



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



NATIONAL WATER FUND

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2022**

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March 2023

AR//CG/NWF/2021/22

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, 1977 and in Sect.10 (1) of Public Audit Act, Cap. 418.

Vision

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

Mission

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

Motto: "Modernizing External Audit for Stronger Public Confidence"

Core values

In providing quality services, NAO is guided by the following Core Values:

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

We do this by:

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

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

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Abbreviations

| | |
|--------|--|
| CAG | Controller and Auditor General |
| ISSAIs | International Standard of Supreme Audit Institutions |
| IPSAS | International Public Sector Accounting Standards |
| PAA | Public Audit Act |
| PAR | Public Audit Regulations |
| NWF | National Water Fund |
| PAC | Public Accounts Committee |
| LAAC | Local Authorities Accounts Committee |
| PFA | Public Finance Regulation |
| PPA | Public Procurement Act |
| PPR | Public Procurement Regulation |

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chief Executive Officer,
National Water Fund,
P.O. Box 2204,
DODOMA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of National Water Fund, which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, the statement of changes in net assets and cash flow statement, and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of the National Water Fund as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting 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 Auditor's Responsibilities for the audit of the financial statements section of my report. I am independent of National Water Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

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

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

Responsibilities of Management and those charged with Governance for the Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Suppose I conclude that a material uncertainty exists. In that Case, 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be

communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits 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 [R.E 2022] 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 procurement of works, goods, and services in the National Water Fund for the financial year 2021/22 as per the Public Procurement Laws.

Conclusion

Based on the audit work performed, I state that except for the matter described below, procurement of goods, works and services of National Water Fund is generally in compliance with the requirements of the Public Procurement laws

Partial processing of procurement process in the TANEPS System TZS 133,567,909

Review of procurement procedures in TANEPS revealed that the system was not used from the beginning to the end of the procurement process. Only one stage (Online opening ceremony) was performed while evaluation of bid documents, Tender board approval, and Accounting Officer approval of awarding contracts stages were not done in the system. This is contrary to Public Procurement Regulations, 2013 and Ministry of Finance and Planning Circular No. 4 of the year 2019.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the National Water Fund for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.



Conclusion

Based on the audit work performed, I state that, Budget formulation and execution of the National Water Fund is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



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



March 2023



2.0 FINANCIAL STATEMENTS



**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER (VOTE 49)**

NATIONAL WATER FUND



**BOARD OF THE FUND REPORT FINANCIAL
STATEMENTS FOR THE YEAR ENDED
30th JUNE, 2022**

30th September, 2022.

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ABBREVIATIONS AND ACRONYM

| | |
|---------|--|
| ACPA | Associate Certified Public Accountant |
| CA | Chief Accountant |
| CAG | Controller and Auditor General |
| CEO | Chief Executive Officer |
| CPA | Certified Public Accountant |
| DAWASCO | Dar Es Salaam Water and Sewerage corporation |
| EWURA | Energy and Water Utilities Regulatory Authority |
| GAAP | Generally Accepted Accounting Principle |
| GoT | Government of Tanzania |
| IPSAS | International Public Sector Accounting Standards |
| MoFP | Ministry of Finance and Planning |
| MoW | Ministry of Water |
| MTB | Ministerial Tender Board |
| MUSE | Mfumo Wa Ulipaji Serikalini |
| NAWAPO | National Water Policy |
| NBAA | National Board of Accountants and Auditors |
| NWF | National Water Fund |
| PAA | Public Audit Act |
| PFA | Public Finance Act |
| PMG | Paymaster General |
| PPE | Property, Plant and Equipment |
| TRA | Tanzania Revenue Authority |
| RUWASA | Rural Water Supply and Sanitation Agency |
| TZS | Tanzania Shillings |
| URT | United Republic of Tanzania |
| WSDP | Water Sector Development Programme |
| WSSAs | Water Supply and Sanitation Authorities |
| IAs | Implementing Agencies |

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF WATER (VOTE 49)

NATIONAL WATER FUND

BOARD OF THE FUND REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

NWF INFORMATION

The NWF is situated at Mtendeni Street in Dodoma Region.

PLACE OF BUSINESS

NAOT BUILDING,
15, MTENDENI STREET,
UHINDINI,
DODOMA.

BANKERS I

Bank of Tanzania,
JAKAYA KIKWETE ROAD,
P.O BOX 2303,
DODOMA.

LAWYER

Attorney General,
P.O BOX 630,
Sheria Street,
Government City,
DODOMA.

BANKERS II

National Microfinance Bank (NMB),
Mazengo Branch,
Opposite Nyerere Square,
DODOMA.

CHIEF EXECUTIVE OFFICER,

Haji M. Nandule,
National Water Fund,
P.O Box 2204,
15,Mtendeni Street,
Uhindini,
DODOMA.

AUDITORS

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road
P.O Box 950,
41104 Tambukareli,
DODOMA.

1.0 BACKGROUND

The Secretariat on behalf of the Board of the National Water Fund (NWF) has the pleasure to submit this report, together with the Financial Statements for the year ended 30th June 2022 which disclose the state of affairs of the Fund.

NWF is established under the Water Supply and Sanitation Act No. 05, 2019 as a public entity under Ministry of Water responsible for mobilization of financial resources necessary to support investment in projects for water supply provisions and management of catchments areas. The establishment of the Fund was a strategic decision made by the Government to address a challenge of stable and reliable availability of funds for implementation of water projects. It is also an initiative to implement policy directives of improving financial resources mobilization stipulated under the National Water Policy 2002 (NAWAPO).

In discharging the aforementioned responsibilities, the day to day functions of the Fund are carried out by the Secretariat of the Fund which is headed by the Chief Executive Officer and the oversight mandate is vested to the Board of the Fund.

2.0 VISION, MISSION AND MAIN FUNCTIONS

Vision

"To become the leading fund in supporting investment of water projects in a sustainable manner at all times".

Mission

"To provide funds to implementing agencies for effective development of water supply projects and water resources management and development"

Values

In pursuit of the mission, NWF is guided by the following core values:

- (i) **Transparency:** Being transparent in all work and dealings and stand ready for public scrutiny;

- (ii) **Accountability:** Being accountable to stakeholders and to the community for the mandate and responsibilities bestowed upon NWF;
- (iii) **Responsive to society:** The NWF, Board and Secretariat strive to continuously respond to current and future needs of the society;
- (iv) **Integrity:** Being exemplary in behavior and acting honestly and impartially in all transactions;
- (v) **Diligence:** Being meticulous and thorough in whatever the NWF, Board and Secretariat do; and
- (vi) **Team work:** Working at all times as a team.

Functions of NWF

In accordance to section 56 of the Water Supply and Sanitation Act (supra), functions of the National Water Fund are:

- a) Mobilise financial resources necessary for fulfilment of its objectives under this Act;
- b) Disburse funds to implementing agencies for the purpose of execution of water projects;
- c) Issue loans on favorable terms, to implementing agencies for investments in water service provisions;
- d) Monitor the use of the funds disbursed to implementing agencies;
- e) To facilitate capacity building of implementing agencies to improve and enhance their ability in execution and management of water projects;
- f) Recommend to the Minister guidelines for issuance of loans to water authorities; and
- g) Develop operational guidelines on issuance of loans and grants to implementing agencies.

Composition of the NWF Board

The Board of the National Water Fund is composed of seven members i.e. Chairman, representatives from Ministry of Finance and Planning, Ministry of Water and Ministry responsible for PORALG. Others are representative from private sector and a member

knowledgeable in either, economics, project investment or finance from outside public sector.

On 26th April 2019, the Board of Fund ceases after expiry of its tenure. Since such time the Permanent Secretary of the Ministry of Water is exercising mandates of the Board pursuant to section 54 of the Interpretation of Laws Cap. 1 as amended by the Written Laws (Miscellaneous Amendments) No. 6 of 2019. This arrangement will continue until the relevant appointing authorities appoint a new Board of the National Water Fund.

3.0 CORPORATE GOVERNANCE

The Board is responsible for the governance of the Fund by ensuring that the Fund complies with the law, standards of the corporate governance and business ethics. The Board takes overall responsibility of managing the Fund, including effective and efficient implementation of various activities such as financial resource mobilization, disbursement of the funds to the implementing agencies and monitoring of funds utilization.

Also, the Board approves plans and budgets as well as advising the Minister on efficient allocation of financial resources.

The powers and duties of the Board are laid out under the provisions of regulation 8 and regulation 9 of the National Water Fund Regulations GN. No. 981 of 2019. Thus, the Board of NWF hereby confirms that: -

- (i) Suitable accounting policies have been adopted and applied consistently.
- (ii) The International Public Sector Accounting Standards (IPSAS) have been adhered to in preparing the financial statements.
- (iii) The Fund keeps proper books of accounts and accounting records, which disclose with reasonable accuracy, all the financial transactions, assets and liabilities.
- (iv) The Fund maintains adequate system of internal controls and takes reasonable steps for the prevention and detection of fraud, errors and other irregularities.
- (v) The Fund has prepared the financial statements, which the Board believe reasonably disclose the financial position of the entity.

- (vi) Fund will not remain a going concern for at least twelve months from the date of this month.

Committees of the National Water Fund

The Board recognizes the need to have the required Board committees namely: - "Audit Committee; Employment and Disciplinary Committee and Finance, Planning and Budget Committee". In order to adhere to the Finance Act, Circulars and other directives, all responsibilities have been executed by the Board. The Board continues to discharge its duties and responsibilities for the enhancement of proper governance and management of public resources as stipulated under the Water Supply and Sanitation Act No. 05, 2019.

Internal Audit

Regulation 28 of the Public Finance Act of 2001 as revised in 2004 requires the Accounting Officer to establish an effective Internal Audit Unit. The Internal Audit Unit is required to appraise the soundness and application of accounting financial and operational controls within the Entity.

The NWF operational and Accounting Manual has stipulated that there shall be an Internal Audit Unit that will undertake set of internal Audit activities by reviewing and appraising all operations of the Fund. The status and powers of the internal audit functions should conform to internationally accepted standards. During the reporting period the NWF uses Internal Audit from the Ministry.

Audit Committee

Regulation No. 30 of the Public Finance Regulations (2001) requires the Fund to establish the Audit Committee. However, during the reporting period, NWF used the Audit Committee of the Ministry.

Objectives of the Committee

The committee's objective is to assist the Accounting Officer to enhance internal control by fulfilling stewardship, leadership and control responsibility in managing resources of the Fund. Responsibilities and duties of Audit Committees is stipulated in Regulation 32 (1) (a)-(g) of the Public Finance Regulations 2001.

The objectives are carried out by ensuring that audit functions are performed adequately and effectively, and there are adequate internal control systems, proper ways of investigating and addressing problems resulting from internal control weaknesses, suitable policies and procedures to prevent fraud and irregularity, and suitable mechanism that can allow internal Audit recommendations to be fully addressed by management.

The Committee meets at least once every quarter, however when the needs arise, the chairman can make a call for meeting. In the year under review the Committee manage to review internal audit report prepared by Internal Auditor of the Fund.

Procurement Management Unit

Section 37(1) of Public Procurement Act No.07 of 2011 requires the Fund to establish the Procurement Management Unit (PMU). However, during the reporting period NWF used Procurement Management of the Ministry.

Fund's Tender Board

Section 31 of PPA, 2011 requires a public body to establish a Tender Board for procurement of goods, services, works and disposal of assets. The NWF Tender Board shall be appointed by the CEO to oversee the procurement activities in the Fund as required by the Act No. 7 of Public Procurement Act, 2011. Though Funds 'Tender Board has not been formed yet, NWF currently use the Ministerial Tender Board.

