



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



TANGA URBAN WATER SUPPLY AND SANITATION AUTHORITY

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL AND
COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2025**

Controller and Auditor General
National Audit Office
Ukaguzi House
Mahakama Road, Tambukareli
P.O. Box 950
41104 Dodoma, Tanzania
Tel: +255 (026) 2161200-9
Email: ocag@nao.go.tz
Website: www.nao.go.tz

February 2026

AR/PA/TANGAUWASA/2024/25

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



Vision

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



Mission

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



Motto

Modernizing External Audit for Stronger Public Confidence



Core Values



Independence and Objectivity:

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



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.



Results-Oriented: We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



Team Work Spirit: We value and work together with internal and external stakeholders.

© This audit report is intended to be used by Tanga Urban Water Supply and Sanitation Authority and may form part of the annual general report which once tabled to National Assembly, becomes a public document hence, its distribution may not be limited.



TABLE OF CONTENTS

1.0	INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL	1
2.0	THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 20256	
3.0	STATEMENT OF DIRECTORS' RESPONSIBILITIES	61
4.0	DECLARATION OF THE HEAD OF FINANCE	62
5.0	FINANCIAL STATEMENTS	63



ABBREVIATIONS

Authority	Tanga Urban Water Supply and Sanitation Authority (Tanga UWASA)
CAG	Controller and Auditor General
EWURA	Energy and Water Utilities Regulatory Authority
FY	Financial Year
IAASB	International Auditing and Assurance Standards Board
ICT	Information and Communication Technology
IPSAS	International Public Sector Accounting Standards
ISO	International Standards Organization
ISSAI	International Standards of Supreme Audit Institutions
NAOT	National Audit Office of Tanzania
NRW	Non-Revenue Water

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

The Chairperson,
Board of Directors,
Tanga Urban Water Supply and Sanitation Authority,
P.O. Box 5011.
TANGA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanga Urban Water Supply and Sanitation Authority, which comprise the statement of financial position as at 30 June 2025, 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 the Tanga Urban Water Supply and Sanitation Authority as at 30 June 2025, 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, as issued by the International Public Sector Accounting Standards Board (IPSASB) and in the manner required by the Public Finance Act, Cap. 348.

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

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

Key Audit Matters

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



Other Information

Management is responsible for the other information. The other information comprises the Report by Those Charged with Governance and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSASs), 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.

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 conducted a compliance audit of the procurement of works, goods and services at Tanga Urban Water Supply and Sanitation Authority for the year ended 30 June 2025 as per the Public Procurement Act, 2023 the Public Procurement Regulations, 2024, and related directives. I examined each phase of the procurement life cycle, including advertising of tenders, evaluation of bids, award of contracts and contract management, to confirm that the entity issued competitive solicitations, applied approved evaluation criteria, secured authorizations before award and maintained complete transaction records.

Conclusion

Based on the audit procedures performed, I conclude that, except for the matter described below, Tanga Urban Water Supply and Sanitation Authority generally comply, in all material respects, with the requirements of the Public Procurement laws in Tanzania.

i. Execution of project with expired performance bank guarantee TZS 21.88 billion

Regulation 29(1) of the Public Procurement Regulations, 2024 requires a successful tenderer to provide a valid performance security to guarantee proper contract execution. During the period under review Tanga Urban Water Supply and Sanitation Authority awarded a contract for the Tanga Urban Water Green Bond project valued at TZS 21.88 billion originally scheduled to be completed in October, 2025. While this contract was extended to March 2026, the related performance bank guarantee expired on October 2025 it was not renewed as at the date of audit on 19 November 2025.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I conducted a compliance audit of budget formulation and execution at Tanga Urban Water Supply and Sanitation Authority for the year ended 30 June 2025 as per the Budget Act,

Cap. 439, and the Budget Guidelines issued by the Ministry of Finance. I reviewed budget submissions, approval memoranda, commitment registers, ledger entries and variance analyses to confirm that the entity prepared estimates in the prescribed format, obtained timely authorizations before incurring obligations, recorded transactions accurately and reported variances as required.

