

**17. MKURANGA DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE, 2004**

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

2000 Accounts

1.1 Para 2.2.3 Missing Revenue Receipt Books:

Four (4) General Receipt Books have not been traced and produced for audit inspection to date.

1.2 Para 2.2.7 Revenue not Banked – Shs. 80,058,659

Revenue amounting Shs. 12,609,357 has not yet been banked to date.

2001 Accounts

1.3 Para 2.4 Revenue collections not accounted for—Shs.13,082,015

Revenue collections totalling Shs. 1,885,230 have not yet been accounted for in the Council's books of accounts.

2002 Accounts

1.4 Para 2.2 Missing Receipt Books

Five (5) open receipt books have not been traced and produced for audit inspection to date.

1.5 Para 3.4 D.B.S.P.E Funds – Shs. 83,872,110

Expenditure Statements amounting to Shs. 10,539,000 are yet to be produced.

MATTERS ARISING FROM 2004 ACCOUNTS

2. INTERNAL CONTROL

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

(a) Custody of documents

Accountable documents were not properly kept, as a result some payment vouchers and supporting documents were missing, contrary to orders No. 92-102 of the Local Authority Financial memorandum (1997).

(b) Segregation of duties

It was observed during audit inspection that:

- No specific job descriptions were put in place for officers in the accounts department.
- There was no organization chart for the finance Department showing lines of reporting and supervision, and
- No periodic rotation of duties was evidenced.

(c) Banking of the Revenue

Delays in the banking of revenue were noted.

3. REVENUE

3.1 Revenue collections performance

As against revenue estimates of Shs. 180,851,489 expected to be collected by the Council during the period ended 30th June, 2004 from the council's own sources, a total of Shs. 206,268,604 was realized registering a collection surplus of Shs.25,417,115 being 14% of the estimated revenue.

3.2 Revenue collections not accounted for Shs. 3,962,722

Revenue collections amounting to Shs. 3,962,722 collected by main cashier could not be confirmed to have been accounted for.

4. EXPENDITURE

4.1 Unvouched and Improperly Vouched Expenditure Shs. 28,909,999

A test check of payments disclosed unvouched expenditure of shs. 6,820,019 and Improperly Vouched Expenditure of shs. 22,089,980.

4.2 Statutory deductions not acknowledged Shs. 12,244,197

Payments totalling She. 12,244,197 relating to statutory deductions paid to various agencies were not acknowledged by the recipients agencies. In the event it could not be established in audit that the amounts were correctly received by the bonafide payees.

4.3 Stores not accounted for - Shs. 3,128,200

It was noted that stores worth Shs. 3,128,200 bought during the period, were not accounted for in the stores ledgers. Utilization account of these stores was not available to confirm that they were properly used.

4.4 Unsupported issues of stores – Shs. 2,002,500

Stores worth Shs. 2,002,500 were struck off ledger charge as issued without quoting supporting issue vouchers.

4.5 Unclaimed salaries not receipted Shs. 2,294,050

Unclaimed salaries aggregating to Shs. 2,294,050 could neither be produced for physical counting nor could the same be evidenced to have been accounted for. Misappropriation of the same could not be ruled out.

4.6 Unclaimed salaries not banked shs. 2,532,650

Unclaimed salaries amounting to shs. 2,532,650 were noted to have been acknowledged by receipts, however, audit verification revealed that, the same amount was neither banked nor physically produced for audit scrutiny.

4.7 Irregular and Questionable Payments Shs. 23,152,535

Five audit queries raised on questionable payments involving Shs. 23,152,535 are yet to be replied to date.

5. FINAL FINANCIAL STATEMENTS

5.1 Consolidated Balance Sheet as at 30th June, 2004

5.1.1 Cash/Bank Shs. 295,336,201

The cash/Bank balance figure of Shs. 295,336,201 disclosed in the accounts included cash on hand/on transit totalling Shs. 23,121,431 which was not explained and or analysed.

5.1.2 Debtors Shs. 14,158,969

The consolidated balance sheet as at 30th June, 2004 disclosed debtors of shs.14,158,969 which comprised advances of Shs. 10,959,419 and imprests of Shs.3,199,550 which mostly are outstanding from previous years and no efforts have been taken to clear them.

5.1.3 Liabilities Shs. 90,549,717

The balance sheet reflected liabilities of shs. 90,549,717 consisting of the following balances

Creditors	Shs. 1,249,646
Deposits	Shs. 89,300,071

Clearance action taken is awaited.

6. AUDIT CERTIFICATE

In my opinion, except for the matters specified in paragraphs 1 through 5 above the Balance Sheet and Summary Statement of Income and Expenditure present fairly the financial position of Mkuranga District Council as at 30th June, 2004.