

**43. KIGOMA DISTRICT COUNCIL FOR THE SIX MONTHS  
PERIOD ENDED 30<sup>TH</sup> JUNE,2004**

**1. REVENUE**

**1.1 Revenue Collection Performance**

A sum of Shs.68,861,770 was collected by the Council from own sources out of Shs.49,875,000 estimated to be collected for six months, registering a surplus of Shs.18,986,770 or 27% of the estimated revenues. The overcollection might be due to unrealistic budgeting.

**2. EXPENDITURE**

**2.1 Irregular and Questionable Payments for Construction Materials  
Shs.212,794,826**

The Council paid a total of Shs.212,794,826 to M/S Kimambi Building Contractor of Dar es Salaam in respect of building materials and equipment for water projects at Mkongoliwa, Mgambazi and Kalenge. The money was paid to the supplier as follows:-

<u>Pv. No.</u>	<u>Amount</u>	<u>Cheque No.</u>	<u>Remarks</u>
1/4/2004	36,807,435	00235165	Advance payment
2/5/2005	12,349,145	002351655	-
1/5/2004	62,463,974	002351654	Advance payment
8/6/2004	20,821,272	002351663	-
7/6/2004	60,264,750	002351662	Advance payment
9/6/2004	<u>20,088,250</u>	002351664	-
<b>Total</b>	<b><u>212,794,826</u></b>		

The following irregularities were noted:-

- The purchases were made without calling for competitive bids contrary to the Public Procurement Act.2001.
- The Council's tender board was not involved in awarding the tender to the supplier.
- The supplier received money in advance prior to the supply of the goods
- The project at Kalenge had not taken off as at the time of audit, May,2004, despite receipt of payments by the supplier.

The materials and equipment sent to Kalenge were stored for five months in the house which belonged to the Village Executive Officer. No security was evidenced against any losses of the items.

## **2.2 Unsupported payments Shs.4,188,400**

Examination of payment vouchers for the period ended 30<sup>th</sup> June, disclosed improperly vouched expenditure amounting to Shs.4,188,400 which emanated from missing supporting documents. Without the documents the total expenditure incurred remains improper.

## **2.3 Questionable payment for motor vehicles maintenance Shs.9,960,412**

The Council paid Shs.9,960,412 to Shazmina Enterprises and Kigoma Garage in respect of maintenance and repair of the Council's motor vehicles. Although the ordering documents were produced, the vehicles were sent to garages without being supported by the inspection reports filled by the engineer before and after maintenance. The spare parts replaced were not made available, and the Council did not maintain the used parts register which could be a base for write-off and disposal when required.

## **3. FINAL FINANCIAL STATEMENTS**

### **3.1 Notes to the Annual Financial Statements Missing**

Contrary to regulation number 85 to the Local Authority Financial Memorandum (1997), the Council did not prepare and submit to audit a statement of accounting policies and explanatory notes along with the annual accounts and statements for the period ended 30<sup>th</sup> June,2004. So the financial statements produced were incomplete.

### **3.2 Consolidated Income and Expenditure Statements**

#### **3.2.1 Expenditure Omitted in the Statement**

Expenditure of Shs.10,467,000 being retirement of imprests by various officers was excluded in the general ledger accounts, as such the same were not included in the expenditure statement.

### **3.3 Capital Expenditure statement and its Financing**

The statement of capital expenditure and its financing was not accompanied by the individual project performance reports which are vital for comparison of outputs against inputs. We still call for the reports.

### 3.4 Consolidated Balance Sheet as at 30<sup>th</sup> June,2004

#### 3.4.1 Fixed Assets Shs.2,175,410,884

The balance sheet as at 30<sup>th</sup> June,2004 reflected net assets of Shs.2,175,410,884 which included land & building, Furniture, fittings and Equipments, motor vehicles and motorcycles. However, scrutiny of the schedule of assets revealed that a good number of fixed assets comprised of Motor vehicles, motorcycles, furniture and equipment had no values and hence excluded from the balance sheet, in addition, scrutiny of the fixed assets register disclosed that such assets with no indicated values were not recorded therein.

#### 3.4.2 Stock Shs.362,931,519

Although the balance sheet as at 30<sup>th</sup> June,2004 reflected stocks and stores of Shs.362,931,519 the number of items compiled in the stock sheets had no values. Therefore it could not be determined how the value of Shs.362,931,519 was obtained.

#### 3.4.3 Creditors outstanding Shs.517,475,846

The total current liabilities reflected in the balance sheet for the six months period ended 30<sup>th</sup> June,2004 amounted to Shs.517,475,846 arrived at as follows:-

<u>Category</u>	<u>Amount (Shs)</u>
Statutory deductions	32,140,916
Bima	1,052,514
Unpaid salaries	77,444,121
Other creditors	34,481,723
Teachers liabilities	<u>372,356,571</u>
<b>Total</b>	<b><u>517,475,845</u></b>

This is an increase of 338,897,038 or 190% from the previous year's balance of Shs.178,578,807. The trend indicates a serious laxity in settlement of the debts due to the creditors. Measures to pay the debts before the creditors opt for legal action should be taken.

## 4. AUDIT CERTIFICATE

In my opinion due to the significance of the matters specified in paragraphs 1 through 3 above the Balance Sheet and Income and Expenditure statement do not present fairly the financial position of Kigoma District Council as at 30<sup>th</sup> June,2004.