

**ARUSHA URBAN WATER SUPPLY AND  
SEWERAGE AUTHORITY**

**P.O. Box 13600,  
ARUSHA**

**FINANCIAL REGULATIONS**

**Second Edition**

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## PREFACE

The Arusha Urban Water and Sewerage Authority came into being on 1<sup>st</sup> January 1998 after an initial signing of Memorandum of Understanding (MOU) between the Ministry of Water & Livestock Development and the Board of Directors of Arusha Urban Water and Sewerage Authority (Arusha UWASA).

The vision of the Authority is to deliver excellent water supply and sewerage services commensurate with the World's best practice.

Arusha UWASA's mission statement is:

- **AUWSA shall continuously strive to provide high quality water and sewerage services for 24 hours all year round at affordable tariffs while meeting the current and future demand for all categories of customers and stakeholders in Arusha Municipality and efficiently collect revenue for sustainable development.**

The Major Roles and Functions of AUWSA

As a legally established entity, AUWSA is charged with the major roles and functions as follows:

- To continuously plan, develop and maintain the provision of clean, portable and wholesome water in Arusha Municipality while conserving the water sources for sustainability;
- To plan, develop and maintain the sewerage system on any public land acquired or lawfully appropriated for that purpose so as to ensure hygienic sewage collection and safe disposal;
- To set realistic water and sewage disposal tariffs hence collect revenue from customers for water consumed and sewage disposed by the Authority;
- To educate and provide information to the public on public health aspects of water supply and wastewater disposal and carryout all functions in an environmentally friendly manner;
- To create and maintain a good public image, while focusing on meeting customers' expectations, and
- To put in place and implement medium and long term investment programmes, financial plans and annual capital and recurrent budgets.

These regulations are issued for the guidance and compliance of the Arusha Urban Water and Sewerage Authority Accounting Officer. These regulations do not preclude the Accounting Officer from issuing additional instructions, which may be deemed necessary for the betterment of the managing of the Authority's resources.

These regulations have been approved by the Board of Directors, and therefore all officers responsible for the collection of receipt, custody, issue or payment of Authority's

moneys, stores, stamps, investments, negotiable instruments or any properties which belong to the Authority shall comply to these regulations.

It shall be the responsibility of the Arusha UWASA Accounting Officer to ensure that these regulations are complied with. The pronoun “he” is used in these regulations interchangeably for both male and female genders.

# **PART I**

## **1.1 INTRODUCTION**

### **1.1 General**

These Financial Regulations have been approved by the Board of Directors of the Authority. They will start to be operational from 1<sup>st</sup> July 2004. All employees of the Authority shall comply with these regulations irrespective of their positions in the Authority. These regulations are subject for amendment/supplement as and when need arises.

### **1.2 Scope**

These Financial Regulations are issued for guidance of the persons responsible for dealing with the Authority's finances both with regard to authorization, approval, receipts, custody and payments, whether of revenue or capital nature.

### **1.3 Authority's Manuals**

1.3.1 These Financial Regulations shall be implemented in conjunction with existing manuals and any other manuals that shall be introduced from time to time by the Authority.

1.3.2 It is the responsibility of the Managing Director as the Accounting Officer and Heads of Departments to timely, efficiently effectively, and fully implement the following manuals:

- (a) Procurement and Stores Manual
- (b) Accounting Manual
- (c) Fixed Assets Manual
- (d) Management Information Report Manual
- (e) Water Sales Manual
- (f) Internal Control Manual

## PART II

### 2. DEFINITION OF TERMS:

In this manual unless the context otherwise requires, the captioned terms will be defined as follows:

- Accounting Policies*** - The specific principles, basis, conventions, rules and practices selected and consistently followed by an organization as being in its opinion; appropriate to its circumstances best suited to present fairly its productivity and financial position.
- Accounting codes*** - The characters used to classify budget centers, revenue, expenditure, assets and the chart of accounts.
- Accounting bases*** - The methods developed for applying fundamental accounting concepts to financial transactions and items, for the purpose of the financial statements, and in particular for determining:
- the accounting period in which revenue and costs should be recognized in the income and expenditure account: and
  - the amount at which material items should be stated in the balance sheet.
- Accounting Principles*** - The rules that guide the measurement, classification and interpretation of economic information and communication of results through the medium of financial statements.
- Accounting Standards*** - Those *accounting principles* that have been given formal recognition by a standard setting body.
- Accrual System*** - 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 accounting records and reported in the financial statements of the period which they relate.
- Act*** - Means the Arusha Urban Water Supply and Sewerage Authority Act of 1997.
- Assets*** - The resources controlled by the Authority as a result of past events and from which future economic benefits are expected to accrue to the Authority.

- Authority*** - Means the Arusha Urban Water Supply and Sewerage Authority.
- Balance Sheet*** - A financial statement which shows the assets, liabilities and accumulated surplus of the Authority on a particular date, normally at the end of a financial period.
- Budget*** - The quantification in monetary terms of the Authority's future plans for the next financial period in monetary units.
- Capital Expenditure*** - Expenditure on the acquisition and installation of capital assets (e .g .a building or motor vehicle).
- Capital Grant*** - Contributions towards expenditure of fixed assets made by the government or donor agencies to the Authority.
- Current Assets*** - Cash, and other assets, which are intended for sale, conception or conversion into cash in the day-to-day operations of the Authority.
- Current liabilities*** - Those liabilities, which are 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.
- Depreciation*** - The systematic allocation of the depreciable amount of an asset over its useful economic life.
- Financial Period*** - The period of time for which financial statements are prepared. In the case of the Authority, this period is a year.
- Financial Statements*** - The term covers balance sheet, income and expenditure, cash flow statements, notes and other statements and explanatory material which are identified as being part of the financial statements.
- Grants*** - Any form of assistance from the Government or a donor agency in the form of cash or transfers of assets to the Authority.
- Historical Cost Accounting*** - A method of accounting in which data are expressed in terms of the units of currency in which transactions originally took place.
- Management Accounting*** - An integral part of management concerned with identifying, presenting and interpreting information used for:
- Formulating strategy;
  - Planning and controlling activities;

- Decision making;
  - Optimizing the use of resources;
  - Disclosure to stakeholders; and
  - Safeguarding assets.
- Management Information System*** - An information system designed to provide information to management and staff at all levels in the Authority for decision making process.
- Materiality*** - Describes information the omission, non- disclosure or misstatement of which would mislead financial statement users when making evaluations or decisions.
- Net Realizable Value*** - The estimated proceeds from the sale of items of stock less all further costs to completion and less all costs to be incurred in marketing selling and distributing.
- Net Book Value*** - Original cost of a fixed asset less its accumulated *depreciation*.
- Nugatory Expenditure*** - The expenditure incurred but the Authority does not get any value for money from it. E.g. payments to ghost employees.
- Prepayments*** - Amounts paid in advance for expenses, which will relate to the income and expenditure statement after the balance sheet date.
- Prudence*** - 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.
- Residual Value*** - The realizable value of the asset at the end of its useful economic life, based on prices prevailing at the date of acquisition or revaluation where this has taken place. Realization costs should be deducted in arriving at the residual value.
- Revenue*** - 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.
- Standard Practice Instructions (SPIs)*** - Standard Practice Instructions (SPIs) or accounting procedures or methods followed by the Authority in applying accounting principles.

- Trial Balance*** - 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.
- Working Capital*** - Working capital is the difference between the current assets and current liabilities of an entity. Working capital is sometimes referred to as “*Net Current Assets/Liabilities*”.
- Water Authority*** - Means any approved institution appointed to manage a water supply and sewerage board, company or any other body established for that purpose.
- Water Charge*** - Means water funds collected by a water authority as a payment for water sales; connection and reconnection, fines and other water and sewerage services.
- Sewerage Disposal Works*** - Means sewer and drain or sewerage disposal works as defined under section 2(2) of Public Health Sewerage and Drainage Ordinance.
- Water Supply and Sewerage Area*** -
- (a) In urban area, the area of jurisdiction of a city council
  - (b) a municipal council, a town council and includes any urban area other than a village, village settlement or a minor settlement.
  - (c) In rural areas the areas within 400 meters of the existing distribution network.
- Authority*** - In these regulations, means the Arusha Urban Water and Sewerage Authority (Arusha UWASA).