Functions of the Ministerial Tender Board

Tender Board approves the use of tenders or alternative method of procurement subject to the Public Procurement Regulations, receives tenders and holds tender openings in public, reviews tender evaluations and recommendations made by departments, and, where appropriate authorises/awards contract.

Management Structure

The institutional framework of National Water Fund is comprised of the Minister at the apex, the Board of the Fund and the Secretariat. According to this set up, NWF the oversight role is vested to the Board which is comprised of such members to be appointed by the Minister responsible for Water. The qualities, qualifications, number and tenure of office for such Members shall be as stipulated under the Water Supply and Sanitation Act No. 05, 2019 and the National Water Fund Regulations GN. No. 981 of 2019.

The day to day affairs and dealings of the Fund are executed by its executive organ known as "the Secretariat of the Fund" which is managed by the Chief Executive Officer who is appointed by the Board in consultation with the Minister responsible for Water.

During the year under review, the Board has delegated the day to day operations of the Fund to the Interim Secretariat comprising of an acting management team led by Acting CEO of the Fund, Eleven (11) Officers of different professional and five supporting staff. The Team is made up of six heads of units as shown in the table below:

| Name | Position | Qualification | Period served |
|--------------------------|-----------------------------|--|-----------------------------|
| Haji M. Nandule | Ag. Chief Executive Officer | LLM (Com and Corp). | February, 2016- June, 2022 |
| Eng. John J. Sanzage | Ag. Investment Manager | MSc. Water Supply Eng and BSc. Env Eng. | June 2019- June, 2022 |
| Ms. Neema Cornelio | Ag. Admin Manager | MA (HRM) | February, 2016- June, 2022 |
| Ms. CPA Nafisa H. Twalib | Ag. Chief Accountant | CPA, PGTM & ADA | August, 2019- June, 2022 |
| Mr. Omari M. Omari | HPMU | Diploma in Procurement Supply and Logistic Management (DPLM) | March, 2022 - To June, 2022 |
| Mr. Henry P. Mchome | HICT | Advance Diploma in Networking Engineering (ADNE) | July, 2020 - June, 2022 |

Charitable and Political Donations

During the year under review, the Fund has not contributed to any social events or political parties as a donation.

Employees' Welfare

a. Health Policy (Medical Expenses)

The Fund Interim Secretariat together with their spouse and a maximum number of four children were availed free medical expenses through the National Health Insurance (NHIF) Scheme which is deducted from their monthly salary paid by Permanent Secretary of the Ministry.

b. Training

The Fund will continue to provide training for Board and its employees as the need arose.

However, during the reporting period the Fund was Sponsored one (1) Staff to attend Masters Of Project Planning Monitoring and Evaluation at Institute of Rural Development Planning Dodoma. Also, the Fund was facilitated Staff to attend workshop on HIV Aids and Corruption at the working places.

c. Relationship between Management and Employees

There was continued good relations between employees and Management for the year ended 30th June 2022. There were no unresolved complaints received by Management.

d. Emoluments

Employees' emoluments include salaries, housing, telephone, electricity transport, extra duty and leave allowances. During the year extra duty and leave allowances have been paid to employees entitled for the allowance stated above.

e. Employee Benefits

No any other benefits that accrued to employees during the year as the fact that relevant documents including Organizational Structure, Scheme of Service & Salary Structure, Staff Regulations, Financial Regulations, and Accounting Manual which enable employees to receive benefits are still in the process of being approved at the relevant Authorities.

f. Gender Parity

The Fund as an equal opportunity employer, It embrace diversity and inclusion at work place aiming at bringing together experiences and perspectives arising from different culture, religion, heritage, age, gender and other characteristics. As at 30th June 2022, the Fund had a total number of 17 employees; out of which 6 being female and 11 were males.

Directors' Remuneration

In this relevant year, Fund made no payments for director's fees as the new Board was not appointed.

Related Party Transactions

NWF is a wholly owned entity of the government. The government, through the Board significantly influences the roles of the Fund as well as being its major financier. In some cases, the Fund is mandated by the Act to transact with other government owned Urban Water Authorities (WSSAs), RUWASA, MDAs, entities and state-owned enterprises related to water sector.

Pending Litigations

Management of the NWF certifies that as of 30th June 2022 there was no pending litigations opened against NWF as regards to legal claims. Likewise, that poses no risks to the continuation and daily operations of the Fund.

Future Development

By using strengths in place including Policies, Laws, Regulations and available human and financial resources, NWF will continue to implement its core responsibilities, NWF will ensure appropriate initiatives that lead and contribute to achievement of the target of increasing rural water supply coverage to 85% by year 2022 being a proportion of rural population with access to clean and safe water.

Statutory Auditors

The Controller and Auditor-General (CAG) is the statutory auditor of the Fund pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005), Section 9 - 12 of the Public Audit Act, 2008 and Water supply and Sanitation Act of 2009 Section 46 (2) clarifies that the Controller and Auditor General is a Statutory Auditor for the Fund.


Eng. Nadhifa S. Kemikimba
For: BOARD CHAIRPERSON

Date 17/3/2023

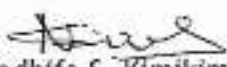
4.0 STATEMENT OF BOARD RESPONSIBILITY

The overall oversight and accountability of the management of the funds of NWF is vested to the Board. This is pursuant to section 58(1) Water Supply and Sanitation Act No. 5 of 2019 which provides that the Board shall, among other things, be responsible for administering functions of the Fund. On the other hand, section 59(1) establishes the Secretariat to discharge day-to-day affairs of NWF and is headed by the Chief Executive Officer and is comprised of such number of staffs as the Board determines from time to time.

The Water Supply and Sanitation Act under section 60 requires the Board to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Fund as at the end of each financial year. The Act also requires it to ensure that the Fund keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Fund. The Board also is responsible for safeguarding the assets of the NWF and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and the requirements of the Water Supply and Sanitation Act No.05 of 2019. It is the responsibility of External Auditors to form an independent opinion on those financial statements based on their audit.

By Order of the Board


Eng. Nadhifa S. Kimikimba
For: BOARD CHAIRPERSON

Date 17/3/2023

5.0 STATEMENT BY THE CHIEF EXECUTIVE OFFICER FOR THE PERIOD ENDED 30TH JUNE 2022.

INTRODUCTION

The National Water Fund (NWF) was initially established under the Water Supply and Sanitation Act No 12 of 2009 (Section 44 (1)) and come into operation in 2006. Currently NWF is governed by water supply and sanitation Act No 5, 2019. The main intent of establishing National Water Fund was to mobilize financial resources necessary for implementation of water projects as well as monitoring and evaluation of those utilized funds by implementing agencies. The Fund so far supports Rural Water Supply and Sanitation Agency (RUWASA), Water Supply and Sanitation Authorities (WSSAs) and Basin Water Boards (BWBs) as its implementing agencies.

According to sections 59 (1) of the Water Supply and Sanitation Act 2019, the Fund shall establish an executive organ of the Fund to be known as the “Secretariat of the

Fund” which shall be composed of the *Chief Executive Officer* and such other staff as may be necessary for proper functioning of the Fund.

The financial statements for the period ending 30th June 2022 are prepared under the requirement of section 25(4) of the Public Finance Act of 2001, (revised in 2004). The report comprehensively reviews the physical and financial achievements of The National Water Fund.

IMPLEMENTATION OF THE FUND STRATEGIC PLAN AND BUDGET FOR THE YEAR 2021/2022

During the financial year 2021/2022, National Water Fund planned to fund a number projects in Mainland Tanzania to achieve its objectives. In this financial year, the Fund estimated to receive (TZS) 175,912,837,000.00 from its source which currently is the fuel levy of TZS 50 from every litre of Diesel and petrol charged and deposited to the account of NWF pursuant to the Finance Act No. 16 of 2015. National Water Fund had collected a total of TZS 179,518,053,003.28 which is equivalent to 102.05% of the projection.

STATEMENT BY THE CHIEF EXECUTIVE OFFICER FOR THE PERIOD ENDED 30TH JUNE 2022 (Continued)

The approved budget for the financial year 2021/2022 was TZS 175,912,837,000.00 and National Water Fund spent TZS 166,306,997,536.07 (equivalent to 94.54 %) to meet its plans and targets.

The revenue and expenditure trend analysis for two financial years is as summarized in Table 1 and Table 2 hereunder:

Table 1: Comparison of Revenue Collection for 2020/2021 and 2021/2022

| Financial Year | Approved Estimates | Actual Collection | Performance |
|----------------|--------------------|--------------------|-------------|
| 2020/2021 | 175,912,837,000.00 | 168,659,162,029.00 | 95.88% |
| 2021/2022 | 175,912,837,000.00 | 179,518,053,003.28 | 102.05% |

Table 2: Comparison of Expenditure for 2020/2021 and 2021/2022

| Financial Year | Approved Estimates | Actual Expenditure | Performance |
|----------------|--------------------|--------------------|-------------|
| 2020/2021 | 175,912,837,000.00 | 174,513,216,783.41 | 99.20% |
| 2021/2022 | 175,912,837,000.00 | 166,306,997,536.07 | 94.54 % |

The key achievements during this reporting period were recorded as follows: -

Since its inception to June 2022 the NWF had managed to mobilize financial resources to a tune of TZS 1.06 trillion for financing water projects in Tanzania mainland. About 2031 water projects including 1429 water supply projects in rural areas, 484 water supply and sanitation projects in urban areas and 118 projects on water resources conservation received finance from the fund. This has contributed to the improved water supply coverage to 86% in urban areas and 74.5% in rural areas.

STATEMENT BY THE CHIEF EXECUTIVE OFFICER FOR THE PERIOD ENDED 30TH JUNE 2022 (Continued)

Focus of the fund:-

In striving to fund water projects, NWF will seek to explore the opportunity of engaging more partners to further its objectives. The Fund intends to foster cooperation with all key stakeholders both local and international who will assist the fund in mobilizing financial resources required to improve water services provisions in areas with inadequate water supply services coverage and conservation of water resources.

With the financial resources ring-fencing mechanism, NWF expects to attract considerable number of funding stakeholders to join hand with the fund with the ultimate goal of improving access to clean and safe water and boost the social economic welfare to the community.

In next financial year 2022/2023 the Fund is expecting to lounge its loan window on favorable terms to water authorities pursuant to section 44(4) and 56(c) of water supply and sanitation Act, 2019. This Loan Scheme will help water authorities to boost social economic welfare to the community water utilities to access fund on favorable terms for execution of water projects in their service areas.

EMPLOYEES WELFARE

National Water Fund recognizes the significance of improving the welfare of its staff and has all along facilitated staff welfare programs like sports and training. The Workers Union is well recognized and normally their views and concerns which always are channeled in Workers Council are acknowledged and considered in reaching decisions. Also, employees are kept closely involved in major changes affecting them, through meetings, briefings and internal communication.

STATEMENT BY THE CHIEF EXECUTIVE OFFICER FOR THE PERIOD ENDED 30TH JUNE
2022 (Continued)

CHALLENGES

Despite the achievements reached in improving water projects as stated above, the Fund was constrained by a number of drawbacks including receiving more requests for grants than the Fund's ability to provide grants. In response to this challenge, NWF has begun looking for other sources of revenue to increase the scope of grant funding.

CONCLUSION

I would like to extend my special thanks to fellow employees of National Water Fund for working diligently together as a team towards the achievements of the objectives of the Fund. I deeply appreciate the efforts made by the Board of Trustees and staff, both individually, and as a cohesive unit.



Haji M. Nandule
Ag CHIEF EXECUTIVE OFFICER

Date 17/03/2023

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER (VOTE 49)
NATIONAL WATER FUND
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6.0 DECLARATION OF THE HEAD OF FINANCE OF THE FUND

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of entity concerned.

