REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

ISO 9001:2015 Certified

DAR ES SALAAM WATER SUPPLY AND SANITATION AUTHORITY (DAWASA)

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

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March 2025

AR/PA0/DAWASA/2023/24

About the National Audit Office

Mandate

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

NAOT Vision, Mission & Motto

01 **Vision**

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

02 **Mission**

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

03 **Motto**

Modernising External Audit for Stronger Public Confidence

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.

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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
ECL	Expected Credit Loss
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

Permanent Secretary,
Ministry of Water,
Government City-Mtumba,
Water Street,
P.O. Box 456,
Dodoma

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 (DAWASA), which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of DAWASA as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting.

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

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

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Report by those charged with governance, and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

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

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; 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 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 the procurement of works, goods, and services in the DAWASA for the financial year 2023/24 as per the Public Procurement laws.

Conclusion
Based on the audit work performed, I state that except for the matters described below, the procurement of works, goods and services of DAWASA is generally in compliance with the requirements of the Public Procurement laws.

(i) Delay in implementation of three projects amounting to TZS 42.10 billion
My audit found that DAWASA did not comply to Regulation 75(1) and Regulation 10(4) of the Public Procurement Regulations, 2013, by failing to allocate and commit funds for contracts worth TZS 42.10 billion before procurement and failing to make timely advance payments to contractors, even after contractors provided valid advance payment guarantees. These contracts AE/033/2022-2023/W/13, AE/033/2022-2023/W/32, and AE/033/2022-2023/W/14 were for three water projects that could not commence, resulting in a delay of approximately nine months as of September 20, 2024.

(ii) Contract signed by parties before submission of performance security TZS 4.73 billion
I found that DAWASA failed to comply with procurement regulations regarding performance security in two contracts. For Contract No. TR158/2023-2024/G/90, valued at TZS 3,999,212,975 (VAT exclusive) signed on 5 August, 2024, the contract was implemented before the supplier submitted the required performance security of TZS 4.73 billion in the form of a bank guarantee, contrary to Regulation 29(3) and Instruction to Tender No. 40. As of 5 September, 2024, the performance security had still not been submitted.

Additionally, for Contract No. TR158/2023-2024/G/85, valued at TZS 731,600,000 (VAT inclusive) signed on 26 March, 2024, the supplier submitted a performance security declaration instead of the required bank guarantee specified in the letter of acceptance and Clause 10 of the special conditions of the contract, which mandated a 10% performance security bank guarantee.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

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

Conclusion

Based on the audit work performed, I state that the Budget formulation and execution of DAWASA 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.
March 2025

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024

2.1 INTRODUCTION

The Board of Directors presents this report together with the financial statements for the year ended 30 June 2024, 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 2024 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 "AA" 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 covers the whole of the Dar es Salaam City and most parts of the Pwani Region (i.e. Chalinze, Bagamoyo, Kibaha, Mlandizi, Kisarawe and Mkuranga towns, including parts of villages in District Councils of Kibaha and Bagamoyo) as well as some villages in Morogoro Rural and Handeni District Council.

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:

- Integrity in service delivery.
- Accuracy and precision in service delivery.
- Customer focus.
- Professionalism.
- 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. DAWASA adopted the Public Employee's Performance Management Information System (PEPMIS) in the financial year 2023/24 for managing employees' performance.

In the FY 2023/24, 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, ERMS Management, Payroll accounting, taxation, cash management and Study tours. The internal and external training were used as a tool for intrinsic and extrinsic motivation to staff on awareness and morale raising.

DAWASA follows the principle of equal opportunities with regards to hiring and promoting its staff. During the period the Authority had 2,154 employees (2023: 1,507), out of which 758 were female (2023:519) and 1,396 were male (2023: 988). In addition, DAWASA has employed 145 employees under specified contract terms (2023:818).

Description	Year Ended June 2024			Year Ended June 2023		
Management Team	Male	Female	Total	Male	Female	Total
CEO, Directors, Head of Units and managers	29	26	55	28	30	58
Principal and Senior Officers	52	42	94	164	128	292
Middle level Officers	1,315	690	2,005	796	361	1157
Total	1,396	758	2,154	988	519	1507

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 685,677 m^3/day, while the total daily water production capacity is about 534,600 m^3/day. Out of that, 496,600 m^3/day is from the surface sources, and the remaining is from operational boreholes. The Lower Ruvu treatment plant (with capacity of 270,000 m^3/day) contributes about 51% of total water production capacity, 37% by the Upper Ruvu treatment Plant (196,000 m^3/day), 2% is contributed by Mtoni treatment plant (9,000 m^3/day), 4% by Wami treatment plant (21,600 m^3/day), and 7% by boreholes (38,000 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 sanitation services 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. The DAWASA operating model is as follows: -

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. DAWASA staff are very important input towards achieving key strategic objectives.

(b) Financial capital

Financial capital consists of the internally generated funds mainly from water sales and sanitation services. In addition, DAWASA obtains financial resources 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 services provided by DAWASA. The Authority 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 aim 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) Water production performance was below the annual target by 29.85 million m3. The actual water produced during the financial year 2023/24 was 131.96 million m3 against water production target of 161.81 million m3. Water production Performance was affected by various factors, including power rationing, plant shutdowns to allow corrective maintenance and main pipes burst repairs, and sludge accumulation in clarifiers due to el-nino rains.
(c) 27,409 new water customers and 232 wastewater customers were connected out of the target of 40,000 for new water customers and 300 for wastewater customers;
(d) Water transmission and distribution network has increased by 464km (from 6,608km to 7,146km), equivalent to 86% of the annual target of 538km;
(e) The quality of treated water for all water treatment plants met TBS and WHO standards;
(f) 20 strategic projects were implemented and were at various stages of completion;
(g) Water Storage Capacity increased by 5,800m3 from 193,165m3 in the financial year 2022/23 to 198,965m3 in the financial year 2023/24;
(h) Percentage of population with water supply network coverage has reached 93%; and
(i) NRW has decreased by 1.96%, i.e. from 41.51% recorded in the FY 2022/23, compared to 39.55% recorded in the FY 2023/24. The target was to decrease NRW by 3.51% in the financial year 2023/24.

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.

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 2024, 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	71	Military Courses	18 August 2021	17 August 2024
2.	Mr. Laston T Msongole	Vice Chairman	71	PG Dip Development Planning	18 August 2021	17 August 2024
3.	Dr. Fred Msemwa	Member	52	PhD Audit risk	18 August 2021	17 August 2024
4.	Ms. Beatrice Ress Dominic	Member	60	Masters in Economics and Management of Rural Development	18 August 2021	17 August 2024
5.	Mr. Prosper Buchafwe	Member	54	Masters -Public Policy in Economic Development	18 August 2021	17 August 2024
6.	Eng. Evarist Webe Ndikilo	Member	64	Msc in Hydraulic Engineering	18 August 2021	17 August 2024
7.	Mrs. Kate Sylvia Kamba	Member	73	Masters of Political Science and Public Administration	18 August 2021	17 August 2024
8.	Eng. Gaudence Aksante	Member	62	Bsc Civil Engineering	18 August 2021	17 August 2024

S/N	Name	Position	Age Years	Qualification/ Discipline	Date of Appointment	Date of End of Tenure
9.	Mr. Hassani Abasi Rugwa	Member	45	Bachelor of Procurement Management, CPSP	18 August 2021	17 August 2024
10.	Mr. Kiula Kingu**	Member	48	Msc. In ICT and Management	1 March 2023	30 June 2024

** Mr. Kiula Mahalla Kingu was appointed to the Position of Acting Chief Executive Officer of DAWASA on 1 March 2023 and served in that position up to 30th June 2024.

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 expired on 17 August 2024.

2.5.1 BOARD COMMITTEE MEETINGS

The Board committees held 21 meetings during the financial year ended 30th June 2024. 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	5
2.	Finance and Business Development Committee	7
3.	Technical Committee	5
4.	Human Resources Development Committee	4
Total		21

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

2.5.2 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	52	PhD Audit risk	Tanzanian	18 August 2021
Eng. Gaudence Aksante	Member	62	Bsc Civil Engineering	Tanzanian	18 August 2021

Name	Position	Age	Qualification/ Discipline	Nationality	Date of Appointment
Mr. Prosper Buchafwe	Member	54	Masters of Public Policy in Economic Development	Tanzanian	18 August 2021
Ms. Kate Kamba	Member	71	M.A Political Science and Public Administration	Tanzanian	18 August 2021
CPA Ahadi Msangi	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 once during extra ordinary board committee meetings 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 absence of micro procurement reports and directed Management to conduct capacity building to Management teams within the Authority's Operational Regions on Public Procurement Laws and Regulations, including the Procurement Guidelines for Managing Micro Procurement of Goods, Works, and Consultancy Services, which was approved by the Board in February, 2023. Moreover, the committee deliberated on the proposal for Incidents Management Plan and recommended to the Board for approval.

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 and continue with the initiatives of renewing the ISO certificate.

2.5.3 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. Laston T. Msongole	Chairman	71	PG Dip Development Planning	Tanzanian	18 August 2021
Dr. Fred Msemwa	Member	52	PhD Audit risk	Tanzanian	18 August 2021
Mr. Prosper Buchafwe	Member	54	Masters of Public Policy in Economic Development	Tanzanian	18 August 2021
Mr. Hassan Rugwa	Member	45	Certified Procurement and Supplies Professionals - CPSP (T)	Tanzanian	18 August 2021
Mr. Kiula Kingu	Ag.CEO/Member	48	Msc. in ICT and Management	Tanzanian	1 March 2023

The Committee met four times during ordinary board committee meetings and three 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 proposals for amendments to DAWASA Accounting Policies and Procedures Manual, Amendments to DAWASA Financial Regulations, Amendments to the Meter Management Policy and Commercial Services Operational Manual.

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

2.5.4 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	63	Bsc. Civil Engineering	Tanzanian	18 August 2021
Eng. Evarist Ndikilo	Member	64	Post Graduate Diploma Hydropower Development	Tanzanian	18 August 2021
Ms. Beatrice Dominic	Member	60	Msc. in Economic and Management of Rural Development	Tanzanian	18 August 2021
Mr. Hassan Rugwa	Member	45	Certified Procurement and Supplied Professionals - CPSP (T)	Tanzanian	18 August 2021
Mr. Kiula Kingu	Ag.CEO/Member	48	Msc. in ICT and Management	Tanzanian	1 March 2023

The Committee met four times for ordinary board committee meetings and one time for extra ordinary board committee meeting 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 Committee also deliberated on the proposals for ICT Disaster Recovery Plan, ICT Enterprise Architecture, ICT Strategic Plan, ICT Operational Level Agreement, Standard Operation Procedures for Sanitation Management and Water Safety Plan Operational Manual; and subsequently recommended them to the Board for approval.

During the reporting period, Board Members visited various projects such as Kigamboni Ground Water Scheme Project, Construction of Water Distribution Network form 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 Investment Committee (PIC) and the Public Accounts Committee (PAC) visited Chalinze Water Supply Scheme Phase III project, 2B/2F distribution network project, construction of sewer network project in Mbezi beach area and construction of Maji House building, Kigamboni Ground Water Scheme Project for the purpose of inspecting the projects.

