

GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF WATER



**WATER SECTOR DEVELOPMENT PROGRAMME
(WSDP)**

Programme Implementation Manual

ANNEX 2

Basin Water Office Operational Guidelines

for

Implementation of the WSDP

January 2007

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ACRONYMS AND ABBREVIATIONS

AWEC	Annual Water Experts Conference
BWB	Basin Water Board
BWOs	Basin Water Offices
EIA	Environmental Impact Assessment
IWRM	Integrated Water Resources Management
ISO	International Standards Organization
KPI	Key Performance Indicator
NAWAPO	National Water Policy
NGO	Non-government Organisation
NWSDS	National Water Sector Development Strategy
O&M	Operation and Maintenance
WMO	World Meteorological Organization
WRM	Water Resources Management
WUAs	Water User Associations

1. INTRODUCTION

The Government has prepared a Water Sector Development Programme (WSDP), which includes among other things a water resource management subprogramme. The Objectives of the Water Resources Management component are to:

- (i) develop a sound water resources management and development framework in the nine river/lake basins, for optimising the utilisation of the water resources in a sustainable manner for various competing uses;
- (ii) Promote good governance of water resources through empowering water users, encouraging participatory and transparent decision-making, devolving ownership to user level, and granting secure water rights with responsibilities to water users, community groups, local government and Basin Boards; and
- (iii) Strengthen the capacity of basin offices to address trans-boundary and lake basin issues.

The main focus of the Water Resources sub-component of the WSDP is on the establishment and strengthening of the nine Basin Water Offices (BWOs). The programme will support staffing, construction of the physical infrastructure of the BWOs and strengthening their capacity in water resources monitoring, assessment and enforcement. The programme will also support activities for: protecting important water sources; water demand management; strengthening legislation and enforcement of laws; developing integrated water resources plans, trans-boundary water body management and a variety of cross-cutting activities (disaster management, public awareness, inter-agency networking and establishing water resources Management Information System).

These Operational Guidelines have been prepared to guide the basins on the framework on which to operate in the implementation of the programme. They deal with personnel, financial, commercial, technical, procurement, reporting and monitoring mechanism and other general matters.

The Operational Guidelines form part of a Memorandum of Understanding signed or to be signed occasionally between the Ministry of Water and the respective Basins.

2. ORGANIZATION STRUCTURE OF BWOS

In pursuant to the National Water Policy (NAWAPO) 2002 basins shall adopt the Organogram in **Annex A**. Where it is deemed necessary for the Board to modify the presented organogram, the resulting organogram should be submitted to the Ministry for information.

Every Basin, guided by its Mission and Vision, shall offer quality services commensurate with the best world practices.

3. STAFF

3.1 Manning levels

In accordance with the Organogram given in **Annex A**, each Board shall cause to be prepared optimal manning levels, as stipulated in the individual MoU for the Basin, which must be submitted to the Minister for approval.

Encourage self monitoring of water polluting industries and municipalities, water abstractions and engage large water users in running hydrometric stations close to their areas of activity.

In order to achieve best possible manning levels the basins should optimize staff productivity, outsource some of its activities to the private sector and consider the possibility of automatic operations and computerization.

3.2 Employment

I. For financially and administrative autonomous BWBs

- a) The BWBs shall, upon approval of the Minister, appoint a suitable person to become the Basin Water Officer. The appointed Basin Water Officer shall serve the Basin on contract term of four years and may be reappointed for such term or terms as the Board deems fit. In case of gross misconduct, the Board may suspend the Basin Water Officer pending an enquiry to be instituted by the Minister.
- b) The Basin Water Officer shall be the principal officer of the BWB and, subject to the directions of the board, shall be responsible for the management of the affairs of the Board.
- c) Employment of other staff shall be carried out by the BWB as may be necessary for the exercise and performance of its powers and functions, upon such terms and conditions as it may determine.
- d) Para (a) withstanding, and without prejudice, the Board shall have the mandate to terminate any staff.
- e) Upon termination of the services of an employee by the board due to misconduct, the employment benefits shall be forfeited, save for personal contributions.
- f) Boards shall exercise transparency in recruitment of its staff.
- g) Casual laborers who would be terminated shall be paid their terminal benefits by the respective Board.
- h) There will be no formal transfer of employees between basins since each basin is autonomous. However an employee who wishes to move from one basin to another shall do so in his/her personal capacity and his/her acceptance will depend on whether his/her services are required.
- i) The Board shall employ adequately qualified staff, taking into consideration statutory requirements for various professions.

