



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



**MOSHI URBAN WATER SUPPLY AND SANITATION
AUTHORITY (MUWSA)**

**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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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.



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

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ABBREVIATIONS

APP	Annual Procurement Plan
BoT	Bank of Tanzania
BOD	Biological Oxygen Demand
CAG	Controller and Auditor General
COD	Chemical Oxygen Demand
CRDB	CRDB Bank (Plc) Limited
CSR	Corporate Social Responsibility
CWIP	Capital Work in Progress
e-GA	e-Government Authority
DPD	Days Past Due
ECL	Expected Credit Loss
EWURA	Energy and Water Utilities Regulatory Authority
FY	Financial Year
GePG	Government Electronic Payment Gateway
GIS	Geographic Information System
GPSA	Government Procurement Services Agency
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICT	Information and Communications Technology
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISO	International Organization for Standardization
ISSAI	International Standards of Supreme Audit Institutions
MoW	Ministry of Water
MP	Member of Parliament
MTEF	Medium-Term Expenditure Framework
MUWSA	Moshi Urban Water Supply and Sanitation Authority
NAO	National Audit Office
NBAA	National Board of Accountants and Auditors
NEMC	National Environmental Management Council
NHIF	National Health Insurance Fund
NMB	National Micro-finance Bank Plc
NRW	Non-Revenue Water
OSHA	Occupational, Safety and Health Agency
OTR	Office of the Treasury Registrar
PAYE	Pay As You Earn
PFR	Public Finance Regulations
PH	Potential of Hydrogen
PSSSF	Public Service Social Security Fund
QMS	Quality Management System
SD	Standard Deviation
SG	Solicitor General
TBS	Tanzania Bureau of Standards
TEMESA	Tanzania Electrical, Mechanical and Services Agency
TFRS	Tanzania Financial Reporting Standards
TRA	Tanzania Revenue Authority

TRAB	Tanzania Revenue Appeals Board
TTC	Through-the-Cycle
TZS	Tanzania Shillings
URT	United Republic of Tanzania
VAT	Value Added Tax
WHO	World Health Organization
WMA	Weights and Measures Agency
WSDP	Water Sector Development Programme
12 WARDS	Mabogini, Uru North, and East, Mbokomu, Old Moshi East and West, Kimochi, Marangu East, Mwika South and Mamba South

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,

Moshi Urban Water Supply and Sanitation Authority (MUWSA),
P.O. Box 1001, Moshi,
Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Moshi Urban Water Supply and Sanitation Authority (MUWSA), which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, the 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 Moshi Urban Water Supply and Sanitation Authority (MUWSA) 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 of accounting and 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 Moshi Urban Water Supply and Sanitation Authority (MUWSA) 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 judgement were of the most significance in my audit of the financial statements of the period. These matters were addressed in the context of my audit of the financial statements as a whole and in forming my opinion, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p>First-time adoption of IPSAS 41 Financial Instruments</p>	
<p>MUWSA adopted IPSAS 41 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.</p> <p>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.</p> <p>Given the complexity involved in transitioning to IPSAS 41, including extensive data requirements and significant management estimates and judgments, particularly in areas such as determining expected credit losses (ECLs), reclassifying financial instruments, evaluating contractual cash flow characteristics, and ensuring the accuracy and adequacy of financial statements disclosures, this transition was identified as a key audit matter.</p>	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ✓ 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: <ul style="list-style-type: none"> ✓ Evaluating the appropriateness of the accounting policies adopted under IPSAS 41. ✓ Testing management key judgments and assumptions used in determining ECLs, including forward-looking data, historical information, and modelling accuracy. • 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 statements 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 Report by Those Charged with Governance, a Statement of Responsibility by Those Charged with Governance, and declaration by the Head of Finance but does not include the financial statement 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 scepticism 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, 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 Moshi Urban Water Supply and Sanitation Authority (MUWSA) for the financial year 2023/24 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of goods, works and services of Moshi Urban Water Supply and Sanitation Authority (MUWSA) 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 Moshi Urban Water Supply and Sanitation Authority (MUWSA) 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 Moshi Urban Water Supply and Sanitation Authority (MUWSA) is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.


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



2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE

2.1 INTRODUCTION

Those Charged with Governance (TCWG) present this report together with the financial statements for the year ended 30 June 2024, which provides the results of MUWSA operations and its state of affairs. TCWG prepared this report in compliance with TFRS 1 - The report by those charged with governance issued by NBAA and became effective on 1 January 2021.

The report is addressed to primary users and other stakeholders by setting out analysis of the Authority's operations and financial review, with a forward-looking orientation. The report will assist primary 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.

THE AUTHORITY'S CULTURE

MUWSA's culture consists of a shared vision, mission, core values and the culture statement as provided hereunder.

Vision

MUWSA's vision statement provides the outlook and direction of the Authority to enable employees to undertake their responsibilities with a common purpose. The Authority's vision is: *"To be the best Authority In Providing Water and Sanitation Services in Africa."*

Mission

MUWSA's mission statement summarizes the Authority's purpose of existence and how customers' expectations will be met. The MUWSA's mission is: *"To enhance access to quality water and sanitation services through innovative, efficient, and effective use of resources for sustainable development."*

Core Values

MUWSA core values represent moral boundaries within which the Authority operates. They define personality and are ethical standards by which the Authority's employees would be measured. The values are MUWSA commitment to its stakeholders.

MUWSA will embrace the following core values to nurture its organizational culture.

- a) **Accountability:** MUWSA staff shall performance their duties in compliance with rules and regulations and take liability for their actions.
- b) **Customer focus:** To be driven by customer needs and expectations in all operations to attain a high level of customer satisfaction.
- c) **Professionalism:** MUWSA staff shall deliver high-quality services to the customers.

- d) **Transparency:** MUWSA shall offer openly all relevant information to the public.
- e) **Innovativeness:** MUWSA staff shall be dynamic to implement new ideas that improve service delivery to customers.

2.2 NATURE OF OPERATIONS

MUWSA was established under the Water works Act, Cap. 272 as repealed by the Water Supply and Sanitation Act No.12 of 2009. Currently, it operates under Water Supply and Sanitation Act. No.5 of 2019. The Authority is also guided by the Performance Contract between MUWSA and the Ministry of Water and Performance Contract between MUWSA and Office of Treasury Registrar, also Guidelines issued by the Energy and Water Utilities Regulatory Authority (EWURA).

MUWSA is governed by the Board of Directors established under Section 10 (1) of the Act. The Board is responsible for overseeing the management of business and affairs of the Authority. MUWSA is an autonomous public Authority responsible for providing water and sanitation services to the Moshi Municipality and some parts of Moshi Rural and Hai Districts.

2.3 OBJECTIVE AND STRATEGIES

2.3.1 Objective of the Authority

The objective of the Authority in carrying out its functions and exercising its powers as provided in the establishing Act, is to enhance the provision of water and sanitation services in Moshi by:

- a) Health Services Improved and HIV/AIDS Infections Reduced.
- b) Implementation of the National Anti-Corruption Strategy Enhanced.
- c) Access to Potable Water Supply Services Enhanced.
- d) Billing and Collection Efficiency Improved.
- e) Environmental Protection and Sanitation Services Improved.
- f) Institutional Capacity and Working Environment Improved

2.3.2 Strategies for Achieving Objective

MUWSA has developed Strategic Plan 2022/23-2026/27 to cover the current and future priorities in response to the continuously changing environment to meet the stakeholders' expectations and its mandates. During the FY 2023/24 the Authority implemented the Strategic plan through the implementation of Business Plan (2022/23- 2024/25) in executing its business. The Strategic Plan and Business Plan are the leading instruments for planning, priority setting and decision-making. It facilitates discharging of the roles and functions of the Authority for the period of five years for Strategic Plan 2022/23 to 2026/27 and three years for Business Plan, from the financial year 2022/23 to 2024/25. Specifically, the Plans places emphasis on strategies to be executed to achieve the strategic objectives.

In attaining the Authority's Mission statement, MUWSA has set out the following key strategic issues which focus on the provision of adequate and sustainable water and sanitation services to the customers;

- i. High non-revenue water
- ii. Insufficient water production to meet the growing demand,
- iii. Low water supply coverage,
- iv. Low sewerage services coverage and
- v. Inadequate institutional capacity.

2.4 STATEMENT OF SERVICE PERFORMANCE INFORMATION

The Authority's Service Performance Information discloses information needed for accountability and decision-making purpose, primarily to help users of the report by Those Charged with Governance to understand what the Authority had set out to achieve (target) and what it has achieved (results). The service performance information is generally a mix of qualitative and quantitative reporting. The reporting of service performance information is based on two elements:

- i. **Outcomes:** what the Authority seeks to achieve in terms of its impact on society;
- ii. **Outputs:** the goods or services that the Authority delivers during the financial year.

The Authority reporting of service performance information is provided in this report: Key Performance Indicators shown in table 3 to 7 of this report.

2.5 AUTHORITY OPERATING MODEL

2.5.1 Inputs

(a) Human Capital

The Authority has employed staff with adequate skills and competence to ensure the delivery of quality services. Employees are well-motivated and perform their duties responsibly and in an ethical manner.

(b) Financial Capital

Financial capital is composed of financial resources obtained from core activities which are the provision of water and sanitation services and fund received from Government and donors.

(c) Social and Relationship Capital

In executing its functions, MUWSA has established an ethical and transparent relationship with government institutions, customers, suppliers, policy-makers and society in general. The Authority conducts stakeholders' meetings to provide awareness and receive feedback on various Authority issues. MUWSA engaged actively in Corporate Social Responsibilities. During the FY 2023/24, the Authority set aside TZS 41,471,600 and spent TZS 30,365,900 as shown in note 30, directed to contribute to society's well-being through the provision of charity and donation.

(d) Intellectual Capital

The Authority use a MajiS system for the management of billing and customers information, the SAGE 300 system as accounting packages, EMRS system for the management of human resource and other business operations and a Geographical Information system (GIS) for digitization of all water and sanitation infrastructure and customers to ensure effective and efficient services delivery.

(e) Natural Capital

The Authority has been actively engaged in ensuring the protection of water sources and area surroundings are well preserved by supporting environmental protection groups, planting 2,809 water-friendly trees at Miwaleni, Mabungo, Karanga, Kaloleni, Shiri, Nsere, and Mabogini water stabilization ponds. Seminars concerning environmental conservation are conducted for neighbors who live near those areas.

2.5.2 Operating Activities

The Authority implements a number of activities in converting inputs into quality service delivery. The operating activities are divided into two major groups;

(a) Water provision functions

- Water production;
- Water distribution;
- Water infrastructure construction and maintenance;
- Billing the customers;
- Collecting revenue from the customers; and
- Connecting new water connections;

(b) Sanitation functions

- Collecting wastewater and disposing to waste ponds;
- Wastewater construction and maintenance;
- Maintaining wastewater ponds; and
- Connecting new sewerage customers;

(c) Outputs Water provision functions

In its water provision role, the Authority had the following outputs which were as Performance Benchmark guidelines for Water and Sanitation Authority of May 2022 issued by EWURA.

- **23.5 hours supply of clean water;** Service hours it describes for how many hours on average every customer receives water from the provider per day. This can be calculated through the following formular $(\text{No of connections area 1} * \text{Average daily service hours area 1} + \text{No of connections area 2} * \text{Average daily service hrs area 2} + \dots + \text{No of connections area x} * \text{Average daily service hrs area x}) / \text{Total water connections}$.
- **100 Percent of the urban population with access to safe and clean water;** the proportion of population served with water is expressed as a percentage obtained by dividing the population served in urban areas (household connections and public stand posts) by the total population living in the service areas multiplied by 100. $(\text{Total domestic connections} * \text{Average number of people served per domestic connection} + \text{Total no. of kiosks in operation} * \text{Average no. of people served per kiosk}) / \text{Total population} * 100$
- **85 Percent of the peri-urban population with access to safe and clean water;** the proportion of population served with water is expressed as a percentage obtained by dividing the population served in rural areas
- **10 percent of existing customers increased as new water customers;** number of new residents who are connected in the system of water supply and receive services.
- **100 Percent compliance with water quality standards;** Number of parameters met standards/number of parameters test conducted*100. Among the parameters that will be measured are the following (Fluorides, residual chlorine standards, E-coli standards, turbidity standards, pH standards, Chlorides)
- **23 Percent reduction of non-revenue water;** NRW is the amount of water that provider produces (or purchases from other entities) minus the amount that is sold to consumers, it calculated by the following formula $(1 - (\text{Total billed volume} / \text{Input into distribution network})) * 100$
- **95 percent of billings are collected from customers.** The calculation of "Collection efficiency" only includes billing & collection from "water sales", "meter rent" and "sewerage services", without "other services". $(\text{Total collection from water sales} + \text{Total meter rent collection} + \text{Total sewerage collection}) / (\text{Total billing water sales} + \text{Total meter rent billing} + \text{Total sewerage billing}) * 100$.

(d) Sanitation Services

In sanitation services, the Authority had the following outputs:

- 100 percent Wastewater quality compliance to standard; Number of sewerage parameter met standards/number of parameters test conducted*100. Quality of discharged effluent and Quality of discharged effluent.
- 30 percent proportion of the population is connected to the sewerage network; Sewerage coverage is expressed as population served through household/premise connections / total population living in the service areas multiplied by 100. (Domestic sewer connections * Average no. of people served per domestic sewer connection) / Total population * 100

2.5.3 Outcomes

The following were noted outcomes:

- **Increased customer's satisfaction;** the level of satisfaction customers obtained through the services provided by service provider. This will be measured through conducting survey. The customer satisfaction level in the FY 2023/24 was 85.6%.
- **Increased compliance with water quality standards;** increase the number of water supply parameters test conducted that met standards required. Compliance with water quality standards in the FY 2023/24 was 100%
- **Increased community welfare by having access to clean water;** this will be measure by computation of GDP of the service areas which is obtained through NBS/Bank of Tanzania data. In 2024 the GDP was 4.6%
- **Increased clean and safe environment;** changes will be obtained through observation in the site and periodic clean and safe environment reports.
- **Improve environmental conservation and protection;** number of awareness and activities conducted regarding to environment conservation and protection including number of trees planted in the water sources. In financial year 2022/23 a total of 139 awareness meetings conducted and a total of 3,660 trees planted.

2.6 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

The Authority's current and future development and performance are explained below:

2.6.1 Authority's Business Plan

The Authority registered achieved milestones during the two years of implementation of its three Years Authority Business Plan (2022/23 - 2024/25) as at 30 June 2024. Among the registered milestones are MUWSA's jurisdiction service area has a population served with a clean water, network of about 91% (100% urban and 82% in rural) from 65% achieved during the previous FY 2022/23, an increase of average hours of water supply to 23.5 hours from 23hrs recorded in 2022/23, a population living in the area with sewerage service coverage network maintained to 30%, water quality complies with TBS and WHO standards, achieved 100% metering ratio from 92% recorded in 2022/23, decrease in NRW percentage from 24% recorded in 2022/23 to an average NRW of 23.8% by June 2024, collection efficiency above 95%, and Waste Water quality in terms of BOD and COD complying to TBS and WHO standards. Furthermore, the Authority acquired and implemented ICT application systems to enhance its operations and service delivery. In addition, the Authority registered an increase in recognized revenue during the second years of implementation of its Business Plan from TZS 12.8 billion in 2022/23, to TZS 14.4 billion in 2023/24.

However, we noted some challenges as shown below:

i. High percentage of NRW:

Due to the dilapidated water distribution system in the Moshi Municipal, unwillingness of installation of customer's water meters from the peoples in the 12 extended wards and the lack of sufficient funds to replace all ageing water meters, the NRW is still above the recommended level required by international standard. In the financial year 2023/24 the average figure is 23.8%. Despite of NRW to be above the required standard, in the FY 2023/24 Authority succeed to reduce the percentage of NRW compared to 24% recorded in the previous FY 2022/23. Rehabilitation of obsolete water distribution system, and continuing with the implementation of NRW reduction strategies which have been identified by the Authority are the reasons for the reduction of NRW

ii. High Debts in service bills:

The Authority is providing water and sanitation services on a post-paid basis, as a result, some customers do not pay their bills timely. As at 30 June 2024, MUWSA has cumulative customer debts amounting to TZS 5,175,806,760 (includes June 2024 billing which is to be collected in July). Outstanding debt with age of more than one year was TZS 3,412,662,972. Government Institution's arrears are TZS 2,651,201,745 which is equivalent to 51% of the total amount of arrears. Application of various debt recovery measures e.g. Water Service Disconnection, use of debt collection internal groups and legal measures through court cases (as at 30 June 2024, 15 customers) and installation of pre-paid water meters are used to increase collections efficiency.

iii. Low turn-up to sewerage connections:

Some people living in the areas where the sewerage network is available are reluctant to connect as they opt to use the old system of sock-away pits. Strategies adopted are to educate customers about the benefits of connect sewerage services and encourage applications for sewerage service connection to pay the connection charges by instalments.

iv. Un-availability of funds to Finance Investments and Procurements of Goods:

The Authority is always receiving requests for service from areas outside its operational areas in 12 wards. Although it is a business opportunity for the Authority, the investment cost to extend the service to those areas is high. Around TZS 6,883,728,340.43 required to invest to those areas according to approved Business Plan 2023 - 2025. In this financial year, the Authority used its internally generated funds amounting to TZS 1,171,850,382 bringing a total cumulative cost to TZS 3,489,734,767.63 (2022/23 TZS 2,317,884,385.63) to make extensions of water distributions which did not suffice the high demand for water service. The plan is to find the best viable financing windows including seeking loan from Nation Water Fund and grant from development partners. -

The implementation of the Authority's Three-Year Authority Business Plan has started in the financial year 2022/23. The Authority's future development plan includes implementing various water supply projects especially on water sources development thus will increase daily water production capacity from 63,055m³/day to 74,023m³/day which will make the Authority to meet demand by 100%, to make an extension of 175km of the water network in its service area in order to improve the water supply coverage and to extend the network by 21.83km in order to increase sewerage coverage.

The Authority plan also include to modernize its operations by enhancing the ICT application systems, enhancing staff performance on service delivery through short and long-term training, implementing QMS based on ISO 9001:2015 focused on customer satisfaction, and increase levels of engagements with key stakeholders in providing services. In terms of revenue, the Authority projects growth in recognized revenue to TZS 15.36 billion in the year 2023/24, despite reported challenges

2.6.2 Significant Aspects of the Statement of Financial Performance

a) Revenue from Exchange Transactions

The Authority's total recognized revenue from exchange transactions during the year ended 30 June 2024 was TZS 14.45 billion (30 June 2023: TZS 12.80 billion), which is an increase of annual recognized revenue by TZS 1.65 billion (30 June 2023: TZS 1.16 billion), equivalent to an increase of 13% (30 June 2023: 10%). The increase was attributed by the increase of 3,608 new water customers. This is an increase of 7% in water customer connections from 54,638 in 2022/23 to 58,246 in 2023/24.

b) Expense

The Authority's expenses for the financial year ended 30 June 2024 amounted to TZS 14.80 billion (30 June 2023: TZS 12.33 billion). The major components of expenditure during the year ended 30 June 2024 were: - Wages, salaries, and employees benefit at year ended 30 June 2024 of TZS 5.04 billion (30 June 2023: TZS 3.94 billion), this increase of TZS 1.098 billion was attributed by implementation of staff new salary structure, Direct Expenses and Maintenance costs amounted to TZS 3.92 billion (30 June 2023: TZS 3.39 billion), an increase of 536 million (16%) attributed by the increase of repair and maintenance cost of water sources and network infrastructures due to floods caused by heavy rainfall.

Significant Aspects of Statement of Financial Position

a) Cash and Cash Equivalents

The Authority's cash and cash equivalents as at 30 June 2024 were TZS 585.84 million (30 June 2023: TZS 920.32 million), after provision for Expected Credit Loss (ECL) of TZS 4.48 million (30 June 2023: TZS 13.16 million) which is a decrease of TZS 334.48 million, equivalent to 36%. The fund was carried over to the next financial year to finance commitments which were in progress at the year-end. Authority assumes a default probability rate of 2.16% to the commercial banks (CRDB and NMB).

b) Receivables and Prepayments

The analysis of the recorded performance on recognized revenue as at 30 June 2024 indicates that the Authority had cumulative revenue receivables from exchange transactions and prepayments of TZS 2.80 billion (30 June 2023: TZS 2.38 billion) after provision for Expected Credit Loss (ECL) of TZS 2.73 billion (30 June 2023: TZS 2.35 billion). Expected Credit Loss for trade receivable was calculated by assuming the following: -

1. Historical data from 31 July 2018 to 30 June 2023 has been used in order to arrive at Loss Rate Estimates.
2. 365 Days Past Due (DPD) has been considered as the point of loss or default threshold for both Private and Government sectors, hence, 100% loss rate has been applied for receivables with more than 365 DPD.
3. If for a particular account, the outstanding balance is in more than one bucket, then the worst bucket is considered for exposure calculation.
4. Through the Cycle (TTC) Loss Rates are computed using the Flow Rate Approach
5. Macroeconomic indicators for conversion of Through the Cycle (TTC) to Point in Time (PIT) loss rates have been taken from the World Bank database - <https://data.worldbank.org/> and IMF database - <https://www.imf.org/en/Publications/WEO/weo-database/2023/April>
6. The TTC loss rates are transformed into PIT using the Vasicek approach
7. Standard deviation (+1 SD) and (-1 SD) have been used for forecasting the macro-economic variables for Best- and Worst-case scenarios respectively.

