

119. KOROGWE TOWN COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE, 2004

1. REVENUE

1.1 Revenue collection performance

As against Shs.85,324,783 estimated to be collected by the Council during the period ended 30th June, 2004 from own sources, the actual collection was Shs. 69,168,266 (audit figure) registering a collection deficit of shs.16,156,517 or 19% of the total revenue estimates. The collection made included grants of shs. 41,914,215 received in lieu of the abolished revenue sources.

2. EXPENDITURE

2.1 Unvouched and Improperly vouched expenditure Shs. 11,842,508

Payment vouchers of Shs. 2,270,000 were not produced while expenditure totalling Shs. 9,572,508 had no supporting documents.

2.2 Transfer of Funds Between Accounts Shs. 20,487,100

A test check of payment vouchers disclosed transfers of funds amounting to Shs. 20,487,100 from one account to another. Confirmation of refund of the amounts to the giving accounts is still awaited.

2.3 Questionable Payments Shs. 31,439,761

2.3.1 A special imprest of Shs. 4,535,290 paid to an officer was not recorded in the imprest register and its accountability particulars were not made available for scrutiny.

2.3.2 Purchases of stationery without calling for tenders or quotations Shs.2,450,000

2.3.3 A sum of Shs. 24,454,471 paid to a building contractor was not supported by the signed contract and other relevant supporting documents.

3. FINAL FINANCIAL STATEMENTS

3.1 Consolidated Balance Sheet as at 30th June, 2004

The balance sheet disclosed the following outstanding balances:-

| Category | Amount Shs. |
|---------------|----------------|
| Advances | 740,000 |
| Imprest | 10,092,981 |
| Debtors | 4,820,200 |
| Stale cheques | 4,631,935 |
| Creditors | 19,340,236 |

Prompt clearance action is called for.

3.2 Overdrawn Accounts Shs. 16,305,419

Contrary to the prevailing financial memorandum, six accounts of the Council closed with an overdraft totalling Shs. 16,305,419 mainly attributed to unrepresented cheques as at 30th June, 2004.

4. BANK RECONCILIATION STATEMENTS

4.1 Uncleared Items

Scrutiny of the bank reconciliation statements disclosed uncleared balances as at the time of the audit inspection (November, 2004):-

| Item | No. of Accounts | Amount Shs. |
|---|--------------------|----------------|
| Receipts in Cash Book not in Bank Statement | 3 | 936,330 |
| Deductions by bank not in Cash Book | 1 | 125,000 |
| Additions by Bank not in Cash Book | 2 | 60,000 |

Clearance of the outstanding items is needed.

5. AUDIT CERTIFICATE

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