

**56. RUANGWA DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE,2004**

1. REVENUE

1.1 Revenue Collection Performance

As against Shs.43,561,000 estimated to be collected by Ruangwa District Council during the six months period from 1st January to 30th June,2004 from own sources an amount of Shs.30,233,528 was realized registering deficit of Shs.13,327,472 which is 31% of the estimated revenue.

The Council's trend for Revenue collection for the past three years is as follows:-

<u>Year</u>	<u>Approved Estimate</u>	<u>Actual Collection</u>	<u>Percentage on Collection against approved estimates</u>
2001	311,379,800	152,456,761	49%
2002	209,727,500	207,545,600	99%
2003	230,000,000	177,342,279	77%

1.2 Undisclosed Income

The trial Balance as at 30th June,2004 for both the General Fund and Miscellaneous Deposit Accounts did not disclose income received from the Central Government in Lieu of the abolished revenue sources though it is understood that the grant was released to the council.

1.3 Unproduced Receipts Books

seventeen Revenue Earning Receipt Books (General Receipts) issued to various collectors were not made available for audit verification. Thus revenue collected on them could not be confirmed to have been brought

2002	209,727,500	207,545,600	99%
2003	230,000,000	177,342,279	77%

1.2 Undisclosed Income

The trial Balance as at 30th June,2004 for both the General Fund and Miscellaneous Deposit Accounts did not disclose income received from

Action taken to collect the same is called for.

2. EXPENDITURE

2.1 Unvouched Expenditure Shs.33,370,205

Expenditure aggregating to Shs.33,370,205 could not be vouched as the respective payment vouchers were missing.

2.2 Improperly Vouched Expenditure Shs.6,605,480

Payment Vouchers totaling Shs.6,605,480 were noted to have not been supported by relevant documents.

2.3 Outstanding Loans to Women and Youth Groups Shs.5,557,500

Loans totaling Shs.5,557,500 issued to Women and Youth Economic integrated groups were noted outstanding.

Follow up action to clear the outstanding amount would appear to have not been taken by the management.

2.4 Building Materials not supplied Shs.7,308,500

Building materials worth Shs.7,308,500 were noted to have been procured the council. However, the materials were noted to have been recorded in stores ledgers prior to their delivery and the same remain unsupplied up to the time of audit.

Reply on the above irregularity is awaited.

3. FINAL FINANCIAL STATEMENTS

3.1 Non Submission of Statements

3.1.1 Cash Flow Statements

The Consolidated Cash Flow Statement was not prepared and submitted along with the Final Financial Statements contrary to regulation 84 (v) of the Local Authority Financial Memorandum 1997.

3.1.2 Individual Balance Sheets

The individual Balance Sheets in respect of all accounts were not

of various summary items of the accounts reported there in. This is contrary to regulation No.85 of the Local Authority Financial Memorandum (1997).

3.3 Accounting Principles and Polices not stated

The Council did not state the accounting principles and policies adopted in drawing up the accounts. This is violation of the Accounting regulations and depicts the Council's failure to meet the required annual accounts disclosure requirements.

3.4 Consolidated Income and Expenditure

3.4.1 Total Income Shs.1,677,328,461

The Consolidated statement of Income and Expenditure for the period under review reflected total Income of Shs.1,677,328,461. This amount however was noted to be incorrect since it wrongly included non revenue items such as deposits of Shs.562,577,387. Hence, the surplus balance of Shs.238,983,503 reported was also incorrect.

3.4.2 Depreciation charges not expensed in the Accounts

Contrary to normal accounting practice, fixed assets depreciation charges for the assets wear and tear had not been expensed in the accounts.

3.5 Consolidated Balance Sheet

3.5.1 Fixed Assets Shs.1,773,900,051

The Consolidated Balance Sheet reflected Fixed assets worth Shs.1,773,900,051 comprising of the following assets:-

<u>Category</u>	<u>Value (Shs)</u>
Buildings	1,512,900,051
Motor Vehicle	200,000,000
Equipments	20,000,000
Furniture and Fittings	30,000,000
Water wells	<u>11,000,000</u>
Total	<u>1,773,900,051</u>

The balance could not however be confirmed to be correct due to the following:-

- No schedules were submitted in support of these balances.
- No fixed asset register was found put in place.
- Valuation certificates issued to support the assets were also not produced.
- Depreciation expenses in respect of these assets appeared to have not been taken into account while compiling the net book values of these assets.

3.5.2 Sundry Debtors amount understated Shs.4,956,740

The Consolidated balance sheet reflected sundry debtors of Shs.4,956,740

However, examination of Trial Balance reflected Sundry Debtors of Shs.9,851,290 as follows:-

<u>Types</u>	<u>Amount (Shs)</u>
Staff advance	1,247,400
Staff Imprests	<u>8,603,890</u>
Total	<u>9,851,290</u>

In addition, no schedule were not prepared to support the reflected balances.

3.5.3 Cash at Bank Shs. Shs.162,813,071

The Consolidated Balance Sheet reflected cash at Bank Shs.162,813,071 against Shs.203,057,735 reported in the schedule of Balance attached to the Financial Statements.

Further, it was also noted that the adjusted individual cash book balance reported Bank Balance of Shs.182,935,403.

Comment on these variance is called for.

3.5.4 Overdrawn accounts Shs.48,446,117

The Bank accounts _____ Shs. 48,446,117

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indicating weakness over financial expenditure control. The overdrawn accounts were:-

Account	Value
Health	9,189,016
Education	37,924,802
Water	1,332,299
Total	48,446,117

3.5.5 Creditors Shs.167,769,811

The creditor's balance of Shs.167,769,811 reported in the consolidated balance sheet as at 30th June,2004 could not be confirmed to be correct since the balance was not supported by schedules of analysis.

4. AUDIT CERTIFICATE