2.5.5 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	60	Msc. in Economic and Management of Rural Development	Tanzanian	18 August 2021
Mr. Laston T. Msongole	Member	71	PG Dip Development Planning	Tanzanian	18 August 2021
Eng. Evarist Ndikilo	Member	64	Post Graduate Diploma Hydropower Development	Tanzanian	18 August 2021
Mr. Kiula Kingu	Ag. CEO/Member	48	Msc. in ICT and Management	Tanzanian	1 March 2023

The Committee met four times for 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.

2.5.6 Meetings of the Board of Directors and its Committees

During the financial year 2023/24, Management organized 28 meetings of the Board of Directors whereby 16 ordinary and 5 extra ordinary Board Committee meetings were convened and 4 ordinary and 3 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	3
Audit Committee (AC)	4	5
Finance and Business Development Committee	4	7
Technical Committee	4	5
Human Resources Development Committee	4	4
Total	**22**	**28**

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 2024/25 -2026/27
- Business Plan for the financial years 2024/25 - 2026/27
- Recruitment of Employees.
- Risk Based Annual Internal Audit Plan.
- ICT Operational Policies and Plans.
- Standard Operation Procedures for Sanitation Management.
- Water Safety Plan Operational Manual.

2.5.7 INDEPENDENCE

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

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 40 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 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 Kayole	Secretary
3.	Maryceline Lwinga	Deputy Secretary
4.	14 Directors and Heads of Units	Members
5.	40 Managers	Members
6.	8 TUICO Representatives	Members
7.	32 FIBUCA Representatives	Members
8.	36 Workers representatives	Members

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

2.6.2 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. Shabani Mkwanywe	Chairman
2.	Mr. Sais Kyejo	Member
3.	Ms. Bernadetha Mkandya	Member
4.	Eng. Ramadhani Mtindasi	Member
5.	Ms. Ritamary Lwabulinda	Member
6.	Eng. Lydia Ndibalema	Member
7.	Ms. Hellen Lubogo	Secretary

During the financial year 2023/2024 a total of Eleven (11) meetings were conducted including Four (4) Ordinary meetings and Seven (7) Extra-ordinary meetings. In addition a total of 422 decisions of Tender Board were made through Circular resolutions without conveying a meeting through. Some of the decisions made by the Tender Board include: Supply of Water Chemical Treatment (Polymer), Supply of Water Chemical treatment chemical Calcium, Construction of waste water treatment Plant at Buguruni Area, Supply of Heavy Equipment for Non-revenue water and Provision of Consultancy services for Contract supervision of Southern Part Project. 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 FY2025/26
1.	Improvement of Access to adequate, safe and clean water	• Increasing water Service Coverage	• Completion of ongoing water supply extension projects	• Increase Water service coverage from 92% to 97% • Number of active water customer connections increased from 343,091 to 500,000
		• Protection and increasing water sources; improving and increasing water production capacity	• Completion of drilling and developing Kimbiji and *Mpera* deep boreholes (to produce **57,000 m3/day**) • Expansion of Lower Ruvu Treatment Plant (installation of extra pump with capacity to produce **90,000 m3/day** • Construction of *Mwalimu Nyerere* Water Treatment Plant with capacity of **750,000 m3/day** • Construction of Kidunda Dam with storage capacity of about **190 million m³** of water	• Water production capacity increased from **520,000 m³/day** to **708,000 m³/day**
		• Improving and increasing water transmission and distribution network	• Completion of extension of water supply projects, including construction of distribution network project • Construction of 180 km of transmission pipeline from Rufiji to Kisarawe	• Water transmission and distribution network increased from **4,690.7 km** to **11,164 km**
2.	Improvement of Access to sanitation services	• Increasing sanitation service coverage	• Construction of new Faecal Sludge Treatment Facilities (FSTPs) and other simplified sanitation infrastructure in Off-grid areas • Construction of wastewater treatment plant in Buguruni	• Conventional sewer network coverage is increased from **450 km** to **670.84 km** • Number of sewer connections is

S/N	Objective	Key Strategic Issue	Strategies	Targets by FY2023/24
			with capacity of 75,000 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 Buguruni 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 Chang'ombe	increased from 30,060 to 45,410 • Sanitation service coverage % increased from 43% to 60%
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, Ukonga, Chalinze (town area), Kawe, Tabata, Kibamba, Mapinga, Mabwepande, Mivumoni, Mbagala, Kinyerezi and Makongo; • Construction of sub-garage at Chalinze, construction and renovation of Pugu road garage and purchase of garage tools and equipments; and • Renovation of 36 staff houses in Lower Ruvu and Wami; • Procurement of motor vehicles.	• Completion of 14 regional offices buildings
		Enhancing knowledge and skill.	• Regular training of staff and Board members (inhouse and external training); • Recruitment of appropriate staff (on merits) from the labour market; and • Enhancement of customers' services through conducting internal tailor-made training to all Staff	• Implementation of approved annual training program

S/N	Objective	Key Strategic Issue	Strategies	Targets by FY2025/26
4.	Improvement of institutional capacity to carry out operations	Reducing Non-Revenue Water	• Implementation of Performance Based Contracts (PBC) for NRW reduction under World Bank financing; • Rehabilitation and replacement of aged and dilapidated pipes in the transmission and distribution network; • Procurement of 150,000 meters for new water connections; • Procurement of 137,300 meters for replacement of aged and defective meters; and • Procurement of 30,000 intelligent// smart meters for pilot study.	• Non-Revenue Water (NRW) is reduced from 38.9% to 30% • Meter reading efficiency increased from 97% and maintained at 100%; • Monthly average water sales increased from 7.1 million m^3 to 14.2 million m^3 • Monthly average revenue collection increased from TZS 12.5 billion to TZS 18.5 billion

2.8 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 financed by the Government. The ongoing projects under WSDP that are financed by the Government of Tanzania are 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 Phase III). All projects financed under Government of India Supported Line of Credit (GOI-LOC) have been completed and commissioned; and the total value of contracts under this financing was TZS 407 billion. A total of TZS 404 billion has been disbursed as of 30 June 2024. A total of TZS 2.77 billion was disbursed during the year.

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

The World Bank through IDA has allocated a total of USD 225 million for the program. Out of that, USD 166 million is for the improvement of water supply and sanitation in the city of Dar es Salaam. As at the reporting date DAWASA implemented 36 Contracts worth TZS 374.41 billion equivalent to USD 159 million. A total of TZS 75.23 billion was disbursed by the World Bank in the financial year 2023/24 (Note 7a).

d) Projects Financed by Korean Credit

The Loan from the Exim Bank of Korea is used to finance development of wastewater infrastructure for increased level of wastewater collection and treatment. The loan agreement between the Government of Tanzania and the EXIM Bank of Korea was signed in October 2016 for the credit amount of USD 90.092 million. As part of the implementation of project financed under EXIM Bank Korea, DAWASA has signed a contract for consultancy services on design review and construction supervision of the Jangwani Wastewater Plant for USD 6.05 million. The project site has been relocated to Buguruni as the previously proposed site at Jangwani is flood prone. During the year USD 1.215 million which is equivalent to TZS 3.031 billion was disbursed by EXIM bank Korea for the project. The cumulative expenditure as at 30th June 2024 stood at USD 3.635 million which is equivalent to 4% 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 of some of the ongoing strategic projects which include projects implemented in-house for network extensions such as construction of 65km distribution network in Kigamboni, Construction of Kidunda DaDm, Construction of Maji House, and Kigamboni Water Supply project.

2.9 BUDGET PERFORMANCE REVIEW

Annual Approved Revenue Vs Actual Revenue FY 2023/24

The total revenue projection for the financial year 2023/24 was **TZS 287.65 billion**. Out of that amount, **TZS 167.40 billion** was estimated to be generated from DAWASA internal sources (i.e. water and sewer charges plus other incomes); and **TZS 120.25 billion** was estimated to be received from other sources; (i.e. **TZS 61.72 billion** from the Government of Tanzania and **TZS 58.53 billion** from Development Partners).

The actual fund received in the FY 2023/24 was **TZS 261.64 billion**, which is equivalent to **92%** of the total annual approved estimates. Out of that amount, **TZS 150.94 billion** was internal revenue collected from the sale of water and sanitation charges and other internal sources (equivalent to **90%** of the projected internal revenue); and **TZS 110.50 billion** was from the Government of Tanzania and Development Partners. Comparison between approved revenue projections and actual funds received in FY 2023/24 is shown below:

Performance in Revenue Collection Vs Budget FY 2023/24

Type of Income in TZS' Billion	Approved Revenue TZS billion	Actual Collection TZS billion	Collection as % of Approved Revenue
Water & Sewer Charges	161.40	143.16	89%
Other Income	6.00	7.78	130%
Subtotal - Internal sources	**167.40**	**150.94**	**90%**
Local Funds- Government	61.72	26.47	40%
Foreign Funds -Development Partners	58.53	81.03	130%
Loan from The National Water Fund		3.00	100%
Subtotal -External sources	**120.25**	**110.50**	**86%**
Grand Total	**287.65**	**261.45**	**88%**

2.10 REVIEW OF BUSINESS PERFORMANCE

a. Financial Performance

The financial results for the period are disclosed on page 45 of these Financial Statements. The Authority recorded a surplus of TZS 60,585 million during the year (2022/23: Surplus of TZS 126,281 million). The surplus recorded during the year was lower due to the decrease in revenue from non-exchange transactions compared to the previous financial year. The decrease in the amortised grant is mainly attributable to completion of one of the high value projects (construction of distribution part 1) under the Second Water Sector Support Project (WSSP II). In addition, in FY 2022/23 there was a one-off payment to the contractor of Kidunda Dam which increased the amount of Government grant amortised in FY 2022/23.

During the year TZS 86,568 million was recognised as Government grant compared to TZS 137,447 million recognised in 2022/23. This represents a decrease of TZS 77,062 million or 59%.

b. Financial Position

The Authority's equity stood at TZS 960,861 million as at 30 June 2024 (2022/23: TZS 900,276 million) and total assets amounted to TZS 1,415,952 million compared to TZS 1,275,688 million as at 30 June 2023.

