

**53. LINDI TOWN COUNCIL FOR THE SIX MONTHS  
PERIOD ENDED 30<sup>TH</sup> JUNE,2004**

**1. REVENUE**

**1.1 Revenue Collections Performance**

As against Shs.68,781,477 estimated to be collected by Lindi Town Council during the period under review from own sources, an amount of Shs.38,093,682 was collected, registering short fall collection of Shs.30,687,795 equivalent to 45% of targeted income. Further, Shs.20,037,735 was received being grants in Lieu of the abolished revenue sources.

<b>Year</b>	<b>Approved Estimates (Shs)</b>	<b>Actual Collection (Shs)</b>	<b>Percentage on Collection</b>
2001	150,000,000	120,246,792	80.2%
2002	200,000,000	128,455,172	64.2%
2003	145,747,500	110,309,019	75.7%

**1.2 Short Banking of Revenue Shs.2,751,863**

Revenue collections of Shs.2,751,863 could not be confirmed to have been banked since relevant banking particulars were not given.

**2. EXPENDITURE**

- 2.1** Payment vouchers aggregating to Shs.5,238,490 were observed to be missing from the accounts.
- 2.2** Payments totaling Shs.1,813,850 were not supported by the relevant documents.
- 2.3** Imprests totaling Shs.7,957,900 issued to several officers were not recorded in the imprest Registers, thus their retirements could not be confirmed.
- 2.4** Payments of Shs.1,021,100 were made to various Creditors for settlement of bills to supplies of goods purchased on credit in the Financial Year 2001. However, Creditors' records were not submitted to authenticate the payments.
- 2.5** Unclaimed salaries not surrendered to Treasury in respect of people no longer in the Public service amounted to Shs.2,030,600.
- 2.6** The Council paid a sum of Shs.42,891,610 to M/S. Toyota Tanzania Ltd, through NMB – Lindi branch May,2004 for the supply of Motor Vehicle

Toyota Land Cruiser Hard Top Ambulance. However, to date no delivery of the vehicle would appear to have been made by the supplier.

- 2.7** The Council paid Shs.1,854,000 for the supply of 55 Desks, 5 Office Chairs and 3 office tables for Mikundi Primary School. However, only 15 desks worth Shs.405,000 were verified to have been delivered, leaving the items worth Shs.1,499,000 being cost of other item of furniture not supplied.

Recovery of the amount from the supplier would appear to have not been made to date.

### **3. FINAL FINANCIAL STATEMENTS**

#### **3.1 Itemized Income and Expenditure Statements not submitted**

The council did not prepare and submit along with the annual accounts both detailed statements of Income and Expenditure as at 30<sup>th</sup> June,2004. In the absence of such vital statements, audit could not evaluate the council's Revenue Collection performance and or the council's spending subsequently the correctness of both summary statements of Revenue and Expenditure could not be confirmed in audit.

#### **3.2 Adoption of the Annual Accounts and Statements**

The accounts and statements for the year under review submitted for examination had not been presented to Council for adoption contrary to the Local Authority Financial Memorandum (1997) Para 87.

#### **3.3 Explanatory Notes to the Consolidated Income and Expenditure Statement missing**

The consolidated Income and Expenditure statement for the period ended 30<sup>th</sup> June,2004 did not reflected explanatory notes in support of various revenue and expenditure summary items reported in the statement. This is contrary to the Local Authority financial Memorandum (1997) Para 85.

#### **3.4 Capital Expenditure Statement**

The Council did not prepare and submit a capital expenditure statement indicating sources of funds for the six months period ended 30<sup>th</sup> June,2004 as required by the Local Authority Financial Memorandum No.84 (V).

### **3.5 Directors Notes not furnished**

The Council's financial statements for the period ended 30<sup>th</sup> June,2004 submitted for audit examination excluded the Directors Notes contrary to the requirements of the Tanzania Financial Accounting Standards (TFAs) No.12. The Directors' notes are essentially meant to present an overview of the council activities, operating results and its financial position as at the end of the six months period.

### **3.6 Comparability**

The Consolidated Income and Expenditure Statement for the period under review lacked comparability as required by the Tanzania Financial Accounting Standards. Comparability is essentially meant to enable users to compare and identify trends of financial position shown in the financial statements.

### **3.7 Errors in the Consolidated Income and expenditure Statement**

The statement reflected total income and the expenditure of Shs.819,865,132 and Shs.554,845,122 respectively for the six months period ended 30<sup>th</sup> June,2004.

The figures however were noted to be incorrect due to the following anomalies.

- (a) Both figures for income and expenditure reported wrongly included Balances relating to the under the line accounts such as ledger receipts and ledger payments under Deposit Account.
  - (b) Depreciation charges in respect of the Council's Fixed Assets had not been expensed in the accounts and hence understating the total expenditure figure for the period.
  - (c) Expenditures of Capital nature were treated as revenue expenditure instead of capitalizing them for inclusion in the Balance Sheet.
- There anomalies nullify the correctness of the statement submitted.

### 3.8 Consolidated Balance Sheet

#### 3.8.1 Current Assets Shs.9,463,000

The Consolidated Balance Sheet as at 30<sup>th</sup> June,2004 reflected current assets Shs.9,463,000. However, this amount was observed to the been understated by Shs.1,536,100 as detailed hereunder:-

<u>Category</u>	<u>Balance as per Statement</u> <u>(Shs)</u>	<u>Audit Figure</u> <u>(Shs)</u>
Debtors	2,624,000	4,160,100
Imprests	6,297,800	6,297,800
Salary Advances	<u>541,200</u>	<u>541,200</u>
<b>Total</b>	<b><u>9,463,000</u></b>	<b><u>10,999,100</u></b>

#### 3.8.2 Creditors Shs.57,897,199

The amount of creditors reported in the consolidated balance sheet comprised of: -

<u>Category</u>	<u>Amount (Shs)</u>
Trade Creditors	1,358,300
LAPF	<u>56,538,899</u>
<b>Total</b>	<b><u>57,897,199</u></b>

Action taken to clear the long outstanding debts is called for.

## 4. AUDIT CERTIFICATE

In my opinion, the Consolidated Balance Sheet and Summary Statement of Income and Expenditure do not present fairly the financial position of the Lindi Town council as at 30<sup>th</sup> June,2004.