

55. NACHINGWEA DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE, 2004

1. REVENUE

1.1 Revenue Collections Performance

As against Revenue estimates of Shs.45,043,014 expected to be collected by the Council during the period i.e. 1st January,2004 from own sources, a total of Shs.40,728,117 was realized, registering a collection deficit of Shs.4,314,897 being 10% of revenue estimated.

The following is a revenue collection trend analysis for the past three years.

Year	Approved Estimates	Actual Collection	Percentage on Collection
2001	306,993,500	205,872,904	67%
2002	215,184,488	207,407,743	96.4%
2003	256,243,300	204,615,978	79.9%

1.2 Outstanding Water Bills Shs.2,893,800

Examination made on Water Bills records revealed the long outstanding bills to the tune of Shs.2,893,800. Measures taken to collect the outstanding amount are called for.

2. EXPENDITURE

2.1 Unvouched Expenditure Shs.12,263,803

Payments totaling Shs.12,263,803 were noted to have not been supported by payment vouchers though the same were recorded in the cash book.

2.2 Improperly vouched expenditure Shs.41,217,480

Payments amounting to Shs.41,217,480 were not supported by proper documents.

2.3 Stores not taken on ledger charge Shs.8,328,250

Stores worth Shs.8,328,250 ordered and paid for were noted to have not been accounted for in stores ledgers and their utilization account was not submitted to me.

2.4 Payments to Institution not supported by acknowledgement receipts Shs.28,996,605

Payments totaling Shs.28,996,605 were noted to have been made to various institutions as statutory deductions. However acknowledgement receipts of the payee could not be made available for audit confirmation.

2.5 Transfer of Funds Shs.14,125,000

A total of Shs.14,125,000 was transferred from Development water A/Cs to General Fund Account.

Reimbursement to the giving accounts appeared to have not been made to date.

3. STORES ACCOUNTS

3.1 Issues of Stores not supported by issued vouchers Shs.10,460,000

Stores valued at Shs.10,460,000 were issued to various officers without being supported by the relevant issue vouchers, thus it could not be justified whether the stores were actually issued to the intended and utilized for the interest of the council.

4. FINAL FINANCIAL STATEMENTS

4.1 Notes to the Annual Financial Statements Missing

Contrary to regulation number 85 to the Local Authority Financial Memorandum (1997), the Council did not prepare and submit to audit explanatory notes in support of the summary items of accounts reported in the consolidated Balance Sheet and consolidated Income and Expenditure Statement.

4.2 Comparative itemized Income and Expenditure Statement missing

The Council did not prepare and submit to me along with other annual statements the detailed itemized income and expenditure statements for the period under audit. In the absence of such vital statements, audit could not evaluate the councils revenue collection performance and the Council's expenditure on individual budgeted items.

4.3 Out-Turn

The year's accounts closed with a deficit balance of Shs.220,454,857 arising from total expenditure of Shs.1,146,766,615 against total income of Shs.926,311,758 realized during the period.

4.4 Consolidated Balance Sheet as at 30th June,2004

4.4.1 Fixed assets Shs.5,190,612,293

The value for Fixed Assets totaling Shs.5,190,612,293 (before depreciation) reflected in the Consolidated Balance Sheet was noted to have been overstated by Shs.298,840,944.

4.4.2 Depreciation Costs Shs.206,186,832

The depreciation costs reported in the Consolidated Balance Sheet Shs.206,186,832 differed with the total depreciation charge recorded in the individual accounts amounting to Shs.168,615,476, hence causing unreconciled difference of Shs.37,571,356.

Further, the depreciation charge for motor vehicle, computers, Air condition and photocopier belonging to PADEP Account were not reported in the accounts.

4.4.3 Imprests Shs.26,555,848 Outstanding

The Consolidated Balance Sheet reported outstanding imprests totaling Shs.26,555,848.

Audit examination noted that the outstanding balance of imprests was Shs.60,823,751. Hence the difference of Shs.34,267,903 would appear to have been understated.

4.4.4 Staff Advances Shs.1,378,629

The outstanding advance totaling Shs.1,378,629 were reflected in the Consolidated Balance Sheet. However the correct figure would appear to be Shs.4,914,555. Thus the difference of Shs.3,535,926 was omitted.

4.4.5 Sundry Debtors Shs.6,148,600

The figure for Sundry Debtors of Shs.6,148,600 reflected in the Consolidated Balance Sheet was found to be incorrect.

The balance ascertained in audit was Shs.22,937,080. The figure included outstanding loan to economical integrated groups of Shs.8,250,080.

However, no analysed schedule of debtors was made available to audit. The management should ensure that there debtors cleared.

4.4.6 Creditors Shs.86,105,557

The Consolidated Balance Sheet reflected total outstanding creditors to the tune of Shs.86,105,557 as analysed below:-

<u>Category</u>	<u>Amount (Shs)</u>
Trade Creditors	32,439,367
Statutory Deductions	44,516,894
LGLB (Loan)	9,149,296
Total	<u>86,105,557</u>

Immediate clearance action is called for.

5. AUDIT CERTIFICATE

In my opinion, except for the matters specified in paragraphs 1 through 4 above the Consolidated Balance Sheet and Summary Statement of Income and Expenditure present fairly the financial position of the Nachingwea District Council as at 30th June,2004.