

25. KONDOA DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE, 2004

1. REVENUE

1.1 Revenue control register not put in place

The Council entered into contracts with several agencies for collection of revenues from various sources. However, a register, as a tool of controlling revenue remittances by the agencies was not being operated by the Council. We insist for establishment and proper use of the register.

1.2 Revenue earning receipt books not produced

Three revenue earning receipt books (not quantified) were not produced for audit. As such revenues collected on them could not be confirmed to have been properly accounted for in the books of accounts and banked.

1.3 Budget performance

The council budgeted to collect a total of Shs.29,120,000 as revenue from own sources. However, Shs.46,820,819 was collected, thus recording a surplus of Shs.17,700,819 or 38% of the total budget for the period.

Further, the council received a sum of Shs.153,608,414 from the central Government being grants in lieu of the abolished revenue.

2. EXPENDITURE

The following irregularities in expenditure were noted during the audit

	Details	Amount (Shs)
2.1	Missing supporting documents	2,170,713
2.2	Payments not confirmed to have been received by payees	26,076,040
2.3	Stores not taken on ledger charge	5,406,500
2.4	Motor vehicle paid for but not delivered	<u>44,425,915</u>
	Total	<u>78,079,168</u>

Without satisfactory explanations the total expenditure involved cannot be accepted as a proper charge to the Public funds.

2.5 Construction of classrooms Shs.14,932,575

A total of Shs.14,932,575 was paid to a contractor for construction of two classrooms at Kwapakacha Secondary School. A site visit in December, 2004 disclosed that the foundation and walls of the classrooms were heavily cracked, meaning that the workmanship was poor on the part of the contractor. Action taken against the contractor was unknown to audit.

3. FINAL FINANCIAL STATEMENTS

3.1 Expenditure understated Shs.5,609,364

Due to errors of transposition the total expenditure for the period under review was understated by Shs.5,609,364. As a result the surplus balance reflected in consolidated statement of income and expenditure was overstated by a similar amount.

3.2 Cash Balance Shs.367,899,366

The bank balance was recorded in the balance sheet as Shs.367,899,366. However, the total balance according to the individual accounts was Shs.325,797,972, hence resulting in a difference of Shs.42,101,394 waiting to be reconciled.

3.3 Debtors outstanding Shs.36,717,999

Outstanding debtors, reported in the balance sheet as "other current assets", were Shs.36,717,998, while according to the individual accounts the outstanding debtors amounted to Shs.42,026,750. This results in a difference of Shs.5,308,752, which needs to be reconciled. Recover of the debts is called for.

3.4 Creditors outstanding Shs.444,635,380

Outstanding creditors amounted to Shs.444,635,380. However, we recommend for clearance of the balance before the creditors op for legal measures.

4. BANK RECONCILIATION STATEMENT AS AT 30TH JUNE, 2004

4.1 Bank reconciliation statement not produced

Bank reconciliation statements as at 30th June, 2004 in respect of the following accounts were not produced for audit.

Rural Water Sanitation Account

- Uboreshaji Elimu Account
- DBSPE Account
- Primary School Account

5. AUDIT CERTIFICATE

In my opinion, except for the matters specified in paragraphs 1 through 4 above the consolidated balance sheet and the summary statement of income and expenditure present fairly the financial position of the Kondo District Council as at 30th June, 2004.