

82. (i) **MTWARA/MIKINDANI TOWN COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE, 2004**

1. **REVENUE**

1.1 **Missing comparative statement of income**

The Council did not prepare and submit to me statement of revenue showing the various estimated revenue items against the actual amounts collected on each item. Due to this omission the revenue collection performance of the council could not be ascertained in audit.

1.2 **Unproduced Revenue Receipt Books**

A total of 73 revenue earning receipt books of which 12 are open and 61 fixed were not produced to audit for examination. Audit could not ascertain the accountability of revenue collection made thereon.

2. **EXPENDITURE**

Audit examination of payment vouchers and related records for the period ended 30th June, 2004 disclosed the following irregularities.

	<u>Shs.</u>
2.1. Payments not properly supported	15,932,866
2.2. Payments made without competitive quotations	9,458,700
2.3. Payments not acknowledged receipt	13,120,000
2.4. Unrecovered loan to the giving account	7,299,500
2.5. Overpayment of subsistence allowances	1,080,000
2.6. Stores not taken on ledger charge	9,182,920

3. **FINAL FINANCIAL STATEMENTS**

3.1 **Late Rendition of Accounts**

The annual accounts and statements of the Council for the period ended 30th June, 2004 were submitted to me for examination on 7th December, 2004 that is more than two months after the statutory due date. Despite of the delay the following annual statements were not submitted.

- (i) Separate income and expenditure and balance sheet for each individual account.
- (ii) Directors' Note

- (iii) Notes on the Accounting Principles and policies adopted in the accounts.
- (iv) Receipts and payments statement in respect of the Deposit Account.

3.2 Incomplete preparation of the Annual Statements

The Consolidated Balance Sheet and Income and Expenditure statement submitted were found to be incomplete in that the required explanatory notes to support the various summary items of the accounts reported therein were not shown. This is clear violation of the Local Authority Financial Regulation number 85.

3.3 Out – Turn

The Consolidated Income and Expenditure statement indicated that the six months accounts closed with a surplus balance of Shs.290,198,260 arising from total expenditure of Shs.799,463,803 against income of Shs.1,089,662,063 received during the period under audit. The surplus balance reported however appeared to be incorrect since the assets depreciation expenses for the period were not charged in the accounts.

3.4 Outstanding Advances and Imprests Shs.27,748,610

The Balance Sheet as at 30th June, 2004 disclosed outstanding advances and imprests as follows:-

	<u>Shs.</u>
Advances	7,410,396
Imprests	<u>20,338,214</u>
Total	<u>27,748,610</u>

The analysed schedules submitted did not indicate clearance action taken on intended to be taken.

4. AUDIT CERTIFICATE

In my opinion, except for the matters specified in paragraphs 1 through 3 above the Balance Sheet and Income and Expenditure Statements present fairly the financial position of the Mtwara/Mikindani Town Council, as at 30th June, 2004.