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 2024, the Authority had cash and cash equivalents of TZS 155,140 million compared to TZS 112,899 million as at 30 June 2023.

d. Non-revenue Water

The Non-Revenue Water (NRW) rate for the period slightly decreased by 1.96% from 41.51% recorded in Financial Year 2022/23 to 39.55% in Financial Year 2023/24. The decrease in NRW rate was due to ongoing interventions implemented by management as part of the NRW reduction strategy including water loss reduction project implemented as pilot project in Kinondoni. The short-term interventions implemented during the financial year 2023/24 included rehabilitation and replacement of damaged pipes affected by heavy rains during the year and reducing turn-around time in attending the reported leakages.

e. DWSSP Debt

The loan amount of TZS 47,731,728,372 was drawn from Subsidiary Loan Agreements between DAWASA and the Government of Tanzania covering 40% of the capital improvement expenditures and 100% of the DAWASCO withdrawal of the DAWASCO subsidiary loan from funds received from the DWSSP Financiers (i.e., IDA, ADF and EIB). The debt servicing/repayment was scheduled to start in July 2018 in equal annual instalments and with full repayment no later than June 2020 for IDA and ADF related subsidiary loans and June 2030 for EIB related subsidiary loan. The Authority submitted the request to the Government for conversion of DWSSP debt into Equity through letter with reference number DAWASA/PGA/DF/18/192 dated 27 September 2018. 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 2024/25.

f. Compensation of Project Affected Persons

During the period the authority spent over TZS 245 million for compensation of project affected families for the Kidunda Dam project 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 2024/25 to year 2026/27. 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 Vison (TDV 2025),the Third National Five Years Development Plan (FYDP III 2021/22 - 2025/26) and the ruling party election manifesto of 2020-2025, National Water Policy (NAWAPO 2002), Water Sector Development Programme (WSDP 2006-2025); as well as the national industrialization agenda. The three years business plan for financial years 2024/25 to year 2026/27 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 36% by June 2027. 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 2024 is set out on **page 45** 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	Vice President's Office-Environment	DAWASA's expectation from	Stakeholders' expectation	Potential impacts of not meeting stakeholders' expectations	Ranking (Ba… on Influenc… 1= High, 2=Mediu… 3=Low)
1	Customers	Conserve water and water sources;	Easy access to adequate, clean and safe water;	Lack of public trust on DAWASA and the Government;	1
		Protect water and sanitation infrastructures;	24 hours quality water services;	Increase of water borne diseases	
		Timely bills payments;	Adequate and reliable sanitation services.	Reduced willingness of customers to pay their bills	
		Customers not to temper with water meters; and	Timely and effective service delivery;		
		Provision of information on water leakages, vandalism and water theft	Effective and reliable communication on water and sanitation services; and		
			Fair water tariff and easy procedures in bills payments.		
2	General Public, including NGOs,	Conserve water and water sources;	Easy access to adequate, clean and safe water;	Lack of public trust on DAWASA and the Government;	1

S/N	Vice President's Office-Environment	DAWASA's expectation from	Stakeholders' expectation	Potential impacts of not meeting stakeholders' expectations	Ranking (Based on influence 1=High, 2=Medium 3=Low)
	COWSOs and CBOs	□ Protect water and sanitation infrastructures;	□ 24 hours quality water services;	□ Increase of water borne diseases	
		□ Provision of information on water leakages, vandalism and water theft	□ Adequate and reliable sanitation services		
			□ Timely and effective service delivery;		
			□ Gender sensitivity in the provision of services;		
			□ Effective and reliable communication on water and sanitation services; and		
			• Fair and affordable water tariff		
3	DAWASA Employees	□ Knowledge and skills, time, diligence, and labour;	□ Improved working environment;	□ Decline in staff work morale	1
		□ Commitment; and	□ Capacity development, good management;	□ Poor quality of services;	
		□ Ethics, integrity, and professionalism	□ Clear Staff regulations;	□ Increased employees' turnover;	
			□ Good governance and transparency	and	
				□ DAWASA's image is tarnished;	
4	Ministry of Water	□ MoW takes a leading role in soliciting funds from domestic and foreign sources for major capital investment projects;	□ Increase water production to meet demand;	□ Image of MoW and DAWASA may be tarnished; and	1
		□ MoW sets reasonable policies for water and wastewater sector; and	□ Ensure public receive water 24 hours a day;	□ Public mistrust on DAWASA, MoW and the Government.	
		□ MoW sets regulations whenever necessary for water supply and sanitation services.	□ Universal access to water services realized;		
			□ NRW is reduced to benchmark level (20%);		
			□ Universal access to sanitation services realized; and		
			□ Timely implementation of ministerial directives.		
5	Wami Ruvu and Rufiji Basin Water Office	□ Protection of wetlands and water catchment area especially Uluguru mountains;	□ Water abstraction is efficiently done and royalties are timely paid.	□ Delayed or non-granting of license for water abstraction;	1

S/N	Vice President's Office-Environment	DAWASA's expectation from	Stakeholders' expectation	Potential impacts of not meeting stakeholders' expectations	Ranking (Base on influence 1= High, 2=Medium 3=Low)
		□ Early granting of licenses for water abstraction.			
		□ Fair and cost-effective water use fees		□ Failure to effectively protect wetland and water catchment areas due to non-payment of royalties.	
6	EWURA	□ Tariff changes expedited upon application, without delays;	□ DAWASA operates according to regulatory rules set by EWURA.	□ Delay or denial of license by EWURA;	1
		□ Effective regulatory guidance; and		□ Litigation; and	
		□ Timely decision on matters brought before EWURA on appeal.		□ Other legal consequences	
7	TANESCO	□ Reliable supply of electricity	□ Timely payment of electricity bills	□ Power shutdowns	1
		□ Continued cooperation in settling electricity debts		□ Failure to supply water	
		□ Consideration of special tariff for DAWASA (as a large TANESCO customer, and a public social services provider)		□ Lack of public trust on DAWASA and the Government	
8	TANROAD AND TARURA	□ Involve DAWASA in road construction projects	□ Involve TANROAD and TARURA in implementation of water and sanitation projects	□ Destruction of water supply and sanitation infrastructures	1
		around/along DAWASA infrastructures	□ Timely submission of requests for road crossing permits during implementation of new projects or maintenance of DAWASA infrastructures	□ Destruction of road pavements	
		□ Timely issuance of permits for road crossing during implementation of new projects or maintenance of DAWASA infrastructures	□ Timely attendance to water pipes leaking on roads	□ Interruption of water service to customers	
9	Ministry of Finance and Planning	□ Provision of guidelines, policies related to planning, financing, budgeting, resource allocation and financial management;	□ Budgets for capital projects are submitted within prescribed time and according to the set ceilings;	□ No budget allocations/ disbursement of funds for DAWASA for Capital investment projects;	1
		□ Timely disbursement of approved funds; and	□ Value for money on implemented projects;	□ Audit queries on implemented projects;	

S/N	Vice President's Office-Environment	DAWASA's expectation from	Stakeholders' expectation	Potential impacts of not meeting stakeholders' expectations	Ranking (Basi on Influence 1= High, 2=Medium 3=Low)
		□ Timely provision of Tax exemptions where appropriate.	□ Appropriate project documents for new projects for resource mobilization;	□ Sustainability of DAWASA as a going concern at risk; and	
			□ Timely submission of statutory documents (Strategic Plan and MTEF) to the Treasury Registrar	□ Entitled exemptions not granted.	
10	Development Partners	□ Technical and financial support for large capital investment projects and timely disbursement of committed funds;	□ Good governance and transparency;	□ Inadequate financing for programmes and projects;	1
		□ Reasonable terms and conditions on external support; and	□ Quality services;	□ Withdrawal of financing from Development Partners for programmes and projects.	
		□ Transfer of technology	□ 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;		
			□ Provision of timely and quality reports		
11	LGAs	□ Cooperation in conservation of water sources; protection of water supply and sanitation infrastructures; and provision of information on water leakages, vandalism and water theft; and	□ Quality water and sanitation services;	□ Poor collaboration with LGAs in the management and development of water resources;	
		□ Timely provision of land for water and sanitation infrastructures.	□ User friendly water supply technology;	□ Poor water and sanitation services;	1
			□ Participatory relationship in policy and programme development and implementation;	□ Encroachment on water and sanitation infrastructures;	

S/N	Vice President's Office-Environment	DAWASA's expectation from	Stakeholders' expectation	Potential impacts of not meeting stakeholders' expectations	Ranking (Base on Influence 1= High, 2=Medium 3=Low)
				□ Delayed implementation of projects	
12	Vice President's Office-Environment	□ To get support for enforcement of environmental laws and regulations on protection of water sources;	□ Projects implementation does not adversely affect the environment;	□ Environmental pollution	1
		□ To get support for proper management of industrial effluents; and	□ Projects implementation starts after the ESIA has been carried out and approved by NEMC; and	□ Delays in approval of projects'	
		□ Timely approval of ESIA reports	□ Effective management of waste water and protection of the environment.	documents by NEMC	
				□ Delays in acquiring NEMC certificate for ESIA	
				□ Delay of implementation of projects due to late approval of ESIA reports	
13	Ministry of Justice	□ Timely approval of water laws and regulations; and	□ Contracts for loans and large projects are timely submitted to the Attorney General for vetting.	□ Delays or non approval of contracts on loans or government guarantees, and	2
		□ Timely provision of legal opinions	□ Proposals for amendment of laws or draft new laws are timely submitted for review by the AG.	□ Delays or non-review of draft proposals for new laws or amendments.	
14	Ministry of Health	□ Provide DAWASA with information on eruption of water-borne diseases;	□ Water-borne diseases are reduced;	□ Rampant increase in water-borne diseases.	
		□ Provide water requirements for health centres and hospitals.	□ Sufficient and reliable water is provided to health centres and hospitals; and	□ DAWASA's image to the public is	2
			□ Disconnection of water in these sensitive areas for any reason is done carefully and reasonably.	tarnished; and	
				□ Poor hygiene in health centers.	

S/N	Vice President's Office-Environment	DAWASA's expectation from	Stakeholders' expectation	Potential impacts of not meeting stakeholders' expectations	Ranking (Base on influence 1= High, 2=Medium 3=Low)
15	Ministry of Land, Housing and Human Settlements	Timely granting of title deeds for areas with water and waste water infrastructures; and	Application for rights of occupancy for areas with water and waste water infrastructures are submitted to the Ministry of Lands, Housing and Human Settlements timely;	Delay or denial in granting of rights of occupancy for DAWASA properties;	2
		Proper land use planning	Application for granting of DAWASA right of pipes wayleave submitted to the Ministry of Lands timely	Huge compensations for properties during implementation of projects in un-surveyed areas	
			DAWASA complies with land use requirements.	Fines for non-compliance	
16	Ministry of Industry and Trade	Information on the number and location of existing industries and planned new industries to be established; and	Sufficient water supply for industries to meet demand.	Discouraging investors due to non availability of reliable water supply;	2
		Estimation of water demand for industries (long term and short term)		Delay in the construction of industries;	
				Low contribution of DAWASA to the national agenda on industrial development.	
				Low revenues for DAWASA	
17	Public Procurement Regulatory Authority (PPRA)	Any review of procurement legislation and regulations are communicated to DAWASA as early as possible; and	Procurement of goods and works in the water supply and sanitation projects is done according to the PPRA regulations	Breach of PPRA regulations and procedures;	2
		Timely decision on matters brought before PPRA on appeal		Delays in procurement and implementation of projects; and	
				Litigation	

