REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

DAR ES SALAAM WATER SUPPLY AND SANITATION AUTHORITY (DAWASA)

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

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200,
Fax: 255 (026) 2117527,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

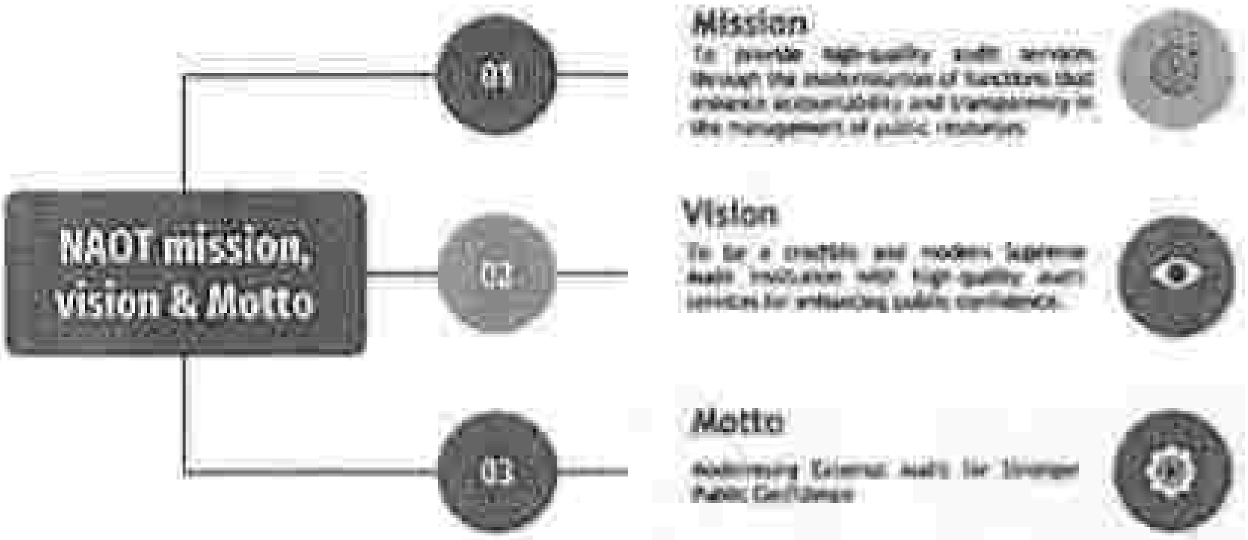
January 2024

AR/PA/DAWASA/2022/23

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, [CAP 418 R.E 2020]



Independence and objectivity

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

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

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

Professional competence

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

Integrity

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

Creativity and Innovation

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

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 of Directors,
Dar es Salaam Water Supply and Sanitation Authority (DAWASA),
P.O. Box 1573,
Dar es Salaam,
Tanzania.

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 2023, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Dar es Salaam Water Supply and Sanitation Authority as at 30 June 2023, 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 skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; 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, [CAP. 410 R.E. 2022] 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 2022/23 as per the Public Procurement laws of Tanzania.

Conclusion

Based on the audit work performed, I state that, 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.

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 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that, Budget formulation and execution of the Dar es Salaam Water Supply and Sanitation Authority is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
January 2024

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

2.1 INTRODUCTION

The Board of Directors presents this report together with the financial statements for the year ended 30 June, 2023, which provides the results of DAWASA operations and its state of affairs. The report by those charged with governance for the year ended 30 June 2023 has been prepared in compliance with TFRS 1 issued by the National Board of Accountants and Auditors that became effective on 1 January 2021. The report is addressed to users by setting out analysis of the Authority's operations and financial review, with a forward-looking orientation. The report will assist users and other stakeholders in assessing the strategies adopted by the Authority and the potential for those strategies to succeed toward creating value over the short-term, medium term and long-term periods.

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 Mlandizi 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 2023 based on normal accounting period as per the Treasury Circular No. 11 of the 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.

2.2 VISION, MISSION AND CORE FUNCTIONS

2.2.1 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.

2.2.2 Mission

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

2.2.3 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.

2.2.4 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.

2.3 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.

2.3.1 Human 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 2022/23, 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; Monitoring and Evaluation; 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.

During the year (FY 2022/23), the President's Office Public Service Management and Good Governance approved new DAWASA Scheme of Service and Salary Structure which became applicable effective from February 2023.

DAWASA follows the principle of equal opportunities with regards to hiring and promoting its staff. During the period the Authority had 1,507 employees (2022: 1,527), out of which 519 were female (2022: 500) and 988 were male (2022: 1,027).

Description	Year Ended June 2023			Year Ended June 2022		
Management Team	Male	Female	Total	Male	Female	Total
CEO, Directors, Head of Units and managers	28	30	58	32	27	59
Principal and Senior Officers	164	128	292	37	27	64
Middle level Officers	796	361	1157	958	446	1,404
Total	988	519	1507	1,027	500	1,527

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.

2.3.2 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 m3/day, while the total daily water production capacity is about 590,000 m3. Out of that, 482,200.00 m3/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 46% of total water production capacity, 33% 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 18% by boreholes (107,800 m^3/day).

2.3.3 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.

2.4 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.

2.4.1 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 sanitation services. 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.

2.4.2 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 plan is to achieve the objective of universal access to water (100%) by the year 2030;
(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.

2.4.3 Outputs

The following were the outputs during the year:

(a) The Authority managed to achieve internal revenue collection of 90% of the budgeted collection;

(b) 33,583 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 91%.

2.4.4 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.

2.5 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.

2.5.1 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 2023, the Directors who served the Authority were as stated hereunder: -

Table 1: Board Members

S/N	Name	Position	Age Years	Qualification/ Discipline	Date of Appointment	Date of End of Tenure
1.	General (Retired) Davis Mwamunyange	Chairman	70	Military Courses	18 August 2021	17 August 2024
2.	Mr. Lusajo T. Mwongola	Vice Chairman	70	PG Dip Development Planning	18 August 2021	17 August 2024
3.	Dr. Fred Msemwa	Member	51	PhD Audit risk	18 August 2021	17 August 2024
4.	Ms. Beatrice Reni Dominic	Member	59	Masters in Economics and Management of Rural Development	18 August 2021	17 August 2024
5.	Mr. Prosper Buchafwe	Member	53	Masters -Public Policy in Economic Development	18 August 2021	17 August 2024
6.	Eng. Everist Welle Ndikilo	Member	63	Msc.in Hydraulic Engineering	18 August 2021	17 August 2024
7.	Mrs. Kate Sylvia Kamba	Member	72	Masters of Political Science and Public Administration	18 August 2021	17 August 2024
8.	Eng. Goodluck Mbanga	Member	61	Bsc Civil Engineering	18 August 2021	17 August 2024
9.	Mr. Hassani Abasi Rugwa	Member	44	Bachelor of Procurement Management, CPSP	18 August 2021	17 August 2024
10.	Eng. Cyprian Luhemeja	Member	46	MBA- Finance	18 August 2021	26 February 2023
11.	Mr. Kiula Kingu**	Member	47	Msc in ICT and Management	1 March 2023	31 December 2023

** Mr. Kiula Makalla Kingu was appointed to the Position of Acting Chief Executive Officer of DAWASA on 1 March 2023 replacing Eng. Cyprian J. Luhemeja who was appointed to the position of Deputy Permanent Secretary of the Ministry of Water on the 26th February 2023. The Chief Executive Officer is a member of the DAWASA Board of Directors pursuant to Section 10 (2) and the First Schedule of the Water Supply and Sanitation Act, No.5 of 2019.

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

2.5.2 Board Committee Meetings

The Board committee held 26 meetings during the financial year ended 30 June 2023. The number of meetings held by each Board Committee is shown in Table 2.

Table 2: Board Committee Meetings

S/N	Board Committee	Number of Meetings
1.	Audit Committee	7
2.	Finance and Business Development Committee	6
3.	Technical Committee	7
4.	Human Resources Development Committee	5
Total		26

The composition of each Board Committee and summary of activities performed during the year is as follows: -

(a) Audit Committee

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

Table 3: Audit Committee

Name	Position	Age	Qualification/ Discipline	Nationality	Date of Appointment
Dr. Fred Msemwa	Chairman	57	PhD Audit risk	Tanzanian	18 August 2021
Eng. Gaudencia Mkanje	Member	61	Bsc Civil Engineering	Tanzanian	18 August 2021
Mr. Prosper Buchafwe	Member	53	Masters of Public Policy in Economic Development	Tanzanian	18 August 2021
Ms. Kate Kamba	Member	72	M.A Political Science and Public Administration	Tanzanian	18 August 2021
CPA Alaab Mbangi	Co-opted member	59	CPA (T), MBA, LLB (Hons)	Tanzanian	18 August 2021

The Committee met four times during the ordinary board committee meetings and three times during extra ordinary board committee meetings times 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 the implementation of controller and auditor general recommendations and implementation of previous internal auditors' recommendations. The committee discussed on the issues relating to demarcation of plots owned by DAWASA and directed Management to establish a comprehensive estate management plan which will ensure all plots are demarcated. Moreover, the committee reviewed the proposal for review of the Audit Committee Charter and the Internal Audit Charter.

