



**THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE**



**ROADS FUND BOARD (RFB)**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL  
ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE  
FINANCIAL YEAR ENDED 30 JUNE 2024**

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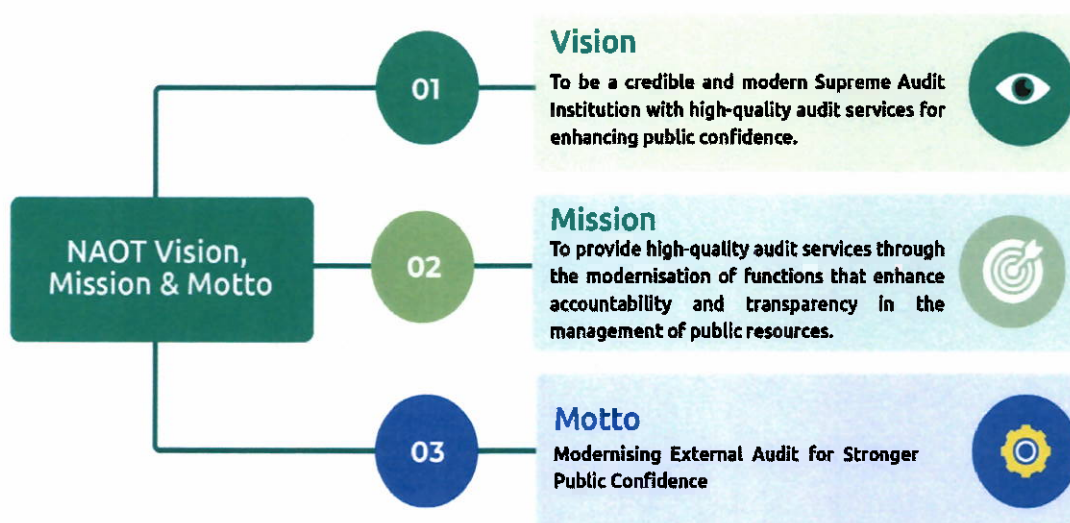
March 2025

AR/CG/RFB/2023/24

## About the National Audit Office

### Mandate

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



### Independence and objectivity

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

### Teamwork Spirit

We value and work together with internal and external stakeholders.

### Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



### Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

### Integrity

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

### Creativity and Innovation

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

© This audit report is intended to be used by Road Fund Board (RFB) and may form part of the annual general report, which once tabled to National Assembly, becomes a public document; hence, its distribution may not be limited.



## TABLE OF CONTENTS

Abbreviations .....	iii
1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL.....	1
1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS .....	1
1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS .....	4
2.0 FINANCIAL STATEMENTS .....	5



## ABBREVIATIONS

<b>CAG</b>	Controller and Auditor General
<b>ISSAIs</b>	International Standard of Supreme Audit Institutions
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>MDA</b>	Ministries, Departments and Agencies
<b>MoW</b>	Ministry of Works
<b>PAA</b>	Public Audit Act No.11 of 2008
<b>PAR</b>	Public Audit Regulation, 2009
<b>PAC</b>	Public Accounts Committee
<b>LAAC</b>	Local Authorities Accounts Committee
<b>PFA</b>	Public Finance Regulations, 2009
<b>PPA</b>	Public Procurement Act, 2011 (as amended in 2016)
<b>PPR</b>	Public Procurement Regulations, 2013 (as amended in 2016)
<b>TANROADS</b>	Tanzania National Roads Agency
<b>TARURA</b>	Tanzania Rural and Urban Authority
<b>TRA</b>	Tanzania Revenue Authority
<b>TZS</b>	Tanzania Shillings



## **1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL**

**Chief Executive,  
Road Fund Board,  
Njedengwa Investment,  
P. O. Box 993,  
DODOMA.**

### **1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

#### **Unqualified Opinion**

I have audited the financial statements of Roads Fund Board (RFB), which comprise of the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow Statement and the Statement of Comparison of Budget and Actual Amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Roads Fund Board (RFB) as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

#### **Basis for Opinion**

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled “Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements”. I am independent of the Roads Fund Board (RFB) in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

#### **Key Audit Matters**

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



### **Other Information**

Management is responsible for the other information. The other information comprises the Chief Executive and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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


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

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

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

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

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



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

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be



communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

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

Further, Section 48(3) of the Public Procurement Act, Cap. 410 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

## **1.2 REPORT ON COMPLIANCE WITH LEGISLATION**

### **1.2.1 Compliance with the Public Procurement Laws**

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

I performed a compliance audit on the procurement of works, goods, and services in the Roads Fund Board (RFB) for the financial year 2023/24 as per the Public Procurement laws.

#### **Conclusion**

Based on the audit work performed, I state that procurement of works, goods and services of the Roads Fund Board (RFB) is generally in compliance with the requirements of the Public Procurement laws.

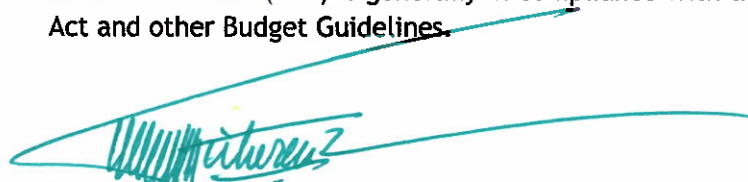
### **1.2.2 Compliance with the Budget Act and other Budget Guidelines**

**Subject matter: Budget formulation and execution**

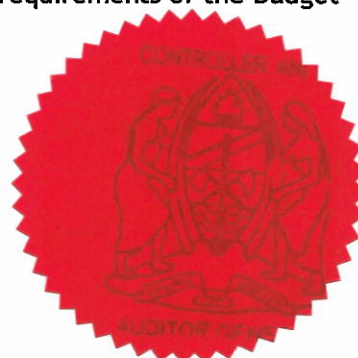
I performed a compliance audit on budget formulation and execution in the Road Fund Board (RFB) for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

#### **Conclusion**

Based on the audit work performed, I state that Budget formulation and execution of Road Fund Board (RFB) is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere,  
Controller and Auditor General,  
Dodoma, United Republic of Tanzania.  
March 2025





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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**2.0 FINANCIAL STATEMENTS**

**1. INTRODUCTION**

Those Charged with Governance (TCWG) present this report together with the audited financial statements for the year ended 30 June 2024, which provides the results of Board operations and its state of affairs. TCWG prepared this report in compliance with TFRS 1 - The report by those charged with governance issued by NBAA and became effective on 1 January 2021.

The report is addressed to primary users and other stakeholders by setting out an analysis of the Board's operations and financial review with a forward-looking orientation. The report will assist primary users and other stakeholders in assessing the strategies adopted by the Board and the potential for those strategies to succeed in creating value over the short-term, medium-term and long-term periods.

**2. VISION, MISSION AND CORE VALUES**

**Vision:**

Excellence in Roads Fund management for a well-maintained public road network.

**Mission:**

To provide sustainable funding for road maintenance to Road Agencies through collection, disbursement and monitoring its utilization for socio-economic wellbeing of the public.

**Core values:**

**Integrity**

We observe and maintain high standards of ethical behaviour and the rule of law.

**Transparency**

We are open, accountable and responsible to stakeholders.

**Teamwork**

We work as a team to achieve our objectives.

**Competence**

We depend on skills, knowledge, and experience in all fields of our operations.

**Innovation**

We believe in creative ideas, technologies and practices to enhance quality, effectiveness and efficiency in road maintenance financing.

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**Professionalism**

We execute our duties with respect to professional skills, ethics, standards and guidelines

**3. NATURE OF OPERATIONS**

**a) Industry in which the Roads Fund Board operates**

The Roads Fund and its Board were established by the Roads and Fuel Tolls Act, Chapter 220 (R.E. 2019). The Board is responsible for managing the Fund into which all monies collected as roads and fuel tolls for road maintenance are deposited.

**b) Structure of the entity's operation, and its economic model, including an overview of the main operating facilities and their location.**

The Board is governed by the Board of Directors established under Section 5 of the Roads and Fuel Tolls Act Cap. 220 R.E 2019. The Board of Directors is responsible for providing strategic direction and overseeing the operations of the Roads Fund Board. The Roads Fund Board Head Office is located in Dodoma.

**c) Effectiveness and efficient utilization of resources**

The Board utilize tangible and intangible resources including intellectual resources, human resources, social and relationship resources, and financial resources. Efficient and effective utilization of Board's resources is pegged on a well-composed Board of Directors, effective Management, competent human resources, deployed ICT infrastructure, and documented internal operating procedures.

**d) Legislative and Regulatory Environment**

The legal environment contributes potential impact in the Board as it embraces legislative change in external atmosphere the Board is operating. The existence of Roads and Fuel Tolls Act Cap. 220 R.E 2019, regulations and guidelines enhance the Board to perform its function. The Board is cautious of what is legally permissible in order to execute its functions successfully.

**e) The legitimate needs and interests of key stakeholders**

The Board embraces the needs and interests of key stakeholders in its decision making. In this regard, the Board has identified eight (8) categories of stakeholders; the Government, employees, suppliers, business partners, society and regulators and policy-makers. The needs and interests of each stakeholder have been identified under Note. 10, of the Report by TCWG.

**f) Macro and Micro Economic Conditions**

Macro and Micro Economic Conditions determine an economy's performance impacting the Board operational capabilities as well as its sustainability. These comprise; interest

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

rate, exchange rate and a remained single digit rate of inflation which influence the Board to perform its mandated function.

**g) Market Forces**

Roads Fund Board operates as a player in Roads with given exclusive mandate on items as stated on CAP 220 (R.E. 2019). There is no competition with internal players in the industry.

**h) The speed and effect of technological Change**

The Roads Fund Board strives to keep up with rapid technological changes in effective service delivery. The Board focuses on development in information technology and improvements in technology related to the industry. In collaboration with eGA, the Board developed a number of integrated Business Management Systems to improve service delivery.

The Board adopted e-Office Management System (eOMS), Employee portal (Watumishi Portal), Convene - Board meetings application, RFB MIS - for office operations, and Barabara App - for collecting information from road users.

The Board is aggressive in embracing technological advancement by automating its processes and adopting digital transformation to meet the needs and expectations of its stakeholders. The Board has invested in ICT systems, trained its staff on proper usage of the systems, and re-engineered its business processes to improve service delivery.

**i) Societal Issues**

The Board is working in the areas that involve shared culture and attitudes of the population in which the organization is operating. In this regard, the Board has been participating in and supporting the society's programs under the corporate social responsibilities.

However, despite continuous participation and support, demands from societies are higher than approved annual budgets. Going forward, the Board will consider increasing its budget allocation and focus its contribution to the welfare of the society.

**j) Political Environment**

The Board plans, and budgets are prepared and implemented while observing the leading political party (Chama cha Mapinduzi) manifesto. The political environment in the country is calm for the Board to perform its functions without political challenges. As well, there was no political interference to the Board in exercising its mandate.

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**5. SERVICE PERFORMANCE INFORMATION**

Objectives	Strategies (Short / Medium / Long)	Target (Current Year / Previous Year / Upcoming Year)	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementat ion Status	Budget (TZS 'Mio)	Actual (TZS 'Mio)
HIV/ AIDS infections reduced and Non- Communicable Chronic Diseases (NCCDs) interventions improved	Promote awareness on HIV/AIDS and NCCDs to staff	HIV/AIDS intervention programmes reviewed and implemented by June 2024  2022/23:01; 2023/24:01; 2024/25:01	Prevalence of HIV/AIDS infection and NCCDs among staff	Greater absenteeism and operational inefficiencies .  Increase in welfare costs for employees.  Impact on succession planning and institutional memory  Stigma  Death and high replacement costs.	Develop and implement customized HIV/AIDS and NCCDs Guideline  Conduct HIV/AIDS and NCCDs awareness seminars.  Acquire healthily supportive working tools where necessary  Put posters in selected places and intranet.  Establish and operationalize the RFB Sports Club.  Plan and conduct staff social gathering and bonanzas.  Plan and organize staff testing	Financial  Human Resources	Facilitate availability of conducive working environment at work place  Oversee constant flow of office amenities	Awareness plan HIV intervention program in place	Increased HIV/AIDS awareness among Staff	Number of HIV/AIDS programs  Number of sensitization on seminars	One program was reviewed and one sensitization seminar was conducted	5020000	

**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

Objectives	Strategies (Short / Medium / Long)	Target (Current Year / Previous Year / Upcoming Year)	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementat ion Status	Budget (TZS 'Mio)	Actual (TZS 'Mio)
					for HIV and NCCDs.  Plan and conduct life style change training programs.								
		Non-communicable diseases (NCDs) intervention program developed and implemented by June 2024  2022/23:01; 2023/24:01; 2024/25:01	Prevalence of HIV/AIDS infection and NCCDs among staff	Greater absenteeism and operational inefficiencies.  Increase in welfare costs for employees.  Impact on succession planning and institutional memory  Stigma  Death and high replacement costs.	Develop and Implement customized HIV/AIDS and NCCDs Guideline  Conduct HIV/AIDS and NCCDs awareness seminars.  Put posters in selected places and intranet.  Establish and operationalize the RFB Sports Club.  Plan and conduct staff social gathering and bonanzas.  Plan and organize staff testing for HIV and NCCDs.	Financial  Human Resources	Facilitate availability of conducive working environment at work place  Oversee constant flow of office amenities	NCCDs Guideline	Increased NCCDs awareness among Staff	Number of NCCDs program  Number of sensitization seminars	One program was developed and one sensitization seminar was conducted	14205000	



**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

Objectives	Strategies (Short / Medium / Long)	Target (Current Year / Previous Year / Upcoming Year)	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget (TZS 'Mio)	Actual (TZS 'Mio)
National Anti-Corruption Strategy enhanced, sustained and effectively implemented	Promote integrity and ethical behaviour in the institution	Ethics and integrity committee facilitated by June 2024  2022/23:04; 2023/24:04; 2024/25:04	Prevalence of unethical practices and fraud incidences	Tarnished Board image and loss of reputation.  Personal career affected.  Litigation costs may increase.  Financial loss (revenue leakage)	Plan and conduct life style change training programs.  Develop and enforce fraud control framework (Fraud Policy, Governance and Control Procedures).  Conduct awareness seminars on ethics, fraud and corruption to staff  Conduct awareness seminars to code of conduct, staff regulations and other government circulars.  Conduct training on customer care and behavioural aspects  Disseminate anti-corruption posters and	Financial  Human Resources	coordinate and improve employees' relations at work place  facilitate availability of conducive working environment at work place	Minutes of the Ethics and Integrity Committee Meetings  Implementation of the committee recommendations  Conflict of interest policy  Code of Ethics and Conduct	Adherence to code of ethics and conduct	Number of integrity committee meetings	Four Ethics and integrity committee were conducted	42406000	

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

Objectives	Strategies (Short / Medium / Long)	Target (Current Year / Previous Year / Upcoming Year)	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementat ion Status	Budget (TZS 'Mio)	Actual (TZS 'Mio)
Funding Adequacy for Road Maintenance Enhanced	Strengthen revenue mobilization measures - including proposals to widen resource base and the adjusting road user charge rates, as well as conducting studies to address concerns policy makers and road users	Road maintenance needs financing capacity increased to 65% by June, 2024  2022/23:60; 2023/24:65; 2024/25:70	Low capacity of Roads Fund to finance road maintenance requirements	Deterioration of road condition and loss of past Government investment in the road sector.  Increased road accidents and loss of lives and properties.  Increased cost of Government interventions to restore road condition such as major rehabilitation and reconstruction.  Deterioration of roads network and loss of the road asset value.  Increased costs of production, limited	Conduct studies on possible sources for broadening revenue base.  Conduct awareness seminars to stakeholders  Monitor enforcement of implementation of legal framework for vehicle overload control  Conduct consultations with Development Partners to encourage them to finance road maintenance interventions  Facilitate research on alternative appropriate technologies in road works	Financial  Human Resources	Advise the Board on new sources of revenue and adjustment of rates on existing sources  coordinate preparation and implementation of the corporate strategic plan  monitor operations of Road Agencies with respect to collection of revenue	Study Reports on Road Maintenance Financing  Proposal to broaden revenue base	Improved road condition	Road maintenance financing capacity	Road maintenance capacity has dropped to 41%	450000000	



**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

Objectives	Strategies (Short / Medium / Long)	Target (Current Year / Previous Year / Upcoming Year)	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementat ion Status	Budget (TZS 'Mio)	Actual (TZS 'Mio)
				access to social and economic service centres.  High transportation costs, vehicle operating costs and overall costs of doing business.  Reduced competitiveness of Tanzania's goods and services due to high transport costs.  Decline of Roads Fund capacity to finance road maintenance interventions	Conduct regular monitoring of collection of roads fund revenue.  Prepare and submit well-articulated funding proposals for Development Partners;  Prepare and submit appealing proposals for introduction of new sources and review of the current rates;								
Value for Money on the Road Network and Road Works Enhanced	Strengthen monitoring and evaluation of Road Agency operations	Technical monitoring and evaluation framework of National and District Road operations reviewed and operationalized	Inappropriate utilization of funds for road works	Poor road network condition.  Impaired social and economic activities and growth.	Continue implementing preventive technical monitoring (internal and external)  Continue reviewing quarterly	Financial  Human Resources	review and evaluate road work plans and programs for the purpose of ensuring optimal allocation and	Monitoring Reports  Annual performance agreement	Improved road condition  Value for money in road	Coverage of monitoring visits	Preventive monitoring to 12 regions with 746 projects was conducted	1154472000	

**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

Objectives	Strategies (Short / Medium / Long)	Target (Current Year / Previous Year / Upcoming Year)	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementat ion Status	Budget (TZS 'Mio)	Actual (TZS 'Mio)
		Target by June 2024			progress reports. Advocate use of alternative appropriate technologies on road works. Facilitate development and effective use of Roads Asset Management Systems for Road Agencies. Develop and implement mechanism for climate change mitigation. Monitor implementat ion of road work projects. Promote use of framework contracts for routine road works.	Monitori ng tools	utilization of resources  conduct technical monitoring and evaluate implementat ion of road works to ensure value for money  supervise the preparation of performance agreements between the Board and the Road Agencies		maintenan ce works				
RFB Institutional Capacity to undertake	Strengthen human resource managemen t and	Human resource plan reviewed and	Staff perform	Non - or untimely achievement of the objectives	Develop and implement	Financia l	coordinate and improve employees'	Human resource plan	Improved working	Reviewed human	Human resource plan was reviewed	39435180 0	