II. For semi-autonomous BWBs

- a) The Ministry according to Government procedures shall appoint the Basin Water Officer and other professional staff.
- b) BWBs will be required to employ supporting staff e.g. drivers, secretaries, gauge readers, water guards etc
- c) BWBs may employ short-term consultants as the need may arise and may also employ additional staff.
- d) The respective Board shall pay casual labourers who would be terminated their terminal benefits.

3.3 Scheme of Service

Every Board shall cause to be prepared, approve and implement a scheme of service of the Basin staff. For BWBs on transition towards autonomy will have their schemes of service approved by the Government.

3.4 Salaries, Benefits and Incentives

Every Board shall cause to be prepared and approve a motivating salary structure and benefits scheme for the employees of the Basin. The BWB shall also ensure that, the total salaries, incentives and benefits bill is less than 30% of the total current revenue. BWBs, which are financially and administratively autonomous, shall submit their incentive package to the Minister for information; while BWBs, which are on transition towards autonomy, must obtain the approval of the Minister.

- a. The BWB members shall be entitled to such remuneration, fees or allowances as the BWB may decide from time to time. Such remuneration, fees or allowances shall cover only costs for travelling to and from bonafide meetings of the BWB and/or its Committees, sitting allowances and facilitation expenses during such sittings. There will be no entitlement to transport and/or office accommodation on permanent or semi- permanent basis for any member of the BWB.
- b. The BWB members' remuneration, fees and allowances shall be notified to the Minister.

3.5 Staff Training and Development

The BWB shall cause to be prepared and approve staff training and development programme and supervise its implementation.

4. SETTING WATER USE CHARGES

Setting of water use charges is the responsibility of the BWB. The BWB shall ensure that the water use charges set are affordable and adequate to meet costs of water resources management. Costs of water resource management include salaries and allowances, O&M data gathering networks, water resources assessment and planning, water allocation, monitoring and enforcement of the legislations, protection of water sources and support to participatory basin management processes.

5. FINANCIAL GUIDELINES

A good accounting system should be able to record costs and revenues and make a variety of comparisons between them to generate insights into the financial health of the institution. The BWOs should attempt to prepare accounts to national and international standards, and ensure the accuracy of the figures

- a. The Basin Water Officer shall prepare the annual budget (annual plan) which shall be approved by the BWB. The budget so approved and signed by the Chairperson and the Secretary shall be submitted to the Minister for information, within one month from the date of its passing by the BWB. Basins that are on transition towards autonomy shall have their budgets endorsed by the Minister after approval by the Basin Water Board.

In preparing the budget, allocation of funds shall follow the following priorities:-

- (i) Personnel Emoluments;
 - (ii) Office expenses (electricity, telephone, water, postal charges, internet, office cleaning and ground maintenance, security services, computers and software);
 - (iii) Operations and maintenance of data gathering networks (Hydrometric, Groundwater, Rainfall, Weather stations, Water quality etc.);
 - (iv) Water allocation and water right/permit administration;
 - (v) Water source protection and watershed management;
 - (vi) Water quality and pollution control;
 - (vii) Investigations and research;
 - (viii) Water resource assessments;
 - (ix) Development of information management and decision support systems;
 - (x) Integrated water resources planning;
 - (xi) Support to participatory basin management;
 - (xii) Education and awareness creation programmes;
 - (xiii) Capacity building (Retooling and training);
 - (xiv) Asset valuation, both new and old.
- (b) The recurrent expenditure budget of the BWO shall not exceed 80% of the expected revenue for financially autonomous Basins and 90% for Basins on transition towards autonomy. The respective remaining 20% and 10% of the revenue collected shall be used for new investment or local contribution to donor supported projects.
 - (c) The BWB shall exercise maximum control of the expenditure of monies of the BWOs in strict adherence to the approved budget, Regulations of the Public Finance Act No. 6 of 2001 and Public Finance Regulation 2001 as amended 2004.
 - (d) All BWOs shall pay taxes according to the Income Taxation Act 2004 and all Bylaws related to taxes.
 - (e) The BWBs may invest any part of the monies of the BWOs which for the time being is not required for the purpose of the business of the BWO, in short term secure investment within the financial year, such as buying Government Bonds. Such investment however, shall be notified to the Minister.
 - (f) With prior approval of the Minister, BWBs may obtain loans and other credit facilities, to be used for investment purposes, from any person or body of persons for the purpose of the BWOs.

