

**19. DAR ES SALAAM CITY COUNCIL FOR THE SIX MONTHS  
PERIOD ENDED 30<sup>TH</sup> JUNE, 2004**

**1. TRANSACTIONAL AUDIT**

**1.1 AUDIT QUERIES**

In the course of transactional audit carried on the accounts for the year under review, 38 audit queries were issued seeking remedial measures on various irregularities observed during the audit of which 9 queries have been satisfactorily replied and settled leaving 29 unreplied.

**1.2 REVEVUE**

**1.2.1 Revenue Collection Performance**

The revenue collection performance of the City Council for the period of January to 30<sup>th</sup> June, 2004 was Shs.1,699,478,029 against the budgeted amount of Shs.2,195,140,802 resulting to undercollection of Shs.495,662,773 (i.e 22.6%) and no reasons have been given for the undercollection. The following is the trend analysis in respect of revenue collection performance for the past three years and the half year of 2004.

<b>Year</b>	<b>Approved Estimates (Shs.)</b>	<b>Actual Collection (Shs.)</b>	<b>Percentage on actual collection</b>
2001	2,577,935,600	2,973,416,637	115%
2002	3,082,548,000	3,011,723,367	97.7%
2003	3,112,781,900	2,932,591,149	94%
Jan.-June 2004	2,195,140,802	1,699,478,029	77.4%

It is recommended that the Council should make a review on the existing revenue collection plan and institute necessary changes which will discourage more dependence on government grants and donor funds.

**1.2.2 Outstanding Bills Shs.48,188,000**

Examination of refuse collection records for the period from 1<sup>st</sup> January to 30<sup>th</sup> June, 2004 revealed outstanding bills relating to refuse collection fees amounting to Shs.48,188,000 which have not been settled to date.

Action taken to collect the outstanding bills is called for.

## 2.1 Unvouched and Improperly Vouched Expenditure Shs.123,472,600

A test check of payments for the year under review revealed unvouched and improperly Vouched Expenditure amounting to Shs.123,472,600 as shown below.

	<b>Category</b>	<b>Amount (Shs)</b>
1.	Unvouched	26,194,135
2.	Improperly Vouched:-	
	(i) Missing paylists	Shs.2,009,000
	(ii) Transfer of funds	Shs.41,150,000
	(iii) Missing acknowledgment receipts:-	
	• Statutory deductions	Shs.7,690,279
	• Other payments	Shs.46,429,186
	<b>Total</b>	<u>97,278,465</u> <b>123,472,600</b> =====

## 2.2 Payments made on the strength of proforma invoices contrary to Financial Regulations Shs.9,077,400

Payments amounting to Shs.9,077,400 were observed to have been made to various suppliers on the strength of proforma invoices contrary to regulations for procurement of items of stores and services. However, there was no evidence to confirm that the items of stores and services paid for in advance were subsequently supplied.

## 2.3 Purchased Vehicle not delivered shs.14,949,827 (USD 13280)

Council paid an amount of Shs.14,949,827 (USD 13280) based on Proforma invoice to M/S F.K Motors for the purchase of Brand New Hyundai Saloon Car for Kiltex Project. However, as at the date of audit examination the motor vehicle had not been delivered nor refund of the amount made by the supplier.

Comment on the anomaly noted is awaited.

## 2.4 Payments made on behalf of Other institutions not refunded Shs.10,268,256

Payments totalling Shs.10,268,256 were noted to have been made on behalf of Kahama District Council (Shs.1,500,000) and Canada Embassy (Shs.8,768,256) in anticipation of refund. However, the amounts would appear to have not been refunded to date.

## **2.5 Laxity in Control Over issues and retirement of imprests Shs.9,064,446**

Examination of payments of imprests and their respective accounts noted that control exercised over the issue and retirement of imprests was lax in that imprests of Shs.9,064,446 issued to various officers would appear to have not been retired/cleared as at 30<sup>th</sup> June, 2004.