To limit the growth of the debt and improve collection efficiency Authority has started installing prepaid water meters. Total number of installed prepaid water meters as 30 June 2024 were 439.

c) Property and Equipment

The property and equipment during the year ended 30 June 2024 stood at TZS 47.11 billion (30 June 2023: TZS 44.43 billion) the difference was attributed by the purchase of furniture and fitting TZS 50.82 million, Computer equipment TZS 19.95 million, Building TZS 140.26 million, Workshop Equipment TZS 5.03 million, Production Facilities TZS 92.7 million, Distribution Facilities TZS 513.07 million, Sewerage TZS 437.77 million and capitalization of water and sewerage infrastructures TZS 2.84 billion. There was also a Work-in-Progress for the construction of water projects of Karanga and Musa Toroka and the sewer project of Karanga Leather TZS 1.30 billion (30 June 2023: TZS 1.61 billion).

d) Intangible Assets

The intangible assets as at 30 June 2024 were TZS 8.41 million (30 June 2023: TZS 11.51 million) the difference was attributed by an amortization charge of TZS 3.10 million made during the year.

e) Payables and Accrued Expenses

The payables and accrued expenses as at 30 June 2024 were TZS 2.24 billion (30 June 2023: TZS 788.40million), an increase was due to a delay in settling the debt of suppliers who supplied materials for Karanga Leather Sewer Project and Quick Win water projects. Also, salary statutory deductions for the month of June 2024 were settled within the statutory period. The major part of the payables and accrued expenses are suppliers for goods and services who's their outstanding balances are within a reasonable settlement period.

f) Financial Performance and Financial Position

The Authority's Statement of Financial Position as at 30 June 2024 reported Net Assets amounting to TZS 51.77 billion (30 June 2023: TZS 51.21 billion) which is composed of a Taxpayer's Fund worth TZS 4.63 billion (30 June 2023: TZS 4.63 billion) and retain earning of TZS 47.14 billion (30 June 2023: TZS 46.58 billion) an increase of 1%

The general financial performance indicates that the Authority's existing sources of revenue can sustain the execution of the Authority's functions. However, the Authority shall continue to manage efficiently its working capital and closely monitor its current sources of revenue, explore other sources of revenue to enable it to sustain its operational services to the public, monitor expenditure operations, and control expenses within approved budgets.

g) Description of Budget Information

The Authority's final revenue budget from own sources for the financial year ended 30 June 2024 was TZS 15.82 billion (30 June 2023: TZS 13.49 billion) and the recognized revenues for the year was TZS 13.98 billion (30 June 2023: TZS 13.22 billion) variance of TZS 1.84 billion (30 June 2023: TZS 270 million) below the final budget, equivalent to performance 88.37% (30 June 2023: 97.99%). The major reason for this non-achievement is low sales from the newly clustered area

of 12 wards of which customers were resisting the installation of water meters. The final operating expenditure budget of the Authority for the financial year ended 30 June 2024 was TZS 14.77 billion (30 June 2023: TZS 11.15 billion) and the actual expenditure was TZS 10.63 billion (30 June 2023: TZS 10.41 billion), which was below the final budget by TZS 4.14 billion (30 June 2023: TZS 740 million). The under-spending is attributed by cost minimization strategies applied to match with actual collected revenue.

h) Analysis of the Authority's External Environment

The Authority conducted an assessment of external factors which are likely to have an influence on MUWSA's choice of direction and action. Expected possible external changes include; Expansion of operation area, Resistance to tariff changes, Effects of the political pressure, Global warming, Population increase and Change in Government Policies. Consequently, plans and strategies were derived in order to adopt the anticipated changes which are required in order to maintain success.

2.7 RESOURCES

The Authority's key strengths which assist in the performance of its functions to achieve its objectives are pegged on a well-composed Board of Directors, effective Management, competent human resources, deployed ICT systems and documented Internal Operating Procedures (IoPs). These strengths continuously create value for the Authority. In terms of resources, the Authority has tangibles and intangibles, which include intellectual resources, human resources, social and relationship resources, natural resources, financial resources and other resources are explained below:

2.7.1 Intellectual Resources

The Authority has maintained a good level of utilization of Information and Communication Technology to facilitate effective and efficient business continuity. The Authority has put in place an ICT Policy that complies with laws and regulations in order to govern its ICT operations. The Authority conducted quarterly ICT Steering Committee meetings to review the performance and direction of ICT utilization.

The Authority has maintained a good level of utilization of Information Systems to facilitate electronic capturing, processing, storage, and retrieval of information at shared environment for the aim of facilitating timely service delivery. Currently, MUWSA uses 28 Information Systems as shown in Table 1.

Table 1: Status of Authority's Information Systems

No.	Software	Owner	Description of use
1.	WSSA's Monitoring Dashboard system	eGA	The system is performing well in displaying revenue collections and customer statistics
2.	Smart Billing system	Oikos Tanzania LTD	The system is performing well maintaining customers records
3.	Sage 300 Accounting system	Vista Solution	The package is performing well in managing procurement, inventory and financial records
4.	Aruti Payroll	NPK COMPANY	The software is performing well in managing employee's data and payroll processing.
5.	Linkus - Call centre system	NOSSCOP LTD	The system is performing well in responding and accepting customers calls.
6.	ArcGIS and AutoCAD	ESRI na ATAWAS	The system is performing well in processing, analysing and sharing of Geo Information.
7.	Bylan meter reading system	JUNACO	The system is performing well in maintaining prepaid meters customers records.
8.	GAMIS	MINISTRY OF FINANCE	The system is performing at satisfactory level of in managing fixed assets. Some improvements are in progress in order to meet user requirements
9.	e-office system	EGA	The system is performing well in maintaining office correspondences.
10.	GARI system	MINISTRY OF FINANCE	The system is performing well in answering CAG queries.
11.	UNIFIED BILLING SYSTEM	MINISTRY OF WATER	The system is performing at satisfactory level in maintain customer records bills and revenue collection. Some improvements are in progress in order to meet user requirements
12.	Project register (MAJIAPP)	MINISTRY OF WATER	The system is performing well in maintain project funds and records submission to Ministry of Finance
13.	Plan-rep	TREASURY REGISTRAR	The system is performing well in maintain budgetary records
14.	ERMS	EGA	The system is performing at satisfactory level in managing procurement, inventory financial records, and employee's activities. Some improvements are in progress in order to meet user requirements.
15.	TANEPS	PPRA	The system is performing well in maintaining procurements records.
16.	GIMIS	GPSA	The system is performing well in facilitating fuel request.
17.	GMS	EGA	The system is performing well in facilitating government information via e-mail.
18.	OTRMS	TREASURY REGISTRAR	The system is performing well in reporting quarterly reports to Treasury Registrar
19.	mGov	EGA	The system is performing well in sending SMS to the customers

No.	Software	Owner	Description of use
20.	MajIS - Water Utilities Information System	EWURA	The system is performing well in maintaining operations records and submission to EWURA
21	NEST	PPRA	The system is performing well in maintaining procurements records an submission to PPRA
22.	NHIF - Portal	NHIF	The system is performing well in maintaining health insurance data for employees
23.	WCF - Portal	WCF	The system is performing well in maintaining the submission of employees' contributions.
24.	OSHA - WIMS	OSHA	The system is performing well in maintaining health information
25.	LOAN BOARD - Portal	HESLB	The system is performing well in submission of employees' contributions
26.	TRA - Portal	TRA	The system is performing well in the submission of TRAs' returns.
27	E-Drive Fleet Management System	Perfect InfoTech Int. Ltd	The system is performing well in maintaining vehicle operations which helps control vehicle behavior and fuel efficiency and consumption.
28	PEPMIS	OR MUUB	The system is performing well in reporting daily activities conducted by employees.

a) Electronic Payments and Bulky SMS Bills Delivery

The Authority utilized bulky SMS mechanism to distribute bills where an average of 50,775 customers received their monthly bills and various notifications via SMS.

The Authority collected revenue through electronic payment from average of 46,029 customers per month; this shows at least 91% of all customers who received bills through SMS paid monthly. The remaining 9% include those who pays in the following months and Government Institutions who does not pay regularly. The mechanism helped the Authority to have timely distribution of bills hence improved revenue collection.

b) Electronic Data Repository and Accessibility

MUWSA maintained a reliable central data repository, which is accessible to all offices through Local Area Network. Moreover, the Authority is connected to the stable internet connection in order to enhance the speed and reliability of communication and data transfer. The Authority maintained a reliable data security infrastructure that ensured safety of data and business continuity. Regular backups were made and secured both onsite and offsite at National Data Centre. For the whole year no data loss.

In general, the implementation of ICT application systems improves the Authority's service delivery process and enhances efficiency. The Authority shall continue with its initiative to automate business operations to enhance efficiency and reduce costs of business operations. Factors that may affect the availability, quality, and affordability of intellectual resources include fast technological changes, Government legislative changes, systems hackers where access controls and firewalls are weak, and unexpected power outages. However, the Authority is organized to cope with future changes and expects intellectual resources will continuously be available to meet future demand.

2.7.2 Human Resources

The Authority has skilled, committed, motivated, and competent employees dedicated to the provision of quality services that meet and exceed customers' expectations. Management adheres to the principles of good governance and promotes a good working environment and labour relations. In addition, the Authority has continually invested in human resource development focusing on training, staff wellness, staff recognition, competitive remuneration, and career growth.

As at 30 June 2024, the number of employed staff was 178 (30 June 2023: 176), and the daily paid 54 (30 June 2023: 53) staff that were usually required to perform specified short-term assignments. The composition of staff includes 114 (30 June 2023: 114) male and 64 (30 June 2023: 62) female staff.

The Authority has 58,246 (30 June 2023: 57,053) water and sewerage connections which makes a ratio of employees per 1,000 connections to be three staff (30 June 2023: 3).

The Authority is taking close care of its human resources to ensure they are highly motivated to continue working with the Authority and meet future demand.

2.7.3 Social and Relationship Resources

The Authority's social and relationship resources are composed of ethical and transparent relationships with its customers, suppliers, regulatory bodies, Government and the general public who are internal and external stakeholders by establishing a harmonious relationship. The Authority creates a shared value strategy relating to social development initiatives such as education and leadership development, financial inclusion, and health and safety facilities which are delivered to the communities in the areas of operations.

During the year under review, stakeholders from both the water and sanitation services extended the required cooperation and support to the Authority's activities. The Authority maintains its commitments and initiatives on social and relationship resources to continuously meet existing and future demand.

2.7.4 Natural Resources

The Authority's major natural resources are water and plants which are water friendly with the view of environmental protection. Various initiatives have been taken by the Authority to promote environmental sustainability through internal engagements and external partnerships and commitments. For the financial year ended 30 June 2024, the Authority spent TZS 3.9 million (30 June 2023: TZS 15.53 million) for environmental conservation issues by purchasing staff gears and working tools. In addition, the Authority proclaims on proper utilization of water is a key natural resource in sustaining human life. The strict control of misuse of water, both from water taps and natural sources, is highly emphasized. Education is provided by using meetings, brochures, broadcast, and magazines.

Factors that may affect the availability, quality, and affordability of natural resources include natural calamities, drought, human sabotage and laxity in compliance with legislation and minimum commitments from leaders. However, the Authority values natural resources and will continuously take necessary steps to ensure the protection and availability of such resources to meet the Authority's future demand

2.7.5 Financial Resources

The Authority enhances its financial sufficiency by improving the management of its resources through prioritization of initiatives and implementing initiatives within the available financial resources to generate adequate revenue for the timely implementation of planned activities.

Billing and collection efficiency remains the most critical indicators for the performance of the Authority. Core internal revenue is generated from sales of water, sewerage and cesspit charges. During the financial year 2023/24 average billing per month amounts to TZS 1,083,340,567.45 and the collection efficiency is 96.3%.

Factors that may affect the availability of financial resources include commercial loss on water supply which occurs by illegal connections, water bypass, inefficiency of water meter, and challenges encountered in collecting debts. Also, dilapidated water infrastructure which loose water by regular pipe busting. Nevertheless, the Authority will take administrative measures to ensure financial resources are available to finance existing and future programs of the Authority.

2.8 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

2.8.1 Principal Risks and Uncertainties

The Authority's risk assessment process identified opportunities that would expectedly enhance the strategic plan execution as summarized as follows: -

Table 2: The Authority Risks, Impacts and Mitigation

S/N	Risk title & ID	Impact	Risks Mitigation
1	Increase of Non-Revenue Water (NRW)	<ul style="list-style-type: none"> • Decrease in revenues/ Collections. • Insufficient water storage capacity to meet demand. • Treatment and distribution costs increase. • Water sales decrease. • Inefficiency in Authority performance towards achieving its objective of meeting the provision of quality water service to its residents. • High non-revenue water in a way infringes the rights of underserved and connected consumers as it limits cost recovery and sustainability leading to the unjustified burden for paying consumers. 	<p>We have, and continued to invest significantly in installations of quality pipes and fittings necessary for leakage repairs and availability of connection fittings at all times when the need arises to effectively deal with NRW.</p> <p>However, sensitization was conducted to the general public to inform the Authority by seeing valuable water flowing in the streets for days, weeks and even months to ensure technical capability and monitoring capability to effectively control NRW.</p>
2	Floods impact on the water infrastructure	<ul style="list-style-type: none"> • Water distribution network exposed • Damage to equipment and pipework. • Health problems in a served population. • Water service disruption to the customers. • Pressure fluctuations. • Intermittent supply. • Turbidity. • Drinking water contact with floodwater. 	We have constructed a wall fence around the water sources, planting of trees around the water sources and constructed floodways to control flood effectively.
3	Environmental pollution	<ul style="list-style-type: none"> • It harms living organisms and it damages the environment. • Drinking water contaminated. 	We have and continued to invest significantly in water treatment chemicals for the safety and construction of wall fence around the water sources to ensure raw water quality is not contaminated.
4	Decrease of water sources discharge	<ul style="list-style-type: none"> • Insufficient access to safe drinking water and hunger. • Food shortages 	We collaborate with public institutions and other stakeholder's engagement in planting trees around the water sources (Afforestation). Proper management of water resources between water demands and the supply capacity to ensure water availability

S/N	Risk title & ID	Impact	Risks Mitigation
5	Long outstanding debts	<ul style="list-style-type: none"> • Failure of MUWSA to meet its obligations when due/ liabilities. • Legal proceedings against the customer for the recovery of the outstanding balance. • Failure to cover operation costs. 	We are implementing an efficient credit control policy, Installation of prepaid water meters in Government institutions, and sending SMS reminder alerts to customers with unpaid bills in order to ensure prompt payment and disconnection of customers with outstanding debts.
6	Outbreak of Infectious Disease.	<ul style="list-style-type: none"> • Loss of manpower • Life-threatening. • Inefficiency in work performed by the organization 	We collaborate with health institutions and experts to conduct Staffs training and awareness program on STD'S and HIV-AIDS for all staff. General office and environment cleaned.
7	Conflict	<ul style="list-style-type: none"> • Misinformation of Organization goals to staffs. • Inefficient/ weak internal control. • Inefficiency in work performed by the organization 	We maintain a constructive and proactive relationships with the worker's council TUGHE and TUICO at MUWSA. However, the Management conducted staff meeting on monthly basis. Furthermore, the existence of grievance procedures documents.
8	Workplace injury	<ul style="list-style-type: none"> • Financial loss. • Losses to people, property and business operations. • Burns and suffocation. 	We have continued to install Fire safety in buildings such as fire extinguishers to ensure effective control of fire outbreaks.
9	More claims than available fund	<ul style="list-style-type: none"> • It Causes inadequate implementation of activities/Projects • Loss of Suppliers/Service Providers/Contractors' trust during ordering of materials • It causes delays in the deliveries of materials • It affects Annual Procurement Plan implementation. 	We have continued implementing suppliers'/ vendors' payment on time after the delivery of goods or services rendered. However, upon delays, the Authority agrees the payments to be done on an installment basis to ensure a good relationship with suppliers.
10	Loss of information system	<ul style="list-style-type: none"> • Loss of sensitive data, this will lead to operational downtime as the authority will need to contain the breach and investigation • Financial loss, as the authority has to compensate the compromised customers, legal fees, and forensic investigations are costly. 	We have and continued to provide awareness programs and adherence of ICT users on ICT Policy. IT Systems are updated and the antivirus signatures are licensed, activated and updated.

S/N	Risk title & ID	Impact	Risks Mitigation
		<ul style="list-style-type: none"> • Damage to brand reputation. • Revenue loss 	Periodic assessment of user access privileges and updating user account profiles are conducted.
11	Data Breach	<ul style="list-style-type: none"> • Data breach, software/ system will be suggested for security vulnerabilities as it no longer receives security patches. • Limited features, important features that support business continuity will no longer be available, and limited technical support from the software/ system vendor. • Loss of revenue due to wrong computations of software caused by system malfunctioning. 	We have continued to update software and the ICT systems.
12	Organisation plans not implemented	<ul style="list-style-type: none"> • Failure to highlight the Authority's key achievements, expectations for the coming year and overall goals and objectives. • Failure to obtain information about the Authority's financial position and internal reports to make good decisions. 	We have and continued to provide quarterly report figures, these statements may also provide year-to-date and comparative (e.g., last year's quarter to this year's quarter) to ensure the right and timely information is communicated to the Board of directors/ Ministry of Water/EWURA
13	Adverse information in the media	<ul style="list-style-type: none"> • The public will have a negative perception about MUWSA. • Public outcry and Demonstrations • Government intervention and possible divestiture. • Sabotage of Water Supply and Sewerage infrastructure. • Lack of trust and community support for MUWSA activities. 	We have continued to conduct awareness programs, meetings with Ward Executive Officers (WEO) and the public on a Monthly/ Quarterly basis to ensure the right and timely information is communicated to the public.
14	Getting counterfeit products in the market	<ul style="list-style-type: none"> • Increase in loss due to poor infrastructure • Increase of Non-Revenue Water 	We strengthened inspection team and ensure that all the receivable goods from the suppliers are genuine
15	Office Confidential Information Leakage.	<ul style="list-style-type: none"> • Turnish the Authority's image • Conflict between the authority and stakeholders. 	MUWSA has capacitated their staff concerning the security and privacy on keeping the information

2.8.2 Opportunities

The Authority's risk assessment process identified opportunities that would expectedly enhance the strategic plan execution as summarized below: -

- i. Technological advancement and infrastructure development, as well as the availability of financial resources, will be essential to improve water use efficiency. The Authority has the potential of enhancing clean water service delivery to Moshi Municipality residents and the newly extended areas (12 Wards) and increasing revenue generation by taking advantage of new technology in making transformative changes in its operations and processes;
- ii. Transparent processes and access to information are required to discourage corruption, which adversely affects efficient and equitable water allocation and the delivery of water and sanitation services particularly to poor and vulnerable groups;
- iii. Adequate financing and appropriate staffing are required for effective and efficient delivery of water services, and the ability of the authority to address basic governance issues like integrity and accountability; and
- iv. Favourable legal setup and exclusive mandate on clean water service provision to the community is another key opportunity. The Authority has the potential to increase revenue generation due to the existence of a favourable legal setup being the public institution guaranteed by the Government in its undertaking, which is seemingly commanding public trust and a good reputation. Furthermore, increase in the size of the population, and economic growth level within Moshi Municipality and the newly extended areas (12 Wards), MUWSA has the opportunity of increasing its revenue and build financial sustainability by taking advantage of available water demand for clean water services derived from increased population size and income levels (economic growth) within its area under jurisdiction.

2.8.3 Assumptions on Risks, Uncertainties and Opportunities

The Authority is mindful of the following assumptions during assessments of the risks, uncertainties and opportunities:

- i. Macroeconomic factors or conditions like Inflation, Interest rates, Gross Domestic Product, per capital income, economic growth rate, and terms of international trade exchange rate will continue to perform well and remain fairly stable;
- ii. Political environment will remain stable and political support to the water sector during the implementation of the Authority's functions;
- iii. Stable and predictable regulatory environments like Policies, Laws and Regulations will exist during the implementation of MUWSA functions;

- iv. Competent, skilled and motivated staff will be available during the Strategic Plan implementation period;
- v. Good or stable relationships with key stakeholders like EWLIRA, MoW, NHIF, PSSSF, TANESCO, TRA, PPRA, NBAA, TBS and OTR will be maintained during the implementation of the Authority Strategic Plan;
- vi. Availability of sufficient financial and physical resources like buildings, working tools, and SOPs for the implementation of the Authority Strategic Plan; and
- vii. The current organization structure will remain intact for the implementation of the Authority Strategic Plan and there has been significant change in the existing organization structure due to the implementation of the new scheme of service for Water Supply and Sanitation Authorities - Type 1 approved March 2023

2.9 STAKEHOLDERS' RELATIONSHIP

The Authority believes that the stakeholders are what make its existence. Several measures have been taken to institute responsible behaviour in employees of the Authority and other stakeholders. The Board considers the interests of all stakeholders and ensures that engagement with stakeholders is deliberate and planned and that communication is always transparent and effective. The Authority has identified different categories of stakeholders; the Government, employees, customers, suppliers, society, regulators and policy-makers. These have to be considered by the Authority before making its decisions.

2.9.1 Customers

Customers remain to be our core stakeholder as they determine our existence. The Authority guarantees its customers the sustainable service delivery, assurance of supply both quality and quantity, responsive to needs and competitive tariff. Innovative solutions and superior experience are critical to maintaining a high-quality relationship with them.

2.9.2 Employees

Employees are key to make the Authority a great place to work. They should find working for MUWSA an inspiring place for elevating personal experience and consequently accepts co-responsibility for the development of each employee to the full potential. Together with efficient and value-creating solutions, services and operations offer value to our customers. Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the Authority.

2.9.3 Suppliers

Suppliers are stakeholders who provide goods and services to the Authority and they are closely monitored to ensure they deliver required or ordered goods and services on time.

2.9.4 The Government

The Government established the Authority with a set of objectives and functions for providing Water and Sanitation services. The motive behind the establishment of MUWSA is to enhance the sustainable and adequate provision of water and sanitation services in the Kilimanjaro region.

2.9.5 Society

The Authority acknowledges its responsibility to respond to community social needs. The Corporate Social Responsibility (CSR) interventions included a commitment to active participation in environmental protection and promotion of the socio-economic development of our society through the extension of financial support to the implementation of community activities.

