

105. SHINYANGA DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE, 2004

1. REVENUE

1.1 Revenue collection performance

During the period of January to June, 2004 the Council Collected revenue from own sources totalling shs.50,418,788 (audit figure) as against the estimated income of shs.63,710,000 (audit figure) thus registering a collection deficit of shs.13,291,212 or 79.1% of the budgeted income. Also, the collection from arrears of cotton cess could not be verified by audit.

2. PAYMENTS

2.1 Payment of Council's sittings allowance exceeding budgetary provisions shs.11,158,500

The Council held seven committee meetings over and above the approved budget which was for 20 committees' meetings during the period January to June, 2004. The allowances paid for the extra meetings totalled to shs.11,158,500.

2.2 Questionable payment for Rehabilitation of Maskati Water Project shs.3,894,000

An amount of shs.3,894,000 was paid to DED Shinyanga in respect of rehabilitation of Maskati Water Project. Examination of the payments voucher revealed the following irregularities:-

- (i) Out of shs.3,894,000 quoted above shs.3,279,000 was paid in cash to Ms John M. Wambura T/A Nyamongo Store against cash sale No. 00456 dated 18/2/2004. The cash sale describes the goods sold merely as pipe and fittings shs.3,279,000 without further details. No local purchase order was raised against this purchase. The possibility that the supplier could evade the payment of stamp duty in relation to this purchase cannot be ruled.
- (ii) The above payment includes payment of shs.50,000 for the purchase of 5 bags of cement from M/S Asreen Enterprises as per cash sale No. 10435 of 20/2/2004. However the cost of cement is not included in the detailed items paid for, listed on the loose minute sheet prepared in the office and attached to support the payment.

- (iii) The items purchased could not be traced to have been received in stores ledger and issued.

2.3 Doubtful refund of VAT –Shs.982,726

The Council refunded VAT to a Contractor m/s Nela a sum of shs.982,726 which was supposed to be refunded by TRA.

The refunded amount includes shs.150,000 which was for late payment (penalty) of VAT.

3. FINAL FINANCIAL STATEMENT

3.1 Consolidated Balance Sheet as at 30th June, 2004.

3.1.1 Land and Buildings shs.3,735,662,725

- (i) The figure of the opening balance of land and building as at January, 2004 should have been 3,599,048,328 which was the closing balance for the year ended 31st December, 2003.
- (ii) Schedule attached along with final financial statement (Note 2) indicates only serial numbers and values without description of an assets and location. Hence it was difficult to confirm existence of the items.

3.1.2 Furniture and Fittings shs.110,745,370

Furniture and Fittings shown in the Balance sheet were not analysed for easy identification thus the reported values could not be confirmed.

3.1.3 Motor vehicle and plant shs.488,779,618

The above motor vehicle and plant figure was wrongly picked in the previous accounts schedule of 1.1.2003, instead of picking balances as at 31.12.2003 which were net figures (less depreciation).

Further more, motor vehicle with registration No. STK 843 valued at shs.19,745,260 was acquired in last financial year and not January-June, 2004 period.

This has an effect on depreciation charge, overstating the assets figure and wrongly disclosure in cash flow statement.

3.2 Stocks and Stores shs.153,327,590

The schedule submitted along with final accounts added up to shs.116,804,088

The difference of shs.36,523,502 on stock items should be reconciled.

The stocks taking sheets were not made available despite of several request, also there were some items in the schedule as at 30th June, 2004 whose values were not shown.

3.3 Cash Flow Statement

The cash flow statement shows depreciation to the tune of shs.123,090,637, but a cross reference with consolidated trial balance shows that the depreciation charged for the six months period amounted to Shs.50,450,882 only.

In additional the schedule of individual assets revealed a total depreciation of Shs.62,477,607 as illustrated here below:

	Depreciation charge
(i) Office furniture schedule No. 3	1,027,396.00
(ii) House furniture schedule No. 5	92,670.00
(iii) Land and Building schedule No. 2	37,733,967.00
(iv) Office equipment schedule No. 4	503,590.00
(v) Motor vehicleschedule No. 7	22,186,925.00
(vi) Motor cycle schedule No.8	<u>933,059.00</u>
	<u>62,477,607.00</u>

The reconciliation needs to be made to rectify the above differences.

4. BANK RECONCILIATION STATEMENT AS AT 30TH JUNE, 2004

4.1 Stale cheques shown as unrepresented cheques –totalling Shs.9,138,000

Stale cheques worth shs.9,138,000 which were issued between October, 2003 and April 3rd, 2004 were incorrectly included in the detailed schedule of unrepresented cheques in the bank reconciliation statements of the relevant accounts instead of adjusting the respective cash books and ledger accounts before closure of the accounts for the year 2004 as instructed in the financial regulations.

5. AUDIT CERTIFICATE

In my opinion, except for the matters specified in paragraphs 1 through 4 above, the balance sheet and statement of Income and Expenditure present fairly the financial position of Shinyanga District Council as at 30th June, 2004.