It is the duty of a Professional Accountant to assist the Board to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board as under the statement of Board Responsibility on an earlier page.

I, **CPA Nafisa H. Twalib** being the Head of Finance of the National Water Fund, here by acknowledge my responsibility of ensuring that financial statements for the year ended 30th June, 2022 have been prepared in compliance with applicable IPSAs accrual basis accounting standards and statutory requirements.

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

Signed by: CPA Nafisa H. Twalib 

Position: Ag. Director of Finance and Accounts

NBAA Membership No GA 5373

Date: 30th September, 2023

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER (VOTE 49)
NATIONAL WATER FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

7.0 COMMENTARY ON THE FINANCIAL STATEMENTS

7.1 Introduction

This part of the report provides insight and narrative information in regard to financial results and performances recorded during the financial year 2021/2022 for National Water Fund. The Fund consistently continued to implement its core responsibilities that lead to achieve the target of increasing rural water supply coverage comprehensively aligned with vision, mission, objectives and targets of the Fund.

Fund allocated its resources in the areas of priorities basing on planned activities focussing on adhering to the national strategic priority areas; nevertheless, some of the projects/activities were not fully implemented due to under release of the funds. However, carryover was requested to Paymaster General for the unspent balance that had capital commitment and operations of the Fund.

7.2 Subvention from the Ministry of Water

The transfer done by the Ministry to the Fund for the year ended 30th June 2022 and transferred to the Fund was TZS 179,518,053,003.28 whereas TZS 168,659,162,028.74 was received in the year ended 30th June 2021, which shows an increase of 6.44% the increase caused by the NWF Budget ceiling for the year and other economic factors as compared to the financial year 2020/2021.

7.3 FINANCIAL POSITION

Financial position comprises of assets and liabilities of the National Water Fund. As at 30th June, 2022 the Fund has net assets of TZS 2,194,803,610.46 with total assets of TZS 24,251,039,692.82 and total liabilities of TZS 22,056,236,082.07 net assets have increased to TZS 2,194,803,610.46 comparing to 30th June, 2021 which was TZS 1,923,584,821.35

**THE UNITED REPUBLIC OF TANZANIA
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

7.3.1 ASSETS

Major line items of assets in this financial statement comprised the following:

i. Cash and cash equivalent

The amount of cash and cash equivalent for the year ended June, 2022 was TZS 22,025,994,183.21 compared to TZS 8,814,938,716 for the year ended June, 2021. The differed revenue will be recognised on the year 2022/23 as revenue.

ii. Property Plant and Equipment

As 30th June 2022, Fund held significant fixed assets which include Motor vehicles, Container, Office furniture and fixtures, Computer Hardware and Office equipment and Land with a total carrying amount of TZS 554,743,069.71 compared to TZS 315,604,839.00 for the year ended 30th June 2021. The increase of TZS 239,138,230.71 was caused by the addition (Acquisition) of new assets for the year under review.

7.3.2 LIABILITIES

The Major line items on the liabilities side of the financial position comprises of the following:

i. Differed Income

For the year ended 30th June 2022, NWF has recorded deferred income (Revenue) and deferred income (capital) of TZS 973,838,220.29 and TZS 21,052,155,963.21 respectively compared to TZS 8,135,623,244 as deferred income (Capital) and TZS 679,315,472 as deferred income (Revenue) for the year 2020/2021.

7.3.3 NET ASSETS

Taxpayers fund remain unchanged/static TZS 341,403,119.00 as per circular number 2 of 2018/2019, the movement of equity will be through surplus or deficit account.

7.4 FINANCIAL PERFORMANCE

7.4.1 Surplus / (Deficit)

For the year ended 30th June 2022, Fund has recorded a Surplus of TZS 271,218,784 compared to previous year 2020/2021 recorded deficit of TZS 1,289,928,292.98

**THE UNITED REPUBLIC OF TANZANIA
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7.4.2 Wages, Salaries and Employee Benefits

These items comprise of salaries and other personal allowances such as Electricity, House allowance, leave travel, moving expenses, Medical & Dental refunds, Utilities, Sitting allowances and other allowances. During the period ended 30th June 2022 NWF incurred TZS 251,121,300.00 compared to TZS 81,617,900 incurred during the financial year ended June, 2021.

7.4.3 Use of goods and Services

The National Water Fund incurred a total amount of TZS 1,127,824,206 compared to TZS 1,141,057,623.91 for the year 2020/2021 to facilitate expenditure on supplies and consumable goods. The reported figure has significantly decreased as compared to 2020/2021 due to decrease of activities implemented during the year 2021/2022.

7.4.4 The Transfer Payments

During the reporting period, total amount of TZS 164,288,461,717.92 was transferred for water projects to Rural Water Supply and Sanitation Agency (RUWASA), Urban Water Supply Authorities, and Basin Water Boards, while in the previous year TZS 174,073,841,725.48 were transferred for development of Water projects.

6.5 CASH FLOWS STATEMENT

7.4.5 Cash flow from Operating Activities

During the year 2021/2022, NWF had an opening balance of TZS 8,814,938,716.00 and total receipts for the year of TZS 179,518,053,003.28 which make a total of TZS 188,332,991,719.28 as Cash flow from operating activities, these funds were transferred to Implementing Agencies for implementation of water projects as well as to meet current obligations of the Fund such as purchase of supplies and consumables, wages and salaries with a total of TZS 166,306,997,536.07 which resulted to net cash flows of the TZS 22,025,994,183.21

7.4.6 Cash flow from Investing Activities

For the year ended 30th June 2022, Fund used TZS 569,370,300.88 in investing activities for the purchase of Motor Vehicles, computers, office furniture, land kitchen appliance and office equipment in order to facilitate the good working environment, compared to TZS 29,180,700.00 of 2020/2021. The difference was due to Purchase of two (2) Office Motor vehicles and land during the year 2021/2022.

7.4.7 Other Expenses

The National Water Fund records showed TZS 124,511,100 amount as other expenses as at 30th June, 2022 compared to NIL amount for the year ended 30th June, 2021.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

8.0 CONCLUSION

The National Water Fund continues to improve financial management and it has complied with IPSAS accrual basis during the reporting period for the year ended 30th June 2022. This has enhanced the financial reporting in Government and provides transparency and more comprehensive financial information to decision makers. These Financial Statements should be read in conjunction with notes and schedules for better understanding.


Haji M. Nandule
Ag CHIEF EXECUTIVE OFFICER

Date 17/03/2023

**THE UNITED REPUBLIC OF TANZANIA
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NATIONAL WATER FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2022

| | | 2022 | 2021 |
|--------------------------------------|-------------|-----------------------|-----------------------|
| | Note | TZS | TZS |
| ASSETS | | | |
| Current Asset | | | |
| Cash and Cash Equivalents | 32 | 27,025,994,183 | 8,814,938,716 |
| Prepayments | 33P | 163,042,841 | 6,629,285 |
| Receivables | 33 | 1,507,259,598 | 1,601,350,698 |
| Total Current Asset | | 28,696,296,622 | 10,422,918,699 |
| Non Current Asset | | | |
| Property, Plant and Equipment | 51 | 554,743,070 | 315,604,839 |
| Total Non Current Asset | | 554,743,070 | 315,604,839 |
| TOTAL ASSETS | | 24,251,039,692 | 10,738,523,538 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Deferred Income (Revenue) | 46 | 973,838,220 | 679,315,472 |
| Deposits | 47 | 0 | 1,950,000 |
| Payables and Accruals | 39 | 30,241,899 | 216,618 |
| Total Current Liabilities | | 1,004,080,119 | 681,482,090 |
| Non Current Liabilities | | | |
| Deferred Income (Capital) | 46B | 21,052,155,963 | 8,133,447,322 |
| Total Non Current Liabilities | | 21,052,155,963 | 8,133,447,322 |
| TOTAL LIABILITIES | | 22,056,236,082 | 8,814,929,413 |
| Net Assets | | 2,194,803,610 | 1,923,584,826 |
| NET ASSETS/EQUITY | | | |
| Capital Contributed by: | | | |
| Taxpayers/Share Capital | 101 | 341,403,119 | 341,403,119 |
| Accumulated Surpluses / Deficits | | 1,853,400,491 | 1,582,181,707 |
| TOTAL NET ASSETS/EQUITY | | 2,194,803,610 | 1,923,584,826 |

CEO

Mfumo wa Ulipaji Serikalini (MUSE)

Date

17/03/2023

**THE UNITED REPUBLIC OF TANZANIA
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30TH JUNE, 2022

| <i>Classification of Expenses by Nature</i> | | 2022 | 2021 |
|---|------|------------------------|------------------------|
| | Note | TZS | TZS |
| REVENUE | | | |
| Revenue | | | |
| Revenue Grants | 16 | 166,306,997,536 | 174,513,216,783 |
| Total Revenue | | 166,306,997,536 | 174,513,216,783 |
| TOTAL REVENUE | | 166,306,997,536 | 174,513,216,783 |
| EXPENSES AND TRANSFERS | | | |
| Expenses | | | |
| Depreciation of Property, Plant and Equipment | 51A | 175,563,253 | 179,996,289 |
| Maintenance Expenses | 25 | 68,497,174 | 38,758,854 |
| Other Expenses | 28 | 124,511,100 | 287,875,684 |
| Social Benefits | 23 | 0 | 0 |
| Use of Goods and Service | 24 | 1,127,824,206 | 1,141,054,623 |
| Wages, Salaries and Employee Benefits | 22 | 251,121,300 | 81,617,900 |
| Total Expenses | | 1,747,317,033 | 1,729,303,350 |
| Transfer | | | |
| Grants, Subsidies and other Transfer Payments | 26 | 164,288,461,718 | 174,073,841,725 |
| Total Transfer | | 164,288,461,718 | 174,073,841,725 |
| TOTAL EXPENSES AND TRANSFERS | | 166,035,778,752 | 175,803,145,076 |
| Surplus / Deficit | | 271,218,784 | (3,289,928,293) |

CEO

Date 17/03/2023

Mfumo wa Ulipaji Serikalini (MUSE)

**THE UNITED REPUBLIC OF TANZANIA
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STATEMENT OF CHANGES IN NET ASSET AND EQUITY FOR THE PERIOD ENDED 30th JUNE, 2022

| | Tax Payer's Fund TZS | Accum. Surplus/(Deficit) TZS | Total TZS |
|-----------------------------------|---------------------------------|---|----------------------|
| Opening Balance as at 01 Jul 2021 | 341,403,119 | 1,582,181,707 | 1,923,584,826 |
| Capital Fund | 0 | 0 | |
| Adjustment | 0 | 0 | |
| Surplus/ Deficit for the Year | 0 | 271,218,784 | 271,218,784 |
| Closing Balance as at 30 Jun 2022 | <u>341,403,119</u> | <u>1,853,400,491</u> | <u>2,194,803,610</u> |
| Opening Balance as at 01 Jul 2020 | 341,403,119 | 3,107,417,985 | 3,448,821,104 |
| Capital Fund | 0 | 0 | |
| Adjustment | 0 | (235,307,990) | (235,307,990) |
| Surplus/ Deficit for the Year | 0 | (1,289,928,289) | (1,289,928,289) |
| Closing Balance as at 30 Jun 2021 | <u>341,403,119</u> | <u>1,582,181,707</u> | <u>1,923,584,826</u> |



CEO

Mfumo wa Ulipaji Serikalini (MUSE)

17/03/2023

Date

**THE UNITED REPUBLIC OF TANZANIA
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NATIONAL WATER FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

