

THE UNITED REPUBLIC OF TANZANIA



RURAL WATER SUPPLY AND SANITATION AGENCY

RUWASA FINANCIAL REGULATIONS, 2020

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LIST OF ABBREVIATIONS

Agency	Rural Water and Sanitation Agency
CBWSOs	Community Based Water Supply Organisations
CA	Chief Accountant
CAG	Controller and Auditor General
CIA	Chief Internal Auditor
CIF	Cost, Insurance and Freight
DAHRM	Director of Administration and Human Resources Management
DG	Director General
DPCC	Director of Planning and CBWSOs Coordination
FIFO	First In First Out
HPMU	Head Procurement Management Unit
LPO	Local Purchase Order
MLU	Manager Legal Unit
VAT	Value Added Tax

1. PRELIMINARY PROVISIONS

1.1 TITLE AND DATE OF COMMENCEMENT

- 1.1.1 These Financial Regulations shall be cited as the RUWASA Financial Regulations, 2020 and shall come into force on the date approved by the Board.

1.2 OBJECTIVE OF THE AGENCY FINANCIAL REGULATIONS

- 1.2.1 Financial Regulations describe the Agency's financial policies, powers and responsibilities and guidelines to be followed by the employees of the Agency when performing any financial transactions for the Agency.
- 1.2.2 They also prescribe Agency's spending limits and responsibilities of all those involved in Agency's financial transactions so as to enhance financial discipline and control .They specifically aim at:-
- a) Directing the actors on what is to be done in order to ensure that the resources of the Agency are properly managed and used for the intended purpose and hence attain Value for Money,
 - b) Ensuring proper accountability of public funds, and
 - c) Ensuring complete and proper recording of all financial transactions that will facilitate a smooth auditing by both Internal and External Auditors.

1.3 COMPLIANCE

- 1.3.1 All employees of the Agency shall comply with these regulations in discharging the Agency's business.
- 1.3.2 These Regulations shall be read in conjunction with other regulations, circulars and instructions issued from time to time by the Board or Management.
- 1.3.3 Where the provisions of these regulations happen to be inconsistent with provisions of any relevant legislation, the provisions of such legislation shall prevail

1.4 RESPONSIBILITY

- 1.4.1 The DG shall be responsible for the day-to-day interpretation of these Regulations; however, where there is a dispute as to the correct interpretation of the Regulations, the dispute shall be referred to the Board whose decision shall be conclusive and final.

1.5 ISSUANCE AND AMENDMENTS OF REGULATIONS

- 1.5.1 These Regulations are issued by the Board and may be amended from time to time by the Board having regard to the same considerations, which guided their initial enactment namely any statutory obligations and in particular, the provisions of the substitute thereof.

1.6 DG'S AUTHORITY TO DELEGATE POWERS

- 1.6.1 The powers conferred on the DG under these regulations may be exercised by a Head of Division/Independent Unit subject to such conditions as may be prescribed by him.

DEFINITIONS

<i>Accountant General</i>	means any officer appointed under Section 7 of the Public Finance Act, 2001.
<i>Accounting Bases</i>	The basis of accounting refers to the timing of when transactions are recognized in the accounts and reported in the financial statements, is used to determine when an accounting entry should be made.
<i>Accounts Codes</i>	The characters used to classify budget centres, revenue, expenditure, assets and the chart of accounts.
<i>"Accounting Document"</i>	means any accounting record or document of the Agency, which may be used to signify or to evidence the Agency's financial interest in any asset or transaction.
<i>"Accounting Officer"</i>	means the DG of the Agency.
<i>Accounting Period</i>	The period of time for which financial statements are prepared. In the case of the RUWASA, this period is a year from 1st July to 30 th June.
<i>Accounting Policies</i>	These policies refer to specific principles, basis, conventions, guidelines, rules and practices applied by the Agency in preparing and presenting its Financial Statements
<i>Accounting Principles</i>	The rules that guide the recording, classification, summarization and interpretation of economic information and communication of results through the medium of financial statements
<i>Accounting Standards</i>	Those accounting principles that have been given formal recognition by a standard setting body
<i>Accrual Accounting</i>	Under the accrual basis of accounting, the effects of transactions and other events are recognized when they occur (and not when cash or cash equivalent is paid or received) and they are recorded in the period in which they relate.
<i>Act</i>	means the Water Supply and Sanitation Act No.5 of 2019
<i>Assets</i>	The resources controlled by RUWASA as a result of past events and from which future economic benefits are expected to accrue to the Agency
<i>"Auditor"</i>	means Controller and Auditor General of the Government or any other person appointed by him under section 24 of the Public Procurement Act, 2004.

<i>"Audit Committee"</i>	means the Audit Committee of the Agency as stipulated in the Public Finance Regulations of year 2001.
<i>Books of Account</i>	Consist of books of prime entry, ledgers and registers used to record financial data.
<i>Board</i>	means Board of Directors of the Agency.
<i>Budget</i>	A plan of action expressed in monetary terms that shows how an Organisation intends to achieve its objectives.
<i>Budget centre</i>	means a Division or an Independent Unit within the Agency.
<i>Budget centre controller</i>	means Head of Division or Independent Unit responsible for preparation and administration of a divisional/unit budget.
<i>Chairperson</i>	means the Chairperson of the Board of the Agency or any of its committees.
<i>Capital Expenditure</i>	means the expenditure incurred for the purpose of acquiring any asset of material value and whose useful life is longer than a year and is capitalized in the books of accounts.
<i>Capital Grant</i>	Contributions towards expenditure of fixed assets made by the government and donor agencies.
<i>Chart of Accounts</i>	A listing of accounts being used and their corresponding code numbers
<i>Contingent liability</i>	a possible obligation that arises from past events, and whose existence will be confirmed by the occurrence, or non-occurrence, of uncertain future events; OR a present obligation that arises from past events, but is not recorded because it is not probable that payment will be required to settle the obligation or the amount of the obligation cannot be measured.
<i>Cost of disposal</i>	is incremental costs directly attributable to the disposal of assets, excluding finance costs and income tax expense.
<i>Current Assets</i>	Cash, and other assets, which are intended for sale or conversion into cash in the day-to-day operations of RUWASA
<i>Current liabilities</i>	Liabilities that expected to be settled in the normal cause of the operating cycle or due to be settled within twelve months of the Balance Sheet date.
<i>Day</i>	means a period of 24 hours starting at mid-night.
<i>Depreciation (Amortization)</i>	The systematic allocation of the depreciable amount of an asset over its useful economic life.

<i>Development Expenditure"</i>	means expenditure on items whose benefits are of a long term nature including capital expenditure.
<i>Directors</i>	Means Heads of Directorates within the Agency
<i>DG</i>	means the Director General of the Agency appointed by the Minister as specified in section 46 of the Water Supply and Sanitation Act No.5 of 2019 and includes the official acting or deputizing him during his absence.
<i>Duty Station</i>	Means the principal place of work where an employee of the Agency carries out his duties.
<i>Employee</i>	means a person in the service of the Agency either on full time, temporary or contract terms.
<i>External Auditor</i>	means the Controller and Auditor General and any other person appointed by him in connection with the auditing of the accounts of the Agency under the Act
<i>Fair value</i>	The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
<i>Fair value less costs to sell</i>	is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal
<i>Family</i>	means employee, his or her spouse and four children.
<i>Financial Statements</i>	Summary of accounting transactions during an accounting period. It includes Director's report, Statement of Financial Position, statement of Performance, Statement of Cash Flow statement, Statements of Change in Net Assets, Statement of Comparison between Budget and Actual and notes and other statements and explanatory material which are identified as being part of the financial statements.
<i>Financial Year</i>	means the accounting period, which starts from the first day of July and ends on the 30th day of June of the following year.
<i>Fixed Assets</i>	Property Plant & Equipment (PPE)– Non-Current Tangible Assets.
<i>Historical Cost Accounting</i>	A method of accounting in which data are expressed in terms of the units of currency in which a transaction originally took place
<i>Generally accepted accounting practice</i>	"means accounting practices and procedures recognized by accounting profession authorities as appropriate for reporting financial information relating to the Agency.
<i>Impairment"</i>	is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the

	asset's future economic benefits or service potential through depreciation
<i>Impairment loss</i>	of non cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount
<i>Imprest Holder</i>	means an officer of the Agency who has at his disposal a specified sum of money for disbursement on official expenses
<i>Internal Auditor"</i>	means a certified accountant/auditor registered by the National Board of Accountants and Auditors and appointed by the Board to perform Internal Audit work.
<i>Liability</i>	is an obligation arising from past events
<i>Logbooks</i>	These are books for keeping records of functions, transactions, for example a vehicle logbook is kept by some departments to monitor the use of government vehicles.
<i>Management</i>	Means the Rural Water Agency Management established by the Water Supply and Sanitation Act, No. 5 of 2019 responsible for implementation of rural water supply and sanitation projects.
<i>Management Team</i>	Means the means the DG, Heads of Directorates and Heads of Independent Units.
<i>Management Letter</i>	Refers to auditor's written communication to management to point out significant weaknesses in internal control and possibilities for operational improvements.
<i>Management Response</i>	Refers to the oral and written responses that are made my management of the audited entity on the audit findings that were highlighted in the management letter or report.
<i>Manual</i>	means accounting policies and procedures manual
<i>Materiality</i>	Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.
<i>Minister</i>	means the Minister responsible for water.
<i>Ministry</i>	means the Ministry responsible for water.
<i>Month"</i>	means a calendar month.
<i>Non Cash generating assets</i>	are assets other than cash generating assets.
<i>Prepayments</i>	amounts paid in advance for expenses, which will relate to the income and expenditure statement after the balance sheet date.

<i>Provision</i>	is a liability of uncertain timing, or amount.
<i>Prudence</i>	The inclusion of degree of caution in the exercise of the judgments needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.
<i>Recoverable service amount</i>	is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.
<i>Recurrent Expenditure</i>	means the expenditure incurred in payment of the Agency's day to day operations excluding Capital Expenditure.
<i>Revenue</i>	The gross inflow of economic benefits during the period arising in the course of the ordinary activities of an enterprise when those inflows result in increases in equity, other than increases relating to contributions from equity participants.
<i>Staff and Administrative regulations</i>	means rules and guidelines governing staff matters in the Agency as issued by the Board.
<i>Statement of Financial Position</i>	A financial statement which shows the assets, liabilities and accumulated surplus of the RUWASA on a particular date, normally at the end of a specified period.
<i>Tender</i>	means an offer, proposal or quotation made by a supplier, contractor or consultant in response to a request by the Agency.
<i>Tender Board</i>	means a tender board or delegated tender for procurement of goods and services and works of the Agency appointed in accordance with the Public Procurement Act No.7 as amended in 2016.
<i>Trial Balance</i>	A list of the balances on accounts in the general ledger extracted to ensure that the total debit balances are equal to the total credit balances.
<i>Useful life</i>	is the period of time over which an asset is expected to be used by the Agency
<i>Year</i>	means a period of 12 calendar months. The Financial Year of the Agency begins on the 1st July and ends on 30th June of the following year

In these Regulations words importing the masculine gender include the feminine.

2. MISSION, OBJECTIVES AND FUNCTIONS OF RUWASA

2.1 INTRODUCTION

RUWASA is established by the Water Supply and Sanitation Act no.5 of 2019 with clear and distinct mandate to sustainably plan, design, construct and manage water supply and sanitation projects in rural areas in the Mainland Tanzania. It is an empirical evidence of Government deliberate efforts to improve management of operation and maintenance of water supply and sanitation infrastructures towards sustainability of water and sanitation services.

The organization comes in timely in the eve of noticeable sustainability challenge that manifest itself in several ways including decrease in water point functionality status with non-functional water points reaching as high as 30% plus of all constructed water points in mainland Tanzania. It is the realization of this challenge that led to a decision that the sector institutional and structural set up need to be changed. The challenge demands an institutional set up with specific responsibility to deliver on rural water service expectations.

The challenge also demands an institutional set up with undivided attention to be able to pass the test of time. In this case, it was suggested to establish a quasi-autonomous institution to work with and for both central Government and local government at the same time. An institution set up with allowable freedom to plan and decide at national level and reasonable mandate to supervise implementation and enforce compliance at local level.

2.2 VISION, MISSION AND CORE VALUES

2.2.1 Vision

Tanzanian rural communities with access to affordable, adequate, clean and reliable safe water and sanitation services

2.2.2 Mission

To provide clean and safe water and promote sanitation to the rural communities through effective design, construction, supporting operations and maintenance of water supply, sanitation infrastructure and services in order to improve their socio-economic development.

2.2.3 Core Values

RUWASA will always embrace and institutionalize values that care about customer's satisfaction and expectations at all times. All RUWASA employees uphold the following values:-

- a) **Integrity:** We obey moral and ethical principles in discharging roles and responsibilities;
- b) **Creativity:** We deploy new ideas, technologies and practices to enhance performance and quality of products and services;
- c) **Customer focused:** Our Customers are given highest attention to ensure quality and reliable services beyond their expectations;
- d) **Teamwork:** We work together as experts to achieve our objectives; and
- e) **Professionalism:** We utilize our skills and expertise to deliver services.

2.3 FUNCTIONS OF RUWASA

As stipulated under the Water Supply and Sanitation Act, No. 5 of 2019, the functions of RUWASA are as follows:-

- a) Plan, design, construct and supervise rural water supply projects;
- b) Conduct ground water survey including prospecting and explorations, and undertake drilling operations including water well flushing and pumping test, and rehabilitation of water wells;
- c) Design and construct dams of different types and carry out geotechnical and soil investigation for dam construction and other civil engineering structures;
- d) Monitor and evaluate performance of community organizations in relation to rural water supply and sanitation services;
- e) Promote and sensitize rural communities on sanitation, hygiene education and practice as well as protection and conservation of rural water sources in collaboration with relevant authorities;
- f) Provide financial and technical support to community organizations for major maintenance of rural water schemes;
- g) Provide support to community organizations in relation to management, operation and maintenance of rural water supply schemes;
- h) Advise the Minister on issues related to rural water supply and sanitation;
- i) Facilitate participation of communities in the identification, planning, construction and management of rural water and sanitation projects;
- j) Facilitate private sector engagement in the provision of the rural water supply and sanitation services;
- k) Facilitate training and capacity building to community organisations in financial, technical and management of rural water supply schemes;

- l) Register and regulate the performance of community organisations according to this Act and Regulations made by the Minister; and
- m) Undertake any other initiative or activity aimed at ensuring the Agency attains its objectives.

