Annual Energy Savings	Min. 5%	5%	0%	0%
3.0 GOOD GOVERNANCE AND CONTROL					
3.1	Employees training and capacity building	100%	70%	N/A	N/A
3.2	Board meetings per year	Max. 6	6	6	5
3.3	Combating of corruption and Fraud	At least 2	1	N/A	N/A
3.4	Gender mainstreaming	At least 1	1	1	1
3.5	Staff meetings	At least 4	4	4	4
3.6	Succession Plan	N/A	1	1	N/A
3.7	Voluntary Agreement	N/A	1	N/A	N/A
3.8	Adherence to Procurement guidelines	100%	95%	96%	95%
3.9	Convening of regular management meetings	Min. 12	12	12	12
3.10	Convening of HIV/AIDS sessions/ campaigns	Min. 2	2	2	1
4.0 FINANCIAL MANAGEMENT					
4.1	Revenue Collection Efficiency	95%	85%	108%	95.53%
4.2	Contribution to Capital investment	Min. 35%	35%	13%	35%
4.3	Personnel expenditure as percentage of collection from water and sewerage services	Max. 30%	29%	28%	38%
4.4	Net Profit Margin	Min. 15%	15%	31%	23%

SN	KPI	Benchmark	Target	Achievement FY2021/22	Achievement FY2020/21
4.5	Cost Recovery Ratio	Min. 100%	135%	113%	113%
4.6	Return on Equity	Min. 20%	8%	10%	7%
4.7	Debt to Asset Ratio	Max. 50%	25%	29%	28%
4.8	Employees Efficiency Ratio	Max. 30%	28%	30%	30%
4.9	Debt to Equity Ratio	Max. 50%	40%	40%	39%
4.10	Contribution to Treasury Fund	Absolute amount increasing annually	TZS 1.0 billion	TZS 1.0 billion	N/A
5.0 ENVIRONMENTAL MANAGEMENT					
5.1	Payment of Water user fees	100%	100%	100%	100%
5.2	Safety Plans	N/A	1	7	1
5.3	Sustainability of Water sources	100%	50%	N/A	N/A

2.23 AUDITOR

The Controller and Auditor General is the statutory auditor of Dar es Salaam Water Supply and Sanitation Authority (DAWASA) by virtue of Article 143 of the Constitution of the United Republic of Tanzania, amplified in Section 10(1) of the Public Audit Act, Cap 418 [R.E 2021]. The physical address of the Auditor is as stated below:

The Controller and Auditor General,
National Audit Office, Tanzania
Audit House
4 Ukaguzi Road
P.O. Box 950, 41104 Tambukareli,
Dodoma, Tanzania
Tel: +255 (026) 2161200
Fax: +255 (026) 2123245
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

BY ORDER OF THE BOARD

Gen. Davis Mwamunyange (Rtd.)
Chairman

Date 06|03|2023

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022

The Water Supply and Sanitation Authority Act. No. 5 of 2019 requires the Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Authority as at the end of the financial period and of its profit or loss. It also requires the directors to ensure that the Authority keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Reporting Standards and the requirements of the Water Supply and Sanitation Authority Act. No. 5 of 2019. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of their profit or loss. The directors further accept responsibility for the maintenance of accounting records that can be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Gen. Davis Mwamunyange (Rtd.)
Chairman

06/03/2023
Date

Dr. Fred Msemwa
Director

06/03/2023
Date

4.0 DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I, **CPA Sels A. Kyejo** the Director of Finance of Dar es Salaam Water Supply and Sanitation Authority (DAWASA) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view in all material respect, the financial position, financial performance and cash flows of the Dar es Salaam Water Supply and Sanitation Authority as at 30 June 2022, in accordance with the International Public Sector Accounting Standards (IPSAS) and that they have been prepared based on properly maintained financial records.

Signed by: ....

Position: DIRECTOR OF FINANCE

NBAA Membership No. ACPA 3045

Date: 06/03/2023

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30.06.2022 TZS '000	Restated 30.06.2021 TZS '000	Restated 01.07.2020 TZS '000
ASSETS				
Current assets				
Cash and cash equivalents	17	100,258,303	82,636,758	56,669,941
Trade and other receivables	18	57,439,330	45,775,043	82,369,905
Inventories	19	24,765,315	23,176,726	24,694,396
		182,462,948	151,588,527	163,734,242
Non-current assets				
Property, plant and equipment	20	697,310,223	637,813,290	587,340,955
Capital work in progress	21	208,483,325	187,930,515	198,620,830
Intangible assets	22	51,524	75,504	105,730
		905,844,072	825,819,309	786,067,515
Total Assets		1,088,307,020	977,407,836	949,801,757
LIABILITIES				
Current liabilities				
Trade and other payables	23	156,085,167	145,409,022	184,697,683
Provisions	24	2,042,188	2,082,994	1,661,895
Deferred Grant Income	7	104,476,826	78,513,576	53,663,422
Borrowings (current portion)	25	38,736,160	37,508,791	36,061,296
Total Current Liabilities		301,340,341	263,514,383	276,084,296
Non-current liabilities				
Borrowings (non-current portion)	25	11,311,829	13,557,612	15,917,929
		11,311,829	13,557,612	15,917,929
Total Liabilities		312,651,298	277,071,995	292,002,225
NET ASSETS		775,655,722	700,335,841	657,799,532
Capital and reserves attributable to the Authority's equity holders				
Capital Fund	27	225,375,567	225,375,567	225,375,567
Accumulated Surplus	27a	550,280,155	474,960,274	432,423,965
Shareholder's equity		775,655,722	700,335,841	657,799,532
Total equity and liabilities		1,088,307,020	977,407,836	949,801,757

Chairman	Date: 06/03/2023	Director

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021/22 TZS '000	Restated 2020/21 TZS '000
REVENUE			
Revenue from exchange transactions			
Water and Sewerage Charges	5	135,326,391	125,925,929
Other revenue	6	11,069,663	5,866,078
Gain on foreign currency translation	14	-	269,043
Total Revenue from exchange transactions		**146,396,054**	**132,061,050**
Revenue from non-exchange transactions			
Amortization of Government grants	7	94,634,863	60,950,304
Revenue Grant	8	2,234,769	104,428
Total Revenue from non-exchange transactions		**96,869,632**	**61,054,732**
Total Revenue		**243,265,686**	**193,115,782**
Expenses			
Water Production and Distribution Costs	9	(42,788,184)	(41,169,746)
Salaries, Wages and Employee benefits	10	(49,252,199)	(46,615,564)
Operating expenses	11	(20,827,246)	(22,447,929)
Administration expenses	12	(24,639,621)	(18,769,890)
Treasury Registrar Contribution	13	(1,000,000)	
Impairment of receivables	18c	(547,368)	4,311,527
Impairment of intangible assets	22	-	(63,165)
Impairment of PPE	20	-	(226,026)
Inventory write down	19a	(1,029,395)	-
Loss on foreign exchange	14	(3,035,356)	(311,646)
Finance Cost	15	(2,978,445)	(1,231,412)
Depreciation	20	(22,088,050)	(21,354,838)
Amortisation of intangible assets	22	(35,574)	(18,161)
Total Expenses		**(167,221,340)**	**(149,896,850)**
Surplus for the year before taxation		76,044,146	43,218,932
Income Tax Expenses	16	(724,263)	(682,630)
Surplus for the year		75,319,883	42,536,302

Elizabeth Mwanyange   21/03/2023

Chairman   Date   Director

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 JUNE 2022

	Note	Capital Fund	Accumulated Surplus/(Losses)	Total
		TZS'000	TZS'000	TZS'000
Balance at 1 July 2020 (restated)		225,375,567	432,423,970	657,799,537
Surplus for the year		-	42,536,302	42,536,302
Balance at 30 June 2021 (restated)		225,375,567	474,960,272	700,335,839
Balance at 1 July 2021 (restated)		225,375,567	474,960,272	700,335,839
Surplus for the year		-	75,319,883	75,319,883
Balance at 30 June 2022		225,375,567	550,280,155	775,655,722

