

**61. SIMANJIRO DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE 2004**

1. REVENUE

1.1 Revenue Collection Performance

As against Shs. 139,266,092 estimated to be collected by the Council during the six months period ended 30th June, 2004 from own sources, only Shs. 95,631,694 was realized registering a collection deficit of Shs.43,634,398 or 31% of the revenue target. The collection made included grants of Shs. 42,848,306 received in lieu of the abolished revenue sources.

1.2 Revenue earning receipt books not produced - 31

A total of 31 revenue earning receipt books as detailed below were not produced when called for audit

Category	Quantity	Rate	Value
GRR Book (HW5)	10	-	Open
B/ Licence (Nguvu kazi)	8	-	"
Alcoholic B/Licence (Kienyeji)	2	-	"
Alcoholic B/Licence (Kigeni)	2	-	"
Business licence	4	-	"
B/Licence (Kuwindia Wanyama)	1	-	"
Car parking dues	<u>4</u>	50,000	<u>200,000</u>
Total	<u>31</u>		<u>200,000</u>

It could not therefore be established that the revenue collected on them was properly accounted for.

1.3 Revenue collections not remitted to the Council Shs. 6,115,100

Revenue collections amounting to Shs. 6,115,100 could not be confirmed as having been remitted and accounted for in the Council books of accounts in the absence of acknowledgement receipts by the main cashier.

2. EXPENDITURE

2.1 Improperly vouched expenditure Shs .5,864,793

Payments amounting to Shs. 5,864,793 had no supporting documents.

2.2 Capitation grants payments Shs. 129,385,154

A sum of Shs. 129,385,154 was paid to various primary schools' accounts of which Shs. 45,899,131 was in respect of capitation grants and Shs.83,486,023 being funds allocated for purchase of text books and educational materials. I am eager to be informed of the quantity and type of text books and education materials purchased.

2.3 Doubtful supply of foodstuffs Shs. 1,975,000

Ration ledger wherein foodstuffs worth Shs. 1,975,000 were accounted for was not produced for audit verification.

2.4 Fuel not supported by utilization account Shs. 12,470,400

Although fuel ordered and paid for was received and taken on ledger charge there were no details of issues of the same in the respective ledgers. In the event, proper utilisation of the fuel was not ascertained.

2.5 Unauthorised price variation Shs. 9,065,000

2.5.1 The Council entered into contract with the District Engineer of the Council for spot improvement of Sukuro - Narakauwo road for a contract sum of Shs. 16,500,000 subsequently revised to Shs. 25,565,000 an increase of Shs. 9,065,000 or 54.9% over the original contract sum which was to be advertised as the variation amount exceeded the allowed limit of 15% of the original contract sum.

Since the Contractor was the District Engineer of the Council, all payments made to him should have been regarded as special imprest to be accounted for by him and that the use of force account method should have been avoided.

2.6 Irregular and questionable purchase of fuel Shs. 16,575,000

Examination of payment records noted that fuel worth Shs. 16,575,000 purchased using Road Funds was questionable as records of the fuel utilised on road activities was not available.

2.7 Remittance of sale proceeds of food relief not acknowledged receipt Shs.15,000,000

A sum of Shs. 15,000,000 was remitted to the Prime Minister's Office. Acknowledgement receipt issued by the recipient was not produced for audit scrutiny.

2.8 Unremitted proceeds from sale of food relief Shs. 7,500,000

It was noted that sale proceeds amounting to Shs. 37,500,000 was collected from sale of famine food relief of which only Shs. 30,000,000

was remitted to the Prime Minister's Office leaving an outstanding balance of Shs.7,500,000.

2.9 Questionable purchases of building materials Shs. 2,562,600

A sum of Shs. 2,562,600 was paid to a supplier of building materials for cattle trough construction in Orkesumet town. However, an account showing how the materials purchased were subsequently utilized was not produced for audit verification.

2.10 Questionable motor vehicle maintenance Shs. 5,183,025

Council motor vehicles were sent to private garages for repairs without first being inspected by a competent mechanical technician of the Council to identify defective parts and recommend for repair methods.

3. FINAL FINANCIAL STATEMENTS

3.1 Comparative Information

Contrary to accounting practice the Consolidated Income and Expenditure statement for the year under review did not provide comparative information in respect of the previous year 2003.

3.2 Debtors Shs. 20,583,623

Outstanding debtors at the year end stood at Shs. 20,583,623 an increase of Shs. 9,641,040 against previous year's figure of Shs.10,942,583.

3.3 Creditors Shs. 58,928,941

The Creditors amount of Shs. 58,928,941 disclosed in the Consolidated Balance Sheet was understated by Shs. 12,500,000 being amount of unremitted sales proceeds of food relief to Prime Minister's Office not included in schedule of Creditors. The total balance for creditors should therefore have been Shs. 71,428,941(audit figure). Clearance action taken for these creditors is awaited.

4. AUDIT CERTIFICATE

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