



**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



**TABORA URBAN WATER SUPPLY AND SANITATION AUTHORITY
(TUWASA)**

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

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March 2025

AR/PA/TUWASA/2023/24

About the National Audit Office

Mandate

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



Independence and 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

CAG	Controller and Auditor General
EWURA	Energy and Water Utilities Regulatory Authority
FIFO	First in First Out
GePG	Government Electronic Payment Gateway
ICT	Information and Communication Technology
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISSAIs	International Standard of Supreme Audit Institutions
MoU	Memorandum of Understanding
NBAA	National Board of Accountants and Auditors
NAO	National Audit Office
NHIF	National Health Insurance Fund
PSSSF	Public Service Social Security Fund
SACCOS	Savings and Credit Cooperative Society
TEMESA	Tanzania Electrical, Mechanical and Electronics Services Agency
TFRS	Tanzania Financial Reporting Standards
TUGHE	Tanzania Union of Government and Health Employees
TUWASA	Tabora Water Supply and Sanitation Authority
URT	United Republic of Tanzania

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

The Chairperson,
Board of Directors,
Tabora Urban Water Supply and Sanitation Authority,
P.O. Box 147,
TABORA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tabora Urban Water Supply and Sanitation Authority (TUWASA), 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 TUWASA 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 TUWASA 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. These matters were addressed in the context of my audit of financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
First-time adoption of IPSAS 41	
TUWASA adopted IPSAS 41 (<i>Financial Instruments</i>) for the first time during the year, replacing IPSAS 29. This standard introduces significant changes to the classification, measurement, and impairment of financial instruments, transitioning to a principle-based model. The standard changed the approach to determining impairment losses from an incurred loss model to an expected credit loss (ECL) model. It introduces a single, forward-looking impairment model that requires the recognition of ECLs from the initial recognition of a financial instrument and continuously over its lifetime. Given the complexity of transitioning to IPSAS 41, including data requirements, management estimates, and judgments, particularly in areas such as the determination of ECLs, the reclassification of financial instruments, and the evaluation of contractual cash flow characteristics, this was identified as a key audit matter.	My audit procedures in this area included, among others: • Understanding the classification and measurement requirements for financial instruments under IPSAS 41 (<i>amortized cost, fair value through surplus or deficit, and fair value through net assets/equity</i>). • I reviewed the Transition Adjustments as follows: ✓ I reviewed management's implementation plan for IPSAS 41, including governance and controls over the transition process. ✓ I reviewed the entity's transitional provisions for IPSAS 41 adoption. ✓ I ensured that any adjustments to opening balances are appropriately accounted for in accordance with IPSAS 41. • I assessed whether comparative information has been restated or a reconciliation of previous figures under IPSAS 29 to IPSAS 41 has been provided, as required by the standard. • I evaluated and tested the authority's implementation of the ECL model for impairment, including: ✓ Evaluated the appropriateness of the accounting policies adopted under IPSAS 41. ✓ Tested key judgments and assumptions used in determining ECLs, including forward-looking data, historical information, and modelling accuracy.

Key audit matter	How my audit addressed the key audit matter
	• I reconciled the financial statements prepared under the previous IPSAS 29 to IPSAS 41 to ensure the accuracy of transitional adjustments. • I evaluated the adequacy of financial statement disclosures, including those related to the impact of adopting IPSAS 41, transition adjustments, and significant management judgments. • Discussed the findings, and the adjustments thereof.

Other Information

Management is responsible for the other information. The other information comprises the The report by those charged with governance, statement of management responsibility and declaration by the head of finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related



to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

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

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

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

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

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

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap. 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap. 410 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 TUWASA for the financial year 2023/24 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of works, goods and services of TUWASA is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in TUWASA 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 Budget formulation and execution of TUWASA 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



3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

These financial statements have been prepared by the Board of Directors of Tabora Urban Water Supply and Sanitation Authority (TUWASA) in accordance with requirement of the International Public Sector Accounting Standards (IPSAS). The Board is responsible for establishing and maintaining a system of effective internal control designed to give reasonable assurance that the transactions recorded in the accounts are within the statutory requirement and that they contain the receipts and use of resources by the TUWASA.

