

THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE (NAO)



REPORT OF THE CONTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF BARIADI DISTRICT COUNCIL
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2005

The Controller and Auditor General
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March 2006

AR/LG/094/2005

Office of the Controller and Auditor General

The National Audit Office,
United Republic of Tanzania

(Established under Article 143 of the Constitution of the URT).

The statutory duties and responsibilities of the Controller and Auditor General are given in the Public Finance Act No. 6 of 2001.

Our Vision

We aspire to be an organization that fosters a culture of financial discipline, transparency and accountability within the Government of Tanzania.

Our Mission

We are the Supreme Audit Institution in Tanzania, which strives to provide timely and high quality audit services to all our clients in order to enhance public sector financial performance by educating key stakeholders on the effective management of public finances; providing value added services and functioning independently and impartially in auditing and reporting on public accounts.

Therefore, our Core Values are:

- ✓ We strive to achieve and maintain objectivity in providing impartial audit services so as to promote our independence
- ✓ We pursue excellence in the provision of our audit services
- ✓ We exercise professional integrity by demonstrating high ethical standards
- ✓ We focus on people and have great respect to our stakeholders
- ✓ We encourage and promote innovation amongst our members of staff; and
- ✓ We ensure best resource utilization at national as well as individual public entity level.

We do this by:

- contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- helping to improve the quality of public services by supporting innovation on the use of public resources;
- providing technical advice to our clients on operational gaps in their operating systems;
- systematically involve our clients in the audit process and audit cycles; and
- providing audit staff with adequate working tools and facilities that promote independence.

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Terms and Abbreviations

DED	District Executive Director
GF	General Fund
INTOSAI	International Organization of Supreme Auditing Institutions
ISA	International Standards on Auditing
LAFM	Local Authority Accounting Manual
LPO	Local Purchasing Order
PMO-RALG	Prime Minister's Office -Regional Administration and Local Government
URT	United Republic of Tanzania
WEO	Ward Executive Officer

Financial Statements mean:

The Consolidated Balance Sheet, Consolidated Income and expenditure Statement, Consolidated Cash-flow Statement, Notes and related schedules of Bariadi District Council for the period ended 30th June 2005.

Council means: Bariadi District Council, both as Councillors as well an operating entity.

1.0 BACKGROUND INFORMATION TO THE AUDIT

1.1 Introduction

I have completed the audit of Bariadi District Council for the year ended 30th June 2005. Audit findings arising from examination of accounting records, appraisal of activities, and evaluation of the internal control system which require Management attention and action are set out under part three of this report.

1.2 Brief history of Client Establishment

Bariadi District Council was established in 1984 in accordance with the provisions of section 8 and 9 of the Local Government Act (District Authorities) 1982. Besides the Act, the council operates within the framework of the following instruments.

- Local Authority Financial Memorandum 1997
- Public Procurement Act No 21 of 2004.
- Local Government Finances Act no.9 of 1982.

1.3 Operational Objectives

According to section III (1) of the Local Government (District Authorities) Act and the Local Authority financial Memorandum, the District Council of Bariadi has the following operational objectives.

- (a) To maintain and facilitate the maintenance of peace, order and good governance within its area of jurisdiction.
- (b) To promote the social welfare and economic well being of all persons within its area of jurisdiction.
- (c) Subject to the national policy and plans for rural and urban development, to further the social and economic development of its area of jurisdiction.
- (d) Collection of Public funds through taxes, licenses, fees and charges.
- (e) To convince the public that the use of funds have achieved the maximum benefits through sound financial management.

1.4 Financing

The Council has two sources of funds, own sources and external sources. The Internal source included collection of Public funds through taxes, fees, licenses and charges. On the other hand external source include subsidies from central government, grants and other funds from the Donor community.

During the year 2004/2005 the council received a total income of Shs.9,295,749,636.99 from the following sources;

	Shs.
Own Sources(Audit figure)	657,468,788.72
Government and Donors grants	<u>8,638,280,848.27</u>
Total	<u>9,295,749,636.99</u>

1.5 Management

Bariadi District Council operates under directives of the Full Council and the day to day activities are administered by the District Executive Director who is the Accounting Officer of the council. The Council is organized into different departments supervised by heads of department who reports to the District Executive Director. The detailed organization chart is given in Annex II.

1.6 Brief description of internal control system

A system of internal control that should be adopted by councils is given under order 9 through 11 of the Local Authority Financial memorandum; 1997. The order requires the finance committee to adopt written procedures for proper control of Finances.

In addition, the Director and the Treasurer should ensure there is assignment of specific responsibilities to individual officers through the issue of a detailed job description for each post in the Finance Department, production of an organization chart for the Finance Department showing lines of reporting and supervision, Division of responsibilities for related operations between several officers and periodic rotation of duties.

Accountability of all areas of operations by the Director or his designated representative to check effectiveness of the control system is mandatory. The Council is also required to employ its own Internal Auditor who report directly to the director. Similarly, the Public Procurement Act NO. 21 of 2004 section 28 (I) requires the Council to establish a tender Board and Sect.34 (I) provides for establishment of Procurement Management Unit.