Objectives	Strategies (Short / Medium / Long)	Target (Current Year / Previous Year / Upcoming Year)	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementat ion Status	Budget (TZS 'Mo)	Actual (TZS 'Mo)
its mandate improved	administration	implemented by June 2024	less than expected	(ineffective and inefficient operations).  Tarnished image of Board (stakeholders), expectations not met)  May lead to staff turnover	incentive scheme.  Prepare, communicate and implement annual staff training program.  Facilitate participation of staff in different professional forums (National and international )  Train staff and management on soft skills, Emotional Intelligence, Tactic and Diplomacy, Interpersonal Intelligence, technology, stress management etc.	Human Resources	relations at work place  facilitate availability of conducive working environment at work place	Incentive Scheme  Training Program  Training Reports	environment  improvement in human resource capacity  Increased in level of staff satisfaction	resource plan	Short course training to 28 staff and nine board members was conducted		

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

Objectives	Strategies (Short / Medium / Long)	Target (Current Year / Previous Year / Upcoming Year)	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementat ion Status	Budget (TZS 'Mio)	Actual (TZS 'Mio)
					Develop and implement the results-based M&E system. Facilitate recruitment of additional (required) staff.								
RFB Institutional Capacity to undertake its mandate improved	Promote usage of ICT	ICT plan reviewed and implemented by June 2024  2022/23:01; 2023/24:01; 2024/25:01	Failure in ICT systems					ICT plan Recovery testing reports Security assessment report Training report	Secured ICT environment  Efficient execution of RFB processes	Reviewed ICT Plan	ICT plan was reviewed	185000000	

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**6. OBJECTIVES AND STRATEGIES**

No.	Objectives	Strategies
a)	Objective A: HIV/ AIDS infections reduced and non-communicable diseases interventions improved	i. Medium-Term Strategies Promote awareness on HIV/AIDS and NCDs to staff.
b)	Objective B: National Anti-Corruption Strategy enhanced, sustained and effectively implemented:	i. Medium-Term Strategies <ul style="list-style-type: none"> <li>• Promote transparency of RFB operations</li> <li>• Promote integrity and ethical behaviour in the institution</li> </ul>
c)	Objective C: Funding adequacy for road maintenance enhanced	ii. Medium-Term Strategies Strengthen revenue mobilization measures
d)	Objective D: Value for money on the road network and road works enhanced	iii. Medium-Term Strategies <ul style="list-style-type: none"> <li>• Strengthen monitoring and evaluation of Road Agency operations</li> <li>• Promote research and adoption of appropriate technologies in road works</li> <li>• Provide policy directives concerning preparation of maintenance programs.</li> </ul>
e)	Objective E	iv. Medium-Term Strategies <ul style="list-style-type: none"> <li>• Strengthen human resource management and administration</li> <li>• Promote usage of ICT</li> <li>• Strengthen good governance and RFB visibility</li> <li>• Strengthen internal control systems</li> </ul>



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**7. STAKEHOLDERS' RELATIONSHIP**

Stakeholders	Their Interests / Concerns	Value we create
Ministry of Works (MoW)	<ul style="list-style-type: none"> <li>• Sound advice on new sources</li> <li>• Recommendations on equitable funds allocation criteria</li> <li>• User friendly mechanisms for collecting and reporting abnormal load permit fees</li> <li>• Quality and timely reports</li> <li>• Timely disbursement according to operational plans</li> <li>• Sound technical advice on road related issues</li> <li>• Easily understood and implementable guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Mobilization, disbursement and monitoring of roads fund revenue.</li> <li>• Equitable fund allocation formulae to Road Agencies.</li> <li>• Technical advice on road related issues.</li> <li>• Guidelines on utilization of funds. Of road</li> </ul>
Ministry of Finance	<ul style="list-style-type: none"> <li>• Proposals on sources and use of roads fund</li> <li>• Proposals for amendment of Roads and Fuel Tolls CAP 220</li> </ul>	<ul style="list-style-type: none"> <li>• Increased financing of roads maintenance</li> <li>• Sound proposals for amendment of Roads and Fuel Tolls CAP 220</li> </ul>
President's Office, Regional Administration and Local Government	<ul style="list-style-type: none"> <li>• Funds for road development and maintenance</li> <li>• Technical advice on road related issues</li> <li>• Guidelines on utilization of funds</li> <li>• Performance feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Timely disbursement according to operational plan</li> <li>• Timely and sound technical advice</li> <li>• User friendly guidelines on utilization of funds</li> <li>• Timely and sound feedback on development works funded by Roads Fund</li> </ul>
Tanzania Revenue Authority	<ul style="list-style-type: none"> <li>• Revenue study reports</li> <li>• Revenue monitoring reports</li> </ul>	<ul style="list-style-type: none"> <li>• Clear, sound and credible reports</li> <li>• Good cooperation in joint tasks</li> </ul>
Road Agencies (TANROADS & TARURA)	<ul style="list-style-type: none"> <li>• Mechanism for collection and reporting of overload, abnormal load permit fee and road reserve user charges</li> <li>• Funds for road maintenance</li> <li>• Technical advice on road related issues</li> <li>• Guidelines on utilization of funds</li> <li>• Performance feedback</li> </ul>	<ul style="list-style-type: none"> <li>• User friendly mechanism for reporting of overload, abnormal load permit fees and road reserve user charges</li> <li>• Timely disbursement of funds as per operational plan</li> <li>• Timely and sound advice</li> <li>• User friendly guidelines on utilization of funds</li> <li>• Timely and sound feedback</li> </ul>
Transport Operators and Road Users' Groups	<ul style="list-style-type: none"> <li>• Information on Road Fund operations</li> <li>• Platform for consultation and participation in fixing road user charges and reviewing laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Timely and reliable information on road fund operations</li> <li>• Well maintained roads</li> <li>• Business friendly roads legislation</li> <li>• Affordable road user charges</li> <li>• Better management of funds</li> </ul>

**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

Stakeholders	Their Interests / Concerns	Value we create
Contractors / consultants/ suppliers	<ul style="list-style-type: none"> <li>Consultancy and non-consultancy work contracts</li> <li>Supplies contracts</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to public procurement procedures</li> <li>Timely payments</li> </ul>
Controller and Auditor General	<ul style="list-style-type: none"> <li>Payments for the services/goods/works</li> <li>Financial statements within 90 days of closure of financial year</li> <li>Facilitation of external auditing services</li> <li>Response to audit queries</li> </ul>	<ul style="list-style-type: none"> <li>Timely submission of quality financial statements</li> <li>Adherence to national financial laws and regulations</li> </ul>
EWURA	<ul style="list-style-type: none"> <li>Collaboration during joint tasks</li> <li>Fuel (diesel, petrol, IK and JET A-I) study reports</li> </ul>	<ul style="list-style-type: none"> <li>Effective participation in matters related to fuel importation, handling etc.</li> <li>Good cooperation in joint tasks</li> <li>Clear, sound and credible reports</li> </ul>
Development Partners	<ul style="list-style-type: none"> <li>Proper Management of funds</li> <li>Performance reports and statistics</li> </ul>	<ul style="list-style-type: none"> <li>Effective and efficient Management of received funds</li> <li>Reliable statistics on roads</li> <li>Good governance</li> <li>Quality and timely reports</li> </ul>
General Public	<ul style="list-style-type: none"> <li>Information on applicable road user charges, funds collection and disbursement</li> </ul>	Timely, accurate and reliable information
Treasury Registrar	<ul style="list-style-type: none"> <li>Credible Plans and Budget</li> <li>Good governance</li> </ul>	<ul style="list-style-type: none"> <li>Performance Agreement calling for annual performance reports</li> <li>Adherence to good governance principals</li> </ul>
Contractors and Engineers Registration Boards	Support related to roads maintenance activities	Collaboration on issues related to road maintenance activities
Non-State Actors	<ul style="list-style-type: none"> <li>RFB policies, Guidelines, Roles and mandates</li> <li>Whistle blowing handling mechanism.</li> </ul>	<ul style="list-style-type: none"> <li>Timely accurate and reliable information</li> <li>Feedback on roads maintenance activities</li> </ul>
Academia and Research Institutions	Platform for consultation and participation in road related research and studies.	Funding on research activities related to road maintenance.
Employees	Employees wants friendly, safe and conducive working environment, defined career progression, better salary and benefits, motivation and recognition, opportunities to contribute to the society.	<ul style="list-style-type: none"> <li>Transforming into an inclusive society through employment equity and gender equality;</li> <li>We focus on developing our employee through targeted training programs and skills upgrading to further their career and improve our services;</li> <li>Rewarding employees for the value they add;</li> </ul>



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

Stakeholders	Their Interests / Concerns	Value we create
		<ul style="list-style-type: none"><li>• Motivating and energizing our work force; and</li><li>• Timely payments of employees' entitlements.</li></ul>

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**7. OPERATING AND FINANCIAL REVIEW**

**a) Analysis of Financial Performance**

The Statement of Financial Performance describes the general financial activities and results of the operations of the Roads Fund Board by matching revenue and expenses during the year.

**7.1.1.1 Revenue Grants**

This represents the amount amortized from local and foreign grants. During the reporting period, TZS 583,660,105,644 was amortized as income and transferred to Roads Agencies. It comprises of Government Grant Personal Emolument TZS 1,822,261,658, Government Grant Development Foreign TZS 1,039,292,650, Government Grant development local TZS 572,517,923,296, Government Grant Other charges TZS 8,231,961,788 and Revenue Grants Non-monetary TZS 48,666,252. The Roads Fund Board entered into an agreement with Development Partners for Road related projects whereby the World Bank and European Union are supporting those Projects.

The previous financial year's amount amortized was TZS 735,923,306,150. The decrease is due to the deferred amount that is waiting to be distributed in FY 2024/25.

**7.1.1.2 Levies (Rental Income)**

This represents revenue from lease of office space in the Roads Fund Board buildings. A total of TZS 509,374,248 was earned from Office space leased to tenants and respective service charges imposed during the financial year 2023/24 against TZS 342,849,853 of the FY 2022/23. The rental income increase is due to an increase in occupancy rate during the year.

**7.1.1.3 Fees, Fines, Penalties and Forfeit**

This represents charges imposed on Permit Abnormal Overload), Road Reserve user charges and others as presented in Notes No. 17, 19 and 31. During the Financial year 2023/24, Roads Fund Board earned TZS 37,309,519,511 from above named sources against FY 2022/23 amounted to TZS 35,277,935,957 which is an increase of 3% caused by increase of Permits and others.

**7.1.1.4 Depreciation of Property, Plants and Equipment**

Depreciation expense amounting to TZS 253,517,138 was charged on non- current assets of the Board during the FY 2023/24 while TZS 340,911,999 was charged in the FY 2022/23. The decrease was due to disposal of assets during the year.

**7.1.1.5 Maintenance Expenses**

During the FY TZS 526,187,438 was incurred as maintenance expenses as compared to TZS 348,760,898 incurred in the FY 2022/23. The increase in maintenance was due to rehabilitation of the Office Building.

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**7.1.1.6 Other Expenses**

An amount of TZS 4,516,811,772 was incurred during the year 2023/24 to facilitate various expenditure grouped as other expenses, compared to TZS 4,827,229,458 which was incurred in the FY 2022/23. The decrease was due to deliberate efforts of cost reduction.

**7.1.1.7 Use of Goods and Services**

An amount of TZS 4,824,892,716 was incurred during the year 2023/24 to facilitate expenditure on supplies and consumable goods, compared to TZS 4,673,889,485, which was incurred in FY 2022/23. The increase was due to price changes and planned activities.

**7.1.1.8 Wages, Salaries and Employee Benefits**

During the FY 2023/24, the Board incurred TZS 4,766,652,129 for personal emoluments and other personal allowances as compared to TZS 3,747,060,768 incurred in the previous year. The expenditure comprises of salaries, wages, allowances and other benefits. The increase is attributable to changes in the Organization structure as well as the Salary structure.

**7.1.1.9 Grants and Transfer Payments**

A total of TZS 596,905,244,229 was transferred to Road Agencies as the Board appropriated expenditure, special allocation and Development partners support fund in the FY 2023/24 as compared to TZS 737,395,992,478 transferred in the FY 2022/23. The decrease is due to the amount deferred waiting to be distributed in the FY 2024/25.

**b) STATEMENT OF FINANCIAL POSITION**

The statement of financial position comprises assets on one hand and the financing of those assets on the other hand. The financing comprises liabilities, capital fund and accumulated surplus or deficit. The assets are in the form of cash and cash equivalent, receivables, prepayments and advances, intangible assets, plant, properties and equipment. The liabilities are payables and accruals, deposits payable and deferred income. capital is represented by taxpayer's fund and development partners' support.

**7.1.1.10 Cash and Cash Equivalents**

Cash and cash equivalent as at 30<sup>th</sup> June, 2024 was TZS 509,985,898,328 compared to TZS 72,414,806,363 as at 30<sup>th</sup> June, 2023. The increase in cash and cash equivalent was caused by amount which was not transferred to respective agencies as at 30 June 2024 reported as deferred income.

**7.1.1.11 Receivable**

Receivables as at 30<sup>th</sup> June, 2024 were TZS 1,009,387,330 compared to TZS 346,648,453 as at 30<sup>th</sup> June 2023. The increase in receivable is mainly due to issued staff loans and rental accrued for the financial year.

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**7.1.1.12 Intangible Assets**

This comprises of various software which enable smooth operations of the Board. They included Management Information system (MIS), Convene and others. The carrying amount of Intangible Assets as at 30<sup>th</sup> June, 2024 was TZS 185,467,383 as compared to TZS 182,155,881. The increase in carrying amount was mainly in regard of purchase of Manage Engine - Event Log Analyzer.

**7.1.1.13 Property, Plant and Equipment (PPE)**

During the reporting period the carrying value of PPE stood at TZS 8,999,953,485 as compared to TZS 8,757,967,666 for 2022/23. The increase in carrying amount of PPE was mainly purchase of motor vehicles, office equipment and furniture.

**7.1.1.14 Deposits**

As at 30<sup>th</sup> June, 2024, deposits stood at TZS 51,575,211 mainly representing amount of retention for the defect liability period and funds returned by banks not applied. The comparable amount in the previous financial is TZS 22,392,739. The increase was caused by addition retention as a result of maintenance of office building.

**7.1.1.15 Payable And Accruals**

As at 30<sup>th</sup> June, 2024, payable and accruals stood at TZS 110,047,204 representing gratuity payable to some RFB staff with specific fixed employment contract, rental security payable, miscellaneous and payable to other government entities, supplies of Goods and Services including VAT and Withholding Tax. The comparable amount in the previous financial year is TZS 236,897,026. The decrease is due to the payments made during the period.

**7.1.1.16 Deferred Income**

The balance in Deferred Income of TZS 489,394,230,874 is related to funds received from Ministry of Work, PORALG and Development Partners during the financial year 2023/24 payable upon releases and fulfilment of projects execution conditions. The previous financial year balance stood at TZS 61,408,739,685. The increase was caused by amount received and not transferred to road agencies and consultants.

**7.1.1.17 Tax Payers Fund**

Taxpayer's Fund amount of TZS 156,130,588 represents the Government start-up Fund injected when the Board was established. This includes Cash, Furniture, Equipment and others of Capital expenditure in nature.

**7.2 Analysis of Cash Flows**

The statement of Cash Flow shows how the balance of cash and Cash equivalent is generated. At the end of the reporting period cash and cash equivalent was TZS 510,055,849,445 generated from Operating, investing and financing activities as follows:

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**7.2.1.1 Cash Flow from Operating Activities**

During the financial year 2023/24, the Roads Fund Board received a total of TZS 1,048,769,673,907 from various revenue sources as compared to 794,380,600,956 received in the financial year 2022/23. The amount comprised of appropriated sources, miscellaneous collections and funds from Development Partners.

Out of the collections, TZS 611,625,337,125 was spent for operating activities such as transfer payments to road agencies, Wages, Salaries and employee benefits, supplies and consumables goods, and routine maintenance and repair.

Net cash flows from operating activities stood at TZS 437,144,336,783 as compared to TZS 19,565,450,310 of the year 2022/23.

**7.2.1.2 Cashflow From Investing Activities**

A total of TZS 480,662,947 was spent on the purchase of non-current assets, compared to TZS 372,259,429 spent in the financial year 2022/23. The Increase in expenditure is due to the purchase of Motor vehicles, Office Equipment, Office Furniture, and Computer Software. An amount of TZS 10,585,938 was received as net proceeds from the disposal of non-current assets.

**7.3 Budget Performance**

Note 7 of the financial statements provides a description of budget information on how the entity has attained its budget, major deviations from budgeted activities and their main courses. Providing other budget information seems to be relevant to be known to primary users and other stakeholders.

**7.4 Future Plans of the Board**

The Strategic Plan that covers FY 2021/22 to 2025/26 has five objectives which strive for excellence in road fund management for enhanced good public road networks. The objectives are as follows:

- (a) Funding adequacy for road maintenance enhanced;
- (b) Value for money on operations of Road Agencies enhanced;
- (c) RFB capacity to undertake its mandate improved;
- (d) HIV/ AIDS infections reduced and non-communicable disease interventions improved; and
- (e) National Anti-Corruption Strategy enhanced, sustained and effectively implemented.

The Board strives to achieve its core objectives while observing Government directives on cross-cutting objectives related to fighting against the spread of HIV/AIDS and corruption.

The Board plans to continue with various studies on prospective new sources for enhanced roads maintenance funding adequacy and conduct various fund utilization

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

monitoring to enhance value for money in the projects of the road agencies. For the perfect achievement, staff capacity-building programs are in place.