S/N	Vice President's Office-Environment	DAWASA's expectation from	Stakeholders' expectation	Potential impacts of not meeting stakeholders' expectations	Ranking (Base on influence 1= High, 2=Medium 3=Low)
18	Small Scale Service Providers (water by tankers, informal service providers (private schemes))	□ Are registered and operate according to DAWASA guidelines; and	□ Are treated as partners in the provision of water supply services; and	□ Informal service providers hostility on DAWASA increases, which may prompt them to vandalize DAWASA infrastructures; and	1
		□ They serve water drawn from DAWASA sources and not from other unknown sources	□ Are not harassed during service provision, especially in areas with intermittent water supply.	□ Collusion with unfaithful DAWASA staff to commit unauthorized transactions in water services may increase	
19	Private Cesspit emptiers	□ Are registered and operate according to DAWASA guidelines; and	□ Are treated as partners in the provision of wastewater services, and well guided.	□ Collusion with unfaithful DAWASA staff to commit unauthorized transactions in wastewater services may increase	
		□ They transport sewage from households to DAWASA wastewater stabilization ponds		□ Illegal dumping may increase	
20	Service Providers (Consultants, Contractors, Suppliers)	□ Timely, quality, and cost-effective services	□ Timely payment for services provided as agreed in the contracts.	□ Delay in completion of works; and	1
				□ Poor service provision;	
				□ Cost overruns; and	
				□ Contractual conflicts	
21	Media	□ Media work with DAWASA in educating the public on water and sanitation services; and	□ Access to information for dissemination to the public;	□ Unbalanced reporting is done by media and create confusion and misinformation to the public; and	1
		□ Balanced reporting is done by media to avoid misleading the public	□ Good public relations	□ Public mistrust on DAWASA.	
22	National Bureau of Statistics (NBS)	□ Provide statistical information, such as population, inflation, 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 and waste water services.	□ Failure by DAWASA to use NBS data and information, and DAWASA use of data and information not recognized by NBS for public use.	2

S/N	Vice President's Office-Environment	DAWASA's expectation from	Stakeholders' expectation	Potential impacts of not meeting stakeholders' expectations	Ranking (Based on influence 1= High, 2=Medium 3=Low)
			- DAWASA submit timely and accurate data and information to NBS	- Misinformed planning and decision making	

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

(i) PRINCIPAL RISKS AND MITIGATION MEASURES

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

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

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

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

S/N	Risk Title	Risk Category	Mitigation Measures
1.	Corruption and Fraud incidences	Strategic	• Develop and enforce fraud control framework (Fraud Policy, Governance and Control Procedures). • Develop and enforce whistle blowing policy. • Develop and implement incentive scheme. • Develop and enforce conflict of interest policy.
2.	Employees perform less than expected (Ineffective performance by employees)	Operational	• Finalize the Quality Management System (QMS) - ISO 9001 Certification within and across the Authority • Conduct objective (Anonymous) staff satisfaction survey • Adopt Balance Scored Performance Management System and link it with OPRAS
3.	Insufficient fund (Erratic flow of funding) - Illiquidity	Financial	• Prepare and implement effective revenue collection strategy. • Develop and implement DAWASA service awareness and sensitization program for timely payment by customers. • Set and pursue realistic revenue collection target.
4.	Failure to achieve production target level	Operational	• Develop and implement community awareness program and plan • Liase 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.

S/N	Risk Title	Risk Category	Mitigation Measures
			• 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) • Establish dedicated infrastructure design team (responsible for among others, verification of survey data and design related information • Establish effective project monitoring and evaluation (Timely communication, facilities)
7.	Delayed completion of water supply and sanitation projects (Project completion delays)	Infrastructure and Technical	• Prepare adequate and comprehensive contractors (consultants)'s selection criteria in the tender documents • Expedite approvals in procurement process and contract implementation • Provide realistic project completion period (duration) • Exercise perseverance - follow up for matters pertaining to project from designing to implementation
8.	Failure to achieve desired level of customers' satisfaction (low customer satisfaction)	Operational	• Communicate the Customer Service Charter (CSC). • Conduct customer care and soft skills training to customer service personnel. • Conduct annual independent customer survey. • Develop and implement Customers complaints handling mechanism
9.	Non-Compliance with legal and regulatory requirements.	Legal and compliance	
10.	Failure to comply with financial reporting guideline	Legal and compliance	

S/N	Risk Title	Risk Category	Mitigation Measures
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 • Prepare and communicate quarterly cash flows forecasting statement.
12.	ICT systems failure (Pastel, EDAMS, CRM, e-office, AHEEVA, SCADA, F-DASHBOOARD, GEPG, Spot Bill, SBM, Govt Mail, Biometric System, Payroll System, Android system, Fleet Management System etc.)	Operational	• Finalise approval and implement IT Disaster Recovery Plan. • Finalise the signing of contract to establish Data Recovery Site (Centre) • Prepare and implement specialized ICT training program. • Conduct and implement External Service Providers Service delivery satisfaction level survey

(ii) UNCERTAINTIES

a. Shortage of Water Supply due to adverse weather conditions

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

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

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

c. Uncertainty in revenue collection

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

(iii) OPPORTUNITIES

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

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

2.17 EMPLOYEES' WELFARE

a. Management and Employees' Relationship

There continued to be good management-employee's relation during the period ended 30 June 2024. 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.

During the year, DAWASA conducted Review of the DAWASA Scheme of Service of 2018 (after merging scheme) to a New DAWASA Scheme of Service of 2023 and adopting New Salary Structure of 2023 (enacted on 1 February 2023).

Salary increments as per government directives (from July 2023 as DAWASA implemented on September 2023 and issued triple increment from July - September 2023).

Formulate Integrity Committee to deal with all issues pertaining corruption and ethical issues across the Authority.

b. Training

The Authority had set aside a sum of TZS 393 million in the approved budget for financial year 2023/24 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 392 million (Note 12) and 562 staff attended training during the period. Training programs are continually being developed based on the Training Needs Assessment to ensure employees are adequately trained at all levels and all employees have some form of annual training to upgrade skills and enhance development.

c. Medical Assistance

The Authority contributes 3% of the employees' monthly basic salaries to NHIF. The employer's medical contribution during the period was TZS 1,162 million (TZS 992 million in previous year) (Note 10).

d. Employees Benefit Plans

The Authority pays contributions to publicly administered pension plan (PSSSF) on mandatory basis which qualifies to be a defined contribution plan. The employer's contributions paid to PSSSF in financial year 2023/24 was TZS 5,717 million (TZS 4,685 million in previous year) (Note 10).

e. Persons with Disabilities

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

f. HIV Awareness Program

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

During the year on 1/12/2023 (Words HIV/AIDS Day) management conducted voluntary safe testing of HIV/AIDS to all staff. Management insisted staff living with HIV/AIDS to disclose their status to their immediate supervisors so that they can get their basic rights.

During the year management distributed Condoms to all DAWASA Offices in order to protect staff from HIV/AIDS.

2.18 RELATED PARTIES TRANSACTIONS

The details of transactions and balances with other Government entities for the financial year ended 30 June 2024 is provided in Note 26 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 2024 were TZS 23,029 million and TZS 93,028 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 261 million** (Note 12). These include:

	2024	2023
	TZS'000	TZS'000
Charitable Organizations	217,210	162,248
Local Governments	43,500	40,000
Total	260,710	202,248

2.20 PENDING LITIGATIONS

As at 30 June, 2024 the Authority had a total of 12 cases which were opened against DAWASA in various Tribunals and Courts of law. The cases reported relate to Employment and labour relations cases (5), Land cases (3) and Civil Cases (4). The authority is likely to suffer a loss of approximately TZS 1.091 billion as compensation and other related costs in the event it loses all cases filed against it (Note 29). 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 2023/24. The annual performance of the Authority against the targets is as shown below:

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

SN	KPI	Benchmark	Target	Achievement FY2023/24	Achievement FY2022/23
4.0	*FINANCIAL MANAGEMENT*				
4.1	Current Ratio	02:01	01:01	0.98	1.17
4.2	Quick Ratio	01:01	0.9:1	0.55	0.49
4.3	Operating Cash Flow Ratio	Maximum 1.0	0.2	0.07	0.07
4.4	Staff Cost to Total Costs	Max 40%	28%	22%	28%
4.5	Operating Revenue Growth Rate	Min 10%	11%	3%	0%
4.6	Cash Conversion Cycle	Max 45 days	45 days		
4.7	Revenue per Employee (RPE)	Use Sector Average as Benchmark	TZS 73.7mil.	TZS 64.78mil.	TZS 89.77 mil.
4.8	Cost to Income Ratio	Max 60%	60%	112%	120%
4.9	Debt to Equity Ratio (DER)	Max 60%	35%	47%	42%
4.10	Debt to Assets Ratio	Max 40%	25%	32%	29%
4.11	Debt Service Capacity/Debt Service Coverage Ratio (DSCR)	Min 1.25 times	1.5	-0.65	-0.55
4.12	Remittance to Government Consolidated Fund	Should grow Year over Year and is associated with the Operating revenue growth	TZS 1,000 million	150 million	500 million
4.13	Direct Employment Created	Grow Year over Year as a function of	2,310	2154	1507

SN	KPI	Benchmark	Target	Achievement FY2023/24	Achievement FY2022/23
		increase in activities			

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

Eng. Mwajuma J. Waziri
Permanent Secretary

4 MARCH 2025
Date

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024

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.

Eng. Mwajuma J. Waziri	Eng. Mkama M. Bwire
Permanent Secretary	Acting Chief Executive Officer
4 MARCH 2025	4 MARCH 2025
Date	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 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view 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 2024, 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: 4 MARCH 2025

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	30.06.2024 TZS '000	30.06.2023 Restated TZS '000
ASSETS			
Current assets			
Cash and cash equivalents	18	155,105,101	112,850,187
Trade and other receivables	19	98,703,512	125,207,939
Inventories	20	22,522,823	29,186,596
		276,331,436	267,244,722
Non-current assets			
Property, plant and equipment	21	932,217,208	894,449,129
Capital work in progress	22	207,387,372	113,902,154
Intangible assets	23	16,116	17,907
		1,139,620,696	1,008,369,190
Total Assets		1,415,952,132	1,275,613,912
LIABILITIES			
Current liabilities			
Trade and other payables	24	236,928,244	186,415,739
Provisions	25	4,429,148	1,968,710
Deferred Grant Income	7	163,002,357	138,046,157
Borrowings (current portion)	26	40,494,755	40,222,535
Total Current Liabilities		444,854,004	366,653,141
Non-current liabilities			
Borrowings (non-current portion)	26	10,237,472	8,684,969
Total Non-current liabilities		10,237,472	8,684,969
Total Liabilities		455,091,476	375,338,110
NET ASSETS		960,860,656	900,275,802
Capital and reserves attributable to the Authority's equity holders			
Capital Fund	31	225,375,567	225,375,567
Accumulated Surplus		735,485,089	674,900,235
Shareholder's equity		960,860,656	900,275,802
Total equity and liabilities		1,415,952,132	1,275,613,912

