

**97. SONGEA DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE, 2004**

**1. FOLLOW UP ON OUTSTANDING MATTERS FROM
PREVIOUS YEARS**

2002 Accounts

**1.1 Para 2.2. Revenue Collection not acknowledged
Shs.1,706,000**

Shs.590,500 is still outstanding.

**1.2 (viii) Fraudulent payment of money through computer
payrolls Shs.28,689,700**

The matter is still outstanding.

(ix) Payment of salaries to retired officers Shs.2,416,155

The matter is still to be resolved.

MATTERS ARISING FROM 2004 ACCOUNTS

2. REVENUE

2.1 Earning receipt books not produced

18 General revenue earning receipt books and 27 "Ushuru wa Mazao" books (not quantified) issued to revenue collectors were not produced for audit inspection. Accountability of revenue collected on them could not be established.

3. EXPENDITURE

3.1 Examination of payment vouchers and related records revealed the following anomalies:

Details	Amount (Shs.)
(i) Missing payment vouchers	208,248,663
(ii) Missing acknowledgement receipts	101,059,013
(iii) Payments made on the strength of Proforma invoices	11,106,840
(iv) Missing supporting documents	56,381,100
(v) Women Development Fund Loans not recovered	12,250,000
(vi) Stores purchased and paid for but not accounted for	5,473,977
(vii) Uncertained utilization and accountability of building materials	37,573,320
(viii) Irregular Inter-Account Transfer	191,784,076
(ix) Payments not pre-audited	265,383,040
(x) Transfers of money not credited in the receiving A/C	14,351,819
(xi) Expenditure made without quoting relevant authority (Miscellaneous Deposit A/C)	1,586,422,996
(xii) Payment made without competitive quotations	8,839,320

4. PROJECTS

(a) Projects expenditure analysis trend for the year ended 30th June, 2004

The expenditure analysis trend of projects from January – June, 2004 highlights specific areas and activities of potential shortfalls in the achievement of desired goals for improvement of programmes under Education, Roads, and Health Sectors.

Implementation of these projects in general had been at a low rate thus indicating poor implementation. There was nil performance on four activities involving Shs.50,000,000 and uncompleted three activities involving Shs.101,509,431.

In general, the average projects performance level stood at 43% for PEDP, 0% for Health, 0% for Water and 58% for Road Fund.

5. FINAL FINANCIAL STATEMENTS

5.1 Director's Report not submitted:

The Council Financial Statements for the six months period ended 30th June, 2004 submitted for audit examination excluded the Director's Report contrary to the requirements of the Tanzania Financial Accounting Standards (TFAS) No. 12. Essentially the Directors' Report is meant to present in management's own words, an overview of the council's principle activities; operating results for the period and its financial position as at the end of the period. The report should also attempt to explain the extent to which the Council has or has not attained any forecasts that were made at the beginning of the period. It should also explain how the Council has operated and met the expectations of its various stakeholders i.e. employees, Government and Society at large.

5.2 Missing Explanatory Notes

Contrary to regulation 85 of the Local Authority Financial Memorandum (1997), the consolidated income and Expenditure Statement for the year ended 30th June, 2004 did not provide explanatory notes to support the various summary items of the accounts reflected therein. This implies a serious departure from the annual accounts disclosure requirements and best accounting practice.

5.3 Missing Statements

(i) Summary statement of capital expenditure and its financing not prepared:

Contrary to regulation 84(v) of the Local Authority Financial Memorandum, the council did not prepare and submit the summary statement of Capital Expenditure and its Financing for the period under review.

(ii) Cash flow not prepared

Contrary to regulation 84(iv) of the Local Authority Financial Memorandum, the council did not prepare and submit the Cashflow statement for the period under review.

5.4 Revenue collection performance not ascertained

The revenue collection performance for the period under review was not ascertained in audit since the itemized income statement prepared was found to be wrong. The statement included also non-revenue items such as transfer of funds, stale cheques, unclaimed salaries etc.

5.5 Errors in the Consolidated Income and Expenditure Statement:

	Total amount reported in the statement	Total amount as per Trial Balance and itemized statement
5.5.1 Own source income		
	33,898,489	40,454,220
5.5.2 Grants – Administration		
	182,486,381	151,892,278
5.5.3 Total Expenditure Development A/C No.2		
	66,371,317	30,165,817

5.6 Depreciation not expensed in the Accounts Shs.706,913,220

Explanatory note number one submitted to support the value of fixed assets reported in the Balance Sheet disclosed total depreciation of Shs.706,913,220 in respect of the following assets.

Type of Asset	Cost of Asset	Depreciation for the period (Shs.)
Land and buildings	8,377,675,408	1,047,209,426
Furniture & Equipment	414,117,998	105,600,090
Plant and Machinery	233,500,000	78,222,500
Roads and Bridges	248,767,360	182,794,424
Total	9,274,060,766	1,413,826,440 = ½ = 706,913,220

However, the depreciation charges had not been expensed in the six months period accounts and thus affected the out turn of the accounts for the period under audit.

5.7 Expenditure not supported by schedule Shs.83,234,849

Expenditure amounting to Shs.83,234,849 being expenditure under own source (Administration) was reported in the income and expenditure statement for the six months period ended 30th June, 2004. The expenditure has no detailed analysis schedule to support the amount.

Hence, the correctness of the expenditure of Shs.83,234,849 could not be confirmed.

5.8 Consolidated Balance sheet as at 30th June, 2004

5.8.1 Fixed Assets Shs.7,742,243,428

Fixed Assets valued at Shs.7,742,243,428 were reported in the consolidated balance sheet as at 30th June, 2004. However, the total fixed assets according to the assets depreciation Schedule was shown as Shs.7,794,261,391. The difference has not been explained.

5.8.2 Fixed assets omitted from the Balance sheet Shs.88,780,931

The following assets acquired during the period under review were not included in the Fixed Assets figure reported in the Balance Sheet.

Name of Asset	Quantity	Amount (Shs.)
Classrooms	64 classrooms	63,263,366
Latrines	45 latrines	
Roads & bridges	Not analysed	25,517,565
Total		88,780,931

Details of these assets are shown in the Council's project performance report for the six months period ended 30th June, 2004.

5.8.3 Outstanding Debtors Shs.45,471,825

The balance sheet as at 30th June, 2004 reflects outstanding debtors of Shs.45,471,825 viz:

Category	Amount (Shs.)	Remarks
Imprests	12,088,725	Analysed
Advances	4,383,100	Analysed
Sundry debtors	29,000,000	Not analysed
Total	45,471,825	

Non collection of the debts indicated councils weakness on debt collection.

5.8.4 Deposit Balance not reflected Shs.14,262,750

The miscellaneous deposit account closed with the balance of Shs.14,262,750. However, the balance was not included in the balance sheet under current liabilities.

6. ANNUAL PROCUREMENT REPORT NOT PREPARED

The annual procurement report for procurement of goods and services and for procurement of works were not prepared contrary to section 12(2) of the Public Procurement Act No.3 of 2001 and regulation 32 of the Local Government Procurement of Goods and Works Regulations of 2003.

Further, no Annual Procurement Plan appeared to have been prepared for the year under review.

7. AUDIT CERTIFICATE

In my opinion, the Balance Sheet and Summary statements of Income and Expenditure do not present fairly the financial position of the Songea District Council as at 30th June, 2004.