

## II HIGHLIGHTS ON LOCAL GOVERNMENT ACCOUNTS

### 7. ARUMERU DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30<sup>TH</sup> JUNE, 2004

#### REVENUE

##### 1.1 Revenue Collection Performance

As against Shs. 126,368,300 estimated to be collected by the Arumeru District Council during the six months period ended 30<sup>th</sup> June, 2004 from own sources, only Shs. 104,318,781 was collected registering a collection deficit of Shs.22,049,519 or 17% of the revenue estimates. Further, the council received Shs. 188,012,689 from the Central Government in lieu of the abolished revenue sources.

##### 1.2 Missing Receipt books – 258

A total of 258 revenue earning receipt books were not produced for audit inspection. These books should urgently be traced.

###### (i) Partly used:

| Year | Type                     | Quantity |
|------|--------------------------|----------|
| 2004 | General receipts ((GRRS) | 25       |

###### (ii) Used:

|      |                        |                   |
|------|------------------------|-------------------|
| 2003 | General receipts (GRR) | 3                 |
| 2004 | General receipts (GRR) | 26                |
| 2003 | Receipts (Mahakama)    | 12                |
| 2004 | - do -                 | <u>192</u>        |
|      | <b>Total</b>           | <b><u>258</u></b> |

The situation is serious and hence calls for urgent action to be taken on the matter.

##### 1.3 Questionable award of contracts for collection of market dues

Three agencies had been awarded tender to collect market dues amounting to shs. 18,560,000 on behalf of the Council.

To the contrary, the contract amounts signed for were much lower than the amounts approved by the Tender Board. In the event an amount of Shs. 6,041,600 was not collected by the Council.

**2.1 Improperly vouched expenditure – Shs. 4,700,000**

A test check of payment vouchers for the period ended 30<sup>th</sup> June, 2004 disclosed improperly vouched expenditure amounting to Shs. 4,700,000.

**2.2 Transfer of Funds apparently not verified to have been credited to the recipients' bank accounts Shs. 12,089,156**

A total amount of Shs. 12,089,156 was transferred between accounts. Examination of the bank statements disclosed that a sum of Shs.9,000,000 was not credited to the receiving accounts while the bank statement for Women Loan Account to which the amount of shs.3,089,156 purported to have been transferred was not produced when called for. In addition, reimbursement particulars of the total amount involved shs.12,089,156 are still awaited.

**2.3 Stores ledgers not produced – Shs. 12,120,877**

Accountability of fuel and Stationeries amounting to Shs. 12,120,877 ordered and paid for could not be confirmed in the absence of the relevant stores ledgers.

**2.4 Loss of Ultrasound Scanner Machine Shs. 8,000,000**

The Ultrasound Scanner Machine worth Shs. 8,000,000 (S/No. 00130018, SD 100LC) acquired through the Ministry of Health including Netherlands was stolen in April, 2004 at the Arumeru District Hospital.

However, loss report in respect of the stolen machine has not been prepared and submitted accordingly.

**2.5 Unclaimed salaries not reimbursed to the Treasury – Shs. 1,829,000**

Unclaimed salaries amounting to Shs. 1,829,000 in respect of diseased officers were not evidenced as having been reimbursed to the Treasury.

**3. FINAL FINANCIAL STATEMENTS**

**3.1 Consolidated Balance Sheet**

Examination of the consolidated balance sheet as at 30<sup>th</sup> June, 2004 disclosed the following outstanding balances:-

(i) **Debtors – Shs. 22,849,747**

| <b>Category</b>          | <b>Amount<br/>(Shs)</b>  |
|--------------------------|--------------------------|
| Misc. Deposit A/c        | 40,000                   |
| Education Account        | 5,597,900                |
| Health Account           | 4,029,787                |
| Youth Development – Loan | 854,005                  |
| Women Development – loan | <u>12,328,055</u>        |
| <b>Total</b>             | <b><u>22,849,747</u></b> |

(ii) **Creditors – Shs. 126,782,620**

| <b>Category</b>             | <b>Amount<br/>(Shs)</b>   |
|-----------------------------|---------------------------|
| Sundry creditors – Supplies | 25,742,549                |
| LAPF General Fund           | 40,800,000                |
| GSPF General Fund           | 26,400,000                |
| LGLB General Fund           | 19,200,000                |
| Women & Youth G/Fund        | 13,600,000                |
| Health Account- Transfers   | <u>1,040,071</u>          |
| <b>Total</b>                | <b><u>126,782,620</u></b> |

(iii) **Advances and Imprests Shs. 36,851,325**

| <b>Category</b> | <b>Amount<br/>Shs.</b>   |
|-----------------|--------------------------|
| Salary Advances | 6,113,698                |
| Imprests        | 30,737,627               |
| <b>Total</b>    | <b><u>36,851,325</u></b> |

(iv) **Deposits – Shs. 95,047,445**

| <b>Category</b>    | <b>Amount<br/>(Shs)</b> |
|--------------------|-------------------------|
| Stale cheques      | 40,081,827              |
| Malambo (Dev. A/c) | 5,996,000               |
| Unclaimed salaries | 2,328,251               |
| Other Deposits     | 31,481,076              |
| Postal Bank        | 10,000                  |
| Grant Employee     | 48,120                  |
| Chakula cha Njaa   | 1,045,300               |
| Mashamba           | <u>14,056,871</u>       |

**4. BANK RECONCILIATION STATEMENTS****4.1 Items not cleared.**

The following item in the bank reconciliation statement was still outstanding as at the date of writing this report (31<sup>st</sup> December, 2004):-

| <b>Description</b>                               | <b>No. of<br/>Accounts</b> | <b>Total<br/>Amount<br/>(Shs)</b> |
|--|----------------------------|-----------------------------------|
| Receipts in cash books<br>not in bank statements | 2                          | 160,000                           |

Clearance of the outstanding item is called for.

**5. AUDIT CERTIFICATE**

In my opinion, except for the matters specified in paragraphs 1 through 4 above the Consolidated Balance Sheet and Summary Statement of Income and Expenditure present fairly the financial position of the Arumeru District Council as at 30<sup>th</sup> June, 2004.