

**69. KYELA DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE, 2004**

1. Final Financial Statements

1.1 Revenue Collection Performance

As against Shs.271,741,000 estimated to be collected by the Council during the period under review from own sources, Shs.125,291,721 was realized hence registering a collection deficit of Shs.146,449,279 or 54% of the estimated revenue. Included was a sum of Shs.20,613,659 received from Central Government in lieu of the abolished revenue sources.

1.2 Errors in the Income Statement

The total income received as PE – Education Grants from Central Government during the period under review should read Shs.517,491,209 (audit figure), against Shs.512,891,188 shown by the statement.

1.3 Expenditure made under items having no estimates

A number of items of expenditure were shown in the expenditure statement to have affected payments without estimates shown against them. The payments made had not been budgeted for during the period under review.

1.4 Expenditure made without indicating items

Several payments were shown in the expenditure statement without quoting relevant items of expenditure and details thereof. This situation indicates that the Council management was not serious and committed in preparing this statement.

1.5 Errors in the Consolidated Income and Expenditure Statement

1.5.1 Income

Examination of Consolidated Income and Expenditure statement together with other related documents revealed the following differences:-

Account	Amount as per Statement (Shs.)	Audit figure (Shs.)
General Fund (Own sources)	121,979,921.52	125,291,721.52
Government Grants:-		
Works	14,222,232.70	15,469,688.00
Education	839,194,072.75	890,278,959.34
Health	215,222,793.37	271,161,541.00
Water	16,381,833.60	15,364,795.50
CSPD (Donors)	8,261,400.00	5,761,400.00

- Further the statement erroneously included ledger receipts amounting to Shs.168,089,313 out of which the source of an amount of Shs.167,289,313 could not be established.
- Total income amounting to Shs.104,860,150 pertaining to four underlisted accounts were omitted from the detailed statement of revenue, hence its correctness could not be confirmed.

These accounts are:-

	Amount Shs.
General Fund (GS 2 and above)	54,065,100
Women and Youth	9,419,800
Agriculture and livestock	6,025,250
Irrigation Fund	<u>35,350,000</u>
Total	<u>104,860,150</u>

1.5.2 Expenditure

The audit examination revealed the following differences:-

Account	Amount as per Statement (Shs.)	Audit figure (Shs.)
General Fund	185,551,866	182,555,609
Development Projects	24,572,970	25,711,970
Works	14,784,325	15,991,781
Education	849,890,817	936,828,772
Health	194,610,326	211,365,309
Water	17,812,864	18,787,985
Agriculture and Livestock	6,106,538	6,046,538

The statement erroneously included ledger payments totalling Shs.110,397,042 i.e. Shs.107,905,698 (Source not known), Shs.1,800,000 (in development projects) and Shs.691,344 (under education)

1.6 The Consolidated Balance Sheet as at 30th June, 2004

1.6.1 Fixed Assets Shs.6,946,894,100

(a) Fixed assets not supported by detailed schedules

The fixed assets - figure of Shs.6,946,894,100 reported in the balance sheet includes the followings:-

Type	Value (Shs.)
Land and buildings	6,555,416,000
Motor Vehicles	162,665,000
Equipments	53,037,550
Motorcycles	9,375,000
Furniture and fittings	159,477,450

No detailed schedules of these assets were produced for audit examination.

- (b) The Balance Sheet as at 30th June, 2004 showed fixed assets valued at Shs.6,946,894,100 against audit figure of shs.6,950,635,350. The difference of Shs.3,741,250 related to depreciation on motor vehicles overstated and hence understated the net book value by the same amount.

1.6.2 Outstanding debtors Shs.22,739,705

The Balance sheet as at 30th June, 2004 showed outstanding debtors amounting to Shs.22,739,705 consisting of the following:-

Description	Amount (Shs.)
Treasury	17,149,705
Trade debtors	<u>5,590,000</u>
Total	<u>22,739,705</u>

Efforts should be made to collect these amounts from the bearers.

1.6.3 Outstanding Imprests and advances Shs.19,446,853

Outstanding imprests and advances reflected in the balance sheet aggregated to Shs.19,446,853 (audit figure) as analysed below:-

Category	Amount as per balance sheet (Shs.)	Audit figure (Shs.)
Imprests	8,021,790	8,420,130
Staff advances	<u>10,931,573</u>	<u>11,026,723</u>
Total	<u>18,953,363</u>	<u>19,446,853</u>

Efforts should be made to clear these balances.

1.6.4 Cash in bank Shs.224,075,123

On verification the Bank Balance as at 30th June, 2004 was established to be Shs.224,388,722 and not Shs.224,075,123 as shown in the Balance Sheet.

1.6.5 Liabilities Shs.135,234,890

The Current liabilities figure of Shs.135,234,890 reflected in the Balance Sheet as at 30th June, 2004 was understated by Shs.22,181,025. The correct balance should therefore have been Shs.157,415,915.

Category	Amount as per Balance Sheet (Shs.)	Audit figure (Shs.)
Deposits	62,912,247	85,060,271
Sundry creditors	56,845,710	56,878,710
Trade creditors	33,000	33,000
Accrued Interest	15,443,933	15,443,933
Total	135,234,890	157,415,914

The Council authorities should ensure settlement of these creditors.

1.7 Bank reconciliation statements

The bank reconciliation statements submitted together with the final accounts for the period under review disclosed uncleared items as follows:-

Account	Deposit in transit (Shs.)	Debit in bank not in cash book (Shs.)	Receipt in bank not in cash book (Shs.)
General Fund	500,000.00	16,000.00	249,000.00
Development	21,500.00		-
Deposit	73,650.00		-
Works	10,932.00		200,000.00
Education	245,052.00		23,968,766.10

Health	1,329,206.80	60,000.00	-
Transport	60,000.00		-
Cattle Dips	-		-
Water	-		-
CSPD	-		-
Road Fund	-	-	-
Revenue/Collection A/C	488,794.85	1,683,865.35	850,065.30
Irrigation	-	-	-
Total	2,729,135.65	1,759,865.35	25,267,831.40

The management should ensure clearance of these balances.

2. AUDIT CERTIFICATE

In my opinion, except for the matters specified in paragraph 1 above the Consolidated Balance Sheet and the Consolidated Income and Expenditure statement present fairly the financial position of Kyela District Council as at 30th June, 2004.