- (g) The Accounts of the BWBs shall be audited by Controller and Auditor General (CAG) or his appointee. The appointee shall be selected from among three Auditors proposed by the BWB.
- (h) In order to comply with Regulation 29 of Public Finance Act, the draft annual accounts should be ready latest by 15th September every year.
- (i) The Annual Accounts shall be prepared on accrual basis in accordance with General Accepted Accounting Standard known as International Accounting Standards such as International Public Sectors Accounting Standards (IPSAS), International financial Reporting Standards (IFRS) standard format appended as **Annex B**.
- (j) The BWBs shall have their own Financial Regulations, taking cognizance of the Public Finance Act No. 6 of 2001 and Public Procurement Act No. 21 of 2004, to include the following:
 - i) Budgetary Control;
 - ii) Cash receipts and Banking procedures;
 - iii) Internal Control;
 - iv) Payment procedures;
 - v) Audit and appointment of Auditors;
 - vi) Custody of receipts;
 - vii) Tendering;
 - viii) Fixed Assets, register and tally;
 - ix) Instructions on maintenance of books of accounts which may include accounting software, upgrades and security;
 - x) Accounting procedures and formats;
 - xi) Financial reporting: daily, weekly, monthly, quarterly and annually;
 - xii) Procurement transparency and value for money principle.

6. GUIDELINES ON PREPARATION OF BUSINESS PLANS

A business plan in the context of Basin management is an essential management tool for any business or institution to achieve success in meeting the needs and expectations of its water users and other stakeholders. A business plan can serve many purposes and it can be considered as:

- a tool which helps the BWO to select priorities;
- a model which helps the BWO to plan;
- a process which helps the BWO to delegate responsibility and manage the process of change;
- a document which enables other stakeholders to understand the future development, ambitions and objectives of the BWO.

Those involved in preparing the business plan should set out to answer the following questions:

- i. What do water users and other stakeholders expect from the BWO?
- ii. What does the BWO need to do in order to satisfy the expectations of its water users and other stakeholders?
- iii. What prevents the BWO from satisfying the expectations of water users and other stakeholders?

- iv. What internal actions can the BWO take to satisfy expectations?
- v. What external assistance is necessary for the BWO to meet expectations?
- vi. What is the cost and how much time is required for the BWO to satisfy expectations of its water users and other stakeholders?

A major benefit of preparing and using a business plan to guide and direct the management of BWO is that it demonstrates the BWO's:

- competence in planning and delivery of services to water users and other stakeholders;
- commitment to modernization and improving efficiency;
- creditworthiness (leading to successful funding for investments).

A business plan typically covers a 3 to 5 year period and should be reviewed and revised in the middle of the period. The development plans prepared for each BWO will generally cover a longer period, and each business plan should incorporate the relevant components from the development plan. The main sections and recommended structure for a business plan are set out in the table below:

Structure of the Business Plan

Chapter	Main contents
Mission statement	Goals of the BWO stating what it intends to achieve within a given timeframe.
Strategies	Main strategic developments needed to reach the goals.
SWOT analysis	Summary matrix of strengths, weaknesses, opportunities and threats that explains the main external and internal factors likely to influence development of the BWO.
BWO profile	Current water resources management capacities, data monitoring networks and other fixed assets, personnel, projects and programmes.
Services provided	Water allocations, water sources protection, assessment and monitoring water quality and pollution control, education and awareness (present levels, trends and projections).
Development options	Range of development options which will meet projections.
Development plans	Chosen interventions which BWO will implement in order to meet projections.
Investment needs and funding plan	Resources needed to implement development plans.
Action plan for plan implementation	List of the main activities with SMART targets indicating those responsible for achieving targets (SMART - Specific, Measurable, Achievable, Realistic, Time-related).
Monitoring and Reporting	Performance indicators to measure progress, monitoring and reporting arrangements.