2.5 ORGANIZATION STRUCTURE OF THE AGENCY

2.5.1 In pursuing its objectives, the Agency is organized in such a way as to enable the achievement of its goals. The highest Agency responsible for policy formulation is vested in the Board. The day to day running of the Agency is under the DG.

2.5.2 The DG is being assisted by four Directors i.e. the Director of Water Supply and Sanitation, Director of Technical Services, Director of Planning and CBWSOs Coordination and the Director of Administration and Human Resource Management and eight heads of independent units i.e. the Head Quality Assurance Unit; the Head of Environmental Management Unit; the Head of Finance and Account Unit, the Head of Public Relations and Marketing Unit, the Head of Procurement Management Unit, the Head of Legal Unit, the Head Information and Communication Technology and Statistics Unit and the Chief Internal Auditor. At the Regions he is assisted by 25 Regional Managers while in the District he is assisted by 86 District Managers.

3. DUTIES AND RESPONSIBILITIES

3.1 OVERVIEW:

- 3.1.1 This chapter explains the roles, responsibilities and functions of different personnel in respect of financial business of the Agency.

3.2 THE DIRECTOR GENERAL

- 3.2.1 The DG shall be the "*Accounting Officer*" of the Agency and with the overall responsibility and accountability over the assets and finances of the Agency and in respect of the duties and obligations under the Public Finance Regulations. The DG shall:
- 3.2.2 Prepare at the end of each financial year, an Annual Performance report on all activities of the Agency during the respective financial year and after being approved by the Board, submit to the Minister of Water.
- 3.2.3 Cause to be kept proper accounts of the Agency and shall be responsible for the efficient and effective use of the Agency's finances.
- 3.2.4 Be responsible for submitting to the Board, the Agency's Audited Financial Statements and other periodical financial and progress reports of the Agency.
- 3.2.5 Be responsible for submitting to the Board the Agency's Budget for approval and shall cause to be prepared Quarterly Budgetary Reports for submission to the Board and thereafter the Ministry of Finance.
- 3.2.6 Ensure that all internal controls over receipts and expenditure are adhered to by every member of staff and that assets are safeguarded and properly utilised.
- 3.2.7 Require all Heads of Directorate/Independent units to be responsible to him for the detailed execution of the expenditure in their Budgets.
- 3.2.8 Ensure, subject to the provisions of these financial regulations, that no expenditure is incurred outside the budget unless demanded by exigencies in which case he shall at any rate seek subsequent Board's approval.

3.3 DIRECTOR OF PLANNING AND CBWSOs COORDINATION

The Director of Planning and CBWSOs Coordination (DPCC) shall:

- 3.3.1 Be responsible for coordinating the formulation and preparation of Agency's business plans and medium term strategic plans.
- 3.3.2 Coordinate the budgeting process and shall consolidate the Directorates/Units/Regions/Districts budgets into the Agency's Annual Budget. And in particular shall be required at least six months before the commencement of any Financial year, prepare annual estimates of

revenue and expenditure of the Agency for the following year for the consideration by the Management and for approval by the Board.

- 3.3.3 Provide technical guidance and support for institutionalization of strategic planning and budgeting process
- 3.3.4 Prepare and implement resource mobilization plan, strategy and framework.
- 3.3.5 Monitor and evaluate implementation of Annual Plans, Business Plans and Medium Term Strategic Plans

3.4 THE CHIEF ACCOUNTANT

The Chief Accountant (CA) shall:

- 3.4.1 Be the Financial Controller of the Agency and shall be responsible to the DG for the keeping of all the accounting records and for all financial matters both receipts and expenditure of the Agency and for maintaining internal controls.
- 3.4.2 Be responsible for preparation of Quarterly Statements to be presented to the DG which shall show the financial performance in every Activity, deviations from the Budget and reasons for material deviations.
- 3.4.2 Be responsible to provide to warrant holders access to balances of expenditure incurred versus budget allocation whenever they need them or on monthly basis.
- 3.4.3 Be responsible for ensuring that the DG is supplied with all information necessary to discharge his responsibilities relating to financial matters of the Agency.
- 3.4.4 Be responsible for ensuring that orders from the Divisions/Units are supported by budgetary provision and within limit before they are processed.
- 3.4.5 Advise all levels of management regarding financial aspects pertaining to their responsibility areas.
- 3.4.6 Be responsible for collection of all funds of the Agency.
- 3.4.7 Ensure enough funds are available to meet short-term and long-term financial needs of the Agency as provided in the approved budget.
- 3.4.8 Report to the DG ,if in his opinion any warrant Holder fails to respond satisfactorily to his advice regarding the efficient discharge of their financial duties
- 3.4.9 Submit Revised Annual estimates to DG who will submit to the Board for approval where there is a shortfall of funds or where an expenditure of material amount was not foreseen during preparation of original estimates.

3.5 THE DIRECTOR OF ADMINISTRATION AND HUMAN RESOURCES MANAGEMENT

The Director of Administration and Human Resources Management (DAHRM) shall

- 3.5.1 Effectively and efficiently manage all human resources and administration functions of the Agency.
- 3.5.2 Be responsible for the proper management and use of the Agency's property and assets.
- 3.5.3 Be responsible for managing the personal emoluments of the employee and payroll of the Agency.

3.6 HEAD OF PROCUREMENT MANAGEMENT UNIT

The Head of Procurement Management Unit (HPMU) shall:

- 3.6.1 Be responsible to the DG for general management of all procurement activities of the Agency.
- 3.6.2 Be responsible for procurement, safe custody and issuance and management of required levels of Agency's consumables.
- 3.6.3 Plan the procurement and disposal by tender activities of the Agency.
- 3.6.4 Recommend procurement and disposal by tender procedures;
- 3.6.5 Prepare tendering documents and advertisements of tender opportunities;
- 3.6.6 Prepare contract documents in collaboration with the Manager of Legal Unit.
- 3.6.7 Issue approved contract documents;
- 3.6.8 Maintain and archive records of the procurement and disposal of the Agency
- 3.6.9 Maintain a list or register of all contracts awarded;
- 3.6.10 Coordinate the procurement and disposal activities of all the Divisions and Units of the Agency;
- 3.6.11 Ensure proper maintenance of stock and stock level;
- 3.6.12 Ensure proper control of pricing and quality of goods and materials procured and ascertain that they are in conformity with the PPA No. 7 of 2011 as amended in 2016.
- 3.6.13 Prepare on monthly basis a progress report;
- 3.6.14 Prepare replies to audit queries pertaining to procurement and stores;
- 3.6.15 Advise management on all matters pertaining to stores policy, distribution and security of stores.

- 3.6.16 Responsible to explain deviations of actual expenditure from the budget in respect to his section of the budget.

3.7 THE CHIEF INTERNAL AUDITOR

- 3.7.1 The Chief Internal Auditor (CIA) shall be responsible for the proper functioning of the Internal Audit Unit.

- 3.7.2 The Internal Audit Unit shall be under the direct oversight of the Audit Committee and shall be responsible to appraise the soundness and application of accounting, financial and operational controls with the Agency, and also to discharge functions as envisaged under the Public Finance Regulations.

The CIA shall:

- 3.7.3 Be responsible to report in writing the DG and the Audit Committee on completion of each audit, giving an opinion on the adequacy, effectiveness and reliability of the control framework for the areas reviewed, and making recommendations where appropriate.
- 3.7.4 Be responsible for the preparation and submission of quarterly and annual reports to the Audit Committee, on the internal control system of the Agency, and the extent to which it can be relied upon.
- 3.7.5 Appraise and report on performance by ascertaining the extent to which systems of control operate to promote the most economic, efficient and effective use of resources. The quarterly and annual reports shall cover the Agency's accounting period and must be submitted in time for the preparation of the Audit Committee's quarterly and annual reports on the work of internal and external auditors and any other work conducted during the year.
- 3.7.6 Be responsible to appraise the Agency's Management on the soundness, adequacy and application of accounting and financial controls and shall ascertain the extent to which the Agency's assets are protected from losses arising from fraud, irregularity and corruption,
- 3.7.7 Ascertain the extent of compliance with prescribed plans, policies, procedures and financial regulations and check the accuracy of accounts and other data developed within the Agency.
- 3.7.8 Undertake special investigations directed by the Board or the DG from time to time.
- 3.7.9 Make constructive suggestions for the economy of expenditure and propose measures to maximize the utilization of the Agency's resources.
- 3.7.10 Check and ensure that the directives given by the Board through the Audit Committee are adhered to.

3.7.11 Ensure that all officers and employees of the Agency cooperate and attend to any observations and queries raised by the Internal Audit Unit as directed to their offices.

3.7.12 Work in close collaboration with the External Auditors of the Agency.

3.8 GENERAL RESPONSIBILITIES OF DIRECTORS, THE HEAD OF UNITS, REGIONAL AND DISTRICT MANAGERS

3.8.1 Each Director, Head Unit, Regional Manager shall be responsible to the DG for the general administration of all affairs of his respective directorate/unit/region.

3.8.2 Each Director, Head Unit, Regional Manager shall be responsible for preparing and/or cause to be prepared the Budgets for his directorate/unit/region.

3.8.3 Each Director, Head Unit, Regional Manager shall be responsible for managing resources and controlling expenditure under his directorate/unit/region.

3.8.4 Each Director, Head Unit, Regional Manager shall be responsible to explain deviations of actual expenditure from the budget in respect to his section of the budget.

3.9 THE AUDIT COMMITTEE

Establishment of the Audit Committee

3.9.1 The Agency has an Audit Committee as an independent and advisory organ that reports directly to the Board. The Audit Committee has the objective of promoting and raising standards of corporate accountability and governance within the Agency.

Role and Responsibilities of the Audit Committee

3.9.2 The Role of the Audit Committee is to provide effective, informed and independent oversight of management of the Agency and to reassure stakeholders of the integrity of the financial statements and the control systems in place. The audit committee provides a forum whereby key players of the Agency namely the management, internal audit and external audit can interact, discuss and resolve any issues of concern.

3.9.3 The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It is responsible for monitoring the Agency's internal control and risk management systems and accounting policies. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness as part of its responsibility in monitoring value for money work.

- 3.9.4 The Audit Committee has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors.

Functions of the Audit Committee

- 3.9.6 To advise the Board on the appointment of the external auditor, the audit fee, the provision of any non-audit services by the external auditor, fees for such non-audit services, and any questions of resignation or dismissal of the external auditor appointed by the CAG.
- 3.9.7 To approve the internal audit and annual strategic plans of the Agency and to monitor the conduct of both the internal and external auditors during the course of execution of their assignments and to ensure maintenance of their independence.
- 3.9.8 To advise the DG on action(s) to be taken on matters of concern raised by the internal auditor or in the report of the CAG concerning the Agency.
- 3.9.9 To discuss with the external auditors on the nature and scope of audit prior to commencing of audit, problems and observations arising from the interim and final audits, including a review of the management letter incorporating management responses and any other matters the auditor may wish to discuss (in the absence of the management where necessary).
- 3.9.10 To review the internal auditors' audit needs assessment and the audit plan, to consider major findings of internal audit investigations and management's response and promote co-ordination between internal and external auditors.
- 3.9.11 To keep under review the effectiveness of internal control systems and in particular to review the external auditor's management letter, the internal auditor's annual report and management responses.
- 3.9.12 To monitor the implementation by the management of agreed audit-based recommendations as well as directives given by the Public Accounts Committee and the relevant Water Sector Committee of the Parliament of the United Republic of Tanzania.
- 3.9.13 To consider elements of the annual financial statements in the presence of the external auditor, including the auditor's formal opinion and any corporate governance statement;
- 3.9.14 To form independent investigation teams with respect to fraud and irregularities when and if the Board raises concern over the management of the resources of the Agency.

Reporting Procedures for the Audit Committee

- 3.9.15 The Audit Committee shall meet at least quarterly in each financial year.

4. ACCOUNTING POLICIES

4.1 OVERVIEW

- 4.4.1 This chapter describes the main accounting policies adopted by the Agency in accounting for income and expenditure. Accounting policies applicable to the Agency include general Government accounting policies modified to enable the Agency to produce its own financial statements and reports.

4.2 RESPONSIBILITY

- 4.2.1 The CA is responsible for ensuring that all staff observe accounting policies, principles and procedures stated in these regulations.

4.3 DESCRIPTION OF ACCOUNTING POLICIES

4.3.1 Modified Cash (Accrual) Basis:

Income and expenditure are recognized and accounted for as they are earned and incurred respectively and as money is received or paid.

4.3.2 Historical Cost Convention:

The Financial statements are prepared under the historical cost convention. Non Current Assets are recognized at carrying amount i.e. historical costs less any accumulated depreciation and accumulated impairment losses thereon.