Chairman 06/03/2023 Date Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

Cash flows from operating activities			
Receipts	**Note**	**2021/22**	**2020/21**
		TZS '000	**TZS '000**
Water and Sewerage Charges	18b	149,833,595	146,257,388
New Connection Charges	18b	7,594,426	2,946,973
Reconnection Charges	6	26,051	3,582
Dumping Charges	6	951,830	536,296
Interest received	6		1,650
Sale of tender documents	6	10,641	11,300
Other non-consumption charges	6	134,415	35,032
Other receipts from GoT and Donors	7a	2,348,789	-
Payments			
Employee costs	23a	(49,677,165)	(43,248,423)
Payments to suppliers	23a	(58,748,099)	(69,918,418)
Treasury Contribution	13	(1,000,000)	-
Other expenses	23a	(24,147,160)	(19,997,812)
Revenue grant expenditure	8	(1,285,898)	(104,428)
Net cash flows generated from operating activities		**25,841,426**	**16,322,940**
Cash flows from investing activities			
Acquisition of PPE	20	(4,425,114)	(2,769,345)
Acquisition of Intangible Assets	22	(11,594)	(51,100)
Acquisition of WIP DAWASA	23a	(16,515,015)	(24,116,811)
Projects expenditures financed by Donors	23a	(92,793,375)	(71,645,153)
Net cash flow used in investing activities		**(113,745,098)**	**(98,582,409)**
Cash flows from financing activities			
Development grants received WSDF/GOT	(7a)	62,107,550	28,330,254
Development grants received INDIA	(7a)	-	5,957,790
Development grants received KOREA	(7a)	-	3,478,751
Development grants received WSSP II	(7a)	64,775,018	51,616,842
Repayment of term loan to CRDB	(25)	(1,357,351)	(1,357,351)
Net cash flows generated from financing activities		**125,525,217**	**88,026,286**
Net change in cash and cash equivalents		**37,621,544**	**5,966,817**
Net foreign exchange difference			
Cash and cash equivalents at beginning of period		**62,636,758**	**56,669,941**
Cash and cash equivalents at end of period		**100,258,302**	**62,636,758**

	06/03/2023	
Chairman	Date	Director

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Details	Budget Amounts Original	Final	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	% Variance (Refer Note 30)
	TZS '000	TZS '000	TZS '000	TZS '000	
Receipts during the year					
Water and sewerage charges	156,912,518	156,912,518	149,833,595	(7,078,923)	-5%
New Connection Charges	5,000,000	5,000,000	7,594,426	2,594,426	52%
Other income	1,000,000	1,000,000	1,122,937	122,937	12%
Grants received from Development Partners	116,811,402	138,403,805	129,231,357	(9,172,448)	-7%
Total Receipts/Revenue	**279,723,920**	**301,316,323**	**287,782,315**	**(13,534,008)**	**-4%**
Payments					
Production expenses	35,388,000	42,544,457	49,023,953	(6,479,496)	-15%
Salaries, Wages and employees Benefits	50,341,236	49,841,236	49,877,165	(35,929)	0%
Operating Expenses	7,882,900	20,725,920	20,827,346	(101,426)	-1%
Administration Expenses	22,194,810	24,294,250	14,481,796	9,812,454	40%
Finance Costs	150,000	1,045,458	773,224	272,234	26%
Treasury Contribution	1,000,000	1,000,000	1,000,000	-	0%
Capital Expenditure	182,486,974	161,865,002	113,745,098	48,119,904	30%
Total Expenditure	**279,723,920**	**301,316,323**	**249,928,582**	**51,387,741**	**17%**
Net Receipts/Payments	-	-	**36,496,282**	**36,496,282**	

Reasons for significant variances have been explained in Note 30

NOTES TO THE FINANCIAL STATEMENTS

1.0 STATEMENT OF COMPLIANCE

a) Basis of Preparation

The financial statements have been prepared on the historical cost basis, unless where it is specifically required by IPSAS or stated in the policies. The statement of cash flows is prepared using the direct method. The financial statements are prepared on accrual basis.

The Authority's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB) and various pronouncements made by the National Board of Accountants and Auditors.

The financial statements are presented in Tanzanian Shillings (TZS), which is the functional currency of the Authority and all values are rounded to the nearest thousand (TZS '000).

b) Changes in Accounting Policies and Estimates

The accounting policies adopted by the Authority are consistent with those in previous financial year. The Authority recognizes the effect of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

i. *New standards that are not yet effective and have not been early adopted by the Authority*

a) IPSAS 41, Financial Instruments

In August 2018, IPSASB released IPSAS 41. This standard establishes new requirements for classifying, recognizing and measuring financial instruments replacing IPSAS 29, Financial Instruments: Recognition and measurement. 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 key difference between IPSAS 29 and IPSAS 41 is that IPSAS 29 lacks classification of financial assets and financial liabilities. On the other hand, IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and

Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The effective date of IPSAS 41 is January 1, 2023, with earlier adoption encouraged. IPSAS 41 is applied retrospectively in accordance with IPSAS 3, Accounting Policies, Change in Accounting Estimates and Errors unless specific conditions are met. The standard was not adopted by the Authority during the accounting period. Management has assessed the requirement of this amendment on the Authority's financial reports and is of the opinion that upon adoption, the Authority will be required to review its impairment policy in line with the requirement of this standard in order to, among other things, recognise expected credit loss even without an occurrence of a credit loss.

b) IPSAS 42, Social Benefits

IPSAS 42, Social Benefits, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment.

IPSAS 42 seeks to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. To accomplish this, IPSAS 42 establishes principles and requirements for:

- Recognizing expenses and liabilities for social benefits;
- Measuring expenses and liabilities for social benefits;
- Presenting information about social benefits in the financial statements; and
- Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity.

The effective date of IPSAS 42 is January 1, 2023, with earlier adoption encouraged. The IPSASB selected this effective date in part because it expects to be able to finalize the proposed amendments included in ED 67, Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19) in time for those amendments to have the same effective date. The standard was not adopted by the Authority during the accounting period. The expected impact of this standards to the Authority's financial reports is currently remote because the Authority has no policy relating to social benefits other than the defined post-employment benefit plans.

c) *IPSAS 43, Leases*

IPSAS 43 introduces a right-of-use model that replaces the risks and rewards incidental to ownership model for lessee to be applied to all leases (i.e., all leases are treated as finance leases), whilst retaining the same approach for lessors (i.e., finance and operating leases). Lessees will be recognizing a right-of-use asset and a lease liability on the commencement of a lease. The asset is initially recognized at the amount of the lease liability plus initial direct costs; it is subsequently measured using the cost model unless the underlying asset is investment property measured at fair value or PPE measured under the revaluation model. The liability is initially measured at the present value of the lease payments over the lease term, discounted at the rate implicit in the lease or incremental borrowing rate.

On the other hand, Lessors classify leases as either operating or finance leases depending on whether all risks and rewards incidental to ownership of the leased assets have been substantially transferred to the lessee. Further, IPSAS 43 provides an exemption to leases with a term of fewer than 12 months and leases for which the leases asset is of low value. In this case lease payments are recognized as an expense on a straight-line basis, or another systematic basis, over the lease term (i.e., operating lease treatment).

IPSAS 43 will replace IPSAS 13 for reporting periods beginning on or after 1 January 2025 with early adoption encouraged.

The standard was not adopted by the Authority during the accounting period.

d) *IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations*

The Standard requires assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:

Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

IPSAS 44 become effective for the reporting periods beginning on or after 1 January 2025 with early adoption encouraged.

The standard was not adopted by the Authority during the accounting period.