## **PART III**

### **3 BOOKS OF ACCOUNTS**

- 3.1 The authority shall keep as a minimum, the following books of account:-
  - 3.1.1 **General Ledger** to record a summary of all financial transactions in a self-balancing manner.
  - 3.1.2 **Cash Book** to record all financial transactions and reconcile this with the bank account on a regular basis.
  - 3.1.3 **Subsidiary ledgers** to record all revenues earned and expenditures incurred and/or events that have taken place in a specified period.
  - 3.1.4 **Journals and Vouchers** to record financial transactions on a daily basis.
  - 3.1.5 **Bank Deposit Vouchers** as evidence of fixed deposit appropriations in the Bank Account.

## PART IV

### 4 FINANCIAL DUTIES, RESPONSIBILITIES AND AUTHORITY

#### 4.1 Managing Director

- 4.1.1 The Managing Director is the Chief Executive and the Accounting Officer responsible to the Board of Directors for all financial matters of the Authority. He is responsible for the proper management of the Authority's funds.
- 4.1.2 The Managing Director shall be assisted by the Finance and Administration Manager on the day to day management of the Authority's funds.
- 4.1.3 The Managing Director shall be responsible for implementing all the financial policies laid down by the Board of Directors.
- 4.1.4 The Managing Director shall limit the financial expenditure within the approved budget unless demanded by exigencies in which case he shall seek subsequent approval and ratification of the Board of Directors.
- 4.1.5 The Managing Director shall submit to the Board of Directors:
- (a) Annual Revenue and Capital Budgets for the following financial year not less than 2 months before the commencement of the year.
  - (b) Quarterly operating reports comparing actual performance with budget and giving justifications for variances.
  - (c) Annual Accounts duly audited by the External Auditors within one month after receipt of the audited accounts from the External Auditors together with adequate answers to audit queries and observations as per section 25 of the Public Finance Act 2001.
  - (d) Annual operating report within **one month** after the closure of the financial year, comparing actual performance with budget and giving justifications for variances.
  - (e) An Annual Report for submitting to the regulatory authorities as per Reg. 8(5) of the Public Finance Regulations - 2001.
- 4.1.6 Under no circumstances shall the Managing Director submit to the Board of Directors deficit annual Revenue and Expenditure Budgets.
- 4.1.7 The Managing Director shall be held responsible and shall become liable to such penalty or surcharge as the Board of Directors may impose for unjustifiable over-expenditure.

- 4.1.8 The Managing Director shall in all financial matters relating to staff salaries, incentives and fringe benefits act in accordance with the financial policies approved by the Board of Directors from time to time.
- 4.1.9 The Managing Director is hereby empowered to authorize all payments of recurrent (revenue) and capital nature that have been provided for in the approved budget.
- 4.1.10 The Managing Director or any other person he may delegate in writing shall authorize all personal payments to staff members. However, the Commercial Manager will authorize the Managing Director's payment.
- 4.1.11 As a standing arrangement, the Managing Director's duties, responsibilities and authority shall be exercised by the one so appointed to act in that capacity, during his absence from office.
- 4.1.12 When the Managing Director is absent for more than one week, the Board Chairman shall be informed on the appointment of the person who will be delegated by the Managing Director.
- 4.1.13 The Managing Director shall be responsible for ensuring that the Authority establishes, reviews and properly implements among others the following systems and procedures:
- (a) Procurement and Stores Manual
  - (b) Accounting Manual
  - (c) Fixed Assets Manual
  - (d) Management Information Report Manual
  - (e) Water Sales Manual
  - (f) Internal Control Manual
- 4.1.14 The Managing Director, shall be responsible for ensuring that the Authority has adequate and appropriate physical facilities for safe custody of, among many others, cash, valuable documents, inventory, fuel and oils, spare-parts, chemicals and fixed assets.
- 4.1.15 The Managing Director shall be responsible for ensuring that all the Authority's fixed assets and current assets are all the time, covered by appropriate and adequate insurance covers at replacement cost, for hazards like: fire, accident, theft, explosion, dishonesty of staff, death of staff members and loss of profit.
- 4.1.16 The Managing Director shall operate the Authority at profit through efficient and effective management of the Authority through use of performance indicators and incentives which are more in line with changing business environment.

- 4.1.17 The Managing Director shall ensure that the Authority avoids demurrage charges and all other types of penalties through timely clearance of materials at the ports and timely payment of statutory and contractual obligations.
- 4.1.18 The Managing Director shall ensure that the Authority submits timely and accurate financial data and information to the banks, donors and Government Ministries and Departments as demanded and deemed appropriate.
- 4.1.19 The Managing Director is hereby empowered to authorize:
- (a) Salary advances to employees
  - (b) Loans to employees as per the Authority's policies
  - (c) Employment of any person whose salary scale is up to the limit approved by the Board of Directors
  - (d) Recommend to the Board of Directors names of suitable persons to be the heads of various departments of the Authority
  - (e) Discipline any staff member of the Authority
  - (f) Payment of money for meeting recurrent and capital items from the approved budget

## **4.2 Finance and Administration Manager**

- 4.2.1 The Finance and Administration Manager shall be responsible for proper and timely implementation of accounting systems and procedures, among them being:
- (a) Financial Accounting System
  - (b) Procurement and Stores Regulations
  - (c) Fixed Assets Management Manual
  - (d) Internal Control Manual
  - (e) Management Information Reports Manual
- 4.2.2 The Finance and Administration Manager shall be responsible for:
- (a) Maintaining adequate, accurate, appropriate and up-to-date books of accounts, subsidiary books, ledgers, registers, memorandum books and statistical books.
  - (b) Assist in the employment of qualified and experienced Accounts Staff.
  - (c) Maintain proper records to account for all types of cash receipts, cash disbursements, current assets, fixed assets, owners' equity and liabilities.
  - (d) To take adequate and appropriate insurance covers for all current assets and fixed assets of the Authority at replacement costs against losses and hazards like fire, theft, embezzlement, dishonesty of staff, loss of profit and accident.
  - (e) Operate the Authority's bank accounts as one of the signatories at the Authority as authorized by the Board of Directors.

- (f) Making sure that the Board of Directors authorizes all the bank signatories at the Authority.
- (g) Ensuring the correctness and appropriateness of all payments made to employees and outsiders.
- (h) Ensure that Debit Notes are raised correctly and promptly for claims due to the Authority from customers, employees and any other parties.
- (i) Make vigilant follow-up for recovery of overdue debts and advance payments for purchase of material/service.
- (j) Make timely payment of statutory and contractual debts to avoid penalties; timely payment of business debts to maintain the Authority's good image and timely payments to employees to maintain their morale and good industrial relations.
- (k) Advise the Managing Director to invest surplus cash in highest interest bearing deposits/securities.

4.2.3 The Finance and Administration Manager shall also be responsible for:

- (a) Ensuring that no payment is made which is not covered by proper authority and is not provided for in the budget.
- (b) Exercising strict supervision of the accounting personnel and maintaining sufficient checks against any occurrence of embezzlement, fraud, theft and carelessness.
- (c) Replying adequately and promptly to all queries and observations raised by the External Auditors.
- (d) Submitting to the Internal Auditor and the External Auditors all required records, returns, books of account, documents, and any other information or data required for the performance of their duties.

4.2.4 The Finance and Administration Manager shall ensure submission to the Managing Director each month, not later than the 15<sup>th</sup> of the following month, the following:

- (a) Revenue and Expenditure Statement showing comparison of actual expenditure against the budget.
- (b) Bank Reconciliation Statement.
- (c) Debtors Agewise Schedule.
- (d) Schedule of prepaid receivable materials
- (e) Creditors Agewise Schedule

- (f) Income and Expenditure Statement comparing actual incomes and expenditures with the approved budget.
- (g) Balance Sheet.
- (h) Cash Flow Statement.
- (i) Capital Expenditure Statement showing comparison of actual expenditures with budget.
- (j) Unpaid statutory obligations.