Also, the committee discussed on the implementation of all quality assurance recommendations and ensure that all issues that threaten the withdrawal of ISO Certificate are closed.

(b) Finance and Business Development Committee

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

Table 4: Finance and Business Development Committee

Name	Position	Age	Qualification/ Discipline	Nationality	Date of Appointment
Mr. Gaston T. Mwingale	Chairman	70	PG Dip Development Planning	Tanzanian	18 August 2021
Dr. Fred Msemwa	Member	51	PhD Audit risk	Tanzanian	18 August 2021
Mr. Prosper Buchafwe	Member	53	Masters of Public Policy in Economic Development	Tanzanian	18 August 2021
Mr. Hassan Rugwa	Member	44	Certified Procurement and Supplied Professionals - CPSP (T)	Tanzanian	18 August 2021
Eng. Cyprian Luhemeja	CEO/ Member	46	MBA Finance	Tanzanian	18 August 2021
Mr. Kiula Kingu*	Ag. CEO/Member	47	Msc. in ICT and Management	Tanzanian	1 March 2023

*The Acting Chief Executive Officer Mr. Kiula Kingu served as a member of this committee of the Board effectively from March 2023.

The Committee met four times during ordinary board committee meetings and two times during extra ordinary board committee meeting 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 harmonization of rates applicable for payment of casual labourers, proposal for the Mid-Year Budget Review for the financial year 2022/23 and review of Useful Lives of DAWASA Assets.

The Committee also reviewed the MTEF for the years 2023/24 - 2025/26 and the annual procurement plan for the year 2023/24.

(c) Technical Committee

Members in the Technical Committee are as listed hereunder:

Table 5: Technical Committee

Name	Position	Age	Qualification/ Discipline	Nationality	Date of Appointment
Eng. Gaudence Aksante	Chairman	61	Bsc. Civil Engineering	Tanzanian	18 August 2021
Eng. Evarist Ndikilo	Member	63	Msc. in Hydraulic Engineering	Tanzanian	18 August 2021
Ms. Beatrice Dominic	Member	59	Msc. in Economic and Management of Rural Development	Tanzanian	18 August 2021
Mr. Hassan Rugwa	Member	44	Certified Procurement and Supplied Professionals CPSP (T)	Tanzanian	18 August 2021
Eng. Cyprian Luhemeja	CEO/Member	46	MBA- Finance	Tanzanian	18 August 2021
Mr. Kiula Kingu*	Ag.CEO/Member	47	Msc. In ICT and Management	Tanzanian	1 March 2023

*The Acting Chief Executive Officer Mr. Kiula Kingu served as a member of this committee of the Board effectively from March 2023.

The Committee met four times for ordinary board committee meetings and three times for extra ordinary board committee meetings 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.

During the reporting period, Board Members visited various projects such as Kinyanjui Ground Water Scheme Project, Construction of Water Distribution Network from Bagamoyo to University reservoir Part (2B-2F) project, Chalinze Water Supply Scheme Phase III project, Construction of Kidunda dam project and the proposed site for construction of Mwalimu Nyerere Water Treatment Plant for the purpose of inspecting the progress of the projects, understanding their challenges and direct accordingly.

Moreover, the Board Members and Parliamentary Public Accounts Committee (PAC) visited Kinyanjui Ground Water Scheme Project for the purpose of inspecting the project.

(d) Human Resources Development Committee

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

Table 6: Human Resources Development Committee

Name	Position	Age	Qualification/Discipline	Nationality	Date of Appointment
Ms. Kate Kamba	Chairman	73	M.A Political Science and Public Administration	Tanzanian	18 August 2021
Ms. Beatrice Dominic	Member	59	Msc. in Economic and Management of Rural Development	Tanzanian	18 August 2021
Mr. Laston T. Msongole	Member	70	PG. Dip. Development Planning	Tanzanian	18 August 2021
Eng. Evarist Ndikilo	Member	63	Msc. in Hydraulic Engineering	Tanzanian	18 August 2021
Eng. Cyprian Luhemeja	CEO/Member	46	MBA- Finance	Tanzanian	18 August 2021
Mr. Kiula Kingu*	Ag. CEO/Member	47	Msc. in ICT and Management	Tanzanian	1 March 2023

*The Acting Chief Executive Officer Mr. Kiula Kingu served as a member of this committee of the Board effectively from March 2023.

The Committee met four times for ordinary board committee meetings and two times for extra ordinary board committee meetings and discussed the quarterly progress reports on human resources and administration and legal issues. 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 DAWASA revised Board Charter. The Committee also reviewed the proposal for change of name from the Directorate of Wastewater Management to the Directorate of Sanitation Management.

2.5.3 Meetings of the Board of Directors and its Committees

During the financial year 2022/23, Management organized 34 meetings of the Board of Directors whereby 16 ordinary and 10 extra ordinary Board Committee meetings were convened and 4 ordinary and 4 extra ordinary full Board meetings. Board directives were issued and accordingly implemented by the Management.

Table 7: Meetings of the Board of Directors and its Committees

Details	Number of meetings required annually	Number of meetings held
Board of Directors (BOD)	4	4
Board of Directors Extra ordinary meetings	2	4

Details	Number of meetings required annually	Number of meetings held
Audit Committee (AC)	4	7
Finance and Business Development Committee	4	6
Technical Committee	4	7
Human Resources Development Committee	4	5
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.

2.5.4 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.

2.6 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 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, Kinyerezi, 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.

2.6.1 Management Committees

(a) Disciplinary committees

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

(b) Workers Council

During the period the Authority conducted two workers' council meetings to deliberate on budget for financial year 2023/24. The composition of the council is as follows:

Table 8: Workers Council Composition

SN	Name	Position
1.	Kiula Kingu**	Chairman
2.	Elias Kayela	Secretary
3.	Husna Mugasa	Deputy Secretary
4.	14 Directors and heads of Units	Members
5.	44 Managers	Members
6.	5 TUICO Representatives	Members
7.	27 TUGHE Representatives	Members
8.	26 Workers representatives	Members

** Mr. Kiula Kingu replaced Eng.Cyprian J. Luhemeja as a Chairman of the Workers Council effective from 1 March 2023.

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.

(c) Tender Board

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

Table 9: Member of the Tender Board

SN	Name	Position
1.	Eng. Shaban Mkwanywe	Chairman
2	Mr. Seif Panju	Member
3	Ms. Bernadetha Mkandya	Member
4	Eng. Ramadhani Mtindasi	Member
5	Ms. Ritamary Lwabulinda	Member
6	Eng. Lydia Ndibalema	Member
7	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.

2.7 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 FY2023/24
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 343,097 to 580,000
		• Protection and increasing water sources; Improving and increasing water production capacity	• Completion of drilling and developing Kimbiji and Mpera deep boreholes (to produce 67,000 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 m³ of water	• Water production capacity increased from 520,000 m³/day to 708,000 m³/day

S/N	Objective	Key Strategic Issue	Strategies	Targets by FY2025/26
		• 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 (FSTFs) and other simplified sanitation infrastructure in Off-grid areas • Construction of wastewater treatment plant in Jangwani 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 Jangwani wastewater treatment plant; • Construction of 97km sewerage network in areas 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 Upanga and Chanyyombe	• 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
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, Ubungo, Chalinze (town area), Kawe, Tabata, Kibamba, Bagamoyo, [illegible], [illegible], Mbagala, Kinyerezi and Mabibo; • 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 trainings); • 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 117,300 meters for replacement of aged and defective meters; and	• Non-Revenue Water (NRW) is reduced from 38.3% to 30% • Meter reading efficiency increased from 97% and maintained at 100%; • Monthly average water sales

S/N	Objective	Key Strategic Issue	Strategies	Targets by FY2025/26
			• Procurement of 30,000 intelligent/ smart meters for pilot study.	increased from 7.3 million m^3 to 14.3 million m^3 • Monthly average revenue collection increased from TZS 12.5 billion to TZS 18.5 billion.

2.8 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.

