

## **26. KONDOA TOWNSHIP AUTHORITY FOR THE SIX MONTHS PERIOD ENDED 30<sup>TH</sup> JUNE, 2004**

### **1. REVENUE**

#### **1.1 Monthly returns of used and unused receipts not prepared**

A test check of the revenue records disclosed that monthly returns of used and unused receipts which are control tools for the receipt books issued to the revenue collectors to be utilized for collection of revenues were not being prepared by the Authority contrary to the requirement of the financial instructions. We insist for the adherence to the financial instructions.

#### **1.2 Budget performance**

The Authority planned to collect revenues amounting to Sh.77,322,400 during the period of January to June 2004. However, Sh.31,059,592 was collected, hence recording a deficit of Sh.46,262,808 or 59.8% of the total budget for the period. Minimal efforts deployed in revenue collection or unrealistic budgeting could be the reasons for a deficit in revenue collections.

### **2. EXPENDITURE**

#### **2.1 Improperly vouched expenditure Shs.2,696,816**

Payments amounting Sh.2,696,816 were found improper due to missing supporting documents. In the absence of the documents the total expenditure involved cannot be accepted as a proper charge to the public funds.

### **3. FINAL FINANCIAL STATEMENTS**

#### **3.1 Budget performance - expenditure**

The Authority budgeted to spend a total of Sh.76,633,045 on various activity centers. However, it spent Sh.29,996,800 or 39.1% only of the total budget. Unrealistic budgeting could have greatly attributed to the deficit in spending.

#### **3.2 Stale cheques wrongly treated as revenue Shs.4,464,502**

Examination of the statement of income and expenditure disclosed that Shs.4,464,502 being value of stale cheques was wrongly included in the statement as revenues received during the period. Such cheques are normally returned to the credit of the cash book to offset the corresponding debit transactions by issuing receipts.

### 3.3 Consolidated balance sheet as at 30<sup>th</sup> June, 2004

#### 3.3.1 Fixed assets

The fixed assets value included Sh.12,300,153 being value of tools and equipment. However, the same assets were reflected at a value of Shs.3,332,037 in the statement of cashflow, and as a value of stock and stores. As such the correct value of tools and equipment could not be determined during the audit.

#### 3.3.2 Cash and bank balances differed

The Cash and Bank balance of Shs.10,717,127 shown in the Balance sheet differed from that shown in the Bank Reconciliation statement as at 30<sup>th</sup> June, 2004 Shs.10,484,483. The difference Shs.232,644 needs to be reconciled.

#### 3.3.3 Current assets and liabilities

According to the consolidated balance sheet the position of debtors and creditors was as follows:

Details	Balances as at 31 <sup>st</sup> Dec, 2003 (Shs)	Balances as at 30 <sup>th</sup> June, 2004 (Shs)	Increases or Decrease (Shs)
Sundry Debtors	28,040,798	37,045,267	9,004,469 (32.1%-Increase) Net
Sundry Creditors	8,106,229	8,806,756	700,527 (8.6%-Increase) Net

We call for immediate recovery and payment of the outstanding debts.

#### 4. AUDIT CERTIFICATE

In my opinion, the balance sheet and the summary statement of income and expenditure present fairly the financial position of the Kondo Township Authority as at 30<sup>th</sup> June 2004.