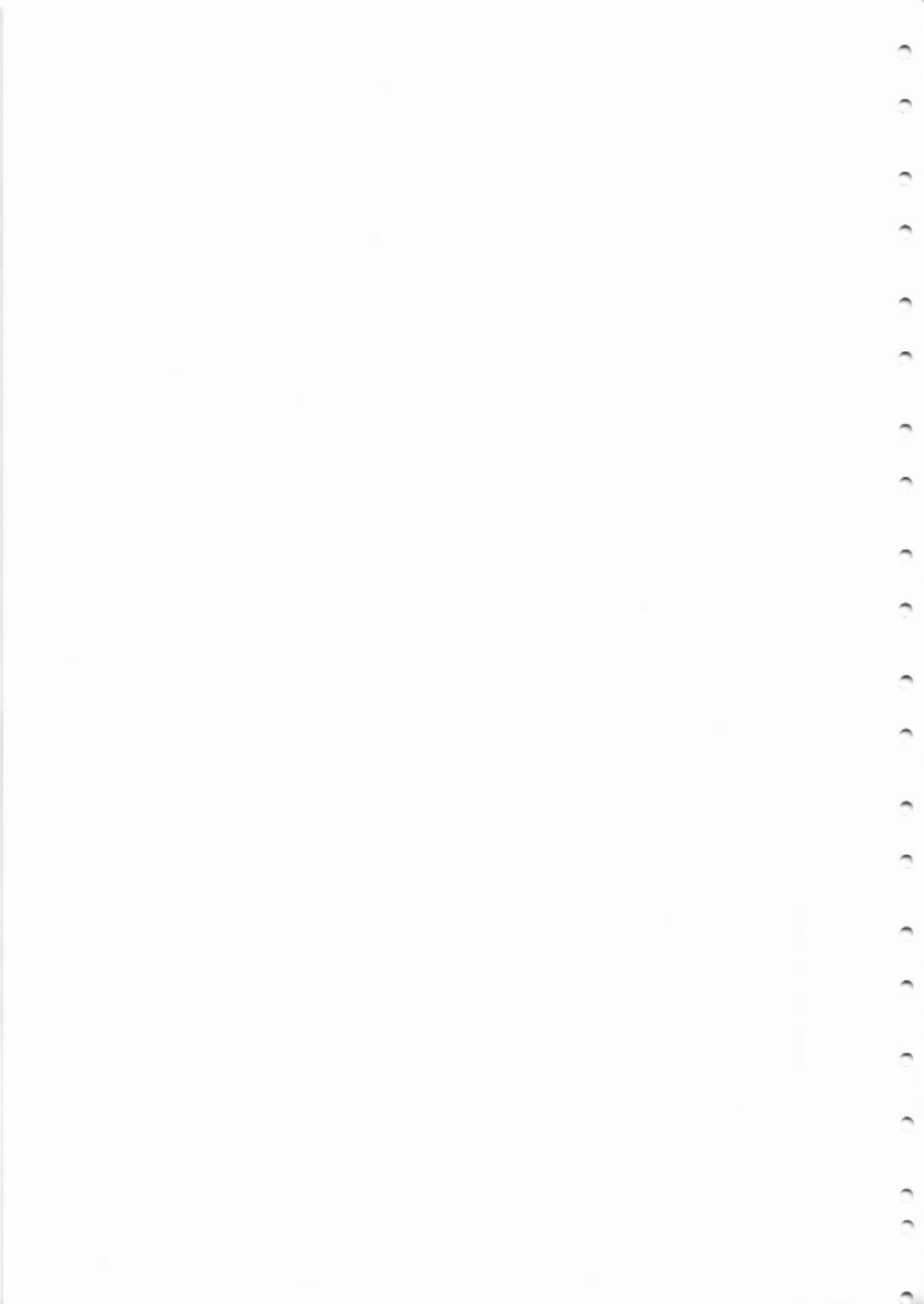
CASHFLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE, 2022

| | 2022 | 2021 |
|---|------------------------|------------------------|
| | TZS | TZS |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| RECEIPTS | | |
| Taxation | 0 | 0 |
| Revenue Grants | 0 | 0 |
| Other Receipts | 10,740,721,534 | 0 |
| Funds Received | 179,518,053,003 | 168,009,162,029 |
| Total Receipts | 190,258,774,537 | 168,659,162,029 |
| PAYMENTS | | |
| Wages, Salaries and Employee Benefits | 250,353,400 | 81,617,900 |
| Supplies and Consumables Used | 1,105,803,843 | 1,223,395,167 |
| Other Payments | 10,740,721,534 | 0 |
| Other Expenses | 124,511,100 | 2,046,973,575 |
| Maintenance Expenses | 68,497,174 | 28,758,854 |
| Grants, Subsidies and other Transfer Payments | 164,188,461,718 | 171,093,290,487 |
| Total Payments | 176,478,348,770 | 174,484,036,083 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 13,780,425,768 | (5,824,874,054) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Investing Activities | | |
| Acquisition of Property, Plant and Equipment | 569,370,301 | 29,180,700 |
| Total Investing Activities | 569,370,301 | 29,180,700 |
| NET CASH FLOW FROM INVESTING ACTIVITIES | 569,370,301 | 29,180,700 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Financing Activities | | |
| Grants refunded/ transferred | 0 | 0 |
| Total Financing Activities | 0 | 0 |
| NET CASH FLOW FROM FINANCING ACTIVITIES | 0 | 0 |
| Net Increase | 13,211,055,466 | (5,854,054,754) |
| Cash to be Surrendered to Holding Account | 0 | 0 |
| Cash to be Surrendered to PMG | 0 | 0 |
| Cash and cash equivalent at beginning of period | 8,814,938,716 | 14,668,993,470 |
| Cash and cash equivalent at end of period | 22,025,994,182 | 8,814,938,716 |

CEO

Date 17/03/2023

Mfumo wa Ulipaji Serikalini (MUSE)



**THE UNITED REPUBLIC OF TANZANIA
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE PERIOD ENDED 30TH JUNE, 2022
Budgeted Amount

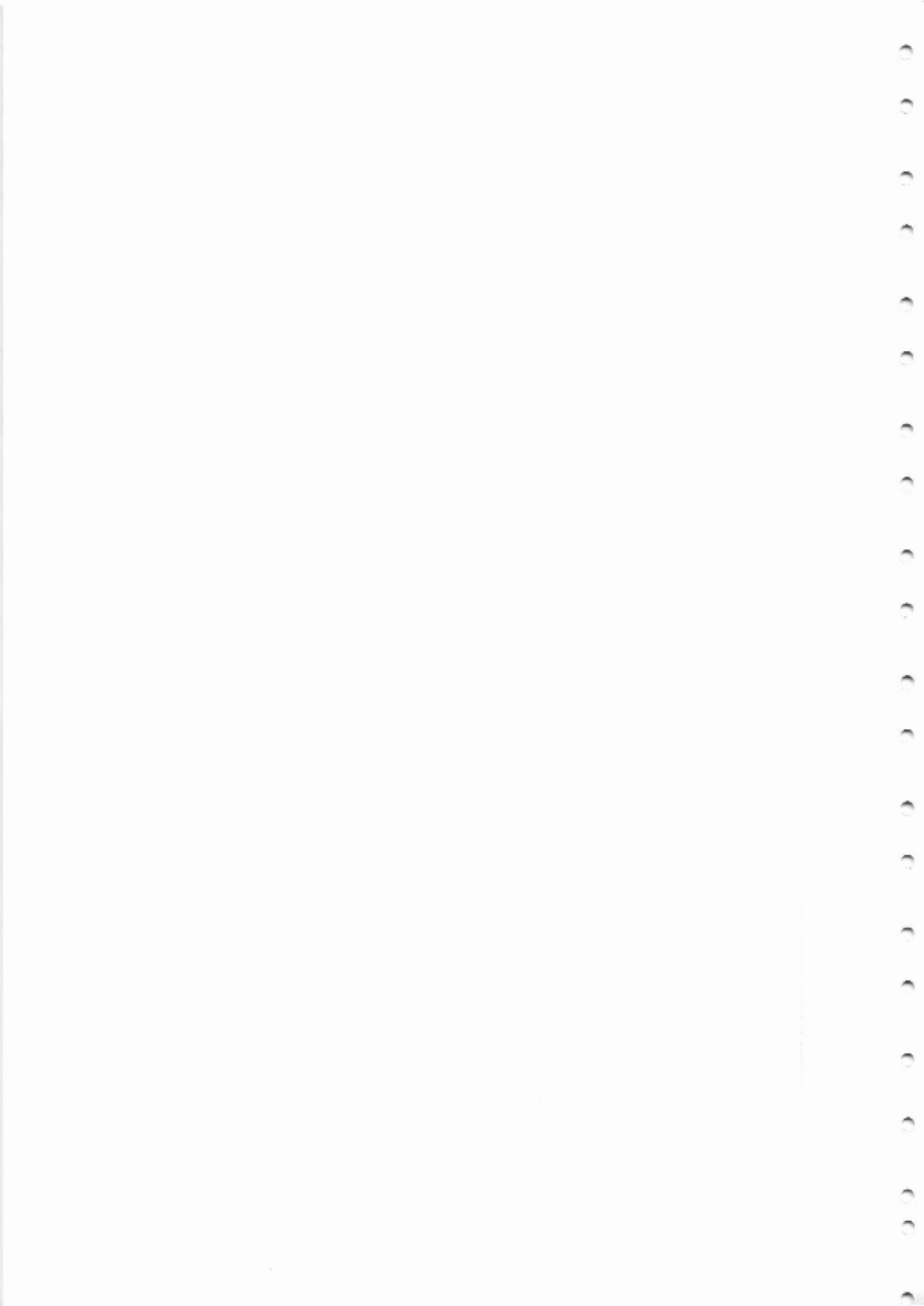
| | Original Budget | Reallocations/ Adjustments | Final Budget (B) | Actual Amount on Comparison Basis (A) | Different Final Budget & Actual (B-A) |
|---|------------------------|-------------------------------|------------------------|--|--|
| | TZS | TZS | TZS | TZS | TZS |
| RECEIPTS | | | | | |
| Funds Received | 175,912,836,997 | 0 | 175,912,836,997 | 175,515,053,003 | (3,605,216,006) |
| Other Receipts | 0 | 0 | 0 | 10,738,771,534 | 10,738,771,534 |
| Revenue Grants | 0 | 0 | 0 | 0 | 0 |
| Taxation | 0 | 0 | 0 | 0 | 0 |
| Total Receipts | 175,912,836,997 | 0 | 175,912,836,997 | 190,256,824,537 | (14,343,987,540) |
| PAYMENTS | | | | | |
| Grants, Subsidies and other Transfer Payments | 172,404,580,257 | (1,998,375,943) | 170,406,204,274 | 164,188,461,718 | 5,217,742,555 |
| Maintenance Expenses | 51,500,000 | (6,940,000) | 44,560,000 | 68,497,174 | (23,937,174) |
| Other Expenses | 343,646,560 | 1,269,001,402 | 1,512,647,962 | 124,511,100 | 1,488,136,862 |
| Other Payments | 0 | 0 | 0 | 10,740,721,534 | (10,740,721,534) |
| Supplies and Consumables Used | 1,947,794,040 | 331,904,375 | 2,279,698,416 | 1,105,803,843 | 1,173,894,573 |
| Wages, Salaries and Employee Benefits | 139,280,000 | 636,571,151 | 775,851,151 | 250,353,400 | 525,497,751 |
| Acquisition of Property, Plant and Equipment | 1,026,036,140 | (232,160,946) | 793,875,194 | 569,370,301 | 224,504,893 |
| Grants refunded/ transferred | 0 | 0 | 0 | 0 | 0 |
| Total Payment | 175,912,836,997 | 0 | 175,912,836,997 | 177,047,719,070 | (1,134,882,074) |
| Net Receipts/Payments | 0 | 0 | 0 | 13,211,055,467 | (13,211,055,467) |

CEO

Mfumo wa Ulipaji Sertikalini (MUSE)

Date

17/03/2023



**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER (VOTE 49)
NATIONAL WATER FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

1. GENERAL INFORMATION

Establishment of NWF

The National Water Fund is established under Water Supply and Sanitation Act No. 5 of 2019 with the Objective of providing Investment support for water service provision and the management of catchments areas serving water supply abstraction, in areas of Mainland Tanzania which are without adequate water service.

