

**75. KILOMBERO DISTRICT COUNCIL FOR THE SIX MONTHS  
PERIOD ENDED 30<sup>TH</sup> JUNE, 2004**

**1. REVENUE**

**1.1 Revenue collection trend for three years**

<b>Year</b>	<b>Budget (Shs)</b>	<b>Actual Collection (Shs)</b>	<b>Percentage on Actual Collection</b>
2002	421,613,803	383,654,600.00	91%
2003	450,500,000	396,523,992.45	88%
2004	172,271,234	62,609,789.00	36.3%

The table above indicate that for the last three years, the Council failed to attain the targeted revenue. However, revenue collection from own source was recorded to be Shs.147,041,065 which included Shs.84,431,276 received from the government being compensation in respect of the abandoned sources of revenue.

**2. EXPENDITURE**

**2.1 Payment for undelivered water pump Shs.2,305,000**

An amount of Shs.2,305,000 was paid based on Proforma Invoice to M/s Nyunza Electrical constructions and supplies – Ifakara for the purchase of 1 pc of Water Pump for Kibaoni Water Project.

However, the Water Pump paid for was noted to have not been supplied.

Recovery of the amount paid is called for.

**2.2 Unclaimed Salaries not accounted for Shs.2,188,800**

Unclaimed Salaries for the months of January 2004 to March, 2004 totalling Shs.2,188,800 in respect of Primary school teachers were not confirmed to have been properly accounted for since the main cashiers acknowledgement receipts quoted on the paylists were not made available to audit. In addition, the Council Management appeared to have not established the where about of these teachers.

**2.3 Loans issued to primary school teachers Shs.4,560,000**

Payments totalling Shs.4,560,000 were made to the District Executive Director – Kilombero for the purpose of issuing loans to new appointed

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

#### 3.5.1 Fixed Assets shs.6,284,592,673

The Balance Sheet disclosed values of fixed assets of Shs.6,284,592,673. However, schedules of assets involving Shs.451,202,555 were not accompanied with the accounts viz:-

Type	(Shs)	Total (Shs)
• Furniture and Fittings		434,725,000
• Office Equipment: Offices involved:-		
- Administration	2,214,712	
- Planning	2,102,100	
- Land	2,542,540	
- Education	3,753,750	
- Health centres	2,858,450	
- Dispensaries	<u>3,006,003</u>	
	<b>Sub total</b>	<b><u>16,477,555</u></b>
	<b>Grand total</b>	<b><u>451,202,555</u></b>

The correctness of values of fixed assets disclosed in the final accounts could not be ascertained.

#### 3.5.2 Outstanding Debtors Shs.96,765,229

The Balance Sheet as at 30<sup>th</sup> June, 2004 reflected Outstanding Debtors totalling shs.96,765,229 as shown below:-

Category	Balance (Shs)
Imprests	63,886,491
Salary Advances	10,385,132
Kilombero Sugar Company	<u>22,493,606</u>
<b>Total</b>	<b><u>96,765,229</u></b>

Action taken to clear the long Outstanding Imprests and Advances and to collect outstanding Levy amounting to Shs.22,493,606 from Kilombero Sugar Company is called for.

#### 3.5.3 Outstanding Creditors Shs.44,005,992

The Balance Sheet as at 30<sup>th</sup> June, 2004 disclosed outstanding Creditors totalling Shs.44,005,992 relating to unpaid statutory deductions payable to the National Social Security Fund Shs.24,217,705 and other Creditors Shs.19,788,287.

teachers during the months of March and May, 2004. However, the payee's signed lists to support the payments were missing and even their names were not recorded in the loan register.

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

#### **3.1 Director's report not submitted**

The Council Annual Financial Statements for the period ended 30<sup>th</sup> June, 2004 submitted for audit examination excluded the Director's report contrary to the requirements of the Tanzania Financial Accounting Standards (TFAS) No.12. Essentially the Directors' Report is meant to present in management's own words, an overview of the Council's principle activities; operating results for the period and its financial position as at the end of the period. The report should also attempt to explain the extent to which the Council has or has not attained any forecasts that were made at the beginning of the period. It should also explain how the Council has operated and met the expectations of its various stakeholders i.e employees, Government and Society at large.

#### **3.2 Missing explanatory notes**

Contrary to regulation 85 of the Local Authority Financial Memorandum (1997), the consolidated Income and Expenditure Statement for the period ended 30<sup>th</sup> June, 2004 did not provide explanatory notes to support the various summary items of the accounts reflected therein. This implies a serious departure from the annual accounts disclosure requirements and best accounting practice.

#### **3.3 Comparative information**

Contrary to accounting practice, the consolidated Income and Expenditure Statement for the year under review did not provide comparative information in respect of the previous year 2003.

#### **3.4 Accounting principles and policies missing**

The council did not state the accounting principles and policies adopted in the drawing up the accounts. The situation reflected the Council's failure to meet the necessary annual accounts disclosure requirements and is contrary to regulation 85 of the Local Authority Financial Memorandum (1997).

Action to clear the outstanding Creditors would appear to have not been taken by the Council.

### **3.5.4 General Deposits Shs.63,946,918**

General Deposits included Treasury Bills of Shs.55,801,610 and unclaimed salaries Shs.8,145,307. These balances were noted to have not been supported by analysis or schedules. Thus the propriety and correctness of the amounts could not be ascertained in audit.

## **4. BANK RECONCILIATION STATEMENTS**

The Bank Reconciliation Statement submitted along with the final financial statements disclosed the following item, which had not been pursued and cleared as at 30<sup>th</sup> June, 2004.

<b>Item</b>	<b>Number of Accounts</b>	<b>Amount (Shs)</b>
• Receipts in Cash Books not in Bank Statements	7	38,778,804
• Receipts in Bank Statements not in Cash Books	5	252,864,405
• Payments in Bank Statements not in Cash Books	5	96,606,556

Clearance action towards the outstanding items is awaited.

## **5. AUDIT CERTIFICATE**

In my opinion, due to the significance of the matters specified in paragraphs 1 through 4 above the consolidate Balance Sheet and Summary Statement of Income and Expenditure do not present fairly the financial position of Kilombero District Council's as 30<sup>th</sup> June, 2004.