

## 8. ARUSHA MUNICIPAL COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE, 2004

### 1. REVENUE

#### 1.1 Shortfall in revenue collection – Shs. 36,045,703

As against Shs. 999,175,092 estimated to be collected by the Arusha Municipal Council during the six months period ended 30<sup>th</sup> June, 2004 from own sources, only Shs. 963,129,389 was collected registering a deficit of Shs.36,045,703 or 3.6% of the revenue target.

#### 1.2 Missing receipt books

A total of 20 revenue earning receipt books (not quantified) (9 on Property tax and 11 on subsidiary books) were not produced for audit inspection.

#### 1.3 Missing contract agreements for revenue collection

Contract agreements entered into between the Council and the Revenue Collecting Agents for the period January to June 2004 were not submitted for audit though called for; and that a sum of Shs.3,730,000 has apparently not been remitted to the Council by these agents.

### 2. EXPENDITURE

#### 2.1 Unvouched and improperly vouched expenditure – Shs. 19,242,108

A test check of payments made during the period revealed cases of unvouched and improperly vouched expenditure amounting to Shs.19,242,108 as analysed below:-

Category		Amount (Shs.)
Unvouched expenditure	Shs.	5,772,180
Improperly vouched expenditure		<u>13,469,928</u>
<b>Total</b>		<b><u>19,242,108</u></b>

#### 2.2 Questionable payments for photocopies and binding charges - Shs. 7,986,650

A total amount of Shs. 7,986,650 was incurred to meet costs for photocopies and binding, an average of Shs. 1,331,108 per month, while the Council had its own photocopy machines.

### 2.3 Questionable payment to a Contractor -shs. 5,130,000

In March, 2004 the Council paid Shs. 5,130,000 to a contractor towards cost of additional works on Suye road. The initial contract together with the bill of quantities detailing the works previously executed and the additional costs were not produced to audit for scrutiny.

### 2.4 Irregular Issue and Retirement of Special Imprests Shs. 5,618,400

Imprests totaling Shs. 2,498,400 issued to five officials of the Council were neither recorded in the register nor were they confirmed to have been retired while the cash sales in retirement of other three imprests amounting to Shs. 3,120,000 were noted to be questionable in that they lacked quantities and rates charged for the items purchased. Necessary action and/or satisfactory explanation by the Council is still awaited.

## 3. FINAL FINANCIAL STATEMENTS

### 3.1 Out-Turn

The year's accounts closed with a deficit balance of shs. 218,125,453 arising from total expenditure of Shs.2,769,564,381 against total income of Shs.2,551,438,928 received during the period under review.

### 3.2 Consolidated Balance Sheet

The Balance Sheet as at 30<sup>th</sup> June, 2004 disclosed the following outstanding debtors and creditors:-

#### 3.2.1 Debtors – Shs. 272,586,058

Category	Amount (Shs)
Salary advances	1,019,109
Imprests	2,198,800
<b>Sundry debtors</b>	
Collecting Agents	25,603,340
House rent	35,792,735
Service levy	49,045,834
Hotel levy	3,341,000
Property tax	150,085,240
Loans to Women and Youth groups	5,500,000
<b>Total</b>	<b><u>272,586,058</u></b>

### 3.2.2 Creditors – Shs. 103,090,802

Sundry creditors	36,625,317
Stale cheque creditors	19,093,091
Sundry creditors	39,772,667
Unclaimed salaries	<u>7,599,727</u>
<b>Total</b>	<b><u>103,090,802</u></b>

The stale cheques creditors amounting to Shs. 19,093,091 were not supported by analysed schedule. The relevant register was not made available for audit scrutiny.

## 4. BANK RECONCILIATION STATEMENTS

### 4.1 Item not Cleared

The consolidated bank reconciliation statement as at 30<sup>th</sup> June, 2004 disclosed the following outstanding item which remained uncleared as at the date of the audit inspection:-

Description	Number of Accounts	Amount (Shs)
Uncredited Deposits	5	4,298,211

Early clearance action is called for.

## 5. AUDIT CERTIFICATE

In my opinion, except for the matters reported 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 Arusha Municipal Council as at 30<sup>th</sup> June, 2004.