**4.3 Financial Powers and Authorization**

- 4.3.1 The recurrent (revenue) and capital expenditures shall be incurred by the Authority based on the budget estimates approved by the Board of Directors prior to the beginning of a new financial year.
- 4.3.2 The Board of Directors shall approve the Authority’s annual revenue and capital budgets and revised budgets.
- 4.3.3 The Managing Director shall authorize the purchases of all budgeted capital items approved by the Board of Directors before commitments are made.
- 4.3.4 Purchase of recurrent and capital expenditure shall be approved in accordance with the provisions of the Public Finance Act No. 3 of 2001.
- 4.3.5 Procurement procedures shall be chosen in accordance with the provisions of the Public Procurement Act no 3 of 2001.

**4.4 The Tender Board**

- 4.4.1 The Authority’s Tender Board shall consist of the following members:
 

(a) Managing Director	-	Chairman
(b) Finance and Administration Manager	-	Member
(c) Manager Technical Services	-	Member
(d) Manager Commercial Services	-	Member
(e) One Engineer from Regional Administrative Secretary’s Office	-	Member
(f) Regional Supplies Officer	-	Member
(g) Head of Procurement Section	-	Secretary

The tender board membership shall not be delegated.

- 4.4.2 Powers and tender procedures will be as elaborated in Part XIII of these regulations

#### **4.5 Financial Guarantee**

4.5.1 The Authority's financial guarantee of any amount shall be approved by the Board of Directors.

#### **4.6 Unbudgeted Expenditure**

If at the close of the financial year it is found that money have been expended, the amount of the excess expenditure shall be included in the statement of excess expenditure which shall be laid before the Governing Board for approval as per section 19(1) and (2) of the Public Finance Act, 2001.

## PART V

### 5 BUDGETING AND BUDGETARY CONTROLS

- 5.1 A budget is a plan quantified in monetary terms, prepared and approved prior to the beginning of a financial year. A budget shows the income planned to be generated and the expenditure to be incurred during a year and the capital to be employed in order to attain given objectives. For the purpose of exercising financial discipline and controls it is necessary to forecast the income and expenditure on a scientific basis taking into account the past, actual and future trends. Budgets shall be prepared both qualitatively and financially for short periods of one year as required by the Waterworks Regulations/Waterworks planning, long term budgets of three to five years shall also be prepared.
- 5.2 The budgeting activity shall be started by a budget guidance circular issue by the Managing Director at least four months before the close of the year outlining the Government policies, general economic conditions, guidelines on how to budget and the budget time-table.
- 5.3 It is the responsibility of each head of department to prepare an appropriate budget for the department and in an acceptable format approved by the Authority.
- 5.4 Finance and Administration Manager shall obtain forecasts and estimates for the annual budget from each department and then consolidate them into the Authority's annual budget.
- 5.5 The Authority's annual budget shall be discussed and approved by **Management and then the Workers' Council before submission** to the Finance, Planning and Disciplinary Committee for deliberations and recommendations to the Board of Directors for approval.
- 5.6 The Authority's annual budget must be approved by the Board of Directors at least two months before the close of the financial year.
- 5.7 The Head of Accounts Section shall make monthly review of the revenue budget and capital budget by comparing actual with estimates, obtaining reasons for variances and recommending appropriate actions.
- 5.8 Under no circumstances shall a deficit annual budget be operated by the Authority.
- 5.9 Revised budgets shall be approved by the Board of Directors only if sources of funds have been identified and prevailing circumstances demand so.

- 5.10 Reallocation between recurrent expenditure items of up to 5% shall require the approval of the Managing Director and up to 10% shall require the approval of the Finance, Planning and Disciplinary committee.
- 5.11 Any reallocations between capital expenditure items must have the Approval of the Board of Directors.
- 5.12 No charge shall be made against budgetary items except for the specific purpose, which falls within the amount of the budgetary item and for which due provision has been made in the budget.
- 5.13 Expenditure shall be incurred only if it is absolutely necessary, and not merely because it has been provided for in the budget.
- 5.14 The Authority's annual budget shall consist of:
- (a) Summary review of the Authority's budgetary performances of previous years.
  - (b) Critical assumptions on which the following year's budget is based.
  - (c) Revenue Expenditure Budget.
  - (d) Capital Expenditure Budget.
  - (e) Projected Balance Sheet.
  - (f) Projected Profit and Loss Statement.
  - (g) Projected Cash Flow Statement
  - (h) Projected Water Production Budget.
  - (i) Projected Water Sales Budget.
  - (j) Projected Manpower Budget
  - (k) Departments' Budgets.
  - (l) Procurement Budget
  - (m) Foreign Currency Requirements.

## **PART VI**

### **6 CASH AND INCOME**

#### **6.1 Income**

- 6.1.1 The revenue of the Authority shall be from sales of clean water and its related services, sewerage services, gains from sale of fixed assets, earnings from interest resulting from investments of surplus cash and from house rent, subvention from the government, hiring of machinery and equipments of the Authority to government and the public in general and other services rendered by the Authority.
- 6.1.2 Accrual accounting principle shall be used to record all earnings
- 6.1.3 All income realized by the Authority in cash and cheques must immediately be deposited to the Authority's bank account.

#### **6.2 Receipt books**

- 6.2.1 The Finance and Administration Manager shall satisfy himself as to the security arrangements for the printing or procurement, receipt, safe custody and issue of receipt books so as to prevent loss, damage, unlawful acquisition and improper use.
- 6.2.2 Every employee having in his charge any kind of official receipt will be fully responsible for them until such time he or she is properly relieved.
- 6.2.3 All receipts will be pre-numbered by the printer
- 6.2.4 The proper control of receipts to be exercised by the Head of Accounts Section will include:
- (a) Providing an appropriate storage facility; and
  - (b) Provide prompt and accurate recording of receipt stocks held, stocks received, stocks issued and recording of serial numbers of receipts completed and the institution of regular surprise checks on these receipt books stock.
- 6.2.5 The cashier shall issue receipts in a continuous serial numbers and sign them with official signature, the specimen of which is kept by the Finance and Administration Manager. For errors, the original receipt and all its copies shall be cancelled and retained in the book duly authenticated by the Finance and Administration Manager. A new receipt shall be issued in replacement of the spoiled one.

- 6.2.6 If any receipt numbers are missing, the cashier shall bring the issue to the notice of the Finance and Administration Manager for prompt and appropriate administrative action.
- 6.2.7 Copies of all the receipts should be retained and properly safe guarded for the purpose of audit and/or any other purpose. They can only be destroyed **SEVEN** years after the financial years to which they relate under authority of the Board of Directors after recommendation by the External Auditors.
- 6.2.8 A Certificate of destruction shall be prepared for unused receipts which have become obsolete or which have been damaged, in the presence of three senior officers, after being dully authorized by the Board of Directors. The certificate of destruction which shall be held as a permanent record shall have full particulars of name and numbers of the receipts destroyed and should be signed and dated by the Internal Auditor or Head of Security, the destruction showing their names, designation, signature and date.

### **6.3 Authorization of Cheques**

- 6.3.1 The powers to operate the Authority's Bank Accounts and to sign the Authority's cheques shall be vested to officials of group A and B signatories authorized by the Board of Directors. Under no circumstances shall group B signatories sign cheques alone without any group A signatory. That means group A and B signatories shall sign cheques jointly. The Managing Director shall recommend to the Board, names of staff for group A and B cheque signatories.

### **6.4 Cheque**

#### **6.4.1 Blank cheques**

The unused cheque leaves shall be kept under lock and key in the safe custody of the Finance and Administration Manager. The blank cheque leaves shall be issued on a day to day basis by the Finance and Administration Manager to the writer of cheques. The cheques movement shall be controlled by a register.

#### **6.4.2 Bank Reconciliation**

The bank statements shall be obtained from the bank on monthly basis, and a reconciliation statement of bank balance and cash book balance shall be prepared latest during the end of the first week of the following month. Good financial management practice calls for bank reconciliations on a monthly basis.

#### **6.4.3 Post-Dated Cheques**

It is prohibited for the Authority to issue post-dated cheques.

