

**80. MASASI DISTRICT COUNCIL FOR THE SIX MONTHS  
PERIOD ENDED 30<sup>TH</sup> JUNE, 2004**

**1. REVENUE**

**1.1 Shortfall in Revenue Collection Shs.106,020,073**

Against Shs.244,945,000 estimated to be collected by Masasi District council during the six months period from own sources, the council managed to collect Shs.138,924,927 registering a shortfall of Shs.106,020,073 or 43% of the estimates. However, the annual statements prepared did not indicate revenue amount received during the period under audit being compensation in lieu of the abolished revenue sources. This type of income forms part of the General Fund income for the year.

However, trend of Revenue Collection Performance for the last three years is as shown below:-

<b>Year</b>	<b>Approved Estimates (Shs.)</b>	<b>Actual Collection (Shs.)</b>	<b>Percentage of Collection</b>
2001	1,222,269,000	609,089,190	49.8%
2002	856,613,000	1,225,845,218	143%
2003	1,248,027,250	671,674,982	53%

**1.2 Missing Revenue Earning Receipt Books**

A total of fifty nine (59) general receipt books issued for revenue collection were not produced for audit verification when called for. Accountability of the money collected on them could not be confirmed.

**1.3 Revenue Collection not banked Shs.3,891,500**

Revenue amounting to Shs.3,891,500 was collected but the same was neither banked nor produced for physical count.

**1.4 Revenue Collection neither posted in the Cash book nor Banked Shs.6,042,100**

Revenue collection amounting to Shs.6,042,100 was neither posted in the cashbook nor banked. Thus the revenue would appear to have been misappropriated.

Action taken for recovery of the same is called for.

## **2. EXPENDITURE**

Examination of the payment voucher disclosed the following irregularities:-

- 2.1. Unvouched expenditure Shs.750,364,413
- 2.2. Improperly vouched expenditure Shs.143,740,682
- 2.3. Payments based on proforma invoices Shs.3,875,000
- 2.4. Imprests issued but not recorded in register Shs.3,030,000
- 2.5. Payments made over and above the authorization power shs.17,973,540
- 2.6. Payments not acknowledged Shs.45,000,000
- 2.7. Stores purchased but not taken on ledger charge Shs.41,145,800
- 2.8. Contract document not produced Shs.17,909,934
- 2.9. Stores issued but not delivered Shs.780,000

## **3. FINAL FINANCIAL STATEMENTS**

### **3.1 Adoption of the Accounts**

The annual accounts and statements of the Council for the period under audit were not submitted to the Finance Committee for adoption as required by the Local Authority Financial Memorandum (1997) Rule No. 87.

### **3.2 Incomplete submission of Annual Accounts and Statements**

The following statements were not submitted to me.

- (i) Consolidated cash flow statement
- (ii) Capital Expenditure statement and its financing
- (iii) Individual Accounts Trial Balance as at 30<sup>th</sup> June, 2004
- (iv) Individual Accounts Income and Expenditure Statement for the year 2004.
- (v) Individual Accounts Balance Sheet as at 30<sup>th</sup> June, 2004
- (vi) Receipts and Payments statement for the period in respect of Deposit Account,
- (vii) Directors' Reports.

### **3.3 Itemized Income and Expenditure statement not produced**

The Council did not prepare and submit to me an itemized income and Expenditure statement for the period under review. In the absence of this vital statement, the extent of the revenue collection made on individual budgeted revenue items could not be established. Similarly, budgetary controls on expenditure i.e. estimated amounts compared to the actual expenditures could not be established. The situation reflected serious departure from the annual statements disclosure requirements.

### **3.4 Missing Explanatory notes to support the summarized items of the Accounts**

Both the consolidated Balance Sheet and the consolidated Income and Expenditure statement submitted did not reflect explanatory notes in support of the various summary items of the accounts reported therein. This implies violation of the Local Authority Financial Memorandum (1997) Rule No. 85.

