



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



REPORT OF THE CONTROLLER AND AUDITOR GENERAL

UNIVERSAL COMMUNICATION SERVICES ACCESS FUND

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023

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

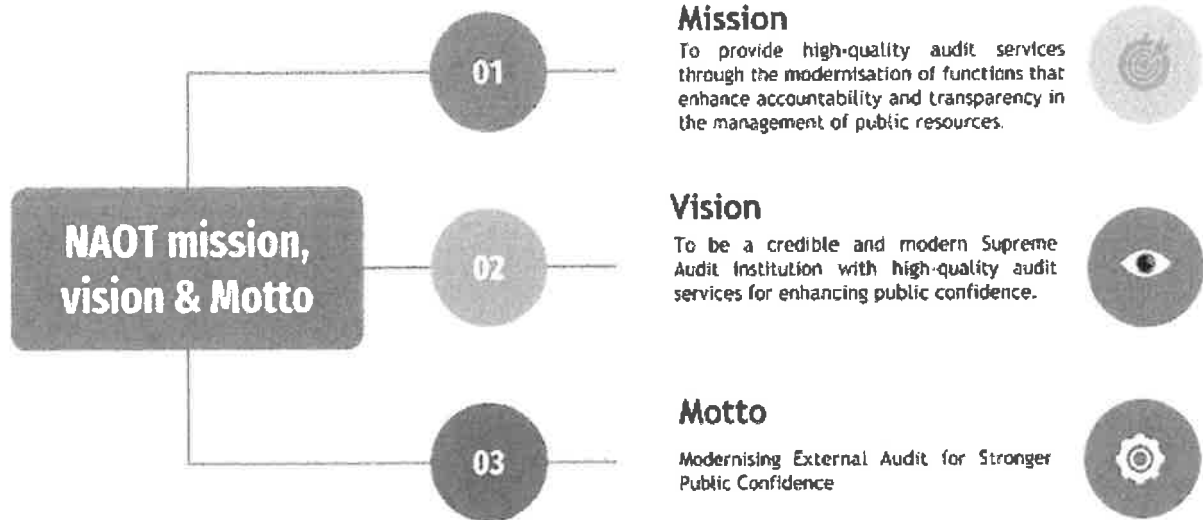
March 2024

AR/PAD/UCSAF/2022/23

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 [R.E 2021].



Independence and objectivity

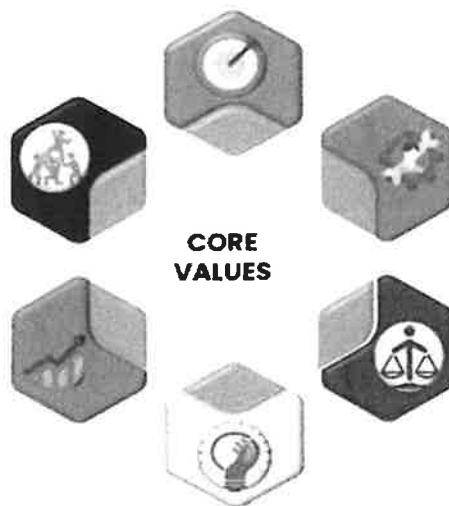
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

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 UCSAF 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

**2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30
JUNE 2023..... 5**

**3.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL
STATEMENTS 43**

4.0 DECLARATION BY HEAD OF FINANCE..... 44

5.0 FINANCIAL STATEMENTS 45

NOTES TO THE FINANCIAL STATEMENTS 51

ABBREVIATIONS

BOT	Bank of Tanzania
BSZPH	Border and Special Zones Phase
CAG	Controller and Auditor General
HESLB	Higher Education Students Loan
ICT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
LAAC	Local Authorities Accounts Committee
MTEF	Medium Term Expenditure Framework
MUSE	Mfumo wa Uhasibu Serikalini
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
OSHA	Occupational Safety and Health Authority.
PAA	Public Audit Act
PAC	Public Accounts Committee
PAR	Public Audit Regulation
PAYE	Pay as You Earn
PFA	Public Finance Regulations
PPA	Public Procurement Act
PPR	Public Procurement Regulations
PSSSF	Public Service Social Security Fund
TANESCO	Tanzania Electrical Supplies Company Limited
TBC	Tanzania Broadcasting Corporation
TCRA	Tanzania Communication Regulatory Authority
TEMESA	Tanzania Electronically Mechanical and Service Agency
TTCL	Tanzania Telecommunication Corporation Limited
TV	Television
TZS	Tanzanian Shilling
UCSAF	Universal Communication Service Access Fund
UCSAF	Universal Communications Service Access Fund
USD	United States Dollars
WCF	Workers Compensation Fund

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
Universal Communication Service Access Fund,
P. O. Box 1957,
UCSAF House,
Njedengwa Area,
Dodoma.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of (UCSAF), which comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, statement of changes in net assets and 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 (UCSAF) as at 30 June 2023, 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 UCSAF 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 Report of Those Charged with Governance, statement of directors' responsibilities and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I performed a compliance audit on the procurement of works, goods, and services in the UCSAF for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, except for the matter described below, procurement of goods, works and services of the Universal Communication Service Access Fund is generally in compliance with the requirements of the Public Procurement laws.

Inadequate Survey and Forecast on Prices of the planned procurement activities

From the review of the Annual Procurement Plan of 2022/23 against the executed contracts I noted variances ranging from 5% to 38%. This indicates that the planning was not exhaustive enough to capture the price in the market contrary to Reg 69 (3) of Public Procurement Regulations, 2013 which requires a procuring entity to forecast its requirements for goods, services and works as accurately as is practicable with particular reference to services or activities already programmed in the annual work plan and included in the annual estimates.

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 UCSAF for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that the budget formulation and execution of the UCSAF, 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 2024



UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

2.1 INTRODUCTION

The Board of Directors present its report and the financial statements of the Universal Communications Service Access Fund (UCSAF) for the year ended 30 June 2023 which discloses the state of its affairs.

2.2 ESTABLISHMENT AND MANDATED OPERATIONS

UCSAF is a state-owned entity with full ownership by the Government of United Republic of Tanzania whose interest are vested in the Board of Directors appointed by the Minister responsible for communications. UCSAF was established under section 4 of the Universal Communications Service Access Act No.11 of 2006 with the main role of ensuring communication services to rural and urban underserved areas. In 2009, the Universal Communication Access Fund Regulations were published to govern the operations of UCSAF.

UCSAF mandate is derived from section 5 of the Universal Communications Service Access Act, Cap 422. Its mandate includes ensuring the availability of communication services in rural and urban under-served areas through enabling accessibility and participation by communication operators in providing communication services. The mandate also includes promoting the social-economic development of rural and urban under-served areas through the availability of communication services from universal service providers to meet consumer communication needs.

2.3 OBJECTIVES OF ESTABLISHING UCSAF

The objectives of establishing UCSAF are set out in section 5 of the Universal Communications Service Access Act, Cap. 422 as follows:

- a. Ensure that the availability of communication services in rural and urban under-served areas;
- b. To support widespread access and use of internet;
- c. Promote the participation of the public and private sector in the provision of universal service in rural and urban under-served areas;
Promote the social -economic development of rural and urban under-served areas; create a framework for open and efficient access to and use of communication and information services at reasonable and affordable prices;
- d. Promote widespread provision of quality services at affordable rates and ensure that, rural and urban under-served areas have access to communication and information services at reasonable and affordable prices; and
- e. Ensure availability of universal services by enhancing communication services through private sector participation.

2.4 FUNCTIONS AND PRINCIPAL ACTIVITIES

Functions of UCSAF are set out in section 6 of the Universal Communications Service Access Act, Cap. 422 that form the basis for its core activities as follows:

- a. Identify communications project areas that may be subsidized with funds of UCSAF or that qualify for allocation of subsidy it;
 - b. Determine the criteria to identify the rural and urban under-served areas and designate universal service areas;
 - c. Establish mechanisms for proper Management of funds;
 - d. Set the bidding conditions for the awarding of funds;
 - e. Evaluate the communications projects submitted by operators, to be subsidized with UCSAF;
 - f. Conduct research into and keep abreast with developments in the rural and urban under-served areas regarding communication services and information technologies;
 - g. Advise the TCRA on any matters relating to the universal access, universal service obligations of applicants;
 - h. Specify the universal service obligation through defining a set of communication services that all users should have access to at an affordable price;
 - i. Designate universal service providers with obligation to provide universal service in accordance with laid down criteria;
 - j. Monitor and enforce agreements relating to implementation of universal service obligation;
 - k. Operate and maintain a universal service fund established by the Act;
 - l. Monitor and enforce the mechanism for the assessment, collection and recovery of universal service subsidy;
 - m. Determine and distribute the universal subsidy;
 - n. Recommend to the Minister responsible for communications about policy guidelines for the fund;
 - o. Manage the financial resources of the fund and make the most suitable allocation of the funds;
 - p. Liaise, consult and cooperate with Ministries of Government, independent departments or authority on matters related to the universal service; and
- (i) Make guidelines for the operation of UCSAF.

2.5 CORPORATE OUTLOOK AND CULTURE

The organizational culture for UCSAF is derived from its vision, mission statement and shared core values indicated below: -

VISION

A digitally inclusive Tanzania.

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

MISSION

To facilitate access to communication services in underserved areas through project planning, subsidy provision and partnership with sector players in achieving social economic development.