(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 399 billion has been disbursed as of 30 June 2023. A total of TZS 28.66 billion was disbursed during the year for the ongoing contract for Rehabilitation of Chalinze water treatment Plant and TZS 4.63 billion for balance works for extension of the Distribution Network.

(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 160 million is for the improvement of water supply and sanitation in the city of Dar es Salaam. As at the reporting date DAWASA implemented 28 Contracts worth TZS 190 billion. A total of TZS 83.10 billion was disbursed by the World Bank in the financial year 2022/23 (Note 7a).

(d) Projects Financed by Korean Credits

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. There was no disbursement made during the financial year 2022/23. The cumulative expenditure as at 30th June 2023 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 pace of the ongoing strategic projects which include projects implemented in-house for network extensions; Kuliji Feasibility Study; Construction of ground reservoir at Mshikamano and Kigamboni Water Supply project. In addition, DAWASA has successfully completed the water supply project from University of Dar es Salaam reservoir to Bagamoyo town, Jet-Buza Project and Rehabilitation of Chalinze Treatment Plant and Distribution Network. The total contract price for these projects was TZS 148 billion and the Authority spent TZS 22.70 billion during the financial year 2022/23 for settlement of the project claims using both Government and DAWASA internal sources of funds. Out of the amount spent during the year, TZS 4.38 billion was from the Government and TZS 18.32 billion was from DAWASA internal funds.

2.9 BUDGET PERFORMANCE REVIEW

2.9.1 Annual Approved Revenue vs Actual Revenue

The total revenue projection for the financial year 2022/23 was **TZS 390.91 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 228 billion** was estimated to be received from other sources, (i.e. **TZS 128.50 billion** from the Government of Tanzania and **TZS 99.50 billion** from Development Partners).

The actual fund received in the FY 2022/23 was **TZS 327.87 billion**, which is equivalent to 84% of the total annual approved estimates (Out of that amount, TZS 146.35 billion was internal revenue collected from the sale of water and sanitation charges and other small internal sources (equivalent to 90% of the projected internal revenue); and **TZS 181.52 billion** was from the Government of Tanzania and

Development Partners. Comparison between approved revenue projections and actual funds received in FY 2022/23 is shown below:

Performance in Revenue Collection vs Budget for the year ended 30 June 2023

Type of income in TZS' Billion	Approved Revenue TZS billion	Actual Collection TZS billion	Collection as % of Approved Revenue
Water & Sewer Charges	156.91	134.39	86%
Other Income	6.00	11.96	199%
Subtotal - Internal sources	162.91	146.35	90%
Local Funds: Government	128.50	65.16	51%
Foreign Funds: Development Partners	99.50	116.36	117%
Subtotal -External sources	228.00	181.52	80%
Grand Total	390.91	327.87	84%

2.10 REVIEW OF BUSINESS PERFORMANCE

(a) Financial Performance

The financial results for the period are disclosed on page 44 of these Financial Statements. The Authority recorded a surplus of TZS 108,863 million during the year (2021/22: Surplus of TZS 75,319 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 147,952 million was recognised as Government grant compared to TZS 96,870 million recognised in 2021/22. This represents an increase of TZS 51,083 million.

(b) Financial Position

The Authority's equity stood at TZS 882,858 million as at 30 June 2023 (2021/22: TZS 775,636 million) and total assets amounted to TZS 1,257,822 million compared to TZS 1,088,307 million as at 30 June 2022.

(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 2023, the Authority had cash and cash equivalents of TZS 112,899 million compared to TZS 100,258 million as at 30 June 2022.

(d) Non-revenue Water

The Non-Revenue Water (NRW) rate for the period slightly increased by 1.75% from 39.3% recorded in Financial Year 2021/22 to 41.05% in Financial Year 2022/23. The increase in NRW rate was due to pipe bursts and leakages when water production returned to normal lines after the prolonged period of drought experienced in the financial year 2022/23. 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 47,731,726,372 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 withdrawals 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. The Treasury Registrar has directed the team comprising of representatives from DAWASA, Ministry of Water, Ministry of Finance and Treasury Registrar to prepare a cabinet paper for conversion of DWSSP debt into Government Equity in DAWASA. The paper will be prepared and submitted to the relevant authorities in the financial year 2023/24.

Compensation of Project Affected Persons

During the period the authority spent over TZS 227 million for compensation of project affected families for the Mbezi beach wastewater project and off-grid projects implemented by the Authority.

2.11 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.

2.12 SOLVENCY

The Authority's state of affairs as at 30 June 2023 is set out on page 42 of these financial statements. In the opinion of the Directors, the Authority is able to continue as a going concern.

2.13 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 temper 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 loyalty; • 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 sanitation sector; and	• Increase water production to meet water demand; • Ensure public receive water 24 hours a day; • Universal access to water supply and sanitation services realised; • NRW is reduced to allowable level (20%); • Financial accountability; and • Timely implementation of ministerial directives.	1

S/N	Stakeholder	DAWASA's expectation from Stakeholders	Stakeholders' expectation from DAWASA	Ranking (Based on influence, 1= High, 2=Medium, 3= Low)
		• Make and sets laws and regulations whenever necessary for water supply and sanitation services.		
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 approved upon application, without delays; • Effective regulatory guidance; and • Timely decisions 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

S/N	Stakeholder	DAWASA's expectation from Stakeholders	Stakeholders' expectation from DAWASA	Ranking (Based on Influence. 1= High, 2=Medium 3= Low)
8.	Ministry of Finance and Planning	• Provision of guidelines, policies relevant 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 financial 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 disbursement of committed funds; • Favourable terms and conditions on external supports; 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 and sanitation services at all levels; and • Provision of timely and quality reports.	1
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 Leadership	• Advisory on policies, regulatory framework, programs and projects related to water and sanitation; • Approval of budget for [illegible] 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.	1

S/N.	Stakeholder	DAWASA's expectation from Stakeholders	Stakeholders' expectation from DAWASA	Ranking (Based on influence 1= High, 2=Medium 3= Low)
			• Effective implementation of projects; and • Projects approved for implementation in the MPs constituencies have been implemented and impacts realized.	
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 EIAs reports.	• Projects implementation does not adversely affect the environment; • Projects implementation starts after the EIA has been carried out and approved by NEMC; and • Effective management of waste water and protection of the environment.	1
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 for 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.	2

S/N	Stakeholder	DAWASA's expectation from Stakeholders	Stakeholders' expectation from DAWASA	Ranking (Based on Influence: 1= High, 2=Medium, 3= Low)
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.	2
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.	2
21.	Service Providers (Consultants, Contractors, Suppliers)	• Timely, quality, and cost-effective services.	• Timely payment for services provided as agreed in the contracts.	1
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 statistics information such as population, urbanization, economic growth, disposable incomes, 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.	1

2.14 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.

2.15 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.

2.16 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

2.16.1 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 Vulnerabilities	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.	Employee [illegible] less than expected / Ineffective performance by employees	Operational	• Finalize the Quality Management System (QMS) - ISO 9001 Certification within and across the Authority

S/N	Risk Title	Risk Category	Mitigation Measures
			• Conduct objective (Anonymous) staff satisfaction survey • Adopt Balance Scored Performance Management System and link it with OPRAS
3.	Insufficient fund (Erratic flow of funds) 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	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. • 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).

S/N	Risk Title	Risk Category	Mitigation Measures
			• 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 (consultancy)'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. • Adhere to the agreed plan • Ensure compliance with planning and budgeting procedures (guidelines) • Communicate the final corporate plan to the departments for implementation.

S/N	Risk Title	Risk Category	Mitigation Measures
			• Prepare and communicate quarterly cash flows forecasting statement.
12.	ICT systems failure (Poster, EDAMS, CRM, e-office, AMEEVA, SCADA, P-DASHBOARD, GEPG, Spot Bill, SIM, Govt Mail, Biometric System, Payroll System, Android system, Fleet Management System etc.)	Operational	• Finalize approval and implement IT Disaster Recovery Plan. • Finalize 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

2.16.2 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 drought 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 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.

2.16.3 Opportunities

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

Area/Criteria	OPPORTUNITIES
Organizational Capacity & Innovation Perspective	• 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 to improving service delivery.
Business Processes Perspective	• Existence of national and international development frameworks (TDV-2025, SDGs, FYDP III, 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.

2.17 EMPLOYEES' WELFARE

2.17.1 Management and Employees' Relationship

There continued to be good management-employee's relation during the period ended 30 June 2023. 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.

2.17.2 Training

The Authority had set aside a sum of TZS 388 million in the approved budget for financial year 2022/23 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 382 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.