1.7 Financial performance Issues

Revenue

The Town Council collected an amount of Shs. 657,468,788.72 (Audit figure) from own sources. In addition the Council received grants amounting to Shs. 8,638,280,848.27 making total revenue of Shs.9,295,749,636.99 during the year.

Expenditure

The Council spent Shs. 9,043,712,981.16 during the year against total income of Shs. 9,295,749,636.99 or 97% of total revenue, an over expenditure amounting to Shs. 252,036,655.83. However, performance against budget could not be assessed since budget figures were not disclosed in the financial statements.

A comparison of the internal revenue of Shs. 9,295,749,636.99 against expenditure of Shs. 9,043,712,981.16 is only 7.3% implying that the District Council cannot sustain either its recurrent or development expenditure without depending on grants.

1.8 Audit Mandate

By virtue of the provision of Article 143 of the Constitution of the United Republic of Tanzania, and section 45 of the local government of Finance Act NO. 9 of 1982, (revised 2000) the Controller and Auditor General is the statutory auditor of all government revenue and expenditure, including this District Council.

1.9 Audit Objectives

The main objective of conducting the audit is to enable me to express an independent opinion on the statements of the Bariadi District Council for the period ended 30th June 2005 and in particular:-

- To determine whether transactions were executed in accordance with management authorization and recorded properly in the books of account to permit the preparation of the financial statements in accordance with the International Accounting Principles and requirements of the Local Government Finance Act No.9 of 1982 and Local Authority Financial Memorandum 1997.
- To determine whether funds have been collected properly and used exclusively to meet eligible expenses as per approved budget and regulations governing government expenditure.
- To ascertain whether all relevant supporting documents records and accounts have been kept in respect of all Bariadi District Council activities.
- To verify whether goods and services bought were acquired through laid down procurement procedures and the Public procurement Act No. 3 of 2001 have been complied.
- To perform compliance tests to determine whether the management complied in all material respects with the Public procurement Act No 3 of 2001
- To evaluate whether the internal control procedures instituted are effective to provide relevant and reasonable information to the management, for implementing and monitoring activities and that

the assets of the Bariadi District Council are adequately safeguarded against losses from unauthorized use or disposition.

- To determine whether the management of the Bariadi District Council has taken adequate corrective action on the previous years audit recommendations.

1.10 Audit Scope

The audit of Bariadi District Council for the period ended 30th June 2005 was carried out in accordance with International Standards on Auditing (ISA). The audit covered the evaluation of the effectiveness of the financial accounting system and internal control over the activities of the Bariadi District Council, Examination and verification of the accompanying financial statements, the performance report and other auditing procedures as was considered necessary under the circumstances for the purpose of forming an opinion on the financial statements. The audit was carried out on a test check basis, therefore the audit findings are confined to the extent that records, documents and information requested for the purpose of audit were made available to us.

As an auditor I am not required to search specifically for fraud; therefore my audit cannot be relied upon to disclose all such matters. However, my audit was planned as that I would have reasonable expectation of detecting material misstatements in the financial statements, including those resulting from fraud or irregularities. The responsibility for detection and prevention of fraud and irregularities rests with the Bariadi District Council management who are responsible for setting up and maintaining an adequate system of internal control.

1.11 Audit Methodology

In auditing the financial statement together with the related records and schedules, the following steps were followed:-

- A review of the Council's regulations, guidelines and other Authority's documents as was deemed necessary under the circumstances.
- Examination of receipts and payments to confirm compliance with existing legislation, financial regulations and other instructions or directives.
- A review of the internal control structure by assessing significant policies and procedures and establish its adequacy.
- Conduct compliance tests on the system of awarding contracts and their execution.

- Interview and discussion with some of the staff and other key stakeholders in the implementation of various activities.
- Conduct Local inspection to verify physical implementation of planned activities as well as assessing the progress made.
- Hold entrance and exit meetings with the auditee to discuss the audit objectives and results of the audit, respectively.

1.12 Presentation of Audit Findings

The audit was carried out according to the mandate stated above, applying professional standards and audit procedures that were considered appropriate in each situation.

The audit findings are divided into two parts. The first part comprises the opinion on the critical examination of the financial statements submitted for audit and the circumstances surrounding their preparation and presentation.

The second part comprises the detailed findings on the gaps and shortfalls in the internal control system which, if rectified on time, will greatly improve the effectiveness of the internal control system applied.

2.0 AUDIT REPORT ON THE FINANCIAL STATEMENTS

To: The Regional Commissioner,
Shinyanga Region

District Executive Director and Accounting Officer
Bariadi District Council

**RE: INDEPENDENT AUDIT REPORT ON THE FINANCIAL STATEMENTS
OF BARIADI DISTRICT COUNCIL FOR THE YEAR ENDED ON 30TH
JUNE 2005**

I have audited the consolidated balance sheet, consolidated statement of income and expenditure, consolidated cash-flow statement, and the related notes and schedules of the Bariadi District Council shown on the annexure I for the financial year ended on 30 June 2005.

