REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

ISO 9001:2015 Certified

PANGANI BASIN WATER BOARD (PBWB)

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

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

March 2026

AR/CG/PBWB/2024/25

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap. 418.

NAOT Vision, Mission & Motto

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

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

Motto
Modernizing External Audit for Stronger Public Confidence

Core Values

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

Professional competence: We deliver high quality audit services based on appropriate professional knowledge, skills, and best practices.

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

Creativity and Innovation: We encourage, create and innovate value-adding ideas for the improvement of audit services.

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

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

TABLE OF CONTENTS

Abbreviations iii

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL 1

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS............................ 1

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS 4

2.0 FINANCIAL STATEMENTS 6

Abbreviations

CAG	Controller and Auditor General
CPSP	Certified Procurement and Supplies Professional
EAC	East African Cooperation / East African Community
ECL	Expected Credit Loss
GAMIS	Government Asset Management Information System
GIZ	German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
HECMIS	Hydrological and Environmental Control and Monitoring Information System
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IESBA	International Ethics Standards Board for Accountants
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISSAIs	International Standards of Supreme Audit Institutions
IWRM&D	Integrated Water Resources Management and Development
IWRMD	Integrated Water Resources Management and Development (Same as IWRM&D)
LVBC	Lake Victoria Basin Commission
MoW	Ministry of Water
MUSE	Mfumo wa Malipo Serikalini (Government Payment System)
NBAA	National Board of Accountants and Auditors
NeST	National Procurement Electronic System
ODSS	Operational Decision Support System
PBWB	Pangani Basin Water Board
PEPMIS	Public Employee Performance Management Information System
PMU	Procurement Management Unit
PPE	Property, Plant and Equipment
RUWASA	Rural Water Supply and Sanitation Agency
UWSSA	Urban Water Supply and Sanitation Authority
VPO	Vice President's Office
WASH	Water, Sanitation, and Hygiene
WRMA	Water Resources Management Act
WUMIS	Water Use Management Information System

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Basin Director,
Pangani Basin Water Board,
P.O. Box 7617,
MOSHI.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Pangani Basin Water Board (PBWB), which comprise the statement of financial position as at 30 June 2025, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pangani Basin Water Board (PBWB) as at 30 June 2025, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting, as issued by the International Public Sector Accounting Standards Board (IPSASB) and in the manner required by the Public Finance Act, Cap. 348

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Pangani Basin Water Board (PBWB) 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 most significant in my audit of the financial statements for 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 Statement of the Chairperson of the Board of Directors, Statement by the Basin Director, Statement of Management Responsibility, and Declaration by the Head of Finance, but does not include the financial statements and my audit report thereon, which I obtained before the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I conducted a compliance audit of the procurement of works, goods, and services at the Pangani Basin Water Board (PBWB) for the year ended 30 June 2025, in accordance with the Public Procurement Act, 2023, the Public Procurement Regulations, 2024, and related directives. I examined each phase of the procurement life cycle, including advertising of tenders, evaluation of bids, award of contracts and contract management, to confirm that the entity issued competitive solicitations, applied approved evaluation criteria, secured authorizations before award and maintained complete transaction records.

Conclusion

Based on the audit procedures performed, I conclude that, except for the matter described below, Pangani Basin Water Board (PBWB) generally complies, in all material respects, with the requirements of the Public Procurement laws in Tanzania.

Procurement made outside of the Electronic Procurement System TZS 34,477,640
Section 73 of the Public Procurement Act 2023 states that procuring entities shall ensure that procurement, supply and disposal functions are implemented and reported through the electronic public procurement system.

During the audit, I found that the Institute procured various goods totalling TZS 34,477,640 outside the Electronic Procurement System during the reporting period. Procuring goods and services outside the Electronic Procurement System hinders transparency and fairness in the procurement process, potentially exposing the entity to the risk of favouritism or inefficiency.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I conducted a compliance audit of budget formulation and execution at Pangani Basin Water Board (PBWB) for the year ended 30 June 2025 as per the Budget Act, Cap. 439, and the Budget Guidelines issued by the Ministry of Finance. I reviewed budget submissions, approval memoranda, commitment registers, ledger entries and variance analyses to confirm that the entity prepared estimates in the prescribed format, obtained timely authorizations before incurring obligations, recorded transactions accurately and reported

Based on the audit work performed, I state that procurement of goods, works and services of Pangani Basin Water Board (PBWB) is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

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

2.0 FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

STATEMENT OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

1.1 INTRODUCTION

Pangani Basin Water Board (PBWB) was established in July 1991 in accordance with the Water Utilisation (Control and Regulation) Act No. 42 of 1974 and its subsequent amendments. The former Act was repealed by the Water Resources Management Act No. 11 of 2009 and its amendments of 2022. The head office of the Basin is located in Moshi Municipal at the junction of Old Moshi/Pangani Roads/streets. The basin has two Sub-offices located along Wachagga Road/street in Arusha city and within the Gofu Area in Tanga city.

Pangani Basin is a Transboundary basin covering an area of 58,600 square kilometres shared by Tanzania and Kenya. About 54600 (93%) lies in Tanzania, and the remaining 7% falls within Kenya's Boundaries (Pangani Basin Fact Sheet, 2019). The basin area consists of 17 Districts and 22 Local Government Authorities within the four administrative regions of Arusha, Kilimanjaro, Tanga, and Manyara (Simanjiro and Kiteto Districts). The Basin Water Board is committed to attaining its targets of providing high-quality services and protecting water sources while guided by the following strategic issues.

1.2 VISION, MISSION, AND CORE VALUES OF THE BASIN

The vision, mission, and core values of the Basin are as follows;

a) **Vision**

To be the Best Water Basin in Africa, practising sustainable water resource management and development while providing equitable opportunities and benefits to the Basin population.

b) **Mission**

To manage Pangani Basin water resources efficiently and sustainably using integrated water resources management principles and good governance.

1.3 CORE VALUES

a) Customer Focus

The Pangani Water Basin Staff shall always strive to provide quality services to exceed Customers' expectations.

b) Accountability
The Pangani Water Basin Staff shall competitively conduct their duties in a professional and responsible manner with a high degree of commitment and transparency.

c) Patriotism
The Pangani Water Basin Staff shall vigorously support country interests and the Water Sector obligations

d) Impartiality
The Pangani Water Basin Staff shall observe fairness and equality of treatment in delivering services and handling customers.

1.4 STRATEGIES TO ACHIEVE VISION AND MISSION

(a) Integrated Water Resources Management and development (IWRM&D) approach to ensure water is conserved, protected, and effectively and efficiently used;
(b) Protecting water catchments, water sources, and groundwater resources;
(c) Institutional strengthening, capacity building, public awareness, and community participation in all aspects of water protection, conservation, sustainable utilization, and consistent repair of infrastructure;
(d) Invest more in human capital;
(e) Management and development of water resources concurrently with increasing water supply and irrigation schemes; and
(f) Increasing water supply services for domestic, industrial, irrigation, and other socio-economic needs.
(g) Identify, demarcate, and gazette potential water catchments and groundwater recharge areas.
(h) Conduct a study to identify groundwater potential areas and to determine the safe yield of the aquifer.
(i) To estimate the recharge amount in high abstraction areas, establish a water balance, and monitor the behaviour of the aquifer due to abstraction.

1.5 FUNCTION OF THE PANGANI BASIN WATER BOARD

According to the Water Resources Management Act No. 11 of 2009, section 23(a) to (o), the Entity has the following responsibilities:
(a) Prepare basin water resources management plans, project budgets, and an implementation strategy.
(b) Integrate district plans into basin water resources management plans
(c) Provide guidelines and standards for the construction and maintenance of water source structures.
(d) Monitor, evaluate, and approve the construction and maintenance of the water source structure
(e) Collect, process, and analyses data for water resources management

(f) Maintain and update assessment of the availability and potential demand for water resources.
(g) Approve, issue, and revoke water use and discharge permits
(h) Maintain a Water register in accordance with section 78 of WRMA No. 11 of 2009
(i) Monitor and enforce water use and discharge permits and pollution prevention measures.
(j) Resolve intra-basin conflicts.
(k) Implement water resources Management projects and programs.
(l) Coordinate the inter-sartorial water resources management at the basin level and serve as a channel of communication between these sectors and water users in general.
(m) Advise the Director on technical aspects of transboundary water issues in the basin.
(n) Appointment of chairman and members of the catchment and sub-catchment committees.
(o) Prepare reports on the state of Water resources in a Basin.
(p) Create awareness among stakeholders on matters relating to water resources conservation and management; and
(q) Perform any other functions necessary for the better implementation of the provisions of this Act."