2.9.6 Regulators and policy makers

The Authority complies with a wide spectrum of legislation, conventions, resolutions, directives and guidelines which are issued from time to time by the Government entities. EWURA, Pangani Basin, NEMC, CAG and Treasurer Registrar have a regulatory and/ or oversight function over MUWSA and with whom the Authority is required to interact on a regular basis in order to ensure that statutory reporting requirements are met.

2.10 CAPITAL STRUCTURE AND TREASURY POLICIES

2.10.1 Capital Structure

The Authority's capital structure for the year ended 30 June 2024 consists of a Taxpayer Fund of TZS 4.63 billion (30 June 2023: TZS 4.6 billion) and an Accumulated Surplus of TZS 47.14 billion (30 June 2023: TZS 46.58. billion). The Taxpayer fund is the established value of total net assets taken over from the Government of the United Republic of Tanzania at the inception of Moshi Urban Water Supply and Sanitation Authority in January 1998.

The Authority's capital structure for the financial years ended 30 June 2024 and 30 June 2023 are summarized below: -

ASSETS:

	2023/24	2022/23
	TZS	TZS
Current assets	6,180,230,492	6,514,776,182
Non-current assets	48,423,537,795	46,053,994,688
TOTAL ASSETS	54,603,768,287	52,568,770,870
LIABILITIES:		
Current liabilities	2,315,665,319	861,312,913
Non-current liabilities	518,769,558	497,698,807
TOTAL LIABILITIES	2,834,434,877	1,359,011,720
NET ASSETS	51,769,333,410	51,209,759,150

	2023/24	2022/23
	TZS	TZS
Taxpayer Fund	4,625,331,567	4,625,331,567
Accumulated Surplus	47,144,001,843	46,584,427,583
TOTAL NET ASSETS	51,769,333,410	51,209,759,150

2.10.2 Treasury Policies and Objectives

MUWSA treasury policies involve mechanisms established by the Board, which delegates financial decisions to Management in a controlled manner. The control instruments in place include legislation, Government Circulars, Guidelines and Board resolutions on opening, operating and signing mandates to the bank accounts. The main objective is to ensure proper control and safeguard of the Government's financial resources. Under these mechanisms, the Authority's revenue is collected and remitted directly to the Authority's revenue collection accounts maintained at designated commercial banks using the GePG system; and weekly, on Monday, to the Authority's revenue collection accounts maintained at BOT. All expenditures of the Authority are incurred within the approved limits in the approved annual budget.

2.11 CASH FLOWS

The Authority's cash flows can be analysed from the cash flows statement under three areas of cash flows from operating activities, cash flows from investing activities, and cash flows from financing activities. It should be noted that cash flow analysis does not consider any growth in the cash flow statement because the cash flow statement always shows what happened in the past. Therefore, the Authority's cash flow analysis is summarized below:

2.11.1 Cash Flows from Operating Activities

The net cash flows from operating activities for the year ended 30 June 2024 of TZS 4.31 billion (30 June 2023: TZS 6.54 billion), was derived as the difference between cash receipts for the year ended 30 June 2024 amounting to TZS 14.94 billion (30 June 2023: TZS 17.23 billion) from sales of water, sewerage, water reconnections, new water Connections, Illegal and bypass recovery and penalties, grants received and other income, and payments by 30 June 2024 amounting to TZS 10.63 billion (30 June 2023: TZS 10.69 billion) for Water production and Distribution costs, Maintenance and repairs of water networks systems, personnel, administration, business promotion, events and donation, statutory fees, and financial expenses.

2.11.2 Cash Flows from Investing Activities

The net cash flows for the year ended 30 June 2024 used in investing activities of TZS 4.65 billion (30 June 2023: TZS 6.50 billion), was used in cash capital expenditures including the acquisition and construction of property, plant and equipment.

2.11.3 Cash Flows from Financing Activities

There was no cash in from financing as the Authority finances its activities by using own source and unconditional grants only.

2.12 LIQUIDITY

During the financial year ended 30 June 2024, the Authority managed its liquidity level to ensure there is sufficient funds to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation. This was achieved through prudent liquidity management which includes maintaining sufficient cash and cash equivalents and striving to ensure that receivables are settled within the period. The Authority's current ratio for the financial year ended 30 June 2024, which measures the ability of current assets to meet short-term obligations (current liabilities) was three times (30 June 2023: eight times). Moreover, the acid (quick) test ratio which also measures the ability of current assets, without inventories, to meet short-term obligations (current liabilities) was 1.59 times (30 June 2023: 4.25 times).

Thus, the Authority's Liquidity cover which is the excess of current assets over current liabilities for the financial year ended 30 June 2024 was TZS 3.9 billion (30 June 2023: TZS 5.7 billion). All of the above ratios, current ratio, acid test ratio, and liquidity cover reveal that the Authority was able to fund its current liabilities when due.

However, going forward, receivables amounting to TZS 2.65 billion from Government Institutions is slowly being collected which affects cash inflow. The Authority shall continue to closely monitor its current sources of revenue, explore other sources of revenue, and reduce unnecessary expenditure to reduce the effect of reduction in revenue due to uncollected debts.

2.13 KEY PERFORMANCE INDICATORS

2.13.1 Key Performance Indicators Matrix

The Authority's Key Performance Indicators (KPIs) are reported based on the implementation of the annual plan and budget derived from the Authority Business Plan (2022/23 - 2024/25). The KPIs for the year ended 30 June 2024 is given under Table 3 below.

2.13.2 Service Levels Achievements

Table 3: Overall Quality of Service Achievement

Code	Focus	Description	Provisional Target level: 2022/2023	ServiceActual Performance
WSSO1	Water Quality	Testing samples for impurities	100% compliance	100% compliance
WSSO2	Water Pressure	Min/max water pressure	0.5 to 3 bars	An average of 3 bars

Code	Focus	Description	Provisional Target Service level: 2022/2023	Actual Performance
WSSO3	Reliability of supply	Notify the public of the intention to interrupt supply - planned interruptions	12hrs - short interruptions - 36hrs - longer interruptions	More than 24 hours' notice for any planned interruption. short Notice on any emergency interruption.
WSSO4	Reliability of supply	Restoration after emergency lock-off	Less than 12 hrs	The maximum was 12 hours.
WSSO5	Sewerage	Correction of sewerage problems	Less than 12 hrs	The maximum was 12 hours.
WSSO6	Sewerage	Sewerage effluent quality	100% compliance	100% compliance
WSSO7	Water meters	Changing meters	Figures days and details given to the customer	Maximum of figures working days and customers are notified of fault meter and involved in changes and records kept.
WSSO8	Delivery of bills	Issue of the first bill	Maximum of 30 days after connection and bills delivered before the second of every month.	Maximum of 30 days after connection and bills delivered before the second of every month.
WSSO9	Appointments	Keeping appointments	Customers were notified of the appointment time days before visit and visited as per agreed appointment time	Customers were attended Immediately not necessarily through the request of an appointment.
WSSO10	Complaints	Response to complaints not bill related	Maximum five days after receipt of complaints. Maximum of 20 days to complete the investigation.	Maximum one day after receipt of complaints. Maximum 10 days to complete investigation.
WSSO11	Complaints	Response to billing complaints.	Maximum of five days to acknowledge the complaint and 10 days to investigate and resolve.	Maximum of one day to acknowledge the complaint and five days to investigate and resolve.

Table 4: Guaranteed Quality of Service Achievements

Code	Focus	Description	Provisional Target Service level: 2023/2024	Actual Performance
WSSG1	Access	Connection to supply	Maximum seven working days	Connection was done within seven days after full payment of connection cost.
WSSG2	Water Meters 1	Meter installation of Licensee with 100% metering	Maximum seven working days	Within seven days after full payment of connection Costs
WSSG3	Water Meters 2	Repair or replacement of faulty meters	Maximum five working days	Repair/replacement was done within five days after the defect had been identified depending on the availability of meters.
WSSG4	Water Meters 3	Meter reading	Meter reading to be done monthly	Meter reading is done monthly in a cycle starting from the 18 to the 30 of every month.
WSSG5	Unjustified disconnection	Stop Unjustified disconnection	A maximum of 24 hours to restore wrong/unjustified disconnection after being notified/ aware.	No case of unjustified disconnection happened.
WSSG6	Reconnection	Reconnection after payment of the overdue amount.	24 hours after debt settlement.	Disconnection is done on the day and reconnections paid before 15:00 hours were reconnected on the same day; the rest are reconnected the following day.
WSSG7	Compensation	Payment of compensation	Maximum of 30 days after the claim is received to process and make payment. The customer must claim within 60 days of the perceived breach.	No claim for compensation was done.

2.13.3 Performance Contract Targets

Water Supply and Sanitation Performance Targets for WSSA

Table 5: Performance Targets

PT No.	Performance Indicator	Unit	Performance Targets	
			Provision Target 2023/24	Actual Performance 30 June 2024
Protection of the user interests				
User service accessibility				
PT 1	Proportion of population living within the area with Water Network	%	96	89.7
PT 2	Proportion of population with access to water supply	%	100	92
PT 3	Number of households with connection to Water supply	No	60,100	58,246
PT 4	Proportion of population connected with sewerage network	%	30	30
PT 5	Number of Households with connection to Sewerage	No	3,487	3,455
PT 6	Number of Public Water Kiosk	No	217	188
PT 7	Average hours of supply	hours	23.5	23.5
Quality of service supplied to users				
PT 8	Water quality compliance (%)			
	4.1 E-coli	%	100	100
	4.2 Turbidity	%	100	100
Sustainability of the Operator				
Operator's financial and economic sustainability				
PT 9	Metering ratio (%)	%	100	100
PT 10	Non-Revenue Water or NRW (%)	%	21	23.8
PT 11	Revenue collection efficiency (%)	%	95	96.3
PT 12	Working ratio	-	0.8	0.80
PT 13	Operating ratio	-	≤1	0.91
Operator's Cost Indicators				
PT 14	Personnel expenditure as % of collection from water, sewerage bills and related services	%	≤30	33
Operator's human resource Efficiency				
PT 15	Personnel/1000 (W&S) connections	No	8 - 5	3
Environmental sustainability				
PT 16	Wastewater quality compliance (%)			
	12.1 BOD ₅ compliance	%	100	100
	12.2 COD compliance	%	100	100

Annual Plan, Budget and Authority Business Plan (2022/23 2024/25).

Table 6: Implementation of key performance indicators for 2022/23

S/No	Description	Unit	Target 2023/24	Actual as at 30 June 2024	Remarks
1.	New connections (water)	No	2,700	3,933	The achievement of this indicator by 145% is based on the high demand for a new connection in the new service area.
2.	New connections (Sewerage)	No.	120	40	This indicator was achieved by 33% because people have alternatives such as soak-away pits and pit latrines.
3.	Non-Revenue Water	%	21	23.8	The Authority is striving to Replace dilapidated pipes, Meters installation to customers around 12 wards, malfunctioning meters and timely repair of leakages in order to reduce NRW.
4.	Revenue collection efficiency	%	95	96.3	Sensitization of customers to pay their bills and follow-up of debts has been done for attaining the targets.
5.	Response to written complaints	%	100	99	The Authority has a customer service section coordinating the handling of all customer complaints.

Source: Annual Plan, Budget and Authority Business Plan (2022/23 2024/25).

2.13.4 Implementation Status of the Authority Business Plan

The Implementation status of the Business Plan as at 30 June 2024 shown in Table 7 has an average of 80%. The implementation was constrained by financial availability following non-implementation of the tariff required to be charged for the period of nine months FY 2023/24.

Table 7: Implementation of Business Plan as of June 2024

S/N	Activities to be Implemented	Implementation Status	Compliance
1	To construct Karanga Darajani Water intake	Karanga Darajani Intake Constructed	100%
2	To construct transportation pipelines, 10" to 8" from Karanga Darajani Water intake and water distribution network, 1.5" to 6"	Construction of pipeline from Karanga to Kilimanjaro tank 2.3 km completed, but the construction of distribution line not yet conducted, will be implemented under phase II of project	100%

MOSHI URBAN WATER SUPPLY AND SANITATION AUTHORITY

S/N	Activities to be Implemented	Implementation Status	Compliance
3	Construction of MwekaSungu Water distribution network 1.5" to 4"	Implementation of Mweka sungu project is on progress. The project will end in December 2024	45%
4	To Construct 3.55 Km water network pipelines e xtension, "1.5" to "4" at Zone 1 & 2	A total of 3.5km for water network pipelines extension has been constructed at Shiri, Mlgungani, Shirimatunda and Chekereni.	100%
5	To Construct 0.45Km water network pipelines extension, "1.5" to "4" at Zone 4	A total of 0.45 km for water network pipelines extension in zone 4 has been conducted	100%
6	To Construct 15.65Km water network pipelines extension "1.5" to "4" at Zone 6	A total of 17.12 km for water network extension pipeline constructed in Sango and Mjohoroni	102%
7	To Construct 3Km water network pipelines extension of "1" to "3" at Zone 7	A total of 2.04 km for water network pipelines extension for water network has been conducted at zone 7	68%
8	To Construct 4Km water network pipelines extension, "1.5" to "4" at Zone 8	A total of 4.55 km for water network extension pipelines constructed inChekereni Relini and Chekereni Katanini.	100%
9	To Construct 89.53Km water network pipelines extension, "1.5" to "4" at Zone 9	A total of 49.68 km water network has been extended in Njiapanda.	55.5%
10	To Construct 12.14Km water network pipelines extension, "1.5" to "4" at Zone 11	A total of 2.06 km for water network pipelines extension has been constructed in Kitunda and Kariwa	16.9%
11	To Construct 1.35Km water network pipelines extension, "1.5" to "4" at Zone 12	A total of 1.5 km for water network pipelines extension for water network h a s been conducted at Kimochi.	111%
12	To Construct 2.7Km water network pipelines extension, "1.5" to 4" at Zone 14	A total of 600 m water network extension has been done at Mkalama	22%
13	To Construct 2Km water network pipeline extensions, 1.5" to 4" at Zone 15	A total of 64.2km water network extension has been done at Maring'a, Mrimbo Uuwo ,Kiruweni,Kmang'aro	3,210%
14	To extend 10.78km, 8" water transportation pipeline from coffee curing water source	Note done	0%
15	To construct 942 interconnections pipeline reducing from size 6", 4", 3", 2.5", 2",1.5" to 1"	942 interconnection pipelines reduced from 6",4",3",2.5",2",1.5" to 1 constructed	100%
16	To rehabilitate 22.9km of water network, "1.5" to "4" pipelines by	A total of 89.3 km of water network rehabilitated	389.9%

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S/N	Activities to be Implemented	Implementation Status	Compliance
	2025		
17	To Construct water 750-meter chamber by June 2022	250 Water meter chamber were constructed	100%
18	To purchase new land 10 Hectare for construction of new wastewater treatment works at Msaranga & Njia panda by 2023.	Not done	0%
19	To rehabilitate 1000 manholes/ chambers with problems by 2024	A total of 310 sewermanhole/chambers with problems rehabilitated	31%
20	To rehabilitate Soweto Sewer line (from Nothern Zone Irrigation to Makaburini) for a total length of 1000m (from 6" to 8") by 2024	A total of 1000m for sewer line in Soweto has been rehabilitated	100%
21	To construct Mabogini waste water treatment plant by 2023	Mabogini Wastewater Treatment plant not yet constructed. MUWSA management has written two proposals seeking for fund to implement the same.	20%
22	To Rehabilitate 272m sewer lateral from Bluecate to Pasua Zahanati by June 2024	Implemented	100%
23	To Rehabilitate 365m sewer lateral at Kwa Nguzo Street by June 2024	Implemented	100%
24	To Rehabilitate 180m sewer lateral at Siima - Kiusa Ward by June 2024	Implemented	100%
25	To replace 5.97 km of 6" to 8" of delapidated sewer lines in Khambaita road, Bomambuzi street, Pasua, majengo and Kiusa ward	Implemented	100%
26	To install pre-paid water meters 475 to Public Institutions, 1000 to Domestic customers, 500 to Commercial customers and 25 to kiosk customers by 2025	378 prepaid water meters were installed.	80%
27	To procure 6360 new water meters (3/4") for new customers connection	A total of 1,100 new water meters for new connection procured and installed	17.29%
28	To procure 2700 new water meters (3/4") for new customers connection	A total of 3,891 water meter for new customer connection Installed in the existing area.	144%
29	Replacement of 2000 Multifunctioning water meters by 2023	A total of 2,613 multifunctioning water meters replaced	130%
30	To install 24 bulk meters in the water production plant and	A total of 22 bulk meters has been installed in water production plants and	92%

S/N	Activities to be Implemented	Implementation Status	Compliance
	distribution points	distribution points	
31	To Purchase of new workshop equipment by 2025 (fusion machines, pipe cutter, concrete mixer, air compressor, poker vibrator)	Machine procured	100%
32	To Purchase Office equipments	A total of two (2) Air condition procured and installed, 6 telephone receiver procured, Supply and installation of One (1) CCTV camera, and installation of 5 biometric time & Attendance device.	100%
33	Establishment of call center to facilitate online receipt of customer complaints by 2025	Call centre was established	100%
34	Construction of fencing wall around MUWSA's yard office 150m long	Done	100%
35	To Procure 2 new and 2 replacement Motor vehicles by 2025	Four (4) cars procured and received	100%
36	To Purchase water Laboratory Equipment and tools by 2023	Laboratory Equipment purchased	100%
37	Replacement of water production equipment	Water production equipment replaced, 6 dosing pumps procured and replaced in Kilimanjaro tank, Nsere and Petershoff	100%
38	To install computer working tools into all MUWSA offices by 2025	A total of 3 Laptops and 1 desktop procured. Also, EPD (printers, photocopy machine, scanner, router cisco 1900 series, mobiles flash dicks, toner, and USB cables.	100%

2.14 CORPORATE GOVERNANCE MATTERS

2.14.1 Corporate Governance Statement

Corporate governance is the backbone of any entity's strategy and success as it provides a framework within which corporate objectives are set and performance is monitored. Good corporate governance is critical in the public sector entities, and the Authority, in particular, because with good corporate governance, the institutional risks that would lead to failure of the Authority to perform its functions of providing water and sanitation services are mitigated.

The Authority is committed to the principles of good corporate governance. The Board recognizes the importance of integrity, transparency and accountability. In addition, the Board has overall responsibility for identifying key risk areas, considering and monitoring investment decisions, and significant financial matters and reviewing the performance of the Authority's plans and budgets. Furthermore, the Board is also responsible for ensuring that a comprehensive system of internal control and procedures is operative in compliance with sound corporate governance principles.

Therefore, during the year under review, the Authority complied with all aspects of good corporate governance principles which include Board operations and control; rights of the Government and general public; stakeholder relations; ethics and social responsibility; accountability, risk management and internal control; and transparency and disclosure. These are briefly explained below: -

Membership of Those Charged with Governance

The Board of Directors, which consists of the Chairman and nine other members, is established under Section 11 of the Water Supply and Sanitation Act No.5 2019. The Chairman and other Board members are appointed by the Minister for Water.

The Board Chairman and Board Members were appointed on 25 August 2022 by Hon. Jumaa H. Aweso (MP), the Minister for Water. The Board had a Vice Chairman who was appointed by the Board during its extra ordinary meeting held on 28 September 2022. The Board is in operational until 30 June 2025, when their tenure expires. The Managing Director is also the Secretary to the Board.

Table 8 below shows the Board Members who served the Authority during the financial year under review:

Table 8: Board Members and Board Secretary for the Year 2023/24

S/N	Name	Gender	Position	Nationality	Qualification	Age	Appointment / Resignation	Meetings Attended
1	Prof. Jafari R. Kideghesho	Male	Chairman	Tanzanian	PhD. (Science and technology) M.A (Conservation Biology) B.A (Agriculture)	60	25 August 2022	5/5
2	Hon. Stuart N. Nkinda	Male	Member	Tanzanian	BA in Corporate Management and Accounting	40	25 August 2022	4/5
3	Prof. Alfred S. Sife	Male	Member	Tanzanian	PhD. (Information Studies) M.A (Information Studies) BSc (Forestry)	52	25 August 2022	3/5
4	Eng. Abas M. Pyarali	Male	Member	Tanzanian	MSc. Water Eng., BSc Civil Engineering	47	25 August 2022	3/5
5	Ms. Joyce R. Ndosi	Female	Member	Tanzanian	Diploma in Democracy	57	25 August 2022	5/5
6	Ms. Stella B. Assey	Female	Member	Tanzanian	Advanced Diploma in Accounting	57	25 August 2022	5/5
7	Hon. Alty D. Badi	Male	Member	Tanzanian	BA in Cooperative Management and Accounts, CPA(T), MBM,	41	25 August 2022	5/5
8	Mr. Tixon T. Nzunda	Male	Member	Tanzanian	MSc. Global Ethics, Masters of Public Admin.-HRM, ADPA, DE.	56	03 May 2023	4/5
9	Mr. Rashid Gembe	Male	Member	Tanzanian	Adv. Dip. in Accounting, MBA	58	25 August 2022	1/5
10	Ms. Mwachuma A. Nasombe	Female	Member	Tanzanian	Masters of Governance and Leadership	38	01 February 2024	1/5
11	Eng. Kija Limbe	Male	Member and Board Secretary	Tanzanian	BSc. Civil Engineering	46	25 August 2022	5/5

During the financial year ended 30 June 2024, Ms. Mwachuma A. Nasombe was appointed as a member of the Board on 01 February 2024, to fill the vacant position in maintaining the Board's functionality and effectiveness. Further, the Authority experienced a change in its Board composition following the retirement of Mr. Willi L. Machumu, whose position was replaced by Mr. Tixon T. Nzunda who also passed away on 18 June 2024.

