

**95. SUMBAWANGA TOWN COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH, JUNE, 2004**

1. FOLLOW UP ON OUTSTANDING MATTERS FOR PREVIOUS YEARS

1998 ACCOUNTS

1.1 Para 2.3 Short delivery of school materials Shs.12,562,200

Material worth Shs.4,681,304 have not been delivered to date.

1.2 Para 3.1 Purchase of stores not accounted for Shs.22,931,778

Stores purchased have not been accounted for to date.

2003 Accounts

1.3 Para 2.1.5 Unclaimed Salaries paid from Deposit Account to meet other charges Shs.4,831,300

The item is still outstanding

1.4 Para 2.3 (i) Debtors Shs.55,526,475

The balance of Shs.55,526,475 is still outstanding

1.5 Para 2.3 (ii) Creditors Shs.16,708,408

The balance of Shs.4,830,814 is still outstanding

1.6 Para 2.3 (iii) Deposits Shs.13,625,755

still outstanding.

2. MATTERS ARISING FROM 2004 ACCOUNTS

2.1 Revenue

2.1.1 Revenue collections not remitted by agencies Shs.5,464,860

An amount of Shs.5,464,860 due from the agencies is yet to be collected.

2.2 Expenditure

2.2.1 Unvouched and Improperly vouched expenditure Shs.5,916,550

Examination of payment vouchers for the year under review disclosed unvouched and improperly vouched expenditure of Shs.5,916,550 as shown below:-

<u>Category</u>	<u>Amount (Shs)</u>
Missing payment vouchers	2,566,550
Payments not supported by documents	3,350,000
Total	<u>5,916,550</u>

2.2.2 Payment without contractual agreements Shs.8,520,094

Examination of payment vouchers disclosed an amount of Shs.8,520,094 effected to M/S Meku Engineering and General supplies for renovation of a center made without a contractual agreement. The situation indicated violation of procurement procedures..

2.2.3 Cash payments of goods and services Shs.6,059,118

The Council effected payments of Shs.6,059,118 out of cash collection for the purchase of goods and services contrary to financial memorandum (1997) Para 190.

2.2.4 Salaries receipted without authority Shs. 2,864,900

Salaries amounting to Shs.2,864,900 were paid to some officials of the council on behalf of bonafide payees. Audit could not verify authority given by the bonafied payees

3. FINAL FINANCIAL STATEMENTS

3.1 Adoption of the annual accounts and statements not furnished.

The accounts and statements for the year under review submitted for examination had not been presented to Council for adoption contrary to the Local Authority Financial Memorandum (1997) Para 87.

3.2 Explanatory Notes to the consolidated Income and expenditure statement missing

The consolidated income and expenditure statement for the period ended 30th June,2004, did not reflect explanatory notes in support of various

revenue and expenditure summary items reported in the statement. This is contrary to the Local Authority financial Memorandum (1997) Para 85.

3.3 Statement of Capital Expenditure and its Financing

The council reported a total capital expenditure of Shs.411,100,634 out of incoming of Shs. 84,124,945 received during the financial period under audit. These were in respect of Road Funds, Basket Fund, Education and Development No.2 account. The council did not prepare and submit supporting capital expenditures providing outputs for each item that is giving particular of the extent to which the project performance was achieved.

3.4 Consolidated Balance Sheet as at 30th June,2004

3.4.1 Fixed Assets Shs.761,056,187

The balance sheet reflected fixed assets of Shs.761,056,187. Audit examination revealed that computer machines worth Shs.15,790,000 and the value of various primary school buildings under the jurisdiction of the Council were excluded in the statement.

3.4.2 Cash balance Shs.177,197,907

The balance which ought to be reported in the Balance Sheet was the reconciled cash book balance. However the council reported Shs.177,197,907 as cash balance which related to bank balances.

3.4.3 Work in progress Shs.441,949,948

The balance mainly related to primary school building projects in progress most of them since 2003 Financial year. The present works status of these projects is awaited.

3.4.4 Debtors Shs.32,064,822

The amount of Shs.32,064,822 outstanding consisted the following items:-

<u>Category</u>	<u>Amount (Shs)</u>
Imprests	12,859,362
Advances	6,038,460
G. Mandali	12,897,000
Saafi	270,000
Total	<u>32,064,822</u>

3.4.5 Deposits Shs.13,000,479

The Council reported deposit of Shs.13,000,479 in the Balance Sheet. The balance was not analysed.

3.4.6 Bank Reconciliation Statements

The bank reconciliation statements submitted with the Financial Statement for the year under review revealed the following irregularities: -

- (a) The bank reconciliation statements as at 30th June,2004 for all councils accounts submitted for audit examination were neither signed by the council authorities nor dated.
- (b) Certified bank balances from the bank authorities were not availed for audit examination in the working papers.
- (c) Bank statements as at 30th June,2004 for all accounts were missing from the working papers.

4. AUDIT CERTIFICATE

In my opinion, except for the matters specified in paragraphs 1 through 3 above the consolidated Balance Sheet and the consolidated Income and expenditure statement present fairly the Financial position of the Sumbawanga Town Council as at 30th June,2004.