1.6 KEY ACHIEVEMENTS AND CHALLENGES

1.6.1 Key Achievements

The organization achieved remarkable results across administration, infrastructure, and resource management. Financially, it exceeded its collection target by 121%, generating TZS 2,973,597,159.07. Administratively, three Board Meetings were held, leading to the issuance of 179 water use permits and nine discharge permits.

To enhance infrastructure, four river gauging stations were reconstructed and 33 rehabilitated, with flow measurements conducted at 30 stations. Significant progress was made in groundwater management, including 60 hydrogeological surveys across 17 districts (40 sites for RUWASA/UWSSA), the issuance of 154 drilling permits (with a 97% success rate), and verification of 1,874 boreholes in the database. Enforcement efforts continued, with one drilling company fined for illegal operations.

The organization also prioritized water source protection—identifying 62 new sources, demarcating 14 sources with 1,438 beacons along major rivers such as the Pangani and Kikuletwa, and planting an impressive 100,193 trees across 18 water sources. Furthermore, 12 out of 20 reported water use conflicts were successfully resolved, and staff capacity was strengthened through training programs attended by approximately 221 staff members.

In an effort to enhance staff skills and knowledge, the Board sponsored various training programs for its employees. A total of seven new employees attended an induction course at the Public Service College in Singida. Other specialized training sessions included Financial Management (4 employees in Arusha), Climate Scenario Vulnerability Mapping (1 employee in Morogoro), and Carbon Business (1 employee in Arusha). Two employees also participated in training on Confidence Building in Resolving Transboundary Water Disputes, held in Dodoma.

Additionally, several staff members attended courses essential to daily operations, such as MUSE training (7 employees in Tanga), ODSS training, PEPMIS training (in Moshi), and HECMIS training (in Dodoma). Training on Accounting and Auditing was also conducted in Arusha, while one employee attended a pre-retirement course in Singida. Furthermore, several basin staff members are currently pursuing long-term courses at various institutions across Tanzania.

The Board was actively involved in numerous meetings covering a wide range of operational and strategic issues. Key engagements included a Special Committee meeting on the closure of Tanga Cement Limited's mining operations and three bilateral meetings with Kenya concerning the Kilimanjaro Aquifer Project. The Board also attended the launch of the Water Users Associations' Guidelines and several preparatory meetings ahead of the Ministry of Water Budget Session.

Internally, the Board hosted the National Water Board Meeting in Moshi and participated in the Accountants and Human Resources Officers meetings held in Dodoma and Arusha, respectively, which focused on financial audits and strategies to minimize audit queries. The management team also took part in high-level events, including the launch of the Same-Mwanga Water Supply Project, officiated by the President, as well as meetings with the Ministry of Finance to discuss water project proposals.

Furthermore, the Board actively participated in technical workshops on the operationalization of WUMIS and attended both the Africa Meeting of Accountants and the 1st Annual Partner Meeting of the EPIC Project in India, alongside various other technical and coordination meetings.

1.2.2 Key Challenges

- Absence of an IWRMD plan, which poses a risk of having ambitious water use plans among stakeholders without assurance of its availability
- Water sources degradation due to human activities.
- Inadequate water storage infrastructures, such as dams
- Vandalism of the infrastructure of water resources monitoring.
- Illegal drilling of boreholes without observing legal procedures.
- Inadequate number of staff and office space
- Inadequate technical working tools for measurements and management of water resources.
- Increasing water demand.
- Occurrence and recurrence of water use-related conflicts.
- Absence of a legal officer at the Basin level

Opportunities

- The presence of strong and committed leaders at all levels – Ministry, Basin, Regional, and District – ensures the smooth implementation of activities, especially those involving collaboration.
- Presence of highly committed staff

1.3 BOARD MEMBERS OF THE BASIN

The Pangani Basin Water Board consists of 11 members, headed by a Chairperson of the Board, assisted by the Members. The Basin Director is the Secretary of the Board and Head of the Management and Staff who manages the day activities of the Basin.

Leaving aside the Chairperson and the Board Secretary, the remaining 9 Board members, the Basin's stakeholders are given in the Operational Guidelines and Memorandum of Understanding.

The names of the members of the Board of Directors who served the Authority during the F/Y 2024/25 are as follows:

No.	Name	Position
1	Eng. Ruth Shushu Koya	Board Chairperson
2	Mr. Segule Ally Segule	Board Secretary
3	Ms. Rosemary Athanael Rwebugisa	Board Member
4	Mr. Godwell Elias Ole Meing'ataki	Board Member
5	Mr. Tito Jeremia Kitomari	Board Member
6	Mr. Jaffari A. Omari	Board Member
7	Ms. Minza Salim Ngozani	Board Member
8	Ms Naima Mohammed Temba	Board Member
9	Eng. Costa Leonard Rubagumya	Board Member
10	Mr. Godchance Yohane Moshi	Board Member
11	Mr. Kija Limbe Ng'wigulu	Board Member

CONCLUSION

The Board desires to provide reliable, complete, and timely financial information that will ensure accountability and well-informed decision-making is maintained. It is good to note that the Board has continued to register progressive improvement in both physical and financial performance as indicated by previous Financial Audits, and we hope that this progress will continue in the upcoming audits through our collaboration and teamwork spirit.

RKoya.
....

Eng. Ruth S. Koya
Chairperson - Pangani Basin Water Board

2.0 STATEMENT BY THE BASIN DIRECTOR

The financial statements for the financial year ending 30 June 2025 for the Pangani Basin Water Board have been prepared in accordance with Section 25(4) of the Public Finance Act, 2001 (revised 2004), Regulation 8 (5) of the Public Finance Regulation 2003, and Accounting Circulars on closure of financial year.

The set of Financial Statements comprehensively provides the relevant information concerning the approved budget, receipts, expenditure, and operational achievements made during the year ended 30 June 2025.

2.1 FINANCING

In the financial year 2024/25, the Basin Board approved revenue estimates amounting to TZS 11,027,417,539.09, out of which TZS 2,980,658,127.00 was for own source collection, TZS 5,473,641,412.09 for development expected to be received from the Ministry of Water and Capital Grant, and TZS 2,573,118,000.00. However, the actual amount collected up to 30th June, 2025 was TZS 4,473,782,692.00, which is equivalent to 40.5% of the total projected amount, within which own source collection was TZS 2,973,597,159.07 (99.76%), while the development fund was TZS 1,466,693,640.96 (26.8%), and Capital Grants foreign its (0%). The decrease was caused by the limited disbursement of the Development fund.

2.2 MANAGEMENT STRUCTURE

Pangani Basin Water Board is headed by a Basin Water Director who manages the day activities of the Basin. The Basin Director is assisted by eight units, eight schedules, and two catchment water offices of Tanga and Arusha cities.

The Pangani Basin Water Board is located in Moshi Municipality,
20 Old Moshi Road,
P.O. Box 7617,
25101 mawenzi,
Moshi,
Kilimanjaro.

Telephone General line: 027 2752780.
Direct line: 0272752727, 0739 120 400
Fax No. 027 2753097,
Email: basins@pangani.maji.go.tz
Email: basins.pangani@panganibasin.go.tz

Bankers: National Microfinance Bank(NMB),
Nelson Mandela Branch,
P. O.Box 1121,
Moshi.

Basin Director: Segule Segule A.
Pangani Basin Water Board,
P.O.Box 7617,
Moshi

Lawyers: Attorney General.

Auditors: The Controller and Auditor General,
The Audit House,
4, Mahakama Road,
P. O. Box 950,
41104 Tambukareli,
Dodoma.

2.3 INTERNAL CONTROL SYSTEM

Conducted according to accounting procedures that revolve around the Public Finance Act No.6 of 2001 (revised in 2004).

2.4 INTERNAL AUDIT

Regulation 33 - 35 of the Public Finance Regulations, 2001 requires the Accounting Officer to establish an effective Internal Audit Unit. The Board has established an Internal Audit Unit headed by the Internal Auditor to appraise sound application of accounting, financial, and operational controls; and oversee controls instituted in the Basin.

2.5 PROCUREMENT TENDER BOARD

The Public Procurement Act. 2023 requires the Basin to form a Tender Board and establish a Procurement Management Unit (PMU). Both the Tender Board and the Procurement Management Unit are in place and operational.