2.14.2 Structure of the Board

To ensure effectiveness and value addition to the Authority, the Board has a maximum of 11 members including the Chairman. In addition, the Board had established its committees including Audit Committee, Finance, Planning and Budget Committee and Employment and Disciplinary Committee. The Board and its committees have charters which provide terms of reference and guidance on undertaking their oversight role. Thus, the Board ensures that its committees are appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to them.

2.14.3 The Functions of the Board

The Directors believe that high standards of corporate governance directly influence the Authority stakeholders' confidence and the Management recognizes the importance of integrity, transparency, responsibility, and accountability. In so doing the Management, therefore, confirms that: -

- a) They retain full and effective control over the Authority and the Management team;
- b) Different persons in accordance with the Memorandum of Understanding hold the positions of Chairperson and Managing Director;
- c) The Directors accept and exercise responsibility for strategic and policy decisions, the approval of budgets, and monitoring of performance;
- d) They ensure that discussions on issues of performance, policy, and strategy are informed and that debate is rigorous but constructive;
- e) They bring skills and experience from their own spheres of business to complement the professional experience and skills of the Management team; and
- f) The Board of Directors has the mandate to approve the recruitment of vacant posts and fire any member of the staff and save for the Managing Director whom they are required to recommend to the Minister.

2.14.4 The Board Independence

The Authority assesses the independence of Board members on an annual basis, to ensure that the Board always benefits from independent and objective judgment.

2.14.5 The Board Instruments

The Authority Board's Code of Ethics and Conduct are in accordance with the Treasury Registrar's Board of Directors Code of Ethics and Conduct Guidelines, 2016. The Code has been cascaded down to all employees, as well as to the established Charters of the Board and its Committees so as to guide the Board in undertaking its oversight role and planned activities. The code and the charters will be customized to cope with the Authority's needs.

2.14.6 Governance on Audit

The Board continues to oversee Management implementation of the Controller and Auditor General's recommendations made during the statutory audit of the financial year 2022/23. In addition, the Board continues to oversee the Management implementation of recommendations made by the Office of the Treasury Registrar and EWURA for the financial year 2022/23.

i. Rights of the Government and the General Public

The Authority recognizes, respects, and protects the rights of the Government and the general public through:

- Availing information on the Authority's performance by submission of quarterly performance reports to relevant Government authorities and publishing annual reports together with audited financial statements in MUWSA website;
- Ensuring equitable treatment of all customers and other stakeholders in discharging the Authority functions;
- Ensuring that Government, Ministries, and Agencies hold meetings with the Authority's Management, when required, to discuss any matter related to the Authority's performance or service delivery; and
- Engaging in the media on the dissemination of important Authority information.

ii. Stakeholder Relations

The Board has identified categories of stakeholders; the Government, employees, customers, suppliers, society, regulators, and policymakers. Before making its decisions, the Board takes the interests of all stakeholders into account to ensure that engagement with stakeholders is deliberate and planned. Furthermore, the Board wishes to ensure that communication with stakeholders is always transparent and effective.

iii. Ethics and social responsibility

The Board has identified the following four ethical values, which underpin good corporate governance, to guide all its deliberations, decisions, and actions:

- **Responsibility:** The Board assumes responsibility for the assets and actions of the Authority and is willing to take corrective actions to keep the Authority on a strategic path that is ethical and sustainable;
- **Accountability:** The Board justifies its decisions and actions to the Government and other stakeholders;
- **Fairness:** The Board ensures that it considers the legitimate interests and expectations of all stakeholders; and
- **Transparency:** The Board discloses information in a manner that enables stakeholders to make an informed analysis of the Authority's performance and sustainability.

iv. Risk Management, Internal Control and Accountability

The Authority is committed to ensure the existence of a continuous process of risk management and internal controls which ensures business continuity on service delivery so as to achieve the strategic goals while managing the risks.

An overall policy framework on risk and internal control has been developed, which includes the institutional Risk Management Framework and Policy with its related processes, guidance, and tools. The Authority is committed to identifying and managing risks to its work plans and defining and implementing efficient and effective internal controls, to strengthen its ability to meet objectives and deliver benefits and goals expected by its regulated service providers, customers and all stakeholders.

Good risk management identifies the potential events which could affect the achievement of goals and develop action plans for addressing these risks - allowing informed decision-making, better prioritization, and improved use of resources. The Authority's approach to risk management does not aim to eliminate or avoid risk but to be aware of it, reducing risk to an acceptable level and balancing risks and opportunities when deciding on a course of action.

The established risk management process includes the implementation of regularly updated risk analyses and mitigation plans at all levels of the Authority. The purpose is both to create a tool for the internal management of each Directorate, Unit or Section so as to provide information to the Authority's Management on key risks identified and how these are managed. In addition to this bottom-up review of risks, the Authority has integrated risk management into its corporate strategic planning and results-based management processes.

Every staff of the Authority has an important role in the risk management process and controls as part of their work. In particular, all Directors, Heads of Units and Managers are accountable for identifying and managing risks and overseeing the definition and implementation of internal controls, policies and procedures within the area under their authority, including the management of issues which arise.

2.14.7 Meetings of Those Charged with Governance

The Board is required to meet at least four times a year and additional meetings convened as and where necessary. During the financial year ended on 30 June 2024, the Board held five meetings, of which four were ordinary and one extra-ordinary meeting.

Table 9: Board meeting attendance

S/N	BOARD MEMBER	10/08 /2023	09/11/ 2023	08/02/ 2024	19/02/ 2024	13/05/ 2024	Total
1.	Prof. Jafari R. Kideghesho	A	A	A	A	A	5
2.	Hon. Stuart N. Nkinda	A	A	-	A	A	4
3.	Prof. Alfred S. Sife	-	A	-	A	A	3
4.	Eng. Abas M. Pyarali	A	A	-	-	A	3
5.	Ms. Joyce R. Ndosi	A	A	A	A	A	5
6.	Ms. Stella B. Assey	A	A	A	A	A	5
7.	Hon. Ally D. Badi	A	A	A	A	A	5
8.	Mr. Tixon T. Nzunda	A	A	-	A	A	4
9.	Mr. Rashid Gembe	-	A	-	-	-	1
10.	Ms. Mwachuma A. Nasombe	-	-	-	-	A	1
11.	Eng. Kija Limbe/Mr. Edes Mushi*	A*	A*	A	A	A	5

Key: A = Attended

A* = Represented

Table 9a: Matters discussed in each Board meeting included:

Date	Discussion/Agenda
10 August 2023	Reviewed and deliberated on 2022/23 fourth quarter report.
09 November 2023	Reviewed and deliberated on 2023/24 first quarter report.
08 February 2024	Reviewed and deliberated on 2023/2024 second quarter report.
19 February 2024	Extra ordinary Board meeting - Reviewed and Approved the revised budget of 2023/24 and 2024/25 respectively.
13 May 2024	Reviewed and deliberated on 2023/24 third quarter report.

2.14.8 Committees of Those Charged with Governance

Audit Committee

The Audit Committee was formed by the Board on 28 August 2022 under section 24(1) of the Water Supply and Sanitation Act, 2019. The Committee is composed of a chairman and the members, who are also the Board Members.

The responsibilities of the Committee are to assist the Board in its oversight responsibility with respect to internal audit functions, internal control systems, internal and external audit reports, financial statements, and implementation of the auditors' recommendations. The Committee meets once quarterly with additional meetings convened as and when necessary.

During the financial year ended on 30 June 2024, the Committee held six meetings, of which four were ordinary and two extra-ordinary meetings. The Members of the Committee who served during the financial year ended 30 June 2024 are shown in Table 10: -

Table 10: Members of the Committee who served during the financial year ended 30 June 2024.

S/N	Name	Title	Representation	Qualification
1.	Prof. Alfred S. Sife	Chairperson	Major Customers	PhD. (Information Studies) M.A (Information Studies) BSc (Forestry)
2.	Ms. Stella B. Assey	Member	Women	Advance Diploma in Accounting
3.	Hon. Ally D. Badi	Member	Domestic Consumers	BA in Cooperative Management and Accounts, CPA(T), MBM,
4.	Hon. Stuart N. Nkinda	Member	Councillors	BA in Corporate Management and Accounting
5.	Eng. Kija Limbe	Invitee	Managing Director (MUWSA)	BSc. Civil Engineering
6.	Mr. Laurian Kessy	Secretary	Human Resource and Administration Manager (MUWSA)	MBA Corporate Management, LLB, Adv. Dip. in Public Adm.

Table 10a: Attendances of members of Audit Committee were as follows: -

S/N	Name	27/07/2023	29/08/2023	26/10/2024	30/01/2024	05/02/2024	30/04/2024	Total
1.	Prof. Alfred S. Sife	-	-	A	A	A	A	4
2.	Ms. Stella B. Assey	A	-	A	A	-	A	4
3.	Hon. Ally D. Badi	A	A	A	A	A	-	5
4.	Hon. Stuart N. Nkinda	-	A	-	-	A	A	3
5.	Mr. Laurian Kessy/CPA*. Happy Naftali	A	A	A	A	A*	A	6

Key: A = Attended

A* = Represented

Table 10b: Matters discussed in each committee meeting were as follow:

Date	Discussion/Agenda
27 July 2023	Reviewed and deliberated on 2022/2023 fourth quarter report.
29 August 2023	Special Audit Committee Meeting - To receive, discuss, and approve draft financial Statements for the year 2023/24
26 October 2023	Reviewed and deliberated on 2023/2024 first quarter report.
30 January 2024	Reviewed and deliberated on 2023/2024 second quarter report.
5 February 2024	Special Audit Committee Meeting - Receiving of Audited Financial Report for the year ended 30 June 2023 from CAG.
30 April 2024	Reviewed and deliberated on 2023/2024 third quarter report.

Finance, Planning and Budget Committee

The Finance and Planning Committee was formed by the Board on 29 September 2022 under Section 24(1) of the Water Supply and Sanitation Act, 2019. The Committee is composed of a chairman and two members, who are also the Board Members.

The responsibility of the Committee is to assist the Board in its oversight responsibility with respect to the finance and planning of the Authority. This includes Authority Strategic and Business Planning, Annual Plans and Budgets; Annual Procurement Plans and Quarterly and Annual Performance Reports. The Committee meets once quarterly with additional meetings convened as and when necessary.

During the financial year ended on 30 June 2024, the Committee held five meetings, of which four were ordinary and one extra-ordinary meeting. The Members of the Committee who served during the financial year ended 30 June 2024 are shown in Table 11 below: -

Table 11: The Members of the Committee who served during the financial year ended 30 June 2024

S/N	Name	Title	Representation	Qualification
1.	Eng. Abas M. Pyarali	Chairperson	Ministry of Water	MSc. Water Eng., BSc Civil Engineering
2.	Hon. Ally D. Badi	Member	Domestic Consumers	BA in Cooperative Management and Accounts, CPA(T), MBM,
3.	Ms. Stella B. Assey	Member	Women	Advance Diploma in Accounting
4.	Hon. Stuart N. Nkinda	Member	Councillors	BA in Corporate Management and Accounting
5.	Eng. Kija Limbe	Secretary	Managing Director (MUWSA)	BSc. Civil Engineering

Table 11a: Finance and Planning Committee members Attendances were as follows: -

S/N	Name	26/07/ 2023	27/10 /2023	29/01/ 2024	16/02/ 2024	29/04/ 2024	Total
1.	Eng. Abas M. Pyarali	A	A	A	A	A	5
2.	Hon. Ally D. Badi	A	A	A	-	A	4
3.	Ms. Stella B. Assey	A	A	A	A	A	5
4.	Hon. Stuart N. Nkinda	A	A	-	A	A	4
5.	Eng. Kija Limbe	A	A*	A	A	A	5

Key: A = Attended

A* = Represented

Table 11b: Matters discussed in each committee meeting were as follow: -

Date	Discussion/Agenda
26 July 2023	Reviewed and deliberated on 2022/23 fourth quarter report.
27 October 2023	Reviewed and deliberated on 2023/24 first quarter report.
29 January 2024	Reviewed and deliberated on 2023/24 second quarter report.
16 February 2024	Special Finance and Planning Committee - Review revised budget of 2023/24 and 2024/25 budget.
29 April 2024	Reviewed and deliberated on 2023/24 third quarter report.

Employment and Disciplinary Committee

The Committee was formed by the Board on 28 September 2022 under Section 24(1) Water Supply and Sanitation Act, 2019. The Committee is composed of a chairman and two members, who are also the Board Members.

The responsibility of the Committee is to assist the Board in its oversight responsibility with respect to Human Resource Management. The Committee meets once quarterly with additional meetings convened as and when necessary. During the financial year ended on 30 June 2024, the Committee held four meetings, of which all were ordinary and there was no extra-ordinary meeting. The Members of the Committee who served during the financial year ended 30 June 2024 are shown in Table 12 below:

Employment and Disciplinary Committee members who served during the reporting period are as follows:

Table 12: The Members of the Committee who served during the financial year ended 30 June 2024

S/N	Name	Title	Representation	Qualification
1.	Mr. Tixon T. Nzunda	Chairperson	Reginal Secretariat Office	MSc. Global Ethics, Masters of Public Admin-HRM, ADPA, DE.
2.	Mr. Rashid Gembe	Member	Municipal	Adv. Dip. in Accounting, MBA
3.	Ms. Joyce R. Ndosu	Member	Business Community	Diploma in Democracy
4.	Hon. Stuart N. Nkinda	Member	Councillors	BA in Corporate Management and Accounting
5.	Eng. Kija Limbe	Secretary	Managing Director	Bsc. Civil Engineering

During the year under review, there were four ordinary Employment and Disciplinary Committee meetings of which attendance was as follows: -

Table 12a: Employment and Disciplinary Committee meetings attendances

S/N	Name	28/07/2023	31/10/2023	31/01/2024	25/04/2024	Total
1.	Mr. Tixon T. Nzunda	A	A	A	A	4
2.	Mr. Rashid Gembe	A	A	-	-	2
3.	Ms. Joyce R. Ndosu	A	A	A	A	4
4.	Hon. Stuart N. Nkinda	-	-	A	-	1
5.	Eng. Kija Limbe	A	A	A*	A	4

Key: A = Attended

A* = Represented

Table 12b: Matters discussed in each committee meeting were as follow: -

Date	Discussion/Agenda
28 July 2023	Reviewed and deliberated on 2022/23 fourth quarter report.
31 October 2023	Reviewed and deliberated on 2023/24 first quarter report.
31 January 2024	Reviewed and deliberated on 2023/24 second quarter report.
25 April 2024	Reviewed and deliberated on 2023/24 third quarter report.

2.14.9 Management of the Authority

The Managing Director, who is also the Accounting Officer of the Authority and the Secretary to the Board, is responsible to the Board for the proper administration and management of the functions and affairs of the Authority. The Authority's Management team, which is under the supervision of the Managing Director, demonstrated the capability to handle all operational and administrative matters efficiently. The Management, under the Managing Director is organized into three directorates and six units as follows: -

2.14.10 Directorates

- i. Directorate of Water Supply and Sanitation Management (DWSS);
- ii. Directorate of Human Resource Management and Administration (DAHRM); and
- ii. Directorate of Customer Services (DCS).

2.14.11 Units

- i. Planning, Monitoring and Evaluation Unit (PMEU);
- ii. Finance and Accounts Unit (FAU);
- iii. Legal Services Unit (LSU);
- iv. ICT and Statistics Unit (ICTSU);
- v. Internal Audit Unit (IAU);
- vi. Procurement Management Unit (PMU); and
- vii. Communication and Public Relations Unit (CPRU).

The Authority Organization structure was approved by H.E President Samia Suluhu Hassan, the President of the United Republic of Tanzania in May 2022. The structure is for Water Authorities in Tanzania.

2.15 APPOINTMENT OF EXTERNAL AUDITOR

Article 143 of the Constitution of the United Republic of Tanzania of 1977 and section 10 of the Public Audit Act, Cap 418 mandates the Controller and Auditor General as the statutory auditor of all public sector entities including Moshi Urban Water and Sanitation Authority (MUWSA). In addition, section 26 (2) of the Water Supply and Sanitation Act, 2019 earmarked the CAG as the statutory auditor of the MUWSA's financial statements.

2.16 RESPONSIBILITY OF THE AUDITOR

The Controller and Auditor General (CAG) has a statutory responsibility to report to the stakeholders as to whether, in his opinion, the financial statements of the Authority present fairly the financial position, financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSASs), the Tanzania Financial Reporting Standard (TFRS 1) and the manner required by the Water Supply and Sanitation Act, 2019 and the Public Finance Act, Cap. 348.

2.17 POLITICAL AND CHARITABLE DONATIONS

The Authority did not make any political donations during the year ended 30 June 2024. Donations were made as part of corporate social responsibility to institutions and charitable organizations to acknowledge the Authority's responsibility to community social needs. During the financial year ended on 30 June 2024, the Authority spent TZS 30.66 million (30 June 2023: TZS 11.95 million) to support several social and economic development the initiatives implemented throughout the country.

2.18 EMPLOYEES' WELFARE

2.18.1 Management and Employees' Relationship

A healthy relationship existed during the financial year between Management and employees represented by the Worker's Unions, TUICO and TUGHE MUWSA Branch. There was a harmonious relationship demonstrated during the Workers Council meetings where Management transacted with workers union leaders and employees' representations. Generally, there were no unresolved complaints received from the employees during the year.

2.18.2 Working Environment

Management believes that its employees should find working for the Authority an inspiring and personally elevating experience and consequently accepts co-responsibility for the development of each employee to his/her full potential. Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the Authority. This encompasses individual commitment towards innovative thinking and professional expertise resulting to reward.

Opportunities and Fairness

Management is convinced that equal opportunities for all employees, irrespective of ethnicity, race, gender, disability or religion, should be pursued. Management accepts that only through total commitment, loyalty and dedication of its employees will be able to achieve its performance targets.

2.18.3 Post-employment Benefits

All employees of the Authority are members of PSSSF. The Authority contributes 15% of the basic salary of each employee to the Fund on behalf of all permanent employees and employee contributes 5% of their basic salary. The total contribution made to PSSSF during the year was TZS 570.30 million (30 June 2023: TZS 426.86 million).

2.18.4 Medical Services

The Authority operates an insured (health benefit) plan for employees, their spouses and up to a maximum of four dependents. Contribution is paid to the National Health Insurance Fund (NHIF) upon successful registration of the employee to the Fund. The total contributions made by the Authority to NHIF during the year was TZS 114.06 million (30 June 2023: TZS 85.53 million) being 6% of the employee's basic salary, whereby the contributions are shared equally, the Authority 3% and the employee 3%.

2.18.5 Training

The Authority continually develops training programs to ensure employees are adequately trained at all levels. Employees are given the opportunity to attend seminars, short and long training programs to upgrade their skills and enhance career development. During the financial year ended 30 June 2024, the Authority spent TZS 451.07 million (30 June 2023: TZS 374.63 million) for training fees and allowances.

2.18.6 Financial Assistance to Employees

The Authority sponsor the MUWSA Savings and Credit Co-operative Society by providing office, expert and other services to make sure the SACCOS is operated efficiently and sustainably. The aim is to protect the interest of the members who are employees of MUWSA. Also, advance salary for those employees who need.

2.19 DISABLED PERSONS AND GENDER BALANCE

2.19.1 Disabled Persons

The Authority is an equal-opportunity employer and as a matter of policy, recruitment processes are transparent and competitive. In case of applications for employment by persons with disabilities will be considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort shall be made to ensure that their employment with the Authority continues and appropriate training is arranged.

2.19.2 Gender Balance

The Authority is an equal opportunity employer and it had 178 (30 June 2023: 176) employees during the year ended 30 June 2024. Recruitment is done by the Public Service Secretariat. Out of 178 employees, 114 (30 June 2023: 114) were male and 64 (30 June 2022: 62) were female as shown as follows:-

Table 13: MUWSA Permanent Staff Gender Profile

Sex	Management Level		Supervisory Level		Operational cadre		Total	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Male	8	87.5%	18	64%	88	64%	114	64%
Female	2	12.5%	10	36%	52	36%	64	36%
	10	100%	28	100%	140	100%	178	100%

The Authority's recruitment policy is to give equal opportunity to all people in the recruitment process to fill vacant employment posts. Thus, the Authority does not discriminate between male and female applicants for the vacant posts. In this regard, great care is taken when implementing the policy to ensure that education/professional qualifications, competencies and key attributes which are the basic criteria for selection and appointment, are not compromised.

2.20 MAJOR PROCUREMENT CONTRACTS

The Authority had major procurement contracts with different vendors, which were essential to its operations during the financial year ended on 30 June 2024. The list of the major procurement contracts of above TZS 50 million is summarized under Table 14 below.

Table 14: Major Procurement Contracts for the years 2023/2024

Contract Title	Name of Supplier/Service Provider	Type of Contract	Contract Value (TZS)
Supply of Hdpe & Pvc Pipes	Plasco Ltd	Goods	1,723,446,062
Supply of Water pipe fittings (Hdpe &Pvc)	Equiplus Company Ltd	Goods	143,406,698
Supply of Gs Pipes & Fittings	Metro water service Ltd	Goods	634,446,148
Supply of Computer Consumables	Kingjosh Enterprises Limited	Goods	151,235,998
Supply of EDP Equipment	Kingjosh Enterprises Limited	Goods	132,831,420
Supply of Motor Vehicle Spares	Rind Lane Spares and Hardware Ltd	Goods	162,352,365
Supply of Post Water meter	Alternative Solution Ltd	Goods	516,168,665
Supply of Building Material	Deviera Trading Company	Goods	157,488,585
Provision of Security Services	Supreme International Ltd	Services	269,599,200
Supply of Uniforms	JMX Mens Wear & General	Goods	64,404,400
Supply of Water Treatment	Twiga Chemical Industries Ltd	Goods	57,772,800
Total			4,013,152,341

Source: MUWSA

2.21 CONTINGET LIABILITIES/ASSETS

The prejudicial issues at the end of the financial year included ongoing litigation at the temples of justice.

