

15. KISARAWA DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE, 2004.

1. FOLLOW-UP ON THE OUTSTANDING MATTERS FOR PREVIOUS YEARS:

2000 Accounts

1.1 Para 3.2 Missing Receipt Books

Three (3) open receipt books have not been traced and produced for audit inspection to date.

2001 Accounts

1.2 Para 2.2 Missing Receipt Books

Twelve (12) revenue earning receipt books comprising of six (6) open receipt books and six (6) development levy books valued at shs. 2,250,000 have not been traced to date.

2002 Accounts

1.3 Para 2.3 Missing Receipt Books

Thirty one (31) revenue earning receipt books comprising of twenty seven (27) open receipt books and four (4) development levy books valued at Shs. 1,500,000 have not been traced to date.

**1.4 Para 3.1 Unvouched and improperly vouched expenditure
Shs. 1,698,279,285**

Documents for Shs. 1,201,075,982 have been produced leaving a balance of Shs. 497,203,303.

1.5 Para 4.1 Missing computer payrolls

Computer payrolls for the months of August and November, 2002 are still missing.

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 Pre-audit

It was observed during audit inspection that this section was not in place, hence pre-examination of expenditure before being incurred was not done.

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 the audit inspection that: -

- Periodic rotation of the duties is not in place
- Job description and responsibilities in the Accounts section is not in place.
- No organization chart in the Accounts section showing line of reporting and supervision.

3. REVENUE

3.1 Missing Receipt Books

A total of twenty two (22) 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.

4. EXPENDITURE

4.1 Unvouched and Improperly Vouched Expenditure-Shs. 338,840,454

A test check of payments disclosed Unvouched Expenditure of Shs.179,757,347 and Improperly Vouched Expenditure of Shs. 159,083,107.

4.2 Unauthorized payments – shs. 7,499,060

Payment vouchers aggregating to shs. 7,499,060 were initiated and paid without endorsement of the authorizing officers. Legality of the same could not be confirmed.

4.3 Stores not accounted for – Shs. 8,039,610

Stores worth Shs. 8,039,610 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 Fixed Asset

The Accuracy of fixed assets figure of Shs. 3,039,567,090 disclosed in the consolidated Balance Sheet could not be ascertained because the fixed assets register and analyzed schedule for each department were not produce to audit when called for.

5.1.2 Debtors Shs. 18,504,180

The debtors figure of shs. 18,504,180 shown in the consolidated balance sheet was understated by shs. 795,700 due to omissions in the accounts. The correct figure should read shs. 19,299,880 (audit figure). The balance comprised the outstanding imprests and advances as follows:-

| Category | Amount (Shs) |
|-----------------|--------------------------|
| Advance | 4,906,705 |
| Imprest | <u>14,393,175</u> |
| Total | <u>19,299,880</u> |

Clearance of the outstanding advances and imprests is called for.

5.1.3 Creditors – Shs. 56,817,336

The Consolidated Balance Sheet disclosed outstanding creditors amounting to Shs. 56,817,336 which was not supported by analyzed schedules contrary to LAFM (1997), order No. 86 (v) as a result, the accuracy of the balance could not be ascertained. Immediate action to liquidate the balances is called for.

5.1.4 Accounts overdrawn Shs. 20,445,346

Five bank accounts disclosed with a total overdraft of Shs. 20,445,346 indicating laxity over the management of council's bank accounts viz:-

| Account | Amount overdrawn (Shs.) |
|-------------------------------|------------------------------------|
| General Fund Account | 11,463,425 |
| Miscellaneous Deposit Account | 7,461,185 |
| Road Maintenance Account | 856,360 |
| Rural Water Supply Account | 562,537 |
| NAEP Account | 101,839 |
| Total | 20,445,346 |

6. AUDIT CERTIFICATE

In my opinion, the Consolidated Balance Sheet and Summary Statement of Income and Expenditure do not present fairly the financial position of Kisarawe District Council as at 30th June, 2004.