Conclusion

Based on the audit procedures performed, I conclude that Tanga Urban Water Supply and Sanitation Authority comply, in all material respects, with the requirements of the Budget Act and related Budget Guidelines.



Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
February 2026



3.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors who are charged with Governance understand that the Authority's system of internal controls is effective and reasonable, but not absolute, which gives assurance that the transactions recorded in the books of accounts used to prepare these financial statements, are free from material misstatement.

The Board of Directors accept responsibility for these financial statements, which have been prepared by the Management using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Public Sector Accounting Standards (IPSASs) - Accrual basis of accounting, The Public Finance Act, NBAA's Pronouncements and circulars.

Furthermore, the Board of Directors are also responsible for the preparation and fair presentation of the financial statements comprising the Statement of Financial Position at 30 June 2025, the Statement of Financial Performance, the Statement of Changes in Equity and Statement of Cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with IPSASs.

The Board of Directors are of the opinion that the financial statements give a true and fair view of the Authority's state of the financial affairs and of its operating results for the year ended 30 June 2025.

The system of Internal Control has operated adequately throughout the reporting period and that the financial statements and underlying records provide a reasonable basis for the preparation of the financial statements for the 2024/25 financial year.

Board of Directors accept responsibility for the integrity of the financial statements, the information contained herein and their compliance with the Public Finance Act No 6 of 2021, Cap.348 and instructions issued by the Treasury in respect of the year under review.

The Board of Directors have received no indications to the effect that the Government of the United Republic of Tanzania shall wind up operations of the Authority thus rendering it to not remain as a going concern for at least twelve months from the date of this statement.

This Report was approved and authorised for issue by the Board of Directors on its extraordinary meeting held on 18 February 2026 and signed on its' behalf by:



Dr. Fungo Ally Fungo
Chairperson



Eng. Geoffrey Gerald Hilly
Managing Director

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/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/Governing Body/Management 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) accrual basis of accounting and statutory financial reporting requirements. The responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I Agnes Lukindo, being the Head of Finance of Tanga Urban Water Supply and Sanitation Authority, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2025 have been prepared in compliance with International Public Sector Accounting Standards (IPSASs).

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



Signed by:

CPA AGNES MDACHI LUKINDO

Position:

DIRECTOR OF FINANCE AND ACCOUNTS

NBAA Membership No:

ACPA 2387

Date:

18TH FEBRUARY, 2026

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	NOTE	2024/25 TZS	2023/24 TZS
ASSETS			
Current Assets			
Cash and Cash equivalent	13A	154,393,987	1,073,972,019
Deposits	13B	46,316,890,321	53,582,201,667
Trade and Other Receivables	12	11,082,196,852	4,193,847,488
Inventories	11	2,276,915,018	1,672,048,707
Total Current Assets		59,830,396,178	60,522,069,881
Non-Current Assets			
Investment in Other Financial Assets	10	50,000,000	-
Property, Plant and Equipment	14	79,064,007,347	71,289,223,742
Intangible Assets	16	18,280,614	22,866,908
Total Non-Current Assets		79,132,287,961	71,312,090,650
Non-Assets Held for Sale	47	38,109,600	
TOTAL ASSETS		139,000,793,740	131,834,160,531
EQUITY AND LIABILITIES			
Capital and Reserves			
Capital Fund	44	31,572,842,040	31,572,842,040
Accumulated Surplus/(Deficit)		38,942,618,721	31,316,325,119
Total Equity		70,515,460,761	62,889,167,159
Non-Current Liabilities			
TIB Loan	18A	5,175,973,432	6,273,257,222
Green Bond	18B	54,315,200,000	54,315,200,000
Total Non-Current Liabilities		59,491,173,432	60,588,457,222
Current Liabilities			
Trade and Other Payables	19	8,894,159,547	8,256,536,150
Provisions Liabilities	20	100,000,000	100,000,000
Total Current Liabilities		8,994,159,547	8,256,536,150
TOTAL EQUITY AND LIABILITIES		139,000,793,740	131,834,160,531

