

**9. KARATU DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE, 2004**

1. REVENUE

1.1 Shortfall in revenue collection – Shs. 20,681,205

As against Shs. 132,022,070 estimated to be collected by the Karatu District Council during the period ended 30th June, 2004 from own sources, only Shs.111,340,865 was collected registering a deficit of Shs.20,681,205 or 16% of the revenue target. The above collection included Shs. 58,133,165 being grants in lieu of the abolished revenue items.

1.2 Missing receipt books

A total of 32 revenue earning receipt books were not produced when called for audit inspection as shown below:-

Year	Type	Quantity	Value (Shs.)
2003	General receipts (HW 5)	4	Not quantified
2004 (June 30 th)	General receipts (HW 5)	9	Not quantified
2004 (June 30 th)	Market Dues	7	70,000
2004 (June 30 th)	Ushuru wa bidhaa mnadani	8	400,000
2004 (June 30 th)	Ushuru wa mbuzi mnadani	4	320,000
	Total	32	790,000

1.3 Revenue collections not accounted for – Shs. 1,236,900

Revenue collections totalling Shs. 1,236,900 could not be confirmed to have been accounted for in the absence of the acknowledgement receipts.

2. EXPENDITURE

**2.1 Unvouched and Improperly Vouched Expenditure –
Shs. 11,191,065**

Test checks of payment vouchers for the six months period ended 30th June, 2004 disclosed unvouched and improperly vouched expenditure amounting to Shs. 11,191,065 as shown below:-

Category	Amount (Shs)
Unvouched expenditure	8,960,470
Improperly vouched expenditure	<u>2,230,595</u>
Total	<u>11,191,065</u>

2.2 Transfer allowances not supported – Shs. 9,962,536

Transfer allowances amounting to Shs. 9,962,536 paid to various staff were not supported by claim letters from the payees.

2.3 Amount drawn from Development Account not reimbursed – Shs.1,940,000

An amount of Shs. 1,940,000 was drawn from Development Account to meet expenditure of recurrent in nature.

Until the date of writing this report (December, 2004) the amount involved has not been reimbursed to the Development Account to meet its planned activities.

2.4 Questionable payments – Shs. 20,413,500

The following payments were found to be questionable:-

- (i) A payment of Shs. 21,523,170 made to Clearing and forwarding agency for a motor vehicle included Shs. 17,000,000 payable to the Tanzania Revenue Authority, Dar es Salaam which was not properly specified in the bill.
- (ii) A sum of Shs. 3,413,500 paid to a contractor for construction of drifts and culverts was not supported by bills of quantities, signed contract and the Engineer's certificates.

2.5 Payments to Creditors – Shs. 9,999,138

Payments totaling to Shs. 9,999,138 were made to various suppliers apparently for fuel supplied in the previous years.

The creditors' control register was not made available for audit verification.

2.6 Unclaimed salaries not surrendered to the Treasury – Shs. 4,117,200

Unclaimed salaries totalling to Shs. 4,117,200 pertaining to employees who are no longer in the service or paid twice were not surrendered to the Treasury, Dar es Salaam.

2.7 Fuel not accounted for – Shs. 9,802,600

Fuel (diesel) worth Shs. 9,802,600 ordered and paid for was not evidenced to have been accounted for.

3. FINAL FINANCIAL STATEMENTS

3.1 Out-Turn

The accounts for six months period closed with a deficit balance of shs. 129,627,686 arising from total expenditure of Shs. 1,537,560,040 against total income of Shs. 1,407,932,354 realized during the period under audit.

3.2 Consolidated Balance Sheet

The Balance Sheet as at 30th June, 2004 disclosed the following outstanding balances:-

(i) Debtors – Shs. 14,179,090

Category	Amount (Shs)
Imprests	4,043,750
Salary Advances	5,135,340
Sundry Debtors	<u>5,000,000</u>
Total	<u>14,179,090</u>

Clearance of these balances is awaited.

(ii) Creditors – Shs. 24,332,869

Category	Amount (Shs)
Statutory deductions	11,470,377
Other creditors	<u>12,862,492</u>
Total	<u>24,332,869</u>

Clearance of these balances is called for.

4. AUDIT CERTIFICATE

In my opinion, the Consolidated Balance Sheet and the Summary Statement of Income and Expenditure present fairly the financial position of the Karatu District Council as at 30th June, 2004.