4.3.3 Depreciation:

- a) Plant and Equipment are initially recorded at cost and thereafter stated at historical cost less depreciation and any cumulative assets impairment. No depreciation will be charged in the year of acquisition but full depreciation will be charged at the year of disposal.
- b) At the end of each financial year depreciation on Fixed Assets shall be provided on straight line basis to write off the cost of each fixed asset or the revalued amounts, to their residual values over their estimated useful lives in accordance with these Regulations.
- c) Depreciation is calculated using the straight-line method to write down their amounts to their residual values over their estimated useful lives.
- d) The average useful life of the Agency's property, plant and equipment by category, based on actual in-service dates and average useful life estimates, are shown below as shown below:-

<u>Description</u>	<u>Years</u>
--------------------	--------------

Administration assets	
Leasehold land	Over the lease term
Buildings	25
Plant and machinery	15
Furniture, fixture and equipment	5
Motor vehicles	
▪ Heavy duty (5 tons and above)	10
▪ Light duty (below 5 tons)	5
Motor cycle	7
Computer hardware	4
Infrastructural assets	
Leasehold land	Over the lease term
Plant and machinery	15
Furniture, fixture and equipments	10
Motor vehicles	
▪ Heavy duty (5 tons and above)	10
▪ Light duty (below 5 tons)	5
Motor cycle	7
Computer hardware	5

- e) Leasehold property shall be amortized in accordance with the generally accepted accounting practices. Amortization of leasehold property shall be provided on a straight line basis over the lease term.
- f) The carrying values of cash – generating property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.
- g) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognized.
- h) The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end.
- i) When each major inspection is performed, its cost is recognized in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied.

- j) The adopted depreciation method shall be consistently applied from year to year unless reviewed e.g. after the recognition of an impairment loss, the depreciation charge for an asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

- 4.3.4 Foreign Currency Translation:** Transactions involving foreign currency are translated at the exchange rate ruling on the date of the transaction. Liabilities and /or assets denominated in foreign currency are translated into Tanzania Shillings at the rate ruling on the date of the financial report.
- 4.3.5 Inventory:** The Agency do not keep inventory for resale but stores for office use. Inventories (stores) are valued at the lower of cost and net realizable value basing on First in First out (FIFO) method.
- 4.3.6 Non Current Assets (Fixed Assets):** Non Current Assets are those tangible assets, which are intended for use on a continuing basis by RUWASA and not for investment purposes, sale or rental in the ordinary course of business.
- 4.3.7 Imprest and Other Advances:** Amounts advanced to staff in the form of Imprest or other advances given for purchase of goods or services are posted to the debit of the respective staff accounts until documentation is provided to show that the goods or services have been received by RUWASA.
- 4.3.8 Disposal of Non Current Assets:** All non current assets which have reached the end of useful life or a beyond economic repair or are unserviceable for any reason or have become redundant through obsolescence will be disposed off by public auction or by tender after public advertisement.

5. BUDGETARY PLANNING AND CONTROL

5.1 OVERVIEW

- 5.1.1 Section 51-(1) of the Act requires the Agency before the end of each financial year, to prepare a budget for the following financial year showing estimates of its receipts and expenditure of the following financial year.
- 5.1.2 Section 51(2) of the Act, requires that the Agency informs the Minister of its budget and submit a copy thereof not less than two months before the end of a financial year.

5.2 ANNUAL BUDGET

- 5.2.1 An Annual Budget is a qualitative and quantitative financial plan of action by which determinations are made as to the amount of materials, human and financial resource required by the Agency to carry out its functions during a period of one financial year.

5.3 PURPOSE AND SCOPE

- 5.3.1 The purpose of the budget is to provide a basis for:-
- a) Determining financial resources required for the activities of the Agency in accordance with the reviewed annual plan.
 - b) Planning the allocation of available resources so that they are utilized efficiently, economically, and effectively in achieving the Agency's corporate goals and objectives.
 - c) Establishing an annual ceiling for capital and recurrent expenditure.
 - d) Monitoring and controlling commitments and expenditure to ensure that they are in accordance with the directives of Management and Board.
 - e) Analyzing causes of significant variances and reporting to Management and Board for information and direction.

5.4 BUDGET PREPARATION AND SUBMISSION

- 5.4.1 At least six months before the commencement of any financial year the DPCC shall request all Heads of Directorates and Independent Units and Regional Managers to submit their Revenue and expenditure estimates for the ensuing year.

- 5.4.2 The DPCC shall also provide detailed guidelines to each directorate and independent unit head on preparation of the Annual Budget.
- 5.4.3 Each Head of Directorate, Independent Unit and Regional Manager shall be responsible for preparing his Directorate/Unit/Region Budget and Action Plans for the ensuing year. The activities to be included in the Budget should aim at achieving the Mission and Objectives of the Agency as outlined in the Medium Term Strategic Plan.
- 5.4.4 These Budgets and Action Plans shall be consolidated by the DPCC, discussed by the Management and agreed in line with the Budget ceiling provided by the Ministry and other development partners.
- 5.4.5 In order to facilitate effective implementation of the budget and action plans, the HPMU shall also prepare an Annual Procurement Plan which has a breakdown of the budget indicating when procurable items are going to be procured and methods that will be used for each lot included in the procurement plan.
- 5.4.6 The HPMU shall circulate the Annual procurement Plan to management for their review and discussion prior to submission to the Board for further scrutiny and approval

5.5 BUDGET STRUCTURE

The budget is organized at Directorate, unit and regional levels and categorized into Receipts, Recurrent Expenditure and Development Expenditure as follows:

- 5.5.1 Receipts: (a) Receipts from Government; (b) Receipts from Development Partners, and (c) Receipts from own sources
- 5.5.2 Expenses: The Agency's expenditure Budget will comprise of Recurrent and Development Expenditure analyzed Directorate and Unit wise as follows:-
- a) The Directorate of Water Supply and Sanitation,
 - b) The Directorate of Technical Services,
 - c) The Directorate of Planning and CBWSOs Coordination;
 - d) The Directorate of Administration and Human Resource Management;
 - e) Quality Assurance Unit;
 - f) Environmental Management Unit;
 - g) Finance and Account Unit;
 - h) Public Relations and Marketing Unit;

- i) Procurement Management Unit;
- j) Legal Unit;
- k) Information and Communication Technology and Statistics Unit and the Chief Internal Auditor; and
- l) Regional Offices.

Estimates of Expenditure

- 5.5.3 The estimates of expenditure should show as nearly as can be predicted the amounts which is expected that will be actually be spent by the Directorate/Unit/ Region during the year and it shall not include indefinite items such as "unforeseen expenditures: or" contingencies".

Personal Emoluments Budget

- 5.5.4 All items of personal emoluments shall appear as a sub-chapter of the expenditure estimates entitled Personal Emoluments and shall contain the following items:

- a) Salaries;
- b) Allowances for Special Duty;
- c) Overtime allowance;
- d) Acting Allowance;
- e) Entertainment Allowance;
- f) Furniture Allowance;
- g) Communication Allowance;
- h) Electricity Allowance
- i) Housing Allowance; and
- j) Other Staff allowances as approved by the Board.

- 5.5.5 Payments of a kind of job related costs such as travelling while at work or travelling allowances granted in consideration of expenditure incurred on work shall not be included as items under personal emoluments.

Recurrent Expenditure Budget

- 5.5.6 Recurrent expenditure shall include all expenses to be incurred for all services/activities other than personal emoluments, and these shall be included as other charges.

- 5.5.7 Other charges shall normally include of all operations of the Agency. It shall include the current costs of goods and services rendered by suppliers and service providers, and non-durable goods bought for the production of the Agency's services within a period of less than twelve (12) months. This category of expenditure will include utilities, communications, office and rental expenses, training expenses, travel

and subsistence, insurance expenses and other goods and services not elsewhere classified.

- 5.5.8 Other charges will also include all payments made for regular maintenance and rehabilitation of the Agency's physical and non-physical assets including procurement of materials and supplies used to repair and maintain such assets.

Capital Expenditure Budget

- 5.5.9 Capital expenditure on land, buildings, water supply infrastructure, wastewater infrastructure, major equipment, furniture and associated costs can only be considered as part of capital programme when approved by the Board. Major capital expenditure programmes shall be considered in the Context of the Agency's Medium Term Strategic Plan.

- 5.5.10 Proposals relating to capital expenditure programmes shall be compiled by the DPCC in consultation with relevant Head of Directorate/Unit and shall be submitted by the DG to the relevant committee of the Board before they are submitted to the Board for Approval.

- 5.5.11 Proposed Capital Development Projects must be supported by the following:

- a) A statement which demonstrates that the project is consistent with the approved Medium Term Strategic Plan of the Agency;
- b) An initial budget for the project for submission to the Board. The budget should include breakdown of costs including cost of equipment, machinery and labour, professional fees (if any), VAT and Funding Sources;
- c) A Cash flow forecast.

5.6 APPROVAL OF THE BUDGET

- 5.6.1 The Board is responsible for approving the consolidated Annual Budget, Action Plans and a Procurement Plan presented to them by the DG.
- 5.6.2 The DG shall thereafter submit the approved Annual Budget and Action plans to the Minister of Water.

5.7 DISTRIBUTION OF THE APPROVED BUDGET

- 5.7.1 The DPCC shall circulate copies of the approved budget to the Heads of Directorate/independent units for implementation.
- 5.7.2 Directorate/unit/Region heads are not allowed to exceed their budgetary allocations without Authority from the Board.

5.8 BUDGET REVISION

- 5.8.1 The DG may, where necessary, prepare a Revised Annual Estimate for the before the end of a financial year for submission to the Board. Such estimates shall only be made where the circumstances have changed to render prior estimates unrealistic, for example when the ceilings provided by financiers have changed or where there are budget cuts.

5.9 REALLOCATION OF FUNDS

- 5.9.1 Reallocation of funds from one sub-account to another within the same activity included in the approved budget shall be approved by the DG.
- 5.9.2 Reallocation of funds between activities or to new sub-accounts must be approved by the Board.
- 5.9.3 A '*No Objection*' must be obtained from the development partners for any reallocation of funds between activities in the Development Budget.

5.10 AUTHORITY FOR SUPPLEMENTARY ESTIMATES

- 5.10.1 As a general rule no application for supplementary estimates shall be entertained unless it relates to urgent expenditure which was unforeseeable at the time the initial estimates were being prepared and which can not be postponed for consideration in the proceeding year without serious injury to the interests of the Agency. Where this is the case, it shall be proved that such expenditure can not be met by reallocating funds from other budgeted activities or available savings.
- 5.10.2 Applications for additional provision shall be made to the DPCC in writing and submitted to the DG for review. These applications shall be supported by full details of the necessity for additional provision and justification for their urgency nature.
- 5.10.3 On acceptance of the explanations provided, the DG shall submit the request for supplementary budget to the Board for approval and thereafter to the Ministry of Water for additional fund allocation.

5.11 RESPONSIBILITY FOR BUDGETARY CONTROL

- 5.11.1 No expenditure shall be incurred for the purposes of the Agency save in accordance with the provisions of the approved annual estimates or in accordance with the provisions of approved supplementary estimates if any by the Board. Expenditure shall strictly flow from the specific appropriations in the budget unless the DG or the Board has approved reallocation as the case may be.

5.11.2 Each head of Directorate/Independent Unit/ Region shall maintain a sub –vote in which all financial commitments made shall be recorded so as to ensure they spend within the approved limits.

5.11.3 The DPCC shall be responsible for monitoring the budget performance and report on monthly basis to the DG.

5.12 BUDGETARY REPORTS

5.12.1 Heads of Directorates/Units/Regions shall be responsible for timely, accurate, comprehensive preparation and submission of the following budgetary reports to the DPCC:-

- a) Monthly Budget Performance Reports for Management's action.
- b) Quarterly Budget Performance and Progress Report for submission to the Board.
- c) Requests for Supplementary Budget to finance additional expenditure for both recurrent and development expenditure for Board's consideration and approval.
- d) Request for Reallocation of Funds where applicable.
- e) Revised Budget for submission to the Board where necessary.

5.13 PREPARATION OF A MEDIUM TERM STRATEGIC PLAN

5.13.1 The DG shall prepare or cause to be prepared a five years Medium Term Strategic Plan for the Agency.

5.13.2 Strategic planning involves determining medium term goals of the Agency as a whole and generating individual plans designed to achieve these goals taking care of possible changes in the environment.

5.13.3 Responsibility of coordinating the preparation, monitoring, implementation and periodic review of the Agency Strategic Plan rests with the management.

5.13.4 Planning for resources management in the Agency is the responsibility of respective Heads of Directorate /Independent Units/Regional Managers who shall determine the overall resources available and the activities required to achieve the strategic goals.

5.14 APPROVAL OF STRATEGIC PLAN

5.14.1 The strategic plan and changes thereof shall require the approval of the Board.

5.15 IMPLEMENTATION

- 5.15.1 The Agency's Strategic plan shall be implemented on an annual basis through Annual Budgets

5.16 REVIEW OF AGENCY'S STRATEGIC PLAN

- 5.16.1 The Agency's Strategic plan shall be reviewed by Management annually on the basis of the following guidelines:-
- a) A review of the Agency's overall mission.
 - b) Reviewed Medium Term Framework of the Government.
 - c) A detailed appraisal highlighting annual performance.
 - d) Conducting environmental analysis relating to political, legal, technological framework and establishing the strengths, weaknesses, opportunities and threats.
 - e) Formulating objectives and setting of targets and deciding on the actual strategies and tactics.
 - f) Working out action programmes detailing the actual implementation process and a framework for a regular review of the annual plan against actual performance.
 - g) Assigning financial and human resources required for implementation of the Annual Plans.

5.17 REVIEWED ANNUAL PLANS

- 5.17.1 The reviewed Annual Plans shall form the basis for preparing the budget of the subsequent year.

6. AUTHORITY FOR AND CONTROL OF EXPENDITURE

6.1 OVERVIEW

- 6.1.2 This Chapter explains the nature, authority and controls over expenditure of the Agency

6.2 EXPENDITURE OF THE AGENCY

- 6.2.1 The Board of Directors shall approve each year an Annual Budget of the Agency which shall be used as a guide to divisions and units when planning their activities.

6.3 LEVEL OF APPROVAL

- 6.3.1 Approval of expenditure shall strictly be in conformity with the limits provided in the sub regulation 6.4.2 of these Financial Regulations.