Responsibility of Council Management on the financial statements

These financial statements are the responsibility of the management of Bariadi District Council.

Order Nos. 9 through 16 of the LAFM requires the Council to establish and support a solid system of Internal Control within the Council. Order No. 53 places responsibility on the Council Management to prepare the financial statements based on generally accepted accounting standards. Further, Section 40 of the Act requires the Accounting Officer to keep and maintain accounts and prepare financial statements in respect of the Council operations in a manner that promotes transparency, accountability and comparability.

Responsibility of the Controller and Auditor General

My responsibility is to express an independent opinion based on the audit. I am also required to satisfy myself whether the funds contributed to the Council were used exclusively and judiciously to meet eligible expenditures with due attention to economy and efficiency, whether the accounts have been kept in accordance with generally accepted accounting standards, and whether they do comply with the requirements of the Local Government Finances Act No. 9 of 1982 and the Local Authorities Financial Memorandum of 1997.

Basis of opinion

The audit was conducted in accordance with International Standards on Auditing and included such other audit procedures I considered necessary in the circumstances. These standards require that I plan and

perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the significant estimates and judgments made in the preparation of the financial statements, assessing whether the internal control system and the accounting policies are appropriate to the circumstances of the Bariadi District Council consistently applied and adequately disclosed, evaluating the overall financial statement presentation, and assessing the extent of compliance with the statutory requirements. I believe the audit provides a reasonable basis for my opinion.

Qualification

Except for the material matters pointed out below, in my opinion the financial statements fairly reflect, in all material respects, the financial position of Bariadi District Council as at 30th. June 2005 and the results of the operations and cash-flows for the year then ended, in accordance with Part IV of the Local Government Finances Act No. 9 of 1982.

Further to my opinion, except for procurement item in the list below the Procurement of 3 motor vehicles School equipments (Tables, Chairs, cabinets and technical materials) during the year was generally done in accordance with Public Procurement Act No. 21 of 2004.

Limitation of Scope of Audit and non-compliance with laws:

1. A total of 3 Revenue earning receipt books (HW5) were not produced for audit hence Revenue collected using these receipts could not ascertained.
2. Paid vouchers amounting to shs.4,961,000 have not produced for audit hence the genuineness of expenditure incurred could not be verified.
3. Shs. 7,797,461 were improperly vouched expenditure, in absence of relevant supporting documents the correctness of expenditure incurred could not be ascertained.
4. Stores worth shs.2,953,000 were ordered and paid for but these stores were not entered into the ledger, hence its use could not also be ascertained.

5. Income of Shs.3,635,000 were omitted in the income of the Council, hence income was understated by this amount.
6. Water pump engines worth Shs.15,426,720 were not included in the balance sheet. Hence assets in balance sheet were understated by Shs. 15,426,720.

The details of these matters are given in part 3 of this report.

Dr. Frank Mosses Hiza Mhilu
Ag. CONTROLLER AND AUDITOR GENERAL

The National Audit Office
Dar es Salaam

31st March 2006

3.0 AUDIT FINDINGS AND RECOMMENDATIONS:

3.1 Current Audit findings

3.1.1 Revenue collection from collecting Agents not remitted to the council Shs.8,455,400

Audit scrutiny of the register of revenue collecting Agents noted that the following Agents were observed to have not settled their dues viz:-

S/N o.	Agent's name	Market/place	Month not paid	Amount outstanding
1.	Three Brothers	Ngulyati and Kilolo	June, 2005	124,000
2.	Ngozi	Kikundi cha ununuzi wa ngozi	March, April, May and June, 2005	1,620,000
3.	Nsongati Enterprises	Soko Kuu		3,157,000
4.	Unela			2,260,000
5.	Jiinue vijana	Kasoli, Nyangokolwa and Gasuma		1,294,400
Total				8,455,400

Implication

Inadequate internal control over collection of councils revenue which may lead to loss of Councils funds.

Recommendation

I recommend to the management that these collection should be remitted to the council and remittances particulars should be produced to audit for verification.

3.1.2 Missing HW5 Books

Examination of counterfoil register disclosed that a total of 3 revenue earning receipt books (HW5) were not produced for audit scrutiny. Details are shown below:-

Date of issue	Serial No.	To whom issued	Place/ department
08/01/2004	233851-233900	Abdul Harun	Biashara
19/01/2005	237701-237750	Jonath Emmanuel	-
"	238401-238450	Mcharo Mambea	Biashara

Implication

Revenue collected using these receipts books could not be ascertained during audit.

Recommendation

I recommend the management to trace and submit the above mentioned HW5 books for audit examination and strengthen control over documents.

3.1.3 Unvouched expenditure Shs.4,961,000

Examination of payment vouchers revealed paid vouchers amounting Shs.4,961,000 were missing from relevant batches during the course of audit inspection as per details below:-

S/No.	PV. No.	Cheque No.	Amount	Payee	Account
1.	20/1	01106	318,000	D. J. Masanja	G/F (2-1)
2.	74 & 75/11	030948	882,000	DED - Bariadi	G/F (2-1)
3.	12/12	030990	128,000	Jombo C.N. Malulu	"
4.	20/1	033927	94,500	Elizabeth Andrew	Education (2-5)
6.	52/6	034373	400,000	"	"
7.	19/7	01109	2,416,000	"	"
8.	83/8	03386	402,500	"	"
9.	41/8	03399	320,000	"	"
Total			<u>4,961,000</u>		

Implication

The genuineness of expenditure incurred and supported by missing vouchers could not be ascertained.