#### **6.4.4 Stale Cheques**

- (a) All cheques issued by the Authority, which are not presented to the bank six months after the date of issue, shall be treated as stale and shall be appropriately followed up with the claimants (payees) and accounted for.

(b) Fresh cheques shall be issued based on the requests made by the claimants and on return of the stale cheques.

**6.4.5 Lost Cheques.**

Lost Authority's cheques shall be reported immediately to the police and the bank. A written payment stop order shall be given to the bank. Fresh cheques shall be given to the bank. Fresh cheques shall be issued based on the requests made by the claimants on issuing appropriate indemnity cover supported by a police certificate of loss of cheques and after the bank has confirmed in writing that the cheques have not been paid and have been stopped for payment.

**6.4.6 Dishonored Cheques**

6.4.6.1 All cheques received by the Authority shall be deposited into the bank on daily basis. Dishonored cheques shall be debited back to the debtor's account and credited to the bank account. Then, the Authority shall require the debtor to pay cash in replacement of the dishonored cheque.

6.4.6.2 It is hereby prohibited for the Authority to issue cheques when its bank balance is insufficient to get the cheque cleared.

## **PART VII**

### **7 BANKING**

- 7.1 Authorised employees shall receive all cash and all received cash shall immediately be issued with a receipt. An inwards cash register shall be maintained.
- 7.2 All cheques received shall be immediately stamped, “Account Payee Only – Not Negotiable”, with a crossing stamp if not crossed at the printing stage.
- 7.3 All cash received shall be banked intact on daily basis or on the next business day. No withdrawal shall be made from cash collection for any purpose.
- 7.4 A Cheque Inward Register shall be maintained with the following columns.
- Date
  - Cheque number
  - Amount
  - Received from
  - Received by
  - Reason for receipt
  - Address of paying entity/person
  - Taken by (for banking)
  - Receipt number and date
  - Remarks (for date banked, dishonored) etc.
- 7.5 The person who opens the mail shall enter the first five columns of the inwards cheques register, and then send it to the Head of Accounts Section and then to the Cashier. The Cashier after issuing a receipt shall enter the remaining columns of the inwards cheques register.
- 7.6 All cheques received from customers shall be receipted and banked by the Cashier on daily basis within 48 hours of receipting.
- 7.7 No Authority’s cheques shall be accepted by the Cashier for encashment.
- 7.8 The Finance and Administration Manager shall check and reconcile the bank with the cashbook and registers referred to above on daily basis.
- 7.9 All banking and withdrawals consisting more than Shs 1,000,000.00 should have armed escort of police/competent security guards.

## **PART VIII**

### **8.0 PAYMENT**

#### **8.1 Responsibility for payment**

- 8.1.1 Any employee making, allowing or directing a payment without proper authority shall be held personally responsible for the amount of the payment.
- 8.1.2 Any employee who is required to render accounts payments shall be held responsible for any inaccuracies in these accounts.
- 8.1.3 Where the necessity for payment arises out of the negligence or misconduct on the part of the employee, the amount so paid will be recovered from the defaulting person.
- 8.1.4 The persons who write and check the payment vouchers and supporting documents, thereby signifying the authenticity and accuracy of the payment as detailed therein and the one who approves such payment having satisfied himself of the priority and authenticity of the said payment shall be held responsible for any loss that may arise from the payment, if so made in error or through negligence.

#### **8.2 Responsibility For Loss Of Money**

- 8.2.1 Debts being written-off as irrecoverable through negligence or delay in enforcing payment may be surcharged on the person responsible for the inaction resulting in the failure to recover the revenue.
- 8.2.2 Any person allowing, making or directing a payment without proper authority shall be held personally responsible for the amount of the payment.
- 8.2.3 Any person who is required to render accounts for payment without proper authority shall be held personally responsible for the amount of the payment.
- 8.2.4 Where necessity for payment arises out of negligence or misconduct on the part of an employee, the amount so incurred shall be surcharged against such person.
- 8.2.5 Persons who prepare, check and approve payment vouchers thereby certifying the accuracy, correctness and propriety of the payment in every detail therein shall be held personally and/or jointly responsible for any error or losses that may arise from such payment.

- 8.2.6 The responsibility for any nugatory payments rests with the Finance and Administration Manager. Such payments include:
- (a) Double payments for materials and services
  - (b) Double settlement of a liability
  - (c) Payment made in excess of the approved rates
  - (d) Payment for materials or services not received
  - (e) Irrecoverable over-payment
- 8.2.7 The responsibility for issue of bouncing cheques rests with the Finance and Administration Manager who ought to know the bank balance before signing the cheques.
- 8.2.8 The following employees regardless of their levels in the Authority shall be liable to surcharge/penalty:
- (a) Those who have caused payment of unproductive expenditure;
  - (b) Those who have incurred unproductive expenditure;
  - (c) Those responsible for authorizing expenditure which has been disallowed;
  - (d) Those responsible for incurring expenditures which has been disallowed;
  - (e) Those who have not brought to account sums of money which ought to have been brought to account by them;
  - (f) Those who have caused loss, damage and deficiency by reason of negligence, misconduct, carelessness or otherwise.

### **8.3 Payments**

- 8.3.1 Every payment must be supported by relevant documents and payment vouchers.
- 8.3.2 Before approving and authorizing payment, the officers concerned should ensure that:
- (a) Claims from employees are genuine and in line with the Authority's Staff Regulations and Financial Regulations.
  - (b) Proper internal control measures have been taken to see that the payments are actually due.
  - (c) Proper records are maintained to verify the accuracy of the claim.
  - (d) The laid down procedures of the Water Authority are followed in respect of payments for the supply of materials and/or services.
- 8.3.3 Payment vouchers must be complete in all respects, detailing the authority, coding of the expenditure, full description of the expenditure, or reason for payment and reference to the numbers of

bills or invoices in order to identify the payment if the supporting documents are lost subsequently.

- 8.3.4 All alterations to the material particulars given in the application must be signed in full by the approving and authorizing persons.
- 8.3.5 All payment vouchers should have the following supporting documents:
- (a) Original invoices/bills, statements etc. relating to the payment.
  - (b) Goods Received Note (GRN) for goods received and a certificate of proper performance for rendered services.
  - (c) Certificate to indicate fulfillment of specified conditions of jobs from the relevant authority.
  - (d) Certificate of indemnity in case the payment is made on duplicate invoices and photostat of invoices.
  - (e) Relevant claim forms duly completed in case of payment to employees.
- 8.3.6 The person certifying a payment claim must exercise the greatest care to ensure that the certificate he/she signs is in accordance with the facts and is liable for any loss in the event of any improper payment made in consequence of an incorrect certificate.
- 8.3.7 Both used and unused payment vouchers should be kept under maximum security to prevent abuses.
- 8.3.8 Paying officers must satisfy themselves that the person claiming the payment is the person who is authorized to receive it or the authorized representative.
- 8.3.9 Authority by the payee to a nominee shall be affixed to the original payment voucher to which it relates.
- 8.3.10 All payments should be made by crossed cheques. Open cheques may be issued by Management in exceptional cases where applied for by payee in writing. The receipt of cheques must be acknowledged by witnessed signature or thumb mark of the payee. The issue of blank cheques is prohibited.

8.3.11 Replacement cheques in respect of cheques lost before presentation to bank will not be issued until:

- (a) Its non-presentation to the bank has been authenticated.
- (b) The bank has been instructed to stop payment of the lost cheque by the Authority.
- (c) A certificate of indemnity and police report have been received from the payee.

8.3.12 Immediately after the voucher is paid the payment voucher and all the supporting documents shall be stamped with the date and the words "PAID" by the paying officer. The Finance and Administration Manager shall see to it that proper procedures are in existence to ensure the safe custody of unused cheque forms.

#### **8.4 General Procedures For All Payments**

8.4.1 All payments to outside parties shall be made by crossed cheques in accordance with the Authority's procedures as prescribed in the Public Finance Regulations 2001 and these Regulations.

8.4.2 The date of payment of any amount governs the date of the record of the transaction in the accounts.

8.4.3 All payments, particularly to outside parties, shall be supported by a claim in the form of invoice, work order, goods received note etc. The Head of Accounts Section shall verify the accuracy of amounts payable before effecting payment.