Eng. Mwajuma J. Waziri
Permanent Secretary

4 MARCH 2025
Date

Eng. Mkama M. Bwire
Acting Chief Executive Officer

4 MARCH 2025
Date

DAR ES SALAAM WATER SUPPLY AND SANITATION AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Note	2023/24 TZS '000	2022/23 Restated TZS '000
REVENUE			
Revenue from exchange transactions			
Water and Sanitation Charges	5	140,157,556	136,108,543
Other income	6	11,952,474	11,617,066
Decrease in ECL on cash and cash equivalents	18a	13,363	-
Assigning values to assets	21	53,574,462	-
Gain on foreign currency translation	15	10,635,755	587,787
Total Revenue from exchange transactions		**216,333,610**	**148,313,396**
Revenue from non-exchange transactions			
Amortization of Government grants	7	70,922,567	137,446,964
Revenue Grant	8	15,645,610	10,505,369
Total Revenue from non-exchange transactions		**86,568,177**	**147,952,333**
Total Revenue		**302,901,787**	**296,265,729**
Expenses			
Water Production and Distribution Costs	9	(57,752,176)	(49,973,940)
Salaries and Employer contributions	10	(53,136,205)	(46,774,754)
Other Staff Cost	11	(5,638,223)	(5,097,347)
Operating expenses	12	(27,569,833)	(29,477,844)
Administration expenses	13	(27,125,905)	(28,617,695)
Treasury Registrar Contribution	14	(150,000)	(300,000)
Impairment of receivables	19c	(32,201,679)	16,435,412
ECL on cash and cash equivalents	18	-	(48,651)
Increase in Provisions	25	(2,460,438)	-
Inventory write down	20a	-	(12,491)
Derecognition of Gerezani Offices	21	(9,130)	-
Finance Cost	16	(3,323,758)	(646,739)
Depreciation	21	(32,187,244)	(24,499,426)
Amortisation of intangible assets	23	(1,791)	(33,617)
Total Expenses		**(241,556,382)**	**(169,247,092)**
Surplus for the year before taxation		**61,345,405**	**127,018,637**
Income Tax Expenses	17	(760,550)	(737,878)
Surplus for the year		**60,584,855**	**126,280,759**

Eng. Mwajuma J. Waziri
Permanent Secretary
Ministry of Water

4 MARCH 2025

Date

Eng. Mkama M. Bwire
Acting Chief Executive Officer

4 MARCH 2025

Date

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 JUNE 2024

	Note	Capital Fund	Accumulated Surplus/(Losses)	Total
		TZS'000	TZS'000	TZS'000
Balance at 1 July 2022		225,375,567	548,619,475	773,995,042
Prior period adjustments	27b		-	-
Surplus for the year (Restated)			126,280,759	126,280,759
Balance at 30 June 2023		**225,375,567**	**674,900,234**	**900,275,801**
Balance at 1 July 2023		225,375,567	674,900,234	900,275,801
Prior period error adjustment		-	-	-
Surplus for the year		-	60,584,855	60,584,855
Balance at 30 June 2024		**225,375,567**	**735,485,089**	**960,860,656**

Eng. Mwajuma J. Waziri
Permanent Secretary

4 MARCH 2025
Date

Eng. Mkama M. Bwire
Acting Chief Executive Officer

4 MARCH 2025
Date

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

Cash flows from operating activities			
Receipts	Note	2023/24	2022/23
		TZS '000	TZS '000
Water and Sewerage Charges	19b	143,164,847	134,391,306
New Connection Charges	19b	6,324,584	10,272,177
Reconnection Charges	6	138,009	53,880
Dumping Charges	5	1,090,074	973,866
Other non-consumption charges	6	227,413	664,031
Other receipts from GoT and Donors	7a	31,548,606	1,818,176
Payments			
Employee costs	24a	(51,569,713)	(41,151,329)
Payments to suppliers	24a	(57,719,480)	(74,444,053)
Treasury Contribution	14	(650,000)	-
Other expenses	24a	(24,541,339)	(25,979,855)
Revenue grant expenditure	24a	(10,876,132)	(10,505,369)
Net cash flows generated from operating activities		**37,136,869**	**(3,907,170)**
Cash flows from investing activities			
Acquisition of PPE	21	(3,104,723)	(8,902,123)
Acquisition of WIP DAWASA	24a	(10,297,338)	(11,381,448)
Projects expenditures financed by Donors	24a	(76,551,700)	(142,282,308)
Net cash flow used in investing activities		**(89,953,761)**	**(162,565,879)**
Cash flows from financing activities			
Development grants received WSDP/GOT	7a	25,000,953	65,159,972
Development grants received INDIA	7a	8,265,203	33,261,756
Development grants received KOREA	7a	3,031,383	
Development grants received WSSP II	7a	43,678,233	81,281,761
Fund received for Same Mwanga	7a	1,671,369	-
Loan from NWF	26	3,000,000	-
Repayment of term loan to CRDB	26	(1,362,235)	(1,360,741)
Net cash flows generated from financing activities		**83,284,906**	**178,342,749**
Net change in cash and cash equivalents		**30,468,014**	**11,869,700**
Foreign exchange difference		**11,773,538**	**770,835**
Cash and cash equivalents at beginning of period		**112,898,838**	**100,258,303**
Cash and cash equivalents at end of period		**155,140,390**	**112,898,838**

Eng. Mwajuma J. Waziri
Permanent Secretary - Ministry Of Water

4 MARCH 2025

Date

Eng. Mkama M. Bwire
Acting Chief Executive Officer

4 MARCH 2025

Date

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

Details	Budget Amounts		Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	% Variance (Refer Note 30)
	Original	Final			
	TZS '000	TZS '000	TZS '000	TZS '000	
Receipts during the year					
Water and sewerage charges	161,400,000	161,400,000	143,164,843	(18,235,157)	-11%
New Connection Charges	4,500,000	4,500,000	6,324,584	1,824,584	41%
Other receipts	1,500,000	1,500,000	1,455,407	(44,593)	-3%
Grants received from Development Partners	118,290,000	120,250,000	111,524,378	(8,725,622)	-7%
Total Receipts/Revenue	**285,690,000**	**287,650,000**	**262,469,306**	**(25,180,694)**	**-9%**
Payments					
Production expenses	41,806,137	53,720,545	37,254,361	16,466,184	31%
Salaries, Wages and employees Benefits	48,542,517	49,554,802	51,569,713	(2,014,911)	-4%
Operating Expenses	23,798,193	27,203,231	25,569,833	1,633,398	6%
Administration Expenses	30,463,151	30,521,259	25,759,915	4,761,344	16%
Finance Costs	300,000	940,000	1,243,709	(303,709)	-32%
Treasury Contribution	1,000,000	1,000,000	650,000	350,000	35%
Capital Expenditure	139,780,000	124,710,163	89,953,761	34,756,402	28%
Total Expenditure	**285,690,000**	**287,650,000**	**232,001,292**	**55,648,708**	**19%**
Net Receipts/(Payments)	-	-	**30,468,014**	**30,468,014**	

Reasons for significant variances have been explained in Note 30

Eng. Mwajuma J. Waziri
Permanent Secretary -
Ministry of Water

4 MARCH 2025
Date

Eng. Mkama M. Bwire
Acting Chief Executive Officer

4 MARCH 2025
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 standard 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.

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

a) IPSAS 42, Social Benefits

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

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

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

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

b) 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.

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

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

- measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and
- presented separately in the statement of financial position and 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.

d) IPSAS 45, Property, Plant and Equipment

This standard provides guidance on accounting for Property, Plant and Equipment so that users of Financial Statements can discern information about an entity's investment in its PPE and the changes in such investment. The standard applies to PPE used to develop or maintain the biological assets related to agricultural activity other than bearer plants, Mineral rights and mineral reserves such as oil, natural gas and similar non-regenerative resources and the recognition and measurement of exploration and evaluation assets. IPSAS 45 removes IPSAS 17's scope exclusion of Heritage Asset. This standard will be effective on 1 January 2025 with earlier application permitted.

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

e) *IPSAS 46- Measurement*

The objective of this Standard is to define measurement bases that assist in reflecting fairly the cost of services, operational capacity and financial capacity of assets and liabilities. The Standard identifies approaches under those measurement bases to be applied through individual IPSAS to achieve the objectives of financial reporting. An entity that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 46, Measurement in measuring assets and liabilities. The measurement requirements described in this Standard apply to both initial and subsequent measurement, unless specific guidance is included in the individual IPSAS. IPSAS 46 will be effective for periods beginning on or after January 1, 2025.

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

f) *IPSAS 47- Revenue*

IPSAS 47 is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This new Standard provides focused guidance to help entities apply the principles to account for public sector revenue transactions. IPSAS 47 is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This new Standard provides focused guidance to help entities apply the principles to account for public sector revenue transactions. To meet this objective requires an entity to consider the terms of the transaction, and all relevant facts and circumstances, to determine the type of revenue transaction and set out the accounting requirements to account for the revenue transaction. IPSAS 47 will be effective for periods beginning on or after January 1, 2026.

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

g) *IPSAS 48: Transfer Expenses.*

The objective of this standard is to establish the principles that a transfer provider (an entity) shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. In order to meet the objective, This Standard requires an entity to consider the terms of the transaction and all relevant facts and circumstances to determine the type of transfer expense transaction and sets out the accounting requirements for the transfer expense transaction. IPSAS 48 will be effective for periods beginning on or after January 1, 2026.

h) *IPSAS 49: Retirement Benefit Plans*

The objective of this standard is to prescribe the accounting and reporting requirements for public sector retirement benefit plans, which provide retirement benefits to public sector employees and other eligible participants. IPSAS 49 will be effective for periods beginning on or after 1 January 2026.

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. The foreign currency account balances are mainly related to WSSP II project which is jointly implemented with the Ministry of Water.

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 is 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 if any. 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 maintenences 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.

During the year the Government issued a new guidance on management of public assets. The new guidance repeals the use of guidelines from the Government Assets Management Division (GAMD) and replaces it with the Public Finance (Management of Public Properties) regulations of 2024. In accordance with the new guidance, the useful lives of certain assets have been revised. The average useful life of the Authority's property, plant and equipment by category, based on actual in-service dates and average useful life estimate as per requirements of the Public Finance - Management of Public Property regulations of 2024 is as shown below:

Asset Category	New Guideline		Old Guideline	
	Average Useful Life (Years)	Equivalent Percentage (%) Of Depreciation	Average Useful Life (Years)	Equivalent Percentage (%) Of Depreciation
Water Treatment Plants	50	2.00%	50	2.00%
Water Transmission Mains	50	2.00%	40	2.50%
Distribution mains	50	2.00%	40	2.50%
Boreholes	25	4.00%	20	5.00%
Waste Water Pumping Stations	15	6.67%	20	5.00%
Sewer, Pumping Mains and Ocean Outfalls	50	2.00%	40	2.50%
Waste Water Stabilization Ponds	50	2.00%	60	1.67%
Buildings and Workshops	50	2.00%	50	2.00%
Laboratory Equipment	10	10.00%	7	14.29%
Workshop Equipment	10	10.00%	15	6.67%
Furniture and Office Equipment	10	10.00%	5	20.00%
IT equipment	10	10.00%	4	25.00%
Vehicles	10	10.00%	5	20.00%
Motorcycles	7	14.23%	7	14.29%
Intangible assets	10	10.00%	4	25.00%
Office equipment	10	10.00%	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.

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. 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.

k. 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.

l. 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.

m. Financial instruments

Financial Assets

Initial and Subsequent Measurement

Financial assets are initially measured at fair value and subsequently measured at amortized cost as per following criteria.

1. The financial asset is held within a management model whose objective is to hold financial assets to collect contractual cash flow and

2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The impairment of financial asset is calculated using expected credit losses model. DAWASA recognizes loss allowances [Expected Credit Losses (ECL)] on all financial assets. The Authority uses the Simplified Approach and General Approach in determining the impairment of Trade Receivables and Loan Receivables respectively. A loss allowance is calculated at each reporting date however, the ECL model is updated on annual basis and to accommodate any event that might cause significant increase in credit risks on financial asset. The term 'expected credit loss' does not imply that losses are anticipated, rather that there is recognition of the potential risk of loss. Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk of the financial asset since initial recognition.