Composition of Procurement Management Unit

S/N	NAME	QUALIFICATIONS
1	Restituta G. Bugashi	Procurement Officer
2	Jafari N Tindwa	Secretariat
3	Linda D. Massam	CPSP
4	Arafa B. Maggidi	Engineer

Composition of Tender Board

S/N	Name	Position
1.	Patrice O. Nyamulo	Chairperson
2.	Restitua G. Bugashi	Secretary
3.	Elmosaria E. Kessy	Member
4.	Bakari M. Bamba	Member
5.	Florence N. Lyimo	Member
6.	Ally B. Gonza	Member
7.	Jerome J. Senkondo	Member
8.	Jafari N. Tindwa	Secretariet

2.6 IMPLEMENTATION OF THE PLAN AND BUDGET FOR THE F/Y 2024/25

During the fiscal year 2024/25, the Basin continued to implement its planned activities based on its objectives in order to ensure efficient and effective performance and provide quality advice on all issues pertaining to water resources management and protection of water sources.

2. 6.1 Key Achievements

- Three Board Meetings were conducted, making a total number of 12 meetings planned to be implemented for the 10th Board within the term of three years, whereby 179 water use and nine discharge permits were issued/ approved.
- Collection of TZSS. 2,973,596,159.07 (121%) compared to the projected amount of TZS. 2,457,000,000.00.
- 4 river gauging stations were reconstructed and 33 rehabilitated by replacing dilapidated parts.
- Flow measurements were conducted at 30 monitoring stations.
- One drilling company (Bakari Kasimu Drilling Company) were caught conducting illegal drilling activities and fined.
- Sixty (60) Hydro-geological and geophysical surveys were conducted at 60 villages/areas within 17 Districts in Siha (1), Arusha (3), Simanjiro (3), Monduli (1), Ngorongoro (1), Arumeru (3), Same (5), Mwanga (1), Moshi (6), Pangani (7), Muheza (2), Mkinga (2), Tanga (2), Korogwe (1), Handeni (11), Kilindi (9) and Lushoto (2) Districts. Twenty (20) sites out of 60 surveyed were drilled; 18 got sufficient water, and two were dry. Forty (40) out of 60 are for the Rural Water Supply and Sanitation Authority (RUWASA) and the Urban Water Supply and Sanitation Authority (UWSSA).
- 154 drilling permits were issued in accordance with the Water Resources Management Act No. 11 of 2009, out of which 154 were drilled; 149 got sufficient water, and five were dry. 14 permits were surveyed by PBWB, and 140 permits were surveyed by private.

- Verification of 1874 boreholes was done and updated in the Basin Water Users database.
- Sixty-two (62) new water sources identified; 14 water sources demarcated by installing 1438 beacons (200 installed along Kikuletwa River, five installed at Mungushi, six installed along Usambara Spring, 200 installed at Kwandugwa Dam, 70 installed at Mkata Dam, 500 installed along Kikafu River, 170 installed along Pangani River, 10 installed at Chemchemi Spring, 10 installed at Kwedau Spring, 10 installed at Gamo Spring, 60 installed at Isanja Wetland, 22 installed at Rashidi Kombo spring, five installed at Makowo Spring and 170 installed along Rau River)
- 100,193 trees were planted in 18 water sources of Kwandugwa Dam (40), Ghona River (1600), Rau River (5060), Pangani River (80,993), Karanga River (500), Kondelango Spring (350), Zigi River (2000), Kwemichungwa, Chabogolo & Kwakizumba Springs (5000), Lusanga River (1000), Kwakishona Spring (500), Coffee Curing Spring (100), Ndurumanga Spring (300), Mkulumuzi River (640), Ngarito Spring (110), Bangata Spring (200) and Gomberi River (1800).
- Installation of 6 signboards was done in 3 water sources: Kwedau Spring (Lushoto DC)-1, Gamo Spring (Lushoto DC)-1 and Horohoro Dam (Mkinga DC)-4.
- Twenty (20) water use conflicts were reported, out of which 12 were resolved, and eight are in different stages of dialogue towards resolution.
- About 221 (repeated) Basin staff attended trainings, visits, meetings, and public ceremonies/exhibitions through which technical and management skills were enhanced:

Trainings

- Seven employees of the Board participated in the MUSE training conducted in Tanga City.
- Seven new employees of Pangani Basin Water Board participated in an induction course conducted by the Public Service College, Singida Branch.
- Four employees of the Board participated in the training of Financial Management conducted in Arusha City.
- One employee of the Board participated in the training of Climate Scenario Vulnerability Maps conducted in Morogoro and organized by the Department of Management of Disasters under the Prime Minister's Office.
- One employee of the Board participated in the training of Carbon Business conducted in Arusha City and organized by the Ministry of Water, attended by NGOs and UNICEF.
- Two employees of the Board participated in the training of Confidence Building in Resolving Transboundary Water Disputes conducted in Dodoma City and organized by the Ministry of Water in collaboration with UNU-INWEH.
- Basin staff participated in ODSS training (in Dodoma).
- Basin staff participated in Accounting and Auditing training in Arusha.

- One staff member attended "Retirement Training" in Singida.
- Basin staff attending long courses in various institutions within Tanzania. Basin staff participated in PEPMIS training (in Moshi) as preparation for using the system.
- Basin staff participated in HECMIS training in Dodoma, organized by Utumishi, whereby participants were Human Resources Officers and Accounting Officers.

Meetings

- The Board participated in the Special Committee for the closure of the mining operated by Tanga Cement Limited, and Hon. Tanga DC was part of the committee.
- Three meetings held between Tanzania and Kenya regarding the preparation and implementation of the Unlocking Groundwater Potential of Kilimanjaro Aquifer Project.
- The Board participated in a meeting for launching the Water Users Associations' guidelines in Tanga City, officiated by the Deputy Permanent Secretary of the Ministry of Water.
- The Board participated in various meetings prior to the Ministry of Water Budget Session in the Parliament, led by the Hon. Minister for Water.
- The Board participated in a meeting of Accountants conducted in Dodoma City, a financial audit, including a strategy to minimize audit queries.
- The Board participated in a meeting held in Tanga City, organized by the Office of Hon. RC of Tanga, whereby various stakeholders were invited to provide comments regarding the establishment of a sugarcane farm owned by Investors along the Pangani River.
- The National Water Board Meeting was conducted in Moshi and hosted by the Pangani Basin Water Board.
- The Board participated in a Team of Experts formed by the Regional Administrative Secretary of Arusha, consisting of PBWB, TANROADS, and TARURA, purposely for follow-up and monitoring, to establish the possible causes of bypass road degradation/challenges resulting from water flowing from Mount Meru during the rainy seasons.
- The Board participated in a meeting held in Dodoma City, organized by the Ministry of Finance on 8-11/4/2025, for discussing water project proposals to be funded from the "Capital market.
- The Board participated in a meeting held in Dodoma City, organized by the Ministry of Water in collaboration with UTUMISHI, to prepare the Government Services Directory.
- Management participated in a meeting held by the President's Office, Public Service Management, and Good Governance held in Dodoma City on 3rd March 2025.

- Management participated in the launch of Same-Mwanga W/S Project in Mwanga District on 9th March 2025, where the Guest of Honour was Her Excellency Hon. Dr. Samia Suluhu Hassan, the President of Tanzania.
- Management of Pangani Basin Water Board held a stakeholders' meeting to propose names of 11th Board Members of Pangani Basin Water Board, which took place on 28th March 2025 in Moshi. Participated in the launching of Mama Samia Legal Aid Campaign held on 29/01/2025 and 28/03/2025 in Kilimanjaro and Arusha Regions, respectively.
- Ag. CWOs participated in RCCs held in Tanga on 24/3/2025; Kilimanjaro on 13/02/2025, and Arusha on 20/02/2025.
- Management participated in 2nd Quarter progress meetings coordinated by Regional Managers of RUWASA in Kilimanjaro, Tanga, and Arusha held on 23-24/01/2025, 05/02/2025, and 16/01/2025, respectively.
- Management participated in the ICT experts meeting held in Arusha city on 11-13/02/2025
- Management participated in the Government Communication Officers meeting held in Mbeya city on 17 - 21/02/2025.
- Basin Accountants participated in a meeting organized by the Office of the Paymaster General in Singida from 17/02/2025 to 26/02/2025.
- The Basin participated in the operationalization of WUMIS and the migration of all existing manual permits to the MAJI IS, organized by MoW/GIZ, HICTs workshop for discussion of the High Learning Specifications for development of the Universal Vending System, and Harmonization of MoW Systems in Mwanza, Dar es Salaam, and Tanga.
- The Basin participated in the 'Basin project' organized by Water Aid, Nelson Mandela, and Shahidi wa Maji in Arusha.
- The Basin participated in the 1st Annual Partner meeting of the EPIC Project in India.
- The Basin participated in the Africa Meeting of Accountants in Arusha City
- The Basin participated in the Geologists Meeting in Tanga City
- The Basin participated in the Meeting of Human Resources Officers in Dodoma
- The Basin participated in a meeting about climate change results dissemination organized by Ardhi University in Tanga City.
- The Basin participated in the Supplies and Procurement Meeting and the Experts Meeting in Arusha City.
- Preparation of project proposals for applying funds from AfDB through the Climate Mitigation Window (CAW) conducted in Dar es Salaam.
- Sustainable Inclusive Irrigation Learning Event across different countries, organized by SNV in Arusha
- Transboundary meeting for managing Lake Chala - Jipe and Umba River transboundary water resources held in Moshi, participated by representatives from

