

**57. BABATI DISTRICT COUNCIL FOR THE SIX MONTHS  
PERIOD ENDED 30<sup>TH</sup> JUNE 2004**

**1. EXPENDITURE**

**1.1 Unvouched and improperly vouched expenditure Shs. 158,897,515**

Payment vouchers totalling Shs 29,183,731 were completely missing from the respective batches while expenditure amounting to Shs.129,713, 784 had no supporting documents.

**1.2 Stores not taken on ledger charge Shs. 13,929,625**

Audit examination revealed that stores worth Shs. 13,929,625 paid for and certified received, were not taken on ledger charge.

**1.3 Fuel not accounted for shs. 5,446,480**

Fuel worth Shs. 5,446,480 ordered and paid for was not confirmed received and accounted for in the fuel ledger.

**1.4 Procurement without quotations Shs. 6,547,500**

The Council purchased goods worth Shs. 6,547,500 without calling for competitive quotations.

**1.5 Unconfirmed implementation of village projects Shs. 6,493,360**

During the year under review the Council paid Shs. 6,493,360 to various village councils towards the cost of village projects. However, no implementation reports were produced.

**1.6 Suspected false claims Shs. 1,070,000**

A sum of Shs. 1,070,000 was paid to officials of the Council as subsistence allowance whilst travelling on official duties. However, the submitted claims were discovered to be false and are subject to recovery.

**1.7 Unretired imprest paid from Deposit Account Shs. 6,601,400**

Imprests drawn out from deposit account amounting to Shs. 6,601,400 were not retired by respective individual officers.

**1.8 Health Account**

**1.8.1 Physical performance evaluation of basket fund activities**

The Council failed to implement fully the approved activities under Health Basket Fund as shown below:-

Level of cost Centre	Planned Activities	Status of Implementation	Achievement
Council Hospital	To rehabilitate toilets in female wards	The rehabilitation activity is not yet completed	90%
-do-	To purchase mosquito control supplies and conduct sensitization	Only sensitization activity done and purchasing of mosquito control supplies was not done	35%
-do-	To conduct monthly supportive supervision to 40 Health units	Only 15 health units supervised	35%
Community Initiatives	Procurement of IEC material for water hygiene and sanitary equipments	Only few equipments for sanitation were procured	20%

### 1.8.2 Recoverable VAT and contingency payment Shs. 8,434,508

A sum of Shs. 37,237,606 (as detailed below) paid by the Council to two contractors for rehabilitation of dispensaries included 20% VAT Shs. 5,760,630 contrary to the directive of the Tanzania Revenue Authority. In addition, a sum of Shs. 2,673,888 being 5% contingency included in the contract was neither justified nor were details of works executed produced to audit for scrutiny. Council's reply on the total amount involved Shs. 8,434,508 is awaited.

Name of Contractor	Contract Amount (Shs.)	Add 20% VAT (Shs.)	Add 5% contingency (Shs.)	Grand Total (Shs)
Quality Construction	6,520,698	1,304,140	-	7,824,838
Kashere Enterprise	<u>22,282,400</u>	<u>4,456,480</u>	<u>2,673,888</u>	<u>29,412,768</u>
<b>Total</b>	<b><u>28,803,098</u></b>	<b><u>5,760,620</u></b>	<b><u>2,673,888</u></b>	<b><u>37,237,606</u></b>

## 1.9 Road Funds

### 1.9.1 Variation payment not approved by Tender Board Shs. 4,109,955

The Council paid M/S Quality Construction Shs. 1,915,955 and M/s Nowu Engineering Co. Shs. 2,194,000 being value of additional works on the construction of Boay – Gidas – Hanan'g Border Road and spot improvement

of Babati Town Roads respectively without prior sanction of the tender board.

### **1.9.2 Unjustified contingency fund Shs. 2,673,888**

A contract for spot improvement of Babati – Mamire Road was entered into between the Council and M/s Kashere Enterprise at a cost of Shs.29,412,768 which included a contingency amount of Shs.2,673,888. The contingency amount was not justified.

## **2. FINAL FINANCIAL STATEMENTS**

### **2.1 Out-Turn**

The outturn on the years accounts was a surplus balance of shs.143,063,081 arising from total expenditure of Shs. 2,751,599,146 against total income of shs. 2,894,662,227.

### **2.2 Consolidated Balance sheet as at 30<sup>th</sup> June, 2004**

#### **2.2.1 Debtors Shs. 231,913,219**

The Consolidated Balance Sheet as at 30<sup>th</sup> June 2004 disclosed outstanding debtors totalling Shs. 231,913,219 as shown below:-

<b>Category</b>	<b>Amount Shs.</b>
Salary advances	20,820,341
Imprests	104,868,760
Other debtors	<u>106,224,118</u>
<b>Total Shs.</b>	<b><u>231,913,219</u></b>

The detailed lists submitted in support of these balances did not indicate action intended to be taken for their clearance. An age wise analysis of these debtors was not prepared and submitted to me.

#### **2.2.2 Creditors Shs. 103,845,547**

The Council creditors as at 30<sup>th</sup> June, 2004 stood at Shs. 103,845,547.

Clearance of this balance appeared to be slow.

#### **2.2.3 Deposits Shs. 238,901,179**

The figure of deposits reflected in the balance sheet was incorrect as the money deposited for rehabilitation of dispensaries was understated by Shs.1, 178,522 in the schedule of deposits. The correct figure to be reflected in the balance sheet as at 30<sup>th</sup> June, 2004 should therefore have been Shs. 240,079,701 as detected in audit.

### 3. BANK RECONCILIATION STATEMENTS

#### 3.1 Uncleared Items:

Scrutiny of the bank reconciliation statements as at 30<sup>th</sup> June, 2004 disclosed the following uncleared balances as at 31<sup>st</sup> December, 2004:-

##### (i) Deposit in transit Shs. 101,855,662

Miscellaneous Deposit Fund	3,291,881
Education	<u>98,563,781</u>
<b>Total Shs.</b>	<b><u>101,855,662</u></b>

##### (ii) Additions by Bank not in Cash Shs. 310,000 Book

Women fund	310,000
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### 4. AUDIT CERTIFICATE

In my opinion, except for the matters specified in paragraphs 1 through 3 above the Balance Sheet and Summary Statement of Income and Expenditure present fairly the financial position of the Babati District Council as at 30<sup>th</sup> June, 2004.