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

Inputs into measurement of ECLs;

The key inputs into the measurement of ECLs are the discounted product of: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Authority expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. The Lifetime PD is developed by applying a maturity profile to the current 12month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

This is supported by historical analysis.

CASH AND CASH EQUIVALENT

	2024 TZS '000	2023 TZS '000
Cash at Bank	155,140,390	112,898,838
Expected Credit Loss:		
Opening	48,652	-
Charged during the year	(13,363)	48,652
Closing	**35,289**	**48,652**
Cash as per Statement of Financial Position	**155,105,101**	**112,850,187**

iv. **De-recognition of financial assets**

The Authority derecognizes a financial asset when:

a) The contractual rights to the cash flows from the financial asset expire; or
b) It transfers the rights to receive the contractual cash flows in a transaction in which either:

- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- The Authority neither transfers nor retains substantially all of the risksand rewards of ownership and it does not retain control of the financial asset.

When the Authority enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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 are initially measured at fair value and net gains and losses, including any interest expense, are recognized in surplus or deficit. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in surplus or deficit. Any gain or loss on derecognition is also recognized in surplus or deficit.

ii. **Derecognition**

The Authority derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Entity also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) 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.

n. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits and net of outstanding bank overdrafts.

The impact of introducing IPSAS 41 is the emergence of Expected credit loss in the Financial Statements by having different Cash and Cash Equivalent figures reported in the Statement of Financial Position and the Statement of Cash flows with Exposure at Default (EAD) (Balance) at the end of the financial year.

The Entity operates with the following Banks with global ratings and Probability of Default (PD) as provided in the table below.

No	Name of the Bank	Rating Agency	Score	Probability of Default (PD)
1	CRDB	MOODY	B2	2.16%
2	NMB	MOODY	B1	2.16%
3	BANK M	Unrated		
4	NBC	MOODY	Baa3	0.40%
5	TCB	Unrated		

o. 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.

Events after reporting date

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. There are two types of events after reporting date, which includes adjusting and non-adjusting items as per IPSAS 14 Events after reporting date. There were no material events to influence the financial statements under the reporting period.

3.0 CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTION

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.

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

II. Impairment of Cash balances in Bank, Trade Receivables and Loan Receivables. The Authority reviews its financial assets measured at amortised cost at each reporting date to assess whether an impairment loss should be recognised in surplus or deficit. In particular, judgment by the Authority Management is required in the estimation of the amount and timing of future cash flows when determining the level of impairment loss required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the impairment. The Entity makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in an individual asset in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the rating outcome, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss incurred.

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 Korean won (KWR)

4.2 Credit Risk

Credit risk refers to the loss due to the non-performance by counterparties to discharge an obligation. The Entity is subjected to risk of outstanding trade receivables, untimely recovered advances from staff as well its balance(s) of Cash in the Bank(s).

Total Cash in the Banks to which the Authority is exposed to credit risk as of 30 June 2024 with its comparative figures are presented in the table below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by MOODY). The amount presented is gross of impairment allowances.

SN	BANK NAME	2024		2023	
		Rating	Amount (TZS)	Rating	Amount (TZS)
1.	CRDB	B2	275,334,747.72	B2	2,245,557,146.14
2.	NMB	B1	7,548,774.04	B1	40,749,301.47
3.	BANK M	-	-	Unrated	3,050.86
4.	NBC	Baa3	5,214,344,012.79	Baa3	897,147,743.48
5.	TCB	-	-	Unrated	21,835.00
	TOTAL		**5,997,227,534.55**		**3,183,479,076.95**

Movement in Expected Credit Loss allowance
The following tables explain the changes in the loss allowance between the previous period and the current reporting period due to change in credit risk factors:

Cash and Cash Equivalent:

Description	Stage 1	Stage 2	Stage 3
Loss Allowance as at 30 June 2023	48,651,416.46		

New Financial Assets Originated/Purchased	(13,362,821.11)
Financial Asset derecognized	-
Change in risk parameters (PD)	-
Loss Allowance as at 30 June 2024	35,288,595.35

4.3 *Liquidity risk*

The Authority is subject to liquidity risks as its working capital sources, 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 subsidiary agreement with the Government on implementation of strategic projects Financed by development partners as well as No Objection from the Government for projects financed through Government internal sources of funds.

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2023				
Borrowings and interest	40,722,535	2,894,989	4,342,484	1,447,495
Deferred grant income	138,046,157			
Trade and other payables	185,415,739	-	-	-
Provisions	1,968,710			
Total	366,653,141	2,894,989	4,342,484	1,447,495
At 30 June 2024				
Borrowings and interest	40,494,255	2,894,989	4,342,484	-
Deferred grant income	163,002,357			

Trade and other payables	236,928,244	-	-	-
Provisions	4,429,148			
Total	**444,854,004**	2,894,989	4,342,484	-

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 2024 was 6% (2023: 6%).

The gearing ratio at 30 June 2024 and 30 June 2023 were as follows:

	2023/24	2022/23 restated
	TZS'000	TZS'000
Total borrowings	50,731,728	48,907,503
Less: cash and cash equivalents	(155,105,101)	(112,850,187)
Net cash	**(104,373,373)**	**(63,942,684)**
Equity	960,855,142	900,275,802
Total capital	**856,481,769**	**836,333,118**
Gearing ratio	**6%**	**6%**

5 WATER AND SANITATION CHARGES

	2023/24	2022/23
	TZS'000	TZS'000
Water Sales	129,620,134	125,421,475
Sewerage Charges	9,613,630	9,861,758
Dumping Charges*	923,792	825,310
	140,157,556	**136,108,543**

*-Excludes a collection of **TZS 166,282,623** in respect of VAT on dumping charges

6. OTHER REVENUE

	2023/24	2022/23
	TZS'000	TZS'000
Other income*	2,123,566	-
Other non-Consumption Charges	227,413	664,031
New connection Charges	9,463,486	8,281,063
Reconnection Charges	138,009	53,880

Waiver of PSSSF penalty	-	2,468,092
Decrease in provision for litigation	-	150,000
	11,952,474	**11,617,066**

- *Relates to liquidated damages (LDs) imposed to contractors who delayed completion of projects as stipulated in the contracts these transactions did not involve movement of cash.

**The breakdown of comparative figures for 2022/23 have been rearranged to match the line items in 2023/24

7. DEFERRED GRANT INCOME

	2023/24	2022/23
	TZS '000	TZS '000
As at 01 July	478,472,951	296,951,287
Additions (Note 7a)	111,524,378	181,521,664
As at the end of the period	**589,997,329**	**478,472,951**
<u>Accumulated Amortisation and Impairment</u>		
As at 01 July	340,426,795	192,474,462
Charge for the period (capital grant)	70,922,567	137,446,964
Charge for the period (revenue grant)	15,645,610	10,505,369
As at the end of the period	**426,994,972**	**340,426,795**
Balance at the end of the period	**163,002,357**	**138,046,156**

7a. Additional grant during the year

During the year grants with conditions totalling TZS 111.52 billion were received from donors as per below:

Donor	2023/24	2022/23
	TZS '000	TZS '000
WSSPII - World Bank-Development funds	43,678,233	81,281,761
WSSPII - World Bank-Recurrent	31,548,606	1,818,176
*WSDP/GOT	25,000,953	65,159,971
EXIM Bank India	8,265,203	33,261,756
EXIM Bank KOREA	3,031,383	-
Total	**111,524,378**	**181,521,664**

*Excludes TZS 1,671,368,771.67 received for implementation of Same Mwanga project.

8. REVENUE GRANT

	2023/24	2022/23
	TZS '000	TZS '000
GRM Expenses	71,167	2,233,641
WSSP II grant for NRW reduction consultancy	14,583,011	8,271,728
WSSP II grant for Performance improvement	991,432	-
Total	**15,645,610**	**10,505,369**

**Actual cash paid to consultants Relating to revenue grant was TZS 10,876,132,000

9. WATER PRODUCTION AND DISTRIBUTION COSTS

	2023/24	2022/23
	TZS'000	TZS'000
Chlorine Gas	707,439	699,844
Aluminium Sulphate	862,772	67,520
Calcium Hypochlorite	2,022,187	1,931,999
Laboratory Chemical	14,184	-
Others-Chemicals	-	45,718
Algaeflock	20,028,331	15,995,971
Electricity Water Plant	24,143,102	23,284,493
Electricity - Boreholes	2,906,635	2,234,266
Water User Fees	3,049,169	3,031,205
Electricity for Water Distribution	4,018,357	2,682,924
Total	57,752,176	49,973,940

10. SALARIES, WAGES AND EMPLOYEE BENEFITS

	2023/24	2022/23
	TZS '000	TZS '000
Salaries and Wages	44,388,615	39,170,999
PSSSF Contribution	5,717,139	4,685,170
Medical Expenses-NHIF	1,162,132	1,071,946
Skills and Development Levy	1,633,266	1,641,457
Workers Compensation Fund	235,053	205,182
Total	53,136,205	46,774,754

*The comparative figure for medical expenses-NHIF for FY 2022/23 has been restated by adding TZS 79,986,523 that was not recorded in 2022/23.

11. OTHER STAFF COSTS

	2024	2023

	TZS '000	TZS '000
Leave Passage	393,141	294,839
Utilities allowance	1,702,756	1,517,746
Telephone Allowance	129,865	203,375
Furniture Allowance	100,000	-
Acting Allowance	199,008	53,730
Honoraria	238,000	528,700
Casual Labourers	1,427,511	1,016,138
Gratuity and Other Benefits	129,129	130,655
Terminal Benefits	511,437	463,145
Overtime	672,751	741,490
Milk allowance	134,625	147,529
	5,638,223	5,097,347

12. OPERATING EXPENSES

	2023/24 TZS '000	2022/23 Restated TZS '000
Electricity- Sewer	69,500	114,000
New Sewer Connection	653,912	289,253
Internet charges Aheeva, TTCL, ISP	601,573	409,615
R&M Motor Vehicle	1,173,062	1,118,728
R&M Office, Residential. Buildings & Structure	273,911	182,896
R&M Laboratory Equipment	19,887	3,078
R&M Plant, Equipment& Machinery-Water	2,344,615	1,648,127
R&M Plant, Equipment & Machinery-Sewer	466,044	89,127
Routine maintenance, Repair of Water network	7,361,503	7,681,219
Routine maintenance, Repair of sewer network	1,924,480	494,734
R&M Office equipment and Appliances	322,534	393,816
Operating Expenses/R&M Borehole pumps	161,030	456,796
R&M Meter	39,972	50,206
R&M Generators	10,332	3,966
Office Rent	152,340	155,340
Consultancy Fees**	1,460,880	3,048,771
New Connection Expenses	7,676,310	9,892,309
Revenue Collection expenses**	2,136,266	2,327,171
Investigation expenses	61,934	79,384
Service Levy	529,508	404,443
Repair and Maintenance of IT equipment	130,250	30,011
Feasibility Study costs	-	604,854
	27,569,833	29,477,844

**Comparative figures for the year ended 30 June 2023 for consultancy fees have been restated to reflect expenses that were wrongly recorded in FY 2023/24. The amount corrected is TZS 140,617,126.88