#### **7.5 Capital Structure**

The Board's capital structure for the year ended 30 June 2024 consists of Capital Fund 156 million (30 June 2023: TZS 156 million) and accumulated surplus earnings of TZS 31 billion (31 June 2023: TZS 19.9 billion).

#### **7.6 Treasury Policies and Objectives**

Road Fund Board treasury policies involve mechanisms established by the board, which delegates financial decisions to Management in a controlled manner. The control instruments in place include legislation (i.e. Public Finance Act Cap. 348), Government Circulars (Treasury Circulars and Accountant General Circulars), and Guidelines (RFB Financial Regulations 2021).

#### **7.7. Liquidity of the Entity**

During the financial year ended 30 June 2024, the Board managed its liquidity level to ensure there were sufficient funds to meet its liabilities when due without incurring unacceptable losses or risking damage to the Board's reputation. This was achieved through prudent liquidity management which includes maintaining sufficient cash and cash equivalents and striving to ensure that receivables are settled within grace period of 30 day.

### **8. RESOURCES**

The Board's key strengths, which assist in the performance of its functions to achieve its objectives, are pegged on a well-composed Board of Directors, effective Management, competent human resources, deployed ICT systems and continued to improve internal operating procedures (IoPs). These strengths continuously create value to the Board. In terms of resources, the Board has tangibles and intangibles, which include intellectual resources, human resources, social and relationship resources, natural resources, financial resources and other resources as explained here under: -

#### **(a) Intellectual Resources**

The Board intellectual resources include ICT application systems which has automated and modernized operations, thus, improved provision of services. The Board's ICT Systems in operations include the following: -

#### **(b) Human Resources**

The Board has skilled, ethical, committed, motivated and competent employees dedicated to the provision of quality services that meet and exceed customers' expectations. Management adheres to the principles of good governance and promotes good working environment and labour relations. In addition, the Board has continually invested on human resource development focusing on training, staff wellness, staff recognition, competitive remuneration and career growth.



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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**(c) Social and Relationship Resources**

The Board maintains ethical and transparent relationship with its internal and external stakeholders by establishing processes which ensure stakeholders' views are timely collected and addressed.

**(d) Natural Resources**

The Board's major natural resources are water and Roads with the view of environmental protection. Various initiatives have been taken by the Board to promote environment sustainability through internal engagements and external partnerships and commitments.

**(e) Financial Resources**

The Board enhances its financial sufficiency by improving the management of its resources through prioritization of initiatives, implementing initiatives within the available financial resources to generate adequate revenue for timely implementation of planned activities.

**9. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES**

The Board's risk analysis is based on RFB risk management framework/guidelines and RFB risk management policy. The principal risks and uncertainties with their impacts and mitigation are summarized under Table 1 below:



**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

S/N	Risk	Impacts	Mitigations
1.	Strategic Risks	<ul style="list-style-type: none"> <li>Deterioration of road condition and loss of past Government investment in the road sector.</li> <li>Increased road accidents and loss of lives and properties.</li> <li>Increased cost to Government to restore road condition such as major rehabilitation and reconstruction.</li> <li>Deterioration of roads network and loss of the road asset value.</li> <li>Increased costs of production, limited access to social and economic service centres.</li> <li>High transportation costs, vehicle operating costs and overall costs of doing business.</li> <li>Reduced competitiveness of Tanzania's goods and services due to high transport costs.</li> <li>Decline of Roads Fund capacity to finance road maintenance interventions.</li> <li>Impaired social and economic activities and growth.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Conduct studies on possible sources for broadening revenue base e.g. weight distance charges</li> <li>✓ Conduct awareness seminars for policy makers and other stakeholders;</li> <li>✓ Monitor enforcement of implementation of Legal framework for vehicle overload control;</li> <li>✓ Installation of CCTV management systems in weighbridge stations;</li> <li>✓ Continue to scrutinize annual operational plans and budgets from Road Agencies;</li> <li>✓ Conduct consultations with Development Partners to encourage them to finance road maintenance interventions;</li> <li>✓ Facilitate and promote research on low-cost technologies and locally available materials in road maintenance interventions;</li> <li>✓ Carry-out regular reconciliation and close follow-up of un-remitted amounts;</li> <li>✓ Review and monitor implementation of guidelines for preparation of annual operational plans and budgets;</li> <li>✓ Conduct regular monitoring of collection of roads fund revenue;</li> <li>✓ Prepare and submit funding proposals for Development Partners;</li> <li>✓ Facilitate development and effective use of Roads Asset Management Systems for Road Agencies;</li> <li>✓ Conduct study on new sources of Roads Fund revenue and review of the current rates;</li> <li>✓ Review and implement communication strategy with the view to educate the public about the importance of road maintenance; and</li> <li>✓ Promote use of framework contracts for routine road maintenance works.</li> </ul>
2.	Compliance Risks	<ul style="list-style-type: none"> <li>Tarnished Board image and credibility;</li> <li>Increased litigation, penalties and sanctions;</li> <li>Embarrassment and negative impact on personal career and employment;</li> <li>Endangering corporate image due undetected critical operational, financial and technical non-compliances; and</li> <li>Financial loss and operational inefficiencies.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Recruiting additional accountants;</li> <li>✓ Prepare and implement training and capacity building program on all compliance matters;</li> <li>✓ Facilitate staff to attend relevant laws updates briefings prepared by regulatory bodies and authorities (TRA, PPRA, TR, ACGEN, PO-PSMGG;</li> <li>✓ Prepare and monitor compliance register [Compliance tracker];</li> <li>✓ Conduct tax compliance health check;</li> <li>✓ Conduct regular training on laws, regulations and Government directives to staff;</li> <li>✓ Facilitate training on technical and professional based audit techniques to staff e.g. CISA, CIA etc;</li> <li>✓ Facilitate trainings on different issues such as procurement, IPSAs, forensic audits;</li> <li>✓ Facilitate staff to attain the required CPD hours issued by professional bodies e.g. NBAA and The Institute of Internal Auditors (IIA);</li> <li>✓ Finalise recruitment of internal audit staff; and</li> <li>✓ Out-source technical and professional audit function.</li> </ul>

**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

S/N	Risk	Impacts	Mitigations
3.	Reputational Risks	<ul style="list-style-type: none"> <li>• Wrong public image; reputational damage;</li> <li>• Institutional damage;</li> <li>• Impaired implementation of Board operations; and</li> <li>• May jeopardise the existence of the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Recruiting qualified Public Relations Officer;</li> <li>✓ Develop and follow (adhere) to media guidelines;</li> <li>✓ Develop and implement (annual) advocacy (media engagement) plan;</li> <li>✓ Review and implement communication strategy;</li> <li>✓ Continued participation in different fair and exhibitions;</li> <li>✓ Participate in different sports and games;</li> <li>✓ Continue engaging parliamentary committees and parliamentarians; and</li> <li>✓ Operationalise Board social media platforms.</li> </ul>
4.	Operational Risks	<ul style="list-style-type: none"> <li>• Disruption of operations and untimely decision making;</li> <li>• Increased customers' complaints;</li> <li>• May influence unethical behaviour;</li> <li>• Tarnished image of the Board;</li> <li>• Stressful work environment; and</li> <li>• Non - or untimely achievement of the objectives (ineffective and inefficient operations).</li> </ul>	<ul style="list-style-type: none"> <li>✓ Conduct periodic disaster recovery plan testing;</li> <li>✓ Perform information assurance and compliance audit;</li> <li>✓ Create awareness on effective and safe use of ICT services;</li> <li>✓ Prepare and implement a specialized ICT training program;</li> <li>✓ Establish, communicate and enforce SLAs for ICT service providers;</li> <li>✓ Conduct regular maintenance of ICT equipment;</li> <li>✓ Develop and implement incentive scheme;</li> <li>✓ Prepare, communicate and implement annual staff training program;</li> <li>✓ Facilitate participation of staff in different professional forums;</li> <li>✓ Train staff on soft skills [emotional intelligence, tack and diplomacy, interpersonal intelligence, techno savvy, stress management etc.];</li> <li>✓ Continue to enforce results and evidence-based performance appraisal system;</li> <li>✓ Prepare and implement staff team-building programs;</li> <li>✓ Make timely and effective communication on staff matters; and</li> <li>✓ Develop and implement the results-based M&amp;E system.</li> </ul>

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**Opportunities**

The Board's risk assessment process identified opportunities that would expectedly enhance the strategic plan execution as summarized below:

- (i) Technological advancement and avenues for digitization of processes and operations are opportunities for improving the Board's performance.
- (ii) Favorable legal setup and exclusive mandate on Road Fund services is another key opportunity.
- (iii) Existence of international and regional collaboration and agreements to promote Roads Services in Urban and rural areas and increased regional agreements and policies on provision of services.

**Assumptions on Risks, Uncertainties and Opportunities**

The Road Fund Board is mindful of the following assumptions during assessments of the risks, uncertainties, and opportunities:

- (i) Macro- economic factors or conditions like Inflation, Interest rates, Gross Domestic Product, per capital income, economic growth rate, and terms of international trade exchange rate will continue to perform well and remain fairly stable;
- (ii) Political environment will remain stable and political stability will prevail during the implementation of the Board's functions;
- (iii) A stable and predictable regulatory environment like Policies, Laws, and Regulations will exist during the implementation of Road Fund Board functions;
- (iv) Competent, skilled and motivated staff will be available during the Strategic Plan implementation period;

**10. ENTITY'S OPERATING MODEL**

The Board's Operating Model is the system of transforming inputs through its operating activities into outputs and outcomes that aims to fulfill the Board's strategic objectives and create value over short, medium and long term. The Model is summarized in Table 2.



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**Table 2: The Board's Operating Model**

INPUTS	(a) Financial capital	The sources of Roads Fund revenue consist of the following; (i) funds appropriated by the Parliament in accordance to Roads Tolls and Fuel Act CAP 220; (ii) abnormal and overload load charges in accordance with East African Community Vehicle Load Control Act, 2013; (iii) road reserve user charges; (iv) Grants from Development Partners; and (v) office rent.
	(b) Human capital	The Board employs its staff through public recruitment procedures and assures competent and skilled staff for quality services delivery. The Board promotes professionalism and staff are well motivated through various incentives and good working environment.
	(c) The social and relationship capital	The Board promotes participation of local communities around project areas in implementation of road works that are financed through Fund's resources. Therefore, women and youth participation in implementation of the roads works is one of indicators that the Board monitors. The Board has established an ethical and transparent relationship with other Government Institutions, road users, Implementing Agencies and other stakeholders. The Board prepares stakeholders meeting in every three years to raise awareness and receive feedback from road users.
	(d) Intellectual Capital	The Road Fund Board has RFB MIS, VfM tool and Barabara App systems to ensure effective and efficient services delivery.
	(e) Other capital	These are Legislations which assist the Road Fund discharging its functions judiciously and fairly. These includes Public Finance Act CAP 348, Public Procurement CAP 410, Public Audit Act CAP 418, Budget Act CAP 439, Road and Fuel Tolls Act CAP 220 and Public Service Act CAP 298.
THE OUTCOME	The Board through the above input has realized the progressive improvement as most part of the road network is passable throughout the year. The passability allow communities to access social and economic services such as health, education, markets and employment opportunities.	

**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

**11. KEY PERFORMANCE INDICATORS**

No.	Objectives	Key Performance Indicator (KPI)	Definition / Calculation	Purpose	Target Previous Year (2022/23)	Target Current Year (2023/24)	Target Future (2024/25)	Implementation status - Year End	Budget (TZS ,000)	Actual (TZS '000)
A.	HIV/ AIDS infections reduced and non-communicable diseases (NCDs) interventions improved	Percentage of reported HIV/AIDS cases	It is calculated as $(x/y) * 100$ whereas x=number of staff who have declared their HIV/AIDS status and y=number of voluntary staff tested	Measures staff responsiveness to HIV/AIDS workplace interventions	80%	85%	90%	87%	42,440	33,019
		Level of satisfaction on NCD preventive services	It is calculated as $X/Y * 100$ whereas, X=Number of satisfied staff and Y = Total number of staff interviewed	Measures to what extent staff are satisfied with provision of preventive measures.	80%	85%	90%	80%		
B	National Anti-Corruption Strategy enhanced, sustained and effectively implemented	Percentage change of reported unethical behavior cases	It is calculated as $(x/y) * 100$ whereas x=number of staff reported with lack of integrity and y=total number of staff	It measures the level of staff integrity.	0%	0%	0%	0%	38,634	21,239
C	Funding adequacy for road maintenance enhanced	Road's maintenance financing capacity	It is Calculated as $X/Y * 100$ Where: X = Available fund Y= Annual maintenance needs	Indicator to measure capacity of the Road Fund to meet maintenance	60%	65%	70%	41%	2,711,089	1,945,567

**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

No.	Objectives	Key Performance Indicator (KPI)	Definition / Calculation	Purpose	Target Previous Year (2022/23)	Target Current Year (2023/24)	Target Future (2024/25)	Implementation status - Year End	Budget (TZS ,000)	Actual (TZS '000)
D	Value-for-money of road networks and operations of Road Agencies enhanced	Percentage of completion of annual maintenance program	Calculated as (X/Y) *100 whereas X = achievement, Y = Planned	financing needs Measures the efficiency in terms of implementation of road maintenance programs.	85%	85%	85%	87%	9,363,048	3,909,749
E	RFB Institutional Capacity to undertake its mandate improved	Level of Staff satisfaction (%)	This will be calculated by a X/Y *100 whereas, X = Number of stakeholders who are satisfied and Y =Total Number of stakeholders interviewed	Measure efficiency of RFB providing services.	90%	90%	90%	85%	916,641,797	605,748,050
		Level of other stakeholders' satisfaction (%)	This will be calculated by a X/Y *100 whereas, X = Number of stakeholders who are satisfied and Y =Total Number of stakeholders interviewed	Measure efficiency of RFB providing services.	90%	90%	90%	84%		

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**12. CORPORATE GOVERNANCE**

**12.1.1. Corporate Governance Statement**

To safe guard interests of both the Government and road users, the Board is governed by a well-established Board membership drawn from both public and private sector. It is entrusted with the oversight role on the affairs related to the Fund. The Board has a Secretariat that is responsible for the day-to-day operations.

**12.1.2. Membership of Those Charged with governance.**

**Mememrship** and appointment of members of the Board is prescribed in the Road and Fuel Tolls Act, CAP 220. The Board is constituted by nine members, including four members from the public sector and five from the private sector.



**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

**Table No. 1: Board Members during the reporting period**

S/N	Name	Gender	Position	Nationality	Qualifications	Age	Date of Appointment
1.	Mr. Octavian E. Mshiu	M	Vice Chairman	Tanzanian	MBA, University of Wales	49	11 Augusti, 2021
2.	Ambassador Eng. Aisha S. Amour	F	Member	Tanzanian	Permanent Secretary, MoW	56	13 January, 2022
3.	Dr. Natu Mwamba	F	Member	Tanzanian	PhD in Economics	63	07 January, 2023
4.	Mr. Adolf Ndunguru	M	Member	Tanzanian	Permanent Secretary, PORALG	60	March, 2023
5.	Eng. Alois M. Matei	M	Member	Tanzanian	Director of Roads, MoW	62	07 December, 2021
6.	Mr. Hussein A. Wandwi	M	Member	Tanzanian	B.A in Journalism	42	01 July, 2022
7.	Ms. Neema J. Mhondo	F	Member	Tanzanian	Post Graduate Diploma, Institute of Project Management	55	25 February, 2022
8.	Mr. William S. Mwakilema	M	Member	Tanzanian	MSc. Management,	59	01 July 2022
9.	Eng. Rashid S. Kalimbaga	M	Secretary	Tanzanian	Acting Chief Executive Officer	59	April, 2023

Source: Appointment Letters and Curriculum vitae

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

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**14. CORPORATE GOVERNANCE (CONTINUED)**

**Board Operations and Control**

The principle on appointment, composition, size and qualifications of Board members was observed by the appointing authorities; the President of the United Republic of Tanzania on appointment of the Board Chairman, and the Minister of Works on appointment of Board Members. These principles were observed as follows:

**a) Diversity**

The Board is composed of members of different qualifications with diversity of strength and knowledge of the roads and transport sector. Diversity is observed through differentiation in the age of Directors, their gender, professional qualifications and previous experiences. In addition, members were appointed from the public institution; namely the Ministries responsible for Works, Finance, and Local Government while others were appointed from the public and private sectors.

**b) Structure of the Board**

To ensure effectiveness and value addition to the Road Fund Board, the Board has a maximum of nine (9) members including the Chairman. The Board has three (3) established Committees including Audit and Risk Committee, Technical and Finance Committee, Human Resources and Disciplinary Committee. The Board and its Committees have Charters which provide terms of reference and guidance on undertaking their oversight role. Thus, the Board ensures that its committees are appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to them.

**c) Functions of the Board**

Pursuant to the Road and Fuel Tolls Act CAP 220 (R.E. 2019), the functions of the Board in relation to the Fund are:

- (a) To advise the roads minister on new sources of roads and fuel tolls, adjustment of rates of existing roads and fuel tolls and on regulations for collection of road and fuel tolls for the purpose of ensuring adequate and stable flow of funds to road operations;
- (b) To apply the money deposited into the Fund for the purposes approved by the Parliament;

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

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- (c) To set out procedures for agents with respect to the collection of roads and fuel tolls for the purpose of the Fund;
- (d) To ensure full collection and transfer of collected roads and fuel tolls to the Fund's account;
- (e) To develop and review periodically the formula for allocation and disbursement from the Fund to Roads Agencies and advise the roads Minister accordingly;
- (f) To recommend to the roads Minister an allocation of funds for Roads Agencies to undertake road management at a level that is suitable and affordable;
- (g) To disburse funds from the Fund to Roads Agencies;
- (h) To ensure that the operations of Roads Agencies and the Fund are technically and financially sound;
- (i) To monitor the use of the funds disbursed to Roads Agencies for the purpose of the objects of the Fund;
- (j) To appoint the Chief Executive Officer and other Senior Officers
- (k) To appoint, subject to approval by the Controller and Auditor General, an auditor or auditors to carry out the audit of the Fund; and
- (l) To make any other recommendations to the roads Minister as it considers necessary to enable the Board to achieve its objectives.