- i. Each BWO will prepare its own business plan and it is essential that the senior management team is involved in the preparation of the business plan as they are the ones responsible for its successful implementation.
- ii. The plan should reflect the views and aspirations of the management team. The Chairperson of the BWB should also be involved in the planning process.
- iii. The completed plan should be presented to the BWB for scrutiny and approval, and then it should be implemented.
- iv. Upon approval, the plan should be sent to the Ministry so that it is aware of the development ambitions of the BWO.

7. COMMERCIAL GUIDELINES

- a) Every BWO shall have a Public Relations and Customer Services Unit to enhance its image. This will improve BWO's relationship with its clients and the public and improve customer willingness to pay and hence pave way for sustainability of the services provided.
- b) All projects undertaken by the BWO's own funds must be economically and commercially viable.
- c) Every BWO shall strive to encourage Private Sector Participation in its operations in order to enhance efficiency. This will also serve as additional source of external financing.
- d) Every BWO shall have to diversify its sources of funds
- e) The BWOs should solicit funds from other sources, such as financial institutions and through the participation of Private Sector, NGOs, FBOs for its projects and programmes and encourage Public Private Partnership.
- f) Every BWO shall embark on measures to improve revenue collection efficiency and these include the use of current metering technologies, further decentralization of billing and fee collection to subcatchment committees and water user associations.

8. TECHNICAL GUIDELINES

- a) All designs and constructions of water monitoring networks should conform to the design and construction manuals of the Ministry and or acceptable International design and construction practices such as WMO and ISO.
- b) O&M of water monitoring networks must follow approved guidelines and manufacturers equipment service manuals
- c) Development of large water schemes including construction of dams, large rainfall harvesting schemes, water intakes, river diversion works, pumping stations, drilling and groundwater use, and inter-basin water transfers must meet objectives of water resources management, and will be subject to a permit and an Environmental Impact Assessment (EIA). Inter basin water transfers must be reviewed by the National Water Board and approved by the Ministry.
- d) Inter-basin water transfers will only be undertaken after a thorough study and will have to meet special guidelines and planning requirements, and will be

considered when the recipient catchment uses available water optimally and conservation practices are enforced.

- e) All BWOs shall put in place mechanisms for water sources protection and conservation of the environment/catchments
- f) Every BWO shall ensure that, the infrastructures for water management are properly maintained and a comprehensive preventive maintenance system is in place.
- g) Safety of employees, facilities and infrastructure is of paramount importance to the BWO. Every BWO shall prepare safety Regulations and implement them.
- h) Accuracy of water meters (current meters, water level sensors, water quality sensors, weather sensors, geological, hydrogeological geophysical sensors) varies with time. In this regard, every BWO should develop and implement preventive maintenance plans to ensure that meters are calibrated regularly.
- i) Technical specifications for all technical equipment for groundwater investigations, water quality monitoring, weather and hydrometric stations must be approved by the Ministry
- j) Every BWO must develop its own water quality-monitoring programme, adhere to it and publish the results for the public.
- k) Every BWO must put in place and publish a workable water demand management system.
- l) Guidelines on activities that carry the processes towards Integrated Water Resources Management:

Activities that are required to carry the processes towards Integrated Water Resources Management are organized in three key areas; (i) Water Resources Assessment, (ii) management and (iii) coordination and cooperation. Water Resources Assessment is required to provide the knowledge base, raise awareness and assess threats, trends and emerging issues. Effective water management, which includes integrated planning, and the integration of stakeholders in the planning and decision making processes, depends on accurate and scientifically credible knowledge base of water resources and water demands together with socio economic factors. General guidelines for activities that carry the processes towards basin integrated water resources management, coordination and cooperation are given in **Annex C**

9. PURCHASES AND STORES

- (a) The final authority in all purchases of the BWO shall be vested in the BWB.