Table 15: The Authority cases as at 30 June 2024 and their status:

No.	Case Citation	Description	Court/Commission	Remarks
1.	MUWSA Vs. Kuringe	Application to strike out Notice of Appeal in the Court of Appeal	High Court Commercial Division	the application was heard on 13 March 2024 and it was struck out. Ultimately the case was closed in favour of MUWSA.
2.	MUWSA Vs. TRA		TRAB	TRA is yet to issue a verdict on MUWSA's preliminary objection regarding the Tax claim of TZS 2.8 billion

2.22 OTHER INFORMATION

2.22.1 Sustainability-Related Financial Information

MUWSA has taken steps to align its reporting practices with Sustainability-Related Financial Information requirement which requires the disclosure of sustainability-related risks and opportunities that could reasonably affect the entity's cash flows, access to finance, or cost of capital over the short, medium, or long term. The requirement outlines how entities should prepare and report sustainability-related financial disclosures, including general requirements for content and presentation, ensuring the information is useful for primary users making resource-related decisions.

MUWSA has demonstrated its commitment to aligning with the requirements by taking initial steps to integrate sustainability considerations into its financial reporting practices.

2.22.2 Climate-Related Risks and Opportunities

MUWSA has taken steps to align its reporting practices with Climate-Related Risks and Opportunities which focuses on climate-related disclosures. The objective of this requirement is to require the authority to disclose information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports for making resource-related decisions.

MUWSA is expected to disclose climate-related risks and opportunities that could reasonably impact its cash flows, access to finance, or cost of capital over the short, medium, or long term. These risks include climate-related physical risks and transition risks.

The Authority has demonstrated its commitment in aligning its reporting practices with this requirement, reflecting its commitment to addressing climate-related challenges and opportunities.

2.23 STATEMENT OF COMPLIANCE

The Report by Those Charged with Governance is prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (TFRS 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1 January 2021. The Authority's financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs) as issued by the International Public Sector Accounting Standards Board (IPSASB).


2.24 EVENT AFTER THE REPORTING DATE

There were no significant events after the reporting period which might have impacted the future performance of the Authority.

2.25 AUDIT MANDATE

The Controller and Auditor General (CAG) is a statutory auditor for Moshi Urban Water Supply and Sanitation Authority (MUWSA) pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005) and the Section 10 of the Public Audit Act, Cap 418. However, in accordance with section 33 of the Public Audit Act, Cap 418, M/S ABA Alliance of P.O. Box 11621, Dar es Salaam located at PSSSF Commercial Complex, registered under Accountant and Auditors Registration Act of 1972 as amended in 1985 with PF Number 216 and TIN 107-712-089 was authorized to audit the Financial Statements of the Authority in collaboration with Controller and Auditor General.

BY ORDER OF THE BOARD


.....
Prof. Jafari Kideghesho
Chairperson of the Board
14/02/2025
.....
Date


.....
Eng. Kija Limbe
Managing Director
14/02/2025
.....
Date

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

Pursuant to Section 26(1) of the Water Supply and Sanitation Act, 2019, the Authority is required to keep proper books of account and maintain proper records of its operations. Those Charged with Governance accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements. Those Charged with Governance understand that the Authority's system of internal control is effective to provide reasonably, but not absolute, assurance that the transactions recorded in the books of account, which were used to prepare these financial statements, are free from material misstatement.

Those Charged with Governance further accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), The Public Finance Act, Cap 348, NBAA's Pronouncements and in the manner required by the Water Supply and Sanitation Act, 2019. In addition, Those Charged with Governance are of the opinion that the financial statements give a true and fair view of the Authority's state of financial affairs and of its operating results for the year ended 30 June 2024.

Nothing has come to the attention of those Charged with Governance to indicate that the Government of the United Republic of Tanzania shall wind up the operations of the Authority, thus, not to remain a going concern for at least the next twelve months from the date of this statement.

This Statement was approved and authorized for issue by the Board of Directors and signed on its behalf by:


.....
Prof. Jafari R. Kideghesho,
Chairperson of the Board


.....
Prof. Alfred S. Sife
Audit Committee Chairman

14/02/2025
.....
Date

4.0 DECLARATION OF THE DIRECTOR OF FINANCE AND ACCOUNTS

The Auditors and Accountants (Registration) Act, Cap 286, requires financial statements to be accompanied by a declaration issued by the Head of Finance and 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/Management to discharge the responsibility of preparing financial statements of the Authority showing a true and fair view of the Authority's financial 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 under the Statement of Responsibility by Those Charged with Governance on the above page.

I, CPA Happy Naftali, being the Director of Finance and Accounts - MUWSA, hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 30 June 2024 have been prepared in compliance with International Public Sector Accounting Standards (IPSASs) and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of MUWSA as of that date and that they have been prepared based on properly maintained financial records.

Signed by CPA. Happy Naftali 

Position: Director of Finance and Accounts

NBAA Membership No.: ACPA 2967

Date: 14/02/2025


5.0 FINANCIAL STATEMENTS


STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

ASSETS	NOTE	30.06.2024	30.06.2023
		TZS	Restated TZS
Current Assets			
Cash and Cash Equivalents	108	585,839,076	920,323,011
Receivables from Exchange Transactions	11	2,442,159,315	2,360,600,772
Receivables from Non-Exchange Transactions	12	300,000,000	342,498,640
Inventories	13	2,490,511,291	2,853,894,405
Pre-Payments and Other Receivables	14	361,720,810	37,459,354
Total Current Assets		6,180,230,492	6,514,776,182
Non-Current Assets			
Property, Plant and Equipment	15	47,112,962,935	44,432,619,453
Intangible Assets	16	8,411,737	11,514,342
Capital Work in Progress	17	1,302,163,123	1,609,860,893
Total Non-Current Assets		48,423,537,795	46,053,994,688
TOTAL ASSETS		54,603,768,287	52,568,770,870
Current Liabilities			
Trade and Other Payables	18	2,242,748,568	788,396,162
Provision For Retirement Obligation	19	72,916,751	72,916,751
Total Current Liabilities		2,315,665,319	861,312,913
Non-Current Liabilities			
Provision for Retirement Obligation	19	518,769,558	497,698,807
Total Non-Current Liabilities		518,769,558	497,698,807
Total Liabilities		2,834,434,877	1,359,011,720
Net Assets		51,769,333,410	51,209,759,150
Accumulated Surplus	20	47,144,001,843	46,584,427,583
Taxpayer's Fund	21	4,625,331,567	4,625,331,567
Net Assets		51,769,333,410	51,209,759,150

Note 10-50 form part of the financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:


Prof. Jafari R. Kideghesho
Chairperson of the Board


Prof. Alfred S. Sife
Audit Committee Chairman

Date: 14/02/2025

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

INCOME	NOTE	30.06.2024 TZS	30.06.2023 Restated TZS
Revenue from exchange transactions	22	14,448,641,054	12,798,543,069
Revenue from non-exchange transactions	23	<u>912,312,841</u>	<u>4,360,593,333</u>
Total Revenue		15,360,953,895	17,159,136,402
EXPENSES			
Direct Expenses	24	2,542,211,647	2,141,872,457
Repair and Maintenance	25	1,379,611,494	1,243,437,134
Research and Development Expenses	26	7,650,000	39,300,000
Personnel Expenses	27	5,038,454,721	3,940,802,729
Administrative Expenses	28	3,370,951,873	3,140,918,057
Business Promotion	29	111,556,871	99,985,000
Statutory Expenses	30	287,321,292	241,580,567
Event and Donations	31	133,510,900	114,718,636
Financial Expenses	32	2,603,171	7,945,121
Depreciation Expenses	33	1,924,405,061	1,353,939,406
Amortization Expenses	34	<u>3,102,605</u>	<u>3,102,605</u>
Total Expenses		14,801,379,635	12,327,601,712
Surplus for the year		<u>559,574,260</u>	<u>4,831,534,690</u>

Note 10-50 form part of the financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:


 Prof. Jafari R. Kideghesho
 Chairperson of the Board


 Prof. Alfred S. Sife
 Audit Committee Chairman

Date: 14/02/2025

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

Details	Taxpayer's Fund TZS	Retained Earnings TZS	Total TZS
Balance as at 1 July 2022	4,625,331,567	43,073,780,806	47,699,112,373
IPSAS 41 Prior year adjustment (Note 41)	-	(1,320,887,913)	(1,320,887,913)
As restated	4,625,331,567	41,752,892,893	46,378,224,460
Surplus for the year	-	4,831,534,690	4,831,534,690
Balance as at 30 June 2023	4,625,331,567	46,584,427,583	51,209,759,150
Balance as at 1 July 2023	4,625,331,567	46,584,427,583	51,209,759,150
Surplus for the year	-	559,574,260	559,574,260
Balance as at 30 June 2024	4,625,331,567	47,144,001,843	51,769,333,410

Note 10-50 form part of the financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:



Prof. Jafari R. Kidogheho
Chairperson of the Board



Prof. Alfred S. Sife
Audit Committee Chairman


Date: 14/02/2025

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	30.06.2024 TZS	30.06.2023 Restated TZS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts:			
Receipts from customers	35	13,982,787,413	12,321,444,932
Other Receipts			
Grants Received from the Government	36	745,494,024	4,186,614,338
Receipts From Other Transactions	37	<u>209,317,457</u>	<u>719,597,746</u>
		14,937,598,894	17,227,657,016
Payments			
Compensation of Employees	38	4,854,542,351	3,929,207,611
Payments to Suppliers	39	<u>5,775,849,676</u>	<u>6,759,626,885</u>
		10,630,392,027	10,688,834,496
NET CASH FLOWS FROM OPERATIONS		4,307,206,867	6,538,822,520
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of PPE	15	(1,765,782,808)	(3,117,276,875)
Acquisition of WIP/Capitalization	17	(2,531,267,966)	(3,387,221,848)
GPSA Pre- Payment - Motor Vehicle Purchase	14	<u>(353,316,811)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES		(4,650,367,585)	(6,504,498,723)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long Term Loan		-	-
Capital Fund		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(343,160,718)	34,323,797
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		933,478,602	899,154,805
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10A	<u>590,317,884</u>	<u>933,478,602</u>

Note 10-50 form part of the financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:


Prof. Jafari R. Kideghesho
Chairperson of the Board


Prof. Alfred S. Sife
Audit Committee Chairman

Date: 14/02/2025

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

DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS (D)	PERFORMANCE DIFFERENCE E=C-D	VARIANCE %	REASONS
	(A) TZS	(B) TZS	C=A+B TZS	TZS	E=C-D TZS	%	
RECEIPTS:							NOTE 48
Own Sources (Operating Revenue)	17,102,318,063	(1,281,058,801)	15,821,259,262	13,982,787,413	1,838,471,849	12%	A
Government Ceiling/ Grant (MoW)	3,561,534,462	2,611,465,538	6,173,000,000	745,494,024	5,427,505,976	88%	B
Other Income	75,820,000	-	75,820,000	209,317,457	(133,497,457)	-176%	
Total Receipts	20,739,672,525	1,330,406,737	22,070,079,262	14,937,598,894	7,132,480,368		
Carried Over Funds (Cash and Bank Beginning)	693,468,910	240,009,692	933,478,602	933,478,602	-		
Total Funds Available	21,433,141,435	1,570,416,429	23,003,557,864	15,871,077,496	7,132,480,368		
PAYMENTS:							
Operating Expenditure (OPEX):							
Direct Expenses	2,604,431,715	182,228,060	2,786,659,775	1,442,771,816	1,343,887,959	48.2%	C
Maintenance & Repair Expenses	2,243,572,224	(445,749,644)	1,797,822,580	1,300,446,290	497,376,290	7.7%	D
Research and Development Expenses	37,704,160	-	37,704,160	7,650,000	30,054,160	79.7%	E
Personnel Expenses	4,703,840,981	553,567,831	5,257,408,812	4,854,542,351	402,866,461	7.7%	F
Administrative Expenses	3,898,853,122	360,539,398	4,259,392,520	2,577,509,469	1,681,883,051	39.5%	G
Business Promotion Expenses	164,135,686	-	164,135,686	111,556,871	52,578,815	32.0%	H
Event and Donation Expenses	132,987,800	40,000,000	172,987,800	133,510,900	39,476,900	9.8%	I
Statutory Expenses	271,164,351	16,542,299	287,706,650	199,801,156	87,905,494	30.6%	J
Financial Expenses	10,127,286	-	10,127,286	2,603,174	7,524,112	74.3%	K
Total Operating Expenses	14,066,817,325	707,127,944	14,773,945,269	10,630,392,027	4,143,553,242		
Other Expenditure:							
Capital Expenditure (CAPEX)	7,366,324,110	863,288,485	8,229,612,595	4,650,367,585	3,579,245,010	43.5%	L
Total Other expenditure	7,391,324,110	863,288,485	8,254,612,595	4,650,367,585	3,579,245,010		
Total Payments	21,433,141,435	1,570,416,429	23,003,557,864	15,280,759,612	7,722,798,252		
NET RECEIPTS/(PAYMENTS)	-	-	-	590,317,884	(590,317,884)		

The budget and financial statements are prepared on a different basis. The budget has been prepared on a cash basis while financial statements have been prepared on IPSAS Accrual basis. The statement of comparison of budget and actual amount above has been prepared on the same basis as the budget. Additional information about the budget and a reconciliation of the amount as per the above statement and the actual amount in the statement of cash flows is disclosed from notes 34 to 38 of the financial statement.

NOTES ON THE FINANCIAL STATEMENTS

1. ESTABLISHMENT AND PRINCIPAL ACTIVITIES

1.1 Establishment of the Authority

The Moshi Urban Water Supply and Sanitation Authority (as amended by Government Notice No. 24 published on 13 January 2012) was established under the Waterworks Act Cap 272 as per the Government Notice No. 371 published on 25 July 1997. The Waterworks Act has been repealed by the Water Supply and Sanitation Act, 2009 whereas section 60 (2) (b) saves rules and regulations and then Water Supply and Sanitation Act No. 5 of 2019 and its Rules of 2019. In view of that and subject to section 3 (1) of the Waterworks Regulations, the Minister for Water declared Moshi Urban Water Supply and Sewerage Authority an autonomous body with effect from 1 January 1998 as amended by Parliament Act No. 8 of 1997 of the United Republic of Tanzania thereby revoking Government Notices No. 254, 478 and 113 of 1949, 1962 and 1975 respectively made by the legislative body.

MUWSA is a body corporate with perpetual succession and common seal, as such it can sue or be sued, acquiring, holding and investing in movable and immovable properties, borrowing and lending and entering into any lawful contract or other transactions.

MUWSA office is located in Dodoma along Bath/Kibo Road, Plot No. 79/80, P.O. Box 1001, Moshi. Tel: +255 27 2751164, Fax No 255 27 2754256, Email: info@muwsa.go.tz

1.2 Principal Activities of the Authority

The Authority's primary function is to provide sustainable water supply and sanitation service to residents of Moshi Municipality, some parts of Moshi Rural and Hai Districts.

2. BASIS OF FINANCIAL STATEMENTS' PREPARATION

The Authority's financial statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB). The Report of Those Charged with Governance has been prepared in line with the requirements of the Tanzania Financial Reporting Standard (TFRS) No. 1 as issued by the National Board of Accountants and Auditors (NBAA).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority's financial statements have been prepared and presented in compliance with IPSAS accrual basis. The significant accounting policies outlined below have been consistently applied throughout the year.

3.1 Basis of Preparation

The financial statements are prepared in compliance with International Public Sector Accounting Standards (IPSAS) accrual basis. Except where otherwise stated in the accounting policies, the initial measurement applied is the historical cost and subsequent measurement is at cost less accumulated depreciation and accumulated impairment. The financial statements are prepared in Tanzania shilling (TZS).

The preparation of financial statements is in conformity with IPSAS that require the use of estimates and assumptions. The standards also require the management to exercise its judgment in the process of applying the Authority accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed separately in the notes.

3.2 Reporting Period

The reporting period for these financial statements is the financial year of the Authority which runs from 1 July 2023 to 30 June 2024.

3.3 Change in Accounting Policy

The adoption of IPSAS 41 substantially modifies IPSAS 29 by classifying financial assets and liabilities through a principles-based classification model. The standard was released for the first time in 2018 and has become applicable with effect from 1 January 2023 whereby MUWSA is applying it for the first time in the financial period ended 30 June 2024. The standard provides a single forward-looking model that eliminates the threshold for impairment recognition. It is no longer necessary for a trigger event to occur prior to recognizing a credit loss. Thus, IPSAS 41 requires recognizing ECLs from day one and all times.

The Impact of Change in Accounting Policy

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

Impact of IPSAS 41 on the Receivables from Exchange Transactions

After applying the model and economic variable assumptions, the Expected Credit Losses on Receivable are determined as below:

	2024	2023	2022
	TZS	TZS	TZS
Private	896,193,633	708,564,091	560,739,578
Government	1,837,453,812	1,640,788,255	1,131,279,090
Expected Credit Losses	2,733,647,445	2,349,352,346	1,692,018,668
Provision for ECL previously reported	-	217,908,250	134,949,622

Movement in the ECL provision

	2024	2023	2022
	TZS	TZS	TZS
Opening balance	2,349,352,347	1,692,018,668	252,169,580
Additional during the year	384,295,098	724,957,537	1,455,837,535
	2,733,647,445	2,416,976,205	1,708,007,115
Provision no longer required	-	(67,623,859)	(15,988,447)
Provision for ECL c/f	2,733,647,445	2,349,352,346	1,692,018,668
New provision required	384,295,098	724,957,537	1,455,837,535
Provision previously provided	-	(217,908,250)	(134,949,622)
Additional provision in compliance with IPSAS 41	384,295,098	507,049,287	1,320,887,913

Impact of IPSAS 41 on Cash and Cash Equivalent.

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

S/N	Name of the Bank	Rating Agency	Score	Probability of Default (PD) %
1	NMB	MOODY'S	B1	2.16
2	CRDB	MOODY'S	B2	2.16

After applying the model and economic variable assumptions, the Expected Credit Losses on Cash and Cash Equivalent are determined as below:

S/N	Name of the Bank	2024	2023	2022
		TZS	TZS	TZS
1	NMB	1,620,936	9,005,443	-
2	CRDB	2,857,872	4,150,148	-
	Total	4,478,808	13,155,591	

Movement in the ECL provision

	2024	2023	2022
	TZS	TZS	TZS
Opening balance	13,155,591	-	-
Additional/ during the year	-	13,155,591	-
	13,155,591	13,155,591	-
Gain from previous ECL to P&L	(8,676,783)	-	-
Provision for ECL c/f	4,478,808	13,155,591	-

During the year a significant amount of fund balance was maintained under the Bank of Tanzania, where the probability of default is zero due to low credit risk, compared to the 2022/23 financial year, whereby significant funds were held under Commercial banks (CRDB and NMB) where the probability of default was higher leading to high ECL.

The Authority cash and cash equivalent significantly changed due to the application of the standards hence bringing changes in a liquidity position, the current ratio dropped from 5:1 to 3:1.

Impact of IPSAS 41 on the prior year financial statement (Re-statement)

The effect of the application of the standard resulted into a restatement of the balances as shown in the table below:

DESCRIPTION	CASH AND BANK BALANCE	TRADE RECEIVABLES	ACCUMULATED SURPLUS	REASON
FINANCIAL YEAR 2022/23	933,539,502	4,709,953,119	48,425,520,374	
EXPECTED CREDIT LOSS	13,155,591	2,349,352,347	1,841,092,791	Change in Accounting Policy
RESTATED BALANCE	920,383,911	2,360,600,772	46,584,427,583	

3.4 New Standards Issued but Not Yet Adopted by the Authority

There were nine (9) new Standards issued by the International Public Sector Accounting Standards Board (IPSASB) but were not yet effective up to the date of issuance of the Authority's financial statements. The new Standards are:

3.4.1 IPSAS 43 - Leases

The effective date of this standard is on or after 1 January 2025. This standard introduces a right-of-use model that replaces the risks and rewards incidental to the ownership model. Standards replace IPSAS 13 with a retrospective application by default.

3.4.2 IPSAS 44 - Non-current Assets Held for Sale and Discontinued Operations

The effective date of this standard is on or after 1 January 2025. This standard specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale

3.4.3 IPSAS 45- Property Plant and Equipment

The effective date of this standard is on or after 1 January 2025. This standard adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure and adding new guidance on how these important types of public sector assets should be recognized and measured. The standard replaces IPSAS 17 Property Plant and Equipment.

3.4.4 IPSAS 46-Measurement

The effective date of this standard is on or after 1 January 2025. This Standard 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. The measurement requirements described in this Standard apply to both initial and subsequent measurement, unless specific guidance is included in the individual IPSAS.

3.4.5 IPSAS 47 Revenue

The effective date of this standard is on or after 1 January 2026.

Standard 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. The standard replaces IPSAS 9, Revenue from Exchange Transactions and IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers)

3.4.6 IPSAS 48 Transfer Expenses

The effective date of this standard is on or after 1 January 2026.

Standard provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. This new Standard fills a significant gap in the IPSASB's literature and provides guidance to help entities account for public sector transfer expense transactions.

3.4.7 IPSAS 49 Retirement Benefit Plans

The effective date of this standard is on or after 1 January 2026.

Standard establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans, with participants comprising current and former public sector employees and other eligible members. The standard replaces IPSAS 39.

3.5 Foreign Currency Transactions

3.5.1 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 ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS) which is the Authority's functional and presentation currency.

3.5.2 Transactions and Balances

Monetary assets and liabilities denominated in foreign currency at reporting date are restated in Tanzanian shillings using the rate ruling at the reporting date. Exchange gains and losses are dealt with in the Statement of Financial Performance in the year in which they arise.

