

**31. LUDEWA DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE, 2004**

1. REVENUE

1.1 Revenue Collection Performance

The Council's revenue collection from own sources stood at Shs.71,925,749 which included grants of Shs.58,383,411 received from the Central Government in lieu of the abolished revenue sources. The estimated income was Shs.94,035,921 (including compensation grants).

2. EXPENDITURE

Examination of payment vouchers and related records disclosed the following irregularities.

- 2.1 Payment vouchers aggregating to Shs.3,790,000 were observed to be missing from their respective batches.
- 2.2. Payment vouchers for Shs.50,092,091 were not supported by the relevant documents.
- 2.3 Payments totaling Shs.2,200,680 were not receipted by the respective payees.
- 2.4 Imprests totaling Shs.6,037,456 issued to various officials were not recorded in the register.
- 2.5 A sum of Shs.11,904,574 was transferred from T.S.C. Account to Deposit account without explanation of expenditure in the Deposit Account.
- 2.6 Contract file for the construction of Agriculture office was not produced to confirm revised sum of Shs.692,632 from original price of Shs.6,366,640.
- 2.7 Project Payments of Shs.61,394,300 were not supported by bills of quantities site ledgers and project progress reports.
- 2.8 Stores worth Shs.16,985,150 were not taken on ledger charge.

3. FINAL FINANCIAL STATEMENTS .

3.1 Out-Turn

According to the Consolidated Income and Expenditure statement submitted, the six months accounts closed with a surplus balance of Shs.593,246 arising from total expenditure of Shs.1,683,013,621 against total income of Shs.1,683,606,867 received during the period under review. However, the surplus balance reported appeared to be incorrect since fixed assets depreciation expenses for the period under audit were not charged to the accounts.

3.2 Incorrect Trial Balance – General Fund Account (2/0001)

The Credit and Debit totals of the Trial Balance of the General Fund Account as at 30th June, 2004 revealed the following difference:

	Shs.
Credit Totals	2,464,940,216
Debit Total	<u>1,548,402,493</u>
Difference	<u>916,537,723</u>

The correctness of this Trial Balance could not therefore be established.

3.3 Missing Individual Accounts Statements

The following individual accounts statements were missing from the working schedule submitted:

Account	Missing statement
Road fund 2/0740	<ul style="list-style-type: none">• Trial Balance• Income and Expenditure• Balance Sheet
Misc. Deposit 2/00003 W.D.F. – 2/0736	<ul style="list-style-type: none">• Receipt and Payment• Trial Balance• Income and Expenditure

3.4 Missing Explanatory notes

Contrary to the requirements of the Local Authority Financial Memorandum (1997) regulation No. 85 explanatory notes were not submitted to support the summary items of the accounts appearing in the consolidated income and expenditure statement. In addition several items appearing in the consolidated Balance sheet also did not bear reference to

any explanatory notes. The situation reflected a serious departure from Annual Accounts reporting requirement.

3.5 Unconfirmed total Income and Expenditure figures reported for the period

The Consolidated Income and Expenditure Statement for the period under review reflected total income of Shs.1,683,606,867 and total Expenditure of Shs.1,683,013,621. The correctness of these two figures could not be established since both the combined income and expenditure statement and individual accounts of income and expenditures statements submitted did not reflect these figures.

3.6. Outstanding Debtors and Creditors

The Balance Sheet reflected outstanding debtors amounting to Shs.84,433,755 which consisted of the following balances.

Category	Amount (Shs.)
Salary Advances	10,430,990
Safari Imprests	44,851,489
Other Debtors	<u>29,151,276</u>
Total	<u>84,433,755</u>

The figures of Shs.44,851,489 outstanding Imprests reflected in the Balance Sheet was observed to have been understated by Shs.6,037,456 due to omission of imprests issued but not posted in the imprest register.

Clearance of the balances is awaited.

3.7 Deposits Shs.223,440,417

The Deposits balance has not been analysed.

4. AUDIT CERTIFICATE

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