6.4 RECURRENT AND DEVELOPMENT EXPENDITURE

- 6.4.1 The recurrent and development expenditure for the year shall as far as possible be incurred within the limits provided in the Annual Budget approved by the Board.
- 6.4.2 All expenditure must be approved by the respective budget holder or the DG as per the approval limits approved by the Board.

6.5 APPROVAL AND ISSUE OF WARRANT OF FUND

- 6.5.1 The Annual Estimates as approved by the Board shall constitute the authority necessary for charging of expenditure to the funds of the Agency. No sum shall, however, be withdrawn from the funds of the Agency except under the authority of a warrant issued by the DG.
- 6.5.2 At the beginning of each Financial Year, the DG shall issue a General Warrant to the CA authorizing spending of funds in accordance with the approved budget, with the exceptions of funds over which the DG wishes to exercise control.
- 6.5.3 The Budget Holders shall be aware of the specific purpose or purposes for which each allocation is made available and of the necessity for complying with the instructions on the warrant. A holder of a warrant shall regulate his expenditure so as to ensure that the amounts allocated to him are not exceeded or exhausted prematurely.
- 6.5.4 Application for additional provision shall be made by the Budget Holder on the Approved Form, and submitted to the DG through the CA. The application shall be supported by full details of the necessity for the additional provision and the reason why it is essential.

- 6.5.5 No application for additional provision will be entertained unless it relates to urgent expenditure which was unforeseeable at the time the budget estimates were prepared and which cannot be postponed for consideration in the following financial year without serious injury to the interests of the Agency. It must also be shown that this urgent expenditure could not have been met by curtailing expenditure chargeable through the moneys provided under the same Budget of expenditure. It is the duty of the Budget Holders to effect all possible savings and the fact that savings may be available under other items cannot be advanced as a justification for additional provisions, unless it can be clearly established that the savings was accrued directly as a result of the proposed additional expenditure.
- 6.5.6 The Budget Holders are not authorized to commit the Agency to expenditure without first ensuring that there are sufficient funds allocated in the approved directorate/unit/region budget to meet the cost. The financial status of each Budget Holder at any point in time is ascertainable from the office of the CA. Committed as well as actual expenditures can be ascertained as well from the Financial Management System. Any doubts should be referred to the CA for clarification prior to placing the order or committing to expenditure.
- 6.5.7 No commitments shall be made by the Budget Holder until authority for additional expenditure has been obtained from the DG through the CA.
- 6.5.8 Where savings are guaranteed to cover additional provision required, the DG may issue a special warrant on recommendation of the CA without prior reference to the Board if the application does not exceed an amount approved by the Board. Such decision shall be reported by the DG at the subsequent meeting of the Board. An application in excess of the approved amount shall be approved by the Board.
- 6.5.9 In cases where savings are not available, reference to the Board is necessary. It follows that applications for additional provisions in these circumstances must be made in sufficient time to enable application to be submitted to the Board for approval.
- 6.5.10 If additional provision is approved, the CA is authorized to make payment and accept charges against the Agency funds in respect of the relevant items by a special warrant issued by the DG.
- 6.6 LIABILITY OF BUDGET HOLDERS**
- 6.6.1 Budget Holders shall be liable for an unauthorized expenditure resulting from carelessness and negligence on his part.

- 6.6.2 Any person making, allowing or directing payment without proper Agency shall be held personally responsible for the amount of payment.
- 6.6.3 Any person who is required to provide accounts for payments (produce report on payments made) shall be held responsible for inaccuracies of these accounts.
- 6.6.4 Where a payment has been made due to negligence or misconduct on the part of accounting person, the amount so incurred shall be surcharged against such person.
- 6.6.5 Any person responsible for handling and/or signing a payment voucher who certifies the accuracy, correctness and propriety of the payment in every detail therein shall be personally responsible for any error or losses that may arise from such payment.
- 6.6.6 Any person making, allowing or directing payment without proper authority shall be held personally responsible for the amount of payment.
- 6.6.7 Any person who is required to provide accounts for payments (produce report on payments made) shall be held responsible for inaccuracies of these accounts.
- 6.6.8 Where a payment has been made due to negligence or misconduct on the part of accounting person, the amount so incurred shall be surcharged against such person.
- 6.6.9 Any person responsible for handling and/or signing a payment voucher who certifies the accuracy, correctness and propriety of the payment in every detail therein shall be personally responsible for any error or losses that may arise from such payment.
- 6.6.10 If the CA, in his opinion, considers that a Budget Holder is consistently negligent in the discharge duties under these Regulations, he shall report to the DG who shall cause for the investigation of the matter by the Chief Internal Auditor. If negligence is proved, the DG shall institute appropriate disciplinary action.

6.7 SAVINGS ON APPROVED ESTIMATES

- 6.7.1 In cases where savings are available from other items of expenditure under the same Budget and have been guaranteed in support of an application for additional provision, the original item from which these savings are to be made shall be reduced accordingly by the CA with prior permission of the DG, and the Budget Holder shall be required to ensure that the reduced estimate for that item is not exceeded.

6.7.2 The Authority conveyed by any warrant normally lapses on the last day of the Financial Year (30th June) unless an earlier date has been indicated.

6.7.3 Savings on recurrent expenditure shall not be carried forward from one financial year to the next. These savings shall be transferred to the General Reserve Fund of the Agency and shall be at the disposal of the Board. Orders must therefore be made early to ensure that charges will be received in time for payment before closing the Financial Year. Orders to local suppliers shall therefore stop at the end of May to allow for delivery of the orders and effecting the payment before the close of the Financial Year.

6.8 EMERGENCY EXPENDITURE

6.8.1 In event of an emergency necessitating the immediate expenditure of funds which was not envisaged, the DG may approve such funds if the expenditure was not budgeted.

6.8.2 The DG shall immediately take appropriate steps to seek appropriate approval for reallocation of funds from the Board to meet the full cost of such emergency including any amount he may have approved

6.9 PROGRESS REPORT ON EXPENDITURE

6.9.1 The DG shall report to the Board on Quarterly basis the progress of implementation of the planned activities in line with the Approved Budget.

6.10 GENERAL MATTERS

6.10.1 The CA is responsible for making payment to suppliers of goods and services to the Agency. All goods and services shall be ordered on the Agency's Purchase Order Processing System and invoices from creditors must quote the related Agency's Purchase Order Number.

6.10.2 In order to ensure strict control over expenditure, no charges shall be made against any vote or Budget except for the special purpose for which provision has been made and the expenditure shall be charged against the appropriate item.

Hospitality and Publicity Expenditure

6.10.3 The total expenditure to be incurred by the Agency for hospitality and publicity shall be limited to the approved annual estimates.

6.10.4 Any amount incurred for hospitality or publicity shall have prior approval of the DG or his ratification where prior approval could not be obtained.

6.10.5 The hospitality and publicity expenditure to be incurred by the Agency in connection with Board Meetings shall form part of Board' expenses.

6.10.6 The DG, Directors and Heads of Independent Units of the Agency shall be provided with an entertainment allowance monthly at the rates approved by the Board and reviewed from time to time.

Board fees and expenses

6.10.7 Any Board member shall be paid annually a Board fee at the rates approved by the Treasurer Registrar.

6.10.8 The expenses incurred on Hotel and travels in connection with Board meetings shall be treated as board expenses.

Subscriptions and Donations

6.10.9 The DG shall approve all subscription and donations within the Budget limit

6.10.10 Payment of donations and subscriptions of significant amount not considered during budget preparation must be approved by the Board.

Control of Expenditure

6.10.11 To control expenditure for which one is responsible, it is essential for each Budget Holder to keep a vote book which will recorded actual expenditure, commitment and the amount which is still available for expenditures at any time. The CA shall keep a Central Vote Book for the same purpose. These books shall be reconciled regularly.

Chart of Authorization Limits

6.10.12 These financial regulations will be supplemented by a chart of authorization limits for authority of expenditures. The Board is responsible for setting and reviewing the authorization limits from time to time.



7. RECEIPTS AND INCOME

7.1 OVERVIEW

- 7.1.1 This Chapter briefly explains the sources of funds of the Agency and modalities of recording funds received by the Agency.

7.2 SOURCES OF FUNDS

- 7.2.1 Section 50(1) of the Water Supply and Sanitation Act No.5 of 2019 states possible sources of funds for the Agency as being:-

- (a) Monies as may be appropriated by Parliament;
- (b) Donations, grants and bequeaths;
- (c) Monies as may be payable by the Fund;
- (d) Monies as may be payable by customers for the service rendered; and
- (e) Such other monies as, by or under any Act, be payable to the Agency.

- 7.2.2 Section 50(2), requires the Agency to disclose details of the sources of funds in the Annual Report.

7.3 RESPONSIBILITY FOR REVENUE COLLECTION

- 7.3.1 The DG being the Agency's Accounting Officer shall be responsible for ensuring that adequate safeguards are in place and are applied for prompt collection, proper recording, accounting and use of all Agency revenue.

- 7.3.2 The DG, shall ensure through the CA that all persons liable to pay revenue are informed by bills, demand notes or other appropriate notices of debts which are due and that they are reminded promptly and frequently of revenue which is in arrears and that adequate measures are taken to obtain payment through the courts where circumstances require.

7.4 NOTIFICATION OF INCOME

- 7.4.1 The CA shall be the official receiver of all the Agencies funds from all sources described in Regulation 7.2.1

- 7.4.2 All officers of the Agency concerned with any income generating activity of the Agency shall promptly notify the CA the amount of Income due or received for the Agency.

- 7.4.3 Upon receipt of such notification the CA shall promptly raise or cause to be raised the charges or receipts for moneys due or received from the parties concerned.
- 7.4.4 Every acceptance of the Agency's money by a Cashier or by any other authorized person shall be acknowledged without delay.
- 7.4.5 All moneys received on behalf of the Agency shall be promptly deposited with designated bank account or with the Cashier for safe custody.
- 7.4.6 No person shall lend or borrow or cause to lend or borrow any money collected under this Regulation.
- 7.4.7 The CA, in conjunction with the Budget Holders concerned, shall make and maintain adequate arrangements:
- a) For the financial organization, accounting and book-keeping necessary to ensure the proper recording of all sums due to the Agency; and
 - b) For collection, custody, control, disposal and prompt and proper accounting of the Vote, Budget Holder responsible.
- 7.4.8 Particulars of all charges to be made for work done, services rendered or goods supplies by the Budget Holder to another shall be promptly notified in writing to the CA for the purpose of raising charges to parties concerned.
- 7.4.9 With regard to revenue, the CA shall ensure that:
- a) Debtors' invoices are raised promptly in respect of income due to the Agency;
 - b) Swift and effective action is taken to collect overdue debts in accordance with the Agency's formal procedures;
 - c) Outstanding debts are monitored and monthly reports are prepared.

7.5 RECORDING AND CONTROL OF RECEIPTS

- 7.5.1 The CA shall be the custodian of the Agency funds. Budget Holders are to take proper steps within their powers to collect and bank such funds daily.
- 7.5.2 Every sum received on behalf of the Agency by a cashier or other authorized employee of the Agency shall be immediately acknowledged by the issue of an official receipt, ticket or voucher. The official receipt

must be completed, in indelible writing, by the receiving officer, signed and dated. The receipt shall show clearly the purpose for which the money was paid.

- 7.5.3 No form of receipt, ticket or voucher is to be used without authority of the CA who will arrange for the printing of all forms of receipts, tickets or vouchers, and ensure that they are serially numbered, recorded and controlled.
- 7.5.4 The CA shall keep a register of all receipt documents that have been printed and issued for revenue collection and ensure that details of the receipt documents are fully and correctly entered therein.
- 7.5.5 The officer(s) in charge of revenue collection must keep all unused receipt documents under lock and keeping the key personally, and issuing only such documents are required for immediate use.
- 7.5.6 All receipt documents actually in use shall be locked up at the close of each day by the officer(s) in charge of them.
- 7.5.7 Where there is a change of an officer in charge, the stock of all receipt documents shall be checked against the register by both the officer handing over and taking over, and statement on the handover signed by both officers and be sent to the CA, with a copy to the Chief Internal Auditor.
- 7.5.8 When a cheque is received, the number of the cheque shall be recorded on the receipt.
- 7.5.9 A receipt in proper form shall be issued immediately for any of the Agency monies received. The receipt shall be sent to the payer within one week. When the payer presents himself in person, the receipt shall be handed to him on the same day.
- 7.5.10 The public should be informed by way of a notice at the Cash Office Counter that an official receipt must be obtained for any sum paid to the Agency.
- 7.5.11 All cashiers of the Agency shall be covered by Fidelity Guarantee Insurance.
- 7.5.12 Every transfer of money from one employee of the Agency to another shall likewise be immediately acknowledged by the issue of receipt, or in appropriate cases, by signature in the cash accounting records.

- 7.5.13 Any money received by, and on behalf of the Agency shall be deposited directly with the Agency's Bankers. Under no circumstances shall moneys received be handled outside the banking system.

7.6 CONTROL OVER REVENUE

- 7.6.1 **Accounts Receivable:** A record of all sums which became payable to the Agency in respect of imprest taken or services or documents received shall be maintained and reported on quarterly basis. The end of year status shall be provided to the External Auditor for audit purpose.
- 7.6.2 **Write-off of Losses:** The Board shall authorize write off of any loss and dispose off any item of surplus, obsolete and unserviceable nature.
- 7.6.3 **Provision for Bad and Doubtful Debts¹** A provision for doubtful debts shall be made in respect of debts which are outstanding for more than 12 months or as amended by the International Accounting Standards.
- 7.6.4 **Write back –Debtors:** Efforts shall be made as far as possible to realize debtors even though they are written off in the books of accounts. All such realizations shall be taken to the credit of Income and Expenditure account and shall be disclosed in the miscellaneous income.
- 7.6.5 **Writing back-Creditors:** The CA shall ensure all bona fide claims on the Agency, which are duly supported, are settled promptly. A credit, which shall remain unclaimed for more than two years, shall be written back to income with the due approval of the Board as the case may be.

