

**83. NEWALA DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE, 2004**

1. REVENUE

1.1 Revenue Collection Performance

During the period under review, the councils' collection made from own sources amounted to Shs.361,596,370. The amount included Shs.71,295,463 received from the Government in lieu of the abolished revenue sources. However, it could not be established in audit the Councils revenue collection performance made on individual revenue items since the itemized comparative income statement for the period was not prepared.

1.2 Missing revenue earning receipt books

A total of 243 revenue receipt books were not produced to audit for examination as shown below:-

Type	Quantity	Value (Shs.)
Market dues.	37	370,000
Ushuru bus stand	80	2,825,000
Ushuru huduma za stand	39	195,000
GRRS	<u>87</u>	<u>Not quantified</u>
TOTAL	<u>243</u>	<u>3,390,000</u>

I could not therefore ascertain whether revenue collected on them was properly accounted for.

2. EXPENDITURE

Examination of payment vouchers and related records for the period under review disclosed the following irregularities.

- 2.1. Payment vouchers for Shs.60,386,948 were missing
- 2.2. Improperly vouched expenditure Shs.53,165,393
- 2.2. Improperly vouched expenditure Shs.53,165,393
- 2.3. Payments not acknowledged Shs.62,460,788
- 2.4. Purchase made without quotations Shs.16,120,500
- 2.5. Questionable payment of acting allowance Shs.1,213,920

- 2.6. Questionable purchase of hospital equipment Shs.7,800,000
- 2.7. Questionable payments to contractors Shs.23,839,031
- 2.8. Questionable fumigation costs Shs.2,410,000

3. FINAL FINANCIAL STATEMENTS

3.1 Consolidated Income and Expenditure statement as at 30th June, 2004

Audit of the Consolidated Income and Expenditure Statement revealed the following anomalies:-

3.1.1 Overstated Total Income Shs.79,501,473

The statement reflected total income for year as Shs.2,392,724,620 against Shs.2,313,223,147 established during the audit exercise, hence shs.79,501,473 was overstated. The overstatement was a result of ledger receipts which were treated as council income.

3.1.2 Understated total Expenditure by Shs.48,716,403

The Expenditure statement disclosed total expenditure amount of Shs.2,201,010,216 instead of shs.2,249,726,619 (audit figure), thus Shs.48,716,403 was understated. The difference was due to non-inclusion of asset depreciation charges.

3.2 Consolidated Balance Sheet as at 30th June, 2004

The Consolidated Balance Sheet as at 30th June, 2004 disclosed outstanding imprests totaling Shs.9,573,700. However, audit scrutiny of records noted that the correct outstanding balance was Shs.15,399,929. Hence the balance sheet item had been understated by Shs.5,826,229.

3.2.1 Creditors outstanding Shs.41,425,963

The creditors balance of Shs.41,425,963 reflected in the balance sheet included the following:-

Creditors	Amount (Shs.)
Newala co-operative union	18,000,000
LAPF – Dodoma	18,075,553
Shaibu store	1,840,000

Creditors	Amount (Shs.)
Newala co-operative union	18,000,000
LAPF – Dodoma	18,075,553
Shaibu store	1,840,000
Rover Company Ltd	<u>3,510,410</u>
Total	<u>41,425,963</u>

Necessary action should be taken to have these amounts paid.

4. BANK RECONCILIATION STATEMENTS AS AT 30TH JUNE, 2004

4.1 Outstanding items

The Bank Reconciliation statements submitted, disclosed uncredited deposits totaling Shs.12,167,564 which have not been pursued and cleared as at 30th June, 2004.

Thus, clearance of the same is called for.

4.2. Bank Reconciliation statements not submitted

Bank Reconciliation statements for the following accounts were not submitted along with the final accounts.

- (i) Health
- (ii) Road Toll
- (iii) NAEP II

5. AUDIT CERTIFICATE

In my opinion, due to the significance of the matters specified in paragraphs 1 through 4 above the Balance Sheet and the Summary Statement of Income and Expenditure do not present fairly the financial position of the Newala District Council as at 30th June, 2004.