2.17.3 Medical Assistance

The Authority contributes 3% of the employees' monthly basic salaries to NHIF. The employer's medical contribution during the period was TZS 992 million (TZS 935 million in previous year) (Note 10).

2.17.4 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 2022/23 was TZS 4,685 million (TZS 4,216 million in previous year) (Note 10).

2.17.5 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.

2.17.6 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.

2.18 RELATED PARTIES TRANSACTIONS

The details of transactions and balances with other Government entities for the financial year ended 30 June 2023 is provided in Note 32 of the financial statements. 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 2023 were TZS 18,549 million and TZS 80,497 million respectively.

2.19 POLITICAL AND CHARITABLE DONATIONS

The Authority did not make any political donations during the period. Donations made during the period amounted to **TZS 202 million** (Note 12). These include:

	2023 TZS'000	2022 TZS'000
Charitable Organizations	162,248	67,720
Local Governments	40,000	81,060
Total	**202,248**	**148,780**

2.20 PENDING LITIGATIONS

As at 30 June 2023 the Authority had a total of 15 cases which were opened against DAWASA in various Tribunals and Courts of law. The cases reported relate to Employment and labour relations cases (8), Land cases (5) and Civil Cases (2). The authority is likely to suffer a loss of approximately TZS 1.095 billion as compensation and other related costs in the event it loses all cases filed against it (Note 24). 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.

2.21 PERFORMANCE MEASUREMENTS (INDICATORS) FOR GOVERNMENT UNITS

The DAWASA Board of Directors entered into a performance contract with the Treasury Registrar which provided specific key performance targets to be attained during the financial year 2022/23. The annual performance of the Authority against the targets is as shown below:

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

SN	KPI	Benchmark	Target	Achievement FY2022/23	Achievement FY2021/22
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%	93%	91%
1.1.2	Proportion of household connected to conventional public sewerage system in urban area	30%	10%	43%	43%
1.1.3	Proportion of wastewater safely treated	100%	35%	31%	27%
1.1.4	Number of new connections	N/A	52,000	33,583	39,360

SN	KPI	Benchmark	Target	Achievement FY2022/23	Achievement FY2021/22
1.2	*Customer Handling*				
1.2.1	Level of satisfaction among customers	100%	97%	92%	93%
1.2.2	Level of satisfaction among key partners	100%	90%	92%	92%
1.2.3	Outreach/public awareness and information programmes to customers	Min. 4	6	7	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%	89%	84%	85%
2.2	Water quality compliance to standards	100%	98%	98%	98.9%
2.3	Wastewater compliance to standards	100%	55%	60%	N/A
2.4	Non Revenue Water (NRW)	Max. 25%	37%	41%	39.03%
2.5	Average hours of supply	24	22	22	22
2.6	Annual Energy Savings	Min. 5%	3%	2.5%	0%
3.0 GOOD GOVERNANCE AND CONTROL					
3.1	Employees training and capacity building	100%	70%	48%	N/A
3.2	Board meetings per year	Max. 6	5	8	6
3.3	Combating of corruption and Fraud	At least 2	2	1	N/A
3.4	Gender mainstreaming	At least 1	1	N/A	1
3.5	Staff meetings	At least 4	4	4	4
3.6	Succession Plan	N/A	1	1	1
3.7	Voluntary Agreement	N/A	1	N/A	N/A
3.8	Adherence to Procurement guidelines	100%	95%	N/A	96%
3.9	Convening of regular management meetings	Min. 12	12	14	12
3.10	Convening of HIV/AIDS sessions/ campaigns	Min. 2	2	2	2
4.0 FINANCIAL MANAGEMENT					
4.1	Revenue Collection Efficiency	95%	85%	99.3%	109%
4.2	Personnel expenditure as percentage of collection from water and sewerage services	Max. 30%	29%	30.3%	28.7%
4.3	Operating ratio	Max. 1.0	1	1.4	1.1
4.4	Working Ratio	Max. 0.67	0.56	1.2	0.97
4.5	Cost Recovery Ratio	Min. 100%	125%	89.2%	115%
4.6	Debt to Asset Ratio	Max. 50%	25%	29.6%	28.7%
4.7	Debt to Equity Ratio	Max. 50%	40%	42.3%	40.3%
4.8	Contribution to Treasury Fund	Absolute amount	TZS 1.0 billion	TZS 300 Million	TZS 1.0 billion

SN	KPI	Benchmark	Target	Achievement FY2022/23	Achievement FY2021/22
		Increasing annually			
4.9	Contribution to Capital investment	Min. 10%	10%	8%	13.2%
5.0 ENVIRONMENTAL MANAGEMENT					
5.1	Payment of Water user fees	100%	100%	100%	100%
5.2	Safety Plans	N/A	1	1	1
5.3	Sustainability of Water sources	100%	50%	N/A	N/A

2.22 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].

BY ORDER OF THE BOARD

Gen. Davis Mwamunyange (Rtd.)
Chairman

Date

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

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) 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

Date

Kiula Makalla Kingu
Board Secretary

14th January 2024
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 Sais 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 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view 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 2023, 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: 16 JANUARY, 2024

5.0 FINANCIAL STATEMENTS

5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	30 June 2023 TZS '000	30 June 2022 TZS '000
Assets			
Current assets			
Cash and cash equivalents	17	112,898,838	100,258,303
Trade and other receivables	18	107,367,597	57,439,330
Inventories	19	29,186,596	24,765,315
		249,453,031	182,462,948
Non-current assets			
Property, plant and equipment	20	894,449,128	697,310,223
Capital work in progress	21	113,902,154	208,482,325
Intangible assets	22	17,907	51,524
		1,008,369,189	905,844,072
Total assets		1,257,822,220	1,088,307,020
Liabilities			
Current liabilities			
Trade and other payables	23	186,042,032	156,085,167
Provisions	24	1,968,710	2,042,188
Deferred grant income	7	138,046,157	104,476,826
Borrowings (current portion)	25	40,222,535	38,735,160
Total current liabilities		366,279,434	301,339,341
Non-current liabilities			
Borrowings (non-current portion)	25	8,684,968	11,311,957
		8,684,968	11,311,957
Total liabilities		374,964,402	312,651,298
Net assets		882,857,818	775,655,722

Capital and reserves			
Capital fund	30	225,375,567	225,375,567
Accumulated surplus		657,482,251	550,280,155
Total shareholder's equity		882,857,818	775,655,722

Gen. Davis Mwamunyange (Rtd.)
Chairman

Date

Kiula Makalla Kingu
Acting Chief Executive Officer

14th January 2024

Date

5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023	30 June 2022
		TZS '000	TZS '000
Revenue			
Revenue from exchange transactions			
Water and sewerage charges	5	135,283,233	135,326,391
Other revenue	6	12,442,375	11,069,663
Gain on foreign currency translation	14	587,787	-
Total revenue from exchange transactions		148,313,395	146,396,054
Revenue from non-exchange transactions			
Amortization of government grants	7	137,446,964	94,634,863
Revenue grant	8	10,505,369	2,234,769
Total revenue from non-exchange transactions		147,952,333	96,869,632
Total revenue		296,265,728	243,265,686
Expenses			
Water production and distribution costs	9	(49,573,940)	(42,788,184)
Salaries, wages and employee benefits	10	(51,792,114)	(40,252,199)
Operating expenses	11	(29,217,227)	(20,827,346)
Administration expenses	12	(28,584,593)	(24,639,421)
Treasury registrar contribution	13	(500,000)	(1,000,000)
Impairment of receivables	18c	(1,404,930)	(547,369)
Inventory write down	19a	(12,491)	(1,029,395)
Loss on foreign exchange	14	0	(2,035,356)
Finance cost	15	(646,739)	(2,978,445)
Depreciation	20	(24,499,424)	(22,088,050)
Amortization of intangible assets	22	(33,617)	(35,574)
Total expenses		(186,665,075)	(167,221,538)
Surplus for the year before taxation		109,600,653	76,044,148
Income tax expenses	16	(737,878)	(724,265)
Surplus for the year		108,862,775	75,319,883

Gen. Davis Mwamunyange (Rtd.)
Chairman

Date

Kiula Makalla Kingu
Acting Chief Executive Officer

14th January 2024
Date

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

	Capital Fund	Accumulated Surplus/(Losses)	Total
	TZS'000	TZS'000	TZS'000
Balance at 1 July 2021	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
Balance at 1 July 2022	225,375,567	550,280,155	775,655,722
Prior period error adjustment	-	(1,660,679)	(1,660,679)
Surplus for the year	-	108,862,775	108,862,775
Balance at 30 June 2023	225,375,567	657,482,251	657,482,251