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies outlined below have been consistently applied to all the years presented, unless otherwise stated.

a. Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Authority and the amount of the revenue can be measured reliably. The Authority bases its estimates on historical results, taking into consideration the type of transaction and specifics on each arrangement. Sale of services is recognized upon performance of services rendered. Interest income is accrued by reference to time.

Revenue from non-exchange transactions

Revenue from non-exchange transactions is governed by IPSAS 23 and mainly comprises taxes and transfers. Revenue from non-exchange transactions for the Authority comprises of transfers in the form of government subvention and Donors fund. DAWASA recognizes revenue from non-exchange transactions when it has complied with all the stipulations or conditions implicit in the underlying agreements, and there is reasonable assurance that the funding will be received. An inflow of resources from a non-exchange transaction recognized as an asset shall be recognized as revenue by the Authority, except to the extent that a liability is also recognized in respect of the same inflow and as the Authority satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it shall reduce the carrying amount of the liability recognized and recognize an amount of revenue equal to that reduction.

Revenue from non-exchange transactions shall be measured at the amount of the increase in net assets recognized by the entity.

- When, as a result of a non-exchange transaction, an entity recognizes an asset, it also recognizes revenue equivalent to the amount of the asset measured in accordance with paragraph 42, unless it is also required to recognize a liability.
- When a liability is subsequently reduced, because the taxable event occurs, or a condition is satisfied, the amount of the reduction in the liability will be recognized as revenue

Revenue from exchange transactions

Revenue from exchange transactions for the Authority comprises of water and sewerage services tariff, interest from investments and other income.

- ***Tariff Revenue***

Tariff revenue represents the fair value of consideration receivable, from customer Tariff billed in the period. Revenue is recognized in the period in which the water is supplied to and sewerage services are consumed by customers.

Where estimates of consumption are used instead of metered water, they are based on either historic consumption of the particular customer or profiles of similar consumers or locations.

b. Accounting for grants

The accounting for grants and subventions should be guided by the circumstances/ conditions under which the Authority receives them as detailed in Financing Agreements, MOUs, Loan Agreement or Grants Agreement. According to Para 44 of IPSAS 23 DAWASA recognizes in full all grants or any other receipts from non-exchange transactions as revenue in the statement of financial performance unless a liability is also recognized in respect of the same inflow. Therefore, revenue is recognized upfront as stipulations attached to the transferred fund have been met, whereas liability is recognized to the part of fund of which conditions for utilization of funds were not met.

c. Foreign currency translation

- Functional and presentation currency

Items included in the financial statements of the Authority are measured using the currency of the primary economic environment in which the Authority operates ("functional currency"). The financial statements are presented in Tanzanian Shillings, which is the Authority's functional and presentation currency.

- Transactions and balances

Transactions in foreign currencies are initially accounted for using exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the balance sheet date. Resulting exchange differences are recognized in the statement of financial performance for the year. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate ruling at the date of transaction. The resulting differences from conversion and translation are dealt with in the statement of financial performance in the year in which they arise

d. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in Statement of Performance in the period in which they are incurred.

e. Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenances are charged to the statement of financial performance during the financial period which they are incurred.

i. Cost and deemed cost

All categories of property, plant and equipment, including capital work in progress, are shown at cost or deemed cost.

ii. Depreciation Policy

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over the useful life of the assets.

Depreciation of an asset is charged when it is available for use and stops when asset is derecognised.

The average useful life of the Authority's property, plant and equipment by category, based on actual in-service dates and average useful life estimates, are shown below:

Asset Category	Average Useful Life (Years)	Equivalent Percentage (%) Of Depreciation
Water Treatment Plants	50	2.00%
Water Transmission Mains	40	2.50%
Distribution mains	40	2.50%
Boreholes	15	5.00%
Waste Water Pumping Stations	20	5.00%
Sewer, Pumping Mains and Ocean Outfalls	40	2.50%
Waste Water Stabilization Ponds	60	1.67%
Buildings and Workshops	50	2.00%
Laboratory Equipment	7	14.29%
Workshop Equipment	15	6.67%
Furniture and Office Equipment	5	20.00%
IT equipment	4	25.00%
Vehicles	5	20.00%
Motorcycles	7	14.29%
Intangible assets	4	25.00%
Office equipment	5	20.00%

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

The Authority derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

iii. Departure from Government adopted accounting policy on "PPE useful life estimates"

DAWASA's PPE useful life is estimated using the guidelines set by the Public Assets Management Division (GAMD) with exception of a few classes of assets where management has adopted the guidelines issued by the regulator (EWURA) which is different from the GAMD guidelines. These classes are considered to be specialized assets and adopting the new estimates will have impact on the tariff currently in use.

f. Intangible assets

Intangible assets acquired are carried at cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

g. Impairment of assets

At the end of each reporting period, the Authority reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized in the Statement of Financial Performance whenever the carrying amount of the asset exceeds its recoverable amount.

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

h. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance in the period incurred.

i. Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. Stores and consumables are stated at cost less any provision for obsolescence.

j. Accounts receivable

Receivables are initially recognized at transaction price and subsequently measured at their amortized costs using the effective interest method. A provision for impairment on trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the expected cash flows discounted at the effective interest rate. The amount of the provision is recognized in the statement of financial performance.

The matrix of Provision for impairment of Trade Receivables

DAYS	PERCENTAGE
0-90	0%
90-180	20%
180-365	50%
above one year	100%

k. Pensions and other post-employment benefits

The Authority contributes to defined contributions plans.

l. Pension obligations

The Authority pays contributions to a defined contribution scheme, the Public Service Social Security Fund (PSSSF), which is a publicly administered pension plan, on a mandatory basis. The Authority contributes 15% of gross salary for each employee and the employee contributes 5% of the gross salary to the scheme. The Authority's contributions to the fund are charged to the Statement of Performance in the period in which they relate.

k. **Terminal benefits**

Termination benefits are payable when employment is terminated by the Authority before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Authority recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after reporting date are discounted to present value.

l. **Employee benefits**

Retirement benefit plans

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into PSSSF and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued based on one-year Central Bank Treasury Bills. Deficits identified are recovered through lump sum payments or increased future provision. The contributions and lump sum payments reduce the post-employment benefit obligation.

m. **Provisions**

Provisions are recognized when the Authority 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.

n. **Financial Instruments**

Financial Assets

Financial assets are classified into the following specified categories: "available-for-sale" (AFS) financial assets, held to maturity (HTM) and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. At the reporting dates, the Authority had loans and receivables only.

i. Loans and receivables

The Authority holds investments in the form of loans and receivables. Loans and receivables arise when the Authority provides money to a debtor with no intention of trading the receivable. They are included under current assets, except for maturities greater than 12 months after the balance sheet date.

These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balances sheet.

The Authority assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired.

ii. Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognized on an effective interest basis for debt instruments.

iii. Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

iv. De-recognition of financial assets

The Authority derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Available for Sale Assets

Available-for sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates, or equity prices. The Authority classifies equity investments, other than those acquired for trading purposes as available-for sale.

Financial liabilities

I. Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, minus directly attributable transaction costs. The Authority's financial liabilities include trade and other payables, loans and borrowings.

II. Subsequent measurement

The measurement of financial liabilities depends on their classification.

III. Loans and borrowing

Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29. Gains or losses on liabilities held for trading are recognized in surplus or deficit.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

o. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

p. Budget information

The Authority is required to present the comparison of budget and actual performance information as part of its financial statements based on IPSAS 24 because its approved budget is made publicly available. The annual budget is prepared on cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the cash basis for budgeting purposes, reconciliation has been performed to reconcile the budget and financial statement since they have been prepared in different accounting basis.

Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

These budget figures are those approved by the Authority's governing body at the beginning and any revisions of the original figures.

3.0 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical estimates are made by the directors in determining average useful lives for property, plant and equipment and their residual values.

