

## 1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Board Chairperson,  
Shinyanga Water Supply and Sanitation Authority (SHUWASA),  
P.O Box 298,  
Shinyanga,  
Tanzania.

### 1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### Unqualified Opinion

I have audited the financial statements of Shinyanga Water Supply and Sanitation Authority (SHUWASA), which comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Shinyanga Water Supply and Sanitation Authority (SHUWASA) as at 30 June 2023, 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 section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Shinyanga Water Supply and Sanitation Authority (SHUWASA) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

#### Key Audit Matters

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

**Other Information**

Management is responsible for the other information. The other information comprises the report by Those Charged with Governance, Statement of Director's Responsibilities 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 Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intends to liquidate the Authority or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 Authority'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 Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Further, Section 48(3) of the Public Procurement Act, 2011 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 Shinyanga Water Supply and Sanitation Authority (SHUWASA) for the financial year 2022/23 as per the Public Procurement laws.

#### Conclusion

Based on the audit work performed, I state that procurement of works, goods and services of Shinyanga Water Supply and Sanitation Authority (SHUWASA) is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

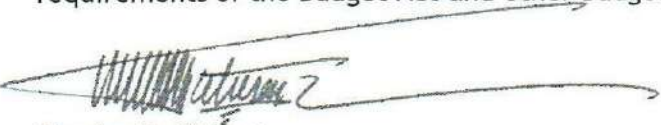
### 1.2.2 Compliance with the Budget Act and other Budget Guidelines

**Subject matter: Budget formulation and execution**

I performed a compliance audit on budget formulation and execution in Shinyanga Water Supply and Sanitation Authority (SHUWASA) for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

#### Conclusion

Based on the audit work performed, I state that Budget formulation and execution of Shinyanga Water Supply and Sanitation Authority (SHUWASA) 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.  
February 2024





## 5.0 FINANCIAL STATEMENTS

## 5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		2022/23	2021/22
	Notes	TZS	TZS
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	29	25,514,047,066	216,111,106
Inventories	27	592,337,991	311,796,814
Trade and other receivables	28	2,689,193,352	1,455,747,548
		<u>28,795,578,409</u>	<u>1,983,655,468</u>
<b>Non-current assets</b>			
Property, plant and equipment	36	39,648,831,321	38,693,703,753
Capital work in progress	38	1,218,253,197	4,108,532,702
Intangible asset	37	28,853,107	12,293,707
		<u>40,895,937,625</u>	<u>42,814,530,162</u>
<b>TOTAL ASSETS</b>		<u><b>69,691,516,034</b></u>	<u><b>44,798,185,630</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	31	5,624,612,433	3,954,993,719
Deferred grant	32	-	2,995,398,199
Advances from customers	33	25,371,991	9,754,669
		<u>5,649,984,424</u>	<u>6,960,146,587</u>
<b>Non-current liabilities</b>			
CRDB loan	30	336,199,928	951,337,761
Deferred income (AFD)	34	25,333,583,000	-
		<u>25,669,782,928</u>	<u>951,337,761</u>
<b>TOTAL LIABILITIES</b>		<u><b>31,319,767,352</b></u>	<u><b>7,911,484,348</b></u>
<b>NET ASSETS</b>		<u><b>38,371,748,682</b></u>	<u><b>36,886,701,282</b></u>
<b>NET ASSETS</b>			
Government fund	39	3,254,872,989	3,254,872,989
Translation reserve	35	106,237,000	-
Accumulated surplus/(deficit)	39	35,010,638,693	33,631,828,293
		<u><b>38,371,748,682</b></u>	<u><b>36,886,701,282</b></u>

Notes form part of the financial statements which were authorized for issue in accordance with a resolution of the board of directors and were signed on its behalf by:



Permanent Secretary



Eng. Yusuph A. Katopola  
Managing Director

Date: 19/02/2024

## 5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

		2022/23	2021/22
	Notes	TZS	TZS
<b>Revenue</b>			
Revenue from exchange transactions	14	8,786,418,596	7,561,616,664
Revenue from non-exchange transactions	15	2,448,638,000	913,297,068
		<u>11,235,056,596</u>	<u>8,474,913,732</u>
Other income	16	14,033,000	11,278,218
<b>Total Revenue</b>		<u>11,249,089,596</u>	<u>8,486,191,950</u>
<b>Expenses</b>			
Employee benefits	17	2,312,261,662	2,134,218,001
Office and general supplies and services	18	987,191,034	883,237,544
Utilities supplies and services	19	4,478,501,254	4,427,729,344
Routine maintenance and repair	20	349,853,912	274,168,191
Other supplies and services	21	483,097,417	118,101,794
Professional fees and charges	22	139,382,408	245,953,657
Other operating expenses	23	25,527,903	22,741,029
Depreciation of property and equipment	36	1,039,004,166	1,026,118,713
Impairment of software	24	-	43,632,356
Impairment of water meter	25	52,018,840	97,677,946
Amortisation of intangible assets	37	3,440,600	10,459,665
<b>Total operating expenses</b>		<u>9,870,279,196</u>	<u>9,284,038,240</u>
<b>Surplus/(Deficit) for the year</b>		<u>1,378,810,400</u>	<u>(797,846,290)</u>

Notes form part of the financial statements which were authorized for issue in accordance with a resolution of the board of directors and were signed on its behalf by:



Permanent Secretary



Eng. Yusuph A. Katopola  
Managing Director

Date: 19/02/2024

# 5.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Government fund	Translation reserve	Accumulated Surplus/Deficit	Total
	TZS	TZS	TZS	TZS
At 01 July 2021	1,522,729,098	-	34,429,674,583	35,952,403,681
Assets transferred from RUWASA	1,732,143,891	-	-	1,732,143,891
Deficit for the year	-	-	(797,846,290)	(797,846,290)
At 30 June 2022	3,254,872,989	-	33,631,828,293	36,886,701,282
At 01 July 2022	3,254,872,989	-	33,631,828,293	36,886,701,282
Translation gain for the year	-	106,237,000	-	106,237,000
Surplus for the year	-	-	1,378,810,400	1,378,810,400
At 30 June 2023	3,254,872,989	106,237,000	35,010,638,693	38,371,748,682

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Permanent Secretary

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Eng. Yusuph A. Katopola  
Managing Director

Date: 19/02/2024



# 5.4 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

		2022/23	2021/22
	Note	TZS	TZS
<b>Operating activities</b>			
<b>Receipts</b>			
Receipts from Ministry of Water (MoW)	41.2	1,230,481,674	1,077,759,034
Receipts from water connection	41.3	404,556,684	345,053,149
Receipts from water charges	41.4	8,078,975,687	7,651,255,297
Receipts from sewerage disposal	41.5	16,670,000	7,525,000
Receipts from miscellaneous fees	41.6	39,406,770	68,737,045
Fines	41.7	24,794,302	3,604,000
Receipts from grants	41.1	590,186,563	-
		<b>10,385,071,680</b>	<b>9,153,933,525</b>
<b>Payments</b>			
Compensation of employees	41.8	2,305,120,906	2,126,830,225
Office and general supplies and services	41.9	882,755,318	843,328,787
Utilities supplies and services	41.10	3,366,626,452	3,010,204,002
Routine maintenance expenses	41.11	326,801,132	214,271,603
Other supplies and services	41.12	390,953,458	84,344,464
Professional fees and charges expenses	41.13	102,411,760	218,558,975
Other expenses	41.14	838,881,398	608,936,330
Total other expenses	41.15	-	14,149,068
		<b>8,213,550,424</b>	<b>7,120,623,454</b>
<b>Net cash inflow from operating activities</b>		<b>2,171,521,256</b>	<b>2,033,310,071</b>
<b>Investing activities</b>			
Capital works-in-progress expenses	41.18	-	(718,749,121)
Repair and replacement of PPE	41.17	-	(39,340,207)
Purchase of property, plant and equipment	41.16	(1,678,267,463)	(1,157,588,953)
Purchase of intangibles	37	(20,000,000)	-
<b>Net cash flows used in investing activities</b>		<b>(1,698,267,463)</b>	<b>(1,915,678,281)</b>
<b>Financing activities</b>			
Loan from CRDB under IFF OBA repayments	30	(615,137,833)	(419,379,266)
Jielong repayments	39.8	-	(24,051,683)
French/AFD grant	34	25,333,583,000	-
Translation reserve	35	106,237,000	-
<b>Net cash flows used in financing activities</b>		<b>24,824,682,167</b>	<b>(443,430,949)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>25,297,935,960</b>	<b>(325,799,158)</b>
Cash and cash equivalents at 01 July		216,111,106	541,910,265
Cash and cash equivalent at 30 June	29	<b>25,514,047,066</b>	<b>216,111,106</b>