CORE VALUES

The core values of the UCSAF are:

- a. **Professionalism:** We use demonstrate high level of skills and competence in performing our duties;
- b. **Respect:** We understand each other's differences and our different roles with humility and being sensitive
- c. **Accountability:** We take full responsibility for our actions;
- d. **Creativity:** We encourage the development of new methods and ideas in delivering our services
- e. **Team work:** We collaborate with internal and external stakeholders to realize our common goal;
- f. **Integrity:** We uphold an honest and ethical culture in all we do;
- g. **Efficiency:** We achieve results in the best possible means;
- h. **Empowerment:** We engage citizens to determine their digital needs and encourage their convenient participation in the service delivery process

2.6 BUSINESS ACTIVITIES

The day-to-day operations of the Fund are managed through Directorates, Section and Units having different functions as shown in Table 1 below:

Table 1: UCSAF's Organization Structure and Administrative Functions as of 30 June 2023

SN	Directorate/Unit	Functions in accomplishment of principal activities
1.0	Office of CEO	The office is headed by the CEO who is the Chief Executive Officer and ex-officio member of the Board. Chief Executive Officer is also secretary to the Board. The CEO is responsible to the Board for the implementation of the decisions of the Board. The CEO has an overall leadership position in four (4) units and three (3) Directorates with the functions shown in 1.1 to 1.7 below: -
1.1	Procurement Management Unit (PMU)	The functions of the unit are: - <ol style="list-style-type: none">1. Evaluate the bids for communications projects proposals for tenders submitted by operators, to be subsidized with the fund;

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

SN	Directorate/Unit	Functions in accomplishment of principal activities
		<ol style="list-style-type: none"> 2. Set the bidding conditions for the awarding of funds in line to the approved technical specifications and procedures spelt by the procurement act and regulations in force; 3. Ensure proper procurement systems and services in compliance with the procurement laws and regulations currently in force in the country; 4. Ensure the formulation and implementation of Annual Procurement Plan of the Fund in line to the approved Fund's annual plan as per the current procurement laws and regulations in Tanzania; 5. Coordinate the contract management in collaboration with user Directorate/ Unit; 6. Prepare relevant periodic reports spelt by the current procurement laws and regulations in force and submit to the relevant authorities; 7. Advise the Management on matters pertaining to the procurement of goods and services and logistics management in accordance with the Public Finance Act and Public Procurement Act; 8. Prepare annual procurement plan and facilitate its execution; 9. Facilitate functions of the Tender Board and implement its decisions; 10. Prepare proposals for procurement and disposal of assets; and Play the role of secretariat to the Tender Board.
1.2	Internal Audit Unit	<p>The functions of the unit are: -</p> <ol style="list-style-type: none"> 1. Prepare and coordinate Strategic Audit Plans; 2. Review and report on proper control over the receipts, custody and utilization of financial resources of the Fund; 3. Review and report on conformity with financial and operational procedures laid down in any legislation or any regulation or instruction issued under such legislation and good accounting practice as, from time to time, defined by the Accountant General in order to avoid incurring obligations and authorizing payments to the extent which would ensure effective control over the expenditure of the Fund; 4. Review and report on the correct classification and allocation of revenue and expenditure accounts; 5. Review and report on the reliability and integrity of financial and operating data so that information provided allows for the preparation of accurate financial statements and other reports for the information of the Fund and the general public as required by legislation;

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

SN	Directorate/Unit	Functions in accomplishment of principal activities
		<ol style="list-style-type: none"> 6. Review and report on the systems in place used to safeguard assets, and as appropriate, the verification of the existence of such assets; 7. Review and report on operations or programs to ascertain whether results are consistent with established objectives and goals; 8. Review and report on the adequacy of action by the management in response to internal audit reports, and assisting management in the implementation of recommendations made by those reports and also, where appropriate, recommendations made by the Controller and Auditor General; 9. Review and report on the adequacy of controls built into computerized systems in place in the Fund; 10. Conduct performance audit on appraisal of development projects; 11. Evaluate effectiveness of all administrative matters in order to ascertain to what extent resources are being utilized and adhered to Regulations and Procedures; and 12. Conduct operational/value for money audits.
1.3	Legal Unit	<p>The main functions of the Legal Services Unit are: -</p> <ol style="list-style-type: none"> 1. Ensure the enforcement of the instruments establishing the Fund and provide legal counselling service to the Board, Fund Management and the entire management team; 2. Perform the secretariat function to the Board of the Fund; 3. Represent the Fund in court and other avenues in which the Fund takes the side as a party to a legal case in form of a litigation or other form of proceedings; 4. Coordinate the Board and Management meetings and assume the role of custodianship to the proper records of each meeting proceeding and contracts entered by the Fund progressively; 5. Coordinate in the process to liaise, consult and cooperate with Ministries of Government, Independent Departments or Authorities on matters related to the universal service; 6. Collaborate with other Directorate responsible for project implementation in the management of contracts entered with service providers to ensure compliance of terms and conditions; 7. Ensure protection of the Fund against any sources of reputation risks and related matters; and 8. Participate in the exercises intended to review, amend or repeal the legal instruments establishing the Fund as need arises.
1.4	Corporate Communication and Public Relations Unit	<p>The functions of the unit are: -</p> <ol style="list-style-type: none"> 1. Manage and ensure proper branding of Fund's image; 2. Coordinate the development and implementation of strategic corporate communication policy and plan;

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

SN	Directorate/Unit	Functions in accomplishment of principal activities
		<ol style="list-style-type: none"> 3. Manage communications with all stakeholders of the Fund and ensure positive relationships with business community in ICT sector, media, internal and external audiences; and 4. Coordinate management of Corporate Social Responsibility (CSR) of the Fund.
1.5	Operations, Research and Development Directorate	<p>The functions of the Directorate are: -</p> <ol style="list-style-type: none"> 1. To implement the planned projects in consideration of the set milestones; 2. To conduct field trials in rural and underserved areas with the view of testing appropriate technologies for rural connectivity; 3. To map the actual usage and service distribution of communication services within the geographic areas of the country; 4. To develop mechanisms based on appropriate technologies for interventions to curb the gaps identified for communication services need in specific areas; 5. To undertake studies on communications traffic and usage data in rural and urban underserved areas for telecommunications, postal services and broadcasting subsectors; 6. To liaise with communications operators for telecommunications, postal services and broadcasting subsectors in order to obtain the coverage plans in the medium and long-term period intervals; 7. To undertake surveys that provide information in addition to that captured during implementation period; 8. To supervise the consultants' work contracted to specific individual project implementation and manage the successful closure of each project; 9. To provide ICT support services to other units of the Fund; 10. To conduct research into and keep abreast of developments in the rural and urban under- served areas regarding on communication services and information technologies; 11. To specify the universal service obligation through defining a set of communication services that all users should have access to at an affordable price; and 12. To identify the communication project areas and determine adequate subsidy to be allocated for communication project roll-out. <p>The Directorate has Two Sections and Zone Offices</p> <ol style="list-style-type: none"> (i) Operations Section; (ii) Research and Development Section; and

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

SN	Directorate/Unit	Functions in accomplishment of principal activities
		(iii) Zone Offices.
1.6	Project Planning, Monitoring and Evaluation Directorate	<p>The functions of the Directorate are: -</p> <ol style="list-style-type: none"> 1. To monitor the implementation of universal service obligations projects; 2. To monitor compliance to the specifications agreed for each project during the implementation process; 3. To formulate procedures and best ways for project planning to ensure sustainability beyond implementation period; 4. To monitoring of quality assurance of projects and operations in reference to set standards; 5. To review project contracts; 6. To conduct periodic reviews on projects within the agreed framework before and after project commissioning according to the agreed specifications and determine areas of improvements to enhance achievement of the implemented projects along the project periods; 7. To maintain a public register of all Fund's projects under implementation and those completed and commissioned to indicate beneficiaries and key stakeholders for each project; 8. To develop comprehensive database for the planned projects by accumulating, classifying, archiving the statistics of the Fund; 9. To be custodian of the Fund's Statistics; and 10. To perform evaluation of projects along each implementation span. <p>This Directorate has two (2) Sections:</p> <ol style="list-style-type: none"> (i) Project Planning Section; and (ii) Monitoring and Evaluation Section.
1.7	Corporate Services Directorate	<p>The functions of the Directorate are: -</p> <ol style="list-style-type: none"> 13. To manage the financial resources of the Fund and make the most suitable utilization of the funds; 14. To disburse approved subsidies to each project in line to the contractual terms; 15. To manage and adequately assign human resource to the Units and Directorate of the Fund;

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

SN	Directorate/Unit	Functions in accomplishment of principal activities
		<p>16. To coordinate the formulation and implementation of relevant policies and guidelines for proper management and controls of financial and human resources of the Fund;</p> <p>17. To establish the mechanism for a proper management of funds;</p> <p>18. To provide safeguard and protection of the assets and other valuable resources of the Fund;</p> <p>19. To provide the expertise in the soliciting of funds from other alternative sources feasible to the Fund's operations;</p> <p>20. To explore feasible financial investment opportunities to increase the net values of the assets; and</p> <p>21. To manage the registry of daily operations of the Fund's.</p> <p>The Directorate has two sections:</p> <p>(i) Finance and Accounts Section; and</p> <p>(ii) Human Resource Management and Administration.</p>

2.7 KEY PERFORMANCE INDICATORS (KPIs)

UCSAF is operated through the 5th UCSAFCSP 2022-27 with KPIs embedded within Strategic Objectives evaluated in annual basis with the established Monitoring and Evaluation (M&E) tools. During the year under review, the UCSAF had an overall rating of its KPIs to the tune of 90% against the targeted plan.

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

Table 2: Measurement of performance as per documented Key Performance Indicators (KPIs) during the year 2022/23

Strategic Objective	Strategies	Targets	Performance Indicators	Implementation Status	% Achievement (On Annual Basis)
HIV/AIDS Infections and NCD Reduced and Supportive Services Improved	Implement preventive programs and provide supportive services to affected staff	HIV/AIDS and NCDs preventive program prepared and implemented by June, 2027	Percentage of staff disclosing their status on infection	Implementation was in progress. Self-disclosure might be difficult because of voluntary willingness among employees	50%
		Program to support infected staff prepared and implemented by June, 2027	Program prepared and implemented	Program incorporated in annual action plan and Annual budget allocation approved	100%
Objective's implementation status					75%
Effective Implementation of National Anti-Corruption Strategy enhanced and sustained	Prevent corruption incidences and enhance ethical conduct	Anti-Corruption Action Plan prepared and implemented by June, 2027	Level of stakeholders' perception on corruption at UCSAF	Implementation was in progress. A committee in place to deal with anti-corruption at workplace with UCSAF.	80%
		Ethics Compliance Framework implemented by June, 2027		A committee in place to deal with anti-corruption and ethical issues in workplace with UCSAF. Whistle blowing policy in place and put into action	100%
Objective's implementation status					90%
Access to Universal	Enhance telecommunication,	A Guideline for project identification and	Guideline prepare and implemented	Draft Guideline prepared	75%