Furthermore, in the process of applying the Authority's accounting policies, management has made judgments in determining whether assets are impaired or not.

4.0 FINANCIAL RISK MANAGEMENT

The Authority's activities expose it to a variety of financial risks: foreign currency risk, credit risk and cash flow interest-rate risk. The Authority's overall risk management program seeks to minimize potential adverse effects on the Authority's financial performance. Risks management is carried out by the management on behalf of the Board of Directors.

4.1 Foreign currency risk

The Authority is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates as many of the Authority's contracts are denominated in foreign currencies, primarily United States dollars (USD), Euros and Pounds Sterling (GBP). In addition, funding for the WSDP is denominated in Euros and United States dollars.

4.2 Cash flow and fair value interest rate risk

The Authority has borrowings from the Government of Tanzania at fixed rates and loan receivables at fixed rates. Since these are not recorded at fair value the Authority has no exposure to cash flow or fair value interest rate risk.

4.3 Liquidity risk

The Authority is subject to liquidity risks as its working capital sources, primarily Lessor tariff collections and monthly rental fee, are dependent on the Operator's ability to bill and collect from customers, activities not within DAWASA's control. Also, DAWASA has entered into numerous works, goods and services contracts, which require regular payments and which cannot be delayed or rescheduled without impacting the projects implementation schedule. To mitigate its liquidity risk, DAWASA has a contractual commitment from the Government of Tanzania, under the Development Contract, that DAWASA will be adequately funded at all times.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding out of committed credit facilities. The Authority aims at maintaining flexibility in funding and aggressive collection efforts in respect of accounts receivable. Management monitors rolling forecasts of the Authority's liquidity reserve on the basis of expected cash flows.

The table below analyses the Authority's Financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2021				
Borrowings and interest	37,508,791	2,804,514	7,057,144	3,695,953
Deferred grant income	78,513,576			
Trade and other payables	145,409,022	-	-	
Provisions	2,082,994			
Total	263,514,383	2,804,514	7,057,144	3,695,953
At 30 June 2022				
Borrowings and interest	38,735,160	4,074,484	4,342,484	2,894,989
Deferred grant income	104,476,836			
Trade and other payables	156,085,157	-	-	-
Provisions	2,042,288			
Total	301,339,341	4,074,484	4,342,484	2,894,989

The Authority's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Authority monitors capital on the basis of the gearing ratio. This ratio is calculated as net external borrowings divided by total capital. Net external borrowings are calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net external borrowings. The gearing ratio as at 30 June 2022 was 7% (2021: 2%).

The gearing ratio at 30 June 2022 and 30 June 2021 were as follows:

	2021/22 TZS'000	Restated 2020/21 TZS'000
Total borrowings	50,047,118	51,066,402
Less: cash and cash equivalents	(100,258,303)	(62,636,758)
Net cash	**(50,211,185)**	**(11,570,356)**
Equity	775,655,721	700,335,842
Total capital	**725,444,536**	**688,765,486**
Gearing ratio	**7%**	**2%**

5 WATER AND SEWERAGE CHARGES

	2021/22	Restated 2020/21
	TZS'000	TZS'000
Water Sales	124,249,998	114,665,271
Sewerage Charges	11,076,393	11,260,658
	135,326,391	125,925,929

The Water sales figure for the financial year 2020/21 has been adjusted by reducing TZS 4,532,875,180 (from TZS 119,198,146,180 to TZS 114,665,271,000). The adjustment relates to correction of the revenue billed.

6. OTHER REVENUE

	2021/22	2020/21
	TZS'000	TZS'000
Sale of Tender documents	10,641	11,300
Other non-Consumption Charges	134,415	35,032
Increase in service potential of PPE		67,970
Interest Income	-	1,650
New connection Charges	10,091,921	5,292,056
Dumping Charges*	806,636	454,488
Reconnection Charges	26,051	3,582
	11,069,664	5,866,078

*Excludes a collection of **TZS 145,194,480** in respect of VAT on dumping charges

7. DEFERRED GRANT INCOME

	2021/22	2020/21
	TZS '000	TZS '000
As at 01 July	174,118,405	88,213,519
Additions (Note 7a)	122,832,882	85,904,886
As at the end of the period	**296,951,287**	**174,118,405**
<u>Accumulated Amortisation and Impairment</u>		
As at 01 July	95,604,829	34,550,097
Charge for the period (capital grant)	94,634,863	60,950,304
Charge for the period (revenue grant)	2,234,769	104,428
As at the end of the period	**192,474,461**	**95,604,829**
Balance at the end of the period	**104,476,826**	**78,513,576**

7a. Additional grant during the year

During the year grants with conditions totalling TZS 122.83 billion were received from donors as per below:

Donor	2021/22 TZS '000	2020/21 TZS '000
WSSPII - World Bank-Development funds	64,775,018	51,616,842
WSSPII - World Bank-Recurrent	2,348,789	-
WSDP/GOT *	55,709,075	28,330,254
EXIM Bank India	-	5,957,790
Total	**122,832,882**	**85,904,886**

*The total amount received from the Government was TZS 62,108 million. This includes TZS 7,554 million received for settling claims related to projects supervised by DAWASA on behalf of the Ministry of Water and excludes TZS 1,155 million that was paid by the Government directly to TANESCO in respect of electricity bills for the erstwhile CHALIWASA.

8. REVENUE GRANT

	2021/22 TZS '000	2020/21 TZS '000
Electricity paid by the Government for CHALIWASA	1,155,160	-
WSSP II grant for NRW reduction consultancy**	1,079,609	104,428
Total	**2,234,769**	**104,428**

**The actual amount paid in respect of NRW reduction consultancy during the year is TZS 1,285,897,590

9. WATER PRODUCTION AND DISTRIBUTION COSTS

	2021/22 TZS'000	2020/21 TZS'000
Chlorine Gas	536,111	814,062
Aluminium Sulphate	60,806	413,400
Calcium Hypochloride	1,841,051	1,183,969
Laboratory Chemical	-	14,300
Others-Chemicals	350	-
Algaefloc	9,929,148	10,507,645
Electricity Water Plant	25,702,344	24,833,166
Electricity - Boreholes	1,821,490	905,157
Water User Fees	1,511,742	1,571,967
Electricity for Water Distribution	1,385,142	926,080
Total	**42,788,184**	**41,169,746**

10. SALARIES, WAGES AND EMPLOYEE BENEFITS

	2021/22 TZS '000	2020/21 TZS '000
Salaries and Wages	36,892,943	34,029,247
PSSSF Contribution	4,216,069	4,325,401
Medical Expenses-NHIF	935,159	1,020,849
Skills and Development Levy	1,553,693	1,455,499
Workers Compensation Fund	202,258	176,165
Leave Passage	212,013	131,537
Utilities Allowance	1,554,004	1,588,511
Telephone Allowance	194,718	336,062
Furniture Allowance	-	226,000
Acting Allowance	272,247	435,219
Honoraria	346,600	409,735
Casual Labourers	1,223,515	1,481,920
Gratuity and Other Benefits	317,939	169,805
Terminal Benefits	705,228	253,548
Overtime	504,686	437,248
Milk allowance	321,147	138,818
	49,252,199	46,615,584

11. OPERATING EXPENSES

	2021/22 TZS '000	Restated 2020/21 TZS '000
Electricity- Sewer	131,770	710,840
New Sewer Connection	209,337	92,750
Internet charges Afsheva, TTCL, ISP	428,453	497,038
R&M Motor Vehicle	829,922	977,054
R&M Office, Residential, Buildings & Structure	484,553	570,016
R&M Laboratory Equipment	474	95,875
R&M Plant, Equipment& Machinery-Water	1,116,140	1,897,370
R&M Plant, Equipment & Machinery-Sewer	357,106	474,787
Routine maintenance, Repair of Water network	4,849,019	8,205,852
Routine maintenance, Repair of sewer network	772,116	559,471
R&M Office equipment and Appliances	155,272	251,493
Operating Expenses/R&M Borehole pumps	112,739	359,982
R&M Meter	58,928	407,632
R&M Generators	7,867	17,439
Office Rent	156,977	291,413
Consultancy Fees	1,586,295	777,283
New Connection Expenses	6,796,085	1,930,832
Revenue Collection expenses	2,313,965	1,832,344
Investigation expenses	12,227	84,364
Service Levy	403,826	390,271
Repair and Maintenance of IT equipment,	54,275	23,923
	20,827,346	22,447,928