Pangani Basin Water Board, Ministry of Water, Ministry of Foreign Affairs and East African Cooperation, Republic of Kenya, GIZ-EAC, and Lake Victoria Basin Commission (in Moshi).

- Participated in a meeting led by VPO in discussing the status of the environment in the country (in Dodoma).
- Participated in the seminar led by SVN regarding the implementation of the WASH Project in two district councils (Longido and Arumeru).

Opportunities

- Mutual efforts/collaboration with partners, especially MoW, in addressing the financial inadequacy of activities, including preparation of the IWRMD
- Willingness of some water users to contribute more to water resources Management
- Willingness of some water users to contribute more to water resources Management
- Trust from our customers/stakeholders

2.7 EMPLOYEES WELFARE

The Basin maintains the welfare of employees by undertaking several initiatives, including the following: providing training for staff to develop their careers; ensuring that their personnel deductions to the security funds are timely submitted; and making tea available all the time to enhance their working ability. The Basin understands that only through the loyalty and dedication of its employees will be able to achieve its goal and fulfill its goals.

2.8 DISABLED PERSONS

The Basin is committed to providing equal opportunities for all people irrespective of their ethnicity, race, gender, disability, or religion.

2.9 CROSS-CUTTING ISSUES

The Basin takes necessary initiatives to address health issues to its staff so that they are conversant with the potential risks of communicable diseases such as HIV/AIDS and Non communicable diseases such as diabetes and pressure the issues by engaging relevant expertise to raise awareness and advocate undertaking voluntary testing; Also, anti-corruption strategies are implemented so that staff and customers are aware and avoid engage in corruption issues.

....

Segule Segule

Basin Director

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER
PANGANI BASIN WATER BOARD

STATEMENT OF MANAGEMENT RESPONSIBILITY

Management of Pangani Basin Water Board is responsible for preparation of these annual Financial Statements ended 30 June 2025 which give a true and fair view of the entity's state of affairs and its operating results in accordance with International Public Sector Accounting Standards (IPSAS) on Accrual Basis, in conformity with the provision of the Public Finance Act No. 6 of 2001 Section 25(2) & (4) (as revised in 2004).

Management note that the Basin's responsibilities include designing, implementing and maintaining internal controls relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether on account of fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances which provide reasonable assurance that the transactions recorded are within statutory authority; and properly record the use of all public financial resources accordingly. The budget for Pangani Basin Water Board was approved on May 9, 2024, and implementation started on 1July, 2024, to June 30, 2025, following the approved budget.

To the best of our knowledge, the system of internal control has operated adequately throughout the reporting period, and the records and underlying accounts provide a reasonable basis for the preparation of the Financial Statements for the year ended 30th June, 2025. Procurement of goods, works, and consultancy and non-consultancy services to the extent that they are reflected in these financial statements has been done in accordance with the Public Procurement Act of 2023 and its Regulations 2024 through the National Procurement Electronic System (NeST).

Management accepts responsibility for the integrity of these financial statements, the information they contain, and their compliance with the Public Finance Act No. 6 of 2001 (as revised in 2004) and its Regulations; International Public Sector Accounting Standards (IPSAS), Accruals basis; and Guidelines issued or may be issued from time to time by the Paymaster General and Accountant General. Management would like to build confidence in users of these financial statements that they portray the true and fair view of the state of affairs of the reporting entity. In our opinion, nothing has come to the attention of the management that shows these financial statements do not present all material respects of the operations of the entity fairly and will not remain a going concern for the next twelve months from the date of these statements.

....
Segule Segule
Basin Director

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER
PANGANI BASIN WATER BOARD

DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING

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 by a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

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

I, CPA ROSELINE G. BRUNO being on behalf of the Head of Finance/Accounting of Pangani Basin Water Board, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by: ....

NBAA Rgd No. ACPA 4379

Position: PRINCIPAL ACCOUNTANT II

Date: 20/02/2026

3.0 COMMENTARY TO THE FINANCIAL STATEMENTS

3.1 FINANCIAL POSITION

The financial position is a snapshot of the ending balances of assets, liabilities, and equity as at the date of the report. This is one of the key elements of performance that shows how well the PBWB is managing Assets and liabilities.

a) CASH AND CASH EQUIVALENT

Cash and bank balances in the statements of financial position comprise cash at hand and cash at bank, both current and non-current. For 2024/25, cash and cash equivalents were TZS 983,766,296, while in the previous year, 2023/24, they were TZS 36,551,200. The increase is due to the disbursement of funds from the Ministry of Finance for Development Projects, which could not be implemented during the rainy season.

b) RECEIVABLES

Receivables are determinable receipts which include Water user fees, charges, and other charges that are non-exchange revenues from previous years. The outstanding amount in 2023/24 is TZS 160,628,744. While in the financial year ending 30 June 2025, the receivables were TZS 27,981,155. The decrease was due to collection efforts enhanced by the Management.

c) PREPAYMENTS

Prepayment for the previous year, 2023/2024, was zero compared to TZS 31,550,895 for the financial year 2024/2025. The increase was due to unserviceable services from suppliers.

d) INVENTORIES

Inventories are measured at current replacement cost. It includes stationery, Fuel, and Water resource structures used to repair river gauging stations and rainfall stations. In F/Y 2023/24, its costs were TZS 37,160,000, and in F/Y 2024/25, the inventory is TZS 12,163,000. The decrease is caused by improvement in fuel management and appropriate planning.

e) PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, plant, and equipment are stated at cost and now fully comply with the recognition and measurement requirements of IPSAS 17, and during the year, Property, plant, and equipment decreased from TZS 4,845,579.931 in 2023/24 to TZS 4,612,910,496 in 2024/25 due to the disposal of Assets.

f) PAYABLES AND ACCRUALS

These are the money that the Pangani Basin owes to staff and different suppliers of goods and services provided on credit terms. Due to the IPSAS accrual basis, the outstanding payable in 2023/24 is TZS 60,181,879, while payable in the financial year 2024/25 is TZS 9,503,856. The decrease is associated with a better financial position and commitment of management to ensure timely payment is made to relevant beneficiaries.

g) DEFERRED INCOME

Pangani Basins has grants from the government of TZS 223,587 for the year ended 30 June 2024, while in the financial year 2024/25, it was TZS 985,374,422. The increased liability is associated with late disbursement received from the Ministry of Finance. Refer Note 93

h) TAX PAYERS FUND

Pangani Basin Water Board's Capital Structure is fixed at TZS 5,319,240,000. Any increase or decrease in capital is made in the statement of change in Net Assets.

i) DEPOSITS

In 2024/25, there is a deposit of TZS 3,242,507 as compared to TZS 3,491,323 of the prior year 2023/24. Reason for the decrease to 248,816 is the ability of an entity to make full payments in the deposit general (liability). Refer to Note 94.