8.4.4 Copy invoices and photostat invoices shall be supported by certificates of indemnity from the payee. The indemnity certificate shall require the payee to make good the full value of the payment in the event of double payment being evident.

#### **8.5 Financial Powers And Authorization**

8.5.1 The cash office shall be open during working hours at the hours prescribed by the Managing Director to the staff and the public for purposes of making payments and receiving cash.

8.5.2 Enquiries on payments shall be made during working hours.

## **PART IX**

### **9.0 SALARIES AND ALLOWANCES**

#### **9.1 Management of Personnel Emoluments**

- 9.1.1 Salaries, wages and allowances for employees on permanent terms shall be paid only to persons who are on the organization's establishment.
- 9.1.2 It shall be the responsibility of the Managing Director to maintain proper payroll records and a prompt action will be taken to take into account all resignation, retirement, terminations etc. as shall be duly endorsed.

#### **9.2 Pay Date**

Salaries, wages and allowances to the Authority's employees on permanent terms shall be paid on the 25<sup>th</sup> day of every month or on the previous working day if the 25<sup>th</sup> day falls on week-ends or public holidays.

#### **9.3 Payment Procedures**

- 9.3.1 The basis of payment for salaries, wages and allowances will be the letters of appointment, promotion, increments etc., which are kept in the custody of the Personnel Office.
- 9.3.2 The payroll, like the payment voucher shall be checked for its accuracy with regard to name, gross salaries/wages, deductions, calculations and net amount and shall be vetted by the Finance and Administrative Manager and approved for payment by the Managing Director.
- 9.3.3 When an employee receives a salary on behalf of a colleague, he shall have fully authenticated written and signed authority of the payee to do so, which shall be countersigned by the Personnel and Administration Officer and the employee receiving the salary shall acknowledge as having received the salaries or wages concerned by signing for the same.
- 9.3.4 All employees receiving salaries in the scale of AWA 3 and above, their salaries will be channeled through the banks of their choice.
- 9.3.5 For salaries/wages to be paid to the bank account of an employee, a letter advising the Authority to do so shall be obtained from the employee concerned in advance.
- 9.3.6 Any overpayment of salaries/wages shall be liable to be recovered in total in the subsequent month's salary.

**9.4 Overtime Payments**

9.4.1 Overtime shall be supported by duly completed overtime sheets, signed by the administration officer and approved by the Managing Director.

**9.5 Acting Allowances**

**9.5.1 Acting on Behalf of the Managing Director**

Acting allowance shall be paid to an officer acting in the capacity of the Managing Director, for a period of not less than 14 days consecutively. The acting allowance payable shall be the difference between the officer's salary and that of the post being acted upon, provided that such difference does not exceed half of the officer's salary making the claim.

The Managing Director shall inform the Board Chairman on this matter before he leaves the office. However, no acting allowance shall be paid when the post is vacant.

**9.5.2 Acting on Behalf of Any Other Official**

The Managing Director shall appoint in writing, authorize a person to act in the relevant post for the period not exceeding 180 days and shall inform him the rights and responsibilities associated with such an appointment in accordance with the existing staff regulations. Acting allowance payable to such person shall be the difference between the officer's salary and that of the post being acted upon.

**9.6 Other Allowances and Benefits**

Other allowances and benefits shall be paid in accordance with the instructions given in the relevant staff regulations. However, payment of allowances shall be made to the extent that in the opinion of the Accounting Officer, the financial conditions of the organization allows.

All allowances shall be included in the payroll for purposes of deductions of income tax.

**9.7 Statutory Deductions**

All statutory deductions and non-statutory deductions from salaries and wages shall be disbursed to the appropriate authorities within one month after the date the deductions were made.

**9.8 Salary Advance**

Authority from the Managing Director shall be obtained if salary is to be paid before the due date on special circumstances.

It is the responsibility of the Managing Director to recover the advances as per terms of the advances.

All applications for mid-month advances shall be made in the prescribed form and approved by the Managing Director.

## PART X

### 10.0 SAFARI IMPRESTS

- 10.1 All claims for imprests should be submitted in the prescribed form (Ref. Form No. 8 of the Accounting Manual), be recommended by the Head of Department and authorized by the Managing Director and shall not be earlier than two days from the date of departure.
- 10.2 The departmental heads shall ensure that safari imprests are recommended on a fair realistic basis.
- 10.3 Claims for night allowances shall be in accordance with and at the rates approved by the Government from time to time.
- 10.4 All imprests should be retired using bona fide receipts/official rates within 14 days after completion of the assignment. Imprests taken for safari should be accounted for within 14 days after return from safari.
- 10.5 The unaccounted imprests or the balance of imprests due to the Authority should be deducted from the current month's salary in full if the employee is unable to refund the same in cash.
- 10.6 No further imprest should be given to an employee if any balance of the previous imprests is outstanding.
- 10.7 **Special Imprests**  
For the smooth running of activities, the Managing Director may at his discretion issue special imprests to employees of the Authority for specific approved purposes. These imprests shall be retired in full immediately after the purpose for which the imprest was issued is completed, but not later than 14 days thereafter.
- 10.8 **Basis of an Imprest**  
The basis for the amount of imprest issued shall be the approved rate of subsistence allowance, as will be reviewed from time to time, including any other expenses as will be approved by the Managing Director after he is convinced that such expenses are appropriate and reasonable. The imprest shall be retired within 14 days of completion of such an assignment.
- 10.9 **Retirement of Imprest**  
All imprest shall be retired using bona fide receipts/official rates within 14 days from the date of completing the transaction.

The unaccounted imprest or the balance of imprest shall be deducted from the subsequent month's salary in full if the Authority's employee is unable

to refund the same in cash. No further imprest shall be given to any of the Authority's employees if any balance of the previous imprest is outstanding.

Failure to retire safari imprest within 14 days of return from safari shall necessitate the Managing Director to sanction recovery of the safari imprest outstanding from the Authority's employee salary as the case may be.

# PART XI

## 11. STORES AND INVENTORIES

### 11.1 Stores And Inventories

#### 11.1.1 Requisitions

Requisition for ordering goods or services required by any department shall be made on a Stores Requisition Form which shall be signed only by the Head of the Department concerned.

If the goods are in stock, the Stores Officer shall issue the goods as ordered.

#### 11.1.2 Purchase Order

In case the item being requisitioned is out of stock, the Stores Officer shall raise a Local Purchase Order to the Finance Section.

#### 11.1.3 Local Purchase Orders (LPO)

Ordering of goods or services shall be made on an official Local Purchase Order which shall be signed by three responsible officers under (a) through (c) as follows:

- (a) The Managing Director or any person acting in his/her capacity
- (b) Finance and Administration Manager or any person acting on his/her behalf.
- (c) Manager or responsible officer of the user department or section.

#### 11.1.4 Purchasing Sources

As far as possible, all purchases shall be made from suppliers appointed through the Tender **Committee**. Where an item to be purchased is not in the Tender, such a purchase shall be made from authorized dealers at the lowest rate in the open market after obtaining at least five quotations.

#### 11.1.5 Receipt of Store Goods

All deliveries to the store must be accompanied by a supplier's goods delivery note.

Treatment for goods received from suppliers is as stipulated below:

##### 11.1.5.1 Goods Received Note (GRN)

On receipt of goods, the storekeeper must verify the quantity and inspect the physical condition of the goods as per the delivery note before issuing a Goods Received Note.

#### **11.1.5.2 Issue of Stores**

All goods from the store shall only be issued against a duly approved Stores Requisition Note (see 12.1.1).

#### **11.1.5.3 Care and Custody of Stores**

Every officer entrusted with stores shall be responsible for safeguarding the stored goods and materials and ensure that they are properly sheltered, protected and maintained. The Stores Officer shall be liable for disciplinary action in the event of loss or damage of stores goods except where s/he can demonstrate that such loss/damage was caused by an act outside his/her control.

#### **11.1.5.4 Stores Register**

The original copy of the GRN shall immediately be routed to the accounts section so as to up date the Stores Register. The Stores Register shall on a monthly basis, be initialed by the Finance and Administration Manager or his/her official appointee against copies of the LPOs and GRNs issued.