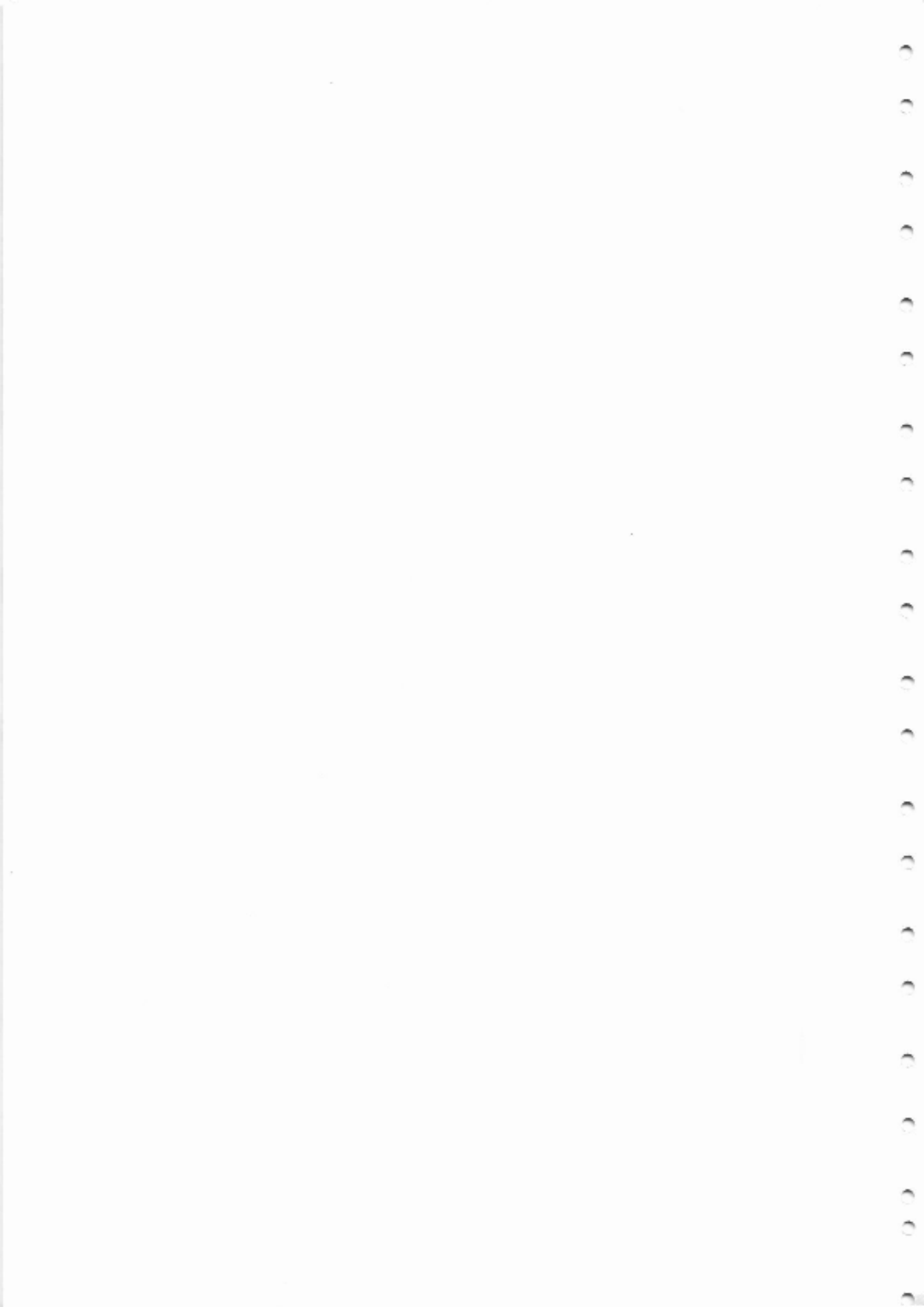
National Water Fund discharges its functions under the umbrella of Ministry of Water.

The principal activities of National Water Fund are mobilization of resources, disbursement and monitoring of utilization of funds set aside for implementation of water projects from Rural Water Supply and Sanitation Authority, Urban Water Supply and Sanitation Authorities and Basin Water Boards.

The administrative aspects of the Fund, such as establishment of the Secretariat to execute day to day functions of the Fund, are provided for in the National Water Fund Regulations GN. No. 981 of 2019. Also, the NWF Operation Guideline outlines a number of issues including mechanisms for selection of water projects to be financed by the Fund.

National Water Fund office and address of its principal place of business is:

15 Mtendeni Street,
Uhindini,
P. O. Box 2204,
DODOMA
TANZANIA.



**THE UNITED REPUBLIC OF TANZANIA
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NATIONAL WATER FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied and consistently will be applied to years presented unless as otherwise stated.

Basis of Financial Statements Preparation

The financial statements have been prepared on historical cost basis (except stated otherwise) in accordance with International Public Sector Accounting Standards (IPSAS).

Going Concern

Nothing has come to the attention of the Board to indicate that the Fund will not remain a going concern for at least twelve months from the date of this statement. Therefore, the Financial Statements continue to be prepared on a going concern basis.

Statement of Compliance

The financial statements of the Fund have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) under accrual basis as issued by the International Public Sector Accounting Standard Board (IPSASB) as well as Public Finance Act, 2001 (RE 2004), Water Supply and Sanitation Act No. 5 of 2019 and other directives/Circulars from Treasury. The accounting policies adopted, which are consistent with those of previous years, are shown below.

Foreign currency translation

Functional and Presentation Currency

The functional currency of NWF, which is also its presentation currency, is Tanzania Shillings and all values are rounded to the nearest Shilling except when otherwise indicated. Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Entity operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the Fund's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER (VOTE 49)
NATIONAL WATER FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and Cash equivalent in the statement of financial position comprise cash at banks and cash in hand and short-term deposits with an original maturity of three months or less, and is measured at amortized cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Revenue from non-exchange transactions

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. IPSAS 23 which requires inflow of resources from a non-exchange transaction to be recognized both as revenue and as an asset, except to the extent that a liability also is recognized in respect of the same inflow. Generally, IPSAS 23 requires all grants or any other receipt from non-exchange transaction to be recognized in full as revenue and should appear in the statement of financial performance unless a liability is also recognized in respect of the same inflow.

Other transfers

Other transfers include fees, fines, penalties, licenses, gifts, donations (including goods-in-kind), and transfers from other government entities. These are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Fund; and the fair value of the asset can be measured reliably. Services-in-kind are not recognized as revenue, but are disclosed in the financial statements. However, during the year there were no any services in kind received by the Fund from various Institutions.

COMPARATIVES

There is comparative information so as to ensure consistency with the current period and prior due to the fact that it is a third year of operation, previous year's balance have been regrouped whenever appropriate for comparison purposes as further clarified to the commentary to the notes.

PAYABLES

Payables are obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. During the reporting period the Fund had payable of TZS 30,241,899.00.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECEIVABLES

Advances and other receivables

Receivables are disclosed in the Financial Statements at original historical cost. Bad debts are written-off, with the approval of the Board when identified and are reflected in the Statement of Losses. During the year there was imprest taken of the total amount of TZS 74,177,400.00 that retired after the closure of the financial year.

Taxpayers Fund

These are monies public funds which include all resources collected and spent by the government in various infrastructures such as schools, hospitals, water systems, roads, railways and many other strategic projects for the main purpose of satisfying individual or collective needs for its citizen or create future benefits to its citizens.

Taxpayers' funds are a term adopted by the government to represent initial residual value or capital. Accordingly, taxpayers' funds is expected to be static after the lapse of the transitional period in the financial year 2016-2018 of which the Government was establishing its initial capital after migrating from cash basis of accounting. The movement of equity will be through surplus or deficit account and may be positive or negative

Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates of depreciation which have been consistently applied are as in the table below:

| ASSET CATEGORY | AVERAGE USEFUL (YEARS) | LIFE | EQUIVALENT PERCENTAGE (%) OF DEPRECIATION |
|--|------------------------------|------|---|
| Administration Assets | | | |
| Furniture and fixture | 5 | | 20% |
| Computer (Desktop and laptops) | 4 | | 25% |
| Office equipment | 5 | | 20% |
| Motor Vehicles (Light duty (below 5 tons)) | 5 | | 20% |

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognized.

The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. When each major inspection is performed, its cost is recognized in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied.

PARTY TRANSACTIONS AND DISCLOSURES

IPSAS 20 – Related Party Disclosures stipulates that Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions. For NWF key management includes; CEO, heads of departments and Units and their close relatives.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. There were no transactions with key management personnel during the year apart from monthly salaries leave passage and gratuities paid at the end of contract.

Events after reporting date

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- ✦ those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- ✦ those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period). However, during the year there were no subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Entity's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

Determination of the useful lives of property, plant and equipment

Management uses Accounting Circular No. 1 of 2018/18 (Para.7) as reasonable judgment in determining the useful lives and hence depreciation rates of the items of property, plant and equipment.

Capital Management

The Fund's capital is its equity (or Taxpayers' funds), which comprise accumulated surplus/deficit and other reserves.

Equity is represented by net assets: The objective of managing these items is to achieve sustainable equity, which is a principle promoted in the Act and applied by the Fund.

Sustainability of equity requires today's taxpayers to meet the costs of utilizing the Fund's assets and not expecting them to meet the full cost of long-term assets that will benefit Taxpayers in future generations

Risk Management

The Fund is facing number of events that threaten attainment of its objectives. The risks are mitigated and addressed as and when they occur. A major risk is Operational Risks faced by Fund due to its mandate and obligations. Since which consequently stands in great chances of being involved in misuse of resources allocated for daily operations

Financial Management

Financial management risks relate to the availability of adequate funding for the operations. The chief risk in this area is that demand for services might put excessive pressure on budget. Risks encompassing the entire scope of general financial management, Potential factors to consider include; Cash flow adequacy and management thereof; financial losses; Wasteful expenditure; Budget allocations; Financial statement integrity; and Increasing operational expenditure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Economic Environment Risk

Risks related to the Fund economic environment. Factors to consider include: Inflation and Foreign exchange fluctuations.

Political environment Risk

Risks emanating from political factors and decisions that have an impact on the WSDP's mandate and operations, possible factors to consider include: political pressure; Local, Provincial and National elections.

Contract management Risk

Risks related to the sector projects dependence on the performance of the Contractor, Consultant or Service provider. Risk in this regard could be that there is the likelihood that a service provider might not perform according to the service level agreement entered into with a Fund. Non performance could include: Outright failure to perform; Not rendering the required service in time; Not rendering the correct service; and Inadequate/ poor quality of performance.