12. ADMINISTRATION EXPENSES

	2021/22	2020/21
	TZS '000	TZS '000
Extra duty allowance	1,928,034	1,425,358
Electricity Charges	342,857	235,218
Water Charges	99,064	57,093
Casual labourers	633,868	386,769
Uniforms	509,304	203,245
Special Meeting/Assignment Allowance	1,703,345	648,866
Staff meeting expenses	464,126	133,285
Court attire allowance	11,000	-
Audit Supervision expenses		136,276
Staff Welfare	1,506,270	265,230
Per diem - Abroad	26,618	-
Per diem - Domestic	2,100,681	1,777,360
Air ticket - Domestic	212,072	96,236
Air ticket - Abroad	9,495	-
Fuel, Oils, Lubricants	2,192,060	1,542,784
Safety Gears	81,010	118,049
Outfit allowance	1,155	
Funeral Expenses	145,275	125,345
Training expenses	381,059	367,388
HIV/AIDS expense	3,034	87,362
Staff Transfer Expenses	273,972	301,101
Exhibitions Festivals & Celebrations	299,295	246,089
Postage Telephone and Fax	4,734	10,773
Computer Supplies & Accessories	28,086	28,358
Motor vehicle Insurance Premiums	403,971	362,180
Licenses	58,033	113,178
Printing and photocopying	69,346	32,378
Advertising and publication	1,087,107	668,485
Donations/ Corporate Social Responsibility	148,780	296,475
Board Meetings	205,571	202,810
Expenses Management Meetings	-	-
Newspapers, books, Periodicals	6,716	16,955
Land Rent and rates	37,961	43,353
Directors Fee	106,250	116,619
Audit Fee	300,000	250,000
Car wash and parking fee	200,565	72,888
Business relation expenses	46,800	117,761
Legal Expenses	324,582	247,365
Fumigation	64,561	33,299
Office Expenses	540,553	490,972
Outsourcing Hiring equipment	-	-
Security Services	2,829,161	2,224,596
Purchasing Small Assets	-	-
Professional /Membership fee	9,673	21,343

Project registration fee	298,690	53,400
Cleaning Expenses	552,804	507,490
Laboratory Expenses	111,512	82,988
Tender Board Expenses	195,883	56,410
Conference facilities	-	133,002
Office consumables	751,891	898,071
Outsourced Maintenance Contract	63,493	82,202
Ground transport Taxi, Bus and Boat	1,019,400	845,790
Exhibition, Festivals and Celebrations	-	-
Health & Safety Charges	8,280	1,550
Environmental Conservation	102,515	126,398
Garbage collection	17,421	20,374
Food and refreshment	1,913,350	1,720,073
Telephone Charges	250,338	234,720
	24,639,621	18,769,890

13. TREASURY REGISTRAR CONTRIBUTION

	2021/22 TZS'000	2020/21 TZS'000
Contribution to the Government Consolidated Fund	1,000,000	-
	1,000,000	-

According to section 8 (1) (f) of the Treasury Registrar (Powers and Functions) Act and section 11 (3) of the Public Finance Act, executive agencies, public corporations and public institutions are required to remit fifteen percent of their gross revenue (collections) to the Consolidated Fund. DAWASA under the old set up was included in the list of public institutions that were required to contribute 15% of their gross revenue to the Government Consolidated Fund. During the year 2021/22 DAWASA contributed TZS One Billion to the Government Consolidated Fund as per approved budget.

14. GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION

	2021/22 TZS '000	2020/21 TZS '000
Realized foreign exchange gain/(loss)	(1,154,204)	269,043
Unrealised forex gain/(loss)	(881,152)	(311,646)
	(2,035,356)	(42,603)

15. FINANCE COSTS

	2021/22 TZS '000	Restated 2020/21 TZS '000
Bank Charges	130,815	247,730
Interest/Penalty on Late Payment	2,289,652	498,137
Interest on term loan	338,937	444,529
LC Charges	19,041	41,016
	2,978,445	1,231,412

16. TAXATION

	2021/22	Restated 2020/21
	TZS '000	TZS '000
Tax expense at applicable rate of 0.5% (AMT)	724,263	682,630
	724,263	682,630

17. CASH AND CASH EQUIVALENTS

	30.06.2022	30.06.2021
	TZS '000	TZS '000
Revenue Collection Accounts	1,689,081	1,151,711
Investment Account	427,181	2,728
Operations Account	5,893,891	200,844
Payroll Account	46,185	11,934
Project Accounts	92,201,965	61,269,541
Total cash and cash equivalents	**100,258,303**	**62,636,758**

18. TRADE AND OTHER RECEIVABLES

	30.06.2022	Restated 30.06.2021
	Shs'000	Shs'000
Trade receivables-Water and Sewer charges	62,285,221	69,643,532
Provision for impairment of Receivables	(28,886,542)	(28,339,174)
Trade receivables	**33,398,679**	**41,304,358**
Staff debtors	453,430	668,501
Staff debtors	**453,430**	**668,501**
Due to related parties	382,884	247,094
Miscellaneous receivables	650,216	721,672
Provision for bad and doubtful debts	(35,701)	(35,701)
Advance payments to contractors	22,589,822	22,869,119
Other receivables	**23,587,221**	**23,802,184**
Grand total	57,439,330	65,775,043

18b. Debtors Movement:

	30 June 2022	30 June 2021
	TZS'000	TZS'000
Opening Balance	74,176,407	91,145,972
Net adjustment of revenue resulting from prior period error	(4,532,875)	(329,632)
Opening balance net of adjustments	69,643,532	90,816,340
Charges during the year		
Water sales	124,249,998	119,198,146
Sewer charges	11,076,393	11,260,658
VAT on sewer charges	1,993,751	2,026,920
New Connection Charges during the year	10,091,920	5,292,055
EWURA charges	1,346,090	1,248,825
Reversal of collections in transit and bounced cheques from previous year	(1,943)	-
Customer Advances as at 30 June 2022	1,313,501	(6,462,174)
Total (net) Charges during the year	150,069,710	132,564,430
Less: Closing balance of trade receivables	(62,285,221)	(74,176,407)
Total receipts from customers	157,428,021	149,204,363
Analysis of Receipts from customers:		
Collections from water and sewer charges	149,833,595	146,257,388
Collections from new connection charges	7,594,426	2,946,974
Total receipts for the year	157,428,021	149,204,362

18c. Comparison of Provision for impairment of receivables

Item	2022 Provision Amount TZS'000	2021 Provision Amount TZS'000
Opening balance	28,339,173	(32,650,700)
Provision for impairment as at 30 June	28,886,542	28,339,173
Increase/(Decrease) in Provision	547,369	(4,311,527)

19. INVENTORIES

	30 June 2022	30 June 2021
	TZS '000	TZS '000
Uniforms	-	-
Chlorine Gas	78,111	94,102
Aluminium Sulphate	-	60,806
Calcium Hypochlorite	165,448	138,683
Other Chemicals	-	350
Algaeflock	1,471,017	2,503,204
Pipes & Fittings	14,897,256	15,941,270
Stationeries	156,377	152,360
Tools & Electrical fitting	2,989,963	3,157,635
Mechanical Stores	492,450	511,751
Customer Meters	843,753	387,536
Building Materials	1,033	1,033
Polymer Blend	3,680,460	224,798
Laboratory Equipment	1,523	1,597
Office equipment	-	2,216
IT and Computer Accessories	4,374	17,836
Provision for Obsolete stock and materials	(18,450)	(18,450)
	24,765,315	23,176,726