3.2 FINANCIAL PERFORMANCE

This is a subject measure on how well the Pangani Basin Water Board used its resources to generate Revenue and the financial health of the Basin for a period of one year. The Basin has improved its performance compared to the previous year of the audit.

a) REVENUE FROM EXCHANGE TRANSACTIONS

Water User Fees, Application for Water Use Permit, and Other Sources are recognised when the events occur and termed as Own sources collection. For the year under review, it is TZS 2,360,619,495 compared to TZS 2,290,181,523 of FY 2023/24. The Increase was due to an increase in water users with meter numbers

b) REVENUE FROM NON-EXCHANGE TRANSACTIONS

The funds received directly from the Ministry of Water and utilised for the specific purpose, in FY 2023/24, are TZS 1,273,813,413 compared to TZS 895,734,806 in FY 2024/25. The decrease was due to insufficient release of the grant as per the approved budget

c) FEE, FINES, PENALTIES, AND FORFEITS

In FY 2023/24, Pangani Basin collected from fees, fines, penalties, and forfeits an amount of TZS 4,410,000 compared to TZS 4,300,000 for FY 2024/25. Unfavorable balance is due to the customer's noncompliance with governing laws and regulations. Refer to note 19.

d) FAIR VALUE GAIN ON ASSETS AND LIABILITIES

Fair value gain is a result of applying IPSAS 41-Financial Instruments on receivables and cash that existed as a balance at the end of the financial year. Fair value gain for ECL (receivable and cash) in the financial year 2023/24 was TZS 72,663,010 as compared to TZS 97,703,311in the financial year 2024/25. The reason for the gain is the decrease in Provision for ECL from TZS 164,113,347 to TZS 97,703,311. Refer to Note 24.

e) OTHER REVENUES

The funds received directly from other sources in FY 2023/24 are TZS 307,103,000 compared to TZS 388,683,612 in FY 2024/25. Refer Note 31

f) WAGES, SALARIES, AND EMPLOYEES' BENEFITS

These include salaries, casual wages, per diem, transport, extra duty, burial expenses, and so many field activities. In the period ended 30 June 2024, the PBWB spent TZS 724,909,117 compared to TZS 426,797,982 in the financial year 2024/25. The decrease of TZS 298,111,135 is caused by recurrent expenditures and services incurred on the line items. Refer to Note 34.

g) USE OF GOODS AND SERVICES

This includes supplies like fuel, stationery, utilities, photocopying, and many others. During Financial Year 2023/24, the Board used TZS 2,373,039,002 for paying these activities compared to TZS 2,989,353,804 in 2024/25. The slight increase in expenditure is due to a slight increase in expenditure of these line items. Refer to Note 35.

h) MAINTENANCE EXPENSES

A total of TZS 624,563,633 was incurred in 2023/24 by the basin for maintenance and service, while in 2024/25, it is TZS 289,601,896. It includes repairs to motor vehicles, cement, building materials, and communication networks. The reasons for variation are the low number of repairs made to old motor vehicles and buildings that were repaired in the previous year. Refer to Note 36.

i) OTHER EXPENSES.

This includes minor expenses for building repairs, plumbing, etc. The total amount utilized in 2023/24 is TZS 125,539,275 compared to TZS 60,976,950 for FY 2024/25. The decrease was caused by security services being shifted to the proper code. Refer Note 52

j) EXPECTED CREDIT LOSS

Expected credit loss (ECL) for the financial year 2023/24 was TZS 0 for receivables and cash, while in the financial year 2023/24, it is also TZS 0.

k) LOSS ON DISPOSAL OF ASSETS

During the Financial Year 2024/2025, the PBWB has incurred a loss on disposal of assets of TZS 143.71 million. Refer to Note 44

l) GRANTS AND OTHER TRANSFERS

In 2024/25, the transferred fund was TZS 66,119,000 compared to TZS 42,800,000 transferred in 2023/24 to other financial institutions as the consolidated Fund. Refer Note 60.

m) DEPRECIATION CHARGES

This is the decrease in value of non-current assets due to wear and tear. In 2023/24, depreciation was TZS 168,038,155, while in 2024/25, it was TZS 116,250,727. The reason for the decrease in depreciation charge is due to applying GAMIS in managing the Assets and applying the condition of POOR in many assets, which reduces the depreciation charge automatically. Refer Note 77

n) DEFICIT

There are changes in the prior year audited deficit from the statement of financial performance of TZS (88,918,236) to the Deficit of TZS (345,772,030). The changes are due to an increase in expenditure.

3.2 CORPORATE GOVERNANCE

The composition of Basin, including elected members. There are clear demarcations of roles and functions of personnel.

3.3 RISK MANAGEMENT AND INTERNAL CONTROLS

The Board accepts final responsibility for the risk management and internal control systems of the Basin. The Management is ensuring that adequate internal financial and operational control systems are maintained in order to provide reasonable assurance regarding the effectiveness and efficiency of operations in: -

- The safeguarding of the Basin's assets (including information).
- Compliance with the applicable laws, regulations, and supervisory requirements.
- The reliability of the accounting records.
- Business sustainability under normal as well as adverse conditions.
- Responsible behaviour towards all stakeholders.

3.4 ENVIRONMENTAL ISSUES

The Board is aware of environmental issues, and hence it avoids activities that have a negative impact on the environment. Necessary steps undertaken include planting of trees to replace natural vegetation, especially in water source buffer zones 60 meters from the banks.

3.5 AUDITORS

The Controller and Auditor General (CAG) is the statutory auditor for the Pangani Basin Water Board, Pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005) and Section 10 of the Public Audit Act No. 11 of 2008.

The Pangani Basin Water Board continues to improve financial management, and it has complied with IPSAS accrual basis during the reporting period for the year ended 30 June 2025. This has enhanced the financial reporting in the Government and provides transparency and more comprehensive financial information to decision makers.
These Financial Statements should be read in conjunction with the notes and schedules for a better understanding.

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER
PANGANI BASIN WATER BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	2024/25 TZS	2023/24 TZS
ASSETS			
Current Asset			
Cash and Cash Equivalents	62	983,766,296	36,551,200
Receivables	67	27,981,155	160,628,744
Prepayments	69	31,550,895	-
Inventories	70	12,163,000	37,160,000
Total Current Asset		**1,055,461,346**	**234,339,944**
Non-Current Asset			
Property, Plant and Equipment	77	4,612,910,496	4,845,579,931
Total Non-Current Asset		**4,612,910,496**	**4,845,579,931**
TOTAL ASSETS		**5,668,371,842**	**5,079,919,876**
LIABILITIES			
Current Liabilities			
Payables and Accruals	89	9,503,856	60,181,879
Deferred Income	93	985,374,422	223,587
Deposits	94	3,242,507	3,491,323
Total Current Liabilities		**998,120,785**	**63,896,789**
TOTAL LIABILITIES		**998,120,785**	**63,896,789**
Net Assets		**4,670,251,057**	**5,016,023,087**
NET ASSETS/EQUITY			
Capital Contributed by:			
Taxpayers/Share Capital		5,319,240,000	5,319,240,000
Accumulated Surpluses / Deficits		(648,988,943)	(303,216,913)
TOTAL NET ASSETS		**4,670,251,057**	**5,016,023,087**

Segule Segule A
Basin Director

20/02/2026
Date

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER
PANGANI BASIN WATER BOARD

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Note	2024/25 TZS	2023/24 TZS
REVENUE			
Revenue			
Revenue Grants	16	895,734,806	1,273,813,413
Revenue from Exchange Transactions	17	2,360,619,495	2,290,181,523
Fees, Fines, Penalties, and Forfeits	19	4,300,000	4,410,000
Fair Value Gains on Assets and Liabilities	24	97,703,311	72,663,010
Other Revenue	31	388,683,612	307,103,000
Total Revenue		**3,747,041,224**	**3,948,170,946**
TOTAL REVENUE		**3,747,041,224**	**3,948,170,946**
EXPENSES AND TRANSFERS			
Expenses			
Wages, Salaries, and Employee Benefits	34	426,797,982	724,909,117
Use of Goods and Services	35	2,989,353,804	2,373,039,002
Maintenance Expenses	36	289,601,896	624,563,633
Loss on Disposal of Asset	44	143,712,895	-
Other Expenses	52	60,976,950	125,539,275
Depreciation of Property, Plant and Equipment	77	116,250,727	168,038,155
Total Expenses		**4,026,694,254**	**3,990,797,859**
Transfer			
Other Transfers	60	66,119,000	21,000,000
Total Transfer		**66,119,000**	**21,000,000**
TOTAL EXPENSES AND TRANSFERS		**4,092,813,254**	**4,037,089,182**
Surplus / Deficit for the period		**(345,772,030)**	**(88,918,236)**

………………………………
Segule Segule A
Basin Director

20/02/2026
………………………
Date

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER
PANGANI BASIN WATER BOARD