Procurement Risk

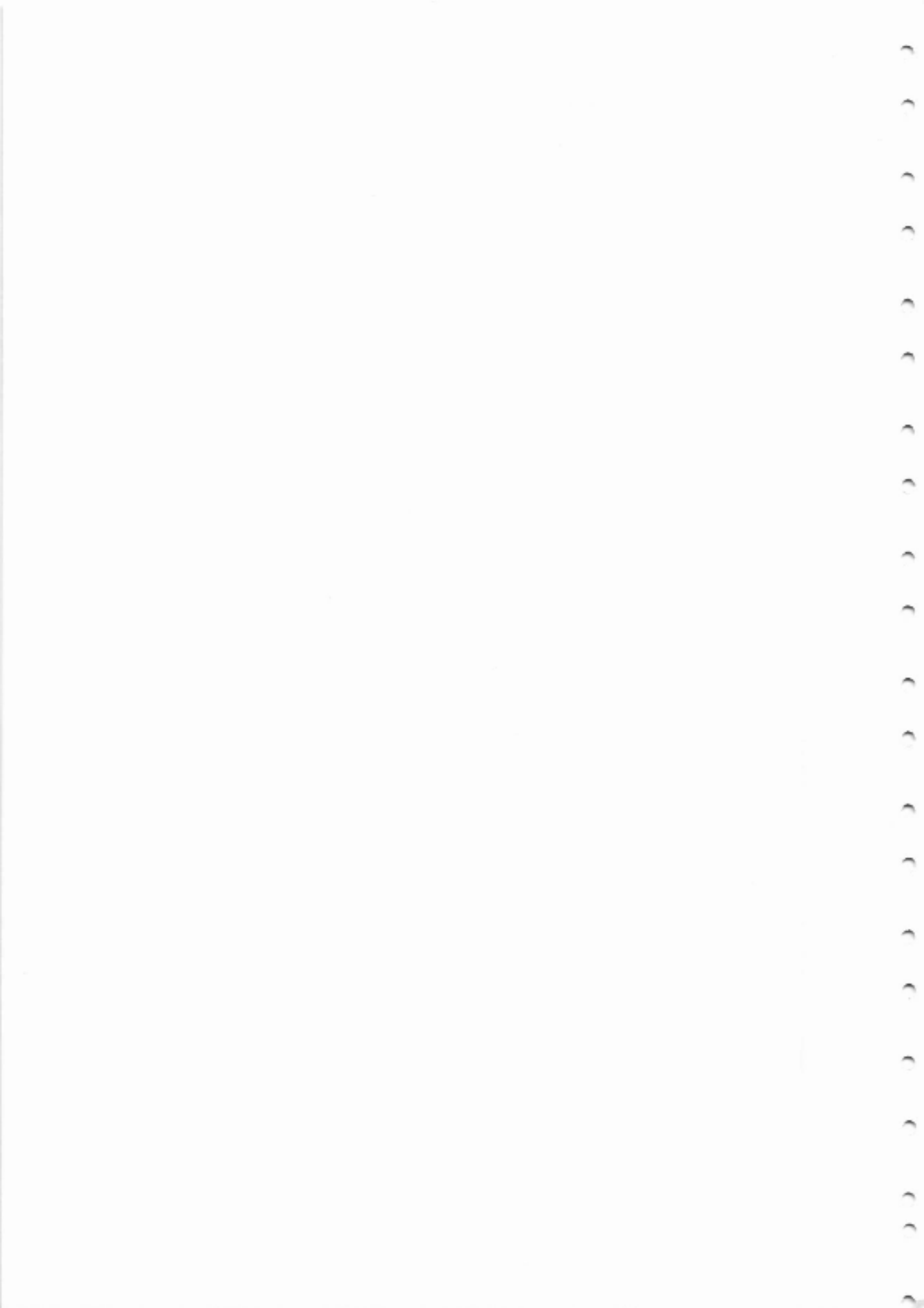
Risks relating to material resources, possible aspects to consider include: Availability of material; Costs and means of acquiring/ procuring resources; and the wastage of material resources and the Controls in place are transparency, identification of needs, development of specifications, contract documents, contract negotiation, contract management, evaluation of offers, identification preferred suppliers and selection of procurement methods e.g. NCB, ICB, single source.

People Capability Risk

Capability risks relate to the ability of our staff to deliver consistently high-quality services to all our clients. The Mitigating action are Continue to recruit staff with the appropriate qualifications, skills and experience; continue to implement strategy for building capability. Our focus on learning and development assists staff in gaining the qualifications and skills necessary for their roles.

Liquidity Risk

Liquidity risk refers to the loss due to the lack of liquidity preventing quick or cost-effective liquidation products, positions or portfolios. The Fund does not face any liquidity risk as it has sufficient funds to cover its working capital needs for the foreseeable future.



**THE UNITED REPUBLIC OF TANZANIA
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NATIONAL WATER FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTINGENCIES

Legal claims

Management certifies that as of 30th June 2022, the Fund had no contingent liability as regards legal claims.

Guarantees

The Fund has not guaranteed its employees against the loans from various financial institutions, where the Fund will have to pay these financial institutions in case the employees are unable to repay their debts.

The approved budget is developed and approved on the Cash basis from 1st July, 2021 to 30th June 2022 whereas the Financial Statements are prepared on Accrual basis as per IPSAS 24 on the Presentation of Budget information in Financial Statements.

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER (VOTE 49)
NATIONAL WATER FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30TH JUNE, 2022

| | 2022 | 2021 |
|---|------------------------|------------------------|
| | TZS | TZS |
| 16 - Revenue Grants | | |
| Government Grant Development Local | 164,288,461,718 | 173,140,264,161 |
| Government Grant Other Charges | 2,018,535,818 | 1,372,952,622 |
| | 166,306,997,536 | 174,513,216,783 |
| 22 - Wages, Salaries and Employee Benefits | | |
| Court Attire Allowance | 370,000 | 350,000 |
| Electricity Allowance | 0 | 2,000,000 |
| Extra-Duty | 75,640,000 | 28,745,000 |
| Honoraria | 96,000,000 | 0 |
| Leave Travel | 9,252,900 | 8,937,900 |
| Medical and Dental Refunds | 437,000 | 0 |
| Sitting Allowance | 69,421,400 | 41,585,000 |
| | 251,121,300 | 81,617,900 |
| 24 - Use of Goods and Service | | |
| Advertising and Publication | 21,896,100 | 4,312,918 |
| Air Travel Tickets | 2,174,100 | 0 |
| Catering Services | 4,928,000 | 0 |
| Computer Supplies and Accessories | 6,273,024 | 0 |
| Conference Facilities | 17,800,000 | 44,742,000 |
| Diesel | 88,863,288 | 94,404,009 |
| Electricity | 6,300,000 | 2,000,000 |
| Entertainment | 22,674,548 | 0 |
| Exhibition, Festivals and Celebrations | 7,630,000 | 0 |
| Food and Refreshments | 146,820,000 | 130,752,500 |
| Gifts and Prizes | 1,000,000 | 0 |
| Ground travel (bus, railway taxi, etc) | 13,705,000 | 27,990,000 |
| Internet and Email connections | 36,800,428 | 45,552,433 |
| Mobile Charges | 3,150,000 | 7,050,000 |
| News Services Fees | 0 | 2,000,000 |
| Office Consumables (papers, pencils, pens and stationaries) | 158,678,491 | 24,468,863 |
| Outsourcing Costs (includes cleaning and security services) | 16,585,000 | 25,740,000 |
| Per Diem - Domestic | 504,574,500 | 664,084,364 |
| Posts and Telegraphs | 233,300 | 132,750 |
| Printing and Photocopy paper | 0 | 400,000 |
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**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER (VOTE 49)
NATIONAL WATER FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

| | 2022 | 2021 |
|---|----------------------|----------------------|
| | TZS | TZS |
| Printing and Photocopying Costs | 12,166,000 | 8,575,000 |
| Printing Material | 4,890,000 | 2,193,000 |
| Remuneration of Instructors | 9,300,000 | 13,650,000 |
| Rent - Office Accommodation | 0 | 33,089,749 |
| Sewage Charges | 211,000 | 0 |
| Subscription Fees | 16,450,935 | 0 |
| Telephone Charges (Land Lines) | 256,191 | 0 |
| Training Materials | 1,070,000 | 0 |
| Tuition Fees | 15,094,775 | 5,190,000 |
| Uniforms | 7,368,000 | 4,050,000 |
| Water Charges | 931,526 | 677,037 |
| | 1,127,824,206 | 1,141,054,623 |
| 25 - Maintenance Expenses | | |
| Motor Vehicles and Water Craft | 30,437,174 | 1,805,000 |
| Spare Parts | 28,060,000 | 36,027,722 |
| Tyres and Batteries | 10,000,000 | 926,132 |
| | 68,497,174 | 38,758,853 |
| 26 - Grants, Subsidies and other Transfer Payments | | |
| Arusha Water Supply Authority (Auwsa) | 200,000,000 | 3,117,401,725 |
| ARUSHA WSSA (AUWSA) | 5,988,535,712 | 0 |
| Bahati Water Supply and Sanitation Authority(BAWASA) | 3,163,772,103 | 2,839,043,879 |
| BARINDI WSSA(BARUWASA) | 728,349,505 | 0 |
| Bukoba Water Supply Authority (Buwsa) | 0 | 660,492,179 |
| BUKOBWA WSSA(BUWASA) | 1,697,081,438 | 0 |
| Contribution to CF (15%) | 10,000,000 | 10,000,000 |
| Contribution to the Ministry of Water | 10,876,385,807 | 6,663,038,956 |
| Dar es Salaam Water Supply Authority (DAWASA) | 927,916,992 | 500,000,000 |
| DAWASA | 0 | 1,000,000,000 |
| Disbursement Transfer | 0 | 2,046,973,675 |
| Dodoma Water Supply Authority (Duwsa) | 0 | 6,363,919,354 |
| DODOMA WSSA(DUWASA) | 3,765,056,781 | 0 |
| Geita Water Supply and Sanitation Authority (Geita WSSA) | 1,602,254,087 | 0 |
| Handeni Trunk Main (HTM) Water Authority | 2,342,466,810 | 0 |
| Internal Drainage Basin Water Board (IDBWB) | 873,400,000 | 0 |
| Iringa Water Supply Authority (Iruwsa) | 701,889,921 | 4,500,836,185 |
| IRINGA WSSA(IRUWASA) | 4,023,145,360 | 0 |
| Kahama Water Supply Authority (Kuwasa(KH)) | 250,000,000 | 0 |
| Kashwasa | 0 | 1,797,608,588 |
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**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER (VOTE 49)
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