Inventories worth TZS 18,962 million (2021: TZS 18,449 million) were recognized as expenses during the year and are included in the following expense items in the statement of financial performance:

Inventory group	Expenses Category	30 June 2022	30 June 2021
		TZS '000	TZS '000
Stationeries	Administration	160,743	202,058
Uniforms	Administration	408,001	152,921
IT and Computer Accessories	Operating	30,005	64,170
Building Materials	Operating	-	114,909
Tools & Electrical fitting	Operating	254,978	755,897
Pipes & Fittings	Operating	5,950,675	5,177,992
Mechanical Stores	Operating	408,679	396,136
Motor vehicles and Cycles	Operating	-	160
Laboratory Equipment	Operating	44,839	114,916
Chlorine Gas	Production	508,950	628,477
Aluminium Sulphate	Production	60,806	443,408
Calcium Hypoclorite	Production	1,838,034	995,990
Laboratory Chemical	Production	-	100
Other Chemicals	Production	350	-
Polymer Blend	Production	72,745	52,066
Algaeflock	Production	9,222,901	9,350,008
Total		18,961,706	18,449,008

19a. Inventory write down

Inventories worth TZS 1,029 million were approved for condemnation by the Board of Directors and the same has been written down from the inventory balances. The summary of the written down items is as shown below:

Stock category	Amount
IT equipment	8,754,000
Tools and Electrical	44,602,603
Mechanics	51,717,732
Pipes and Fittings	886,543,937
Water meters	37,776,350
Total values	**1,029,394,622**

20. PROPERTY, PLANT AND EQUIPMENT

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
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Note 20a Payment made for acquisition of PPE

	TZS 000
Opening balance of payables 01.07.2021	8,679,046
Add: Purchase during the year	244,160
Amount payable	**8,923,206**
Less: Closing payables 30.06.2022	4,498,092
Payment during the year	**4,425,114**

21. CAPITAL WORK IN PROGRESS

	Description	At 1 July 2021 Restated	DAWASA Funds	GoT	WSDP	India Line of Credit	WSDP II	Transfer to completed assets	Transfer to other assets	Costs written off/Adjustment	At 30 June 2022
		TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
1	Mwananyamala Office Rehabilitation	56,522						(56,522)			-
2	Drilling of BH at Kimbiji and Mpera	23,208,013	592,797	688,923							24,489,733
3	Design Review UB and Chalinze	1,791,906									1,791,906
4	Design Review of Sewerage Network and Wastewater Treatment Plants	419,091									419,091
7	Design of New Water Distribution Networks and Customer Connections	1,509,039									1,509,039
5	Design of Kibaha & Bagamoyo										-
7	Rehabilitation of Chalinze Treatment Plant and Distribution Network	40,315,830	852,813	758,557		19,806,906					61,574,164
8	Ground Water Investigations	8,340,778									8,340,778
9	Design of Sanitary Landfill and Supervision										-
10	Resettlement	245,547	31,091	351,848				(628,486)			-
11	Kinunda Feasibility Study	4,621,473									4,621,473
12	Quick Win Projects - Network Extensions	859,418	1,155,438	2,694,843				(4,709,699)			-
13	Construction of Water Supply Pipeline from Mlandizi to Mboga in Chalinze	16,387,598	1,094,729	2,193,455				(19,675,782)			-
14	Construction of Water Supply Pipeline from Kibamba to Kisarawe	11,114,597	128,115	764,235				(11,060,191)		(947,066)	-
15	*Construction of Hap House	17,092,738	1,999,179	1,087,419						(1,859,056)	18,320,280
16	Construction of new water supply mainline and networks for Southern parts of D'Salaam (Buza - 3rd project)	2,422,745	338,231					(2,752,876)			8,100

	Description	At 1 July 2021 Restated	DAWASA Funds	GoT	WSDP	India Line of Credit	WSSP II	Transfer to Completed Assets	Transfer to other assets	Costs written off/Adjustment	At 30 June 2022
17	Construction of security guard office, toilets and fence for ex wing sewerage treatment Pond		12,750								12,750
18	Constr. of WWTP in Mbezi Beach, sewerage pumping stations and sewer networks	442,117					2,865,289				3,307,406
19	Construction new water network at Kigamboni Vijibweni and Mji Mwema areas in Dar es Salaam	140,677						(140,677)			-
20	Offgrid water supply, sanitation and hygiene -PBR	616,451	281,740					(857,839)			40,384
21	Construction of water infrastructure for the industrial areas (Kibaha, Bagamoyo, Kisarawe)	1,371,425	529,087					(1,900,512)			-
22	Construction of Water Supply Distribution networks from University roundabout to Bagamoyo town	19,780,638	-	237,957			34,713,695				54,731,084
23	Construction of Water Transmission Main from Kisarawe to Pugu	8,095,301	1,460,758					(9,515,020)	(41,040)		-
24	Off grid water supply projects - WSSP II	489,360					4,155,358		(86,423)		4,658,703
25	Mkuranga Water Supply Project	2,269,699	539,581					(2,809,280)			-
26	Construction of Wastewater Treatment Plant in Jangwani, sewerage	3,479,900									3,479,900
27	Offgrid Sanitation WSSP	408,521	6,275				2,753,389				2,967,896
28	Kimbiji Development Project	1,822,978	3,643,368	7,763,752							13,232,098
29	Offgrid water supply projects- (Dawasa)	117,561	162,134					(279,695)			-
30	Line Extension Sewer Network	60,124	182,193					(185,041)			57,276
31	Simplified Sewerage System Buguruni	11,846	25,197						(37,043)		-
32	Construction of ground reservoir at Mshikamano	-	196,705	2,341,785							2,538,490
33	Pipe Replacement		120,097					(120,097)			-
34	Zegereni Water Supply Project		2,317,091								2,317,091
		167,930,515	15,516,901	20,923,144	-	19,806,806	44,207,084	(54,711,497)	(184,506)	(4,806,122)	208,482,325

*Under the Deed of Handover between DAWASA and the Ministry of Water, Maji house is co-owned by both parties and according to that arrangement the work done before signing of the novation agreement (claimed under IPC 1-10) has been recorded in the books of the Ministry of Water and the work done after signing the novation agreement (IPC 11-17) has been recorded in the DAWASA books of accounts.

Note 21a Payment made for acquisition of DAWASA WIP

	TZS 000
Opening balance of payables 01.07.2021	33,825,233
Add: Purchase during the year	15,316,899
Amount payable	49,142,132
Less: Closing payables 30.06.2022	32,627,117
Payment during the year	16,515,015

22. INTANGIBLE ASSETS

Intangible assets are estimated to have useful life of four years and are amortized over that useful life on a straight-line basis. The amortization is charged full in the year of purchase and non in the year of disposal.