### **11.2 Annual Stock Taking**

11.2.1 At the end of the financial year, the Accounting Officer shall appoint a Board of Survey comprising of a Chairman and up to a maximum of other two members, to carry out a thorough check of all the stores in hand at the end of such an accounting period.

11.2.2 All stores shall be verified against the Stores Register and a report of discrepancies shall be made to the Accounting Officer. Included in the report shall also be a list of all obsolete and damaged stores together with a recommendation of possible write-offs. All officers directly involved in stores during the whole supply's cycle shall not be included in the Board of Survey.

### **11.3 Valuation of Stores**

The value of stocks and inventories shall be determined at historical costs and the First-In-first-Out (FIFO) methods shall be adopted for purposes of record keeping. All obsolete stores shall be valued at lower of cost or market value.

### **11.4 Accounting for Stores**

All stores, goods and materials shall be recorded in full in proper accounting records. The final balances of these records shall be compiled in the Board of Survey's final accounts. Auditors shall have access to all stores and stores records as may be required.

## **11.5 Loss of Stores**

11.5.1 Loss of stores should immediately be reported to the Accounting Officer stating the circumstances of the loss and the value. The following details shall be given:

- (a) Name of Department
- (b) Date loss occurred
- (c) Date loss discovered
- (d) If loss not discovered immediately reasons for the delay to be given
- (e) Officer responsible for the delay, if any;
- (f) Details of stores lost, damaged, deficient or deteriorated;
- (g) Date of purchase
- (h) Original value of stores loss;
- (i) Net book value at the time of the loss;
- (j) Name of officer immediately responsible for the custody of the stores
- (k) Period stores were in his/her custody;
- (l) Precise circumstances in which the loss arose;
- (m) Arrangements in existence for the safe custody of the stores;
- (n) State whether in the opinion of the reporter the loss was due to the negligence of an officer of the Board;
- (o) Police report to be forwarded if available;
- (p) If prosecution of any person has taken place, a copy of Magistrate's judgement to be forwarded, if available;
- (q) If loss not reported to the police reasons should be stated;
- (r) If loss caused by fire to state whether an enquiry was held. Full enquiry should be made and if items are covered by an insurance policy, a report should be submitted to the Insurer;
- (s) Action taken to prevent future losses of the same nature;

11.5.2 After investigating the loss, the Accounting Officer shall submit a full report signed by him to the Board of Directors' copy to the Permanent Secretary of the Parent Ministry and that report shall state the following:

- (a) The nature of the loss or shortage;
- (b) The amount involved;

- (c) The place, and, if known, date on which the loss or shortage occurred;
- (d) The date and if applicable, time of discovery of the loss or shortage;
- (e) The exact circumstances in which the loss or shortage arose;
- (f) Whether the loss or shortage was the result of a failure to observe current accounting instructions;
- (g) Whether the loss or shortage was due to a fault in the accounting system;
- (h) Whether the loss or shortage was discovered as the result of the internal check and if not, why the internal check failed to reveal it;
- (i) Whether misappropriation, fraud, negligence or other irregularity was involved;
- (j) The name and designation of the officer considered to be responsible for the loss or shortage;
- (k) Whether that officer has made good the loss or shortage;
- (l) Whether that officer's suspension or interdiction from duty is recommended.
- (m) Whether disciplinary or recovery action in accordance with Section 10 of the Public Finance Act 2001 is recommended and against whom and, if not, why not;
- (n) Whether the loss or shortage was reported to the Police (if so, the Police report should be attached); and
- (o) The measures taken or recommended to prevent the recurrence of a similar loss or shortage.

#### **11.6 Insurance of Property and Cash**

An insurance cover for all property of a permanent nature belonging to the Authority shall be taken against burglary, fire, accidents and other hazards.

An adequate fidelity guarantee insurance cover shall be taken for all moneys under the custody of the Authority and in transit in order to ensure its safety.

## **PART XII**

### **12. FIXED ASSETS**

#### **12.1 Fixed Assets Register**

All fixed assets shall be purchased in accordance with the requirements of these regulations. All fixed assets purchased shall be recorded in a Fixed Assets Register within the Finance Department. The Fixed Assets register shall be checked regularly by the Manager Finance and Administration Department to verify the correctness of the details recorded.

#### **12.2 Accounting for Fixed Assets**

There shall be a full accounting system for fixed assets of the Authority, and the closing balances shall be reported in the annual accounts for further verification by auditors.

#### **12.3 Depreciation of Property**

##### **12.3.1 Method of Depreciation**

Depreciation on all property of a permanent nature of the Authority shall be provided for annually at the straight-line (fixed installment) methods over the economic useful life of the assets and shall be based on historical costs.

### 12.3.2 Economic Useful Life of Authority Assets

For purposes of depreciation, the life of an asset shall be useful and economical to the Authority on the basis of the following number of years indicated against each fixed asset:

<b>Name of Asset</b>	<b>Number of years</b>	<b>Rate of Depreciation %</b>
Building and Lease hold	<b>40</b>	<b>2.5</b>
Plant and Machinery (Installed)	<b>8</b>	<b>12.5</b>
Mobile Machinery & Equipment	<b>5</b>	<b>20</b>
Furniture & Fittings	<b>5</b>	<b>20</b>
Workshop equipment and tools	<b>4</b>	<b>25</b>
Water supply pipes and Pipe fittings	<b>20</b>	<b>5</b>
Water Boreholes	<b>20</b>	<b>5</b>
Motor Vehicles & Motor Cycles	<b>4</b>	<b>25</b>
Laboratory Equipments	<b>4</b>	<b>25</b>
Sewerage Drainage Pipes	<b>20</b>	<b>5</b>
Computers & Accessories	<b>3</b>	<b>33<math>\frac{1}{3}</math></b>
Electrical installations	<b>20</b>	<b>5</b>
Office Equipments	<b>5</b>	<b>20</b>
Fire Arms	<b>10</b>	<b>10</b>

### **12.3.3 Assets acquired during a financial year**

All depreciable fixed assets acquired during a financial year shall be depreciated on pro-rata basis basing on their period of use in the year of purchase.

All depreciable fixed assets disposed off during the year shall also be charged depreciation on pro-rata basis, basing on the period of use during the year of disposal.

### **12.4 Disposal of Assets**

Authority for the disposal of any assets is vested on the Board of Directors.

### **12.5 Motor Vehicles**

**12.5.1** As far as possible all vehicles shall be brand new at the time of purchase. For purposes of this regulation, motor vehicles will include motorcars, motorcycles and scooters.

#### **12.5.1 Records and Maintenance of Motor Vehicles**

The Transport Officer shall ensure, inter alia, that:

- (a) The following records of all vehicles are properly maintained in a register:
  - (i) make of vehicle
  - (ii) type of vehicle
  - (iii) registration number
  - (iv) engine number
  - (v) year of make
  - (vi) chassis number
  - (vii) tare weight
  - (viii) date of purchase
- (b) Motor vehicles are only used for authorized duties;
- (c) Routine maintenance is carried out on due dates;
- (d) Accidents are properly and promptly reported;
- (e) A log book in which details of all journeys performed daily are recorded and maintained. The Transport Officer will ensure that the log book is signed before the vehicle commences journey in the morning and if possible at the end of business hours when the vehicle is parked. Journeys performed during the day will be signed for by the officer using the vehicle. Mileage reading should always be made and recorded in the logbook whenever a vehicle is refilled with fuel. The Transport Officer will regularly scrutinize the logbook and investigate any cases of unauthorized trips and also check the normal consumption of fuel.
- (f) Inventories in which details of tools etc., are recorded for every vehicle are maintained and regular checking instituted.

## **12.6 Furniture and Equipment**

As far as possible all furniture for the Authority shall be brand new at the date of purchase or acquisition. The Accounting Officer shall maintain or cause to be maintained a register in which particulars of these assets will be recorded. The details to be recorded in the register shall include the following:

- 12.6.1** Date of purchase
- 12.6.2** Name of supplier or donor
- 12.6.3** Total cost of purchase or value at the date of acquisition
- 12.6.4** Supplier's invoice/debit note number and date
- 12.6.5** Manufacturer's name in the case of equipment
- 12.6.6** Serial number in the case of equipment
- 12.6.7** Goods Receipt Note and date
- 12.6.8** Location
- 12.6.9** Location identification code number and
- 12.6.10** Identification code number
- 12.6.11** Remarks (if any).

