

**13. KIBAHA DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE, 2004.**

**1. FOLLOW-UP ON OUTSTANDING MATTERS ON PREVIOUS YEAR'S
AUDITS:**

2000 Accounts

**1.1 Para 7.1 Funds used without the knowledge of the Accounting
Officer – Shs. 21,038,370**

Payment vouchers amounting to Shs. 7,876,747 are still pending.

2002 Accounts:

1.2 Para 2.3 Missing Receipt Book

One open receipt book has not been traced and produced for audit examination.

**1.3 Para 3.3 Statutory Deductions not acknowledged Shs.
100,611,929.**

Statutory deductions amounting to shs. 5,304,996 are still not acknowledged.

1.4 Para 3.6 Transfer of Funds – Shs. 14,841,961

Funds amounting to Shs. 4,850,698 are yet to be refunded to the respective accounts.

1.5 Para 4.0 Irregular and Questionable payments Shs. 12,905,690

An amount of Shs. 1,709,300 has been settled leaving a balance of shs. 11,196,390.

MATTERS ARISING FROM 2004 ACCOUNTS.

2. INTERNAL CONTROL

The overall internal control and record keeping systems within the council was not adequate as evidenced by the following instances:-

2.1 Banking:

No reference of GRRs were made in the banking pay-in-slips.

2.2 Custody of documents:

Accountable documents were not properly kept under safe custody as a result some revenue earning receipt books, payment vouchers and supporting documents were not available during audit inspection contrary to order No. 96 – 102 of the Local Authority Financial Memorandum (1997).

2.3 Segregation of duties:

It was observed during audit inspection that;

-There are no specific responsibilities allocated to individual officers for each post in the finance Department.

-There is no organization chart for the Finance Department showing lines of reporting and supervision, and

-There is no periodic rotation of duties.

3. REVENUE

3.1 Revenue collection performance

As against revenue estimates of Shs. 42,075,008 budgeted to be collected by the Council during the period ended 30th June, 2004 from the Council's own sources, a total of Shs. 31,634,770 was realized registering a collection deficit of shs. 10,440,238 being 25% of the estimated revenue. This collection included grants of Shs. 13,905,106 in lieu of the abolished revenue sources.

3.2 Missing Receipt Books

A total of twenty three (23) General Revenue Receipt books (GRR) not quantified were not produced for audit inspection, as a result revenue collected on them could not be confirmed to have been accounted for.

3.3 Revenue collections not accounted for – Shs. 1,171,500

Revenue collections amounting to Shs. 1,171,500 collected by the District Trade Officer could not be confirmed to have been accounted for.

3.4 Revenue collection not banked – Shs. 1,397,350.

Revenue collections amounting to Shs. 1,397,350 collected from various Council sources was neither posted into the cash book nor banked.

4. EXPENDITURE

4.1 Unvouched and Improperly Vouched Expenditure Shs. 139,205,263

A test check of payments disclosed Unvouched Expenditure of Shs.6,431,500 and Improperly vouched Expenditure of shs. 132,773,763.

4.2 Stores not accounted for – Shs. 26,224,820

Stores worth Shs. 26,224,820 ordered and paid for during the year under review were neither taken on ledger charge nor their utilization accounts produced for audit inspection.

5. FINAL FINANCIAL STATEMENTS

5.1 Consolidated Balance Sheet

5.1.1 Debtors – Shs. 59,535,519

The Consolidated Balance Sheet reflected debtors amounting to Shs.51,961,963. However, the figure was understated by Shs. 7,573,556 the correct figure should read Shs. 59,535,519 (audit figure). Immediate action to clear the balances is called for.

5.1.2 Creditors – Shs. 111,388,078

The Consolidated Balance Sheet disclosed creditors amounting to Shs.111,388,078. Most of these creditors are statutory deduction which were not paid to respective institutions contrary to regulations. Immediate effort to liquidate the outstanding balances is called for.

5.2 Overdrawn accounts Shs. 7,469,840

Three accounts, General funds, water, and education closed with the bank overdraft of Shs. 7,479,840 as follows: -

Account	Amount Overdrawn (Shs)
General Fund	746,836
Water	145,034
Education	<u>6,577,940</u>
Total	<u>7,469,840</u>

Effort should be made to reconcile and clear these balances.

5.3 Consolidated Statement of Income and expenditure

5.3.1 Total expenditure Shs. 843,205,490

Total expenditure of Shs. 843,205,490 reported in the consolidated statement of income and expenditure was under stated by Shs.12,915,726. The correct figure should read Shs. 856,121,216 (audit figure).

The effort to adjust and reconcile the differences is called for.

6.0 AUDIT CERTIFICATE

In my opinion, except for the matters reported under paragraphs 1 through 5, the Consolidated Balance Sheet and Summary Statement of Income and Expenditure present fairly the Financial position of the Kibaha District Council as at 30th June, 2004.