These financial statements were authorized for issue in accordance with resolution of the Board of Directors passed on 18th Feb 2026 and were signed on its behalf by:


 Dr. Fungo Ally Fungo
 Chairperson


 Eng. Geoffrey Gerald Hilly
 Managing Director

TANGA URBAN WATER SUPPLY AND SANITATION AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	NOTE	2024/25 TZS	2023/24 TZS
REVENUE WITH BINDING ARRANGEMENT			
Water and Sewerage Services	21.1	17,068,219,765	15,958,378,415
Other Income	21.2	671,572,719	693,128,491
Finance Revenue	22	8,101,259,696	276,284,526
Sub Total		25,841,052,180	16,927,791,432
REVENUE WITHOUT BINDING ARRANGEMENT			
Fees and penalties	23.1	88,714,420	67,593,745
Amortization of Capital Grants	17	2,514,129,112	8,489,085,733
Gain on Disposal	23.2	0	23,257,228
Sub Total		2,602,843,532	8,579,936,706
TOTAL		28,443,895,711	25,507,728,138
EXPENDITURE			
Operating expenses	24-27	4,130,069,542	4,220,647,856
Personnel Expenses	28	6,751,609,080	6,726,565,382
Administrative Expenses	29	3,867,371,385	3,989,774,460
Directors Fees	30	51,000,000	55,447,015
Board Meeting Expenses	31	162,241,887	209,138,824
Other Expenses	32	1,391,849,346	1,127,225,261
Depreciation	14	3,067,061,416	2,817,017,808
Financial Cost	33	372,056,460	1,710,550,431
Provision for impairment of receivables	12	1,062,270,096	64,183,644
Provision for cash and cash equivalent	13	(42,515,396)	223,391,262
Provision for Obsolete Inventories	11	0	51,763,591
Amortization of Computer Software	16	4,586,293	4,586,293
TOTAL EXPENDITURE		20,817,417,762	19,761,971,994
OPERATING SURPLUS/(DEFICIT)		7,626,293,603	5,745,756,144
loss on disposal of assets		-	(1,979,345)
Gain on Disposal of Assets		-	-
SURPLUS FOR THE YEAR		7,626,293,603	4,305,456,965

These financial statements were authorized for issue in accordance with resolution of the Board of Directors passed on 18th Feb 2025 and were signed on its behalf by: -


Dr. Fungo Ally Fungo
Chairperson


Eng. Geoffrey Gerald Hilly
Managing Director

TANGA URBAN WATER SUPPLY AND SANITATION AUTHORITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

Details	Capital Fund TZS	Accumulated Surplus TZS	Total TZS
Balance As at 1 July 2023	31,572,842,040	27,010,868,154	58,583,710,194
Prior year adjustment- ECL	-	-	-
Prior year adjustment- PPE	-	-	-
Prior year adjustment- INT	-	-	-
Surplus For the Year	-	4,305,456,965	4,305,456,965
As at 30 June 2024	31,572,842,040	31,316,325,119	62,889,167,159
Balance As at 1 July 2024	31,572,842,040	31,316,325,119	62,889,167,159
Surplus For the Year	-	7,626,293,603	7,626,293,603
As at 30 June 2025	31,572,842,040	38,942,618,721	70,515,460,762

NOTE: Capital Fund represent value of assets taken over TZS 25,729,726,256 at the Authority's inception in 1998 from the Regional Development Director and value of assets taken over from Muheza and Pangani Township TZS 5,843,115,784 after amalgamation in September 2019.