Recommendation

I recommend the management to trace and submit to audit relevant missing payment vouchers for audit examination.

3.1.4 Improperly vouched expenditure Shs.7,797,461

Examination of the payment vouchers revealed the existence of expenditure which were not supported by proper and acceptable documents amounting to Shs.7,797,461 as detailed below:-

PV. No.	Cheque No.	Account	Amount Shs.	Details
75/7	030687	2-1	276,000	Paid manager NIC Shinyanga being insurance fee to various motor circles. - Missing acknowledgement receipt.
12/2	033981	2-5	1,886,500	Paid teachers S/C society - Bariadi for the month of January 2005. - No acknowledgement receipt.
30/9	011542	2-5	2,616,961	Paid NIC manager being statutory deductions. - No acknowledgement receipt.
40/11	033798	2-5	1,134,000	Paid teachers S/C society - Bariadi for the month of September, 2004. - No acknowledgement receipt.
8/1	033917	2-5	632,000	Paid an officer being night out allowance and fare charges when attended a seminar Morogoro. - Air tickets totaling shs.320,000 are missing.
40/1	033944	2-5	562,000	Paid an officer being night out allowance and fare charges when attended a seminar Morogoro. - Air tickets amounting 340, are missing.
17/5	034246	2-5	690,000	Paid sundry payee being per diem cost. - Pay list not signed by payees.
Total			7,797,461	

Implication

In the absence of relevant supporting documents the correctness of expenditure could not be ascertained, hence could lead to loss of Council's funds.

Recommendation

I recommend that, the relevant documents be traced and submitted to audit for verification.

3.1.5 Questionable and doubtful payments of extra duty allowances Shs.9,470,000

It was noted during the audit inspection that a total Shs.9,470,000 paid to various officials of DED Bariadi in respect of extra duties pay appeared to be questionable and doubtful payments.

The reasons being application forms were not attached on the payment vouchers, most of payment vouchers did not indicate dates of commencement and completion of the work and the rates charged were equal (flat rate) while officers involved are of different entitlements.

Implication

Inadequate Internal control in payment of extra duty allowances which may cause misuse of council's funds

Recommendation

I recommend that management should take corrective action and ensure that the extra duty allowance forms be filled as designed, before allowances and paid and management should pay the rates of extra duty allowance according to the entitlement of the officer concerned and not flat rate.

3.1.6 Nugatory expenditure caused by high charging of building materials compared to market prices shs.4,082,300

Payments totaling Shs. 25,207,600 were made to various suppliers for supply of various building materials for construction of primary schools buildings in Bariadi District. It was however noted during audit examination of payment vouchers that the rates charged are over and above the market price which resulted into an overpayment of Shs.4,082,300.

Implication

The council did not receive the value of the amount overpaid, hence causing nugatory expenditure to the council.

Recommendation

I recommend the management of the council to adhere to the requirements of Procurement regulations, by using competitive quotations before effecting payments.

3.1.7 Special imprest not retired Shs. 2,555,200

Special imprest amounting Shs. 2,555,200 was not confirmed to have been retired as at the time of audit inspection as no retirement particulars were produced for audit verification.

Implication

In adequate follow-up on special imprests issued, which may cause delay in implementing the planned activities.

Recommendation

I recommend that Management should strengthen control over issued imprests to ensure that Imprests are retired and activities are implemented on time.

3.1.8 Undelivered of stores shs.480,000

During the month of January, 2005 the council paid Shs.480,000 vide PV. No. 49/1 Cheque No. 036445 (2-6 Health) for purchase of 100 books of requisition of stores @ 4800 from m/s Kiuta - Dar es Salaam. However the items were yet to be delivered as at the time of audit inspection 5th December, 2005.

Implication

Inadequate internal control on purchases which may lead to loss of councils funds.

Recommendation

I recommend that a follow up to the payee be done in order to have goods delivered and accounted for accordingly.

3.1.9 Stores not taken on ledger charge Shs. 2,953,000

Stores worth shs.2,953,000 were ordered and paid for but these stores were not entered in the stores ledger viz:-

PV. No.	Cheque No.	Account	Amount	Supplier	Details
66/2	034035	2-5	1,803,000	Patel trading co. of box 420 - Mwanza.	(i) 5 pcs of tyres @ 235,000 (ii) 5 pcs of tubes @ 35,000 (i) 5pcs flaps @ 15,000 (ii) 5 pcs w/balance @ 8,500 (iii) 1 pc of wheel algoment @ 35,000 VAT 300500
4/8	026566	2-6	1,150,000	M/s Ally Mukter Adam of box 52 Bariadi	(i) 100 lts of diesel @ 950 (ii) 200 lts of petrol @ 1000
Total shs.			2,953,000		

Implication

The audit could not confirm whether these stores were delivered and its use could not be ascertained.