**d) Enhancing Accountability of the Board to the Government and the General Public**

To enhance accountability to the Government and the public at large, the RFB has ensured that:

- It has distinguished the roles reserved for the Board and those delegated to the Management;
- The functions of the Board Chairman and the Chief Executive Officer are not exercised by the same individual;
- The Board Chairman is a non-executive director;
- The Chief Executive Officer is the Secretary to the Board assisted by a qualified and competent officer of good standing from the Legal Services Unit trained for such service at the Institute of Directors in Tanzania (IoDT);
- The strategies are sustainable;
- There is clear identified Board's fiduciary duties; and

- It has established a Conflict-of-Interest Policy where during every Board or Committees meetings, there is an agenda for declaration of conflict of interest by participants.

**e) The Board Independence**

The Roads Fund Board assesses the independence of Board members on an annual basis, to ensure that the Board always benefits from independent and objective judgment.

**f) The Board Instruments**

The Roads Fund Board has developed the Board's Code of Ethics and Conduct, in compliance with the Treasury Registrar's Board of Directors Code of Ethics and Conduct Guidelines, 2016. The Code has been cascaded down to all employees, as well as to the established Charters of the Board and its Committees so as to guide the Board in undertaking its oversight role and planned activities. The Code and the Charters are reviewed where needs arise to cope with changes. Further, the Board develops a work plan and an evaluation toolkit annually, to ensure effectiveness.

**g) Governance on Audit**

The Board continues to oversee Management implementation of the Controller and Auditor General's recommendations made during the statutory audits.

**h) Rights of the Government and the General Public**

The Board recognizes, respects and protects the rights of the Government and the general public through:

- Availing information on the Roads Fund Board performance by submission of quarterly performance reports to relevant Government authorities and publishing annual reports together with audited financial statements;
- Engaging the media on dissemination of important Board's information.

**i) Stakeholder Relations**

The Board has identified nine (9) categories of stakeholders; the Government, employees, regulated service providers, shipping business customers, seafarers, suppliers, business partners, society and regulators and policy-makers. Before making its decisions, the Board takes the interests of all stakeholders into account to ensure that engagement with stakeholders is deliberate and planned. Furthermore, the Board wishes to ensure that communication with stakeholders is always transparent and effective.

**j) Ethics and Social Responsibility**

The Board has identified the following four ethical values, which underpin good corporate governance, to guide all its deliberations, decisions and actions:

- **Responsibility:** The Board assumes responsibility for the assets and actions of Roads Fund Board and is willing to take corrective actions to keep the Board on a strategic path that is ethical and sustainable;
- **Accountability:** The Board justifies its decisions and actions to the Government and other stakeholders;
- **Fairness:** The Board ensures that it considers the legitimate interests and expectations of all stakeholders; and
- **Transparency:** The Board discloses information in a manner that enables stakeholders to make an informed analysis of its performance and sustainability.

The Roads Fund Board has Board's Code of Ethics and Conduct, to ensure that its business is conducted according to the highest ethical standards and in compliance with all the applicable laws and regulations governing the regulation of roads sector. The provisions of the Code apply to the Board, Management and all staff of the Roads Fund Board.

**k) Risk Management, Internal Control and Accountability**

The Roads Fund Board is committed to ensure existence of a continuous process of risk management and internal controls which ensures business continuity on service delivery so as to achieve the strategic goals while managing the risks.

Roads Fund Board has an overall policy framework on risk and internal control which includes the institutional Risk Management Framework and Policy with its related processes, guidance and tools. The Roads Fund is committed to identifying and managing risks to its work plans and defining and implementing efficient and effective internal controls, to strengthen its ability to meet objectives and deliver benefits and goals.

Effective risk management identifies the potential events which could affect the achievement of goals and develops action plans for addressing these risks - allowing informed decision-making, better prioritization and improved use of resources. The Roads Fund Board approach to risk management does not aim to eliminate or avoid risk but to be aware of it, reducing risk to an acceptable level and balancing risks and opportunities when deciding on a course of action.

The established risk management process includes the implementation of regularly updated risk analysis and mitigation plans at all levels of the Roads Fund Board. The purpose is both, to create a tool for internal management of each unit or section so as to provide information to the Management on key risks identified and how these are managed. In addition to this bottom-up review of risks, the Roads Fund Board has integrated risk management in its corporate strategic planning and results-based management processes.

Every staff of Roads Fund Board has an important role in risk management process and controls as part of their work. In particular, all Directors, Heads of Unit and Managers are accountable for identifying and managing risks and overseeing definition and implementation of internal controls, policies and procedures within the area under their Board, including management of issues which arise.

**l) Policy on Conflict of Interest**

The Board has a Conflict of Interest Policy, in recognition that excessive activities, gratuities and access to information may lead to actual or potential conflicts of interest between the interests of the Roads Fund Board and those of its relevant persons. The Policy identifies the activities which may compete or conflict with the Board interests and outlines the steps to manage conflict of interest when it arises.

**m) Policy on ICT**

The Board has developed various ICT policies, so as to enable the Roads Fund Board to realize its digitization agenda. The policies provide in-depth coverage and guidance on ICT-related matters such as: business continuity plan (BCP)/disaster



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

---

recovery plan (DRP), Service Level Agreement (SLA) management, project management, server room management, business partnerships, database procedures, incident management, invoice processing, quality assurance, security procedures and software design, development and testing.

**n) Policy on Environmental Protection**

Environmental protection is a social and economic necessity and an integral component of sustainable development. Similarly, sustainable development is the central concept on environmental policy. Sustainable development means achieving a quality of life that can be maintained for many generations because it is socially desirable, economically viable and environmentally sustainable.

The Roads Fund Board is committed to support the Government to ensure sustainable development is made through short, medium and long-term social and economic growth. This will be achieved by observing the following:

- Compliance with legislation on environmental protection including the guidance of the National Environmental Management Council (NEMC) issued from time to time;
- Provide education and create awareness on roads safety, security and environmental protection to the contractors, transport operators, road agencies and the public at large.

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

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**o) Meetings of Those Charged with Governance**

The Board is required to meet at least four times a year. The Board meetings are held once quarterly with additional meetings convened as and where necessary. During the financial year ended 30 June 2024, the Board held Six (6) meetings, of which four (4) were ordinary and two (2) were extra-ordinary. Approved Annual Plan and Budget (APB) and Annual Procurement Plan (APP) for Financial Year 2024/2025;

During the reporting period, the Board met and deliberated on the following matters related to Roads Fund activities:

- (i) Financial Audit Report for RFB, TANROADS, TARURA, MoW and PORALG for the Period Ended 30th June 2022;
- (ii) RFB Annual Report for the FY 2021/22;
- (iii) Evaluation of Roads Agencies Performance for the FY 2021/22;
- (iv) Quarterly Progress Report on the Implementation of RFB Strategic Plan for the FY 2023/24;
- (v) Quarterly Progress Report on Implementation of RFB Annual Procurement Plan for the 2023/24;
- (vi) RFB Quarterly Internal Audit Reports for the FY 2023/24;
- (vii) RFB Staff matters;
- (viii) Quarterly reports on Risk Management for the FY 2023/24;
- (ix) Road Agencies' Quarterly Progress reports on the implementation of road works financed by Roads Fund for the FY 2023/24;
- (x) Financing Road Maintenance through Capital Markets;
- (xi) CAG Audit Reports for RFB for the Period Ended 30th June 2022;
- (xii) Preventive Technical Audit Reports for the FY 2022/23;
- (xiii) Risk Based Internal Audit Plan for the FY 2024/25;
- (xiv) Monitoring Reports on road works in Kilimanjaro, Katavi, Geita and Tanga;
- (xv) Report on Roads, Bridges Maintenance and Major Repairs for Kigoma Region;
- (xvi) Special requests of miscellaneous funds;
- (xvii) Updating Road Asset Value in Tanzania Mainland;
- (xviii) Concept Paper on Broadening Roads Fund Revenue;
- (xix) Budget reallocation for the FY 2023/24;
- (xx) Road Fund Board Budget for the FY 2024/25;
- (xxi) TANROADS, TARURA, PORALG and MoW Operation Plan for the FY 2024/25;
- (xxii) The Draft Final Report by Those Charged with Governance and Financial Statements for the Period Ended 30th June 2023;
- (xxiii) RFB Internal Audit Charter 2024; and
- (xxiv) Road Fund Board Annual Procurement Plan for the FY 2024/25.
- (xxv) Committees of Those Charged with Governance

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**(i) The Technical and Finance Committee**

S/N	Name	Position	Profession	No of Meetings Attended (Out of 6)
1	Mr. Octavian E. Mshiu	Chairman	Entrepreneur	6
2	Mr. William S. Mwakilema	Member	Tourism	2
3	Dr. Natu Mwamba	Member	Economist	3
4	Eng. Alois M. Matei	Member	Civil Engineer	4
5	Mr. Adolf Ndunguru	Member	Economist	6
6	Eng. Rashid S. Kalimbaga	Secretary	Civil Engineering	6

**(ii) Risk Management Committee (ARMC)**

S/N	Name	Position	Profession	No. of Meetings Attended (Out Of 5)
1	Mr. Hussein A. Wandwi	Chairman	Transport Economist	5
2	Ms. Neema J Mhondo	Member	Cooperative expert	4
3	Mr. Adolf Ndunguru	Member	Economist	5
4	Ambassador Eng. Aisha S. Amour	Member	Civil Engineer	5
5	Eng Rashid S. Kalimbaga	Secretary	Civil Engineering	5

**(iii) Human Resources, Employment and Discipline Committee (HREDC)**

S/N	Name	Position	Profession	No. of Meetings Attended (Out of 4)
1	Ms. Neema J Mhondo	Chairman	Cooperative Expert	4
2	Mr. Hussein A. Wandwi	Member	Transport Economist	4
3	Mr. Octavian EN. Mshiu	Member	Entrepreneur	3
4	Dr. Natu Mwamba	Member	Economist	1
5	Mr. William S. Mwakilema	Member	Tourism	1
6	Eng. Alois M. Matei	Member	Civil Engineering	3
7	Eng Rashid S. Kalimbaga	Secretary	Civil Engineering	4

**p) Board, Management and Employees' Relationship**

According to Roads Tolls and Fuel Act CAP 220 the day-to-day execution of activities of the Board is vested to the Chief Executive Officer assisted by the seven Heads of Units. The Units are Internal Audit Unit; Procurement Unit; Legal Unit; Finance and Accounts Unit; Planning and Resource Mobilization Unit; Technical Services Unit; and ICT Unit.

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**Table 5: The Management Team**

S/N	Full names	Age (years)	Qualification	Title
1.	Eng.Rashid S. Kalimbaga	59	BSc (Eng), PEng(T), Msc Engineering	Chief Executive Officer
2.	CPA. John Aswile	60	MBA, BSc (Eng), CPA (T)	Dir. Finance and Accounts
3.	CPA. Anna T. Masaro	47	MBA, CPA, ADV. Diploma (Accountancy), Diploma (IPSAS)	Ag. Director of Finance
4.	Mr. Godlove Stephen	52	M.A (Economics)	Director of Planning and Resource Mobilization
5.	Mr. Emmanuel Mwakajinga	46	MBA, Bsc.ESC	Head of ICT Unit
6.	Ms. Zakia Lwamala	53	MBA, PGD (Legal Practice), LLB, Diploma (Education)	Ag. Head of Legal Unit
7.	Mr. Aureus Mapunda	53	MSc, ADV. Dip	Manager Human Resources and Admin.
8.	Mr. Abdalla Mtey	41	MBA-CM, BA-PSM, CPSTB	Head of Procurement Unit
9.	Eng. Jacob D. Mukasa	46	Msc, (Geotechnics) (Civil Eng.) Peng BSc	Ag. Director of Technical Operations
10.	CPA. Hamis Majala	52	MBA, CPA	Head of Internal Audit Unit

The relationship between the Board, Management and employees is governed by the Roads and Fuel Tolls Act, CAP 220; RFB Staff and Financial Regulations in relation to Labour Laws and Government Circulars and Standing Orders. During the period under review there was no reported case of conflicting interest among the Board members, Management team and staff in general.

During the year under review, two staff meetings were conducted to discuss matters of relevant interest. There were neither un-resolved complaints received by the Management from the employees nor unattended issue presented by the Management to the Board. Good relationship continues to exist as the Board gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination.

For the purpose of strengthening the relationship of employees and Management the Workers Council of the Board has been formed. The Council was inaugurated on 22<sup>nd</sup> April 2024 by the Minister responsible for Works. Worker's representatives sit together and resolve issues among them. It is through this forum staff are able to discuss among other things budget and other organizational plans and strategies for the benefit of both parties.

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

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**15. EMPLOYEE'S WELFARE**

**(a) Management and Employees' Relationship**

A healthy relationship existed during the financial year between Management and employees who were represented by the Workers Union (TUGHE). There was a harmonious relationship demonstrated during the Workers Council meetings where Management transacted with TUGHE leaders and employees' representations. Generally, there were no unresolved complaints received from the employees during the year.

**(b) Working Environment**

The Board ensured that employees are provided with favourable working environment such as providing them with necessary tools for smooth running of their daily operations and office space. This encompasses individual commitment towards innovative thinking and professional expertise.

**(c) Opportunities and Fairness**

Management ensured equal opportunities and fairness for all employees, irrespective of ethnicity, race, gender, disability or religion, should be pursued.

**(d) Post-employment Benefits**

The Board pay contributions to Public Service Social Security Pension Fund (PSSSF) in respect of its employees on mandatory basis which qualifies to be a defined contribution plan.

The Board contributes 15% of basic salary of each employee to the Fund on behalf of all permanent employees and employee contributes 5% of their basic salary. The total contribution made to PSSSF during the year was TZS 234.1 million (30 June 2023: TZS 167.2 million).

**(e) Medical Services**

The Board operates insured (health benefit) plan for employees, their spouses and up to a maximum of four dependents. Contribution is paid to the National Health Insurance Fund (NHIF) upon successful registration of the employee to the Fund.

The total contributions made by the Board to NHIF during the year was TZS 50.4million (30 June 2023: TZS 32.8million) being 3% of the employee's basic salary, whereby the contributions are shared equally, the Board 3% and the employees 3%.

**(f) Training Facilities and Staff Development**

The Board nurtured its basic human resource base by filling in vacant positions at different levels, and staff attended various training programs, meetings, workshops and seminars. These initiatives were carried out to equip staff with the necessary skills and knowledge to enhance the attainment of the Board's objectives. Significant improvement was made to have an operational web- based management



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

---

information system for internal use and to be linked with Road Agencies for better monitoring and evaluation.

To improve employee's technical skills and hence effectiveness, The Board Spent TZS 309 million for training program for FY 2023/2024 (2022/2023: TZS 299.7million). The program was developed to ensure employees are adequately trained at all levels. All employees are accorded with some form of training each year to upgrade skills and enhance development.

**Staff Loans and Advances**

This is available to all employees depending on the merit of each case as assessed by the Management as well as liquidity position of the Fund. However, employees are also encouraged to obtain loans or advances from commercial banks to meet their financial needs.

**(g) Gender Policy**

The Board has an equal opportunity employment policy as far as gender issues are concerned. Every effort is made to ensure that the Board's employment policy maintains gender balance subject to technical and experience considerations.

The number of employees of the Board during the year was 31 staff comprising of 21 males and 10 females.