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

Strategic Objective	Strategies	Targets	Performance Indicators	Implementation Status	% Achievement (On Annual Basis)
Communication Services Improved	postal and broadcasting services in rural and underserved urban areas	management prepared and implemented by June, 2027			
		Database on telecommunication, postal and broadcasting services in rural and underserved urban areas developed and maintained by June, 2027	Database for subsectors (telecommunication, postal and broadcasting developed)	Database on telecommunication, postal and broadcasting services in rural and underserved urban areas is in place. Update and further validation were in progress.	90%
		Guideline for subsidy allocation to projects prepared and implemented by June, 2027	Guideline prepared and implemented	Guideline preparation was in progress	40%
		353 ongoing telecommunication projects completed by June, 2024	Number of wards/sites completed	177 completed and commissioned. Implementation for the rest was in progress	50%
		Ongoing project to enhance TBC radio broadcasting services in 8 districts completed by June, 2023	Number of districts completed for broadcasting projects	Project completed in 4 districts Implementation for the rest was in progress	50%
		Ongoing project to upgrade 70 telecommunication towers from 2G to 2G 3G/4G completed by June, 2023	Number of towers upgraded	Project completed in 70 towers.	100%
		375 telecommunication projects designed and implemented by June, 2027	Number of projects designed and	Project design completed for 758 locations; Construction completed in 5	30%

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

Strategic Objective	Strategies	Targets	Performance Indicators	Implementation Status	% Achievement (On Annual Basis)
			completely implemented	towers. Implementation for the rest was in progress	
		50 broadcasting projects designed and implemented by June, 2027	Number of broadcasting projects completed.	7 broadcasting projects completed. Implementation for the rest was in progress	14%
		5 postal projects designed and implemented by June, 2027	Number of postal projects completed.	1 of postal projects completed. Implementation for the rest was in progress	20%
	Enhance project management	Evaluation of 438 ongoing communication projects undertaken by June, 2024	Number of sites/lots Evaluated	Evaluation of completed for 322 ongoing communication projects	73%
		430 communication projects monitored and evaluated by June, 2027	Number of communication projects monitored	322 communication projects monitored	74%
		Research agenda developed and implemented by June, 2027		Research agenda development was in progress	25%
	Enhance ICT usage in service delivery /Support wide spread access and use of internet	School connectivity project implemented in 750 public schools by June, 2027	Number of schools connected	School connectivity project implemented in 150 public schools	100%
		Ongoing Telemedicine Project to connect 7 hospitals completed by June, 2023	Number of hospitals connected	Telemedicine Project completed and connection for 5 hospitals was completed	100%

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

Strategic Objective	Strategies	Targets	Performance Indicators	Implementation Status	% Achievement (On Annual Basis)
		Telemedicine project implemented in 20 public hospitals by June, 2027	Number of public hospitals connected	Telemedicine project implemented in 0 public hospitals	0%
		5 projects on bridging digital gap designed and implemented by June, 2027	Number of projects designed and implemented	2 projects on bridging digital gap designed and implemented	90%
		Guideline for ICT project identification and management prepared and implemented by June, 2027	Guideline in place	Guideline for ICT project identification and management prepared ready for further approval	50%
		Database on ICT projects developed and maintained by June, 2027	Database developed and maintained	Database on ICT projects developed and maintained. Further validation and update is in progress	85%
		Project on Hotspot connectivity project in 105 public areas implemented by June, 2027	Number of public areas connected	23 Public areas connected using hotspot technology.	25%
Objective's implementation status					55%
Financial Adequacy Improved	Increase revenue	Compliance on payment of universal service levy raised to 100% by June, 2027	Percentage increase in revenue	Annual collection on service levy was 113% of the annual target. Billing was 126% of the annual target on service levy	113%
		Resource mobilization strategy prepared and implemented by June, 2027	Preparation and implementing a strategy	Resource mobilization strategy preparation was in progress	45%

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

Strategic Objective	Strategies	Targets	Performance Indicators	Implementation Status	% Achievement (On Annual Basis)
	Improve resource management	Financial operational documents reviewed by June, 2027	Percentage change in revenue	Regulations (Financial and Universal Service Access Regulations) reviewed to improved revenue	100%
		Compliance to Finance Act and its regulations facilitated by June, 2027	Percentage change in revenue	Complied to Finance Act and its Regulations in force	100%
		Annual Budget and Plans prepared and implemented by June, 2027	Percentage change in revenue	Annual Budget and Plans prepared and implemented	90%
		M&E Framework operationalized by June, 2027	Percentage change in revenue	M&E Framework operationalized	85%
Objective's implementation status					89%
Institutional Capacity to Deliver Services Improved	Enhance Corporate Governance	UCSAF Board facilitated to implement its oversight role by June, 2027	Level of staff satisfaction	Board was facilitated	100%
		Assurance and advisory services provided by June, 2027	Audit Opinion	Unqualified opinion	100%
	Strengthen Human Resource Management	Training plan prepared and implemented by June, 2027	Plan prepared and implemented	Annual Training plan prepared and implemented	100%
		100% staff recruited as per establishment by June, 2027	Target Number of employees recruited	Recruitment for 12 employees was at the final stage	80%

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

Strategic Objective	Strategies	Targets	Performance Indicators	Implementation Status	% Achievement (On Annual Basis)	
		Operational documents prepared and implemented by June, 2027	Scheme of Service; Incentive Scheme Staff and Financial Regulations approved and put into practical operation.	The approved Scheme of Service; Incentive Scheme Staff and Financial Regulations were in operation	100%	
	Strengthen Human Resource Management	Internal ICT Strategy prepared and implemented by June, 2027	Development and implementation of ICT Strategy	Development of ICT Strategy was in progress	50%	
	Improve Legal Framework	Legal services provided by 100% by June, 2027	Legal services provided on annual basis	Legal services provided	100%	
	Enhance Public Awareness		Public Awareness program prepared and implemented by June, 2027	Annual Awareness program prepared and implemented	Annual Public Awareness program prepared and implemented	100%
			Complaints handling mechanism institutionalized by June, 2027	Mechanism to handle complaints in pace and institutionalized	Complaints handling mechanism institutionalized by June, 2027	100%
			2 zonal offices established by June, 2027	Number of zonal offices established	3 zonal offices established	100%
			Public register on universal service provision developed by June, 2027	Register on universal service provision developed	Public register on universal service provision developed and published	100%
			Stakeholders' Engagement Strategy developed and implemented by June, 2027	Stakeholders' Engagement Strategy developed and implemented	Development of Stakeholders' Engagement Strategy was in progress	50%

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

Strategic Objective	Strategies	Targets	Performance Indicators	Implementation Status	% Achievement (On Annual Basis)
	Improve working environment	Goods and services procured and managed by 100% by June, 2027	Goods and services procured and managed at the desired level of 100%	Goods and services were procured and managed	100%
		Staff welfare services provided by 100% by June, 2027	Staff welfare provided	Staff welfare services were provided by 100%	100%
		Directorates and Units facilitated to undertake their functions by June, 2027	Directorates and Units facilitated to undertake their functions by June, 2027	Two directorates and four units facilitated and functioned at the expected level.	100%
		Construction of Office Building completed by 100% by June, 2024	Stage of completion for the UCSAF's Office Building	Construction of Office Building completed at 90% level.	90%
		Adequate working tools provided by 100% by June, 2027	Adequate working tools provided	Adequate working tools provided	95%
Objective's implementation status					86%
TOTAL					79%

2.8 CORPORATE GOVERNANCE MATTERS

a. Board Commitment and Statement to Corporate Governance Practice

The Board is cognizant to the value that corporate governance adds to UCSAF's successful implementation to its programs and mandated functions with the basis on the achievement of its strategic objectives with the choice of adequate strategy for performance.

In that reflection, the Board continued to review various policies and procedures used to direct the activities of UCSAF. The reason being to provide a reasonable assurance to meet its objectives and that the operations are carried out in an ethical and accountable manner. The decision-making processes are run with the values of integrity, responsibility, accountability and transparency in mind.

b. Compliance to Government Directives

UCSAF complied with all directives from Government and its subordinate organs including the directives from the Treasury Registrar throughout the year.

c. Board Composition and Membership of Those Charged with Governance

The Board of Directors is established under Section 7 of the Universal Communications Services Access Act No. 11 of 2006 (the Act). The Board is established as the Governing body of the Universal Communications Service Access Fund (UCSAF). All members including the chairperson are appointed by the Minister responsible for communication. The Board is responsible for, among other things, proper, transparent and efficient governance, administration, monitoring, approval and control of the conduct of business operations. .

In reference to section 7 of the Act, the UCSAF's Board is composed of seven members being:

- i. The Chairman;
- ii. Five non- executive members; and
- iii. The Chief Executive Officer who is also secretary to the Board.

The basis of composition of members to the Board is drawn on the basis of representation from key stakeholders' groups as follows:

- a. A representative of the Ministry responsible for communications of the Revolutionary Government of Zanzibar;
- b. A representative of the Ministry responsible for communication;
- c. A representative of the Ministry responsible for Finance;
- d. A representative of the Tanzania Communication Regulatory Authority; and

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

- e. A representative from private sector representing different sub-sectors of the Communication sector.

Board membership may be terminated with at least one of the following occurrences to a member:

- a. he resigns;
- b. he is declared bankrupt;
- c. he is convicted of a criminal offence;
- d. he is in conflict of interest;
- e. he is incapable of carrying out the member's duties because of ill health or physical or mental impairment;
- f. he fails to attend at least two third of all meetings of the Board in a period of consecutive twelve months without sufficient cause;
- g. he fails to attend three consecutive meetings without sufficient cause; or
- h. His appointment is revoked by the appointing authority.
- i. Power and Roles of the Board

The Board is responsible for:

- i. performance of the functions and management of the affairs of the Fund;
- ii. maintaining the integrity of the Fund's financial activities, monitor the Fund's financial and annual reports;
- iii. Observing the elements of good governance at the Fund that include responsibility; accountability; fairness; transparency and dynamism; innovation and collaboration in directing and making its strategic decisions;
- iv. Approving the:
 - a. programs of UCSAF;
 - b. operating budget;
 - c. appointment of staff other than the Chief Executive Officer; and
 - d. Quarterly reports on direct disbursements of Fund projects.
- v. Reviewing and approving the corporate strategic plan, annual budgets and asset management plan and monitoring performance against budget on a quarterly basis;
- vi. Establishing procedures and controls to ensure that the fund's financial statements are true, fair and conform with the law;
- vii. Approving and monitoring financial and other reports, including annual, and quarterly accounts;
- viii. Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- ix. Monitoring management's performance and implementation of strategy, communication projects and ensuring appropriate resources are available;
- x. Ensuring that an appropriate process is in place for recruitment, review of performance, remuneration, training and development of the fund's employees to provide for management succession; and

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

- xi. approving and fostering a corporate culture which requires the Fund management and every employee to operate and observe high level of ethical, respect, innovation, integrity, objectivity, team work, transparency, accountability, efficiency and in a professional manner.

d. Board Charter and Board Conduct of Business

The Board Charter was established under paragraph 9 of the Schedule to the Act to enable regulation of its own procedures of conduct as a pertinent element of corporate governance. The Charter sets the guidance and reference to ensure that the conduct of the Board is in compliance, consistent with, and establishes the basis for its commitment to the best practice in corporate governance.