Recommendation

I recommend that management could confirm to audit the delivery of the goods by indicating ledger folios and how these stores were utilized.

3.1.10 Internal Auditor's Report not replied

The following matters were raised by Internal Auditor Bariadi district Council when examining the accounts of the council viz:-

1. Contractor Senga & Brothers Drilling Company Limited was paid Shs.5,777,702 vide PV. No. 13/12 dated 24/12/2004 A/C No. 2-8 as advance payment in respect of construction of shallow wells at Masewa and Kilulu villages. However the work was not done to date despite of the payment made to the contractor.
2. Revenue collection of Shs. 921,800 collected vide HW5 No. 235751 - 235800 -by Herbert Lusela (Ardhi) being land rent collection was not remitted to the council Headquarters to date.

Implication

Council's Management is not effectively using the services of Internal audit to strengthen the internal control mechanisms.

Recommendation

I recommend that, management should take appropriate action on Internal Auditor's reports as required by the financial memorandum and these actions should also be communicated to me for audit purposes.

3.1.11 Fixed Assets shs.17,257,126,342

The fixed assets includes council land and building worth 13,003,105,000 on which no title deed were produced to audit.

Implication

In the absence of title deed audit could not ascertain the ownership of these assets.

Recommendation

Management should start the process of obtaining title deeds to justify ownership.

3.1.12 Staff imprests shs. 8,275,000

The consolidated balance sheet disclosed staff imprests amounting shs.8,275,000 but on checking the imprest registers we noted few staff with outstanding imprest to have not included in the schedule as listed here below:-

	Name	Page	Ledger	Amount
1.	Fredrick Maagame	014	1	349,000
2.	Herbert Lusela	047	2	579,000
3.	Mery Mahonge	052	2	750,000
4.	J.C.N. Malulu	06	1	319,770
5.	Samuali Salut	013	1	405,000
6.	Mussa Chahya	06	3	680,000
7.	Richard Magwizi	012	3	265,000
8.	Rahabu Balula	015	3	330,000
9.	Edina Benedictor	016	3	185,000
10.	Minza Mgila	027	3	113,000
Total shs.				3,975,770

Implication

Imprests in the balance sheet have been understated by the omitted imprests.

Recommendation

Management should include the omitted Imprests in the balance sheet, so as to reflect the correct position of imprests.

3.1.13 Staff imprest cleared but still shown in the schedule shs.4,986,500

The staff imprest as at 30th June 2005 was reflected in the balance sheet as outstanding but in actual fact were retired by various JVS. (Ref. No. 2 Consolata C. Sana 4,986,500.

Implication

Assets (imprest) have been overstated by Shs. 4,986,500.

Recommendation

Management should adjust the imprest reported to reflect the actual position.

3.1.14 Stock (Drugs) - 43,638,600

Stock taking sheet were not made available when asked for also the procedure for stock taking were not evidenced by either internal auditor or by me. Thus reliability of the figure remain questionable.

Implication

Because of missing stock taking sheets the value of drugs as at the end of the year could not be justified.

Recommendation

Stock taking sheet should be made available to audit for verification.

3.1.15 Income Omitted in Income statement Shs.3,635,000

The statement did not reflect income arising from vehicle hiring Shs.3,635,000 which was shown in transport pool trial balance.

Implication

Income in the Expenditure statement have been understated by collection from vehicle hiring.

Recommendation

Management should include the omitted amount to reflect the actual collection of the council

4 Items Not Capitalized Shs. 15,426,720

Procurement of pump lister TR 2 Engines for water project at Kilulu.

A/C	PV. No.	Cheque No.	Payee	Amount
2-2	46/6	006938	Davis Shirliff	15,426,720

The two engines were not capitalized in the final accounts.

Implication

The assets in the financial statements were understated by the value of engines not recorded as assets.

Recommendation

Council Management should recognize these Engines as assets, hence add to fixed assets figure.

3.1.17 Bank Reconciliation Statement Uncleared items

S/No.	Account No.	Unpresented Cheque	Receipts in cash book but not in bank statement
1.	General fund	737,639	-
2.	Development	22,340,020	-
3.	Misc. Deposit	3,136,315	-
4.	Works	473,933	-
5.	Education	91,933,758	-
6.	Health	19,066,431	-
7.	Water	798,613	-
8.	RSSWP	100,000	-
9.	Collection A/C (RSSRVE)	896,322	-
10.	Maghala A/C	30,161,600	-
11.	Trust Fund	4,252,815	-
12.	Transport pool	40,000	-
13.	CSPD	-	-
14.	Road Toll	-	-
15.	Women A/C	-	-
16.	DBSPE	-	-
17.	Agriculture	581,074	-
18.	NAEP Fund	-	-
19.	Livestock development	-	-
20.	Census	-	-
21.	JICA	-	-
22.	Youth fund	-	-
23.	TZ Japanese counterpart	-	-
31.	DADP A/C	32,482,540	-

Implication

Non clearance of these items in the bank reconciliation statement may lead to loss of council's funds.

