

92. MPANDA DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE, 2004

1. FINAL FINANCIAL STATEMENTS

1.1 Revenue Collection Performance

The Income Statement reflected total own sources collection of Shs.328,390,089 which included grants of Shs.170,733,918 received from the Central Government in lieu of the abolished tax sources. The grants of Shs.170,733,918 pointed out above was not traceable in both the itemized revenue schedule and the trial balance as at 30th June,2004 for General Fund Account, hence not confirmed to be correct.

1.2 Itemized comparative Income statement not submitted

The council did not submit itemized comparative Income statement for the period under review. Hence it was found difficult to establish the revenue collection performance for each revenue item compared to the budgeted amounts. This implies a serious departure from the annual statements disclosure requirements.

1.3 Consolidated Income and Expenditure statement

1.3.1 Missing explanatory Notes to support the statement

Contrary to regulation number 85 of the Local Authority Financial Memorandum (1997), the council did not provide explanatory notes to support each summary revenue item appearing in the Income statement.

1.4 Consolidated balance sheet as at 30th June,2004

1.4.1 Cash Balance Shs.568,676,626

The year end cash balance of Shs.568,676,626 related mainly to six accounts which closed with huge favourable balances.

<u>Account</u>	<u>Balance (Shs)</u>
Education	209,516,791
Road Fund	112,556,520
Health	82,036,474
Development	57,947,296
Miscellaneous Deposit	84,363,167
DADPS	40,846,710

The General Fund Account closed with a red balance of Shs.36,095,842. Action is needed to clear this overdraft.

1.4.2 Deposits Shs.76,718,935

The balance consisted of the following:-

<u>Details</u>	<u>Amount (Shs)</u>
Grants in lieu of Abolished revenue sources	21,129,050
LAPF	3,193,960
NIC	10,672,900
Tambukareli – deposits	40,446,442
Salaries	1,001
RC. Deposits	550,000
Total Shs.	<u>75,993,353</u>

The difference of deposit balance of Shs.725,582 has not been explained. Further, reasons for not transferring the grants of Shs.21,129,050.35 pointed out above to the General Fund account were also not known in audit.

1.4.3 Debtors outstanding Shs. 134,045,146

The consolidated Balance Sheet as at 30th June,2004 reported the following Uncleared debtors:-

<u>Type</u>	<u>Amount (Shs)</u>
Imprests	46,915,855
Advances	83,646,291
Other debtors	3,483,000
Total	<u>134,045,146</u>

Clearance action is awaited.

1.4.4 Creditors Shs.516,336,435

- (a) The balance sheet disclosed a total amount of Shs.516,336,435 consisting of unpaid statutory deductions and other creditors as follows:-

<u>Details</u>	<u>Amount (Shs)</u>
LAPF – Dodoma	278,133,781.50
Pension – Dar es Salaam	150,463,409.90
TALGWU	3,610,876.00
Unpaid salaries	31,512,816.80
Kibaba & Coy Ltd	8,238,500.00
Other creditors	44,377,050.60
Total Shs.	<u>516,336,434.80</u>

The situation is serious and may put the council in problems if legal measurers are taken against the council for failure to pay these debts.

(b) Unclaimed salaries Shs.31,512,817

The unclaimed salaries balance of Shs.31,512,816.80 included in creditors balance of Shs.516,336,434.80 reflected in the balance sheet appeared to be incorrect. The balance as per analysed schedules was Shs.40,446,442 as follows:-

<u>Account</u>	<u>Balance as per Schedule (Shs)</u>
General Fund	7,780,232
Education	18,610,860
Health	14,055,350
Total Shs	<u>40,446,442</u>

2. AUDIT CERTIFICATE

In my opinion, except for the matters reported in paragraph 1 above the consolidated Balance Sheet and the consolidated statement of Income and expenditure present fairly the financial position of the Mpanda District Council as at 30th June,2004.