The scope of the Charter is articulated by the provision on how the Board conducts its business in reference to the following elements:

- a. Roles and powers of the Board and power delegation framework;
- b. Composition of Committees of the Board;
- c. Conflict of Interest Policy;
- d. Independence of Board members;
- e. Responsibility for Risk Management, Internal Control and Accountability;
- f. Board evaluation on annual basis;
- g. Board meetings and how the quorum is determined;
- h. Resolution procedure and voting of board members including restricted matters;
- i. Minutes of and proceeding of Board meetings;
- j. Training for Board members;
- k. Allowances and fees of the Board members;
- l. Board reporting responsibilities;
- m. The seal of the Board and its control; and
- n. Consistency with legislation.

e. BOARD OF DIRECTORS WHO WERE AVAILABLE DURING REPORTING PERIOD

The Directors of the UCSAF at the date of this report, have served for the period from 1 July 2022 to 30 June 2023 except where otherwise stated are: -

S/N	Name	Position	Age	Qualifications	Appointment Date	Exit Date
1	Prof. John S. Nkoma	Chairperson	74	PhD in Physics	3 July 2021	2 July 2024
2	Mr. Khatib M. Khatib	Vice Chairperson	53	MA Economics	01 Mar 2018	2 July 2024
3	Ms. Eunice A. Masigati	Member	38	LLM (ICT), LLB	01 Mar 2018	2 July 2024
4*	Eng. Samwel N. Nghuni	Member	61	BSc Eng. (Civil)	01 Aug 2019	31 Jul 2022
5	Eng. Francis F. Mihayo	Member	50	MSc. Tel. Eng.; PGDEIT; ADE- TE	01 Aug 2019	31 Jul 2025
6	Dr. Elizeus K. John	Member	50	PhD in Finance,	3 July 2021	2 July 2024
7	Ms. Georgia Mutagahywa	Member	56	MSc.	3 July 2021	2 July 2024

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

				Psychology, MA(Journalism)		
8	Mrs. Justina T. Mashiba	Member	49	M.IBEM, LLB; Advocate of High Court of Tanzania	01 Jul 2019	End of tenure as CEO

Note: * Eng. Samwel N. Nghuni's tenure served for one month that marked the end of his three years tenure.

All members of the Board are Tanzanians and Non-Executives except Mrs. Justina Mashiba who is both the Chief Executive Officer as well as the Secretary to the Board following an amendment done to section 7(2) of the Universal Communications Service Access Act, 2006 through the Written Laws (Miscellaneous Amendments) Act, 2022.

f. Board Committees

The Board has three (3) Committees which assist it in carrying out its mandate. These are Board Audit and Risk Committee, Board Allocation and Board Investment Committee and Finance and Administration Committee. These Committees scrutinize in depth all major issues which are ultimately approved by the Board.

Each committee has three (3) members with majority of members required to form a quorum.

Number of Meetings held for each Board Committee for 2022/23

Committee Name	Number of Meetings
Board Audit and Risk Committee	3
Board Allocation and Investment Committee	3
Board Finance and Administration Committee	3

g. Constitution of the Board Committees

i. Board Audit and Risk Committee

S/N	Name	Position	Age	Qualification	Appointment Date	Exit Date
1	Mr. Khatib M. Khatib	Chairperson	53	MA Economics	01 Mar. 2018	02 Jul 2024
2	Ms. Eunice A. Masigati	Member	38	LL.M ICT, LL. B	01 Mar. 2018	02 Jul 2024
3	Ms. Georgia Mutagahywa	Member	56	MSC Psychology, MA (Journalism)	03 Jul. 2021	02 Jul 2024

ii. Board Allocation and Investment Committee

S/N	Name	Position	Age	Qualification	Appointment Date	Exit Date
-----	------	----------	-----	---------------	------------------	-----------

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

1	Eng. Francis F.Mihayo	Chairperson	50	MSc. Tel. Eng.; PGDEIT; ADE- TE	01 Aug. 2019	31 Jul 2025
2*	Mr. Samwel N. Nghuni	Member	61	BSc Eng. (Civil)	01 Aug. 2019	31 Jul 2022
3	Mrs. Justina T. Mashiba	Member	49	M.IBEM, LLB; Advocate of High Court of Tanzania	01 Jul. 2019	End of tenure
4	Dr. Elizeus K. John	Member	50	PhD in Finance	11 Nov. 2022	2 July 2024

Note: * Eng. Samwel N. Nghuni's tenure served for one month that marked the end of his three years tenure.

iii. Board Finance and Administration Committee

S/N	Name	Position	Age	Qualification	Appointment Date	Exit Date
1	Dr. Elizeus K. John	Chairperson	50	PhD in Finance	3 Jul. 2021	2 July 2024
2	Mr. Francis F.Mihayo	Member	50	MSc. Tel. Eng.; PGDEIT; ADE- TE	01 Aug. 2019	31 Jul 2025
3	Mrs. Justina T.Mashiba	Member	49	M.IBEM, LLB; Advocate of High Court of Tanzania	01 Jul. 2019	End of tenure

Below is a summary indicating the number of meeting attended by each Board member

Name	Board Meeting	Board Finance & Administration Committee	Board Allocation & Investment Committee	Board Audit & Risk Committee
Prof. John S. Nkoma	6	-	-	-
Mr. Khatib M. Khatib	7	-	3	-
Ms. Eunice A. Masigati	2	-	2	-
Mr. Samwel N. Nghuni	1	-	-	1
Eng. Francis F. Mihayo	6	3	-	3
Ms. Georgia Mutagahywa	6	-	3	-
Dr. Elizeus K. John	5	3	-	2
Mrs. Justina T. Mashiba	5	3	-	3

h. Board Resolutions

The Board held four statutory meetings and three special meetings for the year under review. During those meetings, a number of resolutions were made including the following signification proceedings:

i. Oversight and overall management of UCSAF

- a. Approval of Draft Financial Statements for the financial year 2021/22 for audit by CAG and ultimate adoption of the clean audit report thereof;

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

- b. Approval of quarterly management accounts and operational performance for the financial year 2022/23;
- c. Review of Financial Regulations;
- d. Approval of the preparation and issue of Annual Report for FY 2020/21;
- e. Approval of Implementation of Development projects for the financial year 2023/24;
- f. Approval of Budget Adjustment for the financial year 2022/2023;
- g. Approval of Annual Work Plan for Financial year 2023/24;
- h. Approval of UCSAF Budget for The Financial Year 2023/24;
- i. Approval of Revised Annual Procurement Plan for the financial year 2022/23;
- j. Approval of Proposed Investment in the Interest-Bearing Account with Commercial Banks;
- k. Approval of Request by Airtel Plc for Sale and Leaseback of Towers Subsidized by Funds from UCSAF;
- l. Renewal of Contract for Three Heads of Departments;
- m. Appointment of Incumbent Management Team to Conform to New Organization Structure;
- n. Approval of Renewal of Contracts for Two (2) Heads of Departments;
- o. Permission to Management for the recruitment process for 12 vacant positions through the President's Office, Public Service Recruitment Secretariat after obtaining a permit from Permanent Secretary, President's Office' Public Service Management and Good Governance. Recruitment process was at advanced stage at end of the year under review; and
- p. Approval of the Training Plan for the Financial year 2023/24;

ii. Setting policy directions, strategies and guidance

During the year under review, the Board made approval and adoption of the following policies and procedures for UCSAF's operational use:

- a. Adoption of the following policies and procedures approved by the by Permanent Secretary, President's Office' Public Service Management and Good Governance:
 - i. UCSAF's Organization Structure approved in June 2022;
 - ii. UCSAF's Scheme of Service Approved in April 2023; and
 - iii. UCSAF's Incentive Scheme Approved in April 2023.
- b. Approval of UCSAF's Strategic Plan for 2022/23 - 2026/27;
- c. Approval of UCSAF's Staff Loan Policy in July 2022; and
- d. Review of the Financial Regulations (2014) in July 2022.

iii. Review of Management Performance and Operations

Approval of Employees' performance for the financial year 2021/22 with corresponding reward thereof including promotion and annual salary increment of individual employees in respective positions on merit basis.

2.9 RESULTS OF THE UCSAF'S OPERATIONS

UCSAF initiatives for rural telecom projects is centered on the objective to close the digital gap identified in rural and urban areas that are commercially non-viable to attract investment to enable access to communication services to bring social and economic development in those areas with the ultimate goal to improve the livelihoods of individual citizens.

Through the implementation of such projects, UCSAF conforms to the realization of the National ICT Policy 2016 objectives, which among them the following are in line to its legal establishment and mandate:

- a. To enhance public participation and understanding of potentials of ICT for effective transformation towards a knowledge-based society;
- b. To strengthen strategic ICT leadership at all levels to effectively champion exploitation of ICT in all sectors of economy; and
- c. To enhance access and availability of affordable and reliable broadband services to accelerate socio-economic development of the society;
- d. To have reliable, interoperable and sustainable ICT infrastructure that supports ubiquitous national connectivity; and
- e. To have universal access to ICT products and services in order to bridge the digital divide.

Each individual project is intended to achieve the following issues:

- a. Connecting the unconnected community in a given area
- b. Improving the delivery of social services such as education, health and similar services;
- c. Providing opportunity for employment at individual levels for those involved in the erection of the basic and active infrastructure one side and those engaged in the service delivery of the telecom service; and
- d. Improving the financial inclusion in the project areas through the resultant increase of mobile money subscribers and users in those areas.

UCSAF provides subsidy to support the MNO's investment in communication infrastructure and therefore stimulates the participation of each individual project is intended to achieve the following issues:

- a. Connecting the unconnected community in a given area
- b. Improving the delivery of social services such as education, health and similar services;
- c. Providing opportunity for employment at individual levels for those involved in the erection of the basic and active infrastructure one side and those engaged in the service delivery of the telecom service; and
- d. Improving the financial inclusion in the project areas through the resultant increase of mobile money subscribers and users in those areas.