  
 .....  
 Permanent Secretary

  
 Eng. Yusuph A. Katopola  
 Managing Director

Date: \_\_\_\_\_



5.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE 2023

	Original Budget {A}	Adjustment {B}	Final Budget {A+B}	Actual Amount {C}	Difference
	TZS	TZS	TZS	TZS	TZS
<b>Receipts</b>					
Capital Grants From Germany-KFW	-	600,000,000	600,000,000	590,186,563	9,813,437
Capital Grants From French/AFD/GIZ	2,000,000,000	(600,000,000)	1,400,000,000	25,333,583,000	(23,933,583,000)
Receipts from Water Connection	631,987,200	-	631,987,200	404,556,684	227,430,516
Receipts from Water Charges	10,167,976,015	506,822,924	10,674,798,939	8,078,975,687	2,595,823,252
Receipt from Sewerage Disposal	36,500,000	-	36,500,000	16,670,000	19,830,000
Receipt from Miscellaneous fees	68,900,000	-	68,900,000	39,406,770	29,493,230
Fines	25,000,000	-	25,000,000	24,794,302	205,698
Receipts from Ministry of water (MoW)	1,800,000,000	-	1,800,000,000	1,230,481,674	569,518,326
<b>Total receipts</b>	<b>14,730,363,215</b>	<b>506,822,924</b>	<b>15,237,186,139</b>	<b>35,718,654,680</b>	<b>(20,481,468,541)</b>
<b>Payments</b>					
Compensation of Employees	(3,309,484,727)	215,656,302	(3,093,828,425)	(2,305,120,906)	(788,707,519)
Office and General Supplies and Services	(921,293,917)	(198,386,240)	(1,119,680,157)	(882,755,318)	(236,924,839)
Utilities Supplies And Services	(4,142,441,756)	(124,777,888)	(4,267,219,644)	(3,366,626,452)	(900,593,192)
Routine Maintenance expenses	(242,352,755)	(21,812,200)	(264,164,955)	(326,801,132)	62,636,177
Other Supplies and Services	(288,880,000)	(248,460,000)	(537,340,000)	(390,953,458)	(146,386,542)
Professional fees and charges expenses	(265,409,871)	(4,013,655)	(269,423,526)	(102,411,760)	(167,011,766)
Other Operating Expenses	(1,040,152,077)	(128,645,243)	(1,168,797,320)	(838,881,398)	(329,915,922)
<b>Subtotal</b>	<b>(10,210,015,103)</b>	<b>(510,438,924)</b>	<b>(10,720,454,027)</b>	<b>(8,213,550,424)</b>	<b>(2,506,903,603)</b>
<b>Development costs</b>					
Repair and Replacement of PPE	(61,000,000)	39,000,000	(22,000,000)	-	(22,000,000)
Acquisition of PPE	(2,134,400,000)	(1,244,384,000)	(3,378,784,000)	(1,678,267,463)	(1,700,516,537)
Acquisition of intangibles	-	-	-	(20,000,000)	20,000,000
Incomplete Constructions-AFD PROJECT	(2,000,000,000)	1,600,000,000	(400,000,000)	-	(400,000,000)
<b>Subtotal</b>	<b>(4,195,400,000)</b>	<b>394,616,000</b>	<b>(3,800,784,000)</b>	<b>(1,698,267,463)</b>	<b>(2,102,516,537)</b>

5.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE 2023 (Cont.)

	Original Budget {A}	Adjustment {B}	Final Budget {A+B}	Actual Amount {C}	Difference
	TZS	TZS	TZS	TZS	TZS
Finance costs					
Loan repayment	(312,948,112)	(391,000,000)	(703,948,112)	(615,137,833)	(88,810,279)
Total payments	(14,718,363,215)	(506,822,924)	(15,225,186,139)	(10,526,955,720)	(4,698,230,419)
Net receipt/(payment)	12,000,000	-	12,000,000	25,191,698,960	(25,179,698,960)

In the above statement, the amounts in the financial statements were recast from the International Public Sector Accounting standards (IPSA'S) accrual basis to the cash basis, to be on the same basis as the final Authority's approved budget as the Authority's budget is prepared on a cash basis. The approved budget covers the period from 1 July 2022 to 30 June 2023. Refer to Note 42.1 for the statement of reconciliation of actual amount on comparable basis and budget amount as well as explanations on material variances on Note 43.

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Permanent Secretary

*[Signature]*  
Eng. Yusuph A. Katopola  
Managing Director

Date: 19/02/2024