

**59. KITETO DISTRICT COUNCIL FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE 2004**

1. REVENUE

1.1 Revenue earning receipt books not produced – 39

A total of 39 revenue earning receipts books (open receipt books) were not produced to audit when called for, hence revenue collected on them could not be confirmed to have been brought to account.

1.2 Revenue collections not remitted to the Council Treasury Shs.3,363,540

Revenue collections amounting to Shs. 3,363,540 from various revenue collectors were not remitted to the main cashier at the Council headquarters for banking. The Council should ensure prompt remittance of the revenue to the Council headquarters.

2. EXPENDITURE

2.1 Irregular and questionable purchase of foodstuffs Shs. 7,775,735

The Council purchased foodstuffs valued at Shs. 7,775,735 for patients' at Kiteto District Hospital from a supplier who was not approved by the Tender Board of the District.

2.2 Questionable purchase of building materials Shs. 7,206,500

During the year under review the Council made cash purchases of building materials worth Shs. 7,206,500 without calling for competitive quotations contrary to the procurement regulations.

2.3 Missing utilization account of fuel Shs. 7,080,000

A total amount of Shs. 7,080,000 was spent on purchase of 2600 litres of diesel for hospital use. However utilization account was not made available to audit.

2.4 Questionable repair of a generator Shs. 2,131,200

A sum of Shs. 2,131,200 was paid in advance on the strength of proforma invoice for the repairs of a generator which was not inspected by an electrical technician before and after repairs for respective identification of defective parts and to certify repairs carried out. Evidence that the generator was repaired is awaited.

2.5 Irregular and questionable payment Shs. 4,377,500

A sum of Shs. 4,377,500 was paid to the District Executive Director in January 2004 from Road Toll Fund for cash purchases of materials by the District Engineer in respect of repairs of Dosidosi – Magugu and Dongo Road without complying with Road Fund Board directives. However, the unspent balance Shs. 1,077,500 surrendered to the main cashier in July, 2004 was not brought to account.

2.6 Unvouched and Improperly Vouched Expenditure Shs. 31,740,055

Payment vouchers amounting to Shs.20,674,255 were missing from the respective batches while expenditure totalling Shs. 11,065,800 incurred had no supporting documents.

3. FINAL FINANCIAL STATEMENTS

3.1 Schedules of Income and Expenditure not Produced

The Consolidated Statement of Income and Expenditure for the six months period ended 30th June, 2004 disclosed total income of Shs. 1,841,877,419 and total expenditure of Shs. 1,597,482,516 ending with a net surplus of Shs.244,394,903 for the six months period ended 30th June, 2004. The supporting detailed schedules of the approved estimates and out-turn from which the total amounts were extracted were prepared and submitted together with the accounts, but were not well presented.

3.2 Comparative information

Contrary to accounting practice, the consolidated Balance sheet as at 30th June, 2004 and consolidated income and expenditure statement for the year under review did not provide comparative information in respect of the previous year 2003.

3.3 Cashbook overdraft Shs. 24,846,794

Contrary to accounting practice, the General Fund and Education accounts closed with an overdraft of Shs. 19,292,950 and Shs. 5,553,844 respectively mainly caused by laxity over adjustment of cancelled cheques posted in the cashbook.

3.4 Debtors Shs. 74,999,684

Outstanding debtors as at 30th June, 2004 amounted to Shs. 74,999,684. More effort to collect the same should be instituted by the Council management in order to raise its cash liquidity.

3.5 Creditors Shs. 170,270,000

Creditors amounting to Shs. 170,270,000 remained unsettled at the closure of the accounts. The Council management is urged to formulate a plan for settlement of debts due to creditors.

3.6 Stale cheques Shs. 4,533,673

The Consolidated Balance Sheet disclosed stale cheques worth Shs. 4,533,673 of which cheques valued at Shs. 3,758,542 related to General Fund Account not supported by analysed schedule.

4. AUDIT CERTIFICATE

Due to the significance of the matters reported in paragraphs 1 through 3 above the Consolidated Balance Sheet and Consolidated Statement of Income and Expenditure do not present the true and fair view of the financial position of the Kiteto District Council as at 30th June, 2004.