

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

**1. REVENUE**

**1.1 Missing Revenue Receipts**

A total of 33 General Revenue Receipt books issued to revenue collectors during the six months period ended 30<sup>th</sup> June, 2004 were not produced for audit examination. Hence revenue collected on them could not be confirmed to have been properly brought to account.

**2. EXPENDITURE**

**2.1 Deferred payments Shs.8,266,642**

Payments amounting to Shs.8,266,642 properly chargeable on 2003 accounts were instead met during the period under report. No reasons were given for these delayed payments.

**2.2 Stores not taken on ledger charge Shs.6,367,000**

Stores valued at Shs.6,367,000 purchased and properly supported by delivery particulars were neither taken on ledger charge nor could their utilization accounts be made available to audit.

**2.3 Questionable payments made to Creditors Shs.17,794,405**

A total amount of Shs.17,794,405 was paid to various payees stated to be Creditors who supplied goods and services to the Council for the previous year. However, there was no detailed information given (payments particulars) for audit to authenticate these payments.

**2.4 Contract agreement forms not produced – Shs.14,477,918**

Payments totalling to Shs.14,477,918 were made to various contractors involved in various construction works during the period under report. However, the contract agreement forms were not availed for audit purposes.

**2.5 Irregular payments Shs.42,616,340**

Payments amounting to Shs.31,309,700 were made for the acquisition of goods and services whereby the Local Purchase Orders were not dated. In other payments totalling to Shs.11,306,640 the invoices were raised

before the orders were placed. The situation raises doubts on the payments made.

## **2.6 Missing payment vouchers Shs.4,020,000**

Payment vouchers for Shs.4,020,000 were not made available for audit examination.

## **2.7 Unsupported payments – Shs.7,390,500**

A test check of payments for the period under review disclosed unsupported payments of Shs.7,390,500.

## **3. FINAL FINANCIAL STATEMENTS**

### **3.1 Revenue Collection Performance**

The total revenue collection made by the Council from own sources during the period under review stood at Shs.163,729,937 against the estimated income of shs.157,601,721 thus registering a surplus collection of Shs.6,128,216. Included were grants of Shs.91,324,563 received in lieu of the abolished revenue sources.

### **3.2 Out – turn**

The six months accounts closed with a surplus balance of Shs.31,290,458 arising from total expenditure of Shs.2,626,920,332 against total income of Shs.2,658,210,789 received.

### **3.3 Depreciation not expensed in the accounts Shs.59,570,151**

Both the Consolidated Income and Expenditure statement and the itemized expenditure statements did not reflect depreciation charges in respect of fixed assets wear and tear for the period under review,

However, according to the fixed assets schedules submitted, the depreciation expenses added up to Shs.59,570,151 consisting of the following balances:-

<b>Type of Asset</b>	<b>Page number of schedule</b>	<b>Amount (Shs.)</b>
Buildings	116 – 117	18,269,240
Machinery	122	3,835,775
Plant & Vehicles	123	32,286,198
Furniture and fittings	124 – 127	5,178,938
	<b>Total</b>	<b>59,570,151</b>

Hence, the total expenditure figure shown in the statement had been understated by the same amount.

### 3.4 Fixed Assets Shs.6,429,159,589

The Consolidated Balance Sheet as at 30<sup>th</sup> June, 2004 reported fixed assets valued at Shs.6,429,159,589 consisting of buildings, machinery, plant and motor vehicles, furniture and fittings. Audit scrutiny of the assets schedules submitted noted wrong inclusion of depreciation charges since the figures adopted were for accumulated depreciation instead of taking into account the depreciation charges for the period under review. The figures adopted were as follows:-

Asset	Accumulated Depreciation reported in the Balance Sheet (Shs.)	Depreciation for the period as per schedules (Shs.)	Remarks
Land and buildings	79,030,800	18,269,240	-
Machinery	7,527,799	3,835,775	The reported figure does not appear in the schedules
Plant, motor vehicles	63,310,022	38,775,000	- do -
Furniture and fittings	15,536,813	5,178,938	-

Comments from the Council on the above anomalies are awaited.

### 3.5 Outstanding debtors and creditors

The Balance Sheet as at 30<sup>th</sup> June, 2004 reported the following outstanding balances.

#### Debtors shs.10,673,957

Type	Balance (Shs.)
Sundry debtors	9,107,142
Imprests	1,402,290
Advances	164,525
<b>Total</b>	<b>10,673,957</b>

**Creditors Shs.135,212,063**

<b>Type</b>	<b>Balance (Shs.)</b>
Deposits	75,771,615
Unclaimed salaries	13,436,392
Other creditors	46,004,056
<b>Total</b>	<b>135,212,063</b>

Clearance action taken on these balances is awaited.

**4. AUDIT CERTIFICATE**

In my opinion, except for the matters reported in paragraphs 1 through 3 above, the consolidated Balance Sheet and the Income and Expenditure Statement present fairly the financial position of the Rungwe District Council as at 30<sup>th</sup> June, 2004.