

**22. TEMEKE MUNICIPAL COUNCIL FOR THE PERIOD
ENDED 30TH JUNE, 2004**

1. TRANSACTIONAL AUDIT

1.1 Audit Queries

A test check of the accounts and related records for the period of January to 30th June, 2004 resulted in the issue of 38 audit queries which have not been replied to date.

1.2 Revenue Audit

1.2.1 Revenue Collection Performance

The following data represents the trend of revenue collection performance for consecutive three years and half a year of 2004 as shown below:-

Year	Approved Estimates Shs.	Actual Shs.	Percentage on the Collection
2001	2,500,000,000	2,597,006,435	104%
2002	2,674,000,000	2,679,964,397	100%
2003	3,165,000,000	2,985,856,736	93.3%
2004	1,340,559,000	1,399,948,073	104%

1.2.2 Under Banking of Revenue Collection Shs.13,905,085

A test check carried out on Revenue Collection account revealed under banking of Shs.13,905,085 which was caused by cash disbursements made direct from revenue collections, contrary to regulation No.117 of LAFM (1997).

The Management should ensure recovery of the amount and the abnormal practice of payments should have been stopped.

2. EXPENDITURE

2.1 Unvouched Expenditure Shs.16,755,455

Payment vouchers involving Shs.16,755,455 were found missing from the respective voucher batches.

The management should confirm the propriety and genuineness of expenditure incurred.

2.2 Improperly Vouched Expenditure Shs.45,527,129

Expenditure totalling Shs.45,527,129 was noted to have been incurred during the period from January to 30th June, 2004. However, the same were inadequately vouched.

The Management is required to review the responsibilities and powers, on the part of pre-audit section as well as proper custody of documents to rectify the situation viz:-

Details	Amount (Shs)
• Missing Expenditure receipts	3,035,500
• Missing Paylists	Shs.4,019,000
• Missing acknowledgement receipts:-	
- Statutory deductions	Shs1,854,728
- Transfer of funds	Shs.26,710,000
- Others	<u>Shs.5,009,301</u>
• Missing Compensation Schedules	33,574,029
• Payments based on Proforma Invoices	3,338,600
	<u>1,560,000</u>
TOTAL	<u>45,527,129</u> =====

2.3 Items of Stores not taken on ledger charge Shs.4,822,500

Items of stores worth Shs.4,822,500 purchased and paid for were vouched to have neither been taken on ledger charge nor their utilization account produced.

The management is required to make follow up on the proper accountability and utilization of the items of stores.

2.4 Supply of catering Services not Contracted Shs.9,723,123

Expenditure amounting to Shs.9,723,123 was note to have been made on catering services which have not been covered either by the contract agreement or Price Competitive quotations contrary to the procurement procedures and regulations

3. CONTRACTS ACCOUNTS

3.1 Missing Contract Files Shs.229,633,376

The following contract works for Shs.229,633,376 were noted to have been given to various contractors as listed below.

However, their contract files were not produced to audit when called for, thus contract awarding procedures could not be established due to non-availability of the respective files.

Name of Tender/Contract	Name of Contractor	Contract Sum (Shs)
(i) Construction of Works		
- Kigamboni	Chich engineering Co. Ltd.	25,445,322
- Azimio	Jif (T) Ltd.	24,170,000
- Vituka	Jamason Investment	24,170,875
- Pema Mnazi	Hif (T) Ltd	26,476,128
- Sandali	Nowk Engineering	22,472,100
- Kimbiji	M/S Kalsi Building Dsm	22,490,000
- Mbagala	M/S Sospeter M. Kondela	15,375,875
(ii) Construction of Open Markets:-		
- Tandika	M/S Chich Engineering Co. Ltd.	27,007,134
(iii) Rehabilitation works and supply/filling of curtains:-		
- Buyuni P/School	M/S Mbeso Construction Co. Ltd.	16,105,850
- Head Quarters	M/S Sethi General Enterprises Ltd. Dsm	19,323,092
(iv) Updating Property tax records services		
(i) Property Tax Office	M/S Y2S Consultant Ltd.	6,597,000
	Total	229,633,376 =====

4. WATER PROJECTS REPORTS

4.1 Financial Performance of Borehole Projects as at 30th June, 2004

Village	Funds allocated (Shs)	Fund Spent (Shs)	Percentage
Mama Mkapa Project –			
Sandali	5,637,112	4,697,092	83%
Kigamboni	17,999,688	17,787,688	98.8%
Mianzini-Kurasini	24,011,444	10,914,177	54.5%
Ferry	17,142,811	15,116,073	88%
Tuamoyo-Kigamboni	6,156,285	4,533,410	73%

The council management should state where the project objectives/goals had been fully achieved regarding these projects.

5. FINAL FINANCIAL STATEMENTS

5.1 Consolidated Income and Expenditure Statement

5.1.1 Revenue Accrual Shs.5,646,000

The income and expenditure statement disclosed accrued revenue as at 30th June, 2004 totalling Shs.5,646,000 relating to house rent. However, the accrual position in respect of property tax would appear to have not been disclosed in the accounts.

Comment and/or confirmation of clearance of the outstanding accruals is called.

