

94. SUMBAWANGA DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE,2004

1. FOLLOW UP ON OUTSTANDING MATTERS FOR PREVIOUS YEARS

2000 Accounts

1.1 Para 4.1 Fraudulent claims Shs.2,437,000

Shs.2,437,000 is still outstanding

1.2 Para 4.1 Imprests retirement through fictitious receipts Shs.5,292,000

Shs.5,292,000 is still outstanding.

MATTERS ARISING FROM 2004 ACCOUNTS

2. REVENUE

2.1 Revenue collections by Agents not remitted to Head Office Shs.5,507,500

Revenue amounting to Shs.5,507,500 due from seven Council revenue collection agents had not been paid to the council by the agents. Necessary action should be taken for the collection of the revenue.

3. FINAL FINANCIAL STATEMENTS

3.1 Missing explanatory notes to the consolidated income and expenditure statements

The council did not prepare and submit the explanatory notes in support of various revenue and expenditure summary items reported therein. This is contrary to regulation No.85 of the Local Authority Financial Memorandum (1997).

3.2 Missing individual account balance sheet

Individual accounts balance sheets as at 30th June,2004 in respect of 18 accounts were not prepared and submitted for audit examination. Balance sheet has been prepared for only 4 accounts i.e. Mkowe project, TASAF, Counterpart and School Mapping.

3.3 Grants in Lieu of the abolished revenue items

The Trial Balance of the Miscellaneous deposit account reflected a sum of Shs.92,132,457 as a grant in lieu of the abolished revenue items as part of General Fund account income for the relevant financial year. However it was noted that, there was a transfer from deposit account of Shs.123,600,000 in respect of the grants in lieu of the abolished revenue items. Accountability of grants totaling Shs.31,467,543 in the General Fund account has not been established in audit.

3.4 Unexplained balance Shs.139,704,655

The trial balance prepared for Education account as at 30th June, 2004 reflected a total amount of Shs.489,593,722 was received from the Central Government being capitation grants. Only Shs.349,889,068 noted to have been paid (ledger folio 65 and 106 refer. The difference of Shs.139,704,655 was not explained.

3.5 Un analysed balance Shs.489,593,722

The funds recorded under capitation item included money received for capital expenditure. However both the trial balance and the income and expenditure statement did not disclose separate amounts received and expended i.e. for capitation and PEDP development items Shs.489,593,722 reported was therefore not analysed.

3.6 Consolidated Balance Sheet as at 30th June,2004

3.6.1 Fixed Assets Shs.2,635,466,252

The Balance sheet reflected total fixed assets of Shs.2,635,466,252. Audit scrutiny of summary of fixed assets as at 30th June,2004 revealed that, the fixed assets values were calculated on diminishing balance method. However the net book value of the previous year 2003 was not included in the statement hence making difficult in audit to establish the correctness of the balance. Moreover total fixed assets of Shs.15,358,688 (net book value) in respect of TASAFA project was totally omitted in the balance sheet.

Furthermore, development expenditure pertaining to Development account Shs.31,174,552 and Mkowe rehabilitation project Shs.14,113,008 appeared to have not been capitalized and hence omitted in the balance sheet.

3.6.2 Cash balances Shs.405,312,720

The balance sheet reflected a cash balance of Shs.405,312,760 as an asset of the Council. However, audit scrutiny of the council accounts

reveled a total of 32,384,669 which had been omitted in the above balance in respect of the following:-

<u>Account</u>	<u>Amount (Shs)</u>
School Mapping	33,400
Mkowe Project	2,704,813
Counter part fund	3,249,167
TASAF project	<u>26,397,289</u>
Total	<u>32,384,669</u>

3.6.3 Outstanding Debtors Shs.26,749,430

The consolidated balance sheet as at 30th June,2004 reported the following debtors:-

<u>Category</u>	<u>Balance (Shs)</u>
Advances	633,430
Loans (WDF)	4,116,000
Loans (Benki kata)	12,000,000
Fixed Deposit	<u>10,000,000</u>
Total	<u>26,749,430</u>

Clearance action taken is awaited.

3.6.4 Deposits Shs.28,211,923

The deposit balance reported was in respect of the following items:-

<u>Details</u>	<u>Amount (Shs)</u>
Income Over expenditure	14,316,025
Unclaimed salaries	6,178,363
LAPF	3,923,569
Capitation refund	104,816
Half Salaries	840,650
Teachers claims	1,501,500
Out reach	20,000
Refunds miscellaneous	<u>1,327,000</u>
Total	<u>28,211,923</u>

However, the balance of Shs.14,316,025 of Income over expenditure was not analysed.

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 District Council as at 30th June,2004.