## **2.6 Irregular and questionable payments Shs.33,741,465**

### **2.6.1 Questionable hiring of Fire Fighting Equipments Shs.5,760,000**

The Council hired fire fighting equipment from private source for the period of 2 days at 10 hrs per day for Shs.5,760,000 instead of utilizing its own Fire Brigade which could have served the purpose.

### **2.6.2 Questionable Purchase of Power stabilizer and Solar Shs.2,079,000.**

Payments totalling Shs.2,079,000 were made for the purchase of power stabilizer and solar for Ubungo Bus Terminal.

However, the items could neither be verified its existence at the functional environment nor recorded in the respective register.

### **2.6.3 Questionable Expenditure on Remodeling Works at Ubungo Bus Terminal Shs.8,826,465**

The City Council incurred expenditure on remodeling expense at Ubungo bus Terminal, among the expenses related to fixing the automatic gates.

However, the gate was found to be no more automatic with the complete breakdown of their systems.

Action taken to justify the expenditure is called for

### **2.6.4 Questionable Hiring of Bulldozer Shs.17,076,000**

The Council used to hire bulldozer for 38 days at Shs.52,500 per hour after the breakdown of its own bulldozer. However, at the time of hiring (i.e June 2004) the spare part for the bulldozer had already been received vide receipt voucher No.25281 of 19/3/04. Thus the necessity of hiring the machine has not been explained.

Comment on the unavoidable cost incurred is called for.

### 3. FINAL FINANCIAL STATEMENTS

#### 3.1 Balance sheet items as at 30<sup>th</sup> June, 2004

##### 3.1.1 Sundry Debtors Shs.583,630,087

The Final Financial Statements disclosed outstanding debtors amounting to Shs.583,630,087 comprising the following items.

Item	Amount (Shs)
Imprests	6,986,252
Salary advances	8,814,659
Loans	25,163,960
Revenue Trade Debtors	<u>542,665,216</u>
<b>Total</b>	<b><u>583,630,087</u></b>
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No action would appear to have been taken to clear or collect the outstanding amounts.

##### 3.1.2 Sundry Creditors Shs.456,345,464

The Balance Sheet reflected sundry creditors totalling Shs.456,345,464 as liability to the Council for the year ended 30<sup>th</sup> June, 2004. The Creditors were for suppliers of goods and services made on credit totalling Shs.91,934,446 and Sundry depositors amounting to Shs.364,411,018.

However no reason has been given for non-clearance of the long outstanding creditors in favour of the suppliers.

##### 3.1.3 Sundry Depositors Shs.364,411,018

Further, it was noted that, Included in the amount of depositors cited above, there were huge amounts relating to the following institutions which would appear to have been kept in deposit for quite a long period without supporting explanations.

	Shs.
• LAPF	35,363,595
• Ilala Municipal Council	33,684,986
• Temeke Municipal Council	19,403,410
• Compensation and Premium	28,373,590
• Kinondoni Municipal Council	29,529,976
• Road Fund	<u>54,401,721</u>
<b>Total</b>	<b><u>200,757,278</u></b>
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The Management should confirm proper resolution reached on the matter.

#### **4.0 BANK RECONCILIATION STATEMENTS**

##### **4.1 Items not cleared**

The Bank Reconciliation Statements furnished along with the final financial statements disclosed the following items which have not been pursued and cleared as at 30<sup>th</sup> June, 2004.

<b>Item</b>	<b>Number of Accounts</b>	<b>Total Amount (Shs)</b>
(i) Receipts in Cash books but not in the Bank Statement	4	79,142,668
(ii) Payments made by Bank but not in the Cash books	1	5,497,200
(iii) Receipts in Bank but not in the Cash Books	1	269,074

#### **5. AUDIT CERTIFICATE**

In my opinion, the Consolidated Balance Sheet and Summary Statement of Income and Expenditure present fairly the financial position of the Dar es Salaam City Council as at 30<sup>th</sup> June, 2004.