

**78. MOROGORO MUNICIPAL COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE, 2004**

1. REVENUE

1.1 Revenue collections trend analysis for three years

Year	Approved Estimates (Shs)	Actual Collections (Shs)	Percentage on Collection
2002	803,669,500	673,956,818	84%
2003	827,496,998	637,035,390	77%
2004 (6 months)	792,570,449	411,481,580	48%

The table above indicates that revenue performance was not impressive and calls for vigorous efforts to improve the situation. The Council's Estimates appear to be unrealistic taking into account that the actual collections were decreasing yearly while the approved estimates increased.

2. EXPENDITURE

2.1 Unvouched and Improperly Vouched Expenditure Shs.21,176,000

Paid Vouchers involving Shs.8,580,000 were not made available when called for and other payment vouchers for Shs 12,596,000 were supported by Proforma invoices making the payments to be Unvouched and Improperly Vouched Expenditure respectively.

2.2 Stores not accounted for Shs.5,202,000

Stores valued at Shs.5,202,000 ordered and paid for to various suppliers were not evidenced to have been supplied and brought to account, contrary to the Financial Memorandum..

2.3 Questionable compensation payment Shs.45,919,616

A payment of Shs.45,919,616 was made from Development Account being compensation for crops destroyed to allow expansion of development activities in 15 villages in Bigwa, Kihonda and Sumaye wards.

However, the compensation schedules and valuation sheets were not signed by the Commissioner for Lands, Ward Executive Officers, District Commissioner, Regional Commissioner and the Paying Officer.

Under the circumstance, the genuineness of the payment could not be confirmed.

2.4 Questionable payment related to construction of Msamvu bus stand Shs.32,738,280

A Payment of Shs.32,738,280 was made from Development Account to Urban Sector Rehabilitation Project (USRP) being contribution for the construction of Msamvu Bus Stand to meet the following additional costs.

	Shs.
Roads and parking	38,040,622
Drainage	<u>21,164,000</u>
Total additional cost	<u>59,204,622</u>

However, vital supporting documents such as signed contract agreements; Bill of Quantities and Completion Certificates were not made available to audit.

In the event, execution of the work could not be ascertained.

3. FINAL FINANCIAL STATEMENTS

3.1 Consolidated Balance Sheet.

3.1.1 Outstanding Debtors and Creditors

The Balance Sheet as at 30 June, 2004 disclosed Outstanding Debtors and Creditors as follows:

Category	Amount (Shs)
Sundry Debtors	82,080,518
Sundry Creditors	15,828,443

It is recommended that, immediate action should be taken to clear receivables as well as liquidating the Creditors' balances.

3.1.2 Other liabilities Shs.133,991,346

The balance sheet reflected liabilities (classified as other liabilities) of shs.133,991,346 which consisted of uncleared deposits Shs.99,663,367 and salary deductions Shs.34,327,929 clearance of these liabilities is called for.

3.2 Missing explanatory notes to support the consolidated income and expenditure statement

The Consolidated Income and Expenditure Statement for the period ended 30th June, 2004 did not reflect explanatory notes in support of the various revenue and expenditure summary items reported in the statement. This implies violation of regulation number 85 of the Local Authority Financial Memorandum (1997).

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.

4. BANK RECONCILIATION STATEMENTS

The Bank Reconciliation Statements submitted disclosed Cheques and Cash on Transit amounting to Shs.61,563,688 (on eight (8) accounts) uncleared as at 30th June, 2004.

Action to pursue clearance of outstanding item is called for.

5. AUDIT CERTIFICATE

In my opinion, except for the matters specified under paragraph 1 through 4 above the consolidated balance sheet and income and expenditure statements present fairly the financial position of Morogoro Municipal Council as 30th June, 2004.