| | 2022 | 2021 |
|--|---------------|-----------------|
| | TZS | TZS |
| Kigoma Water Supply and Sanitation Authority (Kigoma WSSA) | 1,116,715,978 | 0 |
| Kigoma Water Supply Authority (Kuwasa(KG)) | 0 | 587,703,546 |
| Kilimanjaro Water Supply Authority (Mowasa) | 0 | 1,768,457,669 |
| Lake Nyasa | 1,003,389,701 | 0 |
| Lake Rukwa | 673,148,192 | 0 |
| Lake Victoria | 3,568,880,413 | 0 |
| Lindi Water Supply Authority (Luwasa) | 0 | 215,118,393 |
| LINDI WSSA(LUWASA) | 4,999,016,332 | 0 |
| Makondeko National Project | 1,341,570,413 | 0 |
| Mara Water Supply Authority (Muwasa) | 120,000,000 | 6,038,760,910 |
| Mbeya Water Supply Authority (Mbeya Uwsa) | 100,000,000 | 1,314,025,214 |
| MBEYA WSSA(MBEYA UWSA) | 3,977,214,859 | 0 |
| Morogoro Water Supply Authority (Moriwasa) | 0 | 1,632,145,916 |
| MOROGORO WSSA(MORUWASA) | 1,202,406,374 | 0 |
| Moshi Urban Water Supply | 1,189,072,373 | 279,334,692 |
| MOSHI WSSA(MUWASA) | 840,593,102 | 0 |
| Mpanda Water Supply Authority (Mpawasa) | 0 | 1,738,104,232 |
| MPANDA WSSA(MUWASA) | 1,258,921,357 | 0 |
| Mto Ruvuma | 1,619,811,340 | 0 |
| Mtwara Water Supply Authority (Mtuwasa) | 0 | 3,467,221,585 |
| MTWARA WSSA(MTUWASA) | 2,743,905,618 | 0 |
| Mugango Kibakari | 695,369,955 | 0 |
| MUSOMA WSSA(MUWASA) | 4,957,117,966 | 0 |
| Mwanza Water Supply Authority | 618,321,235 | 950,568,256 |
| MWANZA WSSA(MWAUWASA) | 2,396,247,000 | 3,458,200,594 |
| Pangani | 630,517,655 | 0 |
| Rufiji | 2,611,001,241 | 0 |
| Rukwa Water Supply Authority (Suwasa) | 0 | 2,102,395,215 |
| Rural Water Supply and Sanitation Agency | 145,315,729 | 103,293,714,243 |
| Shinyanga Water Supply Authority (Shuwasa) | 120,000,000 | 1,963,226,668 |
| Shinyanga Urban Water Supply | 0 | 365,454,201 |
| SHINYANGA WSSA(SHUWASA) | 673,801,975 | 0 |
| Singida Water Supply Authority (Baruasa) | 0 | 441,177,456 |
| Singida Urban Water Supply and Sanitation Authority (Suwasa) | 0 | 100,000,000 |
| SINGIDA WSSA(SUWASA) | 636,503,544 | 0 |
| Songea Urban Water Supply | 160,083,689 | 1,105,698,552 |
| SUMBAWANGA WSSA(SUWASA) | 1,648,156,591 | 150,776,465 |
| Tanga Water Supply Authority (Tauwasa) | 0 | 2,758,826,216 |
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**THE UNITED REPUBLIC OF TANZANIA
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| | 2022 | 2021 |
|---|------------------------|------------------------|
| | TZS | TZS |
| TANGA WSSA(TANGA UWASA) | 1,972,559,484 | 0 |
| Transfer to RUWASA | 78,752,552,374 | 1,066,422,372 |
| Vwawa Mlawa Water Supply and Sanitation Authority | 150,000,000 | 0 |
| Wami Ruvu | 485,570,423 | 0 |
| Water Basin Boards | 3,658,877,291 | 7,777,194,789 |
| Ziwa Tanganyika | 871,565,000 | 0 |
| | 164,288,461,718 | 174,073,841,723 |
| 28 - Other Expenses | | |
| audit fees | 75,889,100 | 74,565,667 |
| audit supervision expenses | 34,490,000 | 8,800,000 |
| Burial Expenses | 0 | 390,000 |
| Contingencies Item | 14,182,000 | 204,120,018 |
| | 124,511,100 | 287,875,685 |
| 32 - Cash and Cash Equivalents | | |
| Development Expenditure Cash Account | 21,052,155,963 | 8,133,673,244 |
| Recurrent Expenditure Cash Account | 973,838,220 | 679,306,171 |
| Unsupplied Cash Account | 0 | 1,950,000 |
| | 22,025,994,183 | 8,814,929,416 |
| 33 - Receivables | | |
| Imprest Receivable | 74,177,400 | 68,268,500 |
| Other receivable | 1,433,082,198 | 1,533,082,199 |
| | 1,507,259,598 | 1,601,350,699 |
| 33P - Prepayments | | |
| Advances to GPSA | 8,174,025 | 6,629,285 |
| Prepayment to Government Entities | 0 | 0 |
| Prepayment-Asset | 154,868,816 | 0 |
| | 163,042,841 | 6,629,285 |
| 39 - Payables and Accruals | | |
| Other Payables | 0 | 0 |
| Staff Claim | 767,900 | 0 |
| Staff debts | 0 | 0 |
| Supplies of goods and services | 29,473,999 | 0 |
| Withholding tax | 0 | 216,618 |
| | 30,241,899 | 216,618 |
| 46 - Deferred Income (Revenue) | | |
| Recurrent Deferred Income | 973,838,220 | 679,315,472 |
| | 973,838,220 | 679,315,472 |
| 46B - Deferred Income (Capital) | | |
| Development Deferred Income | 21,052,155,963 | 8,133,447,322 |
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**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER (VOTE 49)
NATIONAL WATER FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

| | 2022 | 2021 |
|--|-----------------------|----------------------|
| | TZS | TZS |
| | <u>21,052,155,963</u> | <u>8,133,447,322</u> |
| 47 - Deposits | | |
| Unapplied Deposit Account | 0 | 1,950,000 |
| | <u>0</u> | <u>1,950,000</u> |
| 51 - Property, Plant and Equipment | | |
| Accumulated Depreciation - Motor Vehicle | (400,406,734) | (272,097,540) |
| Accumulated Depreciation - Office Building | (9,133,200) | (6,581,400) |
| Accumulated Depreciation Computer and Photocopies | (52,257,025) | (29,514,358) |
| Accumulated Depreciation Furniture and Fittings - Office | (34,097,556) | (25,908,477) |
| Accumulated Depreciation Office Equipment | (40,610,207) | (27,086,694) |
| Computers and Photocopiers | 126,537,834 | 56,081,834 |
| Institutional Appliances (washing machines, dryers etc.) | 10,195,200 | 10,195,200 |
| Kitchen Appliances, Utensils and Crockery | 600,600 | 600,600 |
| Motor vehicles, | 682,553,841 | 504,287,463 |
| Office buildings and structures | 128,678,243 | 0 |
| Office Furniture | 43,481,764 | 14,192,500 |
| Office furniture and fittings | 29,797,065 | 29,797,065 |
| Printers and Scanners | 47,832,936 | 40,021,336 |
| Switch-Boards | 21,570,309 | 21,570,309 |
| | <u>554,743,070</u> | <u>915,604,839</u> |
| 51A - Depreciation of Property, Plant and Equipment | | |
| Depreciation - Computers and Related Equipments | 22,742,667 | 14,189,500 |
| Depreciation - Furniture & Fittings | 8,189,080 | 13,403,427 |
| Depreciation - Motor Vehicles | 128,309,195 | 136,048,770 |
| Depreciation - Office Buildings | 2,548,800 | 2,548,800 |
| Depreciation - Office equipment | 13,573,512 | 13,805,792 |
| | <u>175,363,253</u> | <u>179,996,289</u> |

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THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER (VOTE 49)
NATIONAL WATER FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30TH JUNE, 2022

52 PROPERTIES, PLANT AND EQUIPMENT

PROPERTIES, PLANT AND EQUIPMENT

| PARTICULARS COST /REVALUATION | LAND AND BUILDING | OFFICE FURNITURES TZS | MOTOR VEHICLES TZS | OFFICE EQUIPMENT TZS | COMPUTER (Desktop & Laptops) | 40 FEET CONTAINER TZS | TOTAL TZS |
|-------------------------------|-------------------|-----------------------|--------------------|----------------------|------------------------------|-----------------------|------------------|
| As At 1st July, 2021 | - | 75,841,600.00 | 680,243,848.00 | 69,061,086.00 | 68,580,000.00 | 12,744,000.00 | 906,470,534.00 |
| Additional (Monetary) | 128,678,243.00 | 12,789,264.00 | 178,766,377.82 | 24,311,600.00 | 70,456,000.00 | - | 414,501,484.82 |
| Transfer/(Disposal) | - | - | (294,360,000.00) | - | - | - | (294,360,000.00) |
| Closing Balance | 128,678,243.00 | 88,630,864.00 | 564,150,225.82 | 93,372,686.00 | 139,036,000.00 | 12,744,000.00 | 1,026,612,018.82 |
| DEPRECIATION | | | | | | | |
| Accumulated Depreciation | - | 57,760,511.67 | 448,053,523.76 | 33,905,534.87 | 42,012,525.45 | 9,133,200.00 | 580,865,805.75 |
| Charges for the year | - | 8,189,079.54 | 128,505,194.55 | 13,573,512.19 | 21,742,666.67 | 2,540,800.00 | 175,365,253.36 |
| Transferred M/Vehicles | - | - | (294,360,000.00) | - | - | - | (294,360,000.00) |
| As At 30th June, 2022 | - | 66,949,581.21 | 282,003,116.71 | 47,479,047.06 | 64,755,192.12 | 11,682,000.00 | 471,868,949.11 |
| CARRYING AMOUNT | | | | | | | |
| As At 30th June, 2022 | 128,678,243.00 | 22,681,272.79 | 282,147,107.11 | 45,893,638.94 | 74,280,807.88 | 1,062,000.00 | 554,743,069.71 |
| PARTICULARS COST /REVALUATION | | OFFICE FURNITURES TZS | MOTOR VEHICLES TZS | OFFICE EQUIPMENT TZS | COMPUTER (Desktop & Laptops) | 40 FEET CONTAINER TZS | TOTAL TZS |
| As At 1st July, 2020 | - | 62,604,900.00 | 680,243,848.00 | 56,317,086.00 | 65,380,000.00 | 12,744,000.00 | 877,289,834.00 |
| Additional (Monetary) | - | 13,236,700.00 | - | 12,744,000.00 | 3,200,000.00 | - | 29,180,700.00 |
| Transfer/(Disposal) | - | - | - | - | - | - | - |
| Closing Balance | - | 75,841,600.00 | 680,243,848.00 | 69,061,086.00 | 68,580,000.00 | 12,744,000.00 | 906,470,534.00 |
| DEPRECIATION | | | | | | | |
| Accumulated Depreciation | - | 41,957,085.00 | 317,005,154.00 | 26,099,742.67 | 27,823,025.44 | 6,584,400.00 | 410,869,407.11 |
| Charges for the year | - | 13,403,426.67 | 136,048,760.76 | 13,805,792.20 | 14,189,500.00 | 2,540,800.00 | 175,996,285.63 |
| As At 30th June, 2021 | - | 57,760,511.67 | 448,053,914.76 | 33,905,534.87 | 42,012,525.44 | 9,133,200.00 | 580,865,685.73 |
| CARRYING AMOUNT | | | | | | | |
| As At 30th June, 2021 | - | 18,081,088.33 | 232,189,924.24 | 35,155,551.13 | 26,567,474.55 | 3,610,800.00 | 315,604,838.25 |

THE UNITED REPUBLIC OF TANZANIA
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2022