2.9.1 Development Projects and Related Activities

During the year 2022/23, UCSAF continued to implement the following development projects and related activities:

- (i) Rural Communication Project for Phase 6 for 85 wards (Border and Special Zone Project Phase 6 Project). The project's contract sum is TZS 11.6 billion. Disbursement of TZS 1,310,120,000 was made during the year under review. The project is targeted for the total population of over 1,000,000 people;
- (ii) Rural Communication Project for Border and Special Zones Phase 2 (BSZPH 2) for 75 wards. However, the project was at various stages of implementation by respective contractors by the end of the year. These are expected to be commissioned by June 2024~~December 202~~. The project's contract sum is USD 4.6 million (TZS 10.61 billion) and a total of TZS 59,743,600 was disbursed during the year.
- (iii) Rural Telecommunication Phase 3 Project for 177 wards. Contractors were at various levels of implementation by the end of the year under review (2022/23). This project has a total contract sum of TZS 20.5 billion out of which TZS 4,083,133,200 was disbursed in the year under review;

Rural Communication Phase 4 Project for 254 wards with total contract sum of 29.47 billion out of which TZS 1,341,550,000 was disbursed in the year under review. The contractors were at the various levels of implementation.

- (iv) Border and Special Zone Phase 5 Project for 34 wards with total contract sum of TZS 5.28 billion out of which TZS 144,000,000 was disbursed in the financial year under review. The contractors were at the various levels of implementation.
- (v) Rural Communication Phase 5 Project for 62 wards with total contract sum of TZS 6.96 billion. The contractors were at the various levels of implementation. A total of TZS 751,785,000 was disbursed during the year under review.
- (vi) Public schools connectivity project that involved provisioning of ICT equipment and internet connectivity to 250 public schools of which TZS 2,224,382,240 was spent for this project for the year under review;
- (vii) Implementation of the Project to enhance the coverage of TBC Radio in the country in collaboration with the Tanzania Broadcasting Corporation (TBC) in

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

which TZS 1.12 billion was spent for the project;

- (viii) Provisioning of ICT training to 650 public school teachers. Teachers from public Schools that were supplied with ICT equipment for school connectivity projects were trained in basic troubleshooting skills of ICT equipment in which 846,578,381 was spent for this project;
- (ix) Communication Project for Phase 7 for 42 sites in Zanzibar. The construction of 42 sites were completed during the year and officially inaugurated by Hon. Dr. Hussein Ali Mwinyi, The President of the Government of the Revolutionary of Zanzibar. The project's contract sum was TZS 6.9 billion and out of which TZS 2.1 billion was a commitment at the end of the year under review. The project target is to cover a population of 209,904 people;
- (x) Rural Communication Project 101 wards (Border and Special Zone Project Phase 6 Project). The project's contract sum is TZS 14.5 billion. A total of TZS 1,957,770,000 was disbursed during the year under review. The project is targeted for the total population of over 1,113,860 people. In 2022/23 80 sites have completed and commissioned;
- (xi) Rural Communication Phase 4 Project for 254 wards with total contract sum of 29.47 billion out of which TZS 1.82 billion was disbursed in the year under review. All sites have been completed under the financial year under review. A total of TZS 1,341,550,000 was disbursed for the year under review;
- (xii) Border and Special Zone Phase 6 Project for 34 wards with total contract sum of TZS 5.28 billion out of which TZS 224,000,000 was disbursed in the previous financial year;
- (xiii) Rural Communication Phase 5 Project for 62 wards with total contract sum of TZS 6.96 billion. During the year under review all 62 sites were completed and a total of TZS 751,785,000 was disbursed;
- (xiv) Implementation of the Project to enhance the coverage of TBC Radio in the country in collaboration with the Tanzania Broadcasting Corporation (TBC) in which TZS 390,000,000 was spent for this project;
- (xv) Implement the project for upgrade of communication towers from 2G technology to 3G (or above) for 127 sites with contract sum of TZS 3.64 billion,

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

out of which TZS 1.12 Billion was disbursed during the year under review.

- (xvi) Continued with the construction of UCSAF's office building at Plot No.6 Block 'K' Njedengwa area in capital city - Dodoma. TZS 1.4 billion was spent as during the year under review. The project was at the final stages of completion and it was expected that UCSAF will shift into the building within the first half of 2023/24 financial year.
- (xvii) Implement DTP where a total of 319 sites will be constructed in 275 wards, targeting a total population of more than 3 million . The total subsidy to be used is TZS 70.3 billion to be implemented for a period of two years from the date of signing contracts that was 13th May,2023. The status of commitments at the date of report is indicated in the table below.

Distribution of Lots, Contract Value and Commitments for Phase 8 Rural Telecom Project (in TZS)

Name of Service Provider	Contract Value (TZS)	No.of Lots	Advance Payment at the date of report (TZS)	Commitment at the date of report (TZS)
Viettel Tanzania Plc	4,980,000,000	34	3,486,000,000	1,494,000,000
TTCL Corporation	32,000,000,000	100	15,680,000,000	16,320,000,000
Vodacom Tanzania Plc	9,490,000,000	53	6,643,000,000	2,847,000,000
Airtel Tanzania Plc	10,196,700,000	50	7,137,690,000	3,059,010,000
Honora Tanzania Plc (former MIC Tanzania Plc)	13,680,000,000	38	9,576,000,000	4,104,000,000
Total	70,346,700,000	275	42,522,690,000	27,824,010,000

2.9.2 Challenges that impacted the Development Projects and Related activities

UCSAF encountered a number of challenges in implementing the development projects during the year under review as follows:

- a. Compliance requirements for tendering processes in public sector for projects impacted the implementation of rural telecommunication projected phase with a delay from the originally target date;
- b. New Government directives impacted with new policy priorities with the implied effect on project implementation from original plan; and

- c. Delay in the recruitment procedures for new employees affected the manpower size and related expenditure with a further effect in the implementation of some activities requiring specialized skills and at the targeted level.

2.9.3 Administrative Activities

During the year 2022/23, UCSAF also managed to perform the following activities: -

- a. Prepared the financial statements for the financial year 2021/22 that were audited by the Controller and Auditor General with unqualified audit opinion;
- b. Preparation of Annual Work Plan, Procurement Plan and Medium-Term Expenditure Framework (MTEF) for the financial year 2022/23;
- c. 30 staff members were supported on professional and managerial trainings; and
- d. Trained Board Members on corporate management and governance matters to empower them in the governance and decision making.

2.10 PROTECTION OF THE ENVIRONMENT

UCSAF Requires that a service provider contracted for implementation of a project supported by the financial subsidy from it takes all reasonable steps to protect the environment and to limit damage and nuisance to people and property resulting from pollution, noise and other results of his operations.

All service providers are required to comply to the minimal compliance standards established national laws authorities in areas of emissions, surface discharges and effluent related to the activities of each inferred project. All telecommunication projects are required to obtain permission for relevant environmental and related compliance from the following authorities:

- i. National Environmental Council (NEMC);
- ii. Tanzania Civil Aviation Authority (TCAA); and
- iii. Local Government authorities

Specific compliance areas are expressed in the requirements to observe the following aspects:

- a. Site Selection for Towers: The site selection is guided by the requirement to ensure prevention or minimization of potential environmental impacts from telecommunications towers;
- b. Avoid protected areas such as wetlands, nature reserves, and national parks unless specific permission is granted;
- c. Tower Co-location or Sharing; and
- d. UCSAF encourages service providers when considering the siting of new telecommunications tower facilities is to locate the new equipment on existing structures.

Co-location is a standard global practice to reduce the need for new towers and minimize environmental and visual impacts. Co-location has a derived advantage in by reducing the initial investment and operational costs for service providers.

2.10.1 Health and Safety

It is the UCSAF's policy to ensure that each service provider engaged in the implementation of its projects and related activities shall at all times take all reasonable precautions to maintain the health and safety of his personnel. Each service provider is required to ensure that first aid facilities are available at all times at the site and that suitable arrangements are made for all necessary welfare and hygiene requirements and for the prevention of epidemics. Technical audits are carried before acceptance of completion phase of each project that forms the basis for remedial of identified deficiencies for reported implementation by contracted service providers.

Each service provider is required to maintain records and make reports concerning health, safety, and welfare of persons, and damage to the property, as the employer may reasonably require.

Each service provider is required to conduct an HIV-Aids awareness program, and shall take other such measures as specified in the Special Conditions of Contract to reduce the risk of transfer of HIV virus between and among Service Provider's personnel, the employers' staff and the surrounding community.

2.11 STRATEGIC OBJECTIVES AND THE FUTURE OPERATIONAL PLAN

(i) Strategic Objectives for the Period 2022/23 - 2026/27

UCSAF strives to pursue its Vision and achieve its Mission through the implementation of its six Strategic objectives whose achievement is meant to meet the service requirements of its stakeholders and citizen of United Republic of Tanzania. The objectives are as highlighted hereunder: -

- A. HIV/AIDS infections and NCDs reduced and supportive services improved;
- B. Effective implementation of National anti-corruption strategy enhanced and sustained;
- C. Access to universal communication services improved;
- D. Financial adequacy improved; and
- E. Institutional capacity to deliver services improved.

In the next financial year, UCSAF has planned to implement the following development projects and related activities derived from its Strategic Plan within the scope of its mandate to: -

- A. To prepare a Guideline for Project Identification and Management;
- B. To conduct Assessment of Postal Subsector;
- C. To review the Guideline for subsidy allocation to projects;
- D. To conduct appraisal of school connectivity, telemedicine, community radio, free internet hotspot and teachers' training projects;

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

- E. To enhance Radio Broadcasting access to 4 Regions;
- F. To upgrade 100 existing sites from 2G to broadband technology of at least 3G;
- G. To provide relevant ICT equipment for to enhance Postal Services delivery in rural areas;
- H. Carry out monitoring and evaluation of communication projects implemented by UCSAF;
- I. To conduct training on ICT to Students during Girls in ICT week;
- J. To Provide internet connectivity to 160 Public Schools;
- K. To Provide Special ICT Learning Equipment to 06 Schools having students with special needs;
- L. To Provide ICT Training to 650 Public School Teachers;
- M. To connect 5 peripheral hospitals to super-referral national hospital facilities through Telemedicine Project;
- N. To Conduct Assessment of Digital Gaps in Tanzania;
- O. To Establish Internet Hotspots in 20 open locations;
- P. To complete the construction of Office building in Dodoma; and
- Q. To Establishment of one Zonal Office;

2.12 CAPITAL STRUCTURE

The capital structure of UCSAF is composed of accumulated surplus as a result of operations since its initial inception in July 2009. The table below provides the nature and composition. Adjustment to the opening balance of the accumulated surplus was made for the amount TZS 238,470,436 attributed to the downward movement of the accumulated depreciation after review of the depreciation of assets to indicate addition in the life of assets for Plant, Property and equipment (Note 20). Also, the opening balance of the accumulated surplus included TZS 951,910,000 as an initial fund for initial year of operation (July,2009) amount received from TCRA on behalf of the Government of the United Republic of Tanzania. This is indicated as Opening balance of Taxpayers' Fund.