## **12.7 Buildings**

The Accounting Officer shall maintain or cause to be maintained a register in which the following details of buildings acquired by the authority shall be recorded:

- 12.7.1** Date the building was completed/purchased
- 12.7.2** Value of the building at the date of acquisition or purchase
- 12.7.3** Plot number, Block number and place where the building is located
- 12.7.4** Payment voucher number or payment certificates and dates; and
- 12.7.5** All Title Deeds in respect of Land and Building shall be securely kept under the dual custody of authorized officers or agent.
- 12.7.6** Remarks (if any)

## PART XIII

### 13 TENDERS

#### 13.1 Tender Board

There shall be a Tender Board within the organization which will constitute the following members:

- |     |  |   |           |
|-----|--|---|-----------|
| (a) | Managing Director  | - | Chairman  |
| (b) | Finance and Administration Manager                           | - | Member    |
| (c) | Manager, Technical Services                                  | - | Member    |
| (d) | Manager, Commercial Services                                 | - | Member    |
| (e) | One Engineer from Regional Administrative Secretary's Office | - | Member    |
| (f) | Regional Supplies Officer                                    | - | Member    |
| (g) | Head of Procurement Section                                  | - | Secretary |

The Tender Board may establish a sub-committee which shall consist of persons who are competent to advise the Tender Board on any specific matter.

The Tender Board may invite any person to attend and to participate in the deliberations of the meeting of the Tender Board but such person shall have no voting powers.

The Tender Board shall keep minutes of the proceedings of every meeting and such minutes shall be transmitted to the Central Tender Board as soon as is practicable after the meeting at which they were confirmed.

At any meeting of the Tender Board, one-half of the members shall constitute a quorum. Tender Board membership shall not be delegated.

#### 13.2 Power of the Tender Board

The Tender Board shall process tenders for works with value up to Tshs.50,000,000/= (shillings fifty million only).

The Tender Board shall process tenders for goods with value up to Tshs.30,000,000/= (shillings thirty million only).

The Tender Board shall process tenders for services with value up to Tshs.10,000,000/= (shillings ten million only).

#### 13.3 Tenders for Plant, Buildings and Motor Vehicles

All tenders for plant, buildings and motor vehicles shall be processed by the Tender Board and then referred to the Board of Directors for approval. Under special circumstances where an asset of this nature has to be procured urgently, permission shall be sought from the Chairman of the Board of Directors in writing

and including circularization to the Finance, Planning and Disciplinary Committee members then ratified at the next meeting of the Board of Directors.

#### **13.4 Tender Procedures**

The Tender Board shall comply with the requirements of the Public Procurement Act no 3 of 2001 and the related Regulations in executing its functions.

In choosing a selection method, the Tender Board shall observe the limits set out in the Procurement Regulations separately for works, goods, and services.

The under mentioned procedures shall be observed while processing tenders:-

##### **13.4.1 Calling for Tenders**

At least a minimum of 45 days from the date of the first tender advert should be allowed for tenderers to prepare and submit their tender applications. The notice issued for tenders must be clear and explicit. No alterations shall be made to the notice after tenders have been floated. In case changes are necessary, all tender applicants and bidders and the public in general shall be notified at least two weeks before the date of submission. No changes shall be allowed once bids are submitted and/or opened.

Bids submitted by telegraphic transfers, e-mails or any other electronic means shall not be accepted. Where samples of products offered are required, this should be stated in the advert. If this is the case, two samples of each product shall be supplied, one for retention until the completion of the contract and the other to be subjected to tests and examination by an expert. The sample sent for testing shall bear no marking to indicate the name of the tenderer but shall have a number to match it with the main product.

##### **13.4.2 Receipt of Tenders**

After tenders have been received, the following salient points should be observed; All tenders which should be in sealed envelopes received either by post or by hand must be dropped into a special locked tender box.

Where tenders are received by an authorized officer, s/he should initial and then stamp the envelope with an official date stamp immediately they are received and then drop them into the tender box.

Immediately after the deadline, the box shall be cleared and the tenders opened by the Secretary or a person acting in this capacity to the Tender Board in the presence of the other members of the Tender Board.

All the tenders shall be numbered consecutively and then initialed by the Chairman and committee members present. A list of the tenders showing the number of the tender and the name of the tenderer shall be prepared in triplicate and signed by the Secretary of the Tender Board or person acting in this capacity.

All documents related to the tender shall be treated as confidential all the time and may only be handed, or contents thereto communicated, to officers responsible for dealing with them.

### **13.5 Minimum Information to be Presented to the Tender Board**

The following minimum information shall be presented to the Tender Board in respect of contracts of various nature:

- 13.5.1 The original estimates for the job with breakdown analysis.
- 13.5.2 Technical details of what the contract involves including job specification.
- 13.5.3 Specify works that are not included i.e. electrical, plumbing etc.
- 13.5.4 The list of all invited tenderers, where bidding is not left open to the general public, giving the names of firms, postal and physical addresses.
- 13.5.5 Postal address, Telephone Numbers and Licenses.
- 13.5.6 Details of jobs previously performed elsewhere.
- 13.5.7 Time of completion and guarantee period.
- 13.5.8 Details of pre-qualifications, if any.
- 13.5.9 Copy of advertisements whether local or otherwise.
- 13.5.10 Comprehensive details in case of fluctuations, penalties retention period, mobilization/down payments and imported materials element.

### **13.6 Contracts**

#### **13.6.1 Building contracts**

Contracts for the construction or repairs of buildings shall be in writing in a approved form and executed under the common seal of the Board. Contracts for the construction of buildings shall normally be offered by invitation to firms selected by the Tender Board taking into consideration the recommendations by a responsible consultant to submit tenders on the basis of priced bills of quantities.

Where, in respect of relatively small works, the Tender Board deems it is in the Authority's interest to do so either for reasons of economy to save time or whether a certain firm has special skills and equipment, it may be resolved that a contract be negotiated instead of adopting the tender system. Negotiated contracts may be, either in approved form under the common seal of the Authority or, by variation order/by addition order or by omission order under an existing contract. The Accounting officer may direct that minor procurement for works, goods or services in compliance to the provisions of the Public Procurement Act No. 3 of 2001 (second schedule).

#### **13.6.2 Supply contracts**

All supply contracts including service contracts shall be fixed in money terms based on either the negotiated amount or the bid price. Once a bid is accepted, the terms and conditions of the bid shall prevail.

### **13.6.3 Contract Records**

The Accounting Officer shall ensure that a contract register is maintained where in the following minimum information shall be provided:

- (a) Serial number of the contract
- (b) Name and address of the contractor
- (c) Date of contract
- (d) Reference to appropriate authority for the award of contract
- (e) Brief description on the nature of contract
- (f) Date of completion
- (g) Amount of contract
- (h) Number of approved certificates for completed works
- (i) Details of payments
- (j) Security retained and how eventually discharged
- (k) Remedy for breach of contract.

### **13.7 Quotations and Awarding**

13.7.1 All types of purchase which are of a capital/revenue nature whose prices are controlled shall as far as possible be procured by tendering procedures as prescribed in the Public Procurement Act No. 3 of 2001.

13.7.2 In respect of items whose prices are not controlled, quotations shall be obtained from at least five reliable suppliers. Depending upon the merits of each case, the quotations of a particular supplier shall be accepted.

13.7.3 The criteria for awarding the work for supply of materials/rendering of services by using quotation basis shall not necessarily be based on the price alone but other factors like limits sets in the Public Procurement Act No. 3 of 2001 Schedule 3, quality, timeliness of supply, dependability of supplier etc. shall also be taken into consideration.

### **13.8 Local Purchase Order**

Local Purchase Order (LPO) shall be deemed to be a legal binding document when signed by signatories and approved by the Managing Director.

The Local Purchase Order (LPO) Book shall be serially numbered by the printer and kept in the personal custody of the Supplies Officer.