3.6 Revenue Recognition

Exchange transactions are transactions in which the Authority receives assets or services, or has liabilities extinguished, and directly gives approximately equal value primarily in the form of cash, goods, services, or use of its assets to another entity in exchange.

3.6.1 Revenue From Exchange Transactions

Revenue is recognized when sales of water, sanitation services are delivered to the customers and billings made. Other incomes as shown below are recognized as earned when the estimations and related payments have been made:

- Water and sewer connection and reconnection fees.
- Other recoverable charges including materials and services.
- Bank deposit interest income earned

3.6.2 Revenue from Non-exchange Transactions

Authority's revenues from a non-exchange transaction are recognized as an asset which the same are recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow for examples fees, fines, and donation.

3.6.3 Transfers and Grants from Government and other Government entities

Revenue from non-exchange transactions with government and other government entities are recognised after the authority satisfied with a present obligation recognizes as a liability in respect of the transfer and grant received from a non-exchange transaction and the same recognized as an asset, then after it reduce the carrying amount of the liability recognized and recognize an amount of revenue equal to that reduction.

Grants whose primary condition is that the entity should purchase, construct, or otherwise acquire a non-current asset are recognized as revenue at the time when the conditions are fulfilled.

3.7 Property, Plant and Equipment

3.7.1 Recognition

- All property, plant, and equipment are stated at cost less accumulated depreciation. The cost includes expenditure that is directly attributable to the acquisition of the items.
- Items of property and equipment shall be recognized as assets if, and only if, it is probable that the future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably.
- Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item depreciated separately.
- Repairs and maintenance are recognized in the Statement of Financial Performance during the financial period in which they are incurred.
- The Authority recognizes items of property and equipment upon disposal or when no future economic benefits or service potential is expected from its continuing use.
- The gain or loss arising on de-recognition of an item of property, plant and equipment is included in the Statement of Financial Performance, unless where IPSASs requires otherwise on a sale and leaseback. The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

3.7.2 Depreciation

Land is not depreciated; however, one of the fundamental principles of the Land Policy that has been incorporated in the Land Act, 1999 is that when one is assessing compensation of land, one of the factors to consider is the market value of the land or a real property.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost of asset less any estimated residual value over its remaining useful life. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the date that the asset is derecognized in accordance with IPSAS 17 para 71. Authority complies with the Public Finance (Management of Public Property) regulations, 2024 issued through Government Note 373 and 380 announced on 17 May 2024.

The Authority's property, plant, and equipment estimated usefully are as follows: -

Asset Category	Useful life (years)
Land	Not Depreciated
Buildings	50
Water Pumps and Water Boreholes	10 - 50
Distribution and Sewerage Networks	25
Water Meters	10

Asset Category	Useful life (years)
Workshop Tools	10
Computers and Accessories	8
Furniture and Fittings	10
Laboratory Equipment	10
Motor Vehicles	10
Motor Cycles	7

3.8 Capital Work in Progress

Capital Work in Progress (CWIP) is an asset stated at cost and not depreciated. Completed capital work in progress which is ready for its intended use is transferred to the respective category of property, plant and equipment. The balance of uncompleted CWIP compared to the contracted full price is disclosed as Capital Commitment.

3.9 Intangible Assets

3.9.1 Recognition

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

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.

3.9.2 Amortization

The intangible asset with a finite life is amortized over its useful life as follows: -

Description of Intangible Asset Category	Useful Life (Years)
Application software	8-10

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 the Statement of Financial Performance 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 Statement of Financial Performance when the asset is de-recognized.

3.10 Financial Instruments

3.10.1 Financial Assets

3.10.1.1 Initial Measurement/Recognition

Initial recognition and measurement financial assets within the scope of IPSAS 41 Financial Instruments: A financial asset is measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. In case financial asset at fair value through surplus or deficit, transaction cost are expensed in the statement of surplus/deficit as they are incurred.

3.10.1.2 Subsequent Measurement

Financial assets are subsequently measured at fair value through net asset/equity if they meet both of the following conditions;

- (a) The financial asset is held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- (b) The contractual terms of the financial asset give rise on specified dates cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are subsequently measured at fair value through surplus or deficit when they have failed to meet the above criteria.

3.10.1.3 Derecognition

The Authority derecognizes a financial asset, or, where applicable, a part of a financial asset or part of a group of similar financial assets, when:

- (i) The rights to receive cash flows from the asset have expired or are waived.
- (ii) The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:
 - The Authority has transferred substantially all the risks and rewards of the asset, or
 - The Authority has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

3.10.1.4 Impairment of Financial Assets

The Authority applies a simplified approach to determine the impairment of its financial assets, specifically by recognizing loss allowances for expected credit losses (ECL) on trade and other receivables. At each reporting date, the Authority evaluates whether the credit risk associated with a financial instrument has increased significantly since its initial recognition.

To determine whether the risk of default of a financial instrument has increased significantly since initial recognition, the Authority compares the current risk of default at the reporting date with the risk of default on initial recognition. A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased since initial recognition.

The Authority measures ECL on an individual basis, or on a collective basis for financial instrument that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis.

The ECL is determined by projecting the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) 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). This effectively calculates an ECL, which is then discounted back to the reporting date and summed.

PD - the probability at a point in time that counterparty will default, calibrated over the lifetime of the asset. The lifetime PD is developed by applying a maturity profile to the assets by at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the instrument. The maturity profile is based on historical observed data.

EAD - the expected balance sheet exposure at the time of default, considering the expected change in exposure over the lifetime of the exposure. The lifetime EADs are determined based on the expected payment profile.

LGD - The loss that is expected to arise on default which represents the difference between the contractual cash flows due and those that the Authority expects to receive. The lifetime LGDs are determined based on the factors which impact the recoveries made post-default. The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs is monitored and reviewed on an annual basis.

3.10.2 Financial Liabilities

Initial Recognition and Measurement of financial liabilities within the scope of IPSAS 41 are recognized at fair value upon initial recognition, with loans and borrowings measured at fair value plus directly attributable transaction costs. The Authority classifies its financial liabilities as either at fair value through surplus or deficit or at amortized cost, depending on the nature of the liability at initial recognition.

- **Financial Liabilities at Fair Value Through Surplus or Deficit:** These include financial liabilities held for trading and those designated at fair value through surplus or deficit upon initial recognition. Any gains or losses from these liabilities are recognized in surplus or deficit.

- **Financial Liabilities at Amortized Cost:** The Authority measures other financial liabilities, such as trade payables and borrowings, at amortized cost using the effective interest method.

Financial liability is derecognized when the Authority's obligation is discharged, cancelled, or expires. If an existing liability is exchanged or modified substantially with the same lender, it is treated as a derecognition of the original liability and recognition of a new one, with any difference in carrying amounts recognized in surplus or deficit.

Financial Liabilities and Financial Assets are offset and reported on a net basis in the statement of financial position only if there is an enforceable legal right to offset the amounts and an intention to settle them on a net basis or simultaneously.

3.11 Inventories

Inventories include Building Materials, Pipes and Fittings, Electrical Fittings, Pumps and Spare Parts, Water Chemicals, Stationery, Motor Vehicles and Cycles Spare Parts, Working Tools, Mechanical Equipment; Water Meter and Other Consumables. Cost is determined using First in First Out (FIFO) basis. Inventories are stated at the lower of cost or market. MUWSA inventories are not for resale rather for internal consumption. Lower of cost or market are obtained by compare book value and replacement value. The cost of inventories comprises of all costs of purchase and other costs in bringing the inventories to their present location and condition. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority. Provision for damaged and obsolete stocks is provided in the accounts on specific amount found to be damaged or obsolete. Dead stocks if identified are written off in the Statement of Financial Performance.

3.12 Trade Receivables

The Authority recognizes trade receivables initially at original invoice amount which is fair value at transaction date. The following Financial and economic assumptions were used to establish expected credit loss (ECL) from the trade receivable;

- I. Historical data from 31 July 2018 to 30 June 2024 has been used in order to arrive at loss rate estimates for both year 2022/23 and 2023/24.
- II. 365 DPD has been considered as the point of loss or default threshold for both Private and Government sectors, hence, 100% loss rate has been applied for receivables with more than 365 DPD.
- III. If for a particular account, the outstanding balance is in more than one bucket, then the worst bucket is considered for exposure calculation
- IV. Through the Cycle (TTC) loss rates are computed using the Flow Rate approach.
- V. Macroeconomic indicators for conversion of Through the Cycle (TTC) to Point in Time (PIT) loss rates have been taken from World Bank database -

<https://data.worldbank.org/> and IMF database -

<https://www.imf.org/en/Publications/WEO/weo-database/2023/April>

- VI. The TTC loss rates are transformed into PIT using the Vasicek approach
- VII. Standard deviation (+1 SD) and (-1 SD) has been used for forecasting the macro-economic variables for Best- and Worst-case scenarios respectively

The effects of the application will be reflected on the Financial Statements ending June 2024. The amount of the allowance is recognized in the statement of financial performance.

3.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of Statement of Cash flows, cash is comprised of cash on hand and deposits held at call with banks. Cash equivalents are short term deposits with original maturities of three months or less. 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.

3.13.1 Liquidity and Credit Risks

The liquidity and credit risks associated with cash and cash equivalents is limited to the extent that the banks into which the funds have been deposited have high credit-ratings assigned by international credit-rating agencies. Risks associated with trade and other receivable is moderate as it is less likely for water and sanitation receivables to default payment significantly.

3.13.2 Currency Risk

The Authority takes on exposure to effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Authority sets limits on the level of exposures by currency and these limits are monitored from time to time

3.14 Trade and Other payables

Trade and other payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value.

3.15 Provisions

The Authority recognizes provisions when it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Authority expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

3.16 Employees' Benefits

3.16.1 Retirement Benefit Obligations

MUWSA has statutory obligations to contribute to pension scheme in favour of all the employees. The pension scheme in force which the Authority contributes is the Public Service Social Security Fund (PSSSF). The employer contributes 15% while the employee contributes 5% of his/her monthly basic salary. The fund bears all pension obligations of the employee after retirement from active employment. Also, gratuity of 25% for those staffs who their employment contract stated and handshake for retired staff's amount range from TZS 5,000,000 up to TZS 10,000,000 depending on his title. Contributions are recognized in the statement of financial performance as an expense in the period the employees render the related services.

3.16.2 Short Term Benefits

The cost of all short - term employees' benefits such as employees' salaries and entitlements of leave pay are recognized in the statement of financial performance as an expense during the period in which the employees render the related services.

3.17 Related Party Transactions

When related party transactions occur, they are disclosed as to their nature, amounts involved between parties and a further disclosure will show whether the transaction was carried at an arm's length or not.

The disclosure requirement under this policy involves Those Charged with Governance and the Top Management.

The transactions referred to relate to commercial transactions, loans, write-offs and remunerations. Related party transactions are disclosed under Note 40

3.18 Budget Information

The Authority prepares its budget on cash basis. As such, the budget and the financial statements are on different basis and further adjustments are required to align the financial statements to the budget. The Authority has the option to present this comparison either as a separate additional financial statement or as additional budget column in the financial statements as required by IPSAS. The Authority has therefore chosen to present the comparison

separately in the statement of comparison of budget and actual amounts. In addition, explanations for material differences are provided under note 48 to these financial statements.

4. SIGNIFICANT JUDGEMENT AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

4.1. Judgements

In the process of applying the Authority's accounting policies, Management has made judgments, which have the most significant effect on the amounts recognized in the financial statements. 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.

4.2. Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. Thus, the key assumptions are:

4.2.1. Useful Lives and Residual Values

Depreciation rates used are those provided in the Public Finance (Management of Public Property) Regulations, 2024 for equipment and their residual values. The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal: -

- (a) The condition of the asset based on the assessment of experts /professional valuers engaged by the Authority;
- (b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- (c) The nature of the processes in which the asset is deployed;
- (d) Availability of funding to replace the asset;

- (e) Changes in the market in relation to the asset;
- (f) Impairment of financial assets; and
- (g) Estimates are required to be made of what would be the impact of a loss event that has occurred after the initial recognition of a financial asset and which would affect the estimated future cash flows. The Authority assessed, at the reporting date, whether a financial asset or group of financial assets have been impaired. Only if there is objective evidence of impairment or a loss event, then the financial asset is deemed to be impaired. Refer to note 14 of the Financial Statements on the information of impairment.

4.2.2. Provision for retirement benefit obligation

The Provision amount represents a retirement benefit obligation based on an internal arrangement emanating from "Mkataba wa Hali Bora" which was approved by the Government (Permanent Secretary President's Office Public Service Management and Good Governance) and became effective from September 2023.

Retirement awards are granted to staff members as recognition for their exceptional performance and conduct during their tenure, subject to the availability of approved budgets. The award will be provided in cash, with the amounts as follows:

- a) TZS 10,000,000 for the Managing Director upon completion of their tenure,
- b) TZS 8,000,000 for Directors, Heads of Units, and Managers upon completion of their respective tenures, and
- c) TZS 5,000,000 for Officers upon completion of their respective tenures.

Based on the remaining retirement periods, the amounts specified above are prorated to determine the provision for the year.

4.2.3. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Authority is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

4.2.4. Fair value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.2.5. Going Concern

The Authority's Management has assessed the Authority's ability to continue as a going concern and is satisfied that the Authority has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Authority's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial Risk

The Authority's activities are potentially exposed to a variety of financial risks, including credit risk and the effects of the changes in foreign currency exchange rates. The Authority's overall risk management programme takes account of the unpredictability of foreign exchange rate trends and seeks to minimize potential adverse effects on its financial performance.

5.2 Market Risk

Market risk is the risk of changes in market prices, such as foreign exchange rates and interest rates affecting the Authority's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk. Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority does not have long-term deposits or borrowings; thus, the statement of financial performance is not affected by changes in market interest rates.

5.3 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. The Authority engages significant concentration of credit risk; thus, it mitigates the credit risk by installing prepaid water meter to its customers.

Credit risk arises from cash at bank and trade and other receivables. The Authority has policies in place to ensure that debts are recoverable within 30 days after billing the customers. Credit risk arising from cash at bank is managed by having deposits with more than one bank with good reputation.

Maximum exposure to credit risk on financial assets

Details	2023/24	2022/23
	TZS	TZS
Cash and cash equivalent	590,317,884	933,478,602
Receivables from exchange transactions	5,175,806,760	4,709,953,119
Receivables from non-exchange transaction (consider only staff loans)	7,012,470	7,012,470
Total	5,773,137,114	5,650,444,191

Classification of credit risk exposure by a counterpart in 30 June 2024

Details	Government Entity	BOT	Commercial Banks	Private Customers	Total
Financial assets	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Cash and cash equivalent	-	357,676	232,642	-	590,318
Receivables from exchange transactions	2,441,193	-	-	2,734,614	5,175,807
Receivables from non-exchange transactions (consider only staff loans)	-	-	-	7,012	7,012
Total	2,441,193	357,676	232,642	2,741,626	5,773,137

Classification of credit risk exposure by a counterpart in 30 June 2023

Details	Government Entity	BOT	Commercial Banks	Private Customers	Total
Financial assets	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Cash and cash equivalent	-	279,386	654,093	-	933,479
Receivables from exchange transactions	2,204,226	-	-	2,505,727	4,709,953
Receivables from non-exchange transactions (consider only staff loans)	-	-	-	7,012	7,012
Total	2,204,226	279,386	654,093	2,512,739	5,650,444

Credit quality of financial assets as at 30 June 2024

Details	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Financial assets	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Cash and cash equivalent	360,466	-	229,852	590,318
Receivables from exchange transactions	-	-	5,175,807	5,175,807
Receivables from non-exchange transaction (consider only staff loans)	-	-	7,012	7,012
Total	360,466	-	5,412,671	5,773,137

Credit quality of financial assets as at 30 June 2023

Details	Neither past due nor impaired	Past due but not impaired	Impaired	Total
	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Cash and cash equivalent	286,924	-	646,555	933,479
Receivables from exchange transactions	-	-	4,709,953	4,709,953
Receivables from non-exchange transaction (consider only staff loans)	-	-	7,012	7,012
Total	286,924	-	5,363,520	5,650,444

5.4 Liquidity Risk

Liquidity risk is the risk of the Authority not being able to meet its obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation.

The Authority manages its liquidity risk to ensure it is able to meet estimated expenditure requirements based on approved budget and through the use of cash flow forecasts. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents. Furthermore, the Authority strives to ensure that receivables are settled within 30 days after the due date, and payables are settled within 30 days of invoice or within reasonable time as per contract.

Maturity analysis of financial liabilities as at 30 June 2024

	Contractual cash flows	Less than 1 year	Between 1 - 2 years	Over 2 years
	TZS	TZS	TZS	TZS
Financial Assets				
At 30 June 2024				
Cash and cash equivalent	590,318	590,318	-	-
Receivables from exchange transactions	5,175,807	2,554,408	1,267,715	1,353,684
Receivables from non-exchange transaction (consider only staff loans)	7,012	-	-	7,012
Total Financial Assets	5,773,137	3,151,738	1,267,715	1,353,684
Financial liabilities				
At 30 June 2024				
Trade and other payables	2,242,749	1,652,426	504,977	85,346
Provision Retirement Fund	72,917	72,917	-	-
Total financial liabilities	2,315,666	1,725,343	504,977	85,346
Net position gap (Asset -Liabilities)	3,457,471	1,426,395	762,738	1,268,338

Maturity analysis of financial liabilities as at 30 June 2023

	Contractual cash flows	Less than 1 year	Between 1 - 2 years	Over 2 years
	TZS	TZS	TZS	TZS
Financial Assets				
At 30 June 2023				
Cash and cash equivalent	933,479	933,479	-	-
Receivables from exchange transactions	4,709,953	2,457,757	1,035,726	1,216,470
Receivables from non-exchange transaction (consider only staff loans)	7,012	-	-	7,012
Total Financial Assets	5,650,444	3,391,236	1,035,726	1,223,482
Financial liabilities				
At 30 June 2023				
Trade and other payables	788,396	703,050	4,603	80,743
Provision Retirement Fund	72,917	72,917	-	-
Total financial liabilities	861,313	775,967	4,603	80,743
Net position gap (Asset -Liabilities)	4,789,131	2,615,269	1,031,123	1,142,739

6. CONTROLLING ENTITY AND ULTIMATE CONTROLLING ENTITY

The Ministry of Water is the Controlling Entity and the Government of the United Republic of Tanzania is the Ultimate Controlling Entity of the Authority.

7. ASSETS PLEDGED AS SECURITY

None of the Authority's assets have been pledged as security for liabilities.

8. EVENTS AFTER REPORTING DATE

There was no significant event that occurred after the reporting period.

9. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except for the trade receivable impairment policy which was changed as per application of IPSAS 41.

	2023/24 TZS	2022/23 Re-stated TZS
10. CASH AND CASH EQUIVALENTS		
CRDB Operation Account	8,310,452	6,770,159
CRDB Collection Account Bills	59,596	61,232,937
Muwa Mowi Project Account NMB	82,543,333	26,746,353
CRDB Salary Account	182,300	767,944
CRDB New Connection Account	178,760	145,903,567
NMB INVESTMENT Account	138,998,458	213,248,163
NMB Special Account	2,369,281	199,424,121
BOT MUWSA TZS	<u>357,675,704</u>	<u>279,385,358</u>
Total Before ECL (Note 10A)	590,317,884	933,478,602
Less: Provision on Expected Cash Loss	<u>(4,478,808)</u>	<u>(13,155,591)</u>
Total After ECL (Note 10B)	<u>585,839,076</u>	<u>920,323,011</u>
Movement in Provision for Expected Credit Loss		
Expected Credit Loss		
Balance at 1 July	13,155,591	-
(Decrease)/Increase during the Year	<u>(8,676,783)</u>	<u>13,155,591</u>
Balance at 30 June	<u>4,478,808</u>	<u>13,155,591</u>
Exposure at Default (EAD) was calculated using NMB and CRDB rating agency (MOODY'S) on which the Probability of Default (PD) was 2.16%.		
11. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Receivable from Operations		
Water Debtors	2,658,731,226	3,291,765,147
Sewerage Debtors	2,515,058,591	1,416,171,029
Service charges Debtors	<u>2,016,943</u>	<u>2,016,943</u>
Total Receivable from Operations	5,175,806,760	4,709,953,119
Less: Provision for Expected Credit Loss Receivable	<u>(2,733,647,445)</u>	<u>(2,349,352,347)</u>
Net Total Receivable from Operations	<u>2,442,159,315</u>	<u>2,360,600,772</u>
12. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
TRA Receivable Balance	300,000,000	300,000,000
SAME WATER PROJECT RECEIVABLE	-	33,420,240
MOW Clearing Account	-	<u>9,078,400</u>
Sub-Total	<u>300,000,000</u>	<u>342,498,640</u>

TRA Receivable Balances: In previous years, the Authority underwent a tax assessment by TRA, which revealed a liability of TZS 2.8 billion. The Authority has been paying off this liability for almost two years since March 2020, with an amount totalling TZS 300,000,000. However, due to unclear tax obligations, the authority stopped making further tax payments in August 2022. To resolve the matter MJWSA had filed the case to TRAB, whereby TRAB invited the Solicitor General (SG) to settle the dispute as both parties are Government Institutions. The case was arranged to be settled on 13 July 2023 but it was postponed and is still in ongoing discussions with TRA. The authority has booked the amount paid to TRA as an advance paid to TRA.