5.2 Balance Sheet items as at 30th June 2004

5.2.1 Sundry Debtors shs.137,253,394

The Balance Sheet as at 30th June, 2004 disclosed outstanding sundry debtors amounting to shs.137,253,394 as shown below:-

	Amount (Shs)	
• Revenue debtors:-		
- Sign boards	Shs.894,000	
- Property Tax	Shs.98,727,063	
- City service Levy	Shs.8,897,331	108,518,394
• House Rent		<u>28,735,000</u>
	Total	137,253,394
		=====

5.2.2 Outstanding Imprests, Staff Advances, Women & Youth Loans and Other advances shs.208,279,340

The supporting schedule to the Balance Sheet indicated the outstanding amounts totalling shs.208,279,340 stand on the above stated account uncleared as at 30th June, 2004 viz:-

• Imprests		Shs.9,455,667
• Salary advances		Shs.7,594,236
• Women & Youth Loans		Shs.138,708,422
• Other advances:-		
- Ministry of Education	Shs.10,885,000	
- Internal Advances	<u>Shs.41,636,015</u>	<u>52,521,015</u>
	Total Shs.	208,279,340
		=====

Action taken towards clearance of the outstanding amounts is called for.

5.2.3 Sundry Creditors Shs.739,804,398

The Balance Sheet as at 30th June, 2004 disclosed outstanding Sundry Creditors totalling Shs.739,804,398 as analysed below:-

Item	Amount Outstanding (Shs)
• Unclaimed salaries (Misc. Dep A/C)	21,170,946
• LAPF Fund Outstanding refunds	233,403
• Reserved Funds for the (purchase of Firemotor Vehicle)	300,000,000
• Local government Loan Board	113,405,600
• Pension Funds	294,534
• Creditors for supply of goods and services	<u>304,699,915</u>
Total	<u>739,804,398</u> =====

The management should take reasonable measures to clear the outstanding amounts.

6. CONSOLIDATED BANK RECONCILIATION STATEMENT AS AT 30TH JUNE, 2004

6.1 Items not cleared:-

	No of Accounts	Amount (Shs)
• Receipts in Cash Books but not in the Bank Statements	10	222,976,842

7. ACHIEVEMENT OF THE COUNCIL'S OBJECTIVES ON VARIOUS PROJECTS/DEVELOPMENT ACTIVITIES FOR THE PERIOD OF JANUARY TO 30TH JUNE, 2004

7.1 Analytical Review and Performance Evaluation

The following data denotes the flow of funds toward Development Programme Implementation on the Programme Expenditure by Sector/Category during the period of January to June, 2004.

Sector	Total Budget Shs	Total Actual Expenditure (Shs)	Variance	<u>Actual</u> Budget O/S
(i) Town Planning	2,268,431,500	70,000,000	(21,198,431,500)	3.0%
(ii) Trade Dept	6,710,000	6,710,000	-	100%
(iii) Agriculture &	12,965,900	9,165,000	(3,804,900)	70.66%

Veterinary				
(iv) Natural Resources	5,045,000	3,000,000	(2,045,000)	59.5%
(v) Education	60,000,000	30,000,000	(30,000,000)	50%
(vi) Water Service	5,500,000	5,500,000	-	100%
(vii) Health	356,711,500	34,400,000	(322,311,500)	
(viii) TASAF	109,154,000	-	(109,154,000)	0%
(ix) Administration	43,817,800	12,000,000	(31,817,800)	27.47%
(x) Works	<u>438,102,700</u>	<u>166,857,100</u>	<u>(271,245,600)</u>	<u>38%</u>
Total	<u>3,306,442,400</u>	<u>337,632,100</u>	<u>(2,968,810,300)</u>	<u>10.2%</u>

Analytical review made on expenditure incurred for the programmes, revealed that total amount of Shs.337,632,100 were spent against a budget of Shs.3,306,442,400; recording the overall financial performance of about 10.2% of the planned level of expenditure which also represent unsatisfactory performance of the project for the period under review.

8. INTERNAL AUDITOR'S REPORT ON PEDEP FUNDS

8.1 Rangitatu Primary School

8.1.1 Misappropriation of funds Shs.1,350,434

The Internal Auditors' Report revealed misappropriation of funds to the tune of shs.1,350,434 from the funds allocated to Rangitatu Primary School during the period ended 30th June 2004 as shown below:

Total amount allocated		Shs.57,166,584
Less: Total Expenditure examined	Shs.41,145,08	
Balance at Bank	<u>Shs.14,671,061</u>	<u>(55,816,150)</u>
Amount Misappropriated		<u>Shs.1,350,434</u>

Action taken for recovery of the amount is awaited.

8.1.2 Expenditure made without supporting documents Shs.8,709,147

The school incurred expenditure to the tune of Shs.8,709,147 from PEDEP funds for purchases of various materials and services.

However, the expenditure was noted to have not been supported by expenditure evidences, such as invoices, delivery notes, Local Purchase Order and payrolls contrary to the Public Procurement Act. No.3 of 2001.

The school council is requested to confirm the propriety of the expenditure by furnishing the missing supporting documents and that the purchasing regulations are being adhered to.

8.1.3 Construction of 20 Pit Holes Latrines worth Shs.5,850,948 not completed

During the period of 2003/04 the School was engaged in constructing pit hole Latrines. It was observed that up to the date of audit, Shs.5,850,948 was observed to have been exhausted; while the work had not been completed i.e. on roofing and doors, although relevant materials were stated to have been purchased.

Action taken by the Council's Management on the matter is a waited.

8.1.4 Rehabilitation of School Buildings worth Shs.3,774,430

Records held at the school indicated that Shs.3,774,430 had been spent on school rehabilitation works. However the work done was not explained to the auditor.

Comment on the above observations.

9. AUDIT CERTIFICATE

In my opinion, the Consolidated Balance sheet and summary Statement of Income and Expenditure present fairly the financial position of the Temeke Municipal Council as at 30th June, 2004.