7.7 PHYSICAL HANDLING OF CASH AND NEGOTIABLE INSTRUMENTS

- 7.7.1 All cheques for the Agency should indicate the payee as the Agency, and be sent to the CA or respective Agency Office. Cheques received, if open, shall be immediately be crossed "Not Negotiable Account Payee Only" and endorsed "For the Credit to the Account of the Agency".
- 7.7.2 An officer accepting a cheque in payment of moneys due to the Agency, shall have to ensure that:
- a) The cheque is correctly dated and that it is neither time expired nor post dated.
 - b) The amount in words and figures agree.

¹ The Agency shall also make continuous follow up with respective debtors and where necessary engage a debt collector to do such follow ups.

- c) The cheque is signed.
 - d) All alterations to any details of the cheque are validated by the full signature of the drawer, and
 - e) Details of the cheque are recorded including the cheque number.
- 7.7.3 The CA, or any responsible officer, shall pay promptly into the Agency accounts daily all moneys received by him and in any event not later than the next working day.
- 7.7.4 Cash in physical transit shall be insured, entrusted to an officer covered by Fidelity Guarantee Insurance and shall be moved under armed escort.
- 7.7.5 In all cases however, where value is to be given in return for a cheque and there is doubt if the cheque will be honoured, the value is not to be given until the cheque has been honoured, or cash should be demanded. An officer who received the cheque shall be liable for any loss if he has not taken reasonable precautions. Personal cheques shall not be received for cash or cash equivalents. Similarly, cashing of Agency's cheques endorsed by payees shall generally not be permitted.

7.8 PREPARATION AND CONTROL OF RECEIPT BOOKS

- 7.8.1 All official receipts, forms, books, vouchers and tickets shall be in approved form and all such forms, books, tickets, vouchers and licences and coupons for which fees are chargeable shall be ordered, controlled and issued to Agency's offices and all receipts and issues thereof shall be properly recorded and acknowledged.
- 7.8.2 All receipts shall initial the counterfoil and ensure that they contain all necessary details including the amount received, the particulars of the payment and the date and that they accord with original and if such documents and other copies are to be reproduced by carbon paper, the officer issuing those documents shall ensure that the copies are clear and legible in every respect.
- 7.8.3 No alteration shall be made to any receipt document or other similar document, and if an error is made in completing the document or if the document is otherwise spoiled, the original and the counterfoil or copies shall be clearly marked as cancelled and initialed by the officer empowered to issue the document.

8. BANK ACCOUNTS AND BANKING ARRANGEMENTS

8.1 OVERVIEW

8.2. APPOINTMENT OF BANKERS

- 8.2.1 The Board is responsible for the appointment of the Agency's bankers on the recommendations of the Agency's management.
- 8.2.2 The performance of the Agency's bankers shall be reviewed annually by the Management and Audit Committee, at which time consideration will be given to renew the services or the need to subject the service to a competitive tendering process.


8.3 OPENING AND MAINTAINING BANK ACCOUNTS

- 8.3.1 The DG shall arrange for such bank accounts to be kept as may be necessary from time to time. No bank account shall be opened unless that account is for the furtherance of the Agency lawful business and is properly approved by the Board. The accounts so opened shall be restricted to the specific purposes initially intended for.
- 8.3.2 The CA, may with the approval of the DG, open a bank account for dealing with the Agency's funds. All bank accounts shall be in the name of the Agency.
- 8.3.3 The CA is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

8.4 ELECTRONIC BANKING ARRANGEMENTS

- 8.4.1 All arrangements concerning the use of electronic banking facilities for payment of staff salaries, creditors, etc must be approved by the Board on the recommendation of the DG.
- 8.4.2 The CA must ensure that the controls over and access to such facilities are established and enforced. There must be strict segregation of duties between those staff responsible for setting up payment transaction files and those responsible for checking and executing the electronic transfer instructions. Confirmation reports from bank relating to transfer instructions received from the Agency must be checked back to the originating reports by staff who are independent of those processes.

8.5 SUSPENSION OR CLOSURE OF BANK ACCOUNTS

- 8.5.1 The Bank accounts shall be closed where: (a) The purpose for which the account was intended for has been fully fulfilled (b) if in the opinion of CA, a bank account does not operate in conformity with the purposes initially intended for, the CA shall request the Director General to approve the suspension or closure of such account.
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9. PAYMENTS GENERAL

9.1 OVERVIEW

9.2 CONTROL AND VOUCHING OF PAYMENTS

- 9.2.1 All payments of Agency moneys shall be in accordance with these Regulations.
- 9.2.2 The date of payment of any amounts shall govern the date of the record of the transaction in the accounts. Payments may however be made before they are due for the purpose of utilizing an anticipated saving on an item.
- 9.2.3 The expenditure properly chargeable to the account of a given year must as far as possible be met within that year and must not be deferred for the purpose of avoiding an excess on the amount provided for in the approved budget.

9.3 PREPARATION OF PAYMENT VOUCHERS

- 9.3.1 All disbursement of the Agency moneys shall be properly vouched on prescribed form of payment voucher and vouchers must be type written/printed or written in indelible ink and must contain or have attached thereto full particulars of the goods/services/purpose for which payment is made so as to enable them to be checked without references to any other document.
- 9.3.2 Supporting documents shall be attached on the vouchers. Proof of payment is not in itself evidence that the expenditure is a valid business expense- explanations and details are required. Photocopied supporting documents shall not be allowed.
- 9.3.3 In case of articles purchased at contract rate or prices, the articles should be named in the same order as that in which they appear in the contract and process should be stated in the same terms as those in the contract.
- 9.3.4 Amounts paid shall be in words as well as in figures and copies of vouchers must be clearly marked as such to distinguish them from originals.
- 9.3.5 As far as possible, separate vouchers shall be prepared for payments in respect of different allocations. All payments shall show the appropriate code to which the charge is to be allocated and shall be signed by the authorized Vote or Budget Holder.

- 9.3.6 Every voucher shall be signed and certified by the CA or a person appointed to act on his behalf as appropriate. Alteration on a voucher are to be signed by the person who authorized the voucher.

9.4 AUTHORIZATION AND CERTIFICATION OF PAYMET VOUCHER

- 9.4.1 The officer who signs a voucher shall be responsible to certify the accuracy of every detail and shall be held personally responsible for ensuring that:

- a) The goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory and as for services, the specified services have been dully and competently performed;
- b) The prices charged are fair and reasonable and they are matched to the purchase order or contracts or service agreement or later of engagement etc.
- c) The computations and casting on the voucher have been verified and are arithmetically correct;
- d) The Authority quoted on the voucher has been obtained;
- e) Persons named on the voucher are those entitled to receive payment;
- f) Purchases through Local Purchase Order (LPO) shall be matched with supporting LPOs;
- g) There are sufficient funds uncommitted in the relevant vote to meet the expenditure;
- h) The classification of the expenditure is correct; and
- i) Payment has been recorded in the Vote Book and the invoice has not previously been passed for payment.

- 9.4.2 No person is permitted to sign a voucher which is made payable to him or his associate.

- 9.4.3 With the exception of vouchers paid out of standing imprest, all vouchers for payment must be submitted to CA for authorization.

9.5 MODES OF PAYMENT

- 9.5.1 Payments must be made to the persons named in the vouchers or their accredited agent and as far as possible must be by means of a direct bank transfer of crossed cheques.
- 9.5.2 Where payments are made in cash, signed receipts (dully stamped where necessary) must be taken at the time of payment.
- 9.5.3 Where the recipient of a payment is unable to write, he shall make his mark in acknowledgement of receipt, the act being witnessed by a finance officer other than the paying officer and the witness shall certify on the payment voucher that the payments were made to the persons entitled to receive them.
- 9.5.4 For the purposes of avoiding the danger of a duplicate payment being made on a voucher, as soon as a voucher has been paid, the officer making the payment will stamp "PAID" across the face of the voucher and in the event of a duplicate or irregular payment being made because of a failure to comply with this Regulation, the paying office responsible for the omission shall be held liable and be charged for the amount of any loss.

9.6 APPOINTMENT OF CHEQUE SIGNATORIES

- 9.6.1 All cheques drawn on behalf of the Agency must be signed in compliance with the Agency's bank mandate as approved by the Board.
- 9.6.2 Cheque signatory for the Agency shall be appointed by the Director General based on the bank mandate as approved by the Board. Cheque signatories will be composed of the following groups:

GROUP A:

- 1) Director General
- 2) Director of Water Supply and Sanitation
- 3) Director of Planning and CBWSOs Coordination;
- 4) Director of Administration and Human Resource Management.

GROUP B:

- 1) Chief Accountant
- 2) Director of Technical Services .
- 3) Senior Accountant.
- 4) Construction Manager

- 9.6.3 All cheques issues by the Agency shall be signed jointly by two signatories, one from each of the two groups. The Directors in Category A will sign the cheque when the DG is absent and likewise the other signatories in Category B will sign the Cheque when the CA is absent.
- 9.6.4 Any change in authorized signatories shall be approved by the Board.
- 9.6.5 The CA shall maintain the Board Minutes which has an approved list of signatories and the letter submitted to the bank informing them on the decision made by the Board which has the list of authorized signatories.
- 9.6.6 No person shall be in more than one signing category.
- 9.6.7 The CA shall maintain a list of signatories indicating name and designation of each signatory, sample of the signature, sample of the initials. The list must indicate the date from which the signatures are valid and should be signed by the DG and the CA

9.7 STALE/DISHONORED CHEQUES

- 9.7.1 **Stale cheques:** All cheques issued by the Agency which are not presented to the bank six months after the issue shall be treated as stale cheques and shall be appropriately accounted for. Fresh cheques shall be issued based on the requests made by the claimants, and on return of the stale cheques, or an appropriate indemnity cover, if the cheque is lost.
- 9.7.2 **Dishonored cheques:** All the cheques received by the Agency shall be banked on the same day of receipt. Dishonored cheques shall be debited back to the debtors' accounts and credited to the bank accounts. Whenever the cheques received have been dishonored, fresh cheques with banker's acceptance shall be obtained in place of dishonored cheques.

9.8 LOSS OF CHEQUES

- 9.8.4 Where a payee has lost a cheque issued by the Agency before presenting it to the Bank, no new cheque shall be issued until the CA has proved beyond reasonable doubts of the loss.
- 9.8.5 The person who lost the cheque shall report to the Agency's Banker and a nearest police station. The Agency shall deduct from the payee any charge that will be imposed by the bank because of the loss.

9.9 CUSTODY OF CHEQUES

- 9.9.1 The CA shall ensure safe custody of unused and cancelled cheques.



10 PERSONAL EMOLUMENTS

10.1 OVERVIEW

10.2 MANAGEMENT OF PERSONAL EMOLUMENTS

- 10.2.1 The fundamental principle for the management of personal emoluments is that activities relating to the authorization of appointments, the authorization of payments and the recording of those payments should not be performed by the same person.
- 10.2.2 The DAHRM, through the Manager responsible for Human Resources is responsible for ensuring that personal emolument records maintained for all staff of the Agency are correct. All changes, increases or deductions shall be duly notified to the CA for effecting payroll changes.
- 10.2.3 The rates of salary and other personal emoluments for the Agency staff are as authorized in the salary scales in the approved budget and subject to directives and circulars from the Treasury and President's Office Public Service Management except for the contract staff where the scale is stated in the relevant contract
- 10.2.4 The DAHRM shall inform the CA immediately when an employee's services are terminated. A letter to this effect should be sent to the CA within a week of the event who must immediately freeze salaries of such employees immediately. The acknowledgement of the letter shall be monitored since delay in communication may lead the employee to continue drawing salaries to which he is not entitled.
- 10.2.5 When an employee absconds from the services of the Agency, the Head of Directorate/Unit/Region/District shall immediately report the incident to the DAHRM and CA. Upon receipt of such information, the DAHRM shall arrange to have the employee's salary suspended depending on the final decision of the appropriate appointing authority for the employee.
- 10.2.6 Advice of changes of the Agency personnel data should be batched and sent to the Treasury and the President's Office Public Service Management by the 10th day of the month of work or as shall be directed by the Treasury from time to time.
- 10.2.7 No employee name shall be entered into the payroll until a copy of the letter of appointment that confirms that the employee has actually reported to duty has been received and no action may be taken which would result into the payment of additional salary or allowance to any employee until such time a copy of the proper authority has been received.
- 10.2.8 Any balance of salary or allowance due to the Agency employee who has been convicted for misappropriation of the Agency funds or property or who has been dismissed or whose appointment has been terminated

thereby leaving sums due to the Agency shall not be paid without the proper authority of the Director General.

10.3 PAYROLL PARTICULARS

10.3.1 Each employee shall be assigned an identification number which shall be recorded on all documents concerning any payment transactions of such staff e.g. imprest application form, advances, payroll etc.

10.3.2 Payroll summary sheets shall be prepared according to the payroll number sequence and against each payroll; appropriate cost centre number shall be shown to facilitate cost allocation.

10.4 PAYMENT PROCEDURES

10.4.1 The CA is responsible for all payments of salaries and wages to all employees including payments for overtime (extra duty allowance) for overtime or services rendered. All payments of salaries and wages must be made through officials responsible for the payroll in the Section responsible for Human resources matters upon authorization of the DAHRM.

10.4.2 Cheques and bank direct credits for payment of salaries and wages shall be prepared by the CA or by a person authorized by him. Payroll summary sheets shall be stamped and signed by the person preparing, checking and approving.