Recommendation

Management should ensure early clearance of these outstanding items.

4.0 CONCLUSION

The detailed audit finding presented above have been communicated to management of the Bariadi District Council during exit meeting. Management of the Bariadi District Council has promised to take appropriate action with a view to rectify the situation. I shall appreciate to receive a formal action taken in this respect.

Lastly, I would like to express my appreciation for the cooperation given to the audit team. It is my hope that such good working relationships will be extended during future audits.

Dr. Frank Mosses Hiza Mhilu
Ag: CONTROLLER AND AUDITOR GENERAL

Copy: The Permanent Secretary,
Prime Minister's Office,
Regional Administration and Local Government,
P.O. Box 1923,
DODOMA.

5.0 ANNEXURES

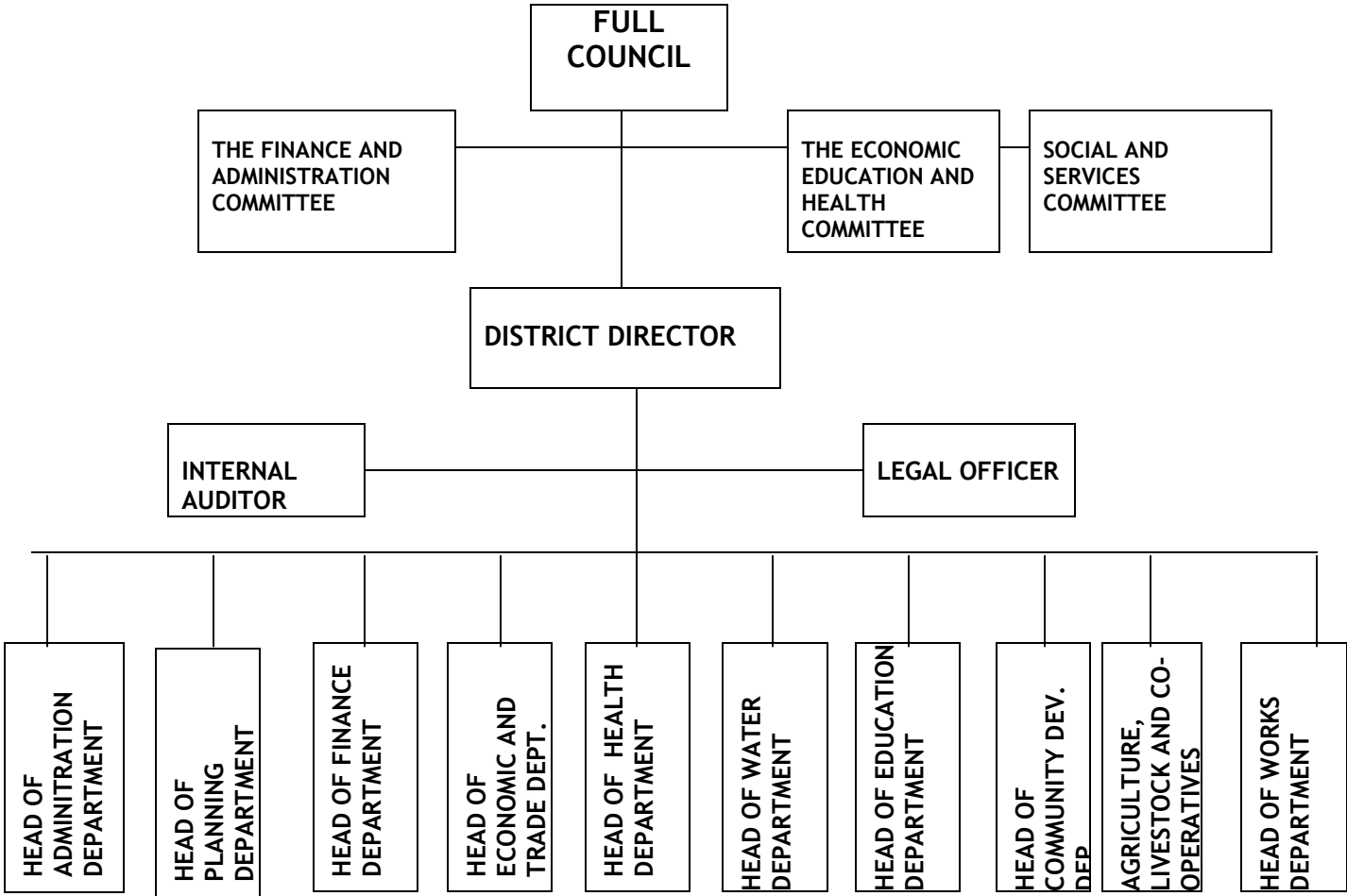
- Financial Statements and notes to the financial statements - annexure I
- Organization structure of Bariadi District Council - annexure II

5.1

Annexure I

FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS.

