

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

**1. REVENUE**

**1.1 Revenue not remitted to the Council by the Agents shs.3,660,000**

A sum of shs.3,660,000 being revenues collected by an Agent for the period January to June, 2004 remained unremitted as at 30<sup>th</sup> June, 2004.

**2. EXPENDITURE**

**2.1 Payment of recurrent nature made from Education Account shs.3,015,000**

Payments totalling shs.3,015,000 were made from Education Account to meet recurrent expenses. No refund was confirmed to have been made to the Education Account.

**2.2 Overpayment of sitting and other allowances shs.30,485,000**

The Council conducted several irregular meetings outside the scheduled Committees meetings, thereby resulting in unauthorised expenditure of shs.30,485,000.

**2.3 Loan not refunded shs.11,300,000**

Council granted loans to Kahama United Football Club. However the amount has not been recovered from the Kahama United Football Club.

**2.4 Unclaimed Salaries not paid over to Treasury shs.2,197,600**

Salaries amounting to shs.2,197,600 in respect of deceased employees has not been surrendered to Treasury. The funds were observed to be held in deposit account.

**2.5 Stores not taken on ledger charge shs.1,260,000**

Stores valued at shs.1,260,000 purchased and paid for were not received and taken on ledger charge.

### 3. FINAL FINANCIAL STATEMENTS

#### 3.1 Consolidated Balance Sheet

##### 3.1.1 Fixed Assets not supported by schedules Shs.8,155,502,190

The consolidated balance sheet disclose the value of fixed assets of shs.8,155,502,190. However supporting schedules were not submitted along with Final Financial Statements, hence the correctness of the balance could not be established.

##### 3.1.2 Depreciation not charged for the Council's fixed assets

The above stated value of fixed assets Shs.8,155,502,190 consisted of the following assets.

	<b>Amount (Shs)</b>
• Land and Building	7,637,864,153
• Furniture and Fittings	280,270,845
• Motor vehicle and Plant	221,189,862
• Tolls and Equipment	14,653,330
• Motor vehicle clearance account	1,524,000

However, no depreciation was charged in respect of these assets contrary to accounting principles.

##### 3.1.3 Closing stocks not included in the balance sheet shs.160,637,026

The ledger balance together with stock taking sheets disclosed value of closing stock to the tune of shs.160,637,026 which was not included in the balance sheet along with other current assets.

#### 3.2 Outstanding Debtors and Creditors

The Balance Sheet as at 30<sup>th</sup> June, 2004 disclosed the following outstanding debtors and creditors.

##### Debtors Shs.443,171,081

<b>Category</b>	<b>Amount (Shs)</b>
Imprest	119,250,304
Salary Advances	4,186,779
Staff loans	29,014,285
Clearance A/C	125,005,259
Dummy A/C	157,044,454

Other debtors	7,795,000
Inter A/C advances	<u>875,000</u>
<b>Total</b>	<b><u>443,171,081</u></b>

**Creditors Shs.637,954,864**

Category	Amount (Shs)
Deposits	637,821,364
Sundry creditors	<u>133,500</u>
<b>Total</b>	<b><u>637,954,864</u></b>

Since the balance sheet was found not supported by explanatory notes and also due to the absence of supporting schedules in respect of these balances, their correctness could not be confirmed in audit.

### 3.3 Trial balance items differ with balance sheet figure

Below are items noted in Trial balance whose figures differed from that shown in the Balance sheet viz:-

Item	Trial balance figure (Shs)	Balance sheet figure (Shs)	Difference (Shs)
Retained Earning	623,873,050.93	470,668,576.10	153,204,474.83
Imprest control Account	111,939,857.00	8,285,350.00	103,654,507.00
Staff Loan Control Account	43,597,825.00	1,691,245.00	41,906,480.00
Salary Advance Control Account	7,757,018.80	2,314,120.00	5,442,898.80

Reconciliation of the figures is awaited.

### 3.4 Missing statements

The following statements were not prepared and submitted to me for examination.

- (i) Capital Expenditure statement and its financing
- (ii) Individual accounts balance sheets
- (iii) Receipts and payments statement in respect of Deposit account
- (iv) Accounting notes stating the principles and policies adopted in drawing up the accounts.
- (v) Explanatory notes in support of the consolidated balance sheet and Income and Expenditure statement.

Hence the annual accounts rendered were incomplete.

#### **4. AUDIT CERTIFICATE**

In my opinion, the consolidated balance sheet and Summary Statement of Income and Expenditure do not present fairly the final position of the Kahama District Council as at 30<sup>th</sup> June, 2004.