ASSETS:		
<i>Current Assets:</i>	30.06.202	30.06.2022
	TZS	TZS
Non-Current Assets	5,934,509,849	3,856,019,706
Current Assets	89,076,680,085	90,772,075,800
<i>Total Assets</i>	95,011,189,934	94,628,095,506
LIABILITIES		
Current Liabilities	186,687,338	2,406,025,941
<i>Total Liabilities</i>	186,687,338	2,406,025,941
Net Assets	94,824,502,596	92,222,069,565
NET ASSETS:		
Accumulated Surpluses / Deficits	94,824,502,596	92,222,069,565

Performance for the year

Statements of Financial Performance Linked to other Results

During the year under review, UCSAF had revenue of TZS 42.8 billion (2021/22: TZS 35.7). Similarly, UCSAF had an expenditure of TZS 40.5 billion (2021/22: TZS 19.2 billion). The overall increase in receipts in actual revenue was TZS 3.77 above the annual estimates attributed to collections from receivables in previous year's bills on universal service levy.

Results for the Year

During the financial year 2022/23, total revenue for the UCSAF was TZS 42.8 billion shillings (2021/22: TZS 35.7 billion). Likewise, the total operating expenses was TZS 40.5 billion (2022: TZS 19.2 billion); thus, recorded a surplus of TZS 2.36 billion (2021/22: TZS 16.51 billion). The decrease on the net surplus is attributed to annual amortization of prepayments on projects for fully completed and commissioned projects whose advance payments was made in previous period as indicated on Notes 8(a); Note 15.1(a); The details of revenue and spending for the year are as in the Statement of Financial Performance for the period ended 30 June 2023.

2.13 CASH FLOWS

The cash flows for the year under review comprised of inflows and outflows from two main areas namely cash flows from operating activities and cash flows from investing activities.

Cash flows provides the details on the components that influenced the inflows and outflows to determine the balances of cash and cash equivalent at the year end from the results of past activities. The net cash increase in cash and cash equivalent was TZS 6.04 billion (30 June 2022: TZS 1.04 billion) composed from the two activities detailed below.

2.13.1 Cash Flows from Operating Activities

The net cash flows from operating activities for the year under review was TZS 7.57 billion (30 June 2022: TZS 3.64) billion). This represents the difference between cash receipts recorded at TZS 38.66 billion (30 June 2022: TZS 34.33 billion) coming from universal service levy, subvention from TCRA and receipts from other revenues.

The total payment was TZS 31.09 billion comprising expenditures on wages, salaries and employees' benefits amounting to TZS 4.05 billion (30 June 2022: TZS 3.57 Billion); use of goods and service 24.94 billion (30 June 2022: TZS 12.96 billion) significantly attributed to the element of expenditure on completed projects as detailed on *Note 15.1*; staff loan TZS 1.48 (30 June 2022: TZS 0); other expenses TZS 254.5 million (30 June 2022: TZS 300.9 million); maintenance TZS 218.34 (30 June 2022: TZS 199.13 million) and contribution to consolidate fund TZS 150.0 million (30 June 2022: TZS 500.0 million). There were no payments to interest as there were borrowing of funds.

2.13.2 Cash Flows from Investing Activities

The net cash flows from operating activities for the year under review was TZS 1.53 billion (30 June 2022: TZS 2.60) billion) used for the construction of office building and acquisition of office equipment as detailed on Note 17.2 and 18.1 of this report.

2.14 SOLVENCY

The Directors have reviewed the current financial position of UCSAF and based on this review; the Directors are of the opinion that UCSAF is a going concern. The solvency and annual operating results are as shown in the financial statements attached to this report.

The assets comprise of plant, property and equipment, accounts receivables and cash and cash equivalent and are mostly financed by retained earnings and slight level of liabilities. The recorded financial position strongly places UCSAF in a position where it will be able to honour its committed development expenditures and continue implementing further development projects intended for universal communication access, which have been planned in the next year's schedule of activities. The table on item 1.13 provide details on the financial capacity and basis for the solvency.

2.15 SUSTAINABILITY

UCSAF's sustainability id ensured by the following factors:

- a. Stable Government Policy and Regulation of on the communication sectors with high commitment to ensure provision of basic infrastructure and related services;
- b. Availability of skilled labour forces that the Management ensures its retention with relevant motivation strategy;
- c. Financial stability for its operational and strategic requirements backed by mandated sources of revenues; and
- d. High level of commitment and continuous risk management strategy to mitigate inherent and emerging risks.

2.16 EMPLOYMENT POLICY

UCSAF is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and people with disability which does not impair the ability to discharge duties.

2.17 EMPLOYEES' WELFARE

2.17.1 Management and Employees' Relationship

The number of employees of UCSAF by the financial year end was 33. Out of 33 employees, 11 are females and 22 are males. There existed a good relationship between employees and Management prevailed during the year and there were no unresolved matters received by Management from the employees during the year.

2.17.2 Workers' Council

Employees were availed the opportunity to conduct their welfare issues through TUGHE and were involved in the budget approval process, annual action plan and participated in the formulation of the UCSAF's Strategic Plan 2022/23 -2026/27 and as one of the advisory organs before Board's approval of the same. Through the various sessions, employees were trained on the occupational health and safety matters and got an opportunity for health checks conducted by Occupational Safety and Health Authority (OSHA). The Workers' Council conducted its business including training and two statutory bi-annual meetings.

2.17.3 Medical Assistance

UCSAF makes contribution at the rate of 3% of basic salary to the National Health Insurance Fund (NHIF) to meet the medical cost for all members of staff and their eligible dependents as per the mandate and requirements of the insurance fund by the underlying laws. The total annual contribution was TZS 49,379,512 (2021/2022: TZS 44,057,645).

2.17.4 Workers' Compensation

UCSAF makes contribution at the rate of 0.5% of basic salary to the Workmen Compensation Fund as an insurance to provide compensation to its employee in case of disablement or death caused by or resulting from injuries or diseases sustained or contracted in the course of employment. The total annual contribution was TZS 8,090,992 (2021/22: TZS 7,309,366).

2.17.5 Staff Training

In order for UCSAF to effectively discharge its functions, it is necessary for it to have a cadre of highly trained and skilled workforce and to update their training in various categories of skills required for UCSAF's duties and obligations. Annual training plan was implemented to ensure

employees are adequately trained at all levels. A total of TZS 306,464,667 compared to TZS 326,002,306n in the year 2021/22 was spent for staff training.

2.17.6 Financial Assistance

Financial support is available to all employees depending on the assessment by Management of the need and circumstances in conformance with Financial and Staff Regulations. Employees may be provided salary advances to meet their needs in addition to the Memoranda of Understandings signed with various financial institutions to enable salaried loans from each.

2.17.7 Equal Opportunity and Gender Issues

UCSAF advocates and put in practice an equal opportunity policy. Employment and appointment are based on merit and inclusiveness. Out of the 33 employees available for the years under review, 11 employees (33.33%) were females and 22 were males (66.66%).

2.18 CRITICAL RESOURCES USED WITHIN UCSAF OPERATIONS

The factors that form the basis for attainment of UCSAF's goals in achievement of its mission and pursuit of its vision are resources enabling it to carry out its operational activities. Resources that provide the basis for UCSAF's strengths to perform its operational and strategic functions include the following:

- (i) Human resources;
- (ii) Financial Resources;
- (iii) Physical Assets;
- (iv) Social and Relationship Resources; and
- (v) Information Resources.

2.18.1 Human Resources

The availability of competent with qualitative kills, motivation, commitment with proven competency in general specific areas of specialization provides the basis for UCSAF's performance. The Board is committed to attract, motivate and retain competent employees with relevant skills, character and etiquette to serve UCSAF in sustainably. The Organization Structure, Scheme of Service, Incentive Scheme, Training and Development Policy and Management with empathy are the relevant elements as tools to maintain the required human resources.

2.18.2 Financial Resources

These include funds and assets that finance UCSAF's projects, activities and facilitate to honour its obligations to keep the operations in as smooth and interruptive flow.

The financial resources are derived from the mandate sources as provided by the provisions of the Act establishing UCSAF namely as:

- i. Amount appropriated by the Parliament of the United Republic of Tanzania;
- ii. Amount of subvention from TCRA;
- iii. Amount of Universal Service Levy from licensed communication licensees;
- iv. Amount of grants, donations, bequests, or other contributions or similar revenue items received or receivable from development partners; and
- v. Amount earned as interest from funds invested portfolio.

The management has a critical role to ensure adequate financial resources management framework through planning, organizing, allocating with priorities, controlling, and monitoring its financial resources and activities in order to meet the need towards attainment of goals. Financial risk management framework is a key component by management as part of the organizational risk management framework within UCSAF.

For the year under review the main source of financial resources for UCSAF the amounts of Universal Service Levy from licensed communication licensees (licensed by TCRA) levied at 1% of eligible revenues from each of them. *Note 5 revenue* provides the amount earned for the year under review. *Note 13: Cash and Cash Equivalent* provides the details on the financial resources' balances at the year end. *Note 15 prepayments* provides the details on the balances of prepayments made to service providers in tenure of the contracts implemented for its mandate functions with corresponding commitments.

2.18.3 Physical Assets

Physical resources include tangible non-living resources with value that are used in the furtherance of UCSAF's operations in support with other resources. Motor vehicles, furniture, ICT equipment (including hardware and software) are used as working tools to enable execution of programs and activities and enhance logistics for effective and efficient flow of operations.

Construction of office building was in progress at the end of the year under review. The new building at plot number 6, Block K at Njedengwa area in Dodoma City is located at the land with UCSAF's full ownership. UCSAF Management ensures that the

deployed physical resources are adequately aligned to support operations. Impaired or absolute assets are identified removed from operations as per Public Asset Government Assets Management Guidelines in force. The details on the physical assets are given on Note 18 (*Intangible Assets*); Note 19 (*Work in Progress*) and Note 20 (*Property, Plant and Equipment*).

2.18.4 Social and Relationship Resources

UCSAF has managed to establish strong and positive relationships with its key stakeholders that help to implement its programs and at the level of communities, operators, Government, public and private institutions within and outside the country. This is exemplified by a number of official visits that UCSAF has hosted from counterpart lar institutions from regional and other countries with the aim of knowledge and experience sharing. UCSAF had an opportunity make study tours in selected countries for the similar purpose.