Gen. Davis Mwamunyange (Rtd.)
Chairman

Date

Kiula Makalla Kingu
Acting Chief Executive Officer

14th January 2024

Date

5.4 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023	30 June 2022
		TZS '000	TZS '000
Cash flows from operating activities			
Receipts			
Water and severage charges	18b	134,391,306	149,833,595
New connection charges	18b	10,272,177	7,594,405
Reconnection charges	6	53,880	25,051
Dumping charges	6	973,866	951,830
Sale of tender documents	6	-	10,641
Other non-consumption charges	6	664,011	134,415
Other receipts from government and donors	7a	1,318,176	2,348,789
		148,173,436	**160,899,747**
Payments			
Employee costs	23a	(41,151,329)	(49,877,165)
Payments to suppliers and other payables	23a	(74,444,053)	(58,748,099)
Treasury contribution	13	-	(1,000,000)
Other expenses	23a	(25,979,855)	(24,147,160)
Revenue grant expenditure	8	(10,505,369)	(1,285,898)
Net cash (used in)/ generated from operations		**(3,907,170)**	**25,841,425**
Cash flows from investing activities			
Acquisition of property, plant and equipment	20	(8,902,123)	(4,425,114)
Acquisition of intangible assets	22	-	(11,594)
Acquisition of work in progress	21a	(11,381,448)	(16,513,015)
Projects expenditures financed by donors	23a	(142,282,308)	(92,793,375)
Net cash used in investing activities		**(162,565,879)**	**(113,745,098)**
Cash flows from financing activities			
Development grants received WHOP/GOT	(7a)	65,159,971	62,107,550
Development grants received HDIL	(7a)	33,261,757	-
Development grants received WSSP II	(7a)	81,281,762	64,775,018
Repayment of term loan to CRDB	(25)	(1,360,740)	(1,357,351)
Net cash generated from financing activities		**178,342,750**	**125,525,217**
Net change in cash and cash equivalents		**11,896,700**	**37,621,544**
Net foreign exchange difference		770,835	-
Cash and cash equivalents at beginning of period		**100,258,303**	**62,636,759**
Cash and cash equivalents at end of period		**112,898,838**	**100,258,303**

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

Details	Budget Amounts Original	Budget Amounts 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	134,191,306	(22,521,212)	-14%
New connection charges	4,500,000	4,500,000	10,272,177	5,772,177	128%
Other receipts	1,500,000	1,500,000	1,691,777	191,777	13%
Grants received from development partners	228,000,000	228,000,000	181,521,666	(46,478,334)	-20%
Total receipts	390,912,518	390,912,518	327,876,926	(63,035,592)	-16%
Payments					
Production expenses	41,806,137	46,988,862	49,124,366	(2,135,504)	-5%
Salaries, wages and employees benefits	49,543,517	48,719,826	41,151,329	7,598,497	16%
Operating expenses	23,798,193	30,083,806	30,577,966	(494,160)	-2%
Administration expenses	32,463,153	32,786,828	31,170,111	1,616,717	5%
Finance costs	300,000	650,000	646,739	3,261	1%
Treasury contribution	1,000,000	1,000,000	-	1,000,000	100%
Capital expenditure	245,002,518	230,692,156	162,565,879	68,126,277	30%
Total expenditure	390,912,518	390,912,518	315,236,390	75,676,128	19%
Net Receipts	-	-	12,640,536	12,640,536	

Reasons for significant variances have been explained in Note 30

Gen. Davis Mwamunyange (Rtd.)
Chairman

____
Date

Kiula Makalla Kingu
Acting Chief Executive Officer

14th January 2024
Date

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. *Management will adopt IPSAS 41 in the financial year 2023/24.*

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 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%

Asset Category	Average Useful Life (Years)	Equivalent Percentage (%) Of Depreciation
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.

i. 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.

ii. 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 3 and 5 years	Over 5 years
At 30 June 2022				
Borrowings and interest	38,735,160	4,074,484	4,342,484	2,894,989
Deferred grant income	104,476,826			
Trade and other payables	156,085,167	-	-	-
Provisions	2,042,288			
Total	301,339,441	4,074,484	4,342,484	2,894,989
At 30 June 2023				
Borrowings and interest	40,222,535	2,894,989	4,342,484	1,447,495
Deferred grant income	138,046,157			
Trade and other payables	186,042,032	-	-	-
Provisions	1,968,710			
Total	366,279,434	2,894,989	4,342,484	1,447,495

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 2023 was 6% (2022: 7%).

The gearing ratio at 30 June 2023 and 30 June 2022 were as follows:

	30 June 2023 TZS'000	30 June 2022 TZS'000
Total borrowings	48,907,503	50,047,118
Less: cash and cash equivalents	(112,898,838)	(100,258,303)
Net cash	(63,991,335)	(50,211,185)
Equity	882,866,355	775,655,721
Total capital	**818,875,020**	**725,444,536**
Gearing ratio	6%	7%

5.0 WATER AND SEWERAGE CHARGES

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Water sales	125,421,475	124,249,998
Sewerage charges	9,861,758	11,076,393
	135,283,233	135,326,391

6.0 OTHER REVENUE

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Sale of tender documents	-	10,641
Other non-consumption charges	664,031	134,415
New connection charges	8,281,062	10,091,921
Dumping charges*	825,310	806,636
Reconnection charges	53,880	26,051
Waiver of PSSSF penalty	2,468,092	-
Decrease in provision for litigation	150,000	-
	12,442,375	11,069,664

*Excludes a collection of TZS 148,555,757 in respect of VAT on dumping charges

7.0 DEFERRED GRANT INCOME

	30 June 2023	30 June 2022
	TZS '000	TZS '000
As at 01 July	296,951,287	174,118,405
Additions (Note 7a)	181,521,664	122,832,882
As at the end of the period	478,472,951	296,951,287
Accumulated amortization and impairment		
As at 01 July	192,474,461	95,604,829
Charge for the period (capital grant)	137,446,964	94,634,863
Charge for the period (revenue grants	10,505,369	2,234,769
As at the end of the period	340,426,794	192,474,461
Balance at the end of the period	138,046,157	104,476,826

7a. Additional grant during the year

During the year grants with conditions totalling TZS 181.52 billion were received from donors as per below:

Donor	30 June 2023	30 June 2022
	TZS '000	TZS '000
WSSPII - World Bank - development funds	81,281,761	64,775,018
WSSPII - World Bank - recurrent	1,818,176	2,348,789
WSDP / GOT *	65,159,971	55,709,075
EXIM Bank India	33,261,756	-
Total	181,521,664	122,832,882

8.0 REVENUE GRANT

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Electricity paid by the government for CHALIWASA	-	1,155,160
WSSP II grant for NRW reduction consultancy**	2,233,641	1,079,609
WSSP II grant for performance improvement	8,271,728	-
Total	10,505,369	2,234,769

9.0 WATER PRODUCTION AND DISTRIBUTION COSTS

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Chlorine gas	699,844	536,111
Aluminium sulphate	67,520	60,806
Calcium hypochlorite	1,931,999	1,841,051
Others-chemicals	45,718	350
Algae flock	15,995,971	9,929,148
Electricity water plant	23,284,493	25,702,344
Electricity - boreholes	2,234,266	1,821,490
Water user fees	3,031,205	1,511,742
Electricity for water distribution	2,682,924	1,385,142
Total	49,973,940	42,788,184

10.0 SALARIES, WAGES AND EMPLOYEE BENEFITS

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Salaries and wages	39,170,999	36,892,943
PSSSF contribution	4,685,170	4,216,069
Medical expenses-NHIF	991,959	935,159
Skills and development levy	1,641,457	1,557,693
Workers Compensation Fund	205,182	202,258
Leave passage	294,839	212,013
Utilities allowance	1,517,746	1,554,004
Telephone allowance	203,375	194,718
Acting allowance	53,730	272,247
Honoraria	528,700	346,600
Casual labourers	1,016,138	1,223,515
Gratuity and other benefits	130,655	317,939
Terminal benefits	463,145	705,228
Overtime	741,490	504,666
Milk allowance	147,529	121,147
Total	51,792,114	49,252,199

11.0 OPERATING EXPENSES

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Electricity- sewer	114,000	131,770
New sewer connection	289,253	209,337
Internet charges Afsoft, TTCL, ISP	409,613	438,453
Repair and Maintenance motor vehicle	1,118,728	829,922
Repair and Maintenance office, residential, buildings & structure	182,896	464,553
Repair and Maintenance laboratory equipment	3,078	474
Repair and Maintenance plant, equipment& machinery-water	1,648,127	1,116,140