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	2024/25 TZS	2023/24 TZS
CASH FLOW FROM OPERATING ACTIVITIES		
RECEIPTS		
Revenue Grants	1,466,693,641	245,000,000
Revenue from Exchange Transactions	2,614,105,439	2,257,018,522
Other Revenue	388,683,612	307,103,000
Increase in Deposit	-	12,012,646
Fees, Fines, Penalties, and Forfeits	4,300,000	4,410,000
Total Receipts	**4,473,782,692**	**2,825,544,168**
PAYMENTS		
Wages, Salaries, and Employee Benefits	425,263,982	724,569,117
Use of Goods and Services	2,634,047,721	2,372,599,123
Other Transfers	66,119,000	21,000,000
Other Expenses	60,976,950	125,539,275
Maintenance Expenses	289,601,896	624,563,633
Decrease in Deposit	248,816	117,120,323
Total Payments	**3,476,258,365**	**3,985,391,471**
NET CASH FLOW FROM OPERATING ACTIVITIES	**997,524,327**	**(1,159,847,303)**
CASH FLOW FROM INVESTING ACTIVITIES		
Investing Activities		
Proceed from the sale of PPE	**31,119,000**	0
Acquisition of Property, Plant and Equipment	(58,413,187)	(13,074,406)
Total Investing Activities	(27,294,187)	(13,074,406)
NET CASH FLOW FROM INVESTING ACTIVITIES	**(27,294,187)**	**(13,074,406)**
Net Increase	**970,230,140**	**(1,172,921,709)**
Cash and cash equivalents at the beginning of the period	36,555,291	1,209,477,000
Cash and Cash equivalents at the end of the period	**1,006,785,431**	**36,555,291**

Segule Segule A
Basin Director

20/02/2026
Date

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER
PANGANI BASIN WATER BOARD

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

	Tax Payer's Fund	Accum Surplus/(Deficit)	Total
Opening Balance as at 01 Jul 2024	5,319,240,000	(303,216,913)	5,016,023,087
Surplus/ Deficit for the Year		(345,772,030)	(345,772,030)
Closing Balance as at 30 Jun 2025	5,319,240,000	(648,988,943)	4,670,251,057
Opening Balance as at 01 Jul 2023	5,319,240,000	(214,298,677)	5,104,941,323
Surplus/ Deficit for the Year		(88,918,236)	(88,918,236)
Closing Balance as at 30 Jun 2024	5,319,240,000	(303,216,913)	5,016,023,087

Segule Segule A
Basin Director

20/02/2026
Date

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER
PANGANI BASIN WATER BOARD

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

	Original Budget	Reallocations/ Adjustments	Budgeted Amount Final Budget (B)	Actual Amount on Comparison Basis (A)	Difference Final Budget and Actual (B-A)
	TZS	TZS	TZS	TZS	TZS
RECEIPTS					
Subvention from other Government entities	4,625,538,664	794,140,000	5,419,678,664	1,466,693,641	3,952,985,023
Revenue Grants	2,573,118,000	-	2,573,118,000	-	2,573,118,000
Revenue from Exchange Transactions	2,059,220,875	495,400,000	2,554,620,875	2,614,105,439	(59,484,564)
Other Revenue	420,000,000	-	420,000,000	388,683,612	31,316,388
Fees, Fines, Penalties, and Forfeits	60,000,000	-	60,000,000	4,300,000	55,700,000
Total Receipts	**9,737,877,539**	**1,289,540,000**	**11,027,417,539**	**4,473,782,692**	**6,553,634,847**
PAYMENTS					
Wages, Salaries, and Employee Benefits	1,224,240,000	(155,539,344)	1,068,700,656	425,263,982	643436674
Use of Goods and Services	3,246,502,882	800,249,922	4,046,752,804	2,634,047,721	1,412,705,083
Other Transfers	60,000,000	40,000,000	100,000,000	66,119,000	33,881,000
Other Expenses	647,519,641	1,003,840	648,523,481	60,976,950	587,546,531
Maintenance Expenses	1,572,428,198	(43,592,019)	1,528,836,179	289,601,896	1,239,234,283
Decrease in Deposit	-	-	-	248,816	(248,816)
Proceed from the sale of PPE				(31,119,000)	31,119,000
Acquisition of Property, Plant and Equipment	2,942,758,818	691,845,601	3,634,604,419	58,413,187	3,576,191,232
Acquisition of Biological Assets	44,428,000	(44,428,000)		-	
Total Payment	**9,737,877,539**	**1,289,540,000**	**11,027,417,539**	**3,503,552,552**	**7,523,864,987**
Net Receipts/Payments	-	-	-	**970,230,140**	**(970,230,140)**

Segule Segule A
Basin Director

20/02/2026
Date

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER
PANGANI BASIN WATER BOARD

RECONCILIATION OF NET CASHFLOW FROM OPERATING ACTIVITIES TO SURPLUS/ (DEFICIT)
FOR THE PERIOD ENDED 30 JUNE 2025

Surplus/ Deficit for the Period	**(345,772,030)**	**(88,918,236)**
Add/ (Less) Non-Cash Item		
Current Grants from Other General Government Units-non-monetary	(414,192,000)	-
Depreciation of Property, Plant and Equipment	116,250,727	168,038,155
Fair Value Gains on Assets and Liabilities	(97,703,311)	(72,663,010)
Loss on Disposal of Assets	143,712,895	-
Use of Goods and Services	414,192,000	-
Add/ (Less) Change in Working Capital		
Deferred Income	985,150,835	(1,028,813,413)
Inventories	24,997,000	(10,234,000)
Decrease in deposit	(248,816)	(105,107,677)
Payables and Accruals	(50,678,024)	30,663,879
Prepayments	(31,550,895)	-
Receivables	253,365,944	(52,813,000)
Net Cash Flow from Operating Activities	**997,524,327**	**(1,159,847,303)**

....
Segule Segule A
Basin Direct

20/02/2026
....
Date

77 - Property, Plant and Equipment

Descriptions	Cost/Revaluation At 01-July-2024	Addition Monetary	Addition Non-Monetary	Transfers	Adjustment	Disposal	30-Jun-25	Accumulated Depreciation and Impairment 01-Jul-24	Charge during the year - Depreciation	Charge during the year - Impairment	Adjustment	Transfer	Disposal	30-Jun-25	Carrying Value
Acquisition of land	1,909,000,000	0	0	0	0	0	1,909,000,000	0	0	0	0	0	0	0	1,909,000,000
Boreholes	2,022,315,000	0	0	0	0	0	2,022,315,000	1,535,494,909	22,128,186	0	0	0	0	1,557,623,094	464,691,906
Hardware: servers and equipment (incl. desktops, laptops, etc.)	194,812,806	26,251,460	0	0	0	13,549,650	207,514,616	103,939,503	10,613,647	0	0	0	403,000	114,150,150	93,364,466
Kitchen Appliances, Utensils and Crockery	205,725,000	32,161,727	0	0	0	96,199,905	141,686,822	111,962,416	9,429,195	0	0	0	873,400	120,518,211	21,168,611
Motor vehicles	717,195,280	0	0	0	0	52,333,038	664,862,242	533,974,890	17,281,300	0	0	0	8,000,000	543,256,190	121,606,052
Motorbikes and bicycles	59,312,000	0	0	0	0	10,813,152	48,498,848	19,622,857	6,614,857	0	0	0	400,000	25,837,714	22,661,134
Office buildings and structures	2,309,300,000	0	0	0	0	0	2,309,300,000	300,209,000	46,723,047	0	0	0	0	346,932,047	1,962,367,953
Office Furniture and Fittings	163,187,000	0	0	0	0	11,758,000	151,429,000	130,063,581	3,460,495	0	0	0	145,450	133,378,626	18,050,374
TOTAL	7,580,847,086	58,413,187	0	0	0	184,653,745	7,454,606,528	2,735,267,155	116,250,727	0	0	0	9,821,850	2,841,696,032	4,612,910,496

