

121. MUHEZA DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2004

1. REVENUE

1.1 Revenue collection performance

As against the revenue estimates of Shs. 147,500,000 expected to be collected by the Council during the period January, 2004 to June, 2004 from own sources, the actual collection was Shs. 101,034,679 registering a collection deficit of Shs.46,465,321 or 32%. The income collected included grants of Shs. 55,057,247 received in lieu of the abolished revenue sources.

1.2 Unproduced Revenue Earning Receipt Books:-

Two revenue earning receipt books (not quantified) issued to Revenue Collectors were not produced when called for audit.

1.3 Revenue collections Not remitted Shs. 1,522,785

A sum of Shs. 1,522,785 collected from business licenses was not remitted to the Council main cashier.

1.4 Considerable delay in Banking of Revenue Collections:

Contrary to prevailing regulations an amount of Shs. 11,245,305 collected during the period under review was banked after considerable delays ranging between 12 days and 59 days indicating laxity in control over revenue collections.

2. EXPENDITURE:

Examination of payment vouchers disclosed the following irregularities:-

2.1 Payments of VAT to contractors on exempted road works Shs.6,768,847.

2.2 Payments totalling Shs. 30,847,359 were not supported by relevant documents.

2.3 Missing payment vouchers Shs. 10,799,651.

2.4 Non-maintenance of deposit register which facilitates proper control of amounts deposited.

- 2.5 Purchases made without evidence of inviting competitive quotations of tenders Shs. 27,881,440.
- 2.6 Purchase of motor vehicle tyres from an unapproved supplier Shs.3,180,000
- 2.7 Purchases of foodstuffs worth Shs. 4,660,540 for Health Centres without quotations or tenders and not recorded into the ration ledgers.

3. FINAL FINANCIAL STATEMENTS

3.1 Consolidated Balance sheet as at 30th June, 2004

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

3.1.1 Debtors Shs. 40,891,797

Category	Amount (Shs)
Salary advances	3,418,677
Imprests	1,124,650
Sundry Debtors	<u>36,348,470</u>
	<u>40,891,797</u>

3.1.2 Creditors shs. 107,396,297

Category	Amount (Shs)
Sundry Creditors	31,510,784
Staff Debts	29,240,364
LAPF	29,319,240
Women Development Fund	16,159,290
OTTU/TALGWU	337,848
Stale Cheques	<u>828,771</u>
Total	<u>107,396,297</u>

4. BANK RECONCILIATION STATEMENTS:

4.1 Outstanding items:

Examination of the Bank Reconciliation Statements as at 30th June, 2004 disclosed uncleared balance as at the date of the audit inspection (November, 2004) as shown below:-

Item	No. of Account s	Uncleared Balance Shs.
Receipts in Cash Book not in Bank Statement	6	8,519,829

Early clearance action is called for.

4.2 Long Outstanding cash on transit Shs. 2,138,175

Included in the total outstanding amount of Shs. 8,519,829 as at 30th June, 2004 was long outstanding cash on transit dating as far back as the year 2002 as follows:-

- (i) **Deposit a/c – Shs. 1,377,592**
- (ii) **Women development fund – Shs. 760,583**

It is recommended that these long outstanding balances should be investigated for necessary action.

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 Muheza District Council as at 30th June, 2004.