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**16. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES**

**Table 3: Risk Framework and Mitigation**

S/N	Risk	Impacts	Mitigations
1.	Strategic Risks	<ul style="list-style-type: none"> <li>• Deterioration of road condition and loss of past Government investment in the road sector.</li> <li>• Increased road accidents and loss of lives and properties.</li> <li>• Increased cost to Government to restore road condition such as major rehabilitation and reconstruction.</li> <li>• Deterioration of roads network and loss of the road asset value.</li> <li>• Increased costs of production, limited access to social and economic service centres.</li> <li>• High transportation costs, vehicle operating costs and overall costs of doing business.</li> <li>• Reduced competitiveness of Tanzania's goods and services due to high transport costs.</li> <li>• Decline of Roads Fund capacity to finance road maintenance interventions.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Conduct studies on possible sources for broadening revenue base e.g. weight distance charges</li> <li>✓ Conduct awareness seminars for policy makers and other stakeholders;</li> <li>✓ Monitor enforcement of implementation of Legal framework for vehicle overload control;</li> <li>✓ Installation of CCTV management systems in weighbridge stations;</li> <li>✓ Continue to scrutinize annual operational plans and budgets from Road Agencies;</li> <li>✓ Conduct consultations with Development Partners to encourage them to finance road maintenance interventions;</li> <li>✓ Facilitate and promote research on low-cost technologies and locally available materials in road maintenance interventions;</li> <li>✓ Carry-out regular reconciliation and close follow-up of un-remitted amounts;</li> <li>✓ Review and monitor implementation of guidelines for preparation of annual operational plans and budgets;</li> <li>✓ Conduct regular monitoring of collection of roads fund revenue;</li> <li>✓ Prepare and submit funding proposals for Development Partners;</li> <li>✓ Facilitate development and effective use of Roads Asset Management Systems for Road Agencies;</li> <li>✓ Conduct study on new sources of Roads Fund revenue and review of the current rates;</li> <li>✓ Review and implement communication strategy with the view to educate the public about the importance of road maintenance; and</li> <li>✓ Promote use of framework contracts for routine road maintenance works.</li> </ul>

**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

S/N	Risk	Impacts	Mitigations
2.	Compliance Risks	<ul style="list-style-type: none"> <li>• Impaired economic and social activities and growth.</li> <li>• Tarnished Board image and credibility;</li> <li>• Increased litigation, penalties and sanctions;</li> <li>• Embarrassment and negative impact on personal career and employment;</li> <li>• Endangering corporate image due undetected critical operational, financial and technical non-compliances; and</li> <li>• Financial loss and operational inefficiencies.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Recruiting additional accountants;</li> <li>✓ Prepare and implement training and capacity building program on all compliance matters;</li> <li>✓ Facilitate staff to attend relevant laws updates briefings prepared by regulatory bodies and authorities (TRA, PPRA, TR, AGEN, PO-PSMGG;</li> <li>✓ Prepare and monitor compliance register [Compliance tracker];</li> <li>✓ Conduct tax compliance health check;</li> <li>✓ Conduct regular training on laws, regulations and Government directives to staff;</li> <li>✓ Facilitate training on technical and professional based audit techniques to staff e.g. CISA, CIA etc;</li> <li>✓ Facilitate trainings on different issues such as procurement, IPSASs, forensic audits;</li> <li>✓ Facilitate staff to attain the required CPD hours issued by professional bodies e.g. NBAA and The Institute of Internal Auditors (IIA);</li> <li>✓ Finalise recruitment of internal audit staff; and</li> <li>✓ Out-source technical and professional audit function.</li> </ul>
3.	Reputational Risks	<ul style="list-style-type: none"> <li>• Wrong public image;</li> <li>• Institutional reputational damage;</li> <li>• Impaired implementation of Board operations; and</li> <li>• May jeopardise existence of the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Recruiting qualified Public Relations Officer;</li> <li>✓ Develop and follow (adhere) to media guidelines;</li> <li>✓ Develop and implement (annual) advocacy (media engagement) plan;</li> <li>✓ Review and implement communication strategy;</li> <li>✓ Continued participation in different fair and exhibitions;</li> <li>✓ Participate in different sports and games;</li> <li>✓ Continue engaging parliamentary committees and parliamentarians; and</li> <li>✓ Operationalise Board social media platforms.</li> </ul>
4.	Operational Risks	<ul style="list-style-type: none"> <li>• Disruption of operations and untimely decision making;</li> <li>• Increased customers' complaints;</li> <li>• May influence unethical behaviour;</li> <li>• Tarnished image of the Board;</li> </ul>	<ul style="list-style-type: none"> <li>✓ Conduct periodic disaster recovery plan testing;</li> <li>✓ Perform information assurance and compliance audit;</li> <li>✓ Create awareness on effective and safe use of ICT services;</li> <li>✓ Prepare and implement specialized ICT training program;</li> <li>✓ Establish, communicate and enforce SLAs for ICT service providers;</li> <li>✓ Conduct regular maintenance of ICT equipment;</li> <li>✓ Develop and implement incentive scheme;</li> <li>✓ Prepare, communicate and implement annual staff training program;</li> <li>✓ Facilitate participation of staff in different professional forums;</li> </ul>

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

S/N	Risk	Impacts	Mitigations
		<ul style="list-style-type: none"> <li>Stressful work environment; and</li> <li>Non - or untimely achievement of the objectives (ineffective and inefficient operations).</li> </ul>	<ul style="list-style-type: none"> <li>✓ Train staff on soft skills [emotional intelligence, tack and diplomacy, interpersonal intelligence, techno savvy, stress management etc.];</li> <li>✓ Continue to enforce results and evidence-based performance appraisal system;</li> <li>✓ Prepare and implement staff team-building programs;</li> <li>✓ Make timely and effective communication on staff matters; and</li> <li>✓ Develop and implement the results-based M&amp;E system.</li> </ul>



**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

**17. Related Party Transactions**

Related party transactions are dealt with at arm's length in the normal course of business and on terms and conditions similar to those applicable to other stakeholders. Related party transactions are disbursements made to the parent ministry and remuneration of Board Members and key management personnel. During the year ending 30th June 2024, related party transactions were as shown below:

**Table 4: Related Party Transactions (TZS)**

S/N	Description	30.06.2024	30.06.2023	Remarks
1	Board-related expenses (travel and training)	308,161,522.00	159,666,124.00	The Board Visits to various destinations like Kigoma and Zanzibar were reported under routine travelling expenses in the FY 2023
2	Board Members' fees	43,125,000.00	56,562,500.00	The decrease has been due to less number of Board Members
3	Remuneration to seven Management personnel	795,503,600.00	723,787,200.00	The change of Salaries as a result of the Change of Establishment attracted a remuneration increase
4	Transfers to the Ministry of Works	44,392,307,567.29	52,429,721,078.27	There is a decrease of TZS.8bn, which has been caused by non-transfer of funds to the Ministry of Works
<b>Total</b>		<b>45,539,097,719.29</b>	<b>53,369,736,902.27</b>	



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

## **18. POLITICAL AND CHARITABLE DONATIONS**

### **Political Donations**

The Board did not make any political donations during the year ended 30 June 2024.

### **Charitable Donations**

Donations were made as part of corporate social responsibility to institutions and charitable organizations to acknowledge the Board's responsibility to community social needs. During the financial year ended 30 June 2024 the Board spent TZS 89.350 million (30 June 2023: TZS 77.629 million) to support a number of social and economic development initiatives implemented throughout the country.

## **19. DISABLED PERSONS AND GENDER BALANCE**

### **Disabled Persons**

The Board is an equal opportunity employer and as a matter of policy, recruitment processes are transparent and competitive, whereas applications for employment by persons with disabilities are highly considered. In the event of a member of staff becoming disabled, every effort is made to ensure that his/her employment with the Board continues and appropriate training is arranged. It is the policy of the Board that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. During the reporting period, there were no incidences of accommodating persons with special needs.

During the financial year, the Board had no (30 June 2023: people with disability).

## **20. MAJOR PROCUREMENT CONTRACTS**

The Board capital and development expenditure for the FY 2023/24 is made up of property, plant and equipment. In the FY 2023/24, two motor vehicles were purchased.

**Table 10(a): Budget Vs Actual Capital and Development Expenditure for the FY 2023/24 (TZS)**

Item	Budget	Actual	Variance	% Variance
Acquisition of Property, Plant and Equipment	524,219,000	469,791,295	54,427,705	10
Acquisition of Intangible asset	508,000,000	21,457,590	487,542,410	96
<b>Total</b>	<b>1,032,219,000</b>	<b>491,248,885</b>	<b>541,970,115</b>	<b>53</b>

As indicated in Table 10(a), there was under expenditure of TZS 541,970,115 on capital expenditure funds - equivalent to 53% of the budgeted amount. The under expenditure is due to the fact that the planned procurement of POS for collection of road reserves charges could not be done in the FY 2023/24.

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**21. PREJUDICIAL ISSUES**

No prejudicial issues were noted or reported during the financial year 2023/2024.

**22. STATEMENT OF COMPLIANCE**

The Report by Those Charged with Governance is prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1 January 2021. The Board's financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs) as issued by the International Public Sector Accounting Standards Board (IPSASB).

**23. APPOINTMENT OF AUDITOR**

Article 143 of the Constitution of the United Republic of Tanzania of 1977 and section 10 of the Public Audit Act, Cap 418 (R.E. 2021) mandates the Controller and Auditor General as the statutory auditor of all public sector entities, including the Roads Fund Board. In addition, Section 4 (6) of the Road and Fuel Tolls Act, Cap 220, earmarked the CAG as the statutory auditor of the Board's financial statements. The address of the Auditor for the financial year is as below:

**Controller and Auditor General,**  
National Audit Office,  
Ukaguzi House,  
4 Mahakama Road,  
P.O. Box 950,  
41101 Tambukareli,  
Dodoma, Tanzania.  
**Tel: 255 (026) 2161200,**  
**Fax: 255 (026) 2321245,**  
**E-mail: [ocag@nao.go.tz](mailto:ocag@nao.go.tz)**  
**Website: [www.nao.go.tz](http://www.nao.go.tz)**

**24. RESPONSIBILITY OF THE AUDITOR**

The Controller and Auditor General (CAG) has a statutory responsibility to report to the stakeholders as to whether, in his opinion, the financial statements of the Board present fairly the financial position, financial performance and cash flows for the year ended in accordance with the International Public Sector Accounting Standards (IPSASs), the Tanzania Financial Reporting Standard (TFRS 1) and in the manner required by the Roads Fund Board Act, Cap. 220 and the Public Finance Act, Cap. 348.

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**25. STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE**

Those Charged with Governance accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, pursuant to section 5(4) of the Roads and Fuels Tolls Act, Cap. 220. Furthermore, Those Charged with Governance accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), the Public Finance Act, Cap. 348, NBAA's Technical Pronouncements and the requirements of the Road and Fuels Tools, Cap 220.

Therefore, Those Charged with Governance are of the opinion that the financial statements of the Board give a true and fair view of the Board's state of the financial affairs and of its operating results for the year ended 30 June 2024.

**26. SOLVENCY**

Those charged with governance of the Fund confirm that applicable Standards have been properly applied and that the financial statements have been prepared on a going concern basis. They have reasonable expectation that the Board has adequate financial resources to continue operations in the foreseeable future.

**27. POST FINANCIAL POSITION EVENTS**

The Board is not aware of any significant matter or circumstances that may arise after reporting period which would significantly affect the financial position of the Board and results of its operations as laid out in these financial statements.

**28. ACCOUNTING POLICIES**

A summary of significant accounting policies is provided in **Note 2** of the financial statements.

**29. ENVIRONMENTAL, GOVERNANCE AND SOCIAL ISSUES (ESG)**

Sustainability-related risks and opportunities: The Board is committed to spending of 100 percent of the appropriated revenue for road maintenance to ensure roads are passable throughout the year. In so doing, it assures the promotion of economic activities such as agriculture, transportation, and other sectors.

This is possible due to an approved structure of the Board as well as the statute established by the Fund and its Board through the Roads and Fuels Tolls Act, Cap 220. The fuel levy is the main source of the revenues of the Board hence gives assurance of not only a reliable source of income but also sustainability.

About 80 percent of passengers in Tanzania use road transport. Road transport is therefore a backbone of the Tanzania economy hence the need for sustainability and a reliable source of income to maintain the roads in all parts of the country.

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

Governance is therefore of paramount importance due to this exemplary function of the Board in social and economic activities. Due to this fact the Board is committed to adhere to all directives issued by the Government machineries and all regulations in all related matters including financial regulation, recruitment and procurement procedures.

On environmental and social issues, the Board has always emphasized adherence to the National Environmental Policy (NEP, 1997) which requires any development activities or investment to be carried out in a sustainable manner without compromising the environment for the benefit of the current as well as for the future generation. Thus, one of the policy requirements is to prepare a plan that can be used as a tool during the implementation of the project to ensure that undue or reasonably avoidable adverse impacts of the construction, operation, and decommissioning of a project are prevented and that the positive benefits of the project are enhanced.

Hence the Board requires road agencies to ensure that during implementation of road works mitigation measures are prepared to prevent harm to local communities and to minimize the negative impacts to the environment.

For each maintenance road project, the road agencies ensure that Environmental and Social Management Plans (ESMP) are prepared by the contractor, and the Board closely monitors the implementation of plans.

The ESMP document contains a brief project description followed by impacts identification and mitigation measures. Among the keys to be addressed in ESMP include mitigation measures against impacts of road works on: sensitive areas, solid waste disposal, air pollution, land pollution, land degradation, and health and safety.

On the social aspects, the Board is committed to ensuring all social aspects are taken into consideration during the implementation of road maintenance works. For instance, the Board requires road agencies to ensure the following are adhered to: 100 percent of unskilled jobs to be given to local people; ten percent of all contracts to be awarded to women, 20 percent of all contracts to be awarded to (trained and registered) Labour Based Contractors and community groups; HIV/AIDS Prevention, training and awareness program and provision of condoms. In addition, the Board emphasizes on safety and health of all individuals involved and or affected by road works.

The Board is committed to society to ensure the services and functions of the Board are well published through media, broadcast media, and special television programmes. Through these programmes, there have been a number of visits which is not only meant for monitoring activities but also have been a way of engaging the society to awareness of road use and the importance of road maintenance. The Board has been keen on providing an adequate Budget to maintain social engagement. During the reporting period, the Board spent TZS 68,730, 203 for advertising and special television programmes.

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

In order to ensure implementation of the activities financed by the Board including environment and social policies, the Board conducts close monitoring of road agencies operations. Monitoring is conducted through the review of quarterly progress reports submitted by road agencies as well as physical site visits to assess status and implementation performances. Physical site visit known as preventive technical monitoring is carried out using internal staff as well as private consultancy firms. During the reporting period, the Board set aside TZS 1,183,600,000 which includes TZS 950,000,000 allocated as consultancy fees and TZS 233,600,000 allocated for internal monitoring.

The Board has been always a champion of environmental keeping in all of its operations whether direct or indirect. Direct in the sense that by introducing and promoting ICT in almost all activities organized by the Board, be it meetings, internal communications, use of paperless Board meetings, and Committee meetings. Indirect in the sense that, the Board fosters road agencies' adherence to environmental issues in the execution and reporting of road projects.

During the reporting period, the Road Fund Board engaged in different environmental issues including convening a stakeholder meeting on the Impact of Climate Change on Road Projects, setting aside funds for tackling environmental emergencies such as floods and heavy rains that could have adverse impact on roads, directed road agencies to prepare and implement disaster preparedness plans and directed road agencies to develop climate change resilience strategy and guidelines for road infrastructure. The Board also applies different methods of working that are environmentally friendly such as using soft copies while conducting various meetings hence saving costs related to printing.

**30. STATUTORY AUDITORS**

The Controller and Auditor General (CAG) is the statutory Auditor of the Roads Fund Board by virtue of Article 143 of the Constitution of the United Republic of Tanzania, Public Audit Act No. 11 of 2008 and Section 4(6) of the Roads and Fuel Tolls Act CAP 220.

**BY ORDER OF THE BOARD**

.....  
**CHAIRMAN OF THE ROADS FUND BOARD**

*21<sup>st</sup> March 2025*  
.....  
**DATE**



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**DECLARATION OF THE HEAD OF FINANCE AND ACCOUNTING**

The National Board of Accountants and Auditors (NBAA), according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

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

I, CPA Hosea E. Kashimba, being the Director of Finance and Accounting of Roads Fund Board hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30<sup>th</sup> June 2024, have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs) and statutory requirements.

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

Signature: 

Position: Director of Finance and Accounts

NBAA Membership No.: FCPA 1357

Date: 21<sup>st</sup> March 2025

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE**

The Board directors are responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial Position as at 30<sup>th</sup> June 2024 and the Statement of Financial Performance, the statement of changes in Net Assets, Cash flows Statement, Comparison of budget and actual amount for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Public Sector Accounting Standards (IPSAS) accrual.

The Directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have assessed the Board's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the financial year ahead.

**Approval of the financial statements**

The financial statements of the Board, as indicated above, were approved by the Board of Directors on .....

  
.....  
Chairman

  
.....  
Director

*21<sup>st</sup> March 2025*  
.....

**DATE**

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**5.0. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024**

		2023/24 TZS	2022/23 TZS RESTATED
<b>ASSETS</b>	<b>Note</b>		
<b>Current Asset</b>			
Cash and Cash Equivalents	62	509,985,898,328	72,414,806,362
Receivables	67	1,009,387,330	346,648,454
Loan Receivables	68	571,020,273	-
<b>Total Current Asset</b>		<b>511,566,305,931</b>	<b>72,761,454,816</b>
<b>Non-Current Asset</b>			
Property, Plant and Equipment	77	8,999,953,485	8,757,967,666
Intangible Assets	78	185,467,383	182,155,881
<b>Total Non-Current Asset</b>		<b>9,185,420,868</b>	<b>8,940,123,547</b>
<b>TOTAL ASSETS</b>		<b>520,751,726,799</b>	<b>81,701,578,363</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables and Accruals	89	110,047,204	214,263,530
Deferred Income	93	489,394,230,874	61,408,739,685
Deposits	94	51,575,211	22,392,739
<b>Total Current Liabilities</b>		<b>489,555,853,288</b>	<b>61,645,395,955</b>
<b>Non-Current Liabilities</b>			
Payables and Accruals	109	-	22,633,496
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>22,633,496</b>
<b>TOTAL LIABILITIES</b>		<b>489,555,853,288</b>	<b>61,668,029,451</b>
<b>Net Assets</b>		<b>31,195,873,511</b>	<b>20,033,548,912</b>
<b>NET ASSETS</b>			
<b>Capital Contributed by:</b>			
Taxpayers Funds	110	156,130,588	156,130,588
Accumulated Surpluses		31,039,742,923	19,877,418,324
<b>TOTAL NET ASSETS</b>		<b>31,195,873,511</b>	<b>20,033,548,912</b>

NOTES 1-111 FORM PART OF THESE FINANCIAL STATEMENTS

  
Acting Chief Executive Officer

21st March 2025

  
Chairman

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**5.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30TH JUNE, 2024**

	Note	2023/24	RESTATED 2022/23
<b>REVENUE</b>		<b>TZS</b>	<b>TZS</b>
Revenue Grants	16	583,660,105,644	735,923,306,150
Revenue from Exchange Transactions	17	4,685,162,915	9,797,574,198
Levies	18	509,374,248	342,849,853
Fees, Fines, Penalties and Forfeits	19	23,604,279,393	19,267,558,343
Reversal of ECL	24	1,318,539,073	-
Gain on Foreign Currency Transactions	27	208,017,325	-
Other Revenue	31	9,020,077,203	6,212,803,416
<b>TOTAL REVENUE</b>		<b>623,005,555,801</b>	<b>771,544,091,960</b>
<b>EXPENSES AND TRANSFERS</b>			
Expenses:			
Wages Salaries and Employee Benefits	34	4,766,652,129	3,747,060,768
Use of Goods and Service	35	4,824,892,716	4,673,889,485
Maintenance Expenses	36	526,187,438	348,760,898
Other Expenses	52	4,516,811,772	4,827,229,458
Depreciation of Property, Plant and Equipment	77	253,517,138	340,911,999
Amortization of Intangible Assets	78	18,146,088	-
ECL Expenses	69	11,779,691	1,406,794,156
<b>Total Expenses</b>		<b>14,917,986,972</b>	<b>15,344,646,764</b>
<b>Transfer</b>			
Grants and Transfers	59	596,905,244,229	737,395,992,478
Other Transfers	52	20,000,000	23,878,321,831
<b>Total Transfer</b>		<b>596,925,244,229</b>	<b>761,274,314,309</b>
<b>TOTAL EXPENSES AND TRANSFERS</b>		<b>611,843,231,201</b>	<b>776,618,961,073</b>
<b>Surplus /(Deficit)</b>		<b>11,162,324,600</b>	<b>(5,074,869,113)</b>

