

117. HANDENI DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2004

1. REVENUE

1.1 Revenue Collection Performance

As against Shs. 160,669,503 estimated to be collected by the Council during the six months period ended 30th June, 2004 from own sources, the actual collection was Shs. 110,711,540 registering a collection deficit of Shs. 49,957,963 or 31% of the estimates. The collection made included Shs. 59,651,586 being grants in lieu of the abolished revenue sources. The Council should review its estimates and strengthen the revenue collection control system.

1.2 Missing Revenue Earning Receipt books

135 Revenue earning receipt books issued to various collectors during the period January 2004 to June 2004 were not produced for audit examination.

1.3 Uncollected revenue from Chanika market shs 1,125,000

Revenue due from Chanika market amounting to shs 1,125,000 was not collected from the respective collectors.

2. EXPENDITURE

Examination of payment vouchers and related records for the six months period ended 30th June 2004 revealed the following anomalies:-

- 2.1 Goods worth Shs. 9,145,200 ordered and paid for were not evidenced to have been delivered and accounted for.
- 2.2 Questionable advance payment of Shs. 10,000,000 to M/s Nassa Trans & Upendo Mult Trade for Supply of Water Pump not confirmed to have been received and that the supplier had not been awarded a tender. Competitive quotations were not produced.
- 2.3 Purchase of veterinary medicine work Shs. 4,900,000 were made without following the procurement procedures. Confirmation of receipt and accountability of the purchases is still awaited.

- 2.4 A sum of Shs. 4,692,250 being sales proceeds of famine food relief was not collected from Ward Executive Officers.
- 2.5 Unclaimed salaries in respect of employees no longer in service were not surrendered to the Treasury Shs. 2,062,500.
- 2.6 Payments totalling Shs. 2,487,973 were made without proper supporting documents while two payment vouchers for Shs. 1,848,285 were missing from the batches.
- 2.7 Payments amounting to Shs. 71,342,910 made to various suppliers of goods and services were not supported by competitive quotations and/or signed contracts.
- 2.8 A sum of Shs. 7,933,000 transferred from Miscellaneous Deposit Account to General Fund Account has not been reimbursed.
- 2.9 Imprests totaling Shs. 3,509,000 were not recorded in the Register. Consequently, retirement of the amount could not be established.

3. FINAL FINANCIAL STATEMENTS

3.1 Late Submission of Final Financial Statements:

The final financial statements for the period ended 30th June, 2004 were submitted to me on 24th December, 2004 after a delay of 84 days beyond the statutory due date.

3.2 Missing Statement of Capital Expenditure and its Financing:

A Summary Statement of Capital Expenditure and its Financing for the period ended 30th June, 2004 was not prepared and submitted for audit.

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

The Balance Sheet disclosed the following outstanding balances:

3.3.1 Debtors Shs. 48,729,229 (Audit Figure)

Category	Amount (Shs.)
Advances	4,116,472
Imprests	44,612,757
Total	<u>48,729,229</u>

The analysed schedules submitted in support of these balances did not state clearance action taken or intended to be taken.

3.3.2 Creditors Shs. 44,945,937

Category	Amount (Shs.)
LGLB	1,500,000
TALGWU	534,952
LAPF	37,666,495
Sundry Creditors of Goods & Services	<u>5,244,490</u>
Total	<u>44,945,937</u>

3.3.3 Sundry Deposits Shs. 69,395,514

As against the total deposits of Shs. 69,395,514 disclosed, only a sum of Shs. 3,869,850 representing unclaimed salaries was supported by detailed schedules. Detailed analyses for the difference of Shs.65,525,664 are still awaited.

3.3.4 Bank Overdraft Shs. 23,126,436

Contrary to financial regulations, four accounts (4) closed with a total overdraft of Shs. 23,126,436 indicating a sign of failure to observe accounting instructions.

4. BANK RECONCILIATION STATEMENTS

4.1 Uncleared Items:

Verification of the bank reconciliation statements as at 30th June, 2004 disclosed uncleared balances as at the date of the audit inspection. Viz:-

Item	No. of Accounts	Uncleared Amount (Shs.)
Receipts in Cash Book not in Bank Statement	5	103,098,147

Prompt clearance action is called for.

5. AUDIT CERTIFICATE

In my opinion, except for the matters specified 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 Handeni District Council as at 30 June 2004.