Dr. Fungo Ally Fungo
Chairperson


Eng. Geoffrey Gerald Hilly
Managing Director

TANGA URBAN WATER SUPPLY AND SANITATION AUTHORITY

CASH FLOWS STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	NOTE	2024/25 TZS	2023/24 TZS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts From Customers	35	16,911,304,573	16,132,742,665
Grants	17	2,315,543,002	8,489,085,733
Finance Revenue	22	8,101,259,696	276,284,526
Fees and penalties	35	88,714,420	67,593,745
Total Cash Receipts From Customers		27,416,821,690	24,965,706,669
LESS: PAYMENTS			
Payments to suppliers	35	(16,665,077,438)	(9,610,187,679)
Payments to employees	28	(6,751,609,080)	(6,726,565,382)
Finance cost	33	(372,056,460)	(1,710,550,431)
Total payment		(23,788,742,978)	(18,047,303,492)
CASH GENERATED FROM OPERATIONS		3,628,078,723	6,918,403,177
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment-Own source	14	(717,487,904)	(1,380,164,666)
Acquisition of Property, Plant and Equipment-Grant	14	(1,096,500,911)	(4,115,931,211)
Acquisition of Property, Plant and Equipment-Bond+ Loan	14	(8,894,208,880)	
NET CASH USED IN INVESTING ACTIVITIES		(10,708,197,695)	(5,496,095,877)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowing		-	54,780,216,268
Repayment of Borrowing		(1,097,283,790)	(1,643,111,917)
Investment in Other Financial Assets		(50,000,000)	-
NET CASHFLOWS FROM FINANCING ACTIVITIES		(1,147,283,790)	53,137,104,352
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(8,227,402,772)	54,559,411,651
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		54,885,888,650	326,476,999
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		46,658,485,879	54,885,888,650

These financial statements were authorized for issue in accordance with resolution of the Board of Directors passed on 18th Feb 2026 and were signed on its behalf by:


Dr. Fungo Ally Fungo
Chairperson


Eng. Geoffrey Gerald Hilly
Managing Director

TANGA URBAN WATER SUPPLY AND SANITATION AUTHORITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	APPROVED BUDGET 2024/2025		REVISED BUDGET 2024/2025		ACTUAL COSTS 2024/2025		VARIANCE	
	TZS		TZS		TZS		TZS	
RECEIPTS								
Cash Receipt From Customers	23,260,323,761		18,136,622,383		16,911,304,573		1,225,317,810	
Grants	-		1,085,986,620		2,315,543,002		(1,229,556,382)	
Finance Revenue	5,897,532,798		8,186,465,589		8,101,259,696		85,205,893	
Fees and penalties	80,000,000		80,000,000		88,714,420		(8,714,420)	
TOTAL RECEIPTS	29,237,856,559		27,489,074,592		27,416,821,690		72,252,902	
PAYMENTS								
Operating expenses	4,567,800,000		4,327,800,000		4,130,069,542		197,730,458	
Personnel Expenses	7,734,108,245		7,032,200,000		6,751,609,080		280,590,920	
Administrative Expenses	4,640,100,000		4,027,593,675		3,867,371,385		160,222,290	
Directors Fees	56,100,000		56,100,000		51,000,000		5,100,000	
Board Meeting Expenses	220,000,000		220,000,000		162,241,887		57,758,113	
Other Expenses	1,115,250,000		1,008,500,000		1,391,849,346		(383,349,346)	
Total Operational Expenses	18,333,358,245		16,672,193,675		16,354,141,240		318,052,435	
DEVELOPMENT COSTS								
Acquisition of PPE (own source)	2,293,000,000		2,205,382,603		717,488,713		1,487,893,890	
Acquisition of PPE (grant)					1,704,652,296		(1,704,652,296)	
FINANCING COST								
Debt servicing expenses	8,611,498,314		8,611,498,314		8,640,540,249		(29,041,935)	
TOTAL PAYMENTS	29,237,856,559		27,489,074,592		27,416,821,690		72,252,902	

These financial statements were authorized for issue in accordance with resolution of the Board of Directors passed on 18.14 Feb 2026 and were signed on its behalf by:



Dr. Fungo Ally Fungo
Chairperson



Eng. Geoffrey Gerald Hilly
Managing Director

Controller and Auditor General