- (b) The Basin Water Officer with the consent of the BWB shall form a Tender Board, as stipulated in the Public Procurement Act to approve purchases and tenders with ceiling as prescribed in the 2nd Schedule of the Public Procurement Regulations.
- (c) The Basin Water Officer may procure its stores from any source within and outside the country. The BWO shall make sure that the stores are reasonably priced and are of acceptable quality as per acceptable standards. The BWOs shall at all times procure from the manufacturers of goods or public owned companies or private registered companies.
- (e) The BWO shall forecast its procurement requirement as accurately as is practicable and as in the annual budget and work plan. The annual procurement plan must be prepared and approved by the BWB.
- (f) Without compromising the Public Procurement Act, the BWB shall cause to be reviewed/prepared Purchasing and Stores Regulations to include the following:
 - i) Stores functions;
 - ii) Purchasing procedures, Local and Foreign;
 - iii) Receipts and Inspection;
 - iv) Issue and dispatch procedures;
 - v) Stock Records;
 - vi) Stock taking procedures;
 - vii) Identification of Stores;
 - viii) Stores Accounting and Valuation;
 - ix) Coding of Stores;
 - x) Stores buildings and Stock yards;
 - xi) Insurance;
 - xii) Stock Movement;
 - xiii) Accounting formats.

10. PROCEDURE FOR BOARD APPOINTMENT

The membership of the Basin Water Board shall contain the following:

- (a) Chairperson, to be appointed by the Minister responsible for water;
- (b) Two representatives from private sector water users in the basin (e.g. industries, mining, agriculture, power);
- (c) Up to four representatives from the Catchment Water Committees;
- (d) Up to three representatives from key water related sectors which are of importance in the Basin, which may include:
 - i). agriculture,
 - ii). energy,
 - iii). minerals/mining,
 - iv). trade and industry,

- v). forestry,
 - vi). environment,
 - vii). natural resources,
 - viii). lands,
 - ix). livestock;
- (e) One representative from local government authorities;
 - (f) One representative from water supply and sanitation authorities;
 - (g) One representative from regional administrations;
 - (h) One representative from the Ministry responsible for water;
 - (i) One representative from Non-governmental Organisations;
 - (j) One representative from womens' organizations;
 - (k) At least three members of the Basin Water Board shall be women;
 - (l) The Basin Water Officer shall be the ex-officio Secretary of the Basin Water Board;
 - (m) The members of the Basin Water Board shall be/shall have been involved in and have adequate knowledge and experience in water resources affairs in the area of the respective Basin Water Board;
 - (n) The Minister shall, by regulations published in the Gazette, prescribe the procedures for the nomination of the representatives in subsection (1);
 - (o) The BWO shall request three names each from the respective Ministries, Women groups, NGOs, Local and regional administration, subcatchment committees and from the private sectors. All names proposed shall be submitted to the Minister accompanied by their respective Curriculum Vitae (CVs) through the Director of Water Resources Division;
 - (p) Members of the BWB except those joining by virtue of their position can serve the BWB for a maximum of two terms only of 3 (three) years each;
 - (q) For every new appointment of the BWB and for continuity/consistency purposes, there shall be at least two new members who have never served in the BWB before.

11. REPORTING PROCEDURES AND MECHANISM

The BWO shall prepare and submit to the Ministry the following reports, preferably in English, in the formats to be provided regularly by the Ministry.

- a) A weekly flash report to be submitted every Monday by E-Mail.