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30TH JUNE, 2022

CASH FLOW NOTES

| | 2022 | 2021 |
|---|---------------------------|---------------------------|
| | TZS | TZS |
| 53 – Other Receipts | 10,740,721,534.00 | |
| Receipts from MoW | <u>179,518,063,003.28</u> | <u>168,659,162,029.00</u> |
| | 190,258,774,337.28 | 168,659,162,029.00 |
| 54 - Wages, Salaries and Employee Benefits | | |
| Court Attire Allowance | 370,000 | 350,000 |
| Electricity Allowance | 0 | 2,000,000 |
| Extra-Duty | 75,640,000 | 28,745,000 |
| Honoraria | 96,000,000 | 0 |
| Leave Travel | 8,485,900 | 8,937,900 |
| Medical and Dental Refunds | 437,000 | 0 |
| Sitting Allowance | 69,421,400 | 41,585,000 |
| | <u>250,353,400</u> | <u>81,617,900</u> |
| 55 - Use of Goods and Service | | |
| Advertising and Publication | 21,896,100 | 4,312,918 |
| Air Travel Tickets | 2,174,100 | 0 |
| Catering Services | 4,928,000 | 0 |
| Computer Supplies and Accessories | 6,273,024 | 0 |
| Conference Facilities | 17,800,000 | 44,742,000 |
| Diesel | 88,863,288 | 94,404,009 |
| Electricity | 6,300,000 | 2,000,000 |
| Entertainment | 22,674,348 | 0 |
| Exhibition, Festivals and Celebrations | 7,630,000 | 0 |
| Food and Refreshments | 124,799,637 | 130,752,500 |
| Gifts and Prizes | 1,000,000 | 0 |
| Ground travel (bus, railway taxi, etc) | 13,705,000 | 27,990,000 |
| Internet and Email connections | 36,800,428 | 45,552,433 |
| Mobile Charges | 3,150,000 | 7,050,000 |
| News Services Fees | 0 | 2,000,000 |
| Office Consumables (papers, pencils, pens and stationaries) | 158,678,491 | 24,468,863 |
| Outsourcing Costs (includes cleaning and security services) | 16,585,000 | 25,740,000 |
| Per Diem - Domestic | 482,554,137 | 664,084,364 |
| Posts and Telegraphs | 233,300 | 132,750 |
| Printing and Photocopy paper | 0 | 400,000 |
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| CASH FLOW NOTES (Continue) | 2022 TZS | 2021 TZS |
|---|----------------------|----------------------|
| Printing and Photocopying Costs | 12,166,000 | 8,575,000 |
| Printing Material | 4,890,000 | 2,193,000 |
| Remuneration of Instructors | 9,300,000 | 13,650,000 |
| Rent - Office Accommodation | 0 | 33,089,749 |
| Sewage Charges | 211,000 | 0 |
| Subscription Fees | 16,450,935 | 0 |
| Telephone Charges (Land Lines) | 256,191 | 0 |
| Training Materials | 1,070,000 | 0 |
| Tuition Fees | 15,084,775 | 5,190,000 |
| Uniforms | 7,368,000 | 4,050,000 |
| Water Charges | 931,526 | 677,037 |
| | 1,105,803,843 | 1,141,054,623 |
| 56 - Maintenance Expenses | | |
| Motor Vehicles and Water Craft | 30,437,174 | 1,805,000 |
| Spare Parts | 28,060,000 | 36,027,722 |
| Tyres and Batteries | 10,000,000 | 926,132 |
| | 68,497,174 | 38,758,853 |
| 57 - Grants, Subsidies and other Transfer Payments | | |
| Arusha Water Supply Authority (Auwsa) | 200,000,000 | 3,117,401,725 |
| ARUSHA WSSA (AUWSA) | 5,988,535,712 | 0 |
| Babati Water Supply and Sanitation Authority(BAWASA) | 3,163,772,103 | 2,839,043,879 |
| BARIADI WSSA(BARUWASA) | 728,349,505 | 0 |
| Bukoba Water Supply Authority (Buwsa) | 0 | 660,492,179 |
| BUKOBWA WSSA(BUWASA) | 1,607,081,438 | 0 |
| Contribution to CF (15%) | 10,000,000 | 10,000,000 |
| Contribution to the Ministry of Water | 10,876,385,807 | 6,663,038,956 |
| Dar es Salaam Water Supply Authority (DAWASA) | 927,916,992 | 500,000,000 |
| DAWASA | 0 | 1,000,000,000 |
| Disbursement Transfer | 0 | 2,046,973,675 |
| Dodoma Water Supply Authority (Duwsa) | 0 | 6,363,919,354 |
| DODOMA WSSA(DUWASA) | 3,765,056,781 | 0 |
| Geita Water Supply and Sanitation Authority (Geita WSSA) | 1,602,254,087 | 0 |
| Handeni Trunk Main (HTM) Water Authority | 2,342,466,810 | 0 |
| Internal Drainage Basin Water Board (IDBWB) | 873,400,000 | 0 |
| Iringa Water Supply Authority (Iruwsa) | 701,889,921 | 4,500,836,185 |
| IRINGA WSSA(IRUWASA) | 4,023,143,360 | 0 |
| Kahama Water Supply Authority (Kuwasa(KHI)) | 250,000,000 | 0 |
| Kashwasa | 0 | 1,797,608,588 |
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| CASH FLOW NOTES (Continue) | 2022 | 2021 |
|--|---------------|-----------------|
| | TZS | TZS |
| Kigoma Water Supply and Sanitation Authority (Kigoma WSSA) | 1,116,715,978 | 0 |
| Kigoma Water Supply Authority (Kuwasa(KG)) | 0 | 587,703,546 |
| Kilimanjaro Water Supply Authority (Mowasa) | 0 | 1,768,457,669 |
| Lake Nyasa | 1,003,389,701 | 0 |
| Lake Rukwa | 673,148,192 | 0 |
| Lake Victoria | 3,568,880,413 | 0 |
| Lindi Water Supply Authority (Luwasa) | 0 | 215,118,393 |
| LINDI WSSA(LUWASA) | 4,999,016,332 | 0 |
| Makondeko National Project | 1,341,570,413 | 0 |
| Mara Water Supply Authority (Muwasa) | 120,000,000 | 6,038,760,910 |
| Mbeya Water Supply Authority (Mbeya Uwss) | 100,000,000 | 1,314,025,214 |
| MBEYA WSSA(MBEYA UWSA) | 3,977,214,859 | 0 |
| Morogoro Water Supply Authority (Moruwasa) | 0 | 1,632,145,916 |
| MOROGORO WSSA(MORUWASA) | 1,202,406,374 | 0 |
| Moshi Urban Water Supply | 1,189,072,373 | 279,334,692 |
| MOSHI WSSA(MUWASA) | 840,593,102 | 0 |
| Mpanda Water Supply Authority (Mpawasa) | 0 | 1,738,104,232 |
| MPANDA WSSA(MUWASA) | 1,258,921,357 | 0 |
| Mto Ruvuma | 1,619,811,340 | 0 |
| Mtwara Water Supply Authority (Mluwasa) | 0 | 3,467,221,585 |
| MTWARA WSSA(MTUWASA) | 2,743,905,618 | 0 |
| Muganga Kiabakari | 695,369,955 | 0 |
| MUSOMA WSSA(MUWASA) | 4,957,117,966 | 0 |
| Mwanza Water Supply Authority | 618,321,235 | 950,568,256 |
| MWANZA WSSA(MWAUWASA) | 2,396,247,000 | 3,458,200,594 |
| Pangani | 630,517,655 | 0 |
| Rufiji | 2,611,001,241 | 0 |
| Rukwa Water Supply Authority (Suwasa) | 0 | 2,102,395,215 |
| Rural Water Supply and Sanitation Agency | 145,315,729 | 103,293,714,243 |
| Shinyanga Water Supply Authority (Shuwasa) | 120,000,000 | 1,963,226,668 |
| Shinyanga Urban Water Supply | 0 | 365,454,201 |
| SHINYANGA WSSA(SHUWASA) | 673,801,975 | 0 |
| Singida Water Supply Authority (Baruasa) | 0 | 441,177,456 |
| Singida Urban Water Supply and Sanitation Authority (Suwasa) | 0 | 100,000,000 |
| SINGIDA WSSA(SUWASA) | 636,503,544 | 0 |
| Songea Urban Water Supply | 360,083,689 | 1,105,698,552 |
| SUMBAWANGA WSSA(SUWASA) | 1,648,156,591 | 150,776,465 |
| Tanga Water Supply Authority (Tauwasa) | 0 | 2,758,826,216 |
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| | 2022 | 2021 |
|---|------------------------|------------------------|
| CASH FLOW NOTES (Continue) | TZS | TZS |
| TANGA WSSA(TANGA UWASA) | 1,972,559,484 | 0 |
| Transfer to RUWASA | 70,752,552,374 | 3,066,422,372 |
| Vwawa Mlowo Water Supply and Sanitation Authority | 150,000,000 | 0 |
| Wami Ruvu | 485,570,423 | 0 |
| Water Basin Boards | 3,558,877,291 | 7,777,194,789 |
| Ziwa Tanganyika | 871,565,000 | 0 |
| | 164,188,461,718 | 174,073,841,723 |
| 58 - Other Expenses | | |
| audit fees | 75,839,100 | 74,565,667 |
| audit supervision expenses | 34,490,000 | 8,800,000 |
| Burial Expenses | 0 | 390,000 |
| Contingencies Item | 14,182,000 | 204,120,018 |
| | 124,511,100 | 287,875,685 |
| 59 - Cash and Cash Equivalents | | |
| Development Expenditure Cash Account | 21,052,155,963 | 8,133,673,244 |
| Recurrent Expenditure Cash Account | 973,838,220 | 679,306,171 |
| Unapplied Cash Account | 0 | 1,950,000 |
| | 22,025,994,183 | 8,814,929,416 |

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60. TRANSFER OF PROPERTY PLANT AND EQUIPMENT

During the year under review the Fund has transferred Motor Vehicle number STL 5626 to Karatu Water Supply and Sanitation with letter ref number EA .186/290/01/109 and which has a cost of 147,180,000.00 and Motor vehicle number STL 5625 has transferred to Kyela Water Supply and Sanitation with letter ref number EA .186/290/01/111 with a cost of 147,180,000.00 where as those assets had a zero book value.

61. EXPLANATION ON RECEIVABLES FROM MINISTRY OF WATER

As presented in Note 33, the NWF reported the Receivables from Ministry of Water at TZS 1,533,082,197.51 in the financial year 2020/21. During the year 2021/22, the Receivables reported has decreased by TZS 100,000,000.00 to TZS 1,433,082,197.51. The decreased amount of TZS 100,000,000.00 was deducted from the Water related Administrative and Operational Costs to be disbursed to the Ministry of Water to reduce the long outstanding Receivable from Ministry of Water. The decrease amount has no impact in Cash flow Statement. The analysis of how Receivables from Ministry of Water has decreased is shown below.

| S/N | DATE | MONTHLY AMOUNT RECEIVED FROM MOW | AMOUNT REQUIRED TO BE TRANSFERRED TO MOW AS 6% OF THE AMOUNT RECEIVED | ACTUAL AMOUNT TRANSFERRED TO MoW | AMOUNT DEDUCTED |
|--------------------------|------------------------------|---|--|---|--------------------|
| 1 | November, 2021 Allocation | 15,154,325,557.99 | 909,259,533.48 | 809,259,533.48 | 100,000,000.00 |
| TOTAL DEDUCTED AMOUNT | | | | | 100,000,000.00 |
| OUTSTANDING AMOUNT | | | | | 1,433,082,197.51 |

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RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT) FOR THE PERIOD ENDED 30TH JUNE, 2022

| | 2022 | 2021 |
|--|--------------------------|---------------------------|
| | TZS | TZS |
| Surplus/ Deficit for the Period | <u>271,218,783.94</u> | <u>(1,280,928,289.04)</u> |
| Add/ (Less) Non Cash Item | | |
| Depreciation of Property, Plant and Equipment | 175,363,253.35 | 179,996,288.64 |
| Rejected Debts | 0.00 | 0.00 |
| Add/ (Less) Change in Working Capital | | |
| Deferred Income (Capital) | 12,918,708,641.00 | (5,563,725,441.89) |
| Deferred Income (Revenue) | 292,563,448.71 | (292,505,232.84) |
| Inventories | 0.00 | 0.00 |
| Other Payments | (10,740,721,533.94) | (16.99) |
| Other Receipts | 10,740,721,533.94 | (0.15) |
| Payables and Accruals | 30,025,281.00 | 375,755,568.07 |
| Prepayments | (1,544,740.00) | (371,439,494.83) |
| Receivables | 94,091,099.84 | 1,136,977,547.14 |
| Net Cash Flow from Operating Activities | <u>13,780,425,768.00</u> | <u>(5,824,874,051.85)</u> |

CEO

Date

Mfumo wa Ulipaji Serikali (MUSE)