2.18.5 Information Resources

The database and knowledge accumulated over time has proven to be a resource for UCSAF's operations. This has been useful through sharing and disseminating for knowledge improvement and decision-making.

The information resources help the Management in setting a clear direction when implement its programs with effective and efficient utilization of other resources.

2.19 RISK MANAGEMENT AND CONTROL

The Board accepts responsibility for the risk management and internal control system of UCSAF. It is the task of the Management to ensure that adequate internal financial and operational control systems are developed, improved and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- (ii) The effectiveness and efficiency of operations;
- (iii) The safeguarding of UCSAF's assets;
- (iv) Compliance with the applicable laws and regulations;
- (v) Reliability of accounting records;
- (vi) Business stability under normal as well as adverse conditions; and
- (vii) Responsible behaviours towards stakeholders.

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

In its commitment to improve risk management processes, during the year ended 30 June 2023, UCSAF continued with the risk management processes guided by the Risk Management Framework and Risk Management Policy approved by the Board.

UCSAF's approach to risk management is found on strong governance practice where the Board takes the lead in establishing the tone at the top. During the year under review risk management remained an integral part of the UCSAF operations. The Management focused on managing high risks with potential to prevent realization of the strategic objectives. Through UCSAF Enterprise Risk Management (ERM) Framework all risks were identified, analysed, and managed to acceptable levels. Management made informed decisions where analysis of risks, costs and benefits were considered in decision making. Management strives to ensure that adequate internal financial and operational control systems are developed, improved and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- a. The effectiveness and efficiency of operations;
- b. The safeguarding of UCSAF's assets;
- c. Compliance with the applicable laws and regulations;
- d. Reliability of accounting records;
- e. Business stability under normal as well as adverse conditions; and
- f. Responsible behaviours towards stakeholders.

The emphasis was focused on proactive stance actions towards risk management by identifying risks and taking appropriate actions to prevent incidents and adverse effects from occurring rather than reacting to individual incidents when they occur. As part of risk management, compliance with statutory and regulatory requirements was closely monitored and actions taken on areas where the Fund did not comply fully.

During 2022/23 Financial Year the UCSAF had the following main Critical Risks which were managed through their respective mitigating controls that helped to contain the exposure to acceptable ratings.

S/n	Critical Risk	Key Mitigation Controls
1	Inadequate Funding	(i) Joint ventures with other communication stakeholders (ii) Strategic Plan & Annual Budgets (iii) Review of UCSA Act and Regulations (iv) Increase efforts to engage more Strategic partners
2	Un-reliable data and information	(i) Continuous updating of collected data (ii) Regular training of staff on data collection tools (iii) Engagement of data source institutions (iv) Use of relevant advanced tools to collect data (v) Regularly verify reliability of the available data using various stakeholders

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

2.20 GOVERNMENT, POLITICAL AND CHARITABLE DONATIONS

During the year under review, UCSAF made some donations to support some national activities with general public interest to support:

- a. Rehabilitation and construction of ICT laboratories in different public schools in various regions;
- b. Disabled communities' activities; and
- c. Tree planting campaign.

During the year 2022/23 UCSAF spent TZS 55,711,080 to make donation intended to facilitate the operations of the beneficiaries for specific and general activities. This expenditure stood at TZS 73,059,198 in the year 2021/22(Refer Note 10(a)). Details are given in the table below:

Beneficiary Institution/ Activity	Amount (TZS)
Donation to facilitate UMITASHUMTA and UMISSETA Games Competitions	3,000,000
Donation to facilitate the operations of Tumaini Foundation in Dodoma	9,800,000
Facilitation on the Purchase of Sports Kit for Nyerere Primary School in Singida	746,600
Facilitation of the 3rd Edition of Tanzania School of Community Network	4,632,240
Donation to facilitate the organization of the 2023 ICT DAY at MUST (Mbeya)	900,000
Donation to facilitate of the Braille Day	1,000,000
Donation to facilitate Tanzania Women Engineers Convention and Exhibition 2022	4,000,000
Donation to facilitate the 3 rd edition of the Tanzania School of Community Network Day	4,632,240
Facilitation of the Tanzania Media Stakeholders Conference	10,000,000
Facilitation of the Cancer Screening Service for Women in Handeni-Tanga	3,000,000
Facilitation of the Braille Day to Tanzania Association of the Blind	1,000,000
Facilitation of the National Innovation Week in Dodoma	3,000,000
Facilitation of the Human Resources and ICT Forum in Zanzibar	10,000,000
Total	55,711,080

2.21 STATUTORY AUDITOR

The Controller and Auditor General (CAG) is the statutory auditor of UCSAF by virtue of Articles No. 143 of the Constitution of United Republic of Tanzania as amplified under Section 10(1) of the Public Audit Act, Cap 418. CAG carried-out the audit of UCSAF for the year ended 30 June 2023.

2.22 STAKEHOLDERS' RELATIONSHIP

UCSAF considers the importance and contribution of stakeholders towards the attainment of its short-term and long-term objectives. Therefore, stakeholder's analysis and engagement is continuous process that involves identifying them and services offered by each with adequate management of their expectations for satisfaction.

Therefore, UCSAF has established the portfolio for its stakeholders pertinent to the achievement of attainment of its objective in return to the satisfaction of their expectations as an input in improving service delivery. The stakeholders' portfolio is indicated in the matrix below:

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

Stakeholders' Analysis

Stakeholder	Services Offered	Expectation on Service Offered
MNOs	Subsidy for enhancement services in communication areas	Adequate subsidy to cover passive and active equipment
		OPEX subsidy allocation for sites generating low revenue
	Information on universal mobile communication services	Reliable and accurate information concerning mobile communication services in rural and urban under-served area
	Invoice for universal communication service levy	Accurate and timely invoice
Posta and Courier Services Providers	Subsidy services for postal and Courier	Adequate subsidy allocation for postal and courier services delivery in rural and urban under-served areas
	Information on Postal and Courier Services in under-served areas	Reliable and accurate information concerning postal and courier services in rural and urban under-served area
	Invoice for universal communication service levy	Accurate and timely invoice
Broadcasters (Radio, TV, Cable TV, Decoders, On-line TV)	Subsidy for enhancement of broadcasting services	Adequate subsidy for enhancement of broadcasting services
	Information on Broadcasting Services in under-served areas	Reliable and accurate information concerning broadcasting services in rural and urban under-served area
	Invoice for universal communication service levy	Accurate and timely invoice
Public Schools	Support on ICT equipment and internet connectivity	Adequate number of ICT equipment
		Reliable and affordable Internet connectivity
	Information on ICT equipment and internet connectivity in public schools	Reliable and accurate information concerning ICT equipment and internet connectivity in public schools
	ICT capacity building for school teachers	Adequate knowledge ICT equipment operation and maintenance

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

Stakeholder	Services Offered	Expectation on Service Offered
	Digital skills for public School students	Adequate skills on ICT
MDAs	Subsidy for ICT project in rural and under-served areas	Adequate funds to finance ICT projects
	Collaboration on matters related to the universal communication service	Timely engagement
Service Providers (suppliers)	i) Payments for goods and service delivered	Timely payment for goods and service delivered
	ii) Open, equal, transparent and fair procurement process	Adherence to contractual obligations
Parliament	Performance reports on universal communication projects	Accurate and timely reports
Treasury Registrar Office	Performance reports on universal communication projects	Accurate and timely reports
Ministry responsible for public services	Reports on public service matters	Accurate and timely reports
Regulatory and Infrastructure Authorities (REA, NEMC, TCCA, TARURA, TANESCO, TANROAD)	Information on projects implemented by UCSAF that needs their interventions	Accurate and timely information
TCRA	Advise on matter relating to the Universal access and universal service obligations of applicants	Professional and timely advise
Ministries responsible for communication in Tanzania Mainland and Zanzibar	i) Performance reports on universal communication projects	Accurate and timely reports
	i) Technical advice on universal communication ii) services Recommendations on policy guidelines	Accurate and timely advice on universal communication services
Media	Information for public dissemination	Accurate and timely information
Citizens	i) Access to communications services	Reliable communication service
	ii) Avenue to present areas with inadequate communication services	Feedback submitted areas with inadequate communication services

BY THE ORDER OF THE BOARD



PROF. JOHN S. NKOMA

CHAIRPERSON

DATE: 05 MARCH 2024



JUSTINA T. MASHIBA

CHIEF EXECUTIVE OFFICER

DATE: 05 MARCH 2024

3.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Management of Universal Communications Service Access Fund (UCSAF) in accordance with the provisions of Section 30 of the Public Finance Act CAP 348, 2020. The financial statements as required by the said Act are presented in a manner consistent with the International Sector Accounting Standards (IPSAS).

The Board of Directors of UCSAF is responsible for establishing and maintaining a system of effective Internal Control designed to provide reasonable assurance that the transactions recorded in the accounts are within the statutory authority and that they contain the receipt and use of all public financial resources by UCSAF.

To the best of our knowledge, the system of Internal Control has operated adequately throughout the reporting period and that the financial statements and underlying records provide a reasonable basis for the preparation of the financial statements for the financial year 2022/23.

We accept responsibility for the integrity of the financial statements, the information they contain and their compliance with the International Public Sector Accounting Standards. Nothing has come to the attention of the Directors to indicate that UCSAF will not remain a going concern for at least the next twelve months from the date of the Statement.

Approved by the Board of Directors and signed on its behalf by:



PROF. JOHN S. NKOMA
CHAIRPERSON

DATE 05 MARCH 2024

4.0 DECLARATION BY HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) in reference to the power conferred under the Accountants and Auditors (Registration) (Amendment) Act 2021 requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned. It is the duty of a Professional Accountant to assist the Board of Directors 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 of Directors as under Directors Responsibility statement.

I, **Pius Joseph**, being the Head of Finance of UCSAF hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June, 2023 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) and other statutory requirements.