- b) Monthly report (hard and soft copy) to be submitted not later than 10 days after the end of the month by a fast courier service.
- c) Quarterly report to be submitted not later than 14 days after the end of the quarter (end of every 3 months) by a fast courier service.
- d) The BWB shall cause to be prepared and submitted to the Minister within six months after the close of each financial year an annual report detailing generally activities and operations of the BWO during that year and to be accompanied by:-
 - i. a copy of the audited accounts of the BWO together with the auditor's report on the accounts;
 - ii. A copy of the annual reports of the Basin Water Boards; and
 - iii. Such other information as the Minister may direct
- e) The BWB shall establish a Water Register of Water Use Permits, Discharge Permits, Groundwater Permits, Easements granted under the Water Resources Act, and Water Users Associations established under the Water Resources Act.
- f) Every Basin Water Board shall supply without delay to the Ministry a copy of every entry made in the Water Register, and shall, upon application being made to the Board by any other Basin Water Board or Public Officer, forthwith provide without fee a copy of any entry in the Board's Water Register.
- g) The above reporting procedures notwithstanding, the BWOs shall report promptly to the Ministry, Water related sectors, Water user entities and other stakeholders on any major event likely to affect efficient and effective water resources management in the basin or the lives of the public or/and their properties.

12. REGULATIONS AND MONITORING

The Ministry will carry out regulation of the BWOs. The functions of the Ministry include:

- formulating policy, strategy and legislation
 - establishing standards;
 - regulating rates and water and discharge charges;
 - making rules; and
 - monitoring performance.
- (i) The Ministry shall focus on a small number of Key Performance Indicators (KPIs), which focus on service delivery outcomes, rather than the means of producing the outcomes. The following KPIs are proposed in the Programme Document and are expected to embrace the crucial financial and service outcomes:

	KPI (unit)	Calculation	Measures
Financial	collection ratio (%)	collections/billing	collection efficiency.
	cost of revenue collection ratio	cost of revenue collection/amount collected	collection efficiency.
	working ratio (%)	Operational expenses/income	overall financial situation.
	arrears (annual)	billings outstanding/annual billing	outstanding debt
Service	number of WRM conflict resolved(%)	number of conflict resolved/conflict reported	Credibility.
	number of water rights issued (%)	Water right issued/application received	service efficiency.
	Number of monitoring networks	Constructed or rehabilitated/Required	service efficiency.
	Number and percentage of stations in operation	Constructed/rehabilitated	service efficiency.

- (ii) The Ministry will have to provide precise definitions of how each indicator is to be calculated. In setting the KPIs, the Ministry will take into account the resources available to each BWO.

Non performing Basin Water Officers

Failure by the Basin Water Officer to perform without reasonable cause will be subjected to reprimand or removal from the office by the Minister/BWB.

13. GUIDELINES ON GENERAL MATTERS

13.1 Facilities and Infrastructure

- i. The BWO shall obtain title deeds for all land acquired or which may be acquired for the purposes of the BWO.
- ii. The BWO shall prepare an inventory of all properties which vests in the BWO or which have been acquired by the BWO including water wells, reservoirs, motor vehicles, plant, machinery, land and hydrogeological and geophysical survey equipments, water resource monitoring equipment and stations.
- iii. The BWO shall prepare valuation of all fixed assets, using the services of a competent registered valuer and maintain an up to date register of all its assets.
- iv. The BWO shall prepare and obtain a deed of transfer of all properties which are in its possession.

13.2 Logo

The BWO may adopt a distinctive logo of their choice wherein the words “Basin Water Office” shall appear preceded by the name of the respective Basin.

13.3 Establishment of Workers Council

Every BWO shall establish Workers Council in accordance with the laws of the land.

13.4 Capital Works

- i. The BWOs shall ensure at all times that all works to be undertaken (whether recurrent or capital in nature) are executed according to acceptable sound engineering practice.
- ii. In this connection, the BWOs may ask the Ministry for advice and/or guidance during all stages of preparation and execution of all capital works whether own, donor or government funded or funded by a combination of either two or all three.
- iii. Where such capital works are to be contracted out, they shall be contracted out to reputable and registered contractors and be supervised, where necessary, by registered and reputable engineers. Both consultant contractors and engineers shall be sourced through fair and competitive bidding, in accordance with the Public Procurement Act of 2004.
- iv. During the undertaking of such works, the engineers and consultants and contractors shall report on the progress of the works as per contractual obligations, and copies of such reports should be forwarded to the Ministry for information and commenting. The BWO shall also submit monthly work progress reports to the Ministry.
- v. The BWOs, without any reservations, shall allow access by all designated Ministry officials to all necessary information on the development of the works and to the sites of the works to inspect on the works in progress.