NOTES 1-111 FORM PART OF THESE FINANCIAL STATEMENTS

  
 Acting Chief Executive Officer

  
 Chairman

21st March 2025

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**5.3 STATEMENT OF CHANGES IN NET ASSET AND EQUITY FOR THE PERIOD ENDED 30th JUNE, 2024**

	Tax Payer's Fund	Accum. Surplus/(Deficit)	Total
	TZS	TZS	TZS
Opening Balance as at 01 Jul 2023	156,130,588	19,877,418,324	20,033,548,912
Other Adjustments			
Balance as at 01st July 2023	156,130,588	19,877,418,324	20,033,548,912
Surplus/ Deficit for the Year		11,162,324,600	11,162,324,600
Closing Balance as at 30 Jun 2024	156,130,588	31,039,742,923	31,195,873,511
Opening Balance as at 01 Jul 2022	156,130,588	24,952,287,437	25,108,418,025
Surplus/(Deficit) for the Year		(5,074,869,113)	(5,074,869,113)
Closing Balance as at 30 Jun 2023	156,130,588	19,877,418,324	20,033,548,912

**NOTES 1-111 FORM PART OF THESE FINANCIAL STATEMENTS**

  
Acting Chief Executive Officer

  
Chairman

*21st March 2025*  
Date



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**5.4 CASHFLOW  
STATEMENT AS AT 30th  
JUNE, 2024**

	2023/24	2022/23
	TZS	TZS
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>RECEIPTS</b>		
Subvention from other Government entities	394,665,532,156	22,630,223,012
Revenue Grants	616,931,398,423	735,923,306,150
Revenue from Exchange Transactions	4,685,162,915	9,797,574,198
Other Revenue	8,364,764,648	6,450,518,344
Levies	489,353,900	311,420,908
Increase in Deposit	29,182,472	-
Fees, Fines, Penalties and Forfeits	23,604,279,393	19,267,558,343
<b>Total Receipts</b>	<b>1,048,769,673,907</b>	<b>794,380,600,956</b>
<b>PAYMENTS</b>		
Wages, Salaries and Employee Benefits	4,753,817,479	3,750,400,645
Use of Goods and Service	4,895,876,207	4,617,317,995
Other Transfers	20,000,000	23,878,321,830
Other Expenses	4,524,211,772	4,819,829,458
Maintenance Expenses	526,187,438	348,760,898
Grants and Transfers	596,905,244,229	737,395,992,478
Decrease in Deposit	-	4,527,342
<b>Total Payments</b>	<b>611,625,337,125</b>	<b>774,815,150,646</b>
<b>NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES</b>	<b>437,144,336,783</b>	<b>19,565,450,310</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of PPE	10,585,938	-
Acquisition of Property Plant and Equipment	(469,791,295)	(372,259,429)
Acquisition of Intangibles	(21,457,590)	-
<b>Total Investing Activities</b>	<b>(480,662,947)</b>	<b>(372,259,429)</b>
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>	<b>(480,662,947)</b>	<b>(372,259,429)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan Receivable issued	(571,020,273)	-
<b>Total Financing Activities</b>	<b>(571,020,273)</b>	<b>-</b>
<b>NET CASH FLOW (USED IN) FINANCING ACTIVITIES</b>	<b>(571,020,273)</b>	<b>-</b>
<b>Net Cash Increase</b>	<b>436,092,653,563</b>	<b>19,193,190,881</b>
<b>Effect of Foreign Currency changes</b>	<b>208,017,325</b>	<b>-</b>

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**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

Cash and cash equivalent at beginning of period	73,755,178,557	54,561,987,678
Cash and cash equivalent at end of period	510,055,849,445	73,755,178,557

**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE PERIOD ENDED 30th JUNE, 2024**

	TZS		TZS		TZS		TZS		TZS	
	Original Budget	Reallocation	Revised Final Budget	Actual Amount	Variance		Actual Amount	Variance		
<b>RECEIPTS</b>										
Subvention other Government entities	907,335,508,231	-	907,335,508,231	394,665,532,156	512,669,976,075					
Revenue Grants	-	-	-	616,931,398,423	(616,931,398,423)					
Revenue from Exchange Transactions	8,500,000,000	-	8,500,000,000	4,685,162,915	3,814,837,085					
Other Revenue	5,000,000,000	-	5,000,000,000	8,364,764,648	(3,364,764,648)					
Levies	461,500,000	-	461,500,000	489,353,900	(27,853,900)					
Increase in Deposit	-	-	-	29,182,472	(29,182,472)					
Fees, Fines, Penalties and Forfeits	7,500,000,000	-	7,500,000,000	23,604,279,393	(16,104,279,393)					
<b>Total Receipts</b>	<b>928,797,008,231</b>	<b>-</b>	<b>928,797,008,231</b>	<b>1,048,769,673,907</b>	<b>-</b>					
<b>PAYMENTS</b>										
Wages, Salaries and Employee Benefits	3,952,183,883	852,941,000	4,805,124,883	4,753,817,479	51,307,404					
Use of Goods and Service	4,189,235,687	930,740,410	5,119,976,097	4,895,876,206	224,099,891					
Other Transfers	-	20,000,000	20,000,000	20,000,000	-					
Other Expenses	8,734,110,200	(2,226,650,410)	6,507,459,790	4,524,211,772	1,983,248,018					
Maintenance Expenses	857,100,000	53,000,000	910,100,000	526,187,438	383,912,562					
Grants and Transfers	910,402,128,461	-	910,402,128,461	596,905,244,229	313,496,884,232					
Acquisition of PPE	154,250,000	369,969,000	524,219,000	469,791,295	54,427,705					
Acquisition of Intangibles	508,000,000	-	508,000,000	21,457,590	486,542,410					
Proceed from sale of PPE	-	-	-	10,585,938	10,585,938					
Loan issued	-	-	-	571,020,273	571,020,273					
<b>Total Payment</b>	<b>928,797,008,231</b>	<b>-</b>	<b>928,797,008,231</b>	<b>612,677,020,344</b>	<b>316,119,987,887</b>					
<b>Net Receipts/Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>436,092,653,563</b>	<b>-</b>					

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

LIST OF TRANSACTIONS/BALANCES WITH OTHER GOVERNMENT ENTITIES FOR YEAR ENDED 30 <sup>th</sup> JUNE, 2024				
S/N	Goods/Services received	Name of entity provided goods/services	Amount paid	Payable balance
1	ELETRICITY	TANESCO	60,696,510.36	4,135,852.24
2	TELEPHONE	TTCL	0	105,000
3	INTERNET	TTCL	73,193,548.28	6,000,000
4	WATER	DUWASA	1,466,630.60	
5	SECURITY SERVICE	SUMA JKT	0	8,058,600
6	EMS SERVICE	TPS	0	74,394.56
7	PURCHASE OF MOTOR VEHICLE	GPSA	369,969,000.00	
8	MOTOR VEHICLE REPAIR	TEMESA	27,727,833.52	
9	FUEL	GPSA	70,200,000.00	
10	CONFERENCE FACILITIES	AICC	5,811,178.03	
	<b>TOTAL</b>		<b>609,064,700.79</b>	<b>18,373,845.80</b>

INVESTMENT PROPERTY WITHIN OTHER GOVERNMENT ENTITIES FOR YEAR ENDED 30 <sup>th</sup> JUNE 2024				
S/N	Name of Investment Property	Name of entity (Occupier)	Amount received (Rent) (TZS)	Receivable (Rent) (TZS)
1	Building	Tanzania Forest Fund	81,758,316.38	-
2	Building	Ministry of Finance and Planning	248,817,256.80	
3	Building	Fair Competition Tribunal	19,779,594.24	13,186,396.16
4	Building	National Identification Authority	16,040,448	16,040,448.00
5	Building	National Construction Council	62,857,889.63	94,286,834.46
	<b>TOTAL</b>		<b>429,253,505.05</b>	<b>123,513,678.62</b>

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

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**1. INTRODUCTION**

**(i) Establishment of Roads Fund Board**

The Roads Fund Board is a government institution established by the Roads and Fuel Tolls Act, Chapter 220. The Board is responsible for managing the Fund into which all monies collected as roads and fuel tolls for road maintenance are paid.

**(ii) The address**

The address of the Board is:

Roads Fund Building,

11 AMMAR Road,

P. O Box 993,

41107 DODOMA MAKULU, DODOMA

Telephone: +255 26 2963277-8

Fax: +255 26 2963279-80

Email address: [info@roadsfund.go.tz](mailto:info@roadsfund.go.tz)

More information can be accessed from the Roads Fund Board's website, which is:  
[www.roadsfund.go.tz](http://www.roadsfund.go.tz)

**(iii) Authorisation of Financial Statements**

The Fund's financial statements for the year ended 30 June 2024 were submitted to the Controller and Auditor General (CAG) for audit on 30 August 2024. These financial statements will be authorized for issue after being signed by the CAG and tabled to the Parliament.

**(iv) Statement of Compliance**

The Board's financial statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB). The Report by Those Charged with Governance has been prepared in line with the requirements of the Tanzania Financial Reporting Standard (TFRS) No. 1 as issued by the National Board of Accountants and Auditors (NBAA).

**(v) Basis of Preparation**

Road Fund financial statements are prepared and presented in compliance with accrual basis IPSASs. Items in financial statements have been reported on historical cost. The cash flows statement is prepared using the direct method. The functional currency of the Board, which is also its presentation currency, is Tanzanian Shillings (TZS).

The Board's Management has assessed the Board's ability to continue as a going concern and is satisfied that the Board has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Board's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

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**(vi) Reporting Period**

The reporting period for these financial statements is the financial year of the Board which runs from 1<sup>st</sup> July 2023 to 30<sup>th</sup> June 2024.

**2. NEW STANDARDS ON ISSUE NOT YET ADOPTED BY THE BOARD**

There are seven (7) new Standards issued by the International Public Sector Accounting Standards Board (IPSASB) but were not yet effective up to the date of issuance of the Board's financial statements. Also, there are two (2) standards issued by IASB, for adoption by all entities including government entities. The new Standards are:

a) **IPSAS 43- Leases**, which is effective on or after January 1, 2025. This standard introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13, Leases. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13. This standard will improve the transparency of lease accounting in the public sector.

b) **IPSAS 44-Non-Current Assets Held for Sale and Discontinued Operations**, which is effective for annual periods beginning on or after 1 January 2025. This standard fills a gap in the IPSAS suite by providing guidance on how to account for public sector assets that are held for sale on commercial terms. The standard is important from a public interest perspective, as it ensures transparency and accountability when decisions to sell public sector assets have been taken.

IPSAS 44 specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:

i) Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and

ii) Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

c) **IPSAS 45-Property, Plant and Equipment**, which is effective for annual periods beginning on or after 1 January 2025. This standard replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured. The objective of IPSAS 45 is to develop enhanced guidance clarifying the recognition and measurement of infrastructure and heritage assets that are Property, Plant, and Equipment.

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

d) **IPSAS 46-Measurement**, which is effective for annual periods beginning on or after 1 January 2025. The objective of this Standard is to define measurement bases that assist in reflecting fairly the cost of services, operational capacity and financial capacity of assets and liabilities. It identifies approaches under those measurement bases to be applied through individual IPSAS to achieve the objectives of financial reporting.

e) This standard provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. It brings in generic guidance on fair value for the first time, and introduces current operational value, a public sector specific current value measurement basis addressing constituents' views that an alternative current value measurement basis to fair value is needed for certain public sector assets.

f) **IPSAS 47-Revenue** which is effective for annual periods beginning on or after 1 January 2026. IPSAS 47 replaces the existing three revenue standards IPSAS 9, IPSAS 11 and IPSAS 23, and presents accounting models which will improve financial reporting and support effective public sector financial management.

The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from revenue transactions. To meet the objective, the Standard:

- i) Requires an entity to consider the terms of the transaction, and all relevant facts and circumstances, to determine the type of revenue transaction; and
- ii) Sets out the accounting requirements to account for the revenue transaction.

g) **IPSAS 48-Transfer Expenses** which is effective for annual periods beginning on or after 1 January 2026. IPSAS 48 provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. This new Standard fills a significant gap in the IPSASB's literature and provides guidance to help entities account for public sector transfer expense transactions.

The objective of this Standard is to establish the principles that a transfer provider (an entity) shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of cash flows arising from transfer expenses. To meet the objective above, the Standard:

- i) Requires an entity to consider the terms of the transaction and all relevant facts and circumstances to determine the type of transfer expense transaction; and
- ii) Sets out the accounting requirements for the transfer expense transactions.

The Board is currently assessing the impact of the above-mentioned standards and plans to adopt them on or before the required effective date.

There are no other IPSASs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Board.

- h) **IPSAS 49: Retirement Benefit Plans:** The objective of this standard is to prescribe the accounting and reporting requirements for public sector retirement benefit plans, which provide retirement benefits to public sector employees and other eligible participants. IPSAS 49 will be effective for periods beginning on or after January 1, 2026.
- i) **IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)**  
IFRS 1 which is effective for Public Interest Entities (PIE) for annual periods beginning on or after 1 January 2025 sets out general requirements for disclosing material sustainability-related information, including risks and opportunities, across an entity's value chain. It's designed to help investors understand the connections between different sustainability-related risks and opportunities, including those set out in IFRS S2. IFRS S1 also includes qualitative characteristics for the information that needs to be provided, such as relevance and faithful representation
- j) **IFRS S2 (Climate-related Disclosures)**  
IFRS 2 which is effective for Public Interest Entities (PIE) annual periods beginning on or after 1 January 2025 sets out specific disclosures for climate-related matters, including risks and opportunities. It's designed to be used with IFRS S1 and incorporates guidance on climate-related disclosure topics and metrics. IFRS S2 metrics and disclosure topics are based on SASB Standards, with amendments to improve international applicability.

### **3. SUMMARY OF ACCOUNTING POLICIES**

#### **a) Functional and Presentation Currency**

Items included in the financial statements of the Board are measured using the currency of the primary economic environment in which the Board operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings, which is the Board's functional and presentation currency.

#### **Transactions and Balances**

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are presented in the statement of financial performance.

#### **b) Revenue Recognition**

Revenue is the gross inflow of economic benefit or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contribution from owners.

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

Revenue is recognized only when it is probable that the economic benefits or service potential associated with the transaction will flow to the Board and the revenue can be reliably measured. The Board recognise revenue from both exchange and non-exchange transactions.

**(i) Revenue from Non-exchange Transactions - IPSAS 23**

The Board recognizes revenues when there is an inflow of resources from a non-exchange transaction recognized as an asset, except to the extent that a liability is also recognized in respect of the same inflow; when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Fuel levies and Transit Charges are the common revenue from non-exchange transactions associated with a liability to transfer them to road agencies.

The Board recognizes revenues from fees, levy and fines when the event occurs, and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**(j) Revenue from Exchange Transactions - IPSAS 9**

**(k) Rent and related service charges are the common revenue from exchange transactions and are recognized when earned and reported in the financial period to which they relate.**

**c) Budget Information - IPSAS 24**

The annual budget is prepared on the cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

**d) Property, Plant and Equipment - IPSAS 17**

Property, plants and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria. Depreciation is calculated on a straight-line basis over the remaining useful life of the assets.

**e) Depreciated Replacement Cost Approach**

This approach shows the present value of the remaining service potential of an asset is determined as depreciated replacement cost of the asset. The replacement cost of asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition.

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**f) Depreciation**

Depreciation is calculated on a straight-line basis over the remaining useful life of the assets, as the Government has adopted straight line method for depreciation of Public Assets which is allocated systematically over the useful life of the respective assets. Depreciation for valuation purpose shall be the adjustment made to the replacement cost to reflect physical deterioration, functional and economic obsolescence.

**g) Estimated Useful Life**

As assets ran an economic life peculiar to themselves depending on make, constant handling and operational use, some assets are continued in use much beyond the estimated useful life due to periodical maintenance and repairs. The table below shows the estimated useful life of assets based on the requirement of The Public Finance (Management of Public Property) Regulations, 2024 compared to the estimated useful life of assets in the previous periods;

**Table 15: Estimated Useful life**

All property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the items.

Asset Category	Estimated Useful life in Years (2023/24)	Estimated Useful life in Years (2022/23)
Plant and machinery	15	15
Furniture and fixtures	10	5
Office Equipment	10	5
Motor vehicles - Light vehicles (Below 5 tons)	10	5
Motorcycles	7	7
Computer (Desktops and Laptops)	8	4
Uninterruptible Power Supplies (UPS)	10	7
Video Conference Equipment	10	4
Servers	10	7
Network/ Telecom Equipment	10	7
Equipment Racks	10	10
A television studio, Cameras and other photographic equipment	10	7
Document processing equipment e.g. Photocopiers, mail handling equipment, shredders, check handling equipment.	10	7
Administrative Building	50	50

The table below shows the Tangible assets' useful condition with its estimated useful life.



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**Tangible assets' useful condition with its estimated useful life**

CONDITION	ESTIMATED USEFUL LIFE				
	7	8	10	15	50
	ESTIMATED REMAINING USEFUL LIFE				
New	7	8	10	15	50
Very Good	7	8	10	15	48
Good	6	7	9	13	43
Fair	5	5	6	9	30
Poor	3	4	4	6	20
Very Poor	2	2	2	3	8

Subsequently, Property and Equipment are accounted using Cost Model. By using cost model; the asset is carried at cost less accumulated depreciation and accumulated impairment, if any.