ORGANIZATION STRUCTURE OF BARIADI DISTRICT COUNCIL



APPENDIX 'A'

**QUESTIONABLE AND DOUBTFUL PAYMENTS OF EXTRA DUTY ALLOWANCES
SHS. 38,430,000**

PV. No.	Cheque No.	Account	Amount
41/1	033945	Education (2-5)	1,500,000
17/2	033985	“	1,870,000
24/2	033994	“	750,000
30/2	033000	“	1,850,000
38/2	034008	“	1,000,000
62/2	034031	“	2,500,000
1/3	034064	“	1,250,000
26/3	034084	“	1,300,000
42/3	034101	“	2,520,000
78/3	034135	“	770,000
57/4	034193	“	1,500,000
93/4	034222	“	1,550,000
7/5	034235	“	2,500,000
55/5	034205	“	2,500,000
24/6	034346	“	1,300,000
50/6	034370	“	1,300,000
118/6	034434	“	1,610,000
4/9	011516	2-5	630,000
45/9	011558	“	210,000
25/10	011595	“	1,100,000
35/10	033709	“	630,000
9/8	011443	“	960,000
17/11	033776	“	1,060,000
66/11	033821	“	1,050,000
78/11	033833	“	1,350,000
14/12	033658	“	2,470,000
64/12	033909	“	1,400,000
Total shs.			38,430,000

APPENDIX 'B'

NUGATORY EXPENDITURE CAUSED BY HIGH CHARGING OF BUILDING MATERIALS COMPARED TO MARKET PRICES
SHS.3,707,800

PV. No.	Cheque No.	LPO	D/Note & Date	Details	Price charged	Actual price	Different
16/2	006834	05208	08.02.05	Paid m/s Mkinga Chai - Bariadi for			
				(i) 28 tins of oil paints	@ 8,000= 224,000	@ 4,000= 112,000	112,000
				(ii) 44pcs of podo 2 x 3	@ 4,000= 176,000	@ 3,500= 154,000	22,000
				(iii) 20pcs of podo 2 x 4	@ 4,000= 80,000	@ 3,500= 70,000	10,000
				(iv) Bati 28pcs G. 28 m 2.5	@ 11,000= 308,000	@ 10,000= 280,000	28,000
17/2	006834	05203 & 05204	02.02.05	Paid m/s Mkinga Chai - Bariadi for			
				(i) 20 pcs of podo 2 x 4	@ 4,000= 80,000	@ 3,500= 70,000	10,000
				(ii) 28 tins of oil paints	@ 8,000= 224,000	@ 4,000= 112,000	112,000
				(iii) 50 pcs of podo 2 x 3	@ 4,000= 200,000	@ 3,500= 175,000	25,000
				(iv) 28 bati m 2.5 G. 28	@ 11,000= 308,000	@ 10,000= 280,000	28,000
				(v) 40 bati m. 3 G. 28	@ 11,500= 460,000	@ 11,000= 440,000	20,000

18/2	006834	05205 & 05206		M/s Mkinga chai ya Bariadi for			
				(i) 28 bati G. 28 M. 2.5	@ 11,000= 308,000	@ 10,000= 280,000	28,000
				(ii) 40 bati m. 3 G. 28	@ 11,500= 460,000	@ 11,000= 440,000	20,000
				(iii) 44 pcs of podo 2 x 3	@ 4,000= 176,000	@ 3,500= 154,000	22,000
				(iv) 26 pcs of podo 1 x 3	@ 6,000= 156,000	@ 5,000= 130,000	26,000
				(v) 20 pcs of podo 2 x 4	@ 4,000= 80,000	@ 3,500= 70,000	10,000
15/2	006834	05201	08.02.05	M/s Mkinga Chai ya Bariadi for			
				(i) 70 bags of cement	@ 12,000= 840,000	@ 12,000= 840,000	Nil
				(ii) 20 pcs of podo 2 x 4	@ 4,000= 80,000	@ 3,500= 70,000	10,000
				(iii) 44 pcs of podo 2 x 3	@ 4,000= 176,000	@ 3,500= 154,000	22,000
				(iv) 4 lts of rangi ya mafuta 20 tins	@ 8,000= 160,000	@ 4,000= 80,000	80,000
				(v) 40 bati m. 3 G. 28	@ 11,500= 460,000	@ 11,000= 440,000	20,000
				(vi) 26 pcs of podo 1 x 8	@ 6,000= 156,000	@ 5,500= 143,000	13,000
15/3	006861	05268	12.12.05	M/s Mkinga Chai - Bariadi			
				(i) Podo 2 x 3 80 pc	@ 4,000= 320,000	@ 3,500= 280,000	40,000