Repair and Maintenance plant, equipment & machinery-sewer	89,127	357,106
Routine maintenance, repair of water network	7,681,219	4,849,019
Routine maintenance, repair of sewer network	494,734	772,116
Repair and Maintenance office equipment and appliances	393,816	155,272
Repair and Maintenance borehole pumps	456,796	112,739
Repair and Maintenance meter	50,206	38,928
Repair and Maintenance generators	3,966	7,867
Office rent	155,340	156,977
Consultancy fees	2,998,153	1,586,295
New connection expenses	9,892,309	6,796,085
Revenue collection expenses	2,207,172	2,313,965
Investigation expenses	79,384	12,227
Service levy	404,443	403,826
Repair and maintenance of IT equipment.	30,011	54,275
Feasibility study costs	604,854	-
Total	**29,217,227**	**20,827,346**

12.0 ADMINISTRATION EXPENSES

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Extra duty allowance	2,597,850	1,928,034
Electricity charges	295,737	342,357
Water charges	126,366	97,094
Casual labourers	780,949	633,868
Uniforms	1,525	509,304
Special meeting/assignment allowance	2,011,881	1,703,345
Staff meeting expenses	978,183	464,126
Court attire allowance	11,000	11,000
Staff welfare	2,034,148	1,306,270
Perdiem - abroad	44,675	26,618
Perdiem - domestic	2,606,569	2,100,681

Air ticket -domestic	155,286	312,072
Air ticket- abroad	29,666	9,495
Fuel; oils, lubricants	2,949,235	2,192,060
Safety gears	122,470	81,010
Outfit allowance	-	1,155
Funeral expenses	56,320	149,275
Training expenses	382,470	381,055
HIV/AIDS expenses	-	3,034
Staff transfer expenses	207,055	273,972
Exhibitions festivals & celebrations	144,528	299,295
Postage telephone and fax	2,492	4,734
Computer supplies & accessories	21,769	26,086
Motor vehicle insurance premiums	502,111	403,971
Licenses	85,664	58,033
Printing and photocopying	84,955	69,346
Advertising and public relations	1,209,334	1,087,107
Donations/ corporate social responsibility	202,248	148,780
Board meetings	121,200	205,571
Newspapers, books, periodicals	1,320	6,716
Land rent and rates	75,983	37,961
Directors fee	119,625	106,250
Audit fee	300,000	300,000
Car wash and parking fee	211,360	200,565
Business relation expenses	50,000	46,800
Legal expenses	136,294	324,532
Fumigation	27,092	64,561
Office expenses	645,585	540,553
Security services	3,280,081	2,829,161
Purchasing small assets	6,164	-
Professional/ membership fee	15,411	9,673
Project registration fee	14,400	298,440
Cleaning expenses	540,091	552,804
Laboratory expenses	36,469	111,512

Tender board expenses	52,452	155,885
Conference facilities	99,590	-
Office consumables	1,147,083	751,891
Outsourced maintenance contract	149,659	63,493
Ground transport taxi, bus and boat	886,425	1,019,400
Health & safety charges	1,217	8,280
Environmental conservation	310,252	102,515
Garbage collection	31,196	17,421
Food and refreshments	2,399,794	1,913,350
Telephone charges	241,365	250,338
Total	28,584,593	24,639,621

13.0 TREASURY REGISTRAR CONTRIBUTION

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Contribution to the government consolidated fund	500,000	1,000,000
	500,000	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 2022/23 DAWASA contributed TZS 500,000,000 to the Government Consolidated Fund.

14.0 GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Realised foreign exchange gain/(loss)	56,025	(1,154,204)
Unrealised forex gain/(loss)-Bank translation	770,835	(881,152)
Unrealised forex gain/(loss)	(239,073)	-
Total	587,787	(2,035,356)

15.0 FINANCE COSTS

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Bank charges	362,286	330,815
Interest/ penalty on late payment	-	2,289,452
Interest on term loan	221,126	338,937
Letter of credit charges	63,327	19,041
Total	**646,739**	**2,978,445**

16.0 TAXATION

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Tax expense at applicable rate of 0.5% (AMT)	737,878	724,263
Total	737,878	724,263

17.0 CASH AND CASH EQUIVALENTS

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Revenue collection accounts	1,237,283	1,669,081
Investment account	151,147	427,181
Operations account	924,059	5,893,891
Payroll account	21,778	46,185
Project accounts	110,564,571	92,201,965
Total cash and cash equivalents	112,898,838	100,238,303

18.0 TRADE AND OTHER RECEIVABLES

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Trade receivables-water and sewer charges	65,225,880	62,285,221
Provision for impairment of receivables	(30,291,472)	(28,886,542)
Trade receivables	34,934,408	33,398,679
Staff debtors	292,060	453,430
Staff debtors	292,060	453,430

Due to related parties	561,120	382,884
Miscellaneous receivables	783,947	450,216
Provision for bad and doubtful debts	(35,701)	(35,701)
Advance payments to contractors	70,831,762	22,589,822
Other receivables	**72,141,129**	**23,587,221**
Grand total	**107,367,597**	**57,439,330**

18b. Debtors Movement:

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Opening balance	**62,285,221**	**74,176,407**
Net prior period error adjustment in revenue	-	(4,532,875)
Opening balance net of adjustments	**62,285,221**	**90,816,340**
Charges during the year		
Water sales	125,421,475	124,249,998
Sewer charges	9,861,758	11,076,393
VAT on sewer charges	1,775,116	1,993,751
New connection charges during the year	8,281,062	10,091,920
EWURA charges	1,352,832	1,346,090
Utilized customer advances	(490,501)	(1,943)
Customer advances as at 30 June 2023	1,402,399	1,313,501
Total charges during the year	**147,604,142**	**150,069,710**
Less: Closing balance of trade receivables	(65,225,880)	(62,285,221)
Total receipts from customers	**144,663,483**	**157,428,021**
Analysis of receipts from customers		
Collections from water and sewer charges	134,391,306	149,833,595
Collections from new connection charges	10,272,177	7,594,426
Total receipts for the year	**144,663,483**	**157,428,021**

18c. Comparison of Provision for impairment of receivables

Item	30 June 2023	30 June 2022
	TZS'000	TZS'000
Opening balance	28,886,542	28,339,173
Provision for impairment as at 30 June	30,291,472	28,886,542
Increase/(Decrease) in Provision	1,404,930	547,369

18d. REVENUES AND RECEIVABLES FROM PUBLIC ENTITIES

CONSUMER TYPE	TOTAL BILLING VALUE JULY 2022 TO JUNE 2023	TOTAL ARREARS 30 JUNE 2023
Central Government	9,177,265	17,181,337
Local Government	305,123	684,752
Public Institutions	2,181,581	682,562
Grand Total	11,663,969	18,548,651

19.0 INVENTORIES

	30-Jun-23	30-Jun-22
	TZS '000	TZS '000
Chlorine gas	311,143	78,111
Aluminium sulphate	79,939	-
Calcium hypochlorite	477,254	165,448
Algae flock	-	1,471,017
Pipes & fittings	16,414,964	14,897,256
Stock - stationeries	308,898	156,377
Stocks - tools & electrical fitting	5,001,387	2,989,963
Stocks - mechanical stores	845,249	492,450
Customer meters	774,874	845,753
Building materials	132,747	1,033
Polymer blend	6,772,017	3,480,460
Laboratory equipment	1,463	1,523

IT and computer accessories	3,111	4,374
Provision for stock & materials	(18,450)	(18,450)
	29,186,596	24,765,315

Inventories worth TZS 19,535 million (2022: TZS 18,962 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 2023	30 June 2022
		TZS '000	TZS '000
Stationeries	Administration	619,669	160,743
Uniforms	Administration	-	408,001
IT and Computer Accessories	Operating	1,262	30,005
Building Materials	Operating	531,736	-
Tools & Electrical fitting	Operating	335,888	254,979
Pipes & Fittings	Operating	1,942,766	5,950,675
Mechanical Stores	Operating	563,688	408,679
Laboratory Equipment	Operating	75,648	44,839
Chlorine Gas	Production	588,454	508,950
Aluminium Sulphate	Production	47,811	60,806
Calcium Hypochlorite	Production	1,567,148	1,838,034
Other Chemicals	Production	-	350
Polymer Blend	Production	11,798,665	72,745
Algaefloch	Production	1,471,017	9,222,901
Total		**19,534,753**	**18,961,706**

19a. Inventory write down

Inventories worth TZS 12.5 million have been written off during the year. These relate to meters that were damaged by fire outbreak in one of the stores. The summary of the written down items is as shown below:

Stock category	30 June 2023	30 June 2022
IT equipment	-	8,754
Tools and electrical	-	44,403

Mechanics	-	51,718
Pipes and fittings	-	886,544
Water meters	12,491	37,776
Total values	12,491	1,029,395

20.0 PROPERTY, PLANT AND EQUIPMENT

Description	Land	Water treatment plants	Water transmission mains	Water distribution	Reservoirs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Furniture and fittings	IT Equipment	Office Equipment	Plant and Machinery	Motor vehicles & cycles	Total
	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
COST/VALUATION																
As at 01.07.2022	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Addition during the period	[illegible]			-	[illegible]						[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Transfers from CWIP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]		-			[illegible]		[illegible]
Transfer from [illegible]		[illegible]		[illegible]	[illegible]		[illegible]	-	[illegible]	[illegible]	-	[illegible]	[illegible]		[illegible]	[illegible]
As at 30.06.2023	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ACCUMULATED DEPRECIATION																
As at 01.07.2022		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Charge for the period		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation as at 30.06.2023		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net book value as at 30.06.2023	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net book value as at 01.07.2022	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Note 20a Payment made for acquisition of PPE

	30.06.2023	30.06.2022
	TZS '000	TZS '000
Opening balance of payables	4,498,092	8,479,046

Add: Purchase during the year	4,997,331	344,160
Amount payable	9,495,423	8,923,204
Less: Closing payables 30.06.2023	593,300	4,498,092
Payment during the year	8,902,123	4,425,114

21.0 CAPITAL WORK IN PROGRESS

	Description	At 1 July 2022	DAWASA Funds	GOT	WSDP	India Line of Credit	WB/P II	Transfer to completed assets	Transfer to other assets	Costs written off/adjustment	At 30 June 2023
		TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
1	Drilling of Well at Kimbiji and Mpera	24,489,711	453,439					(7,669,858)		4,622,154	21,895,446
2	Design Review UM and Chalinze	1,799,906							(1,799,906)		-
3	Design Review of Sewerage Network and Wastewater Treatment Plants	439,093									439,093
4	Design of New Water Distribution Networks and Customer Connections	1,309,098							(1,309,098)		
5	Rehabilitation of Chalinze Treatment Plant and Distribution Network	61,374,564				23,677,744		(82,778,149)		(4,873,720)	-
6	Ground Water Investigations	8,340,778							(8,340,778)		-
7	Resettlement	-	14,500					(14,500)			-
8	Kidunda Feasibility Study	4,421,473									4,421,473
9	Quick Win Projects - Network Extensions	-	6,833,406					(25,511,943)		1,320,039	-
10	Construction of Water Supply Pipeline from Mlandizi to Mboga in Chalinze	-	1,401,885					(1,401,885)			-
11	Construction of Wsp House	18,322,232		17,874,674							36,196,906
12	Construction of new water supply pipeline and networks for Southern parts of Dar es Salaam (Bulk - Jet project)	8,350	1,116,520					(1,124,870)			-

	Description	At 1 July 2022	DAWASA Funds	GOT	WSDP	India Line of Credit	WSSP II	Transfer to completed assets	Transfer to other assets	Cash/write off adjustment	At 30 June 2023
13	Construction of security guard office, toilets and fence for airwing sewerage treatment Pond	12,750	11,413					(24,163)			-
14	Const. of WWTP in Mbezi Beach, sewerage pumping stations and sewer networks	3,307,686					424,776				3,732,362
15	Construction new water network at Kigamboni Vijibweni and Mji Mwema areas in Dar es salaam	-	6,289,638								6,289,638
16	Off-grid water supply,sanitation and hygiene -PBR	44,384		518,210				(71,840)			463,854
17	Construction of water infrastructure for the industrial areas (Kisarawe, ugenzi/kwinyara, Bamanda)		9,136								9,136
18	Construction of Water Supply Distribution networks from university reservoir in Bagamoyo town	54,751,384					28,974,626	(83,725,770)			
19	Off grid water supply projects - WSSP II	4,450,303					12,796,947				17,247,250
20	Construction of Wastewater Treatment Plant in Jangwani, sewerage	3,479,008									3,479,008
21	Off grid Sanitation WSSP II	2,567,896					1,486,615				4,054,511
22	Kimbiji Development Project	71,220,859		13,353,909				(84,171,838)	(202,582)		-
23	Off grid water supply projects DAWASA	-	70,390								70,390
24	Unit Extension Sewer Network	57,376	118,924					(176,300)			-
25	Construction of ground reservoir at Mshikamano	2,509,490	1,620,480	470,432				(4,629,402)			-
26	Pipe Replacement Water	-	1,026,304					(1,026,304)			-
27	Pipe Replacement-Sewer	-	34,609					(34,609)			-
28	Tegeta Water Supply Project	2,337,290	146,675								2,483,970

	Description	At 1 July 2022	DAWASA Funds	IDA	WSIP	India Line of Credit	WSSP II	Transfer to completed assets	Transfer to other assets	Cost written off/adjustments	At 30 June 2023
29	Water Loss reduction performance	-					7,547,269				7,547,269
30	Distribution Network Southern part	-	900,773								900,773
31	Bu/Tij Feasibility Study	-	604,654							(604,654)	-
32	Mbezi Malamba Water supply Project	-	702,973								702,973
33	Installation of CCTV Camera		14,400								14,400
		228,482,325	35,230,225	37,309,349	-	25,377,744	52,413,237	(216,368,488)	(11,841,945)	1,652,582	113,303,134

*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 11-23) has been recorded in the DAWASA books of accounts.

Note 21a Payment made for acquisition of WIP

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Opening balance of payables	32,629,117	33,625,233
Add: Purchase during the year	20,230,725	15,516,899
Amount payable	52,859,342	49,142,132
Less: Closing payables 30.06.2023	41,477,894	32,629,117
Payment during the year	11,381,448	16,513,015

23a. ANALYSIS OF TRADE AND OTHER PAYABLES

Details	Trade Payables	PPE Payables	Project related Payables	Staff related liabilities	Other Payables	Other direct Payments	Total
	(TZS'000)	(TZS'000)	(TZS'000)	(TZS'000)	(TZS'000)	(TZS'000)	(TZS'0
Opening Balance (01.07.2022)	[illegible]		[illegible]	24,498,052	49,411,029	-	156,085,
Reclassification of opening balance	[illegible]	4,498,052	[illegible]	-	-	-	
Restated opening balance (01.07.2022)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Purchases/Expenditure during the year	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CAPEX Expenditure During the year (Internal Fund)		[illegible]	[illegible]	-			[illegible]
CAPEX Expenditure During the year (WIP-External Fund)			[illegible]	-			[illegible]
Payments (Recurrent Expenditure)	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Payments (CAPEX) Internal Fund		[illegible]	[illegible]				[illegible]
Payments (CAPEX) Donor funded projects			[illegible]				[illegible]
Closing balance (30.06.2023)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]

24.0 PROVISIONS

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Provision for Litigation claims	1,095,125	1,168,603
Creditors' provision	873,585	873,585
Balance	1,968,710	2,042,188

25.0 BORROWINGS

	30.06.2023	30.06.2022
	TZS'000	TZS'000
At 01 July	50,047,117	51,065,531
Interest charged during the period	221,126	338,937
Repayment during the year	(1,360,740)	(1,357,351)
Balance	48,907,503	50,047,117
Current portion	40,222,535	38,735,160
Non- current portion	8,684,968	11,311,957
Balance	48,907,503	50,047,117

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 2023. The Treasury Registrar has directed DAWASA in collaboration with representatives from Ministry of Finance, Office of Treasury Registrar and Ministry of Water to prepare a Cabinet Paper for conversion of DAWASA DWSSP Debt to Equity which will be submitted to the Cabinet in the financial year 2023/24.