When major repair is performed, its cost is recognized in the carrying amount of property and equipment if its recognition criteria is satisfied. The costs of major repairs are included in the respective asset's carrying amount.

All other expenditure for repairs and maintenance of Property and Equipment are charged to Statement of financial performance in the financial period in which they are incurred.

#### **De-recognition**

The Board derecognizes items of property and equipment upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of an item of property and equipment is included in the Statement of Financial Performance, unless where IPSASs requires otherwise on a sale and leaseback.

#### **h) Intangible Assets - IPSAS 31**

An intangible asset is an identifiable non-monetary asset without physical substance, such as software, patents, copyrights, goodwill and trademark.

#### **Recognition**

Intangible asset shall be recognized if and only if: it is probable that expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Subsequently, the intangible assets are accounted using Cost Model. By using cost model; the intangible asset is carried at cost less accumulated amortization and accumulated impairment, if any. Expenditure that enhances or extend the

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

performance of computer software beyond their original specifications is capitalized.

Internally generated intangible assets, excluding development costs, are not capitalized and expenditure is reflected in the Statement of Financial Performance in the year in which the expenditure is incurred. Intangible assets comprise of costs that are directly associated with identifiable and unique computer software products that RFB controls.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.

#### **Amortization**

The intangible asset with a finite life is amortized over its useful life as follows:

Description of Intangible Asset Category	Useful Life (Years)
Application software	10

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in the Statement of Financial Performance as the expense category that is consistent with the nature of the intangible asset. Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Financial Performance when the asset is de-recognized.

#### **i) Provisions, Contingent Assets and Contingent liabilities - IPSAS 19**

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of financial performance, net of any reimbursement.

#### **Contingent Liabilities**

The Board does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefit or service potential is remote.

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

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***Contingent Asset***

The Board does not recognize a contingent asset but discloses details of possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board in the notes to the financial statements.

**j) Capital Management**

The Board maintains its Capital Fund and other reserves. It includes Tax Payers' funds, Development partners' support and retained reserves.

The primary objective of the Board's capital management is to ensure that it maintains a strong assets base in order to support its objectives and maximize achievement of stakeholders' expectations.

**k) Retirement Contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a social security fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The Board has been striving to remit retirement benefit for staff earliest possible to the Pension Fund.

**l) Related Parties - IPSAS 20**

The Board regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Board, or vice versa. Members of key management are regarded as related parties and comprise the board members, the Chief Executive Officer, deputy managers and the Ministry of Works. Related party transactions are disclosed under Note 3.

**m) Inventories**

Inventories consist of stationery and other consumables. They are measured at cost upon initial recognition. To the extent that inventories were received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventories are at their fair value at the date of acquisition.

**n) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Tanzania (BOT) and at various collecting commercial banks at the end of the financial year.

**o) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Entity recognises financial instruments when it becomes party to the contractual provisions.

**Financial assets**

**Initial recognition**

The classification of financial instruments at initial recognition depends on their contractual terms and the management model for managing the instruments, as described below on the specific financial assets.

Financial instruments are initially recognized and measured at their fair value. Except for financial assets and financial liabilities recorded at fair Value through Surplus or Deficit, transaction costs are added to this amount.

Other receivables that do not contain a significant financing component or for which the Entity has applied the practical expedient are measured at the transaction price.

**Measurement categories**

The Board classifies all of its financial assets based on the management model for managing the assets and the asset's contractual terms. The categories include the following:

- i. Financial assets at Amortized Cost,
- ii. Financial asset at Fair Value through Net asset/ Equity, and
- iii. Financial asset at Fair Value through Surplus or Deficit.

**Financial assets at Amortized Cost**

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in Surplus or Deficit when the asset is derecognized, modified or impaired.

The Board's financial assets at amortized cost includes cash and bank balances, institutional loans, staff loans, other receivables (including grant receivables, sundry debtors).

Financial assets are held at amortised cost if both of the following conditions are met:

- i. The instruments are held within a **management model** with the objective of holding the instrument to collect the contractual cash flows.
- ii. The contractual terms of the debt instrument give rise on specified dates to cash flows that are **solely payments of principal and interest (SPPI)** on the principal amount outstanding

**Financial asset at Fair Value through Net asset/ Equity.**

The Entity applies the new category under IPSAS 41 for financial asset at Fair Value through Net asset/ Equity when both of the following conditions are met:

- i. The instrument is held within a management model, the objective of which is both collecting contractual cash flows and selling financial assets.
- ii. The contractual terms of the financial asset meet the SPPI test.

Financial assets in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

The Board does not have financial assets at financial asset at Fair value through net asset.

**Financial asset at Fair Value through Surplus or Deficit**

Financial assets in this category are those that are managed in a fair value management model, or that have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under IPSAS 41. This category includes financial assets whose cash flow characteristics fail the SPPI criterion or are not held within a management model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell.

The Board does not have any financial assets measured at fair Value through Surplus or Deficit.

**Subsequent measurement**

**Financial assets at amortized cost**

After initial measurement, financial assets are measured at amortized cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognized in the statement of surplus or deficit when the investments are impaired.

**Derecognition**

**Derecognition other than for substantial modification**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- i. The rights to receive cash flows from the asset have expired Or.
- ii. The Entity has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a. the Entity has transferred substantially all the risks and rewards of the asset; or
  - b. The Entity has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.



The Board considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

**Derecognition due to substantial modification of terms and conditions**

The Board derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognized as a derecognition gain or loss.

When assessing whether or not to derecognize an instrument, amongst others, the Entity considers the following factors:

- i. Change in currency of the debt instrument.
- ii. Introduction of an equity feature
- iii. Change in counterparty.
- iv. If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Entity records a modification gain or loss.

**Impairment of financial assets**

The Board recognizes loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at Fair Value through Surplus or Deficit. The Entity's financial assets in scope of IPSAS 41 Impairment include the following

- Staff Loans
- Institutional Loans
- Cash at bank
- Other receivables.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at the appropriate effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Entity considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Entity may also consider a financial asset to be in default when internal or external information indicates that the Entity is unlikely to receive the outstanding contractual amounts.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### **The calculation of ECLs**

The Board calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. When estimating the ECLs, the Entity considers 3 scenarios (a base case, an upside, and downside). When relevant, the assessment of multiple scenarios also incorporates the probability of default assessment.

A loss allowance is calculated at each reporting date however, the ECL model is updated on quarterly basis to accommodate any event that might cause significant increase in credit risks on financial asset.

The term 'expected credit loss' does not imply that losses are anticipated, rather that there is recognition of the potential risk of loss. Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk of the financial asset since initial recognition.

#### **Inputs into the measurement of ECLs**

The key inputs into the measurement of ECLs are the discounted product of the probability of default (PD), loss given default (LGD) and exposure at default (EAD) as defined below:

- **PD**      *The Probability of Default* is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- **EAD**      *The Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- **LGD**      *The Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Entity would expect to receive. It is usually expressed as a percentage of the EAD.

For receivables, the Entity applies a simplified approach in calculating ECLs. Therefore, the Entity does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### **Forward looking information**

In its ECL models, the Entity relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Consumer price index
- Government consumptions

#### **Write-offs**

Financial assets are written off either partially or in their entirety only when the Entity has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

#### **Financial liabilities**

##### **Recognition**

Financial liabilities are recognized when the Entity has contractual obligation to deliver cash as a result of goods or services received.

##### **Measurement**

Financial liabilities are initially measured at fair value and net gains and losses, including any interest expense, are recognized in surplus or deficit. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in surplus or deficit. Any gain or loss on derecognition is also recognized in surplus or deficit.

The Entity's financial liabilities include payables

##### **Derecognition**

The Board derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Entity also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in surplus or deficit.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**p) Comparative Figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**q) Significant Judgments and Sources of Estimation Uncertainty - IPSAS 3**

The preparation of the Board's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**r) Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Board based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Board. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**s) Useful lives**

The useful lives of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Board
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**t) Impairment of financial assets**

Estimates are required to be made of what would be the impact of a loss event that has occurred after the initial recognition of a financial asset and which would affect the estimated future cash flows. The Board assessed, at the reporting date, whether

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

a financial asset or group of financial assets have been impaired based on objective evidence of impairment or a loss event. On computation of Impairment loss, a model was developed that use a single forward- looking expected credit loss (ECL) as per IPSAS 41. Refer to Note 23 of the Financial Statements on the information of impairment.

**u) Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

**4. FINANCIAL RISK MANAGEMENT**

**(i). Financial Risk**

The Board's activities are potentially exposed to a variety of financial risks, including credit risk, liquidity risk, market risks, operational risks and the effects of the changes in foreign currency exchange rates. The Board's overall risk management programme takes account of the unpredictability of foreign exchange rate trends and seeks to minimize potential adverse effects on its financial performance.

**(ii). Market Risk**

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Board's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk. This risk includes the following:

**a. Foreign exchange risk**

The Board has some exposure to foreign currencies as had some receivables from service providers and monetary items balances in foreign currency, especially US\$, while significant operating expenditure are incurred principally in local currency, that is TZS. The Board encourage the settlement in USD for receivables denominated in USD while it discourages payments in USD and any other foreign currency for Board's expenditure. However, this exposure does not result in a significant risk as foreign currency assets and liabilities as are normally settled within a fairly short time.

**b. Interest rate risk**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board does not have long-term deposits or borrowings; thus, statement of financial performance is not highly affected by changes in market interest rates.



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**(iii). Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Board's main revenue generating activities are levies. Credit risk mainly arise from rent receivables and bank balances. The Board is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments.

The Board's maximum exposure to Credit Risk as at 30th June 2024 is as shown below:

	2023/24 TZS'000		2022/23 TZS'000
<b>Financial Assets:</b>			
Cash and Cash Equivalents	509,985,898,328	-	72,414,806,362
Receivables	1,009,387,330	-	346,648,454
Loan Receivables	571,020,273	-	-
<b>Total Financial Assets</b>	<b>511,566,305,931</b>		<b>72,761,454,816</b>

**Receivables**

Outstanding receivables are regularly monitored. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Entity's receivables and contract assets using a provision matrix?

**30 June 2024**

Receivables			
Days past due	Loss rate	Exposure at default	Expected credit loss
0-30	0.0000%	110,327,282.46	-
31-60	0.0000%	-	-
61-90	0.0000%	-	-
91-180	0.5776%	13,186,396.16	76,166.15
181-360	10.2418%	-	-
360+	19.9176%	-	-

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**30 June 2023**

Receivables			
Days past due	Loss rate	Exposure at default	Expected credit loss
0-30	0.0000%	-	-
31-60	0.0000%	-	-
61-90	0.0000%	-	-
91-180	0.0000%	-	-
181-360	47.2266%	31,428,944.82	14,842,834.00
360+	29.6701%	70,503,889.31	20,918,583.21

Total Cash in the Banks to which the Entity is exposed to credit risk as of 30 June 2024, with its comparative figures are presented in the table below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by Standard and Poor's, Moody's or fitch)

Name of the bank	Balance as at June 2024	Balance as at June 2023	Credit Ratings
CRDB Bank (Matumizi Acc)	836,343,619	45,112,308,062	1
CRDB Bank (Imp. Acc)	2,172,187	22,633,496	1
TCB Bank (Rise Acc)	2,005,105,336	2,002,146,847	1

### Credit quality

Credit quality per class of financial assets. The table below shows the quality by class of asset for all financial assets exposed to credit risk based on the Entity's credit rating system. The amount presented is the gross impairment allowances.

**June 2024**

Description	Stage 1	Stage 2	Stage 3	Total
Exposure				
Bank balances	510,055,826,121	-	-	510,055,826,121
Other receivables	794,480,027	-	11,150,000	805,630,027
Rent receivables	97,140,886	13,186,396	-	110,327,282
<b>Total</b>	<b>510,947,447,034</b>	<b>13,186,396</b>	<b>-</b>	<b>510,960,633,430</b>
Expected credit loss				0
Bank balances	69,951,117	-	-	69,951,117
Other receivables	18,227,800	-	11,150,000	29,377,800
Rent receivables	76,166	-	-	76,166
<b>Total</b>	<b>88,255,083</b>	<b>0</b>	<b>0</b>	<b>88,255,083</b>
Carrying amount	510,859,191,951	13,186,396	0	510,872,378,347

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

June 2023

Description	Stage 1	Stage 2	Stage 3	Total
Exposure				
Bank balances	73,755,178,557.00	-	-	73,755,178,557.00
Staff loans	175,750,200.82	-	-	175,750,200.82
Rent receivables	84,894,681.18	-	31,428,944.82	116,323,626.00
<b>Total</b>	<b>74,015,823,439.00</b>		<b>31,428,944.82</b>	<b>74,047,252,383.82</b>
Expected credit losses				-
Bank balances	1,340,372,193.33	-	-	1,340,372,193.33
Other receivables	30,007,490.94	-	-	30,007,490.94
Rent receivables	12,409,382.00	-	35,761,417.22	48,170,799.22
<b>Total</b>	<b>1,382,789,066.26</b>	<b>-</b>	<b>35,761,417.22</b>	<b>1,418,550,483.48</b>
Carrying amount	72,633,034,372.74		35,761,417.22	72,668,795,789.96

**(iv). Liquidity Risk**

Liquidity risk is the risk of the Board not being able to meet its financial obligations as they fall due. The Board's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to Board reputation.

The Board manages its liquidity risk to ensure it is able to meet estimated expenditure requirements based on approved budget and through the use of cash flow forecasts. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents. Furthermore, the Board strived to ensure that receivables were settled within 30 days after the due date by introducing interest on late payments and maintaining active follow up on outstanding debts. The analysis of the Board's financial assets and financial liabilities into relevant maturity groups is shown below:

Financial Asset/Financial Liability	1 - 3 Months TZS '000	4 - 12 Months TZS '000	More than 12 Months TZS '000	Total TZS '000
<b>30th June 2024</b>				
Financial Assets				
Cash and Cash Equivalents	510,055,826,121	-	-	510,055,826,121
Receivables	984,421,243.41	13,186,396	11,150,000	1,008,757,639
Loan Receivables	571,020,273.00	-	-	571,020,273
<b>Total Financial Asset</b>	<b>511,611,267,637</b>	<b>13,186,396</b>	<b>11,150,000</b>	<b>511,635,604,033</b>

Financial Liabilities

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
ORO10000-ROADS FUND BOARD**

Payables	110,047,204	0	0	110,047,204.00
Total Financial Liability	110,047,204	0	0	110,047,204.00
<b>Liquidity Gap</b>	<b>511,501,220,433</b>	<b>13,186,396</b>	<b>11,150,000</b>	<b>511,525,556,829.41</b>
<b>30th June 2023</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	73,755,178,557	-	-	73,755,178,557
Receivables		31,428,945	70,503,889	101,932,834
Loan Receivables	249,494,882		11,150,000	260,644,882
<b>Total Financial Asset</b>	<b>74,004,673,439</b>	<b>31,428,945</b>	<b>81,653,889</b>	<b>74,117,756,273</b>
<b>Financial Liabilities</b>				
Payables	214,263,530	-	-	214,263,530
Total Financial Liability	214,263,530	-	-	214,263,530
<b>Liquidity Gap</b>	<b>73,790,409,909</b>	<b>31,428,945</b>	<b>81,653,889</b>	<b>73,903,492,743</b>

**5. Events after the Reporting Period - IPSAS 14**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

**6. Related Party Transactions**

The Board Members, including Chairman, and Senior Management employees (Directors and Heads of Unit) are related parties for the Board. Related party transactions during the year ended 30<sup>th</sup> June 2024 are as per the table below;

S/N	Description	30.06.2024	30.06.2023	Remarks
1	Board related expenses (travel and training)	308,161,522.00	159,666,124.00	The Board Visits to various destinations like Kigoma and Zanzibar were reported under routine travelling expenses in the FY 2023
2	Board Members' fees	43,125,000.00	56,562,500.00	The decrease has been due to less number of Board Members
3	Remuneration to seven Management personnel	795,503,600.00	723,787,200.00	The change of Salaries as a result of Change of Establishment attracted the remuneration increase
4	Transfers to Ministry of Works	44,392,307,567.29	52,429,721,078.27	There is decrease of TZS.8bn which has been caused by non transfer of funds to Ministry of Works
	<b>Total</b>	<b>45,539,097,719.29</b>	<b>53,369,736,902.27</b>	

**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF WORKS**  
**OR010000-ROADS FUND BOARD**

Note 105: Material differences between Revised Final Budget and Actual Amounts

Description	Revised Final Budget TZS	Actual Amount TZS	Variance TZS	% Variance	Comments
<b>RECEIPTS</b>					
Fees, fines, penalties and Forfeits	7,500,000,000	23,604,279,393	16,104,279,393	215%	Collection of Permit fees increased in the year due to Permit issuance of abnormal loads within and outside the Country
Revenue from exchange transactions	8,500,000,000	4,563,927,824	(3,936,072,176)	-46%	Collection was below Road Fund Budget ceiling and also reduced price for Fibre Optic
	<u>16,000,000,000</u>	<u>28,168,207,217</u>	<u>12,168,207,217</u>		
<b>PAYMENTS</b>					
Grants, subsidies and other transfer	910,402,128,461	596,905,244,229	313,496,884,232	34%	Disbursement for Grants, subsidies and other transfer was below due to non-clearance from the Ministry of Finance
Other Expenses	6,507,459,790	4,593,204,500	1,914,255,290	29%	The cause of under expenditure is due to timing difference following contract engagement processes
Acquisition of Intangibles	8,000,000	21,457,590	(13,457,590)	-168%	The Purchase was held after Budget re-allocation due to address audit observation
Research and develop. Exp	500,000,000	-	500,000,000	100%	This budget was meant for Road's data collection and was carried over to next FY
	<u>917,417,588,251</u>	<u>601,519,906,319</u>	<u>315,897,681,932</u>		



