

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

**1. LATE SUBMISSION OF ANNUAL ACCOUNTS AND STATEMENTS**

The Final financial statement of the Council as at 30<sup>th</sup> June, 2004 were submitted to me on 29<sup>th</sup> October, 2004 a delay of 29 days from the statutory due date.

**2. REVENUE**

**2.1 Shortfall in revenue collection Shs.83,525,610**

Against Shs.97,207,672 estimated to be collected by Mtwara District Council during the period from own sources, the Council managed to collect only Shs.13,682,062 registering a shortfall of Shs.83,525,610 or 86% of the estimates.

However, it was not known in audit the amount of money received from the Central Government being compensation in lieu of the abolished revenue sources. The trial balance and income statement prepared for the General Fund did not disclose any entry relating to this type of grants.

**2.2 Missing Revenue Earning Receipt Books**

A total of ten (10) general receipt books (open) issued from revenue collectors were not produced for audit verification when called for. Hence, revenue collected on them could not be confirmed to have been accounted for.

**2.3 Revenue Collections not remitted to the main cashier Shs.1,644,875**

Revenue collection amounting to Shs.1,644,875 collected by revenue collectors and agents were not remitted to the main cashier of the Council headquarters. Action taken towards recovery of the amount is called for.

**3. EXPENDITURE**

Examination of the payment vouchers and related records for the period under review disclosed the following anomalies:-

- 3.1. Unvouched expenditure Shs.110,915,400
- 3.2. Improperly vouched expenditure shs.120,818,416
- 3.3. Purchase made without competitive quotations shs.14,217,200
- 3.4. Purchase made above the purchasing power shs.62,800,100
- 3.5. Questionable payments on training Shs.1,899,000
- 3.6. Transfer of funds without proper authority shs.153,183,400
- 3.7. Questionable delivery of school materials Shs.5,927,00
- 3.8. Unlodged claims to Treasury for unreceived money for salaries Shs.22,317,831
- 3.9. Unpaid amount out of salaries received from Treasury Shs.20,532,710.
- 3.10. Money received in excess due to over budgeting Shs.5,119,170
- 3.11. Stores paid for but not taken on charge Shs.40,546,175
- 3.12. Stores paid for but short supplied Shs.2,382,000

#### **4. FINAL FINANCIAL STATEMENTS**

##### **4.1 Revenue collection performance not ascertained**

The Council did not Compile an itemized comparative revenue statement for the period under review. In the event, it could not be established in audit how the Council performed in revenue collection based on individual revenue items estimates. This is a serious departure from the annual accounts disclosure requirements.

##### **4.2 Explanatory notes to the consolidated Income and expenditure statement missing**

The consolidated income and expenditure statement for the six months period ended 30<sup>th</sup> June, 2004 did not reflect explanatory notes in support of various revenue and expenditure summary items reported in the statement. This is contrary to the Local Authority Financial Memorandum (1997) Para 85.

### **4.3 Missing statement**

The council did not prepare and submit to me a Capital Expenditure Statement indicating sources of funds for the six months period ended 30<sup>th</sup> June, 2004 as required by the Local Authority Financial Memorandum (1997) No. 84(v).

### **4.4 Missing Comparative Figures**

The Consolidated Balance Sheet and Consolidated Income and Expenditure Statement for the period under review did not include comparative figures of the previous period (i.e. 2003 accounts), contrary to Tanzania Financial Accounting Standards.

### **4.5 Consolidated Income and Expenditure for the six months period ended 30<sup>th</sup> June, 2004**

The Income and Expenditure Statement reflected Government Grants for Personal Emoluments related to deduction payments amounting to shs.628,630,849 paid by Treasury direct to the respective agencies on behalf of the council. However, the amount was noted to have been understated by Shs.66,592,129 from Shs.695,222,978 the figure revealed during the audit exercise.

### **4.6 Balance Sheet as at 30<sup>th</sup> June, 2004**

#### **4.6.1 Net Fixed Assets Shs.492,117,586**

The balance sheet disclosed Shs.492,117,586 as net fixed assets. The schedule to show additions and disposal of fixed assets was not prepared and submitted to support the fixed assets. It was further noted that the depreciation policy adopted does not give a true picture and status of the fixed assets. One motor vehicle with registration No. SM.2966 has nil book value while it is still in a running condition.

#### **4.6.2 Cash at Bank balance overstated by Shs.2,247,070**

A sum of shs.257,262,723 was noted to have been incorrectly reflected in the Balance Sheet as cash at bank balance against the correct figure of shs.255,015,653. Hence Shs.2,247,070 was overstated.

#### **4.6.3 Overdrawn cash book balance Shs.18,629,941**

A scrutiny of cash books of individual accounts disclosed that four (4) accounts were overdrawn to the tune of Shs.18,629,941.

#### 4.6.4 Cash on hand understated by Shs.2,998,782

The balance sheet disclosed the cash on hand amounting to Shs.4,509,046 against Shs.7,507,828 noted during the audit of accounts. Hence Shs.2,998,782 was understated.

#### 4.6.5 Overdrawn cash on hand Shs.1,227,230

Country to accounting procedures, the cash on hand of three (3) accounts were overdrawn to the tune of Shs.1,227,230.

#### 4.6.6 Advances overstated by Shs.397,190

The sum of Shs.17,305,171 being outstanding advances was reflected in the account. However, the correct balance would appear to be Shs.16,907,981 (audit figure). Thus Shs.397,190 has been overstated in the accounts.

#### 4.6.7 Debtors Shs.36,090,787

The balance sheet reflected total debtors amounting to Shs.36,090,787. However, supporting schedules were not submitted along with the accounts.

#### 4.6.8 Imprests Shs.64,557,209

Imprests totalling shs.64,557,209 were reflected as debtors in the accounts. However, the amount was noted to have been overstated by Shs.3,662,707 from the figure of Shs.60,894,502 revealed during the examination of the accounts. Action taken to clear the outstanding amounts is called for.

#### 4.6.9 Liabilities shs.95,791,966

The total liabilities amount of Shs.95,791,966 reflected in the balance sheet included the following outstanding items:-

<b>Category</b>	<b>Amount (Shs.)</b>
Loan	4,155,000
Unclaimed salaries	8,847,154
Other creditors	1,389,237
Training fund	15,936,860
General Reserve	65,463,715
<b>Total</b>	<b><u>95,791,966</u></b>

There were no schedules prepared to show the analysis of the above liabilities. Also action taken toward their clearance is called upon.

**5. AUDIT CERTIFICATE**

In my opinion, the balance sheet and the summary statement of income and expenditure do not present fairly the financial position of the Mtwara District council as at 30<sup>th</sup> June, 2004.