26.0 PRIOR PERIOD ERROR

During the preparation of the financial statements for the year, management noted some errors related to the financial statements for the prior years. The errors have been corrected in accordance with IPSAS 3 - Accounting policies, changes in accounting estimates and errors as set out below:

1. Adjustment of Suppliers

- Decrease in suppliers following suppliers' reconciliations TZS 26,161,424

- Increase in suppliers by TZS 116,517,796 for the cost of other protection certificate that was previously not recorded in the books

2. Adjustment of WIP

- Increase in WIP for Mbezi Makabe water project by TZS 200,031,452 for certificates that were under RUWASA

- Decrease in WIP for drilling of 20 boreholes in Kimbiji TZS 1,718,622,928 related to the feasibility study of the project that were previously included in WIP

3. Adjustment of Expenses

- Decrease in safety gear costs TZS 29,883,840

- Decrease in Tender board expenses TZS 19,900,000

- Decrease in safety gear costs TZS 1,947,000

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

S/N	Details	WIP	Trade and other payables	Expenses	Accumulated surplus (Prior year adjustments)
1	Adjustment to suppliers	-	26,161	-	26,161
2	Unrecorded expenses in financial year 2021/22	-	(116,518)	-	(116,518)
3	Unrecorded expenses in financial year 2021/22	-	-	(51,731)	(51,731)
4	Adjustment to WIP	(1,518,591)	-		(1,518,591)
	Total	(1,518,591)	(90,357)	(51,731)	(1,660,679)

27.0 CASH GENERATED FROM OPERATIONS-INDIRECT METHOD

	30 June 2023	30 June 2022
	TZS '000	TZS '000
Surplus/(Deficit) for the period	108,871,309	75,319,883

Adjusted for:		
Depreciation	24,499,428	22,088,052
Amortisation of Intangible assets	33,617	35,574
Provision for impairment of receivables	1,404,930	547,368
Provision for impairment of PPE and intangible assets	-	-
Write down of inventories	12,491	1,029,295
(Gain) /loss on foreign currency translation	(587,787)	2,035,356
Interest on late payment reclassified from WIP		1,689,247
Amortised capital grant	(137,446,964)	(94,634,769)
Amortised revenue grant	(10,505,389)	(2,234,769)
Net changes before working capital adjustment	**(13,716,345)**	**5,875,337**
Working capital adjustments:		
Decrease/(increase) in inventories	(4,421,281)	(1,588,589)
Decrease/(increase) in receivables	(49,928,267)	8,335,714
Increase/(decrease) in payables	29,948,329	10,676,145
Increase/(decrease) in deferred grant	33,569,331	-
Increase/(decrease) in borrowing (current portion)	1,487,376	2,583,720
Increase/(decrease) in provision	(73,478)	(40,807)
Net changes in working capital	**10,582,010**	**19,966,183**
Net cash from operating activities	**(3,136,335)**	**25,841,520**

28.0 RECONCILIATION OF STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AND STATEMENT OF CASHFLOWS

DESCRIPTIONS	OPERATING	INVESTING	FINANCI
Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(4,954,511)	(162,565,879)	180,160,92
Basis Differences	-	-	
Timing Differences	-	-	
Entity Differences	-	-	
Actual Amount in the Statement of Cash Flows	**(4,954,511)**	**(162,565,879)**	**180,160,92**

29.0 VARIANCE ANALYSIS

a) Water and sewerage charges - Negative variance of TZS 22,521 million

The negative variance under this category is attributable to the effects of drought that was experienced in the second quarter of FY 2022/23 which significantly affected the water production during the period. This reduced the volume of water sold and accordingly affected the revenue collection for the period.

b) **New Connection Charges - Positive variance of TZS 5,772 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.

c) **Other Income - Positive variance of TZS 192 million**

The positive variance under this item is mainly attributable to increase in income from dumping charges. Also, there was an increase in other income collected from customers for line maintenance during the year due to management's commitment to reduce leakages in a bid to minimize the Non-Revenue Water (NRW).

d) **Salaries, Wages and employees Benefits- Positive variance of TZS 7,559 million**

The positive variance is attributable to the staff related costs that were accrued but remained unpaid at the end of the FY 2022/23. Most of these costs were paid subsequently

e) **Development expenditure - Positive variance TZS 68,126 million**

The positive variance here is attributable to delay in obtaining no objection from some of the development partners funding the projects. Specifically, there was a delay in obtaining no objection from EXIM Bank Korea for Construction of Wastewater Treatment Plant at Buguruni which affected the expected disbursements from that financing source during the year.

30.0 NON-CURRENT ASSETS WITH ZERO NET BOOK VALUE

As at 30 June 2023, DAWASA had 1616 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 2023.

SN	Quantity	Asset Group	Deemed Cost 2023 (TZS)	Accumulated Depreciation 2023 (TZS)	Net Book Value 2023 (TZS)
1	55	Motor vehicle & Motorcycle	-	-	-
2	1344	Boreholes	-	-	-

3	166	Office building and workshop	-	-	-
4	2297	Furniture	-	-	-
5	83	Laboratory & Workshop equipment	-	-	-
6	1161	IT equipment	-	-	-
7	1720	Office equipment	-	-	-
8	824	Plant and machinary	-	-	-
9	29	Waste water stabilization pond	-	-	-
10	115	Waste water pumping station	-	-	-
11	651	Water treatment plant	-	-	-
12	984	Water distribution main	-	-	-
13	121	Water transmission main	-	-	-
Total	9550		-	-	-

31.0 CAPITAL FUND

	30 June 2023	30 June 2022
	TZS'000	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 remained the same as stated in 30 June 2022.

32.0 RELATED PARTIES TRANSACTIONS

The following transactions were carried out with related parties:

(a) Directors' remuneration

	30.06.2023	30.06.2022
	TZS'000	TZS'000
Board meeting expenses	121,200	205,571
Directors' fees	119,625	106,250
	240,825	311,821

(b) Key management's remuneration *

Short term benefits	1,920,605	1,920,605
Post-employment benefits	406,650	406,650

Other long-term benefits	893,470	893,470
	3,220,725	3,220,725

*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.

33.0 TRANSACTIONS AND OBLIGATIONS WITHIN PUBLIC SECTOR ENTITIES

	30 June 2023 TZS '000	30 June 2022 TZS '000
Revenues received from public entities	11,663,969	11,172,044
Receivables from public entities	18,548,651	13,519,929
Expenses incurred for services rendered by public entities	52,127,749	32,659,821
Obligations (payables) to public entities	81,110,375	28,694,204

Detailed schedule of the transactions and balances with other public sector entities during the year is as follows:

A. REVENUES AND RECEIVABLES FROM PUBLIC ENTITIES

GOVERNMENT INSTITUTIONS BILLING VALUE AND ARREARS JULY 2022 TO JUNE 2023

CONSUMER TYPE	TOTAL BILLING VALUE JULY 2022 TO JUNE 2023	TOTAL ARREARS 30 JUNE 2023
Central Government	9,177,265	17,181,337
Local Government	305,123	684,752
Public Institutions	2,181,726	682,562
Grand Total	**11,664,114**	**18,548,651**

B. TRANSACTIONS AND PAYABLE BALANCES WITH PUBLIC ENTITIES

S/n	Company Name	Transactions during the year	Payable Balance 30 June 2023
		TZS '000	TZS '000
1	TTCL	523,593	44,241
2	TANESCO	24,128,282	22,818,364
3	TTCL-AIRTIME	24,100	-

4	ARDHI UNIVERSITY	3,894	51,330
5	BOARD OF SUPPLIES	-	1,308
6	NIC	502,111	846,021
7	TBC	118,948	208,631
8	TANZANIA POSTS CORPORATION	2,748	4,273
9	WAMI RUVU BASIN	3,031,205	4,007,539
10	TEMESA	28,695	28,695
11	TAGLA	-	51,150
12	eGOVERNMENT	414,406	20,380
13	EWURA	1,356,642	1,030,155
14	TRA	11,076,330	42,717,257
15	WCF	205,182	721,705
16	PSSSF	6,246,894	3,439,919
17	HESLB	215,432	33,137
18	NHIF	1,923,369	413,285
19	TAGCO	-	10,000
20	PSSSF PENALTY	-	882,699
21	NSSF PENALTY	-	2,026,064
22	SUMA JKT	2,325,918	1,753,740
	Total	52,127,749	81,110,375

34.0 PROVISIONS

As at 30 June, 2023 the Authority had a total of 15 cases which were opened against DAWASA in various Tribunals and Courts of law. The cases reported relate to Employment and labour relations cases (8), Land cases (5) and Civil Cases (2). The authority is likely to suffer a loss of approximately TZS 1.095 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. 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 decree made by the court on evidence and interest thereto.

35.0 EVENTS AFTER REPORTING DATE

In October 2023, Management was compelled to vacate the Gerezani office premises which used to accommodate Ilala Regional offices and some departments of the Head Quarters to allow for the completion of the construction of Standard Gauge Railway (SGR) project. Following this move all the movable assets were transferred to other offices and the buildings will be demolished. Management has already obtained the Government's approval to demolish and removal of the buildings from the books. The approval was communicated through letter from the Ministry of Finance dated 8 November 2023 with reference number KA.2/233/01/4. The effects of demolition will be shown in the books in FY 2023/24.

36.0 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. Nº 5 of 2019 established by the Parliament. The Authority is controlled by the Government of Tanzania, through the Ministry of Water.