10.4.3 Mid month advances shall be kept to a minimum and shall be cleared in the same month.

10.4.4 Salary advances and loans to the maximum of three month's salary may be granted to an employee (other than part time or temporary) of the Agency on application to the DAHRM provided that:

- a) Funds are available;
- b) Net take home pay after recovery of such loan shall not fall below a third of the employee's salary;
- c) The amount so granted shall be recovered within the same financial year; and
- d) The applicant does not owe any money to the Agency.

10.4.5 The DAHRM shall be responsible for keeping all records relating to payroll of all employees of the Agency. Retention of such records shall be in accordance with the Document Retention Policy of the Agency.

11. PROCUREMENT AND STORES

11.1 OVERVIEW


- 11.1.1 The Agency shall carry out its procurement as per the Public Procurement Act No.7 of 2011 as amended in 2016 and shall maintain a store for consumable items for office use. This chapter explains procedures and policies on Agency's procurements. It also explains stores management procedures of the Agency.

11.2 PROCUREMENT

- 11.2.1 The Head of PMU shall be responsible for managing all procurement functions of the Agency as explained sub section 3.5 of these regulations.
- 11.2.2 The PMU will advise user departments on the best ways to procure goods/services in order to obtain value for money.
- 11.2.3 The PMU will prepare purchase orders for goods/services to be procured and pass the order to the DAHRM or DG, depending on the value of the order; for approval.
- 11.2.4 The PMU shall prepare an Annual Procurement Plan in line with Annual Budget and Work Plans for approval by the Management and the Board before implementation.
- 11.2.5 The Management shall oversee the implementation of the Annual Procurement Plan.
- 11.2.6 All claims from suppliers must be verified by the PMU against the approved and issued LPO, and a signed delivery note before they are processed for payment.
- 11.2.7 The DG depending on justifications made by the user departments and availability of resources may approve procurement of items not included in the approved annual budget and procurement plan.

11.3 STORES

- 11.3.1 The Head of PMU shall be responsible to ensure that all goods procured and delivered by suppliers are inspected before they are accepted.
- 11.3.2 The PMU shall ensure that all consumables received and accepted are documented and stored properly in the store which is secured.
- 11.3.3 No employee shall be allowed to enter the store without authority of the Head of PMU.

- 11.3.4 There shall be a register to record movement of goods in the store at the PMU.
 - 11.3.5 The Head of PMU shall advise the DAHRM appropriate security measures to be instituted within the stores.
 - 11.3.6 All user requirements shall be ordered from the store using stores requisition forms.
 - 11.3.7 The PMU shall determine Re-order level and monitor continuously stock level of office consumables so as to ensure replenishment is done timely.
 - 11.3.8 It shall be the duty of the DAHRM to ensure annual stock taking is conducted for Authority's stores at the end of each financial year.
 - 11.3.9 Where stock items are deemed obsolete or damaged, the Head of PMU shall notify the DG detailing the value of the items and circumstances leading to such a loss/damage.
 - 11.3.10 It shall be the duty of the DG to ensure that the loss is thoroughly investigated and reporting the same to the police where it is suspected that the loss was caused by fraudulent practices or theft.
 - 11.3.11 It shall be the responsibility of the Head of PMU to ensure that a register for recording losses is maintained.
 - 11.3.12 The Head of PMU shall ensure that up-to-date records are maintained in respect of all stocks held in the Agency's stores and capture in the accounting system where possible.
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12. FINANCIAL CONTROLS OVER NON CURRENT ASSETS

12.1 Overview

12.1.1 Development expenditure shall be incurred for acquisition of non current assets intended for use by the Agency for more than one year. The items are classified as non current assets normally comprise tangible assets such as office premises, machinery and equipment, motor vehicles, furniture and fittings, computers hardware; intangible assets such as software; and financial assets of long term nature.

12.1.2 The Controls over these assets are aimed to ensure that all assets are properly safeguarded against waste, misuse, fraud, theft, pilferage, misappropriation, destruction and any other unwanted acts and circumstances.

12.2 CARE AND CONTROL OF ASSETS

12.2.1 In particular and without prejudice to the generalities of the foregoing, the DG shall:-

- (a) Ensure that all assets are adequately insured against fire, theft and other hazards,
- (b) Ensure that all non current assets are properly registered/ indexed and marked;
- (c) Ensure that appropriate Non current assets Registers are maintained for all the Agency's non current assets,
- (d) Institute and maintains necessary physical controls.

12.2.2 The DG shall ensure that every officer and every staff of the Agency to whom an asset is issued be movable or immovable for use in doing his work, or for mere custody, is made fully responsible for the care, safety and proper use of such asset.

12.2.3 Assets shall be issued to staff against their signatures to acknowledge receipt of such assets.

12.3 COST CAPITALIZATION

12.3.1 The cost of non current assets purchased comprises of purchase price including irrecoverable taxes and any directly attributable costs of bringing the asset to its location and working condition for its intended use. The sum of the cost to be capitalized in respect of:

12.3.2 **Office Premises:** Shall include the purchase or contract price and any other directly attributable costs incurred in bringing the premises to working condition such as site preparation and professional fees.

- 12.3.3 **Machinery and equipment:** Shall include the invoice/"Cost Insurance and Freight" (CIF) price and any other directly attributable costs such as, commission fees on letters of credit (LC) and clearing charges, installations, commissioning and training costs before commissioning.
- 12.3.4 **Motor Vehicles:** Shall include the invoice/ CIF price and any other directly attributable costs such as, commission fees for opening a letter of credit (LC), clearing charges; taxes and registration fees.
- 12.3.5 **Furniture and Fittings :** Shall include the invoice/CIF price and any other directly attributable costs such as, commission fees for opening a letter of credit (LC), clearing , inland transport and assembling charges.
- 12.3.6 **Computer Hardware:** Shall include the invoice/CIF price and any other directly attributable costs such as letters of credit (LC), freight, insurance and clearing charges; and costs associated installations prior to user acceptance.
- 12.3.7 **Computer Software:** Shall include the invoice/CIF price and any other directly attributable costs such as commission fees on letters of credit (LC), clearing charges; installation and commissioning customization and training costs up to user acceptance and warranty.
- 12.3.8 **Properties Lease and Leasehold Improvements:** Properties lease and leasehold improvements shall be capitalized in accordance with the generally accepted accounting practices.

12.4 ACQUISITION AND DISPOSAL PROCEDURE

- 12.4.1 Acquisition and disposal of Non-Current Assets shall be done as per the approved Annual Procurement Plan and in accordance with Procurement Regulations of the Agency as explained in chapter 11 of these regulations
- 12.4.2 Acquisition and disposal of Non-Current Assets shall have a prior approval of the Board.

12.5 PROPERTY, PLANT AND EQUIPMENT REGISTER

- 12.5.1 A Property, Plant and Equipment Register shall be maintained by DAHRM for recording the Agency's Plant, Property and Equipment. The Register shall show the cost of individual assets, their location, value and identity.
- 12.5.2 Property, Plant and Equipment shall be recorded in a Register at their historical cost values or valuation cost and categorized as follows:-
- (a) Office Premise

- (b) Office Equipment
- (c) Office Furniture & Fittings
- (d) Motor Vehicles
- (e) Computer hardware
- (f) Computer software

12.5.3 The Property, Plant and Equipment register shall contain the following information: -

- a) Model type / number
- b) Serial / Chassis number
- c) Date of Purchases
- d) Location of the assets
- e) Supplier
- f) Cost of asset (in currency of origin or local currency equivalent)
- g) Asset code number.
- h) Physical condition.

12.5.4 The DAHRM shall be responsible for the management of Property, Plant and Equipment and shall ensure that the register is updated to include acquisitions, disposals and transfers.

12.6 VALUATION OF NON CURRENT ASSETS

12.6.1 The accounting records of the Agency's non-current assets shall be maintained on historical cost basis, modified to include re-valuation of Property, Plant and Equipment after every five years.

12.6.2 Re-valuation shall be done by the Government Valuer, at the prevailing market rates.

12.6.3 Re-valuation may result in a surplus or loss. Surplus or loss on re-valuation shall be recognized directly in the net asset/equity as explain in detail in the International Public Sector Accounting Standards (IPSAS 17).

12.6.4 After revaluation, the asset shall be carried at revalued amount i.e. its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

12.7 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENTS

- 12.7.1 Requests for disposal of the Agency's Plant, Property and Equipment shall be prepared by DAHRM and forwarded to the DG for review and thereafter submission to the Board for approval.
- 12.7.2 The approved list shall be submitted to the Accountant General with the request that the Board of Condemnation be appointed to inspect the assets, and make recommendations as to their disposal.
- 12.7.3 The appointed Board of Condemnation after completion of their inspection shall record its opinion, recommendations and suggest method of disposal, etc. against each item on the list and forward their report to the Accountant General. The report will thereafter be submitted to the DG for implementation.
- 12.7.4 Disposal of items recommended by the Board of Condemnation shall be done by tender or auction after public advertisement, unless the specific approval of the Permanent Secretary of Finance has been obtained for them to be sold by other means. (Refer Public Finance Act and its Regulation sec. 257(1) as revised in the year 2002.

12.8 GAINS OR LOSSES ON DISPOSAL

- 12.8.1 Gains or losses on disposal shall be determined by comparing proceeds with the carrying amount and shall be booked in accordance with the IPSAS.

12.9 PHYSICAL COUNTING

- 12.9.1 Physical counting of Agency's assets shall be conducted annually and verified against the Property, Plant and Equipment Register by the Board of Survey appointed by the DG.

12.10 CUSTODY OF NON CURRENT ASSETS

Motor Vehicles

- 12.10.1 There shall be a History Record for each motor vehicle, showing the details of repairs, services, and replacement of parts.
- 12.10.2 Each motor vehicle shall have a Log Book in which there shall be recorded kilometers covered in each journey, the purpose of the journey, the date of the journey and the time taken. The Administration Officer as well as the internal Auditor shall inspect it from time to time.

- 12.10.3 A parked motor vehicle shall have its ignition keys deposited with the Administrative Officer, who shall keep the proper record of receiving the keys and issuing the keys in case of each motor vehicle.
- 12.10.4 The driver is required to report to the Administrative Officer any defect noticed in the motor vehicle. If it is found that the defect was due to negligence on the part of the driver, disciplinary action shall be taken against the driver.
- 12.10.5 Repair tools offered to the driver shall be entered in the History Record of the motor vehicle. The driver shall sign an Issue Note to acknowledge receipt of the tools. When he returns them an entry shall be made in the History Record.
- 12.10.6 Where the motor vehicle is involved in a major accident, its repair shall not be undertaken without prior permission of the DG.

Telephones

- 12.10.7 International calls and long distant calls shall be made for approved purposes only.
- 12.10.8 Before the telephone bills are paid the officers responsible for respective lines shall endorse them. Then they shall be returned to the DAHRM along with the Telephone Register. The DAHRM shall compare the bills with the budgets. Any unusually high bills shall be investigated.
- 12.10.9 The telephone operator shall be responsible for all long distance calls made from the general line. The operator shall be required to keep the Telephone Register to justify telephone usage. Disciplinary action shall be taken against the telephone operator for trunk calls that were unofficial or those not authorized by the DAHRM.

Computers and Local Area Network

- 12.10.10 Access to hardware and software, shall be restricted to authorized users as in line with the Agency's Information Technology Policy.

Stationery

- 12.10.11 Care shall be exercised in the utilization of stationery and a proper record shall be maintained for the use of the stationery.

Photocopying Machines

- 12.10.12 Photocopying machines available for the general use of the office shall be operated by appointed operators. The operators shall keep records of the following:

- a) Daily stationery received and used.
- b) Daily photocopies made

c) Daily slips authorizing the photocopying.

- 12.10.13 Photocopying shall not be made unless it is authorized by the head of the directorate/independent unit. The officer authorizing photocopying shall do so when it is expedient to do so. Photocopying shall only be done when a true copy of the original document is required, and where it is cheaper and faster to photocopy than to type.

Scanning Machines and Printers

- 12.10.14 The ICT and Statistics Unit will provide specific procedures for use of Scanning machines and Printers.

Equipment and Furniture

- 12.10.15 The DAHRM shall ensure that all the furniture and equipment are appropriately coded for identification purposes.
- 12.10.16 The movement of equipment from one office to another is strictly prohibited without the approval from the DAHRM.
- 12.10.17 Any transfer shall be acknowledged by the recipient officer in charge, and it shall be recorded in the Assets Record.
- 12.10.18 The DAHRM shall make regular inspection of furniture and equipment at least once in every year to ensure its orderliness.
- 12.10.19 An Inventory record must be kept in each office to highlight the list of items and signed by the officer in charge of that office annually.

13. FINANCIAL CONTROLS OVER CURRENT ASSETS

13.1 Overview

- 13.1.1 The Agency's current assets may comprise of cash in hand and cash at bank, accounts receivables (staff and non staff receivables), and prepayments.
- 13.1.2 Proper control and management of such assets is necessary to ensure ability of the Agency to meet its short term obligations. This chapter briefly explains how these assets are controlled and managed.

13.2 PROTECTION OF CASH

The following controls shall be exercised to protect cash of the Authority:-

- 13.2.1 The Agency's Cashier shall always receive cash in accordance with the Agency's Financial Regulations.
- 13.2.2 The Cashier shall possess the keys to the safe, and ensure that they are securely preserved.
- 13.2.3 The Cashier shall always ensure that any unbanked cash, accounting documents and other items issued to the Cashier for safe custody, are always locked in the safe. Should any loss be sustained as a result of the Cashier's negligence or fraud, disciplinary action shall be taken against the Cashier including reporting the case to the Police.
- 13.2.4 The Cashier shall not be permitted to possess in the safe more than the specified amount of cash in the form of currency and coins for more than twenty-four hours. Where more than the specified amount is received in coins and currency, an effort shall be made to have the cash banked on the same day.
- 13.2.5 Specification of amount of money to be held in cash box shall be limited to the amount approved by management to be kept as petty cash.