The Board of TUWASA is responsible for keeping proper accounting records which at any time disclose with reasonable accuracy the financial position of the Authority and enabled them to ensure that the financial statements comply with the IPSAS. The Board is also responsible for safeguarding the assets and taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Board confirms that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30 June 2024. The Board also confirms that International Public Sector Accounting Standards (IPSAS) Accrual basis have been complied with and that the financial statements have been prepared on the going concern basis hence gives a true and fair view presentation of the Authority.

To the best of Board's knowledge, the internal control system has operated adequately throughout the reporting period and the accounting and underlying records provide a reasonable basis for the preparation of the financial statements for the year ended 30 June 2024. We accept responsibility for the integrity of the Financial Statements, the information they contain and their compliance with IPSAS Accrual basis.

By order of the Board


Mr. Dick L. Mlimuka
Chairperson of the Board

27.03.2025
Date


Eng. Mayunga A. Kashilimu
Managing Director

27.03.2025
Date



4.0 DECLARATION OF THE HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2023

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

It is the duty of a Professional Accountant to assist the 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 International Public Sector Accounting Standards (IPSAS) and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Governors as under Statement of the Board of Governors" Responsibility on an earlier page.

I, **CPA Olimpia Prosper**, being the accountant of the Tabora Urban Water Supply and Sanitation Authority (TUWASA) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2024 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Tabora Urban Water Supply and Sanitation Authority (TUWASA) as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 
Position: Accountant
NBAA Membership No.: ACPA 5125

Date: 27.03.2025

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2023/24 TZS	2022/23 TZS
Assets			
Current assets			
Cash and bank balances	8	248,282,956	247,354,497
Trade receivable	9	3,905,796,376	3,139,662,192
Inventory	10	1,115,887,939	2,687,918,416
		5,269,967,271	6,074,935,105
Non-current assets			
Property, plant and equipment	11	93,800,285,931	96,797,232,637
Work in progress	12	2,453,808,835	2,237,027,402
Intangible assets	13	-	25,009,958
		96,254,094,766	99,059,269,997
Total assets		101,524,062,037	105,134,205,102
Liabilities			
Current liabilities			
Trade and other payable	14	8,589,705,901	8,038,504,915
		8,589,705,901	8,038,504,915
Non-current liabilities			
Deferred capital grant	15A	814,561,878	783,124,377
		814,561,878	783,124,377
Total liabilities		9,404,267,779	8,821,629,292
Net assets		92,119,794,258	96,312,575,810
Net assets financed by:			
Government fund		10,157,961,143	10,157,961,143
Accumulated surplus		81,961,833,115	86,154,614,667
		92,119,794,258	96,312,575,810

The Financial Statements were approved for issue by the Board on 27.03.2025 and were signed on its behalf by:

Mr. Dick L. Mlimuka
Chairperson of the Board



Eng. Mayunga A. Kashilimu
Managing Director



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2022/24 TZS	2022/23 TZS
Revenues			
Revenue from exchange transactions	16	9,208,823,879	9,768,098,192
Revenue from non-exchange transactions	17	2,406,493,810	2,232,478,692
		11,615,317,689	12,000,576,884
Operating Expenses			
Water production expenses	18	5,237,283,575	5,970,469,145
Distribution expenses	19	1,274,647,435	1,118,136,868
Employee benefits	20	2,458,336,407	1,696,015,255
Administrative expenses	21	2,326,261,758	1,885,220,084
Finance costs	22	12,249,417	10,158,138
Depreciation Expenses	23	3,963,537,933	2,594,350,763
Amortization Cost	23	25,009,958	6,252,489
Provision for debtors (ECL)	24	510,772,758	362,740,355
Total operating Expenses		15,808,009,241	13,643,343,097
Operating deficit for the year		(4,192,781,552)	(1,642,766,213)

The Financial Statements were approved for issue by the Board on 27.03.2025 and were signed on its behalf by:

Dick Mlimuka
Mr. Dick L. Mlimuka
Chairperson of the Board



Eng. Mayunga A. Kashilimu
Eng. Mayunga A. Kashilimu
Managing Director



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

	Government Funds	Accumulated Surplus/Deficit	Total
	TZS	TZS	TZS
Balance as at 1 July 2023	10,157,961,143	86,154,614,667	96,312,575,810
Deficit for the year	-	(4,192,781,552)	(4,192,781,552)
Balance as at 30 June 2024	10,157,961,143	81,961,833,115	92,119,794,258
Balance as at 1 July 2022	10,157,961,143	87,797,380,880	97,955,342,023
Deficit for the year	-	(1,642,766,213)	(1,642,766,213)
Balance as at 30 June 2023	10,157,961,143	86,154,614,667	96,312,575,810

The Financial Statements were approved for issue by the Board on 27-03-2025 and were signed on its behalf by: -

Dick Mlimuka
Mr. Dick L. Mlimuka
Chairperson of the Board



Eng. Mayunga A. Kashikimu
Eng. Mayunga A. Kashikimu
Managing Director



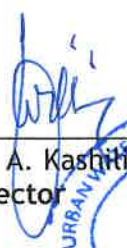
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	NOTES	2023/24 TZS	2022/2023 TZS
Operating activities			
Receipts			
Cash receipts from customers and others	31-A	7,954,189,448	8,744,491,684
Cash receipts from other income	31-B	1,908,247,263	608,762,287
		9,862,436,711	9,353,253,971
Payments			
Personnel, administrative and finance costs	31-C	(4,641,558,961)	(3,567,554,254)
Cash paid to suppliers	31-D	(4,543,988,168)	(4,394,352,391)
		(9,185,547,129)	(7,961,906,645)
Total payments			
Net cash outflows to operating activities		676,889,582	1,391,347,326
Cashflows from investing activities			
Purchase of plant and equipment	31-E	(460,561,504)	(2,027,678,810)
Addition to work in Progress		(216,781,432)	(1,792,800,442)
Work in Progress		-	2,045,600,932
Net cash outflows to investing activities		(677,342,936)	(1,774,878,320)
Net cash outflows from financing activities		-	-
Decrease/increase in cash and cash equivalent		(453,354)	(383,530,994)
Cash and cash equivalents at 1 July		248,887,346	632,418,340
Cash and cash equivalent at 30 June		248,433,992	248,887,346

The Financial Statements were approved for issue by the Board on 27.03.2025 and were signed on its behalf by: -


Mr. Dick L. Mlimuka
Chairperson of the Board




Eng. Mayunga A. Kashitimu
Managing Director



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

Budget approved on the Cash Basis	Original Budget {A}	Adjustments {B}	Final Budget {C=A-B}	Actual Performance	Performance differences
Revenue:	TZS	TZS	TZS	TZS	TZS
Revenue from exchange transactions	13,052,643,376	-	13,052,643,376	9,208,823,879	3,843,819,497
Revenue from non- exchange transaction	1,203,142,550	-	1,203,142,550	2,406,493,809	(1,203,351,259)
Total Revenue	14,255,785,926		14,255,785,926	11,615,317,688	2,640,468,238
Expenses:					
Production expenses	4,772,448,994	-	4,772,448,994	5,237,283,575	(464,834,581)
Distribution Expenses	1,114,829,586	-	1,114,829,586	1,274,647,435	(159,817,849)
Employee benefits	3,896,415,382	-	3,896,415,382	2,458,336,407	1,438,078,975
Administration expenses	2,322,320,574	-	2,322,320,574	2,326,261,757	(3,941,183)
Finance costs	11,400,000	-	11,400,000	12,249,417	(849,417)
Development expenses	2,138,371,390	-	2,138,371,390	966,591,227	1,171,780,163
Total Expenses	14,255,785,926		14,255,785,926	12,275,369,818	1,980,416,108
Net Receipt/Payment)	-		-	(660,052,130)	660,052,130

Refer Note 34 for the reasons on significant variances