** Comparative figures for the year ended 30 June 2023 for revenue collection expenses have been restated to reflect expenses that were wrongly recorded in FY 2023/24. The amount corrected is TZS 120,000,000

13. ADMINISTRATION EXPENSES

	2023/24 TZS '000	2022/23 Restated TZS '000
Extra duty allowance	2,578,212	2,597,850
Electricity Charges	290,460	295,737
Water Charges	127,856	126,366
Casual Labourers	800,427	780,949
Uniforms	8,390	1,525
Special Meeting/Assignment Allowance	2,253,184	2,011,881
Staff meeting expenses	654,597	978,183
Court attire allowance		11,000
Staff Welfare	1,057,275	2,034,146
Perdiem - Abroad	74,561	44,676
Perdiem - Domestic	2,443,279	2,606,569
Air ticket -Domestic	121,876	155,286
Air ticket- Abroad	-	29,666
Fuel, Oils, Lubricants	3,340,396	2,949,236
Safety Gears	37,345	122,470
Outfit allowance	-	-
Funeral expenses	120,000	56,320
Training expenses	391,943	382,470
HIV/AIDS expenses	3,760	-
Staff Transfer Expenses	166,734	207,055
Exhibitions Festivals & Celebrations	229,704	144,528
Postage Telephone and Fax	12,937	2,492
Computer Supplies & Accessories	32,492	21,769
Motor vehicle Insurance Premiums	736,129	502,111
Licenses	30,746	85,664
Printing and photocopying	62,125	84,955
Advertising and public relations	876,858	1,209,334
Donations/ Corporate Social Responsibility	260,710	202,248
Board Meetings	110,680	121,200
Newspapers, books, Periodicals	-	1,320
Land Rent and rates	41,920	75,983
Directors Fee	102,000	119,625
Audit Fee	300,000	300,000

Car wash and parking fee	159,250	211,360
Business relation expenses	69,000	50,000
Legal Expenses	100,147	136,294
Fumigation	23,563	27,092
Office Expenses	585,107	645,585
Security Services	3,487,571	3,280,080
Purchasing Small Assets	2,501	6,164
Professional /Membership fee	33,217	15,411
Project registration fee	-	14,400
Cleaning Expenses	627,068	540,091
Laboratory Expenses	122,143	36,469
Tender Board Expenses	154,030	92,452
Conference facilities	78,551	99,590
Office consumables	560,577	1,147,083
Outsourced Maintenance Contract	39,977	149,659
Ground transport Taxi, Bus and Boat	804,254	886,425
Health & Safety Charges	5,022	1,217
Environmental Conservation	362,271	310,757
Garbage collection	19,571	31,196
Food and refreshments ***	2,322,018	2,432,896
Telephone Charges	303,571	241,365
	27,125,905	28,617,695

***Comparative figures for the year ended 30 June 2023 for food and refreshments have been restated to reflect expenses that were wrongly recorded in FY 2023/24. The amount adjusted is TZS 33,103,000

14. TREASURY REGISTRAR CONTRIBUTION

	2023/24 TZS'000	2022/23 TZS'000
Contribution to the Government Consolidated Fund	150,000	500,000
	150,000	500,000

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 2023/24 DAWASA contributed TZS 150,000,000 to the Government Consolidated Fund.

**Cash paid during the year to TR is TZS 650,000,000. This includes TZS 500,000,000 that was accrued in 2022/23 but was paid in July 2023.

15. GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION

	2023/24	2022/23
	TZS '000	TZS '000
Realized foreign exchange gain/(loss)	(32,386)	56,025
Unrealised forex gain/(loss)-Bank translation	11,838,311	770,835
Unrealised forex gain/(loss)	(1,170,170)	(239,073)
	10,635,755	587,787

16. FINANCE COSTS

	2023/24	2022/23
	TZS '000	TZS '000
Bank Charges	323,987	362,287
Interest on term loan	89,854	221,126
Provision for interest on late payment	2,080,049	-
LC Charges	19,327	63,326
Charges on Overdraft**	810,541	-
	3,323,758	646,739

**DAWASA has an overdraft facility with CRDB Bank Plc which allows for a maximum overdraft of TZS 7 Billion at an interest rate of 12% p.a. The facility is subject to annual review and is secured by lien on DAWASA bank accounts.

17. TAXATION

	2023/24	2022/23
	TZS '000	TZS '000
Tax expense at applicable rate of 0.5% (AMT)	760,550	737,878
	760,550	737,878

18. CASH AND CASH EQUIVALENTS

	30.06.2024	30.06.2023
	TZS '000	TZS '000
Revenue Collection Accounts	339,479	1,237,233
Investment Account	10,008	151,147
Operations Account	292,202	924,109
Payroll Account	23,683	21,778
Project Accounts	154,475,018	110,564,571
Total cash and cash equivalents	**155,140,390**	**112,898,838**

18a. ECL ON CASH AND CASH EQUIVALENTS:

	2024 TZS '000	2023 TZS '000
Cash at Bank	155,140,390	112,898,838
Expected Credit Loss:		
Opening	48,652	-
Charged during the year	(13,363)	48,652
Closing	**35,289**	**48,652**
Cash as per Statement of Financial Position	**155,105,101**	**112,850,187**

19. TRADE AND OTHER RECEIVABLES	30.06.2024 Shs'000	30.06.2023 Restated Shs'000
Trade receivables-Water and Sewer charges	67,544,860	65,225,880
Provision for ECL**	(44,688,510)	(12,486,831)
Trade receivables	22,856,350	52,739,049
Staff debtors	166,402	292,060
Staff debtors	166,402	292,060
Due to related parties	883,033	561,120
Miscellaneous receivables	753,217	783,947
Advance payments to contractors	74,044,510	70,831,763
Other receivables	75,680,760	72,176,830
Grand total	98,703,512	125,207,939

** Management has adopted IPSAS 41 and applied the changes in impairment of receivables retrospectively. The provision for ECL was computed and the impairment figure has been decreased by TZS 17,840,342 and accordingly the total impairment for FY 2022/23 has been restated.

19b. Debtors Movement:

	30 June 2024	30 June 2023
	TZS'000	TZS'000
Opening balance	**65,225,880**	**62,285,221**
Opening balance net of adjustments	**65,225,880**	**62,285,221**
Charges during the year:		
Water sales	129,620,134	125,421,475
Sewer charges	9,613,630	9,861,758
VAT on sewer charges	1,730,453	1,775,116
New connection charges during the year	9,463,486	8,281,062
EWURA charges	1,387,798	1,352,832
Utilized customer advances from last year	(1,283,903)	(490,501)
Customer advances as at 30 June	1,276,813	1,402,399
Total charges during the year	**151,808,411**	**147,604,141**
Less: Closing balance of trade receivables	(67,544,860)	(65,225,880)
Total receipts from customers	**149,489,431**	**144,663,482**
Analysis of receipts from customers:		
Collections from water and sewer charges	143,164,847	134,391,305
Collections from new connection charges	6,324,584	10,272,177
Total receipts for the year	**149,489,431**	**144,663,482**

19c. Comparison of provision for Expected Credit Losses on receivables

	30 June 2024	30 June 2023 Restated
Opening balance	12,486,831	28,922,243
Provision charged as per IPSAS 29	-	1,404,930
Reversal for impairment loss (IPSAS 41)	-	(17,840,342)
Closing balance (ECL-IPSAS 41)	**44,688,510**	**12,486,831**

Increase or (decrease) in provision	32,201,679	(16,435,412)

20. INVENTORIES

	30-Jun-24	30-Jun-23
	TZS '000	TZS '000
Chlorine Gas	113,556	311,143
Aluminium Sulphate	117,259	79,939
Calcium Hypochlorite	255,097	477,254
Pipes & Fittings	14,856,693	16,416,964
Stocks /Stationeries	162,493	308,898
Stocks /Tools & Electrical fitting	3,003,315	3,081,387
Stocks /Mechanical Stores	999,555	845,249
Customer Meters	548,868	774,874
Building Materials	297,499	132,747
Polymer Blend	2,182,595	6,772,017
Laboratory Equipment	1,462	1,463
IT and Computer Accessories	2,881	3,111
Provision for Stock & Materials	(18,450)	(18,450)
	22,522,823	**29,186,596**

Inventories worth TZS 30,232million (2023: TZS 19,535 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 2024 TZS '000	30 June 2023 TZS '000
Stationeries	Administration	252,110	619,669
Uniforms	Administration	54,165	-
IT and Computer Accessories	Operating	230	1,263
Building Materials	Operating	335,435	531,736
Tools & Electrical fitting	Operating	206,882	335,888
Pipes & Fittings	Operating	8,017,999	1,943,766
Mechanical Stores	Operating	477,518	563,688
Laboratory Equipment	Operating	4,185	75,648
Chlorine Gas	Production	640,770	588,454
Aluminium Sulphate	Production	731,296	43,811
Calcium Hypochlorite	Production	1,760,197	1,561,148
Polymer Blend	Production	17,334,576	11,798,665
Algaeflock	Production	417,099	1,471,017
Total		**30,232,462**	**19,534,753**

20a. Inventory write down

Inventories worth TZS 12.491 million were written off in financial year 2022/23. These relate to meters that were damaged by fire outbreak in one of the stores.

21. PROPERTY, PLANT AND EQUIPMENT

[illegible]	Land	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	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
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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*De-recognition of Gerezani building which was demolished to allow completion of construction of Standard Gauge Railway (SGR) project. The net amount written off in the statement of Financial Performance is TZS 9,130,228

**During the year management assigned values to assets with zero values. These assets have been recorded using the Depreciated Replacement Cost as established by the Chief Government Valuer in the Financial year 2023/24.

Note 21a Payment made for acquisition of PPE

		30.06.2024	30.06.2023
		TZS '000	TZS '000
Opening balance of payables	24a	593,300	4,498,092
Add: Purchase during the year		2,707,237	4,997,331
Amount payable		**3,300,537**	**9,495,423**
Less: Closing payables 30 June	24a	195,814	593,300
Payment during the year		3,104,723	8,902,123

22. CAPITAL WORK IN PROGRESS

	Description	At 1 July 2023	DAWASA Funds	GOT	WSDP	India Line of Credit	WSDP II	[illegible]	Transfer to completed assets	Transfer to other assets	Cycle written off/Adjustment	At 30 June 2024
		TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000		TZS'000	TZS'000	TZS'000	TZS'000
	[illegible] Office Construction		114,437									114,437
1	Drilling of [illegible] Kimbiji and Mpera	23,[illegible]	438,[illegible]									24,[illegible]
3	Design Review of Sewerage Network and Wastewater Treatment Plants	430,093										429,093
7	[illegible]			744,821								744,821
8	Construction of Kitunda [illegible]	4,621,473		37,346,209								41,967,673
9	Quick Win Projects - Network Extensions	-	2,987,764						2,987,764			-
11	Construction of Maji House	36,194,955		5,836,938								42,031,894
12	Construction of new water supply [illegible] and networks for Southern parts of D'Salaam ([illegible] project)	-	87,079						87,079			-

13	Construction of security guard office, toilets and fence for [illegible] sewerage treatment Plant		4,945						4,945			-
14	Construction of sewerage network and pumping station in Mbezi Beach	3,782,262					17,124,392					20,906,654
15	Construction new water network at [illegible] and [illegible] areas in Dar es salaam	6,209,438	395,475									6,388,114
16	Off grid water supply/sanitation and hygiene - TDA	461,654		21,750								486,404
17	Construction of water infrastructure for the industrial areas (Kwala, [illegible], [illegible])	9,136							9,136			-
18	Construction of Water Supply Distribution network from university [illegible] to Bagamoyo town							3,033,573	3,033,573			-
19	2nd grid water supply projects - WSSP II	17,287,350					2,713,891					20,001,241
20	Construction of Wastewater Treatment Plant in Jangwani, sewerage	3,470,900					3,875,473					7,365,373
21	Ongoing Sanitation WSSP II	5,454,511					6,321,099					11,775,610
22	Kimbiji Development Project	-	922,555						922,555			-
23	Ongoing water supply projects - Dawasa	85,250	90,310									175,560
24	Line Extension Sewer Network		62,595						62,595			-
25	Construction of ground reservoir at Mshikamano	-	409,595						409,595			-
26	Flow Measurements Water	-	980,517						980,517			-
28	Kigamboni Water Supply Project	1,462,500							1,462,500			-
29	Water Loss reduction performance	7,847,260					14,272,442					22,119,702
30	Distribution network Southern part	900,771					7,770,827					8,671,600
31	Mbezi Makabe Water supply Project	783,973	28,311						812,284			-
32	Installation of CCTV Camera	14,400							14,400			-
	Construction of Mnazi Market	-	424,871						424,871			-
		113,803,194	6,735,887	41,446,348		-	83,028,124	3,033,573	11,765,909	-	-	207,587,371

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.