13.3 PETTY CASH

- 13.3.1 Cash in the form of Petty cash shall comprise a fund from which petty disbursements shall be made. The size of this fund shall be determined by the management from time to time depending on the purchasing power of the shilling.
- 13.3.2 Each transaction from the fund shall not be more than ten percent of the maximum amount of the fund. Disbursements in excess of this amount can only be done with the sanction of the DAHRM.
- 13.3.3 The fund shall be under the Cashier who shall maintain the records of cash receipts and payment from the fund in the separate Cash Book. The details of receipt and payment procedures shall be included in the Accounting Manual.
- 13.3.4 The Cash received shall be banked on the same working day. The details for banking procedures shall be included in the Accounting Manual.
- 13.3.5 The Cash receipt and banking are the responsibilities of the Agency's Cashier.

13.4 ACCOUNTS RECEIVABLES (DEBTORS)

- 13.4.1 The Debtors of the Agency shall comprise of staff and non –staff as explained hereunder.

Non staff debtors

- 13.4.2 The Agency may in the due course of carrying out income generating activities, have accounts receivables as per agreed terms of payments.
- 13.4.3 A statement of accounts shall be sent to every debtor with a debit balance in the Agency's accounts at the end of every two months.
- 13.4.4 Debtors whose balances owe beyond the due date shall be sent reminders including notices of litigation if personal appeals shall fail to persuade them to pay the amount owing.
- 13.4.5 Subject to these regulations all debts considered bad should be written off after every recovery effort has been made.
- 13.4.6 There shall exist in the books of account a separate account against which bad debts shall be charged. This account shall be credited with the estimated possible bad debts, at every end of the year.

Staff Accounts

- 13.4.7 The details of every staff who owes money to the Agency shall be recorded in the books of account. The details shall include. The names,

the cheque number, the designation and department, position, date of the debt, the amount owing the nature of the debt, terms of repayment, amount repaid, and the amount due.

- 13.4.8 **Classification of Staff Accounts:** Staff Accounts shall be classified either as imprests, salary advances or loans.
- 13.4.9 Imprests shall comprise all advances made to the staff to acquire goods or services on behalf of the Agency.
- 13.4.10 Salary advances are amounts advanced to the Agency's staff on the basis of the staff's applications according to the provisions of the Staff Regulations and Loan policy, and it is recoverable in full from the staff's next salary.
- 13.4.11 The loans are advances made to the staff on the basis of the staff's applications according to the provisions of the Staff Regulations, and are recoverable according to the terms of the loans.
- 13.4.12 For each nature of the staff account there shall be separate records.

13.5 IMPRESTS

- 13.5.1 Imprests are of three kinds, namely Standing Imprest, Special Imprest and Safari Imprest.

Standing Imprests

- 13.5.2 Standing Imprest can be renewed by the submission of paid vouchers and the withdrawal of equivalent cash. This type of imprest is normally used for the period of a financial year and is returned by the holder at the conclusion of the financial year of issues.

- 13.5.3 The holder of a Standing Imprest must maintain a cashbook in which to record all receipts and payments and balance in hand after each transaction.

Special Imprest

- 13.5.4 The holder of a Special Imprest is full responsible for that imprest and whilst he need not be required to maintain a special cash book, he must at all times be able to give an account of the imprest.

- 13.5.5 Special Imprest is used for a particular purpose and which must be accounted for upon the culmination of the purpose or by some specified date, by the submission of "paid" vouchers and the payment of any unexpended cash.

Safari Imprest

- 13.5.6 Safari imprests are provided to staff when they travel on official duties or for attending training related activities.
- 13.5.7 Safari imprest is accounted for within two weeks on return from the approved trip by submission of evidence of traveling e.g. bus tickets, air tickets, and other traveling related costs. Unspent balance if any must be refunded in cash.
- 13.5.8 Staff who fail to retire safari imprest within two weeks from the date of arrival in his working station will not be provided with another imprest until he has fully retired the outstanding one.

13.6 RETIREMENT OF IMPRESTS

- 13.6.1 The Standing imprest shall be replenished to the extent of the amount spent from the imprest fund since the previous replenishment.
- 13.6.2 The holder of the Standing Imprest shall render the accounts of the funds to the CA at every end of the month. All imprests except Petty cash Fund shall be recorded in the name of the staff responsible for the fund.
- 13.6.3 Holders of imprests are responsible for appropriate expenditure as specified in the application for the imprests. It shall be a breach of Financial Regulations to spend funds on items which were not specified in the application for the imprest without prior permission from the DG.
- 13.6.4 Where it is deemed that misappropriation of the imprest funds was committed by the staff responsible for the fund, the imprest shall immediately be classified as a Staff Advance, and appropriate disciplinary action shall be taken according to the provisions of the Staff Regulations including recoveries from monthly salaries of the staff.
- 13.6.5 To account for Special Imprest documentary evidence shall be tendered to show that the expenditure was made in the interest of the Agency.
- 13.6.6 Imprests shall be accounted for within fourteen days after the task for which imprests were advanced has been accomplished. Failure to do so will lead to recovery from the staff salary in the following month.

14. STAFF MATTERS

14.1 OVERVIEW

- 14.1.1 The objective of this chapter is to explain staff matters as far as the Agency is concerned including procedures for handling staff remunerations, entitlements and incentives in order to ensure that that are fairly treated and compensated.

14.2 STAFF – SALARIES

- 14.2.1 A copy of the Appointment Letter sent to the DAHRM shall be the basis for preparation of salary bills for employees.
- 14.2.2 As and when the leave of various officials is sanctioned a copy of the leave application duly sanctioned by the competent authority shall be sent to the CA.
- 14.2.3 It is the responsibility of the Directorate Heads and the Heads of Independent Units to inform the DAHRM of absence from duty by any employee if the employee is not supposed to be paid salary.
- 14.2.4 A copy of the letter awarding promotion, increments etc. shall be sent to the CA to enable salary adjustments.

14.3 STAFF – SALARY ADVANCES

- 14.3.1 In exceptional circumstances the DG Officer may authorize payment of salary advance to an employee of the Agency.
- 14.3.2 The DG shall on the advices of the DAHRM approve salary advance for staff.
- 14.3.3 Salary advances may be payable to employees for a maximum of his one months salaries provided funds are available.
- 14.3.4 Salary advances shall be paid only during the 1st to the 15th day of the month and shall be recovered in full from the salary for that month.

14.4 STAFF – LOANS.

- 14.4.1 The Board may from time to time establish any loan schemes it may deem necessary for the benefit of employees depending on the availability of funds.
- 14.4.2 Staff loans shall be paid according to the Agency's approved Loan Policy and as amended from time to time.

- 14.4.3 The DG shall approve all staff loans where funds allow. And the Board Chairman shall approve a loan for the DG.
- 14.4.4 It is the responsibility of the CA to effect recovery of loans as per the terms and conditions under which such loans are sanctioned.
- 14.4.5 In case of termination or resignation, the outstanding staff loan shall be fully recovered from terminal benefits. If the terminal benefits due including repatriation expenses are not sufficient to repay the loan, the respective employee must agree with the Agency on the effective way of repaying the loan.
- 14.4.6 If an officer with an outstanding loan dies, Management shall endeavor to recover the outstanding loan balance.
- 14.4.7 The procedure for Staff Loan shall be as follows:-
- a) Staff Loan forms shall be completed and channeled through the appropriate Head of Directorate/Independent Unit/Region to the DG for approval.
 - b) The CA shall process a staff loan after approval of the DG has been obtained.
 - c) The Finance Section shall record the staff loan provided in the Staff loan Register and record on monthly basis recoveries made from staff salary.
 - d) Repayment shall be on a monthly basis for a maximum period of 12 months. This shall be managed through payroll and payroll slips shall indicate the amount recovered.
 - e) The CA shall ensure that all loans are recovered within the same financial year the loan was provided.

14.5 STAFF – EXTRA DUTY ALLOWANCES

- 14.5.1 Extra Duty Allowance (EDA) shall be paid to staff in accordance with the rates approved by the Board.
- 14.5.2 Nobody shall be engaged in extra duty work without the prior approval of the Head of Directorate/Independent Units/Regions/Districts.
- 14.5.3 EDA shall normally be paid separately from the salary bills of the employees.

14.6 STAFF – PENSION SCHEME

14.6.1 All permanent employees of the Agency shall enter the Agency's approved Pension Scheme(s).

14.6.1 Only those employees who are on contract terms are entitled to payment of gratuity at the rates and terms specified in the contract agreement.

14.7 STAFF – LEAVE

14.7.1 Leave sanction will in accordance with Staff and Administrative Regulations.

14.7.2 It is the responsibility of the CA to maintain salaries records for staff on leave independent of Personnel file.

14.7.3 The DG shall approve leave allowance once in every two years to facilitate traveling and other related costs for an employee with his family during leave period.

14.7.4 The leave allowance shall be paid at the rates approved by Board which may be reviewed from time to time.

14.9 STAFF – APPOINTMENTS, SALARY INCREMENTS AND PROMOTIONS

14.9.1 Appointments: The appointing authority to various posts in the Agency will be in accordance with the Staff Regulations and Scheme of Service and Conditions of Service currently in force. Employee on first appointment shall be granted a seven days subsistence allowance at the approved rates.

14.9.2 Salary Increments: The DG shall sanction salary increments based on the recommendations of the Directorate/Independent units/Region Heads. The increments shall be based on the performance of the employee, promotion or the passing of an appropriate examination.

14.9.3 Promotions: All promotions shall be sanctioned by the appropriate authority as outlined in the Staff Regulations and Scheme of Service and shall be based on performance/qualifications and attainment of requirements of the Scheme of Service.

14.10 STAFF – RESIGNATION, TERMINATIONS OR DISMISSALS

14.10.1 As soon as an employee is terminated, dismissed, or the DG has accepted the resignation, the CA through the DAHRM shall be informed of the same.

14.10.2 The CA shall determine any outstanding amounts and recover from terminal benefits if the benefits are not enough, an agreement has to be reached with the employee regarding recovery.

14.10.3 If an employee is dismissed, terminated or resigns, owing the Agency a large sum of money which cannot be recovered in an amicable manner, an appropriate legal action shall be taken to recover the money.

14.11 STAFF – ACTING ALLOWANCE

14.11.1 Any member of the Agency who shall be appointed by the DG to act to any of the superlative posts for a period of fourteen days or more shall be paid acting allowance appropriate to the post he/she has been acting as stipulated in the Staff Regulations.

14.11.2 The officer who was acting shall apply for an acting allowance to the DG through their immediate supervisors and heads of divisions where applicable.

14.11.3 The immediate supervisors shall recommend payment of allowance upon receiving a satisfactory report from the applicant on assigned duties as per the handing over note provided when appointed to act in the respective position.

14.12 STAFF – HOUSE RENT

14.12.1 The Agency's employees who are entitled to free housing by the Government shall be entitled to a monthly Housing Allowance at the rate prescribed by the Treasury Registrar, where the Government has failed to provide them with housing facility.

14.12.2 Other employees, a House Rent Assistance shall be provided as approved by the Board and permitted by the Treasury Registrar.

14.3 TRANSFER ALLOWANCE AND RELATED BENEFITS

14.3.1 An employee on transfer from one duty station to another shall be paid transfer allowances and related benefits as stipulated in the Staff Regulations.

14.4 ALLOWANCE FOR SPECIAL ASSIGNMENT OR AN OFFICIAL TRAVEL

- 14.4.1 When performing a special assignment within the duty station and an employee is accommodated in half board, the employee shall be entitled to half per diem to cover for dinner and incidental expenses respectively at the approved rates as reviewed from time.
- 14.4.2 When performing a special assignment outside the duty station an employee shall be entitled to full per diem or half per diem if accommodated on half board basis at the approved rates.
- 14.4.3 The DG shall authorize payment of honorarium on special assignments basing on recommendations of the respective Heads of Directorates/units who supervised the assignment or as he thinks fit.
- 14.4.4 Employees attending a non residential course/meeting within Tanzania shall get an out of pocket allowance at the rate approved by the Board and reviewed from time to time.
- 14.4.5 Members of the Board and the DG when traveling on official duties of the Agency shall be accommodated on full board and in addition shall be granted an allowance calculated at the rate of per diem to cater for incidental expenses..

Authorization of traveling allowance

- 14.4.6 Payment of traveling allowances within and outside Tanzania for Agency employees shall be authorized by the DAHRM or DG depending on the authorization limit.

14.5 TRAINING EXPENSES

- 14.5.1 These relate to accommodation, study tours, subsistence allowance, fees, honoraria and other expenses incurred for training of employees.
- 14.5.2 The DAHRM shall be responsible for coordination and administration of training expenses in accordance with the approved annual training plan.
- 14.5.3 Authorization of payment of training expenses shall be done as per authorization limits stated these regulations.

14.6 TRAINING SPONSORED BY A DONOR AGENCY

- 14.6.1 Where an employee sponsored for short training by donor agency is paid per diem allowance at a rate lower than what the Agency per diem rates, he shall be entitled to a topping –up allowance to cover the difference between the two rates.

14.6.2 Where the donor the meets all costs (fare, accommodation, tuition fees, all meals) the Agency employee shall be entitled to a rate approved by the Board for incidental expenses.

14.7 OUTFIT ALLOWANCE

14.7.1 Employees shall be entitled to outfit allowance once after every two years when traveling outside the country on duty or for training approved by the authority at the rate approved by the Board.

14.8 MEDICAL EXPENSES

14.8.1 The Agency's employee's medical expenses shall be covered through approved Medical Insurance scheme.

14.8.2 **Medical treatment outside duty station on Referral:** An employee or member of his family referred for treatment outside his duty station within Tanzania shall be paid per diem and out of pocket allowance and fare applicable to the employee's grade as follow:

- a) Out Patient: - Full rate of applicable per- diem allowance plus out of pocket allowance applicable to employee's grade.
- b) In Patient:- Half rate of per-diem allowance plus out of pocket allowance applicable to employee's grade.
- c) Applicable return fare from employee's duty station.