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

	2023/24	2022/23
	TZS	TZS
<b>16 - Revenue Grants</b>		
Government Grant Personal Emolument	1,822,261,658	-
Government Grant Development Foreign	1,039,292,650	24,654,531,104
Government Grant Development Local	572,517,923,296	711,268,775,046
Government Grant Other Charges	8,231,961,788	-
Revenue Grants - non-monetary	48,666,252	-
	<b>583,660,105,644</b>	<b>735,923,306,150</b>
<b>17 - Revenue from Exchange Transactions</b>		
Road reserve fees- Exchange	4,685,162,915	9,797,574,198
	<b>4,685,162,915</b>	<b>9,797,574,198</b>
<b>18 - Levies</b>		
Levy -Renting Space / Houses	509,374,248	320,369,887
Other Service Charges	-	22,479,966
	<b>509,374,248</b>	<b>342,849,853</b>
<b>19 - Fees, Fines, Penalties and Forfeits</b>		
Permit Fees	23,604,279,393	19,267,558,343
	<b>23,604,279,393</b>	<b>19,267,558,343</b>
<b>24 - Fair value gain on asset and Liabilities</b>		
Reversal of ECL (Impact of IPSA 41)	1,270,421,076	-
Reversal of Provisional ECL (Rent)	48,117,997	-
	<b>1,318,539,073</b>	<b>-</b>
<b>27 - Gain on Foreign Currency transaction</b>		
Foreign exchange differences (Gain- Monetary)	208,017,325	-
	<b>208,017,325</b>	<b>-</b>
<b>31 - Other Revenue</b>		
Miscellaneous Revenue	-	241,794
Overloading fees	9,019,491,641	6,212,561,622
Gain from sale of government assets	585,563	-
	<b>9,020,077,203</b>	<b>6,212,803,416</b>

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

	2023/24 TZS	2022/23 TZS
34 - Wages, Salaries and Employee Benefits		
Acting Allowance	18,786,000	5,986,000
Casual Labourers	51,359,800	49,443,600
Civil Servants	2,123,467,420	1,363,943,457
Electricity	54,471,152	-
Extra-Duty	605,365,734	583,565,000
Food and Refreshment	1,625,000	-
Furniture Expenses	-	1,060,000
Honoraria	828,299,466	824,090,000
Housing allowance Expenses	4,800,000	13,800,000
Leave Travel	122,239,718	91,174,000
National Health Insurance Schemes (NHIF) Employee Expenses	-	5,239,320
National Health Insurance Schemes (NHIF) Employer Expenses	25,000,000	-
Outfit Allowance	600,000	-
Sitting Allowance	174,358,130	145,941,130
Statutory Contributions	-	166,863,253
Telephone	61,841,000	87,507,709
Transport Allowance	694,438,708	408,447,299
	<b>4,766,652,129</b>	<b>3,747,060,768</b>

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

	2023/24	2022/23
	TZS	TZS
<b>35 - Use of Goods and Service</b>		
Advertising and Publication - Communication & Information	47,098,203	125,602,730
Air Travel Tickets Training - Domestic	52,582,991	34,551,800
Air Travel Tickets Training - Foreign	55,023,382	46,261,570
Air Travel Tickets Travel - In - Country	74,487,660	98,995,710
Air Travel Tickets Travel Out of Country	86,296,800	24,055,952
Cleaning Supplies - Use of goods and Services	807,424	12,000,000
Computer Software - Use of goods and Services	-	5,304,000
Computer Supplies and Accessories	19,694,328	23,584,100
Conference Facilities	320,462,779	87,880,006
Diesel	140,390,907	147,296,155
Educational Radio and TV broadcasting programming	21,632,000	69,090,000
Electricity - Utilities Supplies and Services	40,856,204	60,409,553
Entertainment - Hospitality Supplies and Services	12,300,000	28,503,450
Exhibition, Festivals and Celebrations	-	5,220,000
Food and Refreshments	269,850,257	221,285,456
Fumigation Expenses	4,200,000	10,040,000
Gifts and Prizes	89,350,000	77,629,000
Ground travel (bus, railway taxi, etc) Travel - In - Country	518,629,622	557,479,389
Internet and Email connections	79,193,548	65,659,710
Newspapers and Magazines	1,189,200	1,833,600
Office Consumables (papers, pencils, pens and stationaries)	73,609,774	47,096,317
Outsourcing Costs (includes cleaning and security services)	186,391,557	184,568,680
Per Diem - Domestic	1,982,485,984	1,795,022,819
Per Diem - Foreign	116,970,093	104,414,890
Posts and Telegraphs	3,274,300	4,901,550
Printing and Photocopy paper	9,722,753	-
Printing and Photocopying Costs	38,598,220	45,200,300
Remuneration of Instructors	1,500,000	15,500,000
Rent of Private vehicles	-	11,999,980
Rent of Vehicles and Crafts	25,993,000	-

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

Small engineering tools and equipment	-	3,100,000
Software License Fees	104,656,420	48,763,430
Subscription Fees	31,508,925	11,560,573
Training Allowances	373,750	108,455,971
Tuition Fees Training - Domestic	113,254,159	71,024,011
Tuition Fees Training - Foreign	25,370,794	65,242,000
Uniforms and Ceremonial Dresses	2,160,000	10,200,000
Upkeep Allowances	263,838,255	420,811,496
Water Charges	9,667,267	18,710,467
Wire, Wireless, Telephone, Telex Services and Facsimile	1,472,162	4,634,819
	<b>4,824,892,716</b>	<b>4,673,889,485</b>

**36 - MAINTENANCE EXPENSES**

Computers, printers, scanners, and other computer related equipment	34,401,231	51,975,037
Direct labour (contracted or casual hire) - Roads and Bridges	-	16,368,187
Fire Protection Equipment	2,090,000	1,050,000
Motor Vehicles and Water Craft	73,790,104	76,587,999
Outsource maintenance contract services - Buildings	405,412,368	191,325,346
Outsource maintenance contract services - Office Equipment and Appliances	10,493,734	11,454,330
	<b>526,187,438</b>	<b>348,760,898</b>
	<b>2023/24</b>	<b>2022/23</b>
	<b>TZS</b>	<b>TZS</b>
<b>52 - Other Expenses</b>		
Audit fees Expenses	51,774,000	69,350,000
Burial Expenses	-	3,400,000
Consultancy fees	3,280,949,448	3,062,451,470
Director's Fee	43,125,000	56,562,500
Honorariums (expert opinion)	1,140,963,324	1,615,337,403
Insurance Expenses	-	20,151,451
	<b>4,516,811,772</b>	<b>4,827,229,458</b>

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**54 - Expected Credit Loss**

Expected Credit loss	-	-
	<u>79,329,577</u>	<u>-</u>
	<u>79,329,577</u>	<u>-</u>

**59 - Grants and Transfers**

Tanzania Rural and Urban Road Agency (TARURA)	126,907,130,421	190,525,319,599
Ministry of Works	44,392,307,567	52,429,721,078
President's Offices Regional Administrative and Local Government	14,840,843,814	24,729,608,716
Tanzania National Road Agency (TANROADS)	410,764,962,426	469,711,343,085
	<u>596,905,244,229</u>	<u>737,395,992,478</u>

**60 - Other Transfers**

Contribution to CF (15%)	20,000,000	20,000,000
Disbursement Current Transfer	-	23,858,054,530
Revenue Transfer	-	267,300
	<u>20,000,000</u>	<u>23,878,321,831</u>



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

	2023/24 TZS	2022/23 TZS
<b>62 - Cash and Cash Equivalents</b>		
BOT 14 Series Collection Account	500,879,743,122	1,584,637,152
Commercial Own source revenue	1,043,333	1,043,333
Deposit	1,000,000	1,000,000
Deposit Cash Account	23,732,926	19,919,856
Development Expenditure Cash Account	2,550,000,001	6,792,512,699
Imprest Cash Account	2,172,187	22,633,454
Loan Cash Account	390,271,173	326,163,675
Own source Collection Account - NBC	335,325	382,107
Own source Collection Account - NMB	4,366,635	4,340,362
Own source Collection Account - CRDB	23,324	672,103,648
Own source Development Expenditure	3,437,820,088	60,687,539,046
Own source Recurrent Expenditure GF	264,732,796	780,161,942
Provision for ECL (Cash)	(69,951,117)	(1,340,372,193)
Recurrent Expenditure Cash Account	92,760,986	-
Unapplied Cash Account	1,012,551,021	1,000,267,300
USD BOT Collection Account	1,395,296,530	1,862,473,982
	<b>509,985,898,328</b>	<b>72,414,806,363</b>

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**Movement of Expected Credit Loss**

**ECL BANK**

Opening balance	1,340,372,193	-
Impact of IPSAS 41		1,340,372,193
	<u>1,340,372,193</u>	<u>1,340,372,193</u>
Charge during the year	(1,270,421,076)	-
Closing balance	<u>69,951,117</u>	<u>1,340,372,193</u>
For cash flow purposes, cash and cash equivalents include		
Cash and cash equivalent	510,055,826,121	

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

	2023/24	2022/23
	TZS	TZS
<b>67 - Receivables</b>		
Imprest Receivable - Staff	-	50,492,829
Levies Recievables	123,513,678	101,932,835
Other Revenue Addition	915,957,309	260,644,753
Provision for expected credit loss (ECL)	(30,083,657)	(66,421,963)
	<u>1,009,387,330</u>	<u>346,648,454</u>
<b>Movement of Expected credit loss - Rent</b>		
Opening balance	48,194,163	35,761,417.22
Impact IPSAS 41	-	-
	<u>48,194,163</u>	<u>35,761,417.22</u>
Charge during the year	(48,117,997)	-
Balance	<u>76,166</u>	<u>35,761,417.22</u>
<b>Movement of Expected credit loss - Loan - other receivables</b>		
Opening balance	18,227,800	18,227,800
Impact IPSAS 41	-	-
	<u>18,227,800</u>	<u>18,227,800.05</u>
Charge during the year	629,691	-
Closing Balance	<u>18,857,491</u>	<u>18,227,800</u>
<b>Movement of Expected credit loss - other receivables (TPSC)</b>		
Opening balance	0	-
Impact ipsas 41	11,150,000	-
	<u>11,150,000</u>	<u>-</u>
<b>68 - Loan Receivables</b>		
Staff Loan	571,020,273	-
	<u>571,020,273</u>	<u>-</u>
<b>69 - Provision of ECL</b>		
Charge of Cash and Cash equivalent	69,951,117	1,340,372,193
Charge of Rental Receivables	48,117,997	48,194,163
Charge of Other Receivables (Loan)	18,857,491	18,227,800
Other Receivable (TPC)	11,150,000	-
	<u>148,076,605</u>	<u>1,406,794,156</u>
<b>69(b) ECL Expenses</b>		
Charge of Cash and Cash equivalent	1,270,421,076	1,340,372,193
Charge of Rental Receivables	48,117,997	48,194,163
Charge of Other Receivables (Loan)	629,691	18,227,800
Other Receivable (TPC)	11,150,000	-
	<u>1,306,759,382</u>	<u>1,406,794,156</u>

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**89 - Payables and Accruals**

Descriptions	Opening TZS	Addition TZS	Balance TZS
Imprest payable	22,633,496	(22,633,496)	-
Miscellaneous and other account payables	1,630,200	-	1,630,200
Office Rent	20,964,131	-	20,964,131
Other payables	7,400,000	(7,400,000)	-
Payables to other Government entities	13,355,081	5,018,766	18,373,847
Retention	-	9,698,474	9,698,474
Staff Claims	58,682,173	12,834,650	71,516,823
Supplies of goods and services	9,711,535	(38,940,782)	- 29,229,248
Tax payables	4,726,004	(4,726,004)	-
VAT Payables	21,977,977	(4,885,000)	17,092,977
Withholding Tax payables	75,816,430	(75,816,430)	-
<b>TOTAL</b>	<b>236,897,027</b>	<b>(126,849,822)</b>	<b>110,047,204</b>

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

Note no. 77 - Property, Plant and Equipment

	LAND	OFFICE BUILDING	RESIDENTIAL BUILDING	M/VEHICLES	OFFICE EQUIPMENTS	OFFICE FURNITURE & FITTINGS	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Cost as at 01.07.2023	714,900,000	6,040,282,541	2,265,482,506	762,541,458	1,194,881,865	559,323,614	11,537,411,984
Additions during the year (cash)	-	-	-	369,969,000	75,610,675	24,211,620	469,471,295
Addition during the year (non-cash)	-	-	-	-	36,297,600	67,750,000	36,297,600
Disposal during the year	-	-	-	-	-	-	67,750,000
Cost as at 30.06.2024	714,900,000	6,040,282,541	2,265,482,506	1,132,510,458	1,306,790,140	515,785,234	11,975,750,879
<b>Accumulated Depreciations</b>							
Acc. Depr. as at 01.07.2023	-	744,213,264	138,290,513	559,234,166	950,960,018	386,746,357	2,779,444,318
Depr. charge for the year	-	122,073,418	45,785,142	44,288,712	39,119,998	2,249,868	253,517,138
Depr. on disposal for the year	-	-	-	-	-	57,164,063	57,164,063
Acc. Depr. as at 30.06.2024	-	866,286,681	184,075,655	603,522,878	990,080,016	331,832,163	2,975,797,394
<b>Net Book Value as at 01.07.2023</b>	714,900,000	5,296,069,278	2,127,191,992	203,307,292	243,921,847	172,577,256	8,757,967,666
<b>Net Book Value as at 30.06.2024</b>	-	5,173,995,860	2,081,406,850	528,987,580	316,710,124	183,953,071	8,999,953,485



**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**Note 78 - Movement schedule for Intangible Asset**

PARTICULARS	MIS	CONVENE	BOOMGATE	OTHER	TOTAL
	TZS	SOFTWARE TZS	SOFTWARE TZS	SOFTWARE TZS	TZS
Cost as at 01.07.2023	41,438,088	63,032,330	20,761,887	56,923,576	182,155,880
Additions during the year	-	-	-	21,457,590	21,457,590
<b>Cost as at 30.06.2024</b>	<b>41,438,088</b>	<b>63,032,330</b>	<b>20,761,887</b>	<b>78,381,166</b>	<b>203,613,470</b>
Accumulated amortisation					
Opening balance	-	-	-	-	-
Charge for the year	-	-	-	18,146,088	18,146,088
	-	-	-	18,146,088	18,146,088
<b>Net Book Value as at 01.07.2023</b>	<b>41,438,088</b>	<b>63,032,330</b>	<b>20,761,887</b>	<b>56,923,576</b>	<b>182,155,881</b>
<b>Net Book Value as at 30.06.2024</b>	<b>41,438,088</b>	<b>63,032,330</b>	<b>20,761,887</b>	<b>60,235,078</b>	<b>185,467,383</b>

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**Note 93 - Deferred  
Income**

	Opening TZS	Fund Received TZS	Amortised TZS	Balance TZS
Deferred Subvention Capital	61,408,739,685	394,665,532,156	-	456,074,271,841
Development Deferred Income	-	1,145,777,885,440	1,112,499,335,320	33,278,550,121
Recurrent Deferred Income	-	22,974,263,974	22,932,855,062	41,408,912
<b>TOTAL</b>	<b>61,408,739,685</b>	<b>1,563,417,681,571</b>	<b>1,135,432,190,382</b>	<b>489,394,230,874</b>

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

	2023/24 TZS	2022/23 TZS
<b>94 - Deposits</b>		
Deposit General	9,609,462	4,941,293
Retention Deposits	14,942,553	14,942,553
Unapplied Deposit Account Addition	27,023,196	2,508,893
	<u>51,575,211</u>	<u>22,392,739</u>
<b>109 - Payables and Accruals (Long Term)</b>		
Imprest Payable Long Term Addition	-	22,633,496
	<u>-</u>	<u>22,633,496</u>
<b>110 -Taxpayers Fund</b>		
Taxpayers Fund	156,130,588	156,130,588
	<u>156,130,588</u>	<u>156,130,588</u>

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS  
OR010000-ROADS FUND BOARD**

**RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT) FOR THE PERIOD ENDED 30th JUNE, 2024**

	2024 TZS	2023 TZS
Surplus/ Deficit for the Period	11,162,324,600	(5,074,869,113)
Add/ (Less) Non-Cash Item		
Amortization of Intangible asset	18,146,088.00	
Grants From other General Government Units	(48,666,252)	-
Depreciation of Property, Plant and Equipment	253,517,138	340,911,999
Expected Credit Loss Expenses	11,779,691	1,406,794,156
Fair value gain on assets and liabilities	(1,318,539,073)	-
Gain on Foreign Currency Transaction	(208,017,325)	-
Impairment of Receivable	-	(17,785,602)
Deferred Income	427,985,491,189	22,630,223,012
Deposits	29,182,472	(4,527,342)
Payables and Accruals	(126,849,822)	111,124,442
Other Payments	10,808,153	
Receivables	(624,840,074)	173,578,755
Net Cash Flow from Operating Activities	<b>437,144,336,784</b>	<b>19,565,450,310</b>

**Note 107: Revenue Transfer on Transit**

During the Year 2022/23, TANROADS had transferred a total of TZS. 1,292,707,021.23 to Roads Fund Account whereby TZS.125,343,501.51 was meant for Roads Reserve Revenue and TZS.1,167,363,519.72 was meant for overloading charges. However, the said amount had not reached the RFB account as of 30<sup>th</sup> June 2023 hence the recognition of the said amount accounted for in the FY 2023/24. This amount of TZS.1,292,707,021.23 differs with amount transferred to RFB this financial year 2023/24 due to that reason.

**Note 108: Reclassification of Staff Receivable and Payables**

During the Year 2022/23 there was General Receivable which included the Staff Receivable under Note 67. In the mid Financial Year 2023/24 the MUSE Team introduced the Staff Receivable class which necessitated to start using the newly introduced Class of Staff Receivable which was not there in the FY 2022/23. This has resulted in having a new reporting line item of the Staff Receivable under Note 68. Also Note under payables it has been split into two i.e. Payables and Deposits.

**Note 111: Expected Credit Loss**

The Board has adopted the introduced IPSAS 41 which required all public entities to recognize the Expected Credit Loss in the Financial reports as directed in the Circular No.03 issued by the Accountant General. The Board has computed all Expected Credit Losses and has included them in the relevant Accounts