Descriptions	At 01-July-2023	Addition Monetary	Addition Non-Monetary	Transfers	Adjustment	Disposal	30-Jun-24	01-Jul-23	Charge during the year - Depreciation	Charge during the year - Impairment	Adjustment	Transfer	Disposal	30-Jun-24	Carrying Value
Acquisition of land	1,909,000,000	0	0	0	0	0	1,909,000,000	0	0	0	0	0	0	0	1,909,000,000
Boreholes	2,022,315,000	0	0	0	0	0	2,022,315,000	1,512,313,000	23,181,909	0	0	0	0	1,535,494,909	486,820,092
Hardware: servers and equipment (incl. desktops, laptops, etc.)	193,127,400	1,685,406	0	0	0	0	194,812,806	84,314,000	19,625,503	0	0	0	0	103,939,503	90,873,303
Kitchen Appliances, Utensils and Crockery	195,025,000	10,700,000	0	0	0	0	205,725,000	95,411,000	16,551,416	0	0	0	0	111,962,416	93,762,584
Motor vehicles	717,195,280	0	0	0	0	0	717,195,280	507,754,000	26,220,890	0	0	0	0	533,974,890	183,220,390
Motorbikes and bicycles	59,312,000	0	0	0	0	0	59,312,000	13,008,000	6,614,857	0	0	0	0	19,622,857	39,689,144
Office buildings and structures	2,309,300,000	0	0	0	0	0	2,309,300,000	230,930,000	69,279,000	0	0	0	0	300,209,000	2,009,091,000
Office Furniture and Fittings	162,498,000	689,000	0	0	0	0	163,187,000	123,499,000	6,564,581	0	0	0	0	130,063,581	33,123,419
TOTAL	7,567,772,680	13,074,406	0	0	0	0	7,580,847,086	2,567,229,000	168,038,155	0	0	0	0	2,735,267,155	4,845,579,931.28

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	2024/25 TZS	2023/24 TZS
16 - Revenue Grants		
Government Grant Development Local	481,542,806	1,273,813,413
Revenue Grants - non-Monetary	414,192,000	-
	895,734,806	**1,273,813,413**
17 - Revenue from Exchange Transactions		
Geological Fees- Exchange	136,038,001	350,077,000
Revenue from Water Charges	2,224,581,493	1,940,104,523
	2,360,619,494	**2,290,181,523**
19 - Fees, Fines, Penalties, and Forfeits		
Fines	4,300,000	4,410,000
	4,300,000	**4,410,000**
24 - Fair value Gains on Assets and Liabilities		
Reversal of provision for impairment of Receivables (ECL)	97,703,311	72,663,010
	97,703,311	**72,663,010**
31 - Other Revenue		
Application fee	158,705,000	78,940,000
Miscellaneous Revenue	229,978,612	-
Miscellaneous Income	-	228,163,000
	388,683,612	**307,103,000**
34 - Wages, Salaries, and Employee Benefits		
Assessor Allowance	-	20,000,000
Casual Labour Discretionary	15,954,000	93,000,000
Casual Labour Expenses	3,749,999	33,664,000
Civil Servants	52,403,380	49,089,757
Electricity	1,680,000	-
Extra-Duty	138,248,950	57,894,860
Facilitation Allowance Expenses -employee	6,160,000	-
Food and Refreshment	6,000,000	7,443,000
Honoraria	44,870,000	28,060,000
Internship Allowance	200,000	3,280,000
Leave Travel	12,574,000	3,647,500
Professional Allowances	-	161,526,000

Responsibility Allowance	73,224,533	174,910,000
Sitting Allowance	66,540,000	56,510,000
Statutory Contributions	5,193,120	4,884,000
Water Allowance	-	31,000,000
	426,797,982	**724,909,117**
35 - Use of Goods and Services		
Advertising and publication	65,589,948	2,790,000
Advertising and Publication - Communication & Information	-	12,649,994
Air Travel Tickets Travel - In - Country	5,000,000	3,802,000
Catering Services	-	8,000,000
Cleaning Supplies - Use of Goods and Services	-	23,336,400
Computer Supplies and Accessories	19,416,354	14,680,739
Conference Facilities	1,400,000	2,500,000
Diesel	81,971,490	397,725,916
Electricity - Utilities, Supplies, and Services	12,479,999	-
Exhibition, Festivals, and Celebrations	9,067,501	32,538,000
Food and Refreshments	22,728,940	23,290,900
Fumigation Expenses	399,897	-
Ground Transport (Bus, Train, Water)	800,000	-
Ground travel (bus, railway, taxi, etc.) Travel - In - Country	19,551,249	800,000
Hiring of Training Facilities	-	2,000,000
Inspection Fees	-	11,236,000
Internet and Email connections	29,389,005	2,310,762
Laboratory small non-durable equipment	-	2,000,000
Laboratory Supplies	-	6,881,355
Lubricants	-	5,025,040
Maps	33,630,000	4,000,000
News Services Fees	1,500,000	-
Newspapers and Magazines	804,000	1,200,088
Non-Cash Expenditure-Use of Goods and Services	414,192,000	-
Office Consumables (papers, pencils, pens, and stationery)	147,528,853	68,336,963
Outsourcing Costs (includes cleaning and security services)	25,391,993	-
Per Diem - Domestic	1,973,927,464	1,450,389,912
Petrol	-	58,258,000
Posts and Telegraphs	-	1,400,000

Printing and Photocopy paper	14,433,900	3,998,000
Printing and Photocopying Costs	25,200,000	695,800
Printing Material	-	3,953,000
Remuneration of Instructors	6,400,000	-
Rent - Housing	-	2,855,000
Seeds	38,118,000	-
Sewage Charges - Utilities, Supplies, and Services	-	274,852
Sporting Supplies	1,700,000	-
Stationery	92,165	325,040
Subscription Fees	7,189,494	15,444,242
Telephone Charges (Land Lines)	1,011,568	-
Training Materials	-	198,851,799
Uniforms -Clothing, Bedding, Footwear, and Services	24,057,840	900,000
Water Charges	6,382,143	10,589,200
	2,989,353,804	**2,373,039,002**
36 - Maintenance Expenses		
Cement, bricks, and construction materials	54,717,076	39,649,923
Computers, printers, scanners, and other computer-related equipment	3,287,000	-
Direct labour (contracted or casual hire) - Water and Electricity	118,307,020	-
Excavations and dredging	39,670,000	305,043,314
Firefighting Expenses	500,000	-
Motor Vehicles and Watercraft	549,999	26,288,740
Navigation Equipment (flight calibrations, signaling, and beacons)	-	64,989,751
Outsource maintenance contract services - Buildings	-	180,965,507
Outsource maintenance contract services - Water and Electricity Installations	34,605,582	-
Plumbing Supplies and Fixtures	812,940	-
Repair and Maintenance of Furniture	-	7,626,398
Tyres and Batteries	37,152,279	-
	289,601,896	**624,563,633**
44 - Loss on Disposal of Assets		
Losses on disposal of property, plant, and equipment	143,712,895	-
The Management of PBWB had carried out a public auction exercise in early October 2025 to dispose of PPE	**143,712,895**	-

52 - Other Expenses		
Audit fees Expenses	29,275,000	-
Burial Expenses	1,678,750	2,680,000
Co-Location operational Expenses	2,674,200	-
consultancy fees	-	55,232,133
Insurance Expenses	354,000	-
Legal fees Expenses	-	6,789,800
Materials Testing Services Expenses	400,000	-
Port charges	7,680,000	-
Registration Fees Expenses	7,650,000	-
Security Services	-	60,837,342
Transportation Cost by Ground	11,265,000	-
	60,976,950	**125,539,275**
54 - Expected Credit Loss		
Expected Credit Loss	-	-
	-	-
60 - Other Transfers		
Contribution to CF (15%)	35,000,000	21,000,000
Revenue Transfer	31,119,000	-
	66,119,000	**21,000,000**
62 - Cash and Cash Equivalents		
BOT Own source Collection Account	3,930,461	10,117,000
Deposit Cash Account	14,494,857	0
Development Expenditure Cash Account	956,223,829	223,587
Own Source Development Expenditure	13,627,021	16,792,320
Own source Recurrent Expenditure GF	14,777,350	5,931,061
Provision for ECL (Cash)	(23,015,044)	(4,091)
Unapplied Cash Account	3,727,823	3,491,323
	983,766,296	**36,551,201**
67 - Receivables		
Imprest Receivable - Staff	19,770,000	19,650,000
Provision for Expected Credit Loss - Short Term	(43,390,901)	(164,109,256)
Receivable (GEPG)	51,602,056	305,088,000
	27,981,155	**160,628,744**