14.8.3 **Medical treatment outside Tanzania:** The Agency shall apply Government approved procedures where an employee is referred for treatment outside Tanzania.

14.9 STAFF – MILEAGE ALLOWANCE

14.9.1 Any employee of the Agency may use his own car for official purposes with prior permission of the DG.

14.9.2 Those who are allowed to use their cars for official work are required to maintain a logbook and are eligible for payment of mileage allowance as per the rates approved by the Board.

14.9.3 Staff members are not normally allowed to engage taxis on official duty without the prior approval of DAHRM.

14.10 CONDOLENCES AND BURIAL EXPENSES

14.10.1 In the case of death of an employee, his/her spouse or child, condolences and burial expenses shall be paid as per approved Staff Regulations.

14.11 FURNITURE ENTITLEMENT

- 14.11.1 The Agency's staff on Superlative Posts shall be entitled to soft furnishing once in every three years as stipulated by the Public Service management.

14.12 OTHER ALLOWANCES

- 14.12.1 No allowance shall be paid to any staff unless is stated in these regulations, staff incentive scheme, or any other approved policies or scheme.

15. ANNUAL ACCOUNTS AND AUDIT

15.1 OVERVIEW

- 15.1.1 Section 52(1) of the Water Supply and Sanitation Act No.5 of 2019 provides that the Agency shall maintain proper books of accounts and other records relating to its accounts and prepare an annual statement of accounts in such a form and a manner as may be prescribed by the Accountant General.

- 15.1.2 Section 52(2) of the same Act also states that the Accounts of the Authority shall be audited by the Controller and Auditor General within six months of the close of every Financial Year.

15.2 ACCOUNTING PERIOD

- 15.2.1 The accounting period of the Agency shall be the same as the Governments' i.e. a period of twelve months ending on 30th June of each year.

15.3 FINANCIAL STATEMENTS

- 15.3.1 Annual accounts of the Agency shall provide information about the financial position, operating performance and cash flow for the year and shall include the following components with supporting schedules where necessary:-

- a) A Statement of Financial Position showing the assets and liabilities of the Agency's valued on historical cost basis, modified to include valuation and the Equity.
- b) A summary Statement of Financial Performance showing revenue and expenditure of the Agency and surplus or deficit for the period.
- c) A Cash flow statement of the Agency showing the receipts, expenditure and financing for the year.
- d) Statement of changes in Net Assets/Equity of the Agency's total amount of revenue and expense for the period.
- e) Accounting Policies used by the Agency in preparing the Financial Statements and Explanatory Notes.
- f) Board of Directors Report: This is a statement by the Board of Directors, explaining significant events that have occurred during a financial year and the Agency's Plans for the proceeding financial year.

15.4 ANNUAL ACCOUNTS

- 15.4.1 The CA shall prepare Annual Accounts by the month of July and submit the Draft of Annual Accounts to the Chief Internal Auditor for review by the first week of August.

15.5 INTERNAL REVIEW OF ANNUAL ACCOUNTS

15.5.1 The Chief Internal Auditor shall review the Draft of Annual Account within one week following submission. The CA thereafter shall discuss with the Chief Internal Auditor observations made of the Financial Statements in an exit meeting and thereafter the Reviewed Financial Statements and responses on observations shall be discussed by the Audit Committee.

15.5.2 The CA shall submit reviewed annual accounts to the DG for final review.

15.6 SUBMISSION OF DRAFT ACCOUNTS TO EXTERNAL AUDITORS

15.6.1 The DG shall submit the Annual Accounts to the Controller and Auditor General (CAG) within a period of three months after the end of each financial year as per the Public Finance Act, 2001, Part I , Sec. 37(1) iii.

15.7 AUDIT REQUIREMENTS AND PROCEDURES

15.7.1 Before the Audit of Accounts begins, the external auditors will hold an entrance meeting with the management for obtaining an overview of the Agency's operations during the year of audit and also agreeing on the audit plan and methodology.

15.7.2 The Auditor is entitled to have access to all books, records and returns relating to the Accounts.

15.7.3 The DG shall give the Auditor every facility to carry out the audit.

15.7.4 On completion of the Audit exercise, the External Auditors shall hold an exit meeting with Management to discuss their Audit Report and together Management Letter. The Exit meeting shall be held by CAG on completion of the Audit or not later than end of December in each year.

15.7.5 The accounts of the Agency as certified by the Controller and Auditor General or any other person appointed by him on his behalf together with an Audit report, shall be forwarded annually to the Board of Directors and the Minister of Water as stated in Section 52(4) of Act No. 5 of 2019

15.7.6 It shall be the duty of the DG to reply promptly to any observations and queries raised by the Auditor.

15.7.7 Audited Annual Accounts shall be tabled during an extraordinary board meeting by the end of December for adoption. The Management Letter (including management replies), where applicable, shall be tabled along

with the Annual Accounts. The adopted Accounts shall be signed jointly by the Board Chairperson, DG and the CA.

- 15.7.8 The Controller and Auditor General shall submit the Audited Report to the National Assembly within four months from the date of receiving the accounts or not later than 31st January of the proceeding year.
- 15.7.9 The use of green pencil and green ink shall be exclusively reserved for officers of the Auditor and the CA shall ensure that they are not in any circumstances, used in the preparation of receipts, payment vouchers or other accounting entries or returns in any of the other offices of the Agency.
- 15.7.10 All accounting documents and records shall be retained in any orderly manner and satisfactory condition within the Agency's office premises for a period of at least ten years from the last day of the relevant accounting period.
- 15.7.11 Copies or counterfoils of issued receipts may be disposed of after the elapse of ten years period and when these are no longer required by the External Auditors.

15.8 OTHER SUBMISSIONS

- 15.8.1 In addition to the submissions in sub section 15.6 above, according to Section 53 of Act No.5 of 2019, the Agency shall, on or before 30th December each year, prepare an Annual Report in respect of that year up to the immediately preceding 30th June and submit it to the Minister.
- 15.8.2 The Annual Report shall provide detailed information regarding the exercise of the functions and powers of the Agency during the year to which it relates and shall include:
 - a) A copy of the audited account of the Agency
 - b) A copy of the CAG on the performance audit (if any) carried out during the year to which the annual report relate; and
 - c) Such information and other material as the Agency may be required by the Act
- 15.8.3 The Minister shall cause copies of each annual report to be laid before the National Assembly within two months after he has received them or at the next meeting of the National Assembly.

16. MISCELLANEOUS PROVISIONS

16.1 OVERVIEWS

16.2 BOARD OF SURVEY

Appointment

- 16.2.1 The DG may appoint a Board of Survey annually to inspect and report to him on the Authority's non current assets and stores during the second half of each financial year.
- 16.2.2 The Board of Survey shall consist of a Chairperson and three to five other members appointed by the DG, provided that in appointing them he shall endeavor to appoint members from Senior Officers of the Agency with such qualifications and technical expertise as may be necessary to ensure that the Board can discharge its work competently.
- 16.2.3 Any Senior Officer, who has been appointed but is unable to serve the Board because of unavoidable reasons, must report the fact immediately to the DG who shall nominate another Senior Officer to serve the Board.

Duties

- 16.2.4 To ascertain whether or not Non-current assets and Stores are properly safeguarded from unauthorized use or misuse and are duly protected.
- 16.2.5 To compare physical inventories with the ledger balances.
- 16.2.6 To compile a list of discrepancies (if any) and to obtain an explanation to the discrepancies so disclosed.
- 16.2.7 To report upon the adequacy of storage, accommodation and on any difficulties experienced in the course of their duty.
- 16.2.8 To identify and compile a list of obsolete, damages, surplus, and slow moving stocks and recommend on the method of disposal.

Responsibility of Officers Under Survey

- 16.2.9 An officer whose assets (e.g. cash balances, securities and inventory) are to be surveyed must be present in his office at the time when the Board has arranged to attend and ensure that the survey can be carried out with as little interference as possible. The officer must have all books of accounts balanced, inventory records, cash and securities ready for inspection.
- 16.2.10 The Chairperson of the Board of Survey shall advise Heads of Directorates/Units/Regions/Districts concerned and members of the Board as to the time and place at which the Board will assemble.

Reporting

- 16.2.11 After the Survey, the Board shall submit a report of their findings to the DG duly signed by the Chairperson and all members of the Board. The DG

on receipt of the report shall arrange to implement the recommendations in an appropriate manner.

Special Board of Survey

- 16.2.12 The Board of Survey may, from time to time, be appointed by the DG to sit as a Special Board of Survey for the disposal of assets that are either surplus to the requirements or no longer serviceable, or to verify existence and condition of any asset as desired by the DG or the DAHRM.
- 16.2.13 In instances of disposal of assets, if the Board of Survey is satisfied that disposal is the best course of action for the assets under consideration, it shall make such recommendation in a report to the DG.
- 16.2.14 The Board of survey may advise on the best manner of disposal of the assets proposed for disposal.

16.3 LOSSES

- 16.3.1 Any officer of the Agency upon the discovery of any loss of the Agency's money or any other assets from whatever cause shall immediately report the loss so discovered to the DG who shall institute measures to investigate the cause of the loss.
- 16.3.2 During the Investigation, it shall be the duty of every officer and every employee of the Agency to give the necessary information and assistance required of him which may be deemed necessary for the purposes of the Investigation.
- 16.3.3 The loss report shall take into account the requirements and the format prescribed in the Third Schedule of these Regulations. Such a report shall contain information on where the loss occurred, officers involved circumstances in which the loss occurred, proposed action(s) to be taken etc.
- 16.3.4 Where a loss is:
 - a) Not due to negligence or dishonesty of an officer of the Agency, the DG or DAHRM shall take action as he may deem fit.
 - b) Due to negligence or dishonesty of an officer of the Agency, the DG or DAHRM shall report immediately the matter to the Police depending on the materiality and the circumstances under which the loss occurred.
- 16.3.5 Where the circumstances under which the loss of the Agency money or property is not apparent, the DG or DAHRM shall immediately appoint an Inquiry Board for detailed investigation. On receipt of such report, if it points negligence or dishonesty on part of the Agency staff, the DG or DAHRM shall report to the police, or otherwise take measures he may deem necessary.

16.4 WHISTLE BLOWING

- 16.4.1 Whistle blowing is the disclosure by an employee or any other part about malpractice in the workplace. A whistle blower can blow the whistle about crime, civil offences (including negligence, breach of contract etc.), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these.
- 16.4.2 Normally, any concern about a workplace matter at the Agency is expected to be raised by the concerned member of staff to his immediate line manager or Head of Directorate. However, the Agency recognizes that seriousness or sensitivity of some issues, together with the exposure of the identity of the person may make it difficult for the staff to report the concern. A member of staff may therefore make the disclosure to the Chief Internal Auditor, any Director that he feels comfortable with or the DG.
- 16.4.3 Disclosures made this way shall be investigated without revealing the identity of the staff who reported on the matter.

16.5 ACCOUNTING DOCUMENTS

- 16.5.1 All accounting documents shall be afforded maximum security at all times so as to prevent their unauthorized or improper use and every officer having in his charge any kind of accounting documents shall be fully responsible for them until such time as he is properly relieved.
- 16.5.2 In the event of loss of any accounting documents the officer who had charge of the same shall immediately write and submit to the DG through the CA a loss report in a format similar to that shown in Third Schedule of these Regulations.
- 16.5.3 Upon receipt of the report, the DG may instruct the Chief Internal Auditor to carry out a full investigation into the circumstances of the loss and report his findings to the DG.
- 16.5.4 In the event of LPO, cheques, coupons, official stamps, seal, acknowledgement receipts and any other accounting documents whose loss or misplacement may constitute a threat to the interests of the Agency, the DG shall immediately bring such loss to the notice of the public and he shall take such other step as may be necessary protect those interest of the Agency which are threatened by the loss.
- 16.5.5 As far as possible all disbursements of funds shall be made on the basis of information and approval given on the relevant Accounting Forms.

- 16.5.6 Unused Cheques orders shall be under the custody of the CA or the officer appointed by him. Other documents such as blank cash receipts, invoices and local purchase orders (LPO) shall be under the custody of the Head of Procurement Management Unit.
- 16.5.7 Cash receipts, cheques, invoices and local purchase orders shall be serially numbered and they shall be used strictly in the sequence of their serial numbers.
- 16.5.8 Destruction of accounting documents shall not be made unless a certificate of destruction is obtained from the DG and document shall not be required in future for references. This certificate shall detail the serial numbers, where applicable the dates when the documents were place in the archives, a brief description of the nature of the documents destroyed, and the remarks if such documents were blank or not.
- 16.5.9 Destruction shall be by incineration and this shall be witnessed by the officers appointed by the DG. The witnessing officer shall not leave the site of incineration until the documents are completely destroyed.
- 16.5.10 Before fire is set to the documents, the witnessing officer shall inspect the documents and ensure that documents destroyed are those detailed in the certificate, and that all documents in the certificate of destruction are destroyed.
- 16.5.11 All accounting forms such as cheques and other documents spoiled or soiled thus having been rendered useless shall remain attached in the pad perforated, with two parallel lines between which shall be written the word "cancelled".
- 16.5.12 All accounting records as well as cancelled accounting forms shall be preserved a period specified by any law.

16.6 WRITE-OFF OF ASSETS

- 16.6.1** No Assets of the Agency shall be written off without prior approval of the Board.

16.7 DISPUTES

- 16.7.1** Where any dispute arises out of the application of these Financial Regulations and the accounting instructions, the matter shall be placed before the Board whose decision shall be final.

17. APPROVAL OF THESE REGULATIONS

These Regulations were adopted by the Board on the 24th of
JUNE, 2020.

John B. Mabe

CHAIRMAN OF THE BOARD