

## **122. PANGANI DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30<sup>TH</sup> JUNE 2004**

### **1. REVENUE**

#### **1.1 Revenue Collection Performance**

The Summary Statement of Revenue and Expenditure disclosed a total collection of Shs. 45,737,312 from the Council own sources as against Shs. 84,356,263 estimated to be collected during the six months period ended 30<sup>th</sup> June, 2004 registering as shortfall of Shs. 38,618,951 or 46% of the revenue estimates. In the absence of the detailed schedule of revenue it was not possible to identify the areas of weakness.

#### **1.2 Missing Revenue Earning Receipt Books**

Six (6) revenue earning receipt books (not quantified) issued during the period January 2004 to June 2004 were not produced when called for audit examination. The amount collected on them could not therefore be established.

### **2. EXPENDITURE**

The examination of payment vouchers and related records for the six months period ended 30<sup>th</sup> June 2004 revealed the following anomalies:-

- 2.1 Unclaimed salaries of Shs. 1,468,100 in respect of employees no-longer in service was not surrendered to the Treasury.
- 2.2 The balance of funds received from the Prime Minister's Office for transportation of famine relief food was not surrendered and apparently expended incompatible to the purpose Shs. 2,835,620.
- 2.3 Payments totalling Shs. 27,543,270 for purchases of goods were made without evidence of inviting tenders of which a sum of Shs. 1,500,000 was not supported by the delivery note and tax invoice. In addition, furniture worth Shs. 96,600 were not delivered.
- 2.4 Payment of VAT Shs. 6,292,284 in respect of exempted road works was included in the amounts paid to the contractors.
- 2.5 Transfer of funds Shs. 24,170,851 made from NAEP II (Shs. 3,191,736) Miscellaneous Deposit (Shs. 18,979,115) and Health (Shs. 2,000,000) accounts to the General Fund were not reimbursed.

- 2.6 Payments totalling Shs. 3,091,000 were not supported by relevant documents.
- 2.7 Maintenance and repairs of a motor vehicle Shs. 1,860,200 was made without inspection of the Mechanical Technician of the Council before and after the repairs.
- 2.8 Payment Vouchers together with their supporting documents for Shs.2,379,000 were not produced when called for audit scrutiny.
- 2.9 Irregular accounting and utilization of TACAIDS Project Funds  
Shs.27,468,000**

In January 2004 the Council received a total amount of Shs. 27,468,000 from TACAIDS to facilitate AIDS Control Programme in the District and accounted for in the Deposit Account. Examination of the payment vouchers conducted in December, 2004 disclosed the following irregularities:-

- 2.9.1 A sum of Shs. 13,587,000 had been transferred from the Miscellaneous Deposit Account to General Fund Account of which only Shs. 10,102,800 was spent on aid activities and Shs. 3,170,000 on matters not connected with the purposes:-

Reimbursement of the sum of Shs. 3,484,200 to TACAIDS Project Fund is called for.

- 2.9.2 Until the time of the audit (December, 2004) no separate bank account for the TACAIDS Project Funds was opened and the balance of Shs.13,881,000 was still held in the Deposit Account indicating lack of seriousness in implementation of aids activities.

### **3. FINAL FINANCIAL STATEMENTS**

#### **3.1 Late Rendition of Final Accounts**

Despite my comments in paragraphs 2 of my previous Audit reports for the two years running, the final financial statements for the six months period ended 30<sup>th</sup> June 2004 were submitted to me on 26<sup>th</sup> November 2004 after a delay of 56 days beyond the statutory due date.

#### **3.2 Schedule of Income and Expenditure not Produced**

The Consolidated Statement of Income and Expenditure for the six months period ended 30<sup>th</sup> June, 2004 disclosed total revenue of Shs. 747,472,418 and total expenditure of Shs. 725,867,380 ending with a net

surplus of Shs.21,605,038. The supporting detailed (itemized) schedules of the approved estimates and out-turn from which the total amounts disclosed were extracted were not prepared and submitted together with the accounts.

### 3.3 Consolidated Balance Sheet as at 30<sup>th</sup> June 2004

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

#### 3.3.1 Debtors Shs 46,308,005

Category	Amount (Shs.)
Sundry Debtors	20,868,845
Salary Advances	13,300,511
Imprests	5,075,149
Cashew nut growers	<u>7,063,500</u>
<b>Total</b>	<b><u>46,308,005</u></b>

#### 3.3.2 Current Liabilities Shs. 86,905,304

Category	Amount (Shs.)
Sundry Creditors	54,010,618
Deposit Creditors	<u>32,894,686</u>
<b>Total</b>	<b><u>86,905,304</u></b>

Action to clear the outstanding amounts is needed.

### 3.4 Deposit Register not Produced

The Deposit Account register for recording funds deposited and payments made was not maintained. Consequently we are unable to confirm correctness of the closing balance of Shs 2,783,382 reflected in the Trial Balance.

## 4. AUDIT CERTIFICATE

In my opinion, except for the matters specified in paragraphs 1 through 3 above, the Consolidated Balance Sheet and Summary Statement of Income and Expenditure present fairly the financial position of the Pangani District Council as at 30 June 2004.