The Ageing Analysis of Receivable is shown below,		
Up to 30 days	19,770,000	19,650,000
31 to 60 days	228,264,198	-
61 to 90 days	-	140,978,744
91-360 days	-	-
over 360 days	-	-
	248,034,198	**160,628,744**
69 - Prepayments		
Prepayment Consumables	31,550,895	-
Prepayments Assets - Monetary	-	-
	31,550,895	**-**
70 - Inventories		
Consumables	12,163,000	7,499,440
Fuel	-	29,660,560
	12,163,000	**37,160,000**
71 - Other Financial Assets		
Principal Loan Receivable on Farm Machinery	45,000,000	45,000,000
Repayment of Loan by PSEs	(45,000,000)	(45,000,000)
	-	-
94 - Deposits		
Deposit General	3,006,007	3,491,323
Unapplied Deposit Account Addition	236,500	-
	3,242,507	**3,491,323**

89 - Payables and Accruals					
Descriptions	**Opening**	**Paid**	**Rejected**	**Addition**	**Balance**
Staff Claims	340,000	340,000	-	1,874,000	1,874,000
Supplies of goods and services	58,141,615	58,141,615	-	5,298,832	5,298,832
Withholding tax	1,700,264	0	-	630,760	2,331,024
	60,181,879	**58,481,615**	**-**	**7,803,591**	**9,503,856**
The Ageing Analysis of Payables is as shown below,					
Up to 30 days					
31 to 60 days					
61 to 90 days					4,250,000.00
91-360 days					5,253,856.20
over 360 days					-
					9,503,856.20

93 - Deferred Income						
Descriptions	**Opening**	**Increase in Deferred**	**Decrease in Deferred**	**Transfer to PMG**	**Transfer To Holding**	**Balance**
Development Deferred Income	223,587	1,466,693,641	481,542,806	0	0	985,374,422
TOTAL	**223,587**	**1,466,693,641**	**481,542,806**	**0**	**0**	**985,374,422**

1.0 NOTES TO THE FINANCIAL STATEMENTS

1.1 GENERAL INFORMATION

1.2 STATEMENT OF COMPLIANCE

The financial statements of the Basin have been prepared in accordance with the Public Finance Act of 2001 (revised 2004) and comply with the requirements of International Public Sector Accounting Standards (IPSAS), Accrual Basis of Accounting.

1.3 REPORTING ENTITY

The financial statements are for the Pangani Basin Water Board, which is under the Ministry of Water.

1.4 BASIS OF PREPARATION

The financial statements have been prepared on historical cost except for investment properties, land and buildings, financial instruments, and available-for-sale investments that have been measured at fair value. The financial statements are presented in Tanzanian Shillings (TZS), and all values are in Tanzania Shillings and fully comply with IPSAS accrual.

1.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted, which are consistent with those of previous years, are shown below.

Cash and cash equivalents

Cash and Cash equivalents in the statement of financial position comprise cash at banks and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Employment benefits

Employee benefits include salaries, pensions, and other related employment costs. Employee benefits are recognized on an accrual basis. The Pangani Basin Water Board operates a defined benefit plan. Different plans and contribution rates for the employer and employees are detailed below:

No.	Name of the Fund	Employer Contribution	Employee Contribution
1	National Social Security Fund	10%	10%
2	PSSF	15%	5%
3	WCF	2.5%	0% (Government)
		5.0%	0% (private)

Additionally, the Pangani Basin Water Board operates an insured (NHIF) plan where contributions are made by the employer and employee, each contributing 3% of the gross salary of the respective employee.

Revenue from exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Agency, which represents an increase in net asset/Equity. An inflow of resources from a non-exchange transaction (that means receipt through an exchequer issue notification) recognized as an asset shall be recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow. *Revenue is reduced for estimated customer returns, rebates, and other similar allowances.* The following specific recognition criteria must also be met before revenue is recognized:

Render of services

Revenue from the render of services is recognized when all the following conditions are satisfied: The Basin Water Board has transferred to the buyer the significant risks and rewards of ownership of the goods; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from non-exchange transactions

Revenue from non-exchange transactions is governed by IPSAS 23 and mainly comprises taxes and transfers.

Taxes are teconomic benefits or service potential compulsorily paid or payable to the public sector enterprises, in accordance with laws and/or regulations, established to provide revenue to the Basin. Taxes do not include fines or other penalties imposed for breach of laws.

Sustainability Reporting (IFRS S1&S2)

Management acknowledges the recommendation to incorporate sustainability-related and climate-related disclosures in accordance with IFRS S1 (General Sustainability-related Disclosures) and IFRS S2 (Climate-related Disclosures).

The Pangani Basin Water Board has already initiated the implementation of key foundational requirements under IFRS S1 and IFRS S2 in line with the NBAA Sustainability Reporting Roadmap. Specifically, the Board and Management provide oversight on sustainability and climate-related matters through existing governance structures, including Board meetings and management committees where issues of water resource sustainability, catchment protection, climate variability, and transboundary water management are regularly deliberated.

In building internal capacity, the Entity has undertaken staff training and awareness initiatives relevant to sustainability and climate issues, including training on climate vulnerability, carbon business, financial management, and water resource monitoring systems. These initiatives support the development of competencies required for sustainability-related risk identification, data collection, and reporting. In addition, continuous stakeholder awareness programs on water conservation, protection of water sources, and sustainable utilization form part of the Entity's routine operations.

Management has designated focal persons drawn from technical, environmental, and finance functions to coordinate sustainability and ESG-related matters, forming the basis for an internal sustainability working team. This team supports the identification of material sustainability and climate-related risks and opportunities, particularly those associated with water scarcity, groundwater depletion, catchment degradation, and climate change impacts.

The Entity will continue to progressively enhance its sustainability and climate-related disclosures by formalizing ESG governance structures, improving data systems, and developing qualitative and quantitative metrics and targets, as required under IFRS S1 and IFRS S2. Full integration of sustainability disclosures with the financial statements will be achieved gradually in accordance with the NBAA roadmap and prevailing institutional capacity.

Management remains committed to continuous improvement and progressive compliance with sustainability and climate-related reporting requirements.

Government Grants

All grants or any other receipts from non-exchange transactions are 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. Revenue is recognized up front as stipulation attached to the transferred funds have been met accordingly, whereas liability is recognized to the part of the fund for which the conditions for utilization of the fund were not met, and should be returned to the Consolidated Fund at the end of the year upon failure to satisfy the need as per the approved budget.

Property, Plant and Equipment

Initial and Subsequent Recognition

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 useful life of the assets.

Depreciation Policy

Depreciation is calculated on a straight-line basis over the useful life of the assets, as the Government has adopted the straight-line method for depreciation of Public Assets, which is allocated systematically over the useful life of the respective assets.

Depreciation for valuation purposes shall be the adjustment made to the replacement cost to reflect physical deterioration, functional and economic obsolescence.

1.1 ESTIMATED USEFUL LIFE (EUL)

Assets run an economic life peculiar to themselves, depending on make, constant handling, and operational use. Some assets are continued in use much beyond the EUL due to periodical maintenance and repairs. Asset expected life is projected in ranges as follows:

Description of Assets	Useful Life (Years)
Furniture and Fittings	10
Motor vehicles	10
Computer and Equipment (Desktops and Laptops)	10
Photocopiers, shredders, printers, cameras	10
Uninterruptible Power Supplies (UPS)	10
Safe	20
Borehole	25
Building and Structure	50
Motor Cycles	7
Land	0

1.2 RISKS MANAGEMENT

The Basin is subject to a number of financial and operational risks, hazards, and strategic risks; hence, it is responsible for ensuring appropriate risk management strategies and policies are in place within any mandate provided by legislation. The Basin engaged consultants who have established a risk Management register. Its aim is to reduce and prevent a number of risks in the Pangani Basin. Its Implementation has commenced on 01 July 2022.

Liquidity risk

Liquidity risk refers to the loss due to the lack of liquidity preventing quick or cost-effective liquidation of products, positions, or portfolios. The entity failed to settle some liabilities due to inadequate funds. The Basin has considered unsettled liabilities in the coming financial year budget by increasing the efforts of boosting the revenue collection, and has verbal payment agreements with some of the suppliers.

Credit risk

Credit risk refers to the loss due to the non-performance by counterparties to discharge an obligation. The Basin is subject to credit risk on receivables that are not settled on time.

1.3 COMPOSITION OF ACTUAL AND BUDGET AMOUNTS

The approved budget is developed on the cash basis for the period from 01 July 2024 to 30 June 2025. The composition of actual and budget amounts comprises the approved original and final budget, together with actual revenue and expenditure. The budget was approved by the Basin Water Board; during the year, the Basin has not reached the estimated budget due to the unreleased funds from the Ministry of Water.