	2023/24 TZS	2022/23 Re-stated TZS
13. INVENTORIES		
Building Materials	128,558,707	123,643,261
Pipes & Fittings Local	699,426,340	1,334,271,116
Pipes & Fittings Grant	1,191,610,440	1,228,638,229
Electrical Materials	1,034,622	4,694,530
Pumps Spare Parts Local	39,916,634	22,759,198
Motor Vehicles & Cycles Spare Parts	1,569,120	1,805,121
Water Chemicals	25,445,520	14,018,400
Working Tools Local	4,139,984	6,268,034
Working Tools Grant	41,169,933	41,057,250
Office Materials	5,650,000	-
EDP Accessories	28,200,887	26,676,780
Other Materials	4,706,550	5,258,188
Stationeries	11,235,081	9,939,153
Mechanical Equipment	334,141	334,141
Technical Equipment stock of capital nature	5,117,189	5,117,189
Water Meter Local stock of capital nature	338,656,064	60,103,039
Water Meter Grant stock of capital nature	<u>29,360,472</u>	<u>34,931,169</u>
	2,556,131,684	2,919,514,798
Impairment of Inventories	<u>(65,620,393)</u>	<u>(65,620,393)</u>
Net Inventories	<u>2,490,511,291</u>	<u>2,853,894,405</u>

- No amount was written down of inventories recognized as an expense during the year ended 30 June 2024.
- No inventory items were pledged as security during the financial year ended 30 June 2024.
- No amount of any reversal of any write down that is recognized in the statement of financing Performance for the year ended 30 June 2024.
- Authority's inventories are consumable. Slow moving and Obsolete are treated as per IPSAS 12.
- The Authority is planning to dispose obsolete stocks valued at TZS 65,620,393 during the financial year ending 30 June 2025

	2023/24 TZS	2022/23 Re-stated TZS
14. PRE-PAYMENTS AND OTHER RECEIVABLES		
<i><u>Staff Receivables</u></i>		
Staff Imprest	8,936,000	9,879,983
Staff Loan	7,012,470	7,012,470
Condolences (Salary Advance)	-	<u>2,285,000</u>
Sub-Total	15,948,470	19,177,453
<i><u>Pre-Payments</u></i>		
GPSA PREPAYMENT	353,316,811	-
Other Prepayments	-	<u>21,352,737</u>
Sub-Total	353,316,811	21,352,737
Total Pre-Payments and Other receivable	369,265,281	40,530,190
Less: Provision for Bad and Doubtful Debts - Staff	<u>7,544,471</u>	<u>3,070,836</u>
TOTAL	<u>361,720,810</u>	<u>37,459,354</u>
Movement in Provision for Impairment of Receivables:		
Balance at 1 July 2023	3,070,836	3,070,836
Additions during the Year	<u>4,473,635</u>	-
Balance at 30 June 2024 (Note 12)	<u>7,544,471</u>	<u>3,070,836</u>

GPSA Pre-Payment: The Authority procured the motor vehicle (Toyota Landcruiser GXR V6) through GPSA on April 2024 for the price of TZS 353,316,811, but up to the year-end 30 June 2024, the motor vehicle had not yet been delivered to the Authority.

MOSHI URBAN WATER SUPPLY AND SANITATION AUTHORITY

15. PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	LAND	BUILDINGS	WATER PRODUCTION FACILITIES	DISTRIBUTION NETWORK	WATER METERS	WORKSHOP EQUIPMENT	COMPUTER EQUIPMENT	FURNITURE AND OFFICE EQUIPMENT	LABORATORY EQUIPMENT	MOTOR VEHICLES AND CYCLES	SEWERAGE FACILITIES	TOTAL AS AT 30.06.2024
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Cost/Valuation as at 01.07.2023	5,537,671,280	2,219,423,515	2,748,974,846	28,737,296,628	4,104,086,144	664,302,590	322,760,560	584,971,253	26,349,818	2,868,637,350	5,009,179,630	87,861,140,759
Additions during the Year	-	140,257,902	92,695,738	513,071,654	506,179,340	5,031,000	19,951,440	50,821,400	-	-	437,774,332	1,765,782,808
Transfers From WIP	-	25,176,424	390,400,389	1,627,735,534	2,323,058	-	-	-	-	-	793,112,351	1,838,965,736
Cost/Valuation as at 30.06.2024	5,537,671,280	2,385,655,841	3,225,090,973	30,878,103,796	4,613,488,644	669,333,590	342,721,005	637,394,653	26,349,818	2,868,637,350	6,260,062,333	87,465,909,303
Accumulated Depreciation and Impairment as at 01.07.2023	-	272,445,932	323,923,631	3,508,596,374	1,528,123,016	285,566,795	220,446,460	271,221,605	27,440,883	1,254,190,665	729,585,946	8,428,541,307
Impairment Loss Charge During the Year	-	56,794,454	184,177,417	879,670,978	230,258,279	33,021,431	17,793,256	37,411,378	160,817	191,399,499	225,784,760	28,219,000
Accumulated Depreciation and Impairment as at 30.06.2024	-	328,640,386	514,101,048	4,388,267,354	1,758,681,295	318,588,226	238,239,716	309,633,983	27,621,700	1,473,800,164	951,370,706	10,152,949,380
Carrying Amount as at 30.06.2024	5,537,671,280	2,656,415,453	2,710,989,925	26,469,836,462	2,854,807,349	330,745,364	104,481,289	307,758,870	718,138	1,414,837,186	5,304,691,627	47,112,962,925
Carrying Amount as at 30.06.2023	5,537,671,280	1,946,977,583	2,432,051,215	25,228,700,254	2,576,863,228	378,735,795	102,323,105	314,351,640	968,955	1,634,446,686	4,299,589,704	46,432,619,453

- All Property, Plant, and Equipment have been reported at the cost model.
- No Authority's assets were put under collateral security.
- At the date of acquisition, the fair values of assets were considered to be equal to their carrying amount.
- The Authority procured the assets amounting to TZS 1,765,782,808 as shown in PPE movement schedule in Note 14.
- During the year under review impairments were tested for those assets with impairment indicators, carrying value is lower than market fair value. For a motor vehicle (DFP 4915) has an impairment loss of TZS 28,210,000/= which has been recognized in accordance with IPSAS 21 or IPSAS 26.
- During the financial year 2023/24 assets depreciated on estimated useful life using the straight-line method as shown on Note 33.
- Authority reviews economic useful of its assets and change estimates to accommodate changes made in Public Finance (Management of Public Property) Regulations, 2024 as per GN.378 and 380 announced 17 May 2024. The effect was an increase in depreciation cost from TZS 1,353,939,406 to TZS 1,896,195,061 in nine asset categories (Computer, Laboratory, Workshop Equipment, Motor Vehicles furniture & fittings, Building, Water Production, Distribution Network and Sewerage)
- During the financial year 2023/24 there is no temporarily idle property, plant, and equipment

The carrying amount of property, plant, and equipment retired from active use and held for disposal total TZS 28,710,000/=. In reported assets, there are fully depreciated assets that are not in use and the plan is to dispose. Note 15B Summarises the assets retired from active use and their carrying amount.

15B: ASSETS RETIRED FROM ACTIVE USE PLANNED FOR DISPOSAL

S/N	Type of Property	Number of Assets	Cost TZS	Accumulated Depreciation TZS	Carrying value TZS
1	Furniture	165	26,809,400	26,809,400	-
2	Office Equipment	48	65,330,900	65,330,900	-
3	Workshop Equipment	16	49,251,900	49,251,900	-
4	Laboratory	2	2,052,000	2,052,000	-
5	Computer	81	67,949,209	67,949,209	-
6	Motor vehicle & Cycles	26	317,330,000	288,620,000	28,710,000
7	Storage Tank	1	198,000,000	198,000,000	-
	Total	339	726,723,409	698,013,409	28,710,000

16. INTANGIBLES ASSETS

DESCRIPTION	PERFECT BILL TZS	MUWSA Website TZS	GIS SOFTWARE TZS	CALL CENTRE SOFTWARE TZS	TOTAL TZS
Cost/Valuation as at 01.07.2023	29,645,000	5,632,500	21,415,000	10,784,020	67,476,520
Additions During the Year	-	-	-	-	-
Cost/Valuation as at 30.06.2024	29,645,000	5,632,500	21,415,000	10,784,020	67,476,520
Accumulated Amortization as at 01.07.2023	29,645,000	5,163,125	16,473,077	4,680,976	55,962,178
Amortization During the Year	-	234,683	1,647,308	1,220,609	3,102,605
Accumulated Amortization as at 30.06.2024	29,645,000	5,397,813	18,120,385	5,901,585	59,064,783
Carrying Amount as at 30.06.2024	-	234,687	3,294,615	4,882,435	8,411,737
Carrying Amount as at 30.06.2023	-	469,375	4,941,923	6,103,044	11,514,342

17. CAPITAL WORK IN PROGRESS

No	Project Name	Cost As At 01.07.2023 TZS	Additions TZS	Adjustments /Transfers TZS	Cost As At 30.06.2024 TZS
1	MUSA TOROKA water Source (Kawaya & Rundugal)	483,930,847	-	-	483,930,847
2	12 Wards Project	-	1,171,850,382	(1,171,850,382)	-
3	Korongoni and Longuo Sewer Project	474,260,991	318,851,360	(793,112,351)	-
4	Karanga Darajani Water Project	648,120,255	455,464,413	(874,003,003)	229,581,665
5	Karanga Sewerage Project	3,548,800	585,101,811	-	588,650,611
	TOTAL	1,609,860,893	2,531,267,966	(2,838,965,736)	1,302,163,123

17A Details of Transfer/Adjustments

Details	Amount (TZS)
Water Distribution Facility	1,627,735,514
Sewerage Facility Buildings	793,112,351
Water production facility	25,374,424
Water Meter	390,420,389
To PPE	2,323,058
	2,838,965,736

	2023/24 TZS	2022/23 Re-stated TZS
18. TRADE AND OTHER PAYABLES		
Trade Payables	1,748,410,908	469,456,567
EWURA Payable Account	9,530,359	9,323,725
Kuringe Contractor WSDP Payable Account	77,057,970	77,057,970
Accrued Expenses	84,253,359	62,752,497
Other Payables	141,884,570	151,467,619
Sub total	<u>2,061,137,166</u>	<u>770,058,378</u>
Statutory Employees' Liabilities	<u>181,611,402</u>	<u>18,337,784</u>
TOTAL	<u>2,242,748,568</u>	<u>788,396,162</u>
19. PROVISION FOR RETIREMENT BENEFIT OBLIGATION		
Balance As at 1 July	570,615,558	500,282,772
Less: Paid During the Year	(23,432,121)	-
	547,183,437	500,282,772
Add: Provision During the Year	<u>44,502,872</u>	<u>70,332,786</u>
Balance As At 30 June	<u>591,686,309</u>	<u>570,615,558</u>
Current Maturity	72,916,751	72,916,751
Non-Current	<u>518,769,558</u>	<u>497,698,807</u>
Total	<u>591,686,309</u>	<u>570,615,558</u>
20. TAXPAYER'S FUND		
Balance As at 1 July 2023	4,625,331,567	4,625,331,567
Add: Additions During the Year	<u>-</u>	<u>-</u>
Balance As At 30 June 2024	<u>4,625,331,567</u>	<u>4,625,331,567</u>

Taxpayer's fund represents value of total net assets taken over from the Government of the United Republic of Tanzania at the inception of Moshi Urban Water Supply and Sanitation Authority and value of land granted to the Authority by Moshi Municipal during the year 2017/18.

	2023/24 TZS	2022/23 Re-stated TZS
21. REVENUE FROM EXCHANGE TRANSACTIONS		
Water Sales	12,077,739,739	10,671,485,706
Sewerage charges	923,434,930	971,174,341
Cesspit charges	114,694,008	81,397,000
New Water Connections	1,317,984,800	1,031,409,510
New Sewerage Connections	12,232,577	41,936,512
Consultancy Fees	2,555,000	1,140,000
TOTAL	<u>14,448,641,054</u>	<u>12,798,543,069</u>

22. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2023/24 TZS	2022/23 Re-stated TZS
Grants Received (Note 23A)	745,494,024	4,186,614,338
Other Non-Exchange Transactions:		
Water Reconnections Fees	78,135,000	57,120,000
Compensation on Meter Tempering/By passes	30,255,993	11,545,818
Other Income	40,571,024	96,573,177
Rental income	<u>17,856,800</u>	<u>8,740,000</u>
	<u>166,818,817</u>	<u>173,978,995</u>
TOTAL	<u>912,312,841</u>	<u>4,360,593,333</u>

23A GRANTS RECEIVED

Funds from the government received explicitly for projects undertaken by the Authority, that is, provision of clean and safe water and collection, treatment, and disposal of wastewater in licensed service area

Current assets received as grants from Kilema Kusini (Clustering of 12 wards)

Total (Note 22)

745,494,024	2,864,646,242
<u>-</u>	<u>1,321,968,096</u>
<u>745,494,024</u>	<u>4,186,614,338</u>

23. DIRECT EXPENSES

Electricity for Pumps	702,844,540	558,346,398
Water chemical Expenses	46,218,280	34,727,400
Water use right fee	102,914,931	96,427,627
Laboratory Expenses	4,622,900	2,218,000
Water Certification	14,889,000	-
Chlorination Plants Expenses	33,830,000	52,815,000
Water Source Upkeep	169,954,500	18,967,363
New water connections Expenses	928,233,094	861,539,915
Pipelines Water Maintenance	313,821,291	267,607,557
Meter Reading Expenses	42,364,362	113,870,000
Waste Water Treatment Plant	63,938,990	48,518,690
New Sewerage Connections expenses	44,902,576	26,718,843
Upkeep of Sewerage Infrastructure	69,755,515	44,587,862
Environmental Expenses	<u>3,921,668</u>	<u>15,527,802</u>
	<u>2,542,211,647</u>	<u>2,141,872,457</u>

24. MAINTENANCE AND REPAIR EXPENSES

Electrical Equipment Repair	6,037,940	437,000
Upkeep of buildings	55,783,915	85,679,128
Motor Vehicles and Cycles Maintenance and Repair	172,226,935	215,138,143
Fuel and Lubricants	564,385,004	529,508,326
Computers and Software Operating Maintenance	492,230,633	349,660,095
Upkeep of Office Equipment	42,646,900	4,260,660
Working Tools Expenses	<u>46,300,167</u>	<u>58,753,782</u>
TOTAL	<u>1,379,611,494</u>	<u>1,243,437,134</u>

25. RESEARCH AND DEVELOPMENT EXPENSES

	2023/24	2022/23
	TZS	Re-stated TZS
Customer Survey	<u>7,650,000</u>	<u>39,300,000</u>
TOTAL	<u>7,650,000</u>	<u>39,300,000</u>

The above costs are those which associated with conducting customers and water infrastructure surveys in a new service expanded area as directed in GN No. 585 Hai Council and 573 Moshi District Council.

26. PERSONNEL EXPENSES

Basic Salaries Expenses	3,801,975,334	2,851,050,587
Wages Expenses	291,600,000	295,650,000
PSSSF Employer's Contribution	570,296,300	426,861,529
Travel on Leave	70,569,800	19,248,488
Acting Allowance Expenses	52,050,154	45,175,312
Housing Allowance	60,000,000	59,400,000
NHIF Employer's Contribution	114,059,260	85,531,517
Terminal Benefit	<u>77,903,873</u>	<u>157,885,296</u>
TOTAL	<u>5,038,454,721</u>	<u>3,940,802,729</u>

	2023/24 TZS	2022/23 Re-stated TZS
27. ADMINISTRATIVE EXPENSES		
Airtime and Handset	119,925,000	101,570,000
Expected Credit Loss Receivable	380,091,950	738,113,128
Board Meeting Expenses	23,402,200	39,981,300
Incentives and Special Awards Expenses	81,736,000	0
Budget and Annual Accounts Finalisation	54,969,550	93,868,500
Commission on Debt Collection	157,207,945	137,398,645
Commission on Water Sales Kiosk	20,767,552	15,005,396
Consultancy Expenses	1,700,000	0
Directors Annual Fees	53,687,500	47,175,000
Funeral Expenses	27,625,000	19,567,000
Upkeep of Administration /General Cleaning Costs	53,724,144	32,662,850
HIV/AIDS Programme and Medical Expenses	12,021,050	12,835,328
Insurance	43,695,935	24,467,775
Land Expenses	18,264,900	8,900,600
Legal Expenses	11,467,400	17,980,170
General Staffs Meeting	33,955,000	93,472,000
Office Electricity Expenses	60,644,787	38,042,557
Office Refreshments	85,407,000	64,022,500
Office Water Expenses	41,410,391	33,075,504
Postage & Carriages	663,300	332,750
Professional Fees	3,875,000	11,605,000
Recruitment& Human Resource Development Costs	15,640,000	73,750,480
Security Expenses	265,634,992	188,743,436
Seminar and Conferences	144,542,000	157,551,634
Staff Uniforms	135,359,383	8,979,999
Stationery & Printing	29,646,729	28,855,531
Task Force Expenses	396,480,000	127,440,000
Telephone and Fax	46,126,017	30,174,522
Tender Expenses	12,850,000	23,600,000
Training Expenses	306,529,500	217,082,500
Traveling Expenses	442,118,854	387,452,233
Visitors Expenses	17,649,200	30,261,400
Sports	38,459,900	72,993,670
Hai Operating Expenses	233,673,694	251,913,244
Fumigation	-	4,193,405
Function for All Workers	-	7,850,000
	-	-
TOTAL	<u>3,370,951,873</u>	<u>3,140,918,057</u>

28. BUSINESS PROMOTION

	2023/24 TZS	2022/23 Re-stated TZS
Information, Education and Communication to Public	34,462,796	43,205,000
Documentary & Upkeep of Audio Visual	19,622,000	19,384,800
Newspapers and Periodicals	6,146,000	4,173,000
Social Marketing Expenses	36,715,722	25,662,200
Tajirika na Mamlaka	14,610,353	7,560,000
TOTAL	<u>111,556,871</u>	<u>99,985,000</u>

29. STATUTORY FEES

Workers Compensation Fund (WCF) Expenses	21,905,280	16,758,917
Skills Development Levy (SDL) Expenses	148,922,810	130,051,036
Audit fees & Expenses	78,000,000	55,189,190
Service Levy	38,493,202	39,581,424
TOTAL	<u>287,321,292</u>	<u>241,580,567</u>

30. EVENT AND DONATIONS

Contribution to Ministry of Water	32,510,000	8,952,769
Maji Week	5,505,000	17,581,000
May Day Expenses	40,130,000	51,234,425
Charity & Donations	30,365,900	11,950,442
Contribution to Consolidated Fund	25,000,000	25,000,000
TOTAL	<u>133,510,900</u>	<u>114,718,636</u>

31. FINANCIAL EXPENSES

Bank Charges	2,603,171	7,945,121
TOTAL	<u>2,603,171</u>	<u>7,945,121</u>

32. DEPRECIATION EXPENSE

Depreciation on Building	56,194,454	40,055,404
Depreciation on Water Production Facilities	184,177,417	62,273,733
Depreciation on Water Distribution Facilities	879,670,970	593,815,747
Depreciation on Water Meters	230,558,279	205,249,312
Depreciation of Workshop Equipment	53,021,431	15,102,682
Depreciation on Computers	17,793,256	29,510,119
Depreciation on Office Furniture	57,414,178	36,547,152
Depreciation on Laboratory Equipment	180,817	454,478
Depreciation on Motor Vehicles	191,399,499	271,411,411
Depreciation on Sewerage Facilities	225,784,760	99,519,368
Impairment loss	28,210,000	-
TOTAL	<u>1,924,405,061</u>	<u>1,353,939,406</u>

	2023/24 TZS	2022/23 Re-stated TZS
33. AMORTIZATION EXPENSE		
Amortization on MUWSA Website	234,688	234,688
Amortization on GIS Software	1,647,308	1,647,308
Amortization on Call Centre	<u>1,220,609</u>	<u>1,220,609</u>
TOTAL	<u>3,102,605</u>	<u>3,102,605</u>
34. RECEIPTS FROM CUSTOMERS		
Opening Receivable - Exchange Transactions -Note 11	4,709,953,119	4,232,854,982
Closing Receivables - Exchange Transactions -Note 11	(5,175,806,760)	(4,709,953,119)
Revenue From Exchange Transactions (Note 21)	<u>14,448,641,054</u>	<u>12,798,543,069</u>
TOTAL	<u>13,982,787,413</u>	<u>12,321,444,932</u>
35. GRANTS RECEIVED FROM THE GOVERNMENT		
Grant from MOW for projects implementation	-	2,864,646,242
Grants for Kilema Kusini (Clustering of 12 wards)	-	1,321,968,096
Sewer Project - Karanga Leather	100,000,000	-
Sewer Project - Korongoni Longuo A	318,851,381	-
IFF-OBA Refund	<u>326,642,643</u>	-
TOTAL	<u>745,494,024</u>	<u>4,186,614,338</u>
36. RECEIPTS FROM OTHER TRANSACTIONS		
Opening Receivables from Non-Exchange Transactions (Note 12)	349,511,110	962,753,721
Closing Receivables from Non-Exchange Transactions (Note 12)	(307,012,470)	(349,511,110)
Water Reconnections Fees (Note 22)	78,135,000	57,120,000
Compensation on Meter Tempering/Bypasses -Note 22	30,255,993	11,545,818
Other Income (Note 22)	40,571,024	28,949,318
Rental Income (Note 22)	<u>17,856,800</u>	<u>8,740,000</u>
TOTAL	<u>209,317,457</u>	<u>719,597,747</u>
37. COMPENSATION TO EMPLOYEES		
Personnel Expenses (Note 26)	5,038,886,720	3,940,802,729
Opening Provisions (Note 18)	570,615,558	500,282,772
Closing Provision (Note 18)	(591,686,309)	(570,615,558)
Opening Payables - Compensation to Employees	18,337,784	77,075,453
Closing Payables - Compensation to Employees	<u>(181,611,402)</u>	<u>(18,337,785)</u>
TOTAL	<u>4,854,542,351</u>	<u>3,929,207,611</u>

MOSHI URBAN WATER SUPPLY AND SANITATION AUTHORITY

	2023/24 TZS	2022/23 Re-stated TZS
38. PAYMENT TO SUPPLIERS		
Opening Inventories (Note 13)	(2,919,514,798)	(3,097,411,801)
Closing Inventories (Note 13)	2,556,131,684	2,919,514,798
Opening Trade and Other Payables (Note 17)	770,058,378	1,382,420,702
Closing Trade and Other Payables (Note 17)	(2,061,137,167)	(770,058,378)
Opening Pre-Payments/staff imprest/advance (Note 14)	(33,517,720)	-
Closing Pre-Payments/staff imprest/advance (Note 14)	8,936,000	33,517,720
Total Expenses	14,800,947,636	12,327,601,712
Personnel Expenses (Note 26)	(5,038,454,721)	(3,940,802,729)
Expected Credit Loss Receivable	(380,091,950)	(738,113,128)
Depreciation Expenses (Note 32)	(1,924,405,061)	(1,353,939,406)
Amortization of Intangible Assets (Note 33)	(3,102,605)	(3,102,605)
TOTAL	<u>5,775,849,676</u>	<u>6,759,626,885</u>
	2023/24 TZS	2022/23 Re-stated TZS
39. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO SURPLUS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the Year	559,574,260	4,831,534,690
Adjustments for:		
Expected Credit Gain - Receivable (Note 28)	380,091,950	738,113,128
Provision for retirement obligation (Note 19)	44,502,872	70,332,786
Provision of Impairment of Receivable No longer required	-	(67,623,859)
Depreciation (Note 33)	1,924,405,061	1,353,939,406
Amortization (Note 34)	3,102,605	3,102,605
	<u>2,352,102,488</u>	<u>2,097,864,066</u>
	<u>2,911,676,748</u>	<u>6,929,398,756</u>
Changes in Working Capital:		
(Increase)/Decrease in Inventories (Note 13)	363,383,114	177,897,003
(Increase)/Decrease in Receivables from Exchange Transactions (Note 11)	(465,853,641)	(477,098,137)
(Increase)/Decrease in Receivables from Non-Exchange Transactions (Note 12)	42,498,640	613,242,611
(Increase)/Decrease in Receivables from Pre-payments and other receivables (Note 12)	24,581,720	(33,517,720)
Increase/(Decrease) in Trade Payables (Note 17)	1,454,352,406	(671,099,993)
Increase/(Decrease) in Provisions (Note 17)	(23,432,120)	-
	<u>1,395,530,119</u>	<u>(390,576,236)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>4,307,206,867</u>	<u>6,538,822,520</u>

40. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions effected during the year 2023/24 included salaries, allowances, social security contributions, fees, and gratuity to related parties as follows:

Board Members and Key Management Personnel		
i. Board of Directors:		
Board Members' Annual Fees	53,687,500	47,175,000
Board Meetings' Expenses	<u>23,402,200</u>	<u>39,981,300</u>
Total	77,089,700	87,156,300
ii. Management:		
Salaries	535,079,846	438,237,170
Allowances	96,720,154	59,400,000
NHIF Contributions	16,052,395	13,147,115
Employer's PSSF Contributions	<u>80,261,977</u>	<u>65,735,576</u>
Total	728,114,372	576,519,861
All transactions with related parties are at arm's length in the normal course of business, and on terms and conditions similar to those applicable to others.		