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

Signed by: *Pius Joseph*

Position: **Director of Corporate Services**

NBAA Membership No: **ACPA 1951**

Date: 05 MARCH 2024

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

5.0 FINANCIAL STATEMENTS

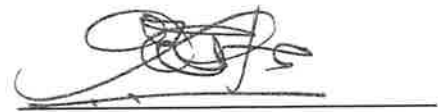
5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

ASSETS	Note	2022/23 TZS	2021/22 TZS
Current Asset			
Cash and Cash Equivalents	13	38,212,369,920	32,172,216,514
Receivables	14	16,501,527,054	12,283,926,058
Prepayments	15	34,362,783,111	46,315,933,228
Total Current Asset		89,076,680,085	90,772,075,800
Non-Current Asset			
Intangible Assets	16		174,032,100
Property, Plant and Equipment	17	1,562,495,435	884,329,303
Work in Progress	18	4,372,014,414	2,797,658,303
Total Non-Current Asset		5,934,509,849	3,856,019,706
Total Asset		95,011,189,934	94,628,095,506
LIABILITIES			
Current Liabilities			
Deposits	19	33,481,777	14,625,617
Payables and Accruals	20	153,205,562	2,391,400,324
Total Current Liabilities		186,687,338	2,406,025,941
TOTAL LIABILITIES		186,687,338	2,406,025,941
Net Assets		94,824,502,596	92,222,069,565
NET ASSETS/EQUITY			
Capital Contributed by:			
Capital Funds		951,910,000	
Accumulated Surpluses/Deficits		93,872,592,596	91,270,159,565
		94,824,502,596	92,222,069,565
TOTAL NET ASSETS/EQUITY			



PROF. JOHN S. NKOMA
CHAIRPERSON

DATE: 05 MARCH 2024




JUSTINA T. MASHIBA
CHIEF EXECUTIVE OFFICER

DATE: 05 MARCH 2024

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

REVENUE	Note	2022/23 TZS	2021/22 TZS
Revenue from non-exchange Transaction			
Universal Service Levy	5.1	42,140,433,123	34,504,277,370
Revenue Grants	5.2	650,000,000	1,155,490,864
Other Revenue	5.3	50,275,372	2,036,673
Total Revenue		42,840,708,495	35,661,804,907
EXPENSES AND TRANSFERS			
Expenses:			
Wages, Salaries and Employee Benefits	7	4,052,908,316	3,570,362,495
Use of Goods and Service	8	34,949,883,972	14,269,679,474
Maintenance Expenses	9	218,340,971	199,132,253
Other Expenses	10	240,206,943	352,120,828
Amortization of Intangible Assets	16	-	8,198,478
Depreciation of Property, Plant and Equipment	17	321,817,010	253,567,073
Impairment Loss		12,708,522	-
Impairment of Receivables	14	530,880,167	-
Total Expenses		40,326,745,900	18,653,060,601
Grants, Subsidies and other Transfer Payments	11	150,000,000	500,000,000
Total Transfer		150,000,000	500,000,000
TOTAL EXPENSES AND TRANSFERS		40,476,745,900	19,153,060,601
Surplus / Deficit		2,363,962,595	16,508,744,306



 PROF. JOHN S. NKOMA
 CHAIRPERSON
 DATE: 05 MARCH 2024



 JUSTINA T. MASHIBA
 CHIEF EXECUTIVE OFFICER
 DATE: 05 MARCH 2024

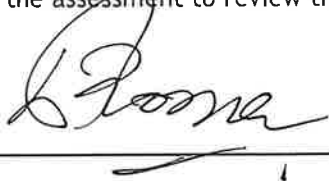
UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

5.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Accumulated Surplus <u>TZS</u>	Capital Funds <u>TZS</u>	TOTAL <u>TZS</u>
Opening Balance as at 01 Jul 2022	91,270,159,565	-	91,270,159,565
Opening Taxpayers' Fund(i)	-	951,910,000	951,910,000
Adjustment to Opening Acc. Surplus (ii)	238,470,436	-	238,470,436
Surplus/ Deficit for the Year	2,363,962,595		2,363,962,595
Closing Balance as at 30 Jun 2023	93,872,592,596	951,910,000	94,824,502,596
Opening Balance as at 01 Jul 2021	75,713,325,259		75,713,325,259
Surplus/ Deficit for the Year	16,508,744,306		16,508,744,306
Closing Balance as at 30 Jun 2022	92,222,069,565		92,222,069,565

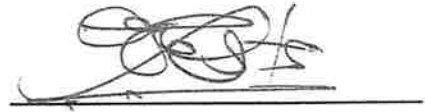
Note:

- (i) Opening Taxpayers' Fund represents the funds provided by TCRA on behalf of the Government of Tanzania to serve as an initial capital for initial operations of UCSAF as per the Government Notice No. 108 issued on 27th April, 2009 by the Minister responsible for communication then in office. UCSAF received TZS 951,910,000 for that purpose.
- (ii) The amount TZS 238,470,436 represents the net effect on the adjustments made for the opening balances of accumulated depreciation (Note 17.1; 17.4; 17.5 and 17.6) on non-current assets after the assessment to review the economic life indicated longer period than estimated before.



PROF. JOHN S. NKOMA
CHAIRPERSON

DATE: 05 MARCH 2024




JUSTINA T. MASHIBA
CHIEF EXECUTIVE OFFICER

DATE: 05 MARCH 2024

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

5.4 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

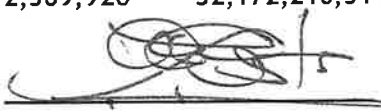
	Note	2022/23 TZS	2021/22 TZS
RECEIPTS			
Other Receipts	5.3	50,275,372	2,036,673
Funds Received	6.2	650,000,000	1,300,000,000
Receipts from Staff Advances	12.1	-	250,811,578
Fees, fines, penalties and Forfeits	6.1	37,959,565,804	32,772,762,542
Total Receipts		38,659,841,176	34,325,610,793
PAYMENTS			
Wages, Salaries and Employee Benefits	7	4,052,908,316	3,570,362,495
Use of Goods and Service	8&8.1	24,936,335,682	12,965,822,645
Prepayments	15	-	13,150,678,056
Staff Loan Advances	14	1,477,233,169	-
Other Expenses	10&10.1	254,506,943	300,920,828
Maintenance Expenses	9	218,340,971	199,132,253
Other Transfers	11	150,000,000	500,000,000
Total Payments		31,089,325,081	30,686,916,277
Total Payments			
NET CASH FLOW FROM OPERATING ACTIVITIES		7,570,516,095	3,638,694,516
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	17.2&18.1	1,530,362,689	2,441,031,563
Acquisition of Intangibles	16	-	161,323,502
Total Investing Activities		1,530,362,689	2,602,355,065
NET CASH FLOW FROM INVESTING ACTIVITIES		1,530,362,689	2,602,355,065
Net Increase		6,040,153,406	1,036,339,451
Cash and cash equivalent at beginning of period		32,172,216,514	31,135,877,063
Cash and cash equivalent at end of period		38,212,369,920	32,172,216,514



PROF. JOHN S. NKOMA

CHAIRPERSON

DATE: 05 MARCH 2024



JUSTINA T. MASHIBA

CHIEF EXECUTIVE OFFICER

DATE: 05 MARCH 2024

UNIVERSAL COMMUNICATIONS SERVICE ACCESS FUND

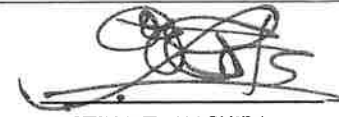
**5.6 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL
AMOUNTS FOR YEAR ENDED 30 JUNE 2023**

	Original Budget	Revised Budget	Final Budget (B)	Actual Amount	The difference: Final
		/Reallocations /Adjustments		on Comparison Budget & Actual (B-A) Basis (A)	
	TZS	TZS	TZS	TZS	TZS
RECEIPTS					
Subvention from Other Government Entities	-	-	-	-	-
Revenue Grants	650,000,000	-	650,000,000	650,000,000	-
Service Levy	33,510,583,156	-	33,510,583,156	37,828,715,006	4,318,131,850
Other Revenue ⁽¹⁾	600,000,000	-	600,000,000	50,275,372	(549,724,628)
Total Receipts ^(1.1)	34,760,583,156	-	34,760,583,156	38,528,990,378	3,768,407,222
PAYMENTS					
Wages, Salaries and Employee Benefits ⁽²⁾	5,159,508,781	(470,000,000)	4,689,508,781	4,052,908,316	(636,600,465)
Use of Goods and Service ⁽³⁾	23,977,296,665	1,081,701,596	25,058,998,261	24,936,335,682	(122,662,579)
Other Transfers	500,000,000	(350,000,000)	150,000,000	150,000,000	-
Other Expenses ⁽⁴⁾	341,600,000	-	341,600,000	254,506,943	(87,093,057)
Maintenance Expenses ⁽⁵⁾	1,482,177,710	(130,850,798)	1,351,326,912	218,340,971	(1,132,985,941)
Staff Loan ⁽⁶⁾	1,500,000,000	-	1,500,000,000	1,477,233,169	(22,766,831)
Assets and Work in Progress ⁽⁷⁾	1,800,000,000	-	1,800,000,000	1,530,362,689	(269,637,311)
Total Expenditure	34,760,583,156	130,850,798	34,891,433,954	32,619,687,770	(2,271,746,184)
Net Receipts/Payments					6,040,153,406



PROF. JOHN S. NKOMA
CHAIRPERSON

DATE: 05 MARCH 2024



JUSTINA T. MASHIBA
CHIEF EXECUTIVE OFFICER

DATE: 05 MARCH 2024

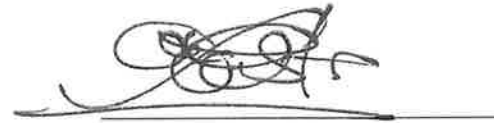
Notes on the Variances

- 1. Other Revenue: The variance is attributed to limited sources of revenue when the targeted investment in treasury bills was not made because of the adverse market conditions restricting the investment opportunities in that portfolio
- 1.1. Total Receipts The variance is attributed to collection on arrears on service levy receivables on bills made to obliged operators for previous periods
- 3. Use of Goods and Services The variance is attributed to delay in the delivery of goods/services for signed procurement contracts
- 4. Other Expenses The variance is attributed to lower volume of activities in relation to number of employees as recruitment was delayed
- 5. Maintenance Expenses The variance is attributed to untimely delay on the completion of the construction of the new office building that was at the finishing stage at the end of the year under review.
- 6. Staff Loan The variance is attributed to some employees not qualifying on the disbursement requirements because of confirmation on employment.
- 7. Assets and Work in Progress The variance is attributed to untimely delay on the completion of the construction of the new office building that was at the finishing stage at the end of the year under review.



PROF. JOHN S. NKOMA
CHAIRPERSON

DATE: 05 MARCH 2024



JUSTINA T. MASHIBA
CHIEF EXECUTIVE OFFICER

DATE: 05 MARCH 2024