	30.06.2022	30.06.2021
Deemed Cost	TZS'000	TZS'000
At July 2021	218,406	230,471
Prior year adjustment	-	(63,165)
Additions	11,594	51,100
At end of the year	230,000	218,406
Amortisation		
At start of the year	(142,902)	(124,741)
Charge for the period	(35,574)	(55,084)
Prior year adjustment	-	36,923
Accumulated Amortisation	(178,476)	(142,902)
Net Book Value	51,524	75,504

23 TRADE AND OTHER PAYABLES

		Restated
	30.06.2022	30.06.2021
	TZS'000	TZS'000
Trade payables	82,176,088	82,347,368
Customer advances	1,313,501	-
EWURA Levy Payable	115,804	1,895,596
Corporate Tax Payable	3,561,948	2,528,400
Stamp Duty Payable	9,000	9,000
Staff related liabilities	24,498,052	25,123,017
Accruals	7,124,476	9,888,925
Contract retentions	13,731,779	10,141,252

VAT Payable	9,169,193	6,983,199
Other payables	14,385,326	8,492,265
Balance	156,085,167	145,409,022

23a. ANALYSIS OF TRADE AND OTHER PAYABLES

Details	*Trade Payables (TZS'000)*	*Project related Payables (TZS'000)*	*Staff related liabilities (TZS'000)*	*Other Payables (TZS'000)*	*Other direct Payments*	*Total (TZS'000)*
Opening Balance (01.07.2021)	*79,253,249*	*2,372,507*	*25,123,017*	*37,790,132*		*144,938,905*
Reclassification of opening balance	*(41,116,592)*	*41,116,592*	-	-		-
Prior period error (adjustments)	*470,117*	-	-	-		*470,117*
Restated opening balance (01.07.2021)	*38,606,774*	*43,489,099*	*25,123,017*	*37,790,132*		*145,409,022*
Purchases/Expenditure during the year	*60,918,068*	*1,079,609*	*49,252,200*	*34,416,971*	*24,147,180*	*169,813,956*
CAPEX Expenditure During the year (Internal Fund)	*244,145*	*15,516,899*	-	-		*15,761,044*
CAPEX Expenditure During the year (WB External Fund)	-	*85,891,237*	-	-		*85,891,237*
Payments (Recurrent Expenditure)	*(58,746,099)*	*(1,285,896)*	*(49,877,185)*	*(14,300,171)*	*(24,147,180)*	*(148,258,495)*
Payments (CAPEX) - Internal Fund	*(4,436,708)*	*(15,023,223)*		*(1,491,841)*		*(20,951,772)*
Payments (CAPEX) - Donor funded projects	-	*(84,475,717)*		*(8,317,658)*		*(92,793,375)*
Customer advances	-			*1,313,501*		*1,313,501*
Closing balance (30.06.2022)	*37,084,182*	*48,897,965*	*24,498,032*	*49,421,029*	-	*156,085,167*

24. PROVISIONS

	30 June 2022	Restated 30 June 2021
	TZS'000	TZS'000
Provision for Litigation claims	1,168,603	1,209,409
Creditors' provision	873,585	873,585
Balance	2,042,188	2,082,994

25. BORROWINGS

	30.06.2022	30.06.2021
	TZS'000	TZS'000
At 01 July	51,066,403	51,979,225
Interest charged during the period	338,937	444,529
Repayment during the year	(1,357,351)	(1,357,351)
Balance	50,047,989	51,066,403
Current portion	38,736,160	37,508,791
Non- current portion	11,311,829	13,557,612
Balance	50,047,989	51,066,403

The loan amount of TZS 47,731,728,372 was drawn in financial years 2003/4 to 2009/10 from Subsidiary Loan Agreements between DAWASA and the Government of Tanzania covering 40% of withdrawals for the capital improvement expenditures and 100% of the withdrawal of the DAWASCO subsidiary loan from funds received from the DWSSP Financiers (i.e. IDA, ADF and EIB).

The loan amount is the balance outstanding after restructuring of the terms of the Subsidiary Loan Agreements between DAWASA and the Government of Tanzania which included the deferment of loan repayment to July 2018, converting to equity the principal and interest in arrears as at 30 June 2014 including the entire component of City Water Services subsidiary loan and waiving future interest on rescheduled amount.

The aggregate loan amount was due for repayment in equal annual instalments commencing on July 2018 and with full repayment no later than June 2020 for IDA and ADF related subsidiary loans; and June 2030 for EIB related subsidiary loan. This has not been effected because of the commitments to implement various water projects in the DAWASA service area in an effort to realize goals set in the ruling party election manifesto (2015-2020) and National Second Five-Year Development Plan (2016/17 - 2020/21. On 27 September 2018 Management requested the Treasury Registrar for conversion of this debt to equity, which is yet to be converted as at 30 June 2022.

26. TRANSACTIONS AND OBLIGATIONS WITHIN PUBLIC SECTOR ENTITIES

	30 June 2022 TZS '000	30 June 2021 TZS '000
Revenues received from Public entities	11,171,044	18,291,302
Receivables from Public entities	13,519,929	15,964,366
Expenses incurred for services rendered by Public entities	32,659,821	48,500,077
Obligations (Payables) to Public entities	28,694,204	76,408,596

Detailed schedule of the transactions and balances with other public sector entities is attached as appendix 1

27. CAPITAL FUND

	30 June 2022 TZS'000	30 June 2021 TZS'000
Balance at 1 July	225,375,567	225,375,567
Balance at 30 June	**225,375,567**	**225,375,567**

The capital fund of 2021/22 remained the same as stated in June 2020/21.

27a. PRIOR PERIOD ERRORS

IPSAS 3 requires all material prior-period errors to be corrected retrospectively in the first set of financial statements authorized for issue by restating comparative prior period amounts or if the error occurred before the earliest period presented by restating the opening statement of financial position and statement of changes in net assets. The Authority has complied with this requirement of the standard by restating the opening balances of the affected items and as well restating the comparable prior period amounts.

The prior-period errors noted and the financial reporting period affected by the error are as follows:

1 July 2020 Opening Comparatives

I. Adjustment to Work in Progress in the financial year 2019/20

- Work in progress (Note 21) - Decrease in recorded Work in progress figure by TZS 3,274,516,606
- Increase in operating expenses by TZS 409,313,642
- Increase in Finance costs by TZS 2,865,202,964

1 July 2021 Opening Comparatives

2. Adjustment to billed revenue relating to financial year 2020/21

   - Water Supply and Sewerage Charges (Note 5) - *Decrease in recorded revenue* from exchange transactions by TZS 4,532,875,180.00
   - Decrease in Trade Receivables by TZS 4,532,875,180.00

3. Adjustments to expenses in financial year 2020/21

   - Net decrease in expenses under Operating Expenses and Administrative Expenses (note 11 and 12) as follows:

     i. Increase in Operating expenses (Note 11) TZS 442,804,623

        - Increase in repair and maintenance of sewer network TZS 140,285,752.19
        - Increase in repair and maintenance of water network TZS 124,161,040.00
        - Increase in office rent TZS 194,400,000.00
        - Decrease in repair and maintenance of motor vehicle TZS 5,700,000.00
        - Increase in consultancy fees TZS 26,268,000.00
        - Decrease in new connection expenses TZS 36,610,169.48

     ii. Decrease in Administrative Expenses (Note 12) TZS 417,489,770.00

        - Increase in training expenses TZS 30,897,500.00
        - Decrease in legal expenses by TZS 448,387,270.00

   - Increase in Trade Payables by TZS 321,612,292.19
   - Increase in Other Payables by TZS 148,505,360.32
   - Decrease in provisions TZS 448,387,270.00

4. *Adjustment of provision of corporate tax*

   - Decreased in corporate tax TZS 3,584,470.00
   - Decrease in provision of corporate tax TZS 3,584,470.00

5. Adjustment of carrying amount and accumulated depreciation for Property, Plant and Equipment (PPE):

   - Net decrease in carrying amount of property, plant and equipment by TZS 158,055,805.33
   - Decrease in depreciation expenses by TZS 1,388,179,381.06
   - Increase in other income (Note 6) TZS 67,970,096.67

- Impairment of assets of TZS 226,025,907

6. Adjustment of intangible asset:

    a. Impairment of intangible assets by TZS 63,165,254.00
    b. Decrease in accumulated amortization by TZS 36,923,264.65

The corrections of prior period error and line items affected in the financial statements are summarized in the matrix below:

01 July 2020 Opening comparatives (TZS '000)

S/N	Details	Accumulated surplus (Prior year adjustment)	PPE	WIP	Trade and other payables (Note 22)	Trade/other receivables	Provision for corporate tax	Revenue exchange transactions	Administrative expenses	Operating Expenses	Impairment of PPE and intangible assets	Finance cost	Accumulated Depreciation
1	Adjustment to derecognize foreign exchange losses and write off design costs	(3,274,537)	-	(3,274,537)	-								
	Total effect in the column 01.07.2020	(3,274,537)	-	(3,274,537)	-	-	-	-	-	-	-	-	-
	Impact in the net assets in the third column balance sheet (1.07.2020)			(3,274,537)									

01 July 2021 Opening comparatives (TZS '000)

S/N	Details	Accumulated surplus (Prior year adjustment)	PPE	Other Income	Trade and other payables (Note 22)	Trade/other receivables	Provision for corporate tax	Revenue exchange transactions	Administrative expenses	Operating Expenses	Impairment of PPE and intangible assets	Provisions	Accumulated Depreciation
1	Adjustment to billed revenue relating to financial year 2020/21		-		-	(4,533,875)	-	(4,533,875)	-	-			-
2	Unrecorded expenses in financial year 2020/21				321,612	-		-	30,898	442,805			-
3	Reversal of provision								(448,287)			(448,287)	
4	Adjustment of provision of corporate tax				(3,584)	-	(3,584)	-	-	-			-
5	Adjustment of carrying amount and accumulated depreciation for Property, Plant and Equipment (PPE)		(158,056)	67,970	-	-	-	-	-	-	226,026		(1,388,179)
6	Adjustment of carrying amount and amortization depreciation for Intangible Asset										63,165		(36,923)
	Total	-	(158,056)	87,970	318,028	(4,533,875)	(3,584)	(4,533,875)	(417,489)	442,805	289,191	(448,287)	(1,425,102)

28. RELATED PARTIES TRANSACTIONS

The following transactions were carried out with related parties:

(a) Directors' remuneration

	30.06.2022 TZS'000	30.06.2021 TZS'000
Board meeting expenses	205,571	202,810
Directors' fees	106,250	116,619
	311,821	319,429

(b) Key management's remuneration *

Short term benefits	1,920,605	1,632,777
Post-employment benefits	406,650	298,415
Other long-term benefits	893,470	234,994
	3,220,725	2,166,186

*Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Authority directly or indirectly including executive directors of the Authority.

29a. CASH GENERATED FROM OPERATIONS-INDIRECT METHOD

	30.06.2022 TZS'000	Restated 30.06.2021 TZS'000
Surplus/(Deficit) for the year	75,319,883	42,686,732
Depreciation	22,088,053	21,754,838
Amortisation of intangible assets	35,574	18,161
Increase / (decrease) in provision for impairment of receivables	547,368	(4,311,527)
Impairment of PPE and intangible assets	-	221,222
Write down of inventories	1,029,295	-
(Gain) /Loss on foreign currency translation	2,035,356	42,603
Interest on late payment (reclassified from WIP)	1,689,247	
Amortised Capital Grant	(94,634,863)	(27,284,053)
Amortised Revenue Grant	(2,334,769)	(104,428)
Net changes before Working Capital adjustment	**5,875,243**	**34,623,548**
Working Capital adjustments:		
Increase in Inventories	(1,588,589)	1,517,670
Increase in Receivables	8,335,714	16,594,861
(Decrease)/Increase in Trade and other payables	10,676,145	(39,435,085)
(Decrease)/Increase in borrowings (current portion)	3,583,720	2,304,840

(Decrease)/increase in provisions	(40,807)	421,100
Net changes in Working Capital	**18,608,832**	**(19,457,959)**
Net cash from operating activities	**35,841,425**	**16,572,940**

29b. RECONCILIATION OF STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AND STATEMENT OF CASH FLOWS

DESCRIPTIONS	OPERATING	INVESTING	FINANCING	TOTAL
Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	35,841,425	(113,745,098)	125,525,217	37,621,545
Basis Differences	-	-		-
Timing Differences				-
Entity Differences		-		-
Actual Amount in the Statement of Cash Flows	**35,841,425**	**(113,745,098)**	**125,525,217**	**37,621,545**

30. VARIANCE ANALYSIS

a) New Connection Charges - Positive variance of TZS 2,594 million

The positive variance under this item is mainly attributable to increased number of new customers following completion of most water supply projects within DAWASA service area.

b) Other Income - Positive Variance of TZS 122 million

The positive variance under this item is mainly attributable to increase in income from dumping charges. During the year the new wastewater equipment and sewer vacuum trucks were put into use and that contributed to the increase in the revenue collected from dumping charges.

c) Production expenses - Negative variance TZS 6,479 million

The negative variance is attributable to the amount paid for bulk procurement of chemicals and settlement of long outstanding electricity bills. During the year there was scarcity of the water treatment chemicals due to the effects of COVID 19 and Russian-Ukraine war. This called for management to procure water treatment chemicals in bulk to ensure sustainable water supply in DAWASA Service Area. The settlement of the claims from the supplier of chemicals that were procured in bulk significantly increased the cash outlay for production related expenses beyond the amount allocated in the budget. In addition, DAWASA continued to pay the long outstanding plant electricity bills. To this effect a total of TZS 4,200 million was paid during the year and hence the negative variance under this item.

d) Administration expenses- Positive variance of TZS 9,406 million

The positive variance is attributable to the administration costs that were accrued but remained unpaid at the end of the FY 2021/22. Most of these costs were paid subsequently

e) Finance costs-Positive variance of TZS

The positive variance is attributable to the Finance costs that were accrued but remained unpaid at the end of the FY 2021/22.

f) Development expenditure - Positive variance TZS 48,120 million

The positive variance here is attributable to delay in obtaining no objection from some of the development partners funding the projects. For example, the claims amounting to TZS 16 billion from contractors for projects funded by the EXIM Bank India which were planned to be paid in 2021/22 were paid in quarter 1 of the FY 2022/23.

31. NON-CURRENT ASSETS WITH ZERO NET BOOK VALUE

As at 30 June 2022, DAWASA had 955 assets whose value have been fully depreciated but still in use. Below is the summary of assets that have been fully depreciated but still in use as at 30 June 2022.

SN	Quantity	Asset Group	Deemed Cost 2022 (TZS)	Accumulated Depreciation 2022 (TZS)	Net Book Value 2022
1	55	Motor vehicle & Motorcycle	-	-	-
2	57	Boreholes	-	-	-
3	94	Office building and workshop	-	-	-
4	61	Furniture	-	-	-
6	116	Laboratory & Workshop equipment	-	-	-
7	129	Office equipment	-	-	-
8	24	Plant and machinery	-	-	-
9	20	Sewer, Main and outfall	-	-	-
10	3	Waste water stabilization pond	-	-	-
11	50	Waste water pumping station	-	-	-
13	345	Water treatment plant	-	-	-
14	1	Intangible asset	-	-	-
Total	958		-	-	-

These assets had zero NBVs as at the date of amalgamation of DAWASA/DAWASCO and these NBVs were taken on as deemed costs at the date of amalgamation. Management has hired a consultant to assign values to these assets.

32. PROVISIONS

As at 30 June 2022 the Authority had a total of 10 cases which were opened against DAWASA in various Tribunals and Courts of law. The cases reported relate to Employment and labour relations cases seven, Land cases two and Civil Cases one. The Authority is likely to suffer a loss of approximately TZS 1.169 billion as compensation and other related costs in the event it loses all cases filed against it. The amount is not the actual amount to be paid; rather it is the amount claimed by the claimants and it has been provided for under provisions for litigations.

33. ULTIMATE HOLDING ENTITY

The Dar es Salaam Water Supply and Sanitation Authority (DAWASA) is a parastatal organization whose operations are governed by the Water Supply and Sanitation Authority Act. N° 5 of 2019 established by the Parliament. The Authority is controlled by the Government of Tanzania, through the Ministry of Water.