



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



ISO 9001:2015 Certified

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 2024**

Controller and Auditor General,
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March 2025

AR/PA/TANGA UWASA/2023/24

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

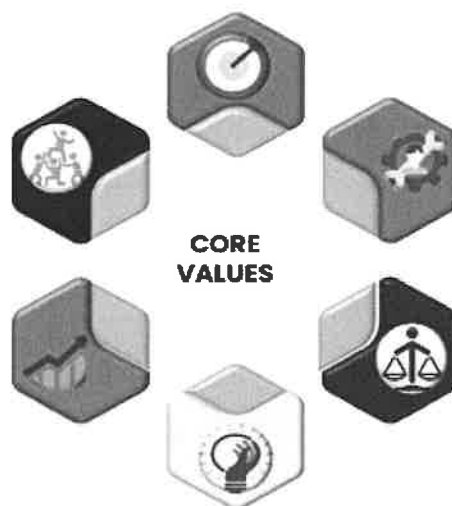
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

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
DMA	District Metered Area
DSE	Dar es salaam Stock Exchange
EWURA	Energy and Water Utilities Regulatory Authority
EPWS	Equitable Payments for Watershed Services
FY	Financial Year
IAASB	International Auditing and Assurance Standards Board
ICT	Information and Communication Technology
IoDT	Institute of Directors in Tanzania
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
SLM	Sustainable Land Management
UNCDF	United Nations Capital Development Fund
UWAMAKIZI	Umoja Wa Wakulima Wahifadhi Mazingira Kihuhwi Zigi
WWF	World Wide Fund

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 2024, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Tanga Urban Water Supply and Sanitation Authority 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 (IPSASs) Accrual Basis.

Basis of Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAI). 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 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 no 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 Authority'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 Authority or to cease operations, or has not 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 Act Laws

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

I performed a compliance audit on procurement of works, goods and services in the Tanga Urban Water Supply and Sanitation Authority 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 Tanga Urban Water Supply and Sanitation Authority generally complies with the requirements of the Public Procurement Laws.

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 the Tanga Urban Water Supply and Sanitation Authority 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 Tanga Urban Water Supply and Sanitation Authority is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere
Controller and Auditor General
Dodoma, United Republic of Tanzania.
March 2025.



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 No. 6 of 2001 (Revised 2004), 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 2024, 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 2024.

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 2023/24 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.

on the date of this statement.

This Report was approved and authorised for issue by the Board of Directors on its extra ordinary meeting held on 28th August, 2024 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.

ors 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 2024 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: 30TH DECEMBER, 2024

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	2023/24 TZS	2022/23 (Restated) TZS
Assets			
Current assets			
Cash and cash equivalents	13	54,656,173,685	320,153,295
Trade and other receivables	12	4,193,847,488	3,223,530,103
Inventories	11	1,672,048,707	1,693,371,395
Total Current assets		60,52,069,880	5,237,054,793
Non-current assets			
Property, plant and equipment	14	71,289,223,741	68,612,125,018
Intangible assets	16	22,866,908	27,453,201
Total non-current assets		71,312,090,649	68,639,578,219
Total assets		131,834,160,529	73,876,633,011
Equity and liabilities			
Capital and reserves			
Capital fund		31,572,842,040	31,572,842,040
Accumulated surplus		31,316,325,119	27,010,868,154
Total equity		62,889,167,159	58,583,710,194
Non-current liabilities			
Tib loan	18A	6,273,257,222	6,256,152,870
Green bond	18B	53,120,000,000	-
		59,393,257,222	6,256,152,870
Current liabilities			
Trade and other payables	19	9,451,736,149	8,936,769,946
Provisions liabilities	20	100,000,000	100,000,000
Total current liabilities		9,551,736,149	9,036,769,946
Total equity and liabilities		131,834,160,529	73,876,633,011

These financial statements were authorized for issue in accordance with resolution of the Board of Directors passed on 30/12/2024 and were signed on its behalf by:


 Dr. Fungo Ally Fungo
 Chairperson


 Eng. Geoffrey Gerald Hilly
 Managing Director

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Note	2023/24 TZS	2022/23 (Restated) TZS
Revenue from exchange transaction			
Water and sewerage services	21.1	15,958,378,415	15,940,520,291
Other income	21.2	693,128,491	628,408,804
Finance revenue	22	276,284,526	855,769
		16,927,791,432	16,569,784,864
Revenue from non-exchange transaction			
Fees and penalties	23	67,593,745	67,312,326
Amortization of capital grants	17	8,489,085,733	3,911,327,356
Gain on disposal	45	23,257,228	25,020,763
		8,579,936,706	4,003,660,445
Total revenue		25,507,728,138	20,573,445,308
Expenditure			
Water production expenses	24	2,782,328,022	2,732,285,604
Water distribution expenses	25	1,046,974,253	896,538,897
Sewerage expenses	26	61,508,965	87,932,731
Repair and maintenance expenses	27	329,836,617	337,698,773
Personnel expenses	28	6,726,565,382	5,688,203,474
Administrative expenses	29	3,989,774,460	4,245,292,968
Directors' fees	30	55,447,015	56,941,149
Board meeting expenses	31	209,138,824	128,188,805
Other expenses	32	1,103,930,751	897,988,348
Depreciation	14	2,817,017,808	3,084,838,682
Bank charges	33(a)	23,294,510	20,107,365
Financial cost	33(b)	1,710,550,431	498,525,284
Provision for impairment of receivables	12	64,183,644	522,492,600
Provision for cash and cash equivalent	13	223,391,262	6,323,704
Provision for obsolete inventories	11	51,763,591	-
Amortization of computer software	16	4,586,293	2,253,200
Loss on disposal of assets	44	1,979,345	-
Total expenditure		21,202,271,173	19,205,611,584
Surplus for the year		4,305,456,965	1,367,833,724

These financial statements were authorized for issue in accordance with resolution of the Board of Directors passed on 30/12/2024 and were signed on its behalf by:-


Dr. Fungo Ally Fungo
Chairperson


Eng. Geoffrey Gerald Hilly
Managing Director

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

Details	Capital Fund TZS	Accumulated Surplus TZS	Total TZS
Balance As at 1 July 2022	31,572,842,040	27,447,166,841	59,020,008,881
Prior year adjustment- ECL	-	(2,251,244,061)	(2,251,244,061)
Prior year adjustment- PPE	-	421,911,649	421,911,649
Prior year adjustment- INT	-	25,200,000	25,200,000
Surplus For the Year (Restated)	-	1,367,833,724	1,367,833,724
As at 30 June 2023	31,572,842,040	27,010,868,154	58,583,710,194
Balance As at 1 July 2023	31,572,842,040	27,010,868,154	58,583,710,194
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

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

CASH FLOWS STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	2023/24 TZS	2022/23 TZS (Restated)
Cash flows from operating activities			
Cash receipts from customers	35(a)	16,147,678,416	16,115,016,886
Grants	17	8,489,085,733	3,911,327,356
Finance revenue	22	276,284,526	855,768
Fees and penalties	23	67,593,745	67,312,326
Total cash receipts from customers		24,980,642,420	20,094,512,336
Less: Payments			
Payments to suppliers	35(b)	(10,005,256,505)	(5,579,483,678)
Payments to employees	35(c)	(6,323,137,796)	(4,451,581,749)
Finance cost	35(d)	(1,733,844,941)	(518,632,649)
Total payment		(18,062,239,243)	(10,549,698,076)
Cash generated from operations		6,918,403,178	9,544,814,260
Cash flows from investing activities			
Acquisition of property, plant and equipment (own source)	14	(1,380,164,666)	(4,093,988,453)
Acquisition of property, plant and equipment (grants)		(4,115,931,211)	(8,681,669,690)
Proceeds from disposal of PPE			
Net cash used in investing activities		(5,496,095,877)	(12,775,658,143)
Cash flows from financing activities			
Long term borrowing		54,780,216,268	3,638,781,768
Repayment of borrowing		(1,643,111,917)	(823,726,526)
Net cashflows from financing activities		53,137,104,351	2,815,055,242
Net increase/(decrease) in cash and cash equivalents		54,559,411,652	(415,788,641)
Cash and cash equivalents at the beginning of the year		326,476,999	742,265,640
Cash and cash equivalents at the end of the year		54,885,888,651	326,476,999