13.5 Contribution to Sector Activities

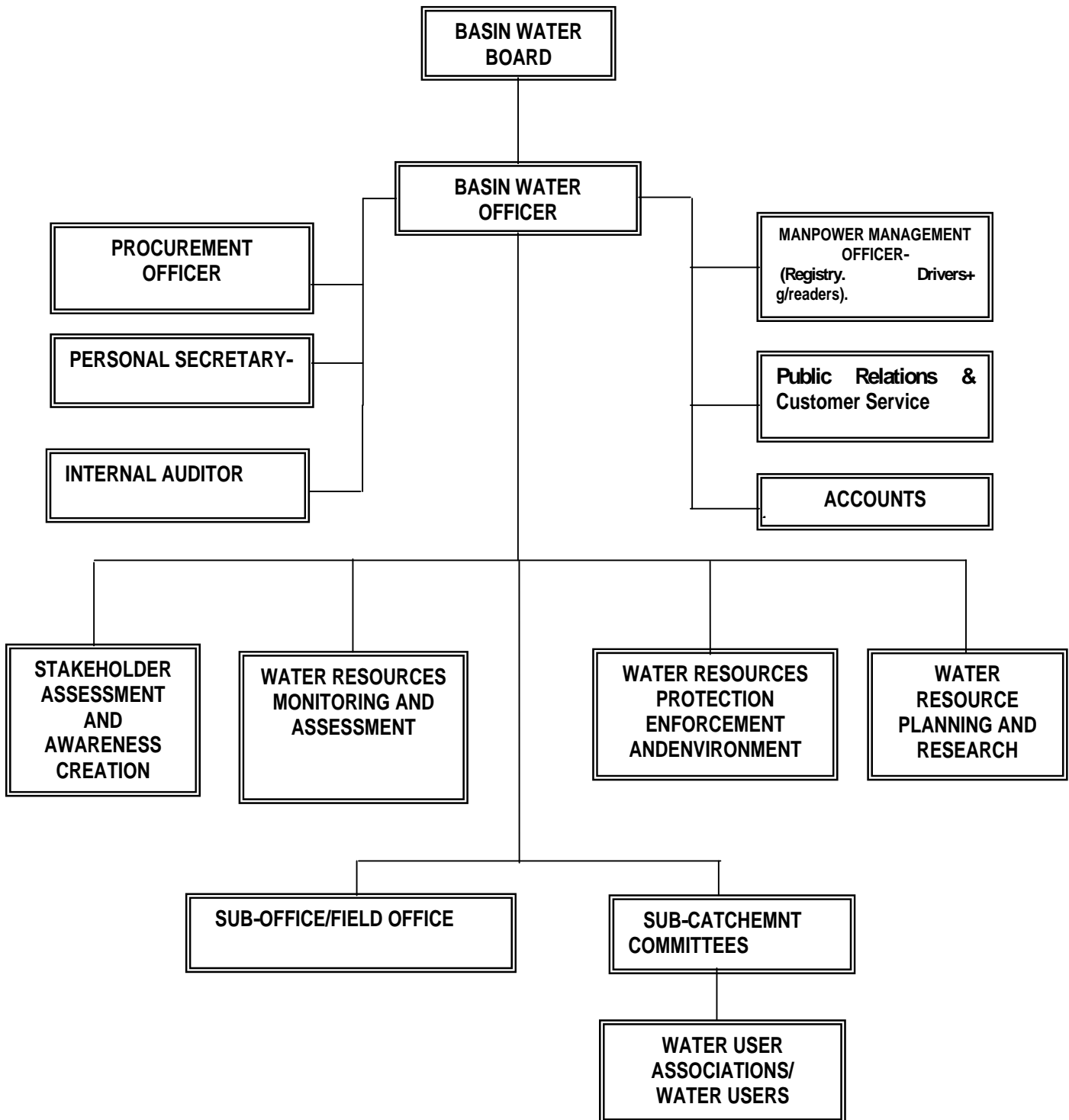
The BWOs are required to contribute to joint sector activities such as Annual Water Experts Conference (AWEC), Basin Water Officers Annual General Meeting, MAJI Week, etc. The total for these contributions, however, shall not exceed 0.5 percent of the total annual revenue collection.

