

120. LUSHOTO DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2004

1. REVENUE

1.1 Revenue collection performance

As against 122,423,901 estimated to be collected by the Council during the six months period ended 30th June 2004 from own sources, the actual collection was shs. 120,234,660 or 98% of the estimates, causing a deficit of Shs.2,189,241. The collection included grants of Shs. 67,543,898 received in lieu of the abolished revenue sources.

1.2 Revenue Earning Receipt books not Produced:

A total of 33 revenue earning receipt books (open) were not produced for audit verification.

2. EXPENDITURE

Test checks of payment vouchers and related records for the period January, 2004 to June, 2004 disclosed the following anomalies:-

- 2.1 Two payments totalling Shs. 2,960,000 pertaining to the year 2003 were accounted for during the period under review causing an overstatement.
- 2.2 A contractor for road works was paid mobilization advance Shs. 35,000,000 on production of a performance Bond from an Insurance Company instead of a non conditional Bank Guarantee from a recognized bank as was required by the contract agreement.
- 2.3 Accumulated bank charges Shs. 4,927,797 were met from Miscellaneous Deposit Account resulting in a reduction of the amounts deposited.
- 2.4 Stores worth Shs. 2,812,894 were not taken on ledger charge.
- 2.5 The duly signed issue vouchers and site ledgers for the water pipes and fittings worth Shs. 8,201,000 paid for and supplied were not made available when called for audit scrutiny.
- 2.6 Expenditure totalling Shs. 22,762,133 was not supported by relevant documents.
- 2.7 Eight employees of the Council were paid their salaries totalling Shs. 2,211,769 by pay rolls prepared manually. No reasons were given for non-inclusion of their names in the computer print outs.
- 2.8 Payments made to contractors included Valued Added Tax (VAT) totalling Shs.39,089,246 which had been exempted on road works.

It is recommended that refund of the amount involved should be made.

- 2.9 Questionable accountability and utilization of fuel Shs. 3,152,000.
- 2.10 Purchases of goods and services totalling Shs. 7,054,850 were made to suppliers without evidence of inviting tenders or quotations.
- 2.11 Payments of special imprests for cash purchases of goods instead of issuing cheques direct to the suppliers Shs. 2,340,000.
- 2.12 The unspent balance of funds received for transportation of foodstuffs to areas affected by famine has not been refunded to the Prime Minister's Office Shs. 8,187,600

3. FINAL FINANCIAL STATEMENTS

3.1 Consolidated Balance Sheet as at 30th June, 2004:

Examination of the Consolidated Balance Sheet for the period under review disclosed the following discrepancies:-

(i) **Outstanding Advances and Imprests Shs. 31,738,714**

The figures of outstanding Advances and Imprests reflected in the Balance Sheet differ from those on the schedules as follows:-

	Outstanding Balance as per Schedule (Shs.)	Balance as per Balance Sheet (Shs)	Difference (Shs.)
Advances	52,341,130	6,240,266	46,100,864
Imprest	40,561,243	25,498,448	15,062,795

It is recommended that the differences should be reconciled for necessary action.

3.2 Fixed Assets

The figure of Shs. 7,932,206,501 for Land and Buildings disclosed in the Balance Sheet excluded the additions made during the year 2004 valued at Shs. 68,555,299 relating to constructed primary school classrooms.

3.3 The Consolidated Income and Expenditure Statement

The Figure of Capital Grants, Recurrent Grants and Total Revenue as at 31st December, 2003 were improperly shown in the Consolidated Income and Expenditure for the year under review (as at 30th June, 2004):-

	2003 figures as shown in 2003 Statement (Shs.)	2003 figures as shown in the 2004 Statement (Shs.)
Capital grant	712,682,694	7,126,826,694
Recurrent grant	4,769,768,886	44,769,768,886
Total Revenue	5,809,106,028	52,223,250,028

The discrepancies should be rectified.

3.4 Late Submission of Final Financial Statements

The final financial statements for the six months period ended 30th June, 2004 were submitted to audit on 12/11/2004 after a delay of 43 days beyond the statutory due date.

4. BANK RECONCILIATION STATEMENTS

4.1 Uncleared Items:

Examination of the bank reconciliation statements as at 30th June, 2004 disclosed uncleared balances as at the date of the audit inspection (November, 2004).

Item	No. of Accounts	Amount (Shs.)
Receipts in Cash Book not in Bank statement	6	27,318,530

Prompt clearance of the outstanding item is needed.

5. AUDIT CERTIFICATE

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