

**70. MBARALI DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE, 2004**

1. EXPENDITURE

1.1 Missing payment vouchers Shs.27,882,927

Payment voucher for Shs.27,882,927 were not availed during the time of the audit. In the absence, the propriety and regularity of the payments made could not therefore be established.

2. REVENUE

2.1 Revenue collection performance

As against Shs.144,332,000 estimated to be collected by the council during the period under review from own sources, Shs.39,695,663 was realized hence registering a collection deficit of Shs.104,636,337 or 72% of the estimated revenue. The Council also received Shs.185,114,122 from the Central Government in lieu of the abolished revenue sources.

2.2 Under collections of Revenue

Large amounts of under – collections were noted from the following sub-Votes:

Sub-Vote	Estimates (Shs.)	Collection (Shs.)	Variance (Shs.)
A OO	56,252,000	20,550,071	35,701,929
L OO	8,060,000	1,514,550	6,545,450
M OO	51,500,000	10,105,700	41,394,300

Reasons for non – Collection of the revenue were not stated.

3. FINAL FINANCIAL STATEMENTS

3.1 Financial Performance

The finance performance of the six months accounts was a deficit balance of Shs.54,330,886 arising from total expenditure of Shs.1,294,152,781 against total income of Shs.1,239,821,895 realized during the period under audit.

3.2 Incorrect Trial Balance Education Account

The trial balance prepared as at 30th June, 2004 in respect of education account No. 2/005 reflected a credit balance of Shs.102,375,003,000 under item capitation. However, this huge balance appeared to be incorrect since the total grants received during the period under review for education sector added up to Shs.566,310,935 only.

3.3 Capital Expenditure Shs.194,100,000 – PEDP

The trial balance prepared as at 30th June, 2004 for Education Account reflected a debit balance of Shs.194,100,000 relating to capital expenditure incurred from the education Account. However, no corresponding credit entry for the development funds received is shown in the trial balance.

3.4 Deficit balance Shs.199,564,214

The Consolidated Income and Expenditure statement for the period under review reported a deficit balance of Shs.199,564,214. However, this balance appeared to be incorrect due to the following:

- Included in the total expenditure figures for the period were Shs.48,500,000 WIP and Shs.96,733,327 Road Construction which were not explained or sources of these balances not disclosed.
- The statement also appeared to have wrongly included capital expenditure items which ought to have been capitalized.

3.5 Consolidated Balance Sheet as at 30th June, 2004

3.5.1 Fixed Assets Shs.4,182,647,674

The balance sheet reflected fixed assets valued at Shs.4,182,647,674. Included were long term capital outlay (shs.612,747,865) and work in progress (Shs.729,027,105) which could not be confirmed in audit since they were not supported by any schedules.

3.5.2 Outstanding debtors Shs.182,993,442

The balance sheet as at 30th June, 2004 showed outstanding debtors amounting to Shs.182,993,442 consisting of the following balances:

Category	Balance (Shs.)
Salary advances	11,530,220
Staff imprests	80,204,180

Inter – advances	9,024,089
Sundry debtors	<u>82,234,953</u>
Total	<u>182,993,442</u>

As for the outstanding balance in respect of staff imprests (Shs.80,204,180) differences were observed between balances appearing in the analysed schedules and those reported as following:-

Balance as per schedules (Shs.)	Balance reported in the Balance Sheet (Shs.)	Account (Shs.)
35,208,335	25,271,083	G. Fund
Nil	4,974,800	Development
Nil	3,295,250	Deposit
Nil	1,496,520	Works
Nil	35,208,335	Education
1,066,750	1,066,750	Water
7,037,452	5,862,476	Health
385,800	385,800	Boma works
3,333,296	<u>3,333,296</u>	Agriculture
Total	<u>80,894,310</u>	

Further more, as for the balances which were found supported by analysed schedules, clearance action taken or intended to be taken were not stated thereon.

3.5.3 Liabilities Shs.337,259,985

The current liabilities balance of Shs.337,259,985 reflected in the balance sheet as at 30th June, 2004 consisted of the following:-

Category	Amount (Shs.)
Sundry creditors	133,463,276
Deposits	<u>203,399,614</u>
Total	<u>336,862,890</u>

However, the schedules for deposits was not submitted together with the final accounts for audit purpose. The difference of Shs.397,095 has also not been resolved.

4. AUDIT CERTIFICATE

In my opinion, except for the matters specified in paragraph 1 through 3 above the Consolidated Balance Sheet and Summary statement of Income and Expenditure present fairly the financial position of the Mbarali District Council as at 30th June, 2004.