41. RESTATEMENT OF FINANCIAL STATEMENTS & PRIOR YEAR ADJUSTMENTS

The financial statements for the year ended 30 June 2023 have been restated to reflect the impact of adopting IPSAS 41. As a result of this adoption, certain opening balances, including accumulated surplus, trade receivables, and cash and bank balances, have been adjusted to comply with the recognition, measurement, and presentation requirements of the standard.

The adoption of IPSAS 41 has led to changes in the accounting treatment of financial instruments, specifically in the measurement of financial assets and liabilities. The following schedule summarizes the adjustments made to the Statement of Financial Position, Statement of Financial Performance, and Statement of Changes in Net Assets respectively

As at 30 June 2023

Details	Reported 30 June 2023	Effects of restatement	Restated 30 June 2023
Statement of Financial Position			
Trade Receivable	5,073,804,496	(2,349,352,347)	2,724,452,149
Cash and Bank Balance	<u>933,478,602</u>	(13,155,591)	<u>920,323,011</u>
Effects on Asset	6,007,283,098	(2,362,507,938)	3,644,775,160
Accumulated Surplus	48,425,520,374	(1,841,092,791)	46,584,427,583
Effects on Net Assets	48,425,520,374	(1,841,092,791)	46,584,427,583
Statement of Financial Performance			
Administrative Expenses	2,520,713,179	520,204,878	3,140,918,057

MOSHI URBAN WATER SUPPLY AND SANITATION AUTHORITY

As at 30 June 2022

	Reported 30 June 2022	Effects of restatement	Restated 30 June 2022
Statement of Financial Position			
Trade Receivable	5,166,737,338	(1,692,018,669)	3,474,718,669
Accumulated Surplus	43,073,780,806	(1,320,887,913)	41,752,892,893

These adjustments have been made to ensure compliance with IPSAS 41 and to provide a more accurate reflection of the financial position of MUWSA as at the beginning of the reporting period.

42. CAPITAL COMMITMENTS

As at 30 June 2024 the Moshi Urban Water Supply and Sanitation Authority (MUWSA) had no capital commitment.

43. CONTINGENT LIABILITIES/ASSETS

The Authority has contingent liabilities/Assets as at 30 June 2024 as follows

No.	Case Citation	Description	Court/ Commission	Remarks
1.	MUWSA Vs. Kuringe	Application to strike out Notice of Appeal in the Court of Appeal	High Court Commercial Division	the application was heard on 13th March 2024, and it was struck out. Ultimately the case was closed in favour of MUWSA.
2.	MUWSA Vs. TRA		TRAB	TRAB is yet to issue a verdict on MUWSA's preliminary objection regarding the Tax claim of TZS 2.8 billion

44. COMPARATIVE FIGURES

Previous year's figures have been regrouped and reclassified wherever considered necessary in order to make them comparable with current year's figures.

45. CASH & CASH EQUIVALENT ECL COMPUTATION FOR FINANCIAL YEAR 2022/23

SN	BANK NAME	BANK ACCOUNT	BALANCE AS	PD	LGD	ECL (TZS)	CARRYING
			AT JUNE 2023 (EAD) TZS				
			A	B	C	D= A*B*C	E= A-D
1	CRDB	01J1 0390 35600	6,770,159	0.0216	-	-	6,770,159
2	CRDB	01J1 0390 35601	61,232,937	0.0216	0.87751690	1,160,632	60,072,305
3	NMB	40310073349	26,746,353	0.0216	0.71958793	415,721	26,330,632
4	CRDB	40310073349	767,944	0.0216	-	0	767,944
5	CRDB	01J1 0390 35603	145,903,567	0.0216	0.94859618	2,989,517	142,914,050
6	NMB	4031 0018 491	213,248,163	0.0216	0.96482971	4,444,160	208,804,003
7	NMB	4031 0022 267	199,424,121	0.0216	0.96239171	4,145,561	195,278,560
8	BOT		279,385,358	-			279,385,358
GRAND TOTAL			933,478,602			13,155,591	920,323,011

46. CASH & CASH EQUIVALENT ECL COMPUTATION FOR FINANCIAL YEAR 2023/24

SN	BANK NAME	BANK ACCOUNT	C&CE	PD	LGD	ECL (TZS)	CARRYING
			BALANCE AS AT JUNE 2024 (EAD) TZS				
			A	B	C	D= A*B*C	E= A-D
1	CRDB	01J1039035600	8,310,452	0.0216	0.0975219795	17,506	8,292,946
2	CRDB	01J1039035601	59,596	0.0216	-	-	59,596
3	CRDB	01J1039035603	178,760	0.0216	-	-	178,760
4	CRDB	01J1039035605	182,300	0.0216	-	-	182,300
5	NMB	40310018491	138,998,458	0.0216	0.9460425669	2,840,366	136,158,092
6	NMB	40310022267	2,369,281	0.0216	-	-	2,369,281
7	NMB	40310073349	82,543,333	0.0216	0.9091386337	1,620,936	80,922,397
8	BOT	9925262271	357,675,704	-	-	-	357,675,704
TOTAL			590,317,884			4,478,808	585,839,076

Key:

EAD = Exposure at Default (Risk)

PD = Probability of Default

LGD = Loss Given Default

ECL = Expected Credit Loss

C&CE =Cash and Cash equivalent.

Whereby:

- Given from Credit Rating Agencies (Moody's and Fitch)- any silence use PD=0.61 i.e for Unrated banks
- LGD = 1- R / C&CE Balance. (It is Calculated when C&CE balance is greater than 7,500,000): Where R =TZS 7,500,000
- Estimated loss to be considered when Commercial banks undergo bankruptcy

47. DEBTORS ECL COMPUTATION FOR FINANCIAL YEAR 2022/23

Customer Category	BALANCE/ EAD 2024	Total ECL Base	Total ECL Best	Total ECL Worst	Probability Weighted ECL
Private Customer	2,505,726,680	950,244,927	851,546,291	960,852,593	708,564,091
Government Customers	2,204,226,439	2,088,708,395	2,086,149,197	2,090,381,928	1,640,788,255
Total	4,709,953,119	3,038,953,322	2,937,695,488	3,051,234,521	2,349,352,346

DEBTORS ECL COMPUTATION FOR FINANCIAL YEAR 2023/24

Customer Category	BALANCE/ EAD 2024	Total ECL Base	Total ECL Best	Total ECL Worst	Probability Weighted ECL
Private Customer	2,641,137,306	1,055,964,220	1,036,064,190	1,144,932,198	896,193,633
Government Customers	2,534,669,454	2,210,072,473	2,192,041,430	2,230,631,734	1,837,453,812
Total	5,175,806,760	3,266,036,693	3,228,105,620	3,375,563,932	2,733,647,445

Debtors ECL were computed as per the following basis;

1. Historical data from 31 July 2018 to 30 June 2024 has been used in order to arrive at Loss Rate Estimates. The customers receivable classifies into two different group Private and Government.
2. Macroeconomic indicators for conversion of Through the Cycle (TTC) to Point in Time (PIT) loss rates have been taken from the World Bank database - <https://data.worldbank.org/> and IMF database - <https://www.imf.org/en/Publications/WEO/weo-database/2023/April>
3. Through the Cycle (TTC) Loss Rates are computed using the Flow Rate Approach
4. The TTC loss rates are transformed into PIT using the Vasicek approach.

Vasicek Approach Formular

$$PIT\ PDi = \Phi \left(\frac{\Phi^{-1}(TTC\ PD) - \sqrt{\rho} \times \text{Macroeconomic factor}}{\sqrt{1 - \rho}} \right) \times 100$$

Where,

Φ = Cumulative standard normal distribution function

ρ = Asset correlation

$$\text{Correlation (R)} = 0.12 \cdot \frac{(1 - e^{-30 \cdot PD})}{(1 - e^{-30})} + 0.24 \left(1 - \frac{(1 - e^{-30 \cdot PD})}{(1 - e^{-30})} \right)$$

5. Standard deviation (+1 SD) and (-1 SD) have been used for forecasting the macro-economic variables for **Best-Case** and **Worst-Case** scenarios respectively.

6. From the Macroeconomic set of variables, Correlation analysis was conducted and fourteen (14) various variables were selected after showing highly correlation relationship with Loss rate. The fourteen variables include;

S/N	Variables	SN	Variables
1	GDP, at 2015 constant prices	8	General government total expenditure (% of GDP)
2	Exchange rate (TZS/USD) - pav	9	General government final consumption expenditure (annual % growth)
3	Government borrowing to GDP ratio	10	Total debt service (% of GNI)
4	Inflation, end of period	11	Exports of goods and services (annual % growth)
5	Imports of goods and services to GDP ratio	12	Services, value added (annual % growth)
6	GDP per capita growth (annual %)	13	Unemployment, total (% of total labour force) (modelled ILO estimate)
7	GDP growth (annual %)	14	Broad money growth (annual %)

Example of GDP, at 2015 constant prices computations

Base	Loss Rates	Asset Correlation	2024	Best	Loss Rates	Asset Correlation	2024
Buckets			2.12	Buckets			3.0820
0-30 Days	-	0.24	0.00%	0-30 Days	0.00%	0.24	0.00%
31-60 Days	-	0.24	0.00%	31-60 Days	0.00%	0.24	0.00%
61-90 Days	-	0.24	0.00%	61-90 Days	0.00%	0.24	0.00%
91-120 Days	-	0.24	0.00%	91-120 Days	0.00%	0.24	0.00%
121-150 Days	-	0.24	0.00%	121-150 Days	0.00%	0.24	0.00%
151-180 Days	0.88	0.12	68.99%	151-180 Days	88.48%	0.12	55.59%
181-210 Days	0.90	0.12	71.12%	181-210 Days	89.56%	0.12	58.00%
211-240 Days	0.91	0.12	73.77%	211-240 Days	90.85%	0.12	61.08%
241-270 Days	0.92	0.12	77.23%	241-270 Days	92.44%	0.12	65.23%
271-300 Days	0.94	0.12	81.98%	271-300 Days	94.44%	0.12	71.22%
301-330 Days	0.97	0.12	88.68%	301-330 Days	96.92%	0.12	80.35%
331-365 Days	1.00	0.12	0.00%	331-365 Days	100.00%	0.12	0.00%
2 YEARS	1.00	0.12	0.00%	2 YEARS	100.00%	0.12	0.00%
ABOVE TWO YEARS	-	0.24	0.00%	ABOVE TWO YEARS	0.00%	0.24	0.00%

Worst	Loss Rates	Asset Correlation	2024
Buckets			1.1598
0-30 Days	0.00%	0.24	0.00%
31-60 Days	0.00%	0.24	0.00%
61-90 Days	0.00%	0.24	0.00%
91-120 Days	0.00%	0.24	0.00%
121-150 Days	0.00%	0.24	0.00%
151-180 Days	88.48%	0.12	80.25%
181-210 Days	89.56%	0.12	81.91%
211-240 Days	90.85%	0.12	83.92%
241-270 Days	92.44%	0.12	86.46%
271-300 Days	94.44%	0.12	89.79%
301-330 Days	96.92%	0.12	94.11%
331-365 Days	100.00%	0.12	0.00%
2 YEARS	100.00%	0.12	0.00%
ABOVE TWO YEARS	0.00%	0.24	0.00%

7. If for a particular account, the outstanding balance is in more than one bucket, then the worst bucket is considered for exposure calculation.
8. 365 Days Past Due (DPD) has been considered as the point of loss or default threshold for both Private and Government sectors, hence, 100% loss rate has been applied for receivables with more than 365 DPD.

48. REASONS FOR PERFORMANCE DIFFERENCES BETWEEN BUDGET AND ACTUAL

This explanation of variance is in reference to the statement of budget and actual expenditure for the year ended 30 June 2024 set on Page 56. IPSAS 24 requires a comparison of the budgeted amount and actuals arising from the execution of the budget to be included in the Financial Statements of entities that are required to make publicly available their approved budget and for which they are held publicly accountable.

The Authority's final budget was determined after adjusting the original budget. The changes between the original and final budget, resulting from reallocations and other factors, are as follows:

- (a) **Changes in Grant Receipts:** During the budget review conducted at the beginning of January 2024, MUWSA made some reallocations within budget codes. Initially, MUWSA planned to receive TZS 3,561,534,462 from the Government for capital expenditure. However, during budget approval, the Ministry of Water (MoW) allocated a total of TZS 6,173,000,000 for MUWSA projects, resulting in an additional capital expenditure budget of TZS 2,611,465,538.30.
- (b) **Changes in Internal Sources:** Internal generated revenue were reviewed due to the non-attainment of water production targets and sales volume. A revenue budget adjustment of TZS 1,282,058,801 was made, leading to corresponding revisions in expenditure codes.

The incorporation of these changes resulted in an adjustment of MUWSA's original budget from TZS 20,739,672,524.47 to final budget of TZS 22,070,079,262.38.

The authority budget is prepared on a cash basis using a classification based on function and covers the period (01 July 2023 to 30 June 2024) as the financial statements. The amount in the financial statement was recast from the accrual basis and reclassified by presentation to be made on a cash basis. The following are the reasons for performance differences between budget and actual;

- Note B:** Government funds from the Ministry of Water were received Less than planned.
- Note C:** Laboratory reagents for the new laboratory which were planned to be procured were not procured as per plan due to the requirements of the regulator (EWURA) to demand independent sample tests on which we use the Ministry of Water laboratory hence less cost. The authority also, consumed less than planned in electricity costs, and Electricity bills for June 2024 were incurred but not paid.
- Note D:** Procurement of new five motor vehicles in the previous year (2022/23) resulted in decreased maintenance and repair costs.
- Note G:** Cost minimization strategies were applied by management by prioritizing activities in order to match the achievement of revenue targets.

- Note H:** Cost minimization strategies applied by management by prioritizing activities in order to match with achievement of revenue targets.
- Note I:** Maji week cost consumed 19% of the planned amount due to the decision made by the Ministry of Water to combine Maji week activities to the national level hence consumed less.
- Note J:** Audit fees, Skill development levy, and Workers' compensation Fund were incurred but not paid as at 30/6/2024.
- Note K:** Reduction and elimination of NMB bank to some transaction costs resulted in saving cost than planned.
- Note L:** Water projects on a new area of 12 wards and Njoro ya Dhobi which were expected to be financed by funds from the Ministry of Water were not received. Also, the sewerage project of Karanga Leather received less funds than planned. Most of the planned activities in the budgeted projects were not done due to a shortage of funds.

49. INTRA ENTITIES TRANSACTIONS

LIST OF MUWSA'S TRANSACTIONS/ BALANCES WITH OTHER GOVERNMENT ENTITIES FOR THE YEAR ENDED 30 JUNE 2024 (RECEIVABLE)

S/N	GOODS/ SERVICE PROVIDED	NAME OF ENTITY RECEIVED GOODS/SERVICES	CUSTOMER NAME	AMOUNT RECEIVED TZS	RECEIVABLE BALANCE TZS
1	WATER	TANZANIA POLICE SCHOOL (TPS/CCP)	PTS/M/MC/SSQ/NN 1	49,963,801	673,524,833
2	WATER	MKUU WA WILAYA YA MOSHI	DISTRICT OFFICE	2,315,100	4,215,233
3	WATER	JESHI LA WANANCHI TANZANIA (JWTZ-KLM)	MEENA H. H. (TPDF - MGAMBO)	347,222	26,159
4	WATER	JESHI LA ZIMAMOTO	ZIMA MOTO NA UOKOAJI 01	7,253	1,072,087
5	WATER	MAGEREZA	MKUU WA GEREZA	226,784,633	474,570,608
6	WATER	COURT OF TANZANIA	MAHAKAMA YA MKOA	8,952,577	7,359,903
7	WATER	MAWENZI HOSPITAL	MAWENZI HOSPITAL	50,771,716	16,451,001
8	WATER	MOSHI MUNICIPAL DIRECTOR (PRIMARY SCHOOLS, SECONDARY SCHOOLS, HEALTH CENTRES AND MUNICIPAL OFFICES)	OFISI YA AFISA MTENDAJI - KATA	184,928,796	48,673,380
9	WATER	MOSHI RURAL	HALMASHAURI (W) MOSHI	3,798,634	759,067
10	WATER	MWEKA WILDLIFE COLLEGE	RUAHA JOZAN HOSTEL	37,014,374	1,089,018
11	WATER	REGIONAL COMMISSIONER (RC-KILI)	KATIBU TAWALA MKOA (RC RESIDENCE)	2,581,896	2,649,020
12	WATER	REGIONAL POLICE COMMANDER	RPC KILIMANJARO	7,405,360	1,300,236,862
13	WATER	TEMESA	REGIONAL MANAGER TEMESA KILIMANJARO	6,771,385	73,839
14	WATER	TANESCO	TANESCO (T) LTD (OLD P/S)	5,153,930	921,407
15	WATER	TANZANIA COFFEE BOARD (TCB)	TANZANIA COFFEE BOARD	25,791,024	2,011,953
16	WATER	TANZANIA TELECOMMUNICATION COMPANY LIMITED	KAMPUNI YA SIMU	8,181,279	919,051
17	WATER	WEIGHT AND MEASURE AGENCY (WMA)	GRWEIGHTS AND MEASURE AGENCY	3,560,522	116,033
		GRAND TOTAL		624,329,502	2,534,669,454

50. LIST OF TRANSACTIONS/ BALANCES WITH OTHER GOVERNMENT ENTITIES FOR THE YEAR ENDED 30 June 2024 (PAYABLE)

S/N	Good/Service Provided	Name of entity received good/service	Amount Paid	Payable Balance
			TZS	TZS
1	Electricity Power	TANESCO	622,433,495	60,302,118
2	Water Certification	TANZANIA BUREAU OF STANDARDS	10,600,000	42,400,000
3	Internet and Tall free	TTCL	45,787,043	2,014,194
4	Service Levy	MOSHI MUNICIPAL	46,643,782	127,046,136
5	Fuel and Stationaries	GPSA	7,058,310	-
6	Regulatory Services	EWURA	130,454,754	9,530,359
8	Insurance Cover	NATIONAL INSURANCE COOPERATION	12,427,335	502,114
9	Water Right Fee	PANGANI BASIN	100,414,931	-
10	Social Contribution	PSSSF	723,753,366	67,557,300
11	SDL	TRA	140,262,446	12,481,700
12	PAYE	TRA	692,407,129	64,647,485
13	VAT	TRA	157,930,740	9,520,135
14	Contribution to Government	MSAJILI WA HAZINA	25,000,000	-
15	Health Contribution	NHIF	216,931,610	20,267,190
16	Compensation Contribution	WORKERS COMPENSATION FUND	20,049,740	1,855,540
17	Staff Higher Learning Loan	HESLB	13,185,810	1,175,247
18	Same Water Project	SAME Project	-	38,055,953
TOTAL			2,965,340,491	457,355,471