These financial statements were authorized for issue in accordance with resolution of the Board of Directors passed on 30/12/2024 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 2024

	Original Budget	Adjustment	Final Budget	Actual (On Cash Basis)	Difference
RECEIPTS	TZS	TZS	TZS	TZS	TZS
Cash Receipt from Customers	21,575,366,234	(2,675,093,830)	18,900,272,404	16,132,742,666	(2,767,529,738)
Grants	-	3,059,500,000	3,059,500,000	8,489,085,732	5,429,585,732
Finance Revenue	1,000,000	-	1,000,000	276,284,526	275,284,526
Fees and penalties	1,179,600,000	(228,700,000)	950,900,000	67,593,745	(883,306,255)
TOTAL RECEIPTS	22,755,966,234	155,706,170	22,911,672,404	24,965,706,670	2,054,034,266
PAYMENTS					
Water Production Expenses	2,686,000,000	59,000,000	2,745,000,000	2,782,328,022	37,328,022
Water Distribution Expenses	1,140,800,000	88,000,000	1,228,800,000	1,046,974,253	(181,825,747)
Sewerage Charges Expenses	50,800,000	30,000,000	80,800,000	61,508,965	(19,291,035)
Repair And Maintenance Expenses	473,000,000	(93,000,000)	380,000,000	329,836,617	(50,163,383)
Personnel Expenses	7,030,630,233	-	7,030,630,233	6,726,565,382	(304,064,851)
Administrative Expenses	4,797,900,000	(547,936,000)	4,249,964,000	3,989,774,460	(260,189,540)
Directors Fees	51,000,000	-	51,000,000	55,447,015	4,447,015
Board Meeting Expenses	250,000,000	(20,000,000)	230,000,000	209,138,824	(20,861,176)
Other Expenses	1,334,246,500	(103,646,500)	1,230,600,000	1,103,930,751	(126,669,249)
Sub Total	17,814,376,733	(587,582,500)	17,226,794,233	16,305,504,289	(921,289,944)
Bank charges	15,150,000	(150,000)	15,000,000	23,294,510	8,294,510
Financial Cost	500,000,000	-	500,000,000	1,710,550,431	1,210,550,431
Total Operational Expenses	515,150,000	(150,000)	515,000,000	1,733,844,941	1,218,844,941
DEVELOPMENT COSTS					
Acquisition of PPE (own source)	3,721,200,000	679,843,375	1,403,743,375	1,380,164,666	(23,578,709)
Acquisition of PPE (grant)			3,059,500,000	4,115,931,211	1,056,434,211
Acquisition of PPE (Green Bond+NWF)	54,620,000,000		54,620,000,000	0	54,620,000,000
FINANCING COST					
Loan Received	54,620,000,000	-	54,620,000,000	54,780,216,268	160,216,268
Loan Repayment	(705,239,501)	(1,395,295)	(706,634,796)	(1,643,111,917)	(936,477,121)
Total financing Costs	53,914,760,499	(1,395,295)	53,913,365,204	53,137,104,351	(776,260,853)
Net Receipts/Payments	0		0	54,567,365,914	

These financial statements were authorized for issue in accordance with resolution of the Board of Directors passed on 20.11.2024 and were signed on its behalf by:

Dr. Fungo Ally Fungo
Chairperson

Eng. Geoffrey Gerald Hilly
Managing Director