

**72. MBEYA MUNICIPAL COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE, 2004**

1. Expenditure

1.1 Deferred payments – Shs.11,837,600

Payments aggregating to shs.11,837,600 properly chargeable in the year 2003 accounts were met in the year 2004.

**1.2 Payments made on the strength of proforma invoices –
Shs.9,659,500**

Payments totalling Shs.9,659,500 made for the purchase of goods and services were supported by proforma invoices.

1.3 Stores not taken on ledger charge Shs.6,023,500

Stores valued at Shs.6,023,500 purchased and properly supported by delivery particulars were neither taken on ledger charge nor could their utilization accounts be made available to audit.

1.4 Questionable issue of imprests Shs.11,914,000

A total of Shs.11,914,000 was paid to various officers being special imprests for acquisition of goods and services.

However, it was further noted during examination of payment vouchers that the issue of imprests was being made to these officers before retirement of the previous ones.

1.5 Payments made without quotations Shs.9,579,400

Payments amounting to Shs.9,579,400 were made to suppliers of goods whereby there were no quotations called for. It was therefore not established if due economy was exercised during the purchases.

1.6 Unsupported expenditure Shs.12,747,320

Supporting documents such as invoices, receipts, delivery notes etc. were not attached to the respective payment vouchers.

**1.7 Questionable purchases of drugs and hospital equipments
Shs.27,272,500**

A total amount of Shs.27,272,500 was paid to various suppliers for the acquisition of drugs and hospital equipments.

However, the following anomalies were noted:-

- No evidence was given to audit to show that the purchased items were not available at the Medical Stores Department public body entrusted with the duty of selling these items.
- Items supplied worth Shs.6,050,000 were not taken on ledger charge
- The invoices and delivery notes were not dated.

1.8 Questionable issue of Stores Shs.51,964,000

Stores (mainly stationeries) valued at Shs.51,964,000 said to have been issued from main store to Administration and Education departments could not be verified to have been accounted for by the respective departments as neither the stores ledgers nor utilization accounts were made available for audit.

2. FINAL FINANCIAL STATEMENTS

2.1 Revenue Collection Performance

During the period under review the Council collected total revenue of Shs.573,622,056 from own sources against the estimated income of Shs.467,490,923 registering a collection surplus of Shs.106,131,133 over the revenue estimates. The collection included a total sum of Shs.60,688,690 received from the Government in lieu of the abolished revenue sources. A further sum of Shs.199,000,00 received was for specified project activities.

2.2 High under collections noted

Poor revenue collection performance was noted on the following sub-heads.

Sub-Head	Estimates (Shs.)	Collection (Shs.)
801 – Health	8,920,000	4,295,000
008 – Agriculture and Livestock	14,500,000	6,892,700

More efforts should be exerted on revenue items which recorded poor collection.

2.3 Consolidated Income and Expenditure Statement

(a) Total Government grants (salaries) Shs.1,399,072,881

- (i) The total grants received for personal emoluments was shown as Shs.1,399,072,881. The amounts appearing in the general ledger for salary deductions made direct by the Treasury i.e. for income tax, pension, LAPF, Health Fund and Net salaries paid were not supported by relevant deduction sheets and paid payrolls.
- (ii) In some cases, the balances recorded in the General ledger for deductions did not bear references to the relevant journal vouchers.

(b) Total recurrent expenditure Shs.2,482,997,223

- (i) Fixed assets depreciation charges for the period under review appeared to have not been expensed in the accounts though reported in the consolidated balance sheet. Hence the total expenditure had been under stated by this omission.

2.4 Errors noted in the itemized expenditure statement

Sub-Vote	Total balance as per itemized statement	Total balance as per consolidated statement	Audit figure/remarks
Administration	409,203,851 (pg.55)	483,363,335	440,192,271
Code Ao7 270104	-	-	5,716,175
Do7-260 105	40,700	-	278,300
Fo1 – 260 102	45,000	-	-
Fo2-250 318	1,071,000	-	Not traced in general ledger
Fo6-250 301	150,000	-	"
Fo6-261 164	1,400,000	-	"
Health			
Bo1 – 260 202	1,406,790	-	-
Bo3 270 106	660,000	-	NIL
Bo4 250 302	614,000	-	NIL
Bo4 – 260 901	NIL	-	614,000
Co1 - ?	26,891,300	-	Not traced in general ledger

The anomalies have not been explained.

2.5 Consolidated balance sheet as at 30th June, 2004

Audit scrutiny of the balance sheet noted the following:-

2.5.1 Fixed Assets – Shs.8,178,327,522

The balance sheet as at 30th June, 2004 reflected fixed assets valued at Shs.8,178,327,522 while the audit figure was Shs.8,941,574,372. The fixed assets figure was therefore understated by Shs.763,246,850 attributed to deduction of annual accumulated depreciation of Shs.1,085,677,504 instead of the required depreciation charge for the period under review (half year) Shs.322,430,654.

2.5.2 Outstanding imprests and Advances – shs.5,224,002

The balance sheet as at 30th June, 2004 reflected outstanding advances amounting to Shs.5,224,002. However, this balance included imprests Shs.3,118,726 which was not separately disclosed in the balance sheet. Advances therefore amounted to Shs.2,105,276.

The analysed schedules submitted in support of these balances did not indicate clearance action taken or intended to be taken. Furthermore an age analysis of the same was not availed for audit scrutiny. The analysis is essentially needed for proper management decision making on the uncleared balances.

2.5.3 Creditors not reported shs.11,837,600

The Council did not reflect any outstanding creditors for the two financial years i.e. since 2003. However, it was noted during transactional audit conducted on the current year's accounts that there were deferred payments amounting to Shs.11,837,600 pertaining to previous years effected during the period under report. This evidenced the existence of trade creditors though not reported in the balance sheet for the respective period.

3. AUDIT CERTIFICATE

In my opinion, except for the matters reported in paragraphs 1 through 2 above the consolidated Balance Sheet and the Consolidated Income and Expenditure Statement present fairly the financial position of Mbeya Municipal Council as at 30th June, 2004.