

65. SERENGETI DISTRICT COUNCIL FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE,2004

1. EXPENDITURE

Examination of account records, payment vouchers and related supporting documents for the year under review disclosed the following irregularities; which arose due to weak internal control systems: -

<u>Category</u>	<u>Amount (Shs)</u>
1.1 Unvouched Expenditure	21,355,448
1.2 Statutory Deduction payments not acknowledged by receipts	17,011,197
1.3 Stores purchase and paid for not accounted for	832,000
1.4 Allowance payments not receipted	2,420,000
1.5 Suspected Misappropriation of Development Funds	14,500,000
1.6 Payment for the purchase of school books (Purchase not evidenced	55,836,830
1.7 Irregular and/or questionable Expenditure	<u>133,617,051</u>
Total	<u>245,572,526</u>

2. FINAL FINANCIAL STATEMENTS

2.1 Revenue collection performance not ascertained

The council did not prepare and submit along with the annual accounts both detailed statements of income and Expenditure as at 30th June,2004. In the absence of such vital statements; audit could not evaluate the council's Revenue Collection performance and or the council's spending subsequently the correctness of both summary statements of Revenue and Expenditure could not be confirmed in audit.

2.2 Out-Turn

According to the consolidated Income and Expenditure statement submitted, the years' accounts closed with a deficit balance of Shs.31,546,311 arising from total expenditure of Shs.1,366,006,585 against total income of Shs.1,334,460,274 received during the period under audit. However, taking into account the fixed asset depreciation charges in respect of buildings, motor vehicles and furniture totalling Shs.34,171,738, (Which ought to have been expensed in the accounts) the total expenditure and deficit balance for the year should read Shs. 1,4001,178,323 and Shs.65,718,049 respectively.

2.3 Consolidated Balance Sheet as at 30th June,2004

2.3.1 Fixed Assets Shs.417,430,553

The Balance Sheet as at 30th June,2004 reflected Fixed Assets worth Shs.417,430,553. The correctness of this figure could not be ascertained in audit in the absence of a Fixed Asset register and valuation Certificates. Further, no details or explanation was obtained on the apparent increase of Fixed Assets from Shs.370,063,450 of the previous year to Shs.417,430,553 for the period ended 30th June,2004 involving an increase of Shs.47,367,103.

Apart from the above mentioned anomalies, the fixed assets schedule submitted in support of the above stated value appeared to be incomplete since it did not reflect the types and quantity of the buildings, furniture and equipment reported. The schedule was also noted to have excluded several school buildings and dispensaries owned by the council.

2.3.2 Debtors outstanding Shs.60,631,712

The balance sheet as at 30th June,2004 reflected outstanding debtors of Shs.60,631,712 which consisted of the following:-

<u>Type</u>	<u>Amount (Shs)</u>
• Advances	4,970,014
• Money Recoverable from Women groups	5,866,200
• M/S Mara Co-operative Union 1984 Ltd	3,124,174
• M/S Mafacu	6,716,475
• Elimu – Ukaguzi	200,000
• Imprests	39,754,849
Total	<u>60,631,712</u>

The detailed lists submitted in support of these balances did not indicate action being taken or intended to be taken for their clearance.

2.3.3 Outstanding Liabilities Shs.430,781,519

Liabilities of Shs.430,781,519 reflected in the balance sheet consisted of the following Uncleared items.

<u>Item</u>	<u>Balance</u>	<u>Remarks</u>
• Accrued Statutory Deductions payable	55,948,878	
• Accrued Salaries	66,450,340	
• Accrued Councillors allowances	12,194,000	
• Accrued Employees allowances	10,232,242	
• Accrued contribution to WDF/YDF	35,061,079	Not supported by schedules

• Accrued Teachers claims	195,585,928	Schedule not produced
• Other creditors	<u>55,309,052</u>	
Total	<u>430,781,519</u>	

Serious clearance action should be taken since the council may find it self in problems in case the creditors opt for legal measures against the council

2.3.4 Stock Shs.102,460,496

The council's Balance Sheet as at 30th June,2004 reflected a total sum of Shs.102,460,496 in respect of closing stock. However, this figure could not be authenticated for there were no stock count sheets dully signed by council officials who participated in stock taking.

2.3.5 Loan Shs.46,000,000

The consolidated Balance Sheet reflected an outstanding balance of Loan (LGLB) of Shs.46,000,000. This Loan which accumulated interests has not been settled. The council is urged to clear this long outstanding loan.

2.3.6 Unspent Grants Shs.250,913,884

The accounts closed with Unspent Balance of grants (Capital receipts Unapplied) amounting to Shs.250,913,884 in respect of the following accounts:-

<u>Account</u>	<u>Unspent Balance (Shs)</u>
DDP	120,086,806
Road Fund	64,934,956
Development	38,420,430
CSPD	16,615,570
DADP	7,076,000
TRC	<u>3,780,122</u>
Total	<u>250,913,884</u>

The Council is requested to explain how this large amount of unspent funds was subsequently spent.

3. AUDIT CERTIFICATE

In my opinion, the Balance Sheet and Summary Statement of Income and Expenditure do not present fairly the financial position of the Serengeti District Council as at 30th June.