23. INTANGIBLE ASSETS

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

	30.06.2024	30.06.2023
Deemed Cost	TZS'000	TZS'000
At July 2023	230,000	230,000
Prior year adjustment	-	-
Additions	-	-
At end of the year	230,000	230,000
Amortisation		
At start of the year	(212,093)	(178,476)
Charge for the period	(1,791)	(33,617)
Prior year adjustment	-	-
Accumulated Amortisation	(213,884)	(212,093)
Net Book Value	16,116	17,907

24. TRADE AND OTHER PAYABLES

	30.06.2024	30.06.2023 Restated
	TZS'000	TZS'000
Trade payables	148,960,348	108,653,282
Customer advances	1,276,813	1,402,399
EWURA Levy Payable	1,700,953	1,030,155
Corporate Tax Payable	5,319,407	4,299,826
Stamp Duty Payable	9,460	9,000
Staff related liabilities	36,088,510	32,163,559
Accruals	3,566,382	4,045,232
Contract retentions	17,496,679	15,019,358
VAT Payable	12,397,288	11,106,632
Other payables	10,112,404	8,686,296
Balance	236,928,244	186,415,739

24a. ANALYSIS OF TRADE AND OTHER PAYABLES

Details	Trade Payables (TZS'000)	PPE Payables (TZS'000)	Project related Payables (revenue exp.) (TZS'000)	Project related Payables (CAPEX) (TZS'000)	Staff related liabilities (TZS'000)	Other Payables (TZS'000)	Other Payments	Total (TZS'000)
Opening Balance 01.07.2023	74,741,470	593,300	-	33,024,791	32,083,573	45,598,898	-	186,042,03
Prior year adjustments	293,720			-	79,986			373,70
Reclassification			1,578,999	(1,578,999)				
Restated opening balance	75,035,190	593,300	1,578,999	31,445,792	32,163,559	45,598,898	-	186,415,73
Purchases/Expenditure during the year	75,792,269	2,707,237	15,645,610	-	55,494,565	20,439,950	24,541,339	194,670,97
CAPEX Expenditure during the year (Internal Fund)				6,200,278				6,200,27
CAPEX Expenditure During the year (WIP- External Fund)				98,511,046				98,511,04
Payments (Recurrent Expenditure)	(57,719,480)		(10,876,132)		(51,569,713)	(14,159,361)	(24,541,339)	(158,866,027
Payments (CAPEX) - Internal Fund		(3,104,723)		(10,297,338)				(13,402,061
Payments (CAPEX) - Donor funded projects				(76,551,700)				(76,551,700
Closing balance (30.06.2024)	93,107,979	195,814	6,348,477	49,308,078	36,088,411	51,879,485	-	236,928,24

25. PROVISIONS

	30 June 2024	30 June 2023 Restated
	TZS'000	TZS'000
Provision for Litigation claims ***	1,083,047	1,095,125
Creditors' provision	873,585	873,585
Provision of Interest on late payment (Maji House)	2,472,516	-
Balance	4,429,148	1,968,710

26. BORROWINGS

	30.06.2024 TZS'000	30.06.2023 TZS'000
At 01 July	48,907,502	50,047,116
Additions during the year (NWF)	3,000,000	
Interest charged during the period	186,461	221,126
Repayment during the year	(1,362,236)	(1,360,740)
Balance	50,731,727	48,907,502
Current portion	40,494,255	40,222,534
Non- current portion	10,237,472	8,684,968
Balance	50,731,727	48,907,502

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 2024.

LOAN FROM NATIONAL WATER FUND

During the year DAWASA secured a loan of TZS 3 billion from the National Water Fund through Tanzania Investment Bank (TIB). The objective of the loan is to facilitate implementation of Water supply Projects in Dar es Salaam to increase water service coverage in Kibamba, Makongo and Mivumoni regions from 92%, 90% and 93% respectively to 95%, 93% and 96% respectively.

The tenure of the loan is five years with a grace period of six months at an annual interest rate of 6% using straight line method.

27. PRIOR PERIOD ADJUSTMENTS

During the preparation of the financial statements for the year, management noted some items that needed to be adjusted which related to the financial statements for the prior years. In addition, when adopting IPSAS 41, management has applied retrospective approach and therefore prior period numbers were affected and restated. These adjustments have been made in accordance with IPSAS 3 - Accounting policies, changes in accounting estimates and errors as summarised below:

A. Restatement on Statement of Financial Position as at 30 June 2023

	As previously stated	Adjustment	Restated
Cash and cash equivalents	112,898,838	(48,651)	112,850,187
Trade and other receivables	107,367,597	17,840,342	125,207,939
Trade and other payables	(186,042,032)	(373,707)	(186,415,739)
Net adjustment on restated figure		**17,417,984**	
Accumulated Surplus	657,482,250	**17,417,984**	674,900,234

B. Restatement on Statement of Financial Performance for the year ended June 2022/23

	As previously stated	Adjustment	Restated
Salaries, Wages and Employers contributions	(46,694,767)	(79,987)	(46,774,754)
Operating expenses	(29,217,227)	(260,617)	(29,477,844)
Administrative expenses	(28,584,592)	(33,103)	(28,617,695)
Impairment of account receivable	(1,404,930)	17,840,342	16,435,412
ECL Cash & cash equivalent		(48,651)	(48,651)
Net Adjustment		17,417,984	
Surplus	108,862,775	17,417,984	126,280,759

28. CASH GENERATED FROM OPERATIONS-INDIRECT METHOD

	30 June 2024	30 June 2023
		Restated
	TZS '000	TZS '000
Surplus/(Deficit) for the period	**60,584,855**	**126,280,761**
Adjusted for:		
Depreciation	32,187,244	24,499,428
Amortisation of intangible assets	1,791	33,617
Provision for impairment of receivables	32,188,316	(16,435,412)

ECL on Cash and cash equivalents	(13,363)	48,651
Write down of Inventories	-	12,491
Derecognition of Gerezani building	9,130	-
Assigning values to assets with zero values	(53,574,462)	-
(Gain) /loss on foreign currency translation	(10,635,755)	(587,787)
Other income (LDs deducted)	(2,123,567)	-
Amortised capital grant	(70,922,567)	(137,446,964)
Amortised revenue grant	(15,645,610)	(10,505,369)
Net changes before working capital adjustment	**(27,943,988)**	**(14,100,584)**
Working capital adjustments:		
Decrease/(increase) in inventories	6,663,773	(4,421,281)
Decrease/(increase) in receivables	(2,318,980)	(49,928,271)
Increase/(decrease) in payables	33,047,706	30,330,572
Increase/(decrease) in deferred grant	24,956,200	33,569,331
Increase/(decrease) in borrowing (current portion)	271, 720	1,487,376
Increase/(decrease) in provision	2,460,438	(73,478)
Net changes in working capital	**65,080,857**	**10,964,249**
Net cash from operating activities	**37,136,868**	**(3,136,335)**

29. RECONCILIATION OF STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AND STATEMENT OF CASHFLOWS

DESCRIPTIONS	OPERATING	INVESTING	FINANCING
Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	18,197,871	(84,519,247)	96,789,38[illegible]
Basis Differences	-	-	
Timing Differences	-	-	
Entity Differences	-	-	
Actual Amount in the Statement of Cash Flows	18,197,871	(84,519,247)	96,789,38[illegible]

30. VARIANCE ANALYSIS

a) Water and sewerage charges - Negative variance of TZS 18,235 million

The negative variance under this category is attributable to the effects of continuous heavy rainfall during the financial year 2023/24 which caused damage to water supply infrastructure affecting water distribution and the volume of water sold.

b) New Connection Charges - Positive variance of TZS 1,825 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) Administration expenses - Positive variance of TZS 4,761million

The positive variance under this item is mainly attributable to management's efforts in controlling the administrative costs. During the year more funds were directed towards repairs and maintenance of the infrastructure and less towards administration expenses.

d) Development expenditure - Positive variance TZS 34,776 million

The positive variance here is attributable to delay in obtaining no objection from some of the development partners funding the projects and delay in release of funds from the Government for implementation of strategic projects. 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.

31. CAPITAL FUND

	30 June 2024 TZS'000	30 June 2023 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 2023.

32. RELATED PARTIES TRANSACTIONS

The following transactions were carried out with related parties:

(a) Directors' remuneration

	30.06.2024	30.06.2023
	TZS'000	TZS'000
Board meeting expenses	110,680	121,200
Directors' fees	102,000	119,625
	212,680	240,825

(b) Key management's remuneration *

Short term benefits	1,940,950	1,920,605
Post-employment benefits	328,109	406,650
Other long-term benefits	247,988	893,470
	2,517,047	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. TRANSACTIONS AND OBLIGATIONS WITHIN PUBLIC SECTOR ENTITIES

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Revenues received from Public entities	14,922,083	11,663,969
Receivables from Public entities	23,013,505	18,548,651
Expenses incurred for services rendered by Public entities	66,862,697	50,204,381
Obligations (Payables) to public entities	93,028,116	80,697,089

34. PROVISIONS

As at 30 June, 2024 the Authority had a total of 12 cases which were opened against DAWASA in various Tribunals and Courts of law. The cases reported relate to Employment and labour relations cases (5), Land cases (3) and Civil Cases (4). The authority is likely to suffer a loss of approximately TZS 1.091 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 decrees made by the court on evidence and interest thereto.

35. CONTIGENT LIABILITY

As at 30 June, 2024 DAWASA had two letters of credit (LCs) with the NBC bank totalling TZS 2,160,852,450.52. The LCs were opened to facilitate importation of high velocity jet machines and faecal sludge vacuum trucks for sanitation services. Management does not anticipate any material losses arising from the use of these LCs as the transactions are well supported by contractual agreements.

36. 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