### **3.5 Missing comparative figures**

The consolidated income and expenditure statement for the period ended 30<sup>th</sup> June, 2004 did not include comparative figures of the previous period (i.e. 2003 Accounts) as required by the Tanzania Financial Accounting Standards.

### **3.6 Capital Expenditure treated as Revenue Expenditure Shs.1,043,176,403**

Expenditure of capital nature amounting to Shs.1,043,176,403 was treated as revenue expenditure in the consolidated income and expenditure statement instead of being capitalized. Hence, the surplus balance of Shs.144,713,974 reported in the accounts is incorrect.

### **3.7 Fixed Assets Shs.5,001,332,903**

The value of fixed assets of Shs.5,001,332,903 reported in the Balance sheet appeared to be incorrect due to the omission of assets of Shs.1,043,176,403 pointed out in the above paragraph.

### **3.8 Long term outlay Investment Shs.186,516,825**

The sum of shs.186,516,825 was reflected as long term investment. It was neither explained to audit what was the investment for nor analysis given to show how the figure was obtained.

### 3.9 Sundry Debtors Shs.950,778,895

The balance sheet reflected the sum of Shs.950,778,895 as sundry debtors. No schedule of debtors was made available to justify the existence of such debtors. Special efforts should be taken to collect these huge due revenues.

### 3.10 Outstanding Imprests Shs.679,641,191

The Balance Sheet reflected uncleared imprests of Shs.679,641,191 as at 30<sup>th</sup> June, 2004. This is a sign of poor control in the issuing of imprests. However, the analysed schedules showed the following balances:-

<b>Account</b>	<b>Page Nos.</b>	<b>Balance (Shs.)</b>
General Fund	44 – 45	58,468,722
Development	46 – 47	51,755,450
Misc. Deposit	48	11,892,782
Works	49	2,522,404
Education	50 – 51	57,222,620
Health	52 – 53	29,611,920
Revenue	54	446,500
CSPD	55	59,774,500
RIPS	56	12,083,750
VTTP	57	4,291,200
Water	58	34,172,500
NAEP II	59	4,458,300
DBSPE	60	<u>329,000</u>
	<b>Total</b>	<b><u>327,029,648</u></b>

Therefore Imprests balance of Shs.352,611,543 is not supported by schedule of the imprest holders. Moreover as for the schedules submitted the following anomalies were observed:-

- (a) The schedules did not indicate clearance action taken or intended to be taken in respect of these imprests.
- (b) An age analysis of the imprest holders was not prepared. This is essentially needed for decision making of the council management on individual imprest holders.

### 3.11 Staff loans and salary advances Shs.265,792,752

The sum of Shs.265,792,752 was disclosed in the balance sheet as staff loans and salary advances.

The analysed schedules in support of this balance add up to Shs.227,305,661 only. The balance of Shs.38,487,091 was therefore not supported. Clearance action taken is-awaited.

**3.12 Creditors outstanding Shs.379,075,628**

The Balance Sheet reflected creditors of Shs.379,075,628. Included in the figure were inter account transfers of Shs.259,209,215 which since are self canceling they were not required to be shown in the consolidated Balance sheet.

**3.13 Utilities and services creditors Shs.27,612,645**

Shs.27,612,645 was reflected in the Balance sheet as utilities and services creditors. No schedule was attached to support the figure.

**3.14 Dummy Account Shs.24,710,038**

A sum of Shs.24,710,038 was reflected in the balance sheet as dummy account. No explanations were given stating what the figure stands for.

**3.15 General Reserve Shs.6,967,552**

The balance sheet as at 30<sup>th</sup> June, 2004 reflected, General Reserve amounting to Shs.6,967,155,552 which included Shs.1,785,548,359 pertaining to the year ended 31<sup>st</sup> December, 2003. The balance was not analysed.

**4. AUDIT CERTIFICATE**

In my opinion, the Consolidated Balance Sheet and the Summary statement of Income and Expenditure do not present fairly the financial position of the Masasi District Council as at 30<sup>th</sup> June, 2004.