

**41. KASULU DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE,2004**

1. REVENUE

1.1 Revenue collection performance

The Council planned to collect revenues amounting to Shs.43,038,000 from own sources of revenue. However, it collected a total of Shs.65,436,825, hence recording a surplus of Shs.22,398,825 or 52% of the total budget. Unrealistic budgeting or more efforts applied in collection of revenues could be the cause of the surplus collection.

1.2 Revenue assessed but not collected Shs.19,197,800

According to the exemption voucher produced for audit a total of Shs.19,197,800 was assessed but had not been collected by the Kasulu District Medical Officer from the Ministry of Health. In addition, several refugees had been receiving treatment from the Kasulu District Hospital, but no bills were raised demanding payments of Medical charges from M/S United Nations High Commission for Refugees. In the absence of such bills, the actual amount due to the hospital could not be established.

1.3 Failure to Collect revenue from Water Bills Shs.4,272,970

An amount of Shs.4,272,970 being sale of water remained uncollected by the Council as in November,2004. The Council is requested to ensure that all outstanding water bills are collected and accounted for.

2. EXPENDITURE

2.1 Questionable payments to Creditors Shs.31,204,600

A total of Shs.31,204,600 was paid to three creditors of the council. However, scrutiny of the creditors registers disclosed non-existence of the names of such creditors. Unless the names of the proper payees and activities for which they were paid are given, the amount spent stands as an improper charge to the public funds.

3. FINAL FINANCIAL STATEMENTS

3.1 Missing statement

Contrary to regulation 84 (v) of the Local Authority Financial Memorandum, the Council did not prepare and submit for audit a

statement of capital account. Hence making the financial statements produced for audit incomplete. In the absence of the statement funds received and applied for implementation of the intended projects and the projects implemented could not be determined.

3.2 Consolidated Balance Sheet as at 30th June,2004

3.2.1 Outstanding Imprests and Advance Shs.47,465,953

Balances of imprest and advances were reflected in the balance sheet as Shs.37,247,865 and Shs.10,218,088 respectively. However, according to the individual accounts. The balances were Shs.47,729,970 for imprests and Shs.8,486,778 advances. Unless these differences are reconciled the correct balances cannot to confirmed. In addition, imprests amounting to Shs.577,000 and advances of Shs.390,000 were not recorded in the respective registers. This is indicative of a weakness in keeping proper records of imprests and advances. Recovery of the outstanding balances is called for.

3.2.2 Current Liabilities

Total liabilities disclosed in the balance sheet were Shs.562,555,652. These included the following:-

<u>Type</u>	<u>Amount (Shs)</u>
Sundry Creditors	501,760,575
Accrued Expenses	18,135,000
Unclaimed Salaries	2,075,981
Total	<u>521,971,556</u>

Early clearance of these liabilities is called for before the creditors opt for legal action against the council.

4. BANK RECONCILIATION STATEMENTS

Verification of the bank reconciliation statements in November,2004 disclosed the following uncleared balances (updated) with the bank.

<u>Items</u>	<u>No. of Accounts</u>	<u>Amount (Shs.)</u>
Stale cheque	4	423,347
Cash on transit	3	3,925,137
Payment in Bank not in cash book	1	102,009

In addition, three accounts were overdrawn to the extent of Shs.10,422,200 contrary to the Financial instructions. Clearance of outstanding balances in called for.

5. AUDIT CERTIFICATE

In my opinion, the balance sheet and income and expenditure statement present fairly the financial position of Kasulu District Council as at 30th June,2004.