13.6 Annual General Meeting

There shall be a Basin Water Officers Annual General Meeting (AGM) to be chaired by the Minister, and to be attended by the chairperson of the BWBs, BWO Staff, Ministry staff and any other invitees. In the meeting one of the agenda shall be the presentation of the Annual Report with audited annual accounts by every BWO.

The annual report shall have Chairperson and Basin Water Officer’s statement containing their opinion and views on the trend and forecast of the overall performance of the respective BWO for the past year.

ANNEX A: BASIN WATER OFFICE ORGANOGRAM



ANNEX B-1: GUIDELINES ON KEEPING BOOKS OF ACCOUNTS

1. The accounts books and statements, therefore, will be maintained and produced as per NBAA standards.

The following are the basic financial statements that each BWB will be required to produce on a monthly, quarterly and annual basis.

- (a) Receipts and payments statements (source and use of funds) – the purpose is to give cash receipts and cash payments for a month or year.
 - (b) Bank reconciliation (quarterly).
 - (c) Income and expenditure statement (profit and loss statement on monthly and annual basis).
 - (d) Balance sheet (quarterly and annually).
 - (e) Cash flow statement (i.e. source and application of funds at the end of financial year).
 - (f) Statement of accounting policies and explanatory notes (annually).
 - (g) BWO's report (annually).
 - (h) Loss of liquidity report (interest, tax payment, loan payment and capital expenditure).
 - (i) Non operating cash inflow report (new equity capital, loans, sale of fixed assets).
2. Financial Performance Analysis:
The financial performance of the BWO must be analysed regularly. The following ratios form the basis of such analysis on quarterly or annual basis;

- a) Quarterly Analysis

- Short term liquidity measures
- Current ratio: current assets/current liability
- Quick ratio: current ratio with inventories value removed from current assets
- Working capital/sales: liquidity ratio of BWO

- b) Annual Analysis

- Debt/Equity ratio
- Return on total assets
- Return on equity: profit after tax/net worth
- Margin on sales
- Sales to total assets ratio

3. The summary of the final Audited Accounts be presented as per attached format (Annex B-2).

ANNEX B-2: TREND ANALYSIS BASED ON THREE YEARS AUDITED ACCOUNTS

ITEM	20006/07	2007/08	2008/09 (current Rep.)	REMARKS
1: COMPLIANCE <ul style="list-style-type: none"> Timely presentation of accounts Type of Audit Certificate * 				
2: COLLECTION EFFICIENCY (Tshs) <ul style="list-style-type: none"> Budgeted collection (total) Actual collection (total) VARIANCE 				
3: DEBT MANAGEMENT (Tshs) <ul style="list-style-type: none"> Amount billed Current collection Arrears collected Outstanding arrears (Total) Accounts receivable ratio 				
4: LIQUIDITY (Tshs) <ul style="list-style-type: none"> Cash flow surplus Creditors (total) Net current assets/(liabilities) 				
5: INVESTMENTS <ul style="list-style-type: none"> Financed by own sources (Tshs) Financed by other sources (Tshs) Total (investments) (Tshs) % CTI (own sources) ** 				
6: INTERNAL CONTROL (Tshs) <ul style="list-style-type: none"> Cash losses Stores losses Outstanding staff advances/ imp rest 				
7: OPERATING RATIO <ul style="list-style-type: none"> Operating costs (Tshs) Operating revenue (Tshs) Operating ratio *** 				

* Clean (Unqualified) or Qualified

** CTI = Contribution to Investment. This shows Capital expenditure financed by internal cash generated by BWO.

*** Operating ratio= All Operating Expenses including Depreciation/Operating Revenue

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