## **PART XIV**

### **14 ANNUAL ACCOUNTS AND EXTERNAL AUDIT**

#### **14.1 Periodical Financial Reports**

14.1.1 The Accounting Officer shall prepare or cause to be prepared quarterly Financial Reports which shall include the operational budgetary report along with the operating results for the quarter under review. Where appropriate, the proforma financial statements for the coming quarter shall also be prepared. These reports together with other relevant material shall be presented to the quarterly management meeting for discussion before submitting the same to the Executive Committee of the Board immediately after the end of the relevant quarter.

#### **14.2 Accounting Policies and Practices**

##### **14.2.1 The best accounting practices**

The Accounting Officer shall ensure that the Authority's accounts and accounting system are written and kept based on the best accounting policies and practices as promulgated from time to time by the Board of Directors.

##### **14.2.2 Changes in accounting system**

The Board of Directors shall determine and direct from time to time, the appropriate changes in accounting policies and accounting system to be adopted by the Accounting Officer, as it may deem necessary.

##### **14.2.3 Computerization**

The Accounting Officer shall, where appropriate, cause to be computerized the accounting system of the Authority in line with relevant and up to date information technologies.

#### **14.3 Annual Accounts**

14.3.1 At the end of the financial year, the Accounting Officer shall prepare or cause to be prepared the financial statements comprising of a balance sheet, income and expenditure statement, cash flow statement and the accompanying schedules and accounting policies used.

#### **14.4 External Audit**

14.4.1 Subject to the provisions of the Public Finance Act no.6 of 2001 - Section 25, external auditors must have audited the Authority's Accounts within six months following the end of the financial year.

##### **14.4.2 Annual Audit**

The account of the Authority shall be audited by the Controller and Auditor General.

14.4.3 The Accounting Officer, management, and all employees of the Authority shall extend the necessary co-operation and support to the external auditor to facilitate prompt examination of the accounts and the auditor's opinion thereon.

14.4.4 **Audit Queries**

The Accounting Officer shall respond to all audit queries and make the relevant adjustments as appropriate.

**14.5 Adoption of Audited Accounts**

14.5.1 The audited accounts, the report of the auditors and the related audit opinion shall be tabled to a Board of Director's meeting convened immediately after the completion of the audit exercise to adopt the audited accounts.

14.5.2 The audited accounts shall deem to have been adopted by the Board of Directors if the Balance Sheet, Income and Expenditure Statement and a Cash Flow Statement are sealed and signed by the Chairman or any member of the Board of Directors acting in his capacity, and any other member of the Board. A complete set of the audited and signed financial statements together with the auditor's report and opinion thereon shall be submitted to the parent Ministry not later than 31<sup>st</sup> December every year.

**14.6 Retention of Accounting documents**

All accounting documents and records shall be retained in an orderly manner and in satisfactory condition within the Authority's premises for a period of at least seven years from the last day of the relevant accounting period.

**14.7 Custody of Documents**

The Accounting Officer shall keep or cause to be kept under safe custody the following documents which are classified as accountable, valuable and sensitive:

- 14.7.1 Title Deeds
- 14.7.2 Motor vehicle Registration Cards
- 14.7.3 Insurance Policies
- 14.7.4 Cheque Books
- 14.7.5 Receipt Books
- 14.7.6 Local Purchase Order Books
- 14.7.7 The Seal of the Authority
- 14.7.8 Contracts and Leases.

## **PART XV**

### **15 INTERNAL CONTROLS**

#### **15.1 Responsibility or Internal Controls**

- 15.1.1 The Authority's internal control system shall comprise the operating environment, the accounting system in force, and the various measures and operating procedures established to safeguard property, enforce adherence to policies and ensure efficient operations of the Authority.
- 15.1.2 Every officer employed by the Board undertakes to comply with the rules and regulations set out by the Authority to safeguard the assets, comply with policies and instructions given with a view of extending the business of the Authority with economy and efficiency.
- 15.1.3 Every Senior Officer and Head of a Department or Section forebears to enforce the requirements of internal controls and the regulations set out herein within his/her area of jurisdiction.

#### **15.2 Internal Audit**

- 15.2.1 The Accounting Officer shall review, appraise, assess and evaluate or cause to be reviewed, appraised, assessed and evaluated the internal control system of the Authority with a view of enhancing and/or improving such controls.
- 15.2.2 The Authority shall extend the office of the Accounting Officer to include an establishment of an Internal Audit Unit. The Internal Audit Unit shall have the responsibility to supervise, on behalf of the Accounting Officer, the execution of the internal audit functions as described in 15.2.3.
- 15.2.3 Apart from appraisals, assessment and evaluation of the internal controls, the Internal Audit Unit shall perform the following functions:
  - (a) Reviewing the operating systems, procedures and records in each Department or Section and issue a report thereon;
  - (b) Reviewing the financial systems, policies, procedures, manuals, and standing orders to ensure they provide adequate mechanism for monitoring and controlling Authority's financial resources and activities;
  - (c) Verifying accuracy of financial reports to certify that they are prepared in accordance with these financial regulations;

- (d) Conducting stock verification to ensure that procedures are being followed and that there are sound stores accounting procedures in place;
- (e) Undertake management audit, operational audit and value for money audit and accordingly advise the heads of departments and management;
- (f) Advise on effective measures to deter fraud and to avoid losses and/or damage to property;
- (g) Carry out any other duties or task as may be required to do by the Accounting Officer.

15.2.4 The Internal Audit Unit shall have no limitation of scope as to its role. In achieving effectiveness, the Head of the Internal Audit Unit shall have adequate independence and powers to execute the above stated functions. For this reason the Head of the Unit shall report directly to the Accounting Officer.

### **15.3 Audit Committee**

15.3.1 The Managing Director shall establish the audit committee as required by Regulation 30 of the Public Finance Act, 2001. Members of the audit committee shall be not more than five nor less than three, and at least one member shall have the experience of accounting and auditing as required by Regulation 31 of the Public Finance Act, 2001. The audit committee shall be the committee of the Board of Directors. Three members shall be drawn from the members of the Board of Directors. The audit committee shall meet quarterly.

The Audit committee's primary objective shall be to provide the Board with additional assurance regarding the integrity and effectiveness of the internal control, risk management, corporate governance, reporting and compliance systems operating in the Authority. Specifically, the Committee shall appraise the soundness and application of accounting, financial and operational controls and in particular shall:

- (a) Meet at least quarterly;
- (b) Be responsible for the approval of the internal annual strategic audit plans of the Authority;
- (c) Review internal and external audit reports involving matters of concern to senior management of the Authority including the identification and dissemination of good practices;
- (d) Provide advice to the Managing Director on action to be taken on matters of concern raised in the report of the internal auditor or in the report of the Controller and Auditor General concerning the Authority;

- (e) Coordinate audit programs conducted by internal auditors and the programs conducted by Controller and Auditor General;
- (f) Provide the Managing Director on the preparation and review of financial statements of the Authority.
- (g) Prepare the audit committee annual report on its functions, copies of which shall be sent to the Board of Directors and Controller and Auditor General.

## **PART XVI**

### **16 MISCELENEOUS PROVISION**

#### **16.1 Handing Over Notes**

16.1.1 An Officer may hand over his/her duties when:

- Going on leave
- Traveling on duty
- Undertaking training outside the working station
- Promoted to higher position
- Transferred to another working station
- Undergoing Medical Treatment

16.1.2 Any Officer handing over his/her duties shall issue a hand over note to the officer taking over.

16.1.3 Handover notes for head of departments shall be copied to the Managing Director while those for other officers shall be copied to the Finance and Administrative Manager.

#### **16.2 Provision for Bad and Doubtful Debts**

Full provision shall be made on all debts outstanding for over one year in respect of water and sewerage debtors and for staff who have left the Authority. However, vigilant efforts shall be continued for collection of outstanding debts.

#### **16.3 Bad Debts Write offs**

16.3.1 The Managing Director is empowered to recommend write-off of bad and doubtful debts to the Board of Directors.

16.3.2 The Board of Directors is empowered to write-off bad and doubtful debts of any amount.

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