				(ii) Podo 2 x 6 10 pcs	@ 7,000= 70,000	@ 5,000= 50,000	20,000
				(iii) Cement 60 bags	@ 12,000= 720,000	@ 12,000= 720,000	Nil
6/3	006852	05266	09.02.05	M/s Mkinga Chai - Bariadi for			
				(i) 77 pcs of podo 2 x 3	@ 4,000= 308,000	@ 3,500= 269,500	38,500
				(ii) 14 pcs of podo 2 x 6	@ 7,000= 98,000	@ 5,000= 70,000	28,000
				(iii) 14 pcs of podo 1 x 8	@ 6,000= 84,000	@ 5,000= 70,000	14,000
6/3	006852	05269	12.02.05	M/s Mkinga Chai - Bariadi for			
				(i) 80 pcs of podo 2 x 3	@ 4,000= 320,000	@ 3,500= 280,000	40,000
				(ii) 10 pcs of podo 2 x 6	@ 7,000= 70,000	@ 5,000= 50,000	20,000
				(iii) 48 pcs of podo 1 x 8	@ 6,000= 288,000	@ 5,000= 240,000	48,000
21/3	00682	05366	24.02.05	M/s Mkinga Chai - Bariadi for 152 pcs of mninga 2 x 6	@ 8,400= 1,276,800	@ 7,500= 1,140,000	136,800
19/3	006862	05363	25.02.05	M/s Mkinga Chai - Bariadi for			
				(i) 60 pcs of podo 2 x 3	@ 4,000= 240,000	@ 3,500= 210,000	30,000

				(ii) 30 pcs of podo 2 x 4	@ 4,000= 120,000	@ 5,000= 105,000	15,000
				(iii) 2 pcs of podo 2 x 6	@ 7,000= 14,000	@ 5,000= 10,000	4,000
20/3	006862	05364	25.02.05	M/s Mkinga Chai - Bariadi for			
				(i) 30 pcs of podo 2 x 4	@ 4,000= 120,000	@ 3,500= 105,000	15,000
				(ii) 50 pcs of podo 2 x 3	@ 4,000= 200,000	@ 5,000= 175,000	25,000
18/3	006862	05267	11.02.05	Paid to Mkinga Chai			
				(i) 80 pcs Podo 2 x 3	@ 4,000= 320,000	@ 3,500= 280,000	40,000
				(ii) 10 pcs of podo 2 x 6	@ 7,000= 70,000	@ 5,500= 55,000	15,000
				(iii) 48 pcs of podo 1 x 8	@ 6,000= 288,000	@ 5,000= 240,000	12,000
ACCOUNT 2-11							
8/9	026883	03589	05.04.04	J. Njile 4 bags of cement	@ 14,000=56,000	@ 12,000= 48,000	8,000
15/9	026889	03592	29.03.04	J. Njile 5 bags of cement	@ 14,000=70,000	@ 12,000= 60,000	10,000
16/9	026889	04201	01.09.04	J. Njile 30 bags of cement	@ 14,000= 420,000	@ 12,000= 360,000	60,000
15/9	026891	03744	18.05.04	Mkinga Chai			
				(i) 12 bags of cement	@ 14,000=168,000	@ 12,000= 144,000	24,000
				(ii) 15 pcs Mbaao Podo 2 x 4	@ 5,000=75,000	@ 3,500= 52,500	22,500

8/10	026903	04195	16.09.04	Kuluchumila Mtebe 20 bags of cement	@ 14,000= 280,000	@ 12,000= 240,000	40,000
15/10	026911	03686	27.03.04	Jackson Njile			
				(i) 8 pcs Mbao mtundu 1 x 8	@ 7,800=62,400	@ 5,500= 44,000	18,400
				(ii) 43 pcs Mbao Podo 2 x 4	@ 4,000=172,000	@ 3,500= 150,500	21,500
				(iii) Rangi maji tin 11	@ 5,500= 60,500	@ 4,000= 44,000	16,500
				(iv) Rangi mafuta tin 11	@ 10,000= 150,000	7,500= 82,500	67,500
				(v) 55 bags of cement	@ 14,000= 770,000	12,000= 660,000	110,000
				(vi) 14 pcs Mbao podo 2 x 3	@ 4,000= 56,000	@ 3,500= 49,000	7,000
4/11	026916	005032	03.09.04	Kuluchumila Mtebe 22 bags of cement	@ 14,000= 308,000	@ 12,000= 264,000	44,000
1/12	026918	04314	-	Mkinga Chai 50 bags of cement	@ 14,000= 1,093,400	@ 12,000= 600,000	493,400
4/12	026922	04284	-	Kuluchumela Mtebe 70 bags of cement	@ 14,000= 980,000	@ 12,000= 840,000	140,000
5/12	026923	04286	23.11.04	Mkinga Chai			
				(i) 80 bags of cement	@ 14,000= 1,120,000	@ 12,000= 960,000	160,000
				(ii) 13 pcs Mbao Podo 1 x 8	@ 6,000=78,000	@ 5,000= 65,000	13,000

				(iii) 13 pcs Mba mtundu 2 x 6	@ 8,000=104,000	@ 5,500= 71,500	32,500
				(IV) 8 PCS Mininga 1 x 8	@ 8,400= 67,200	7,500= 60,000	7,200
				(v) 1 pc Podo -	@ 6,300= 6,300	5,000= 5,000	1,000
3/1	026936	04454	10.12.04	Paid to Mkinga Chai 170 bags of cement	@ 14,000= 2,380,000	@ 12,000= 2,040,000	340,000
24/1	026957	-	12.12.04	Jackson Njile 30 bags of cement	@ 14,000= 420,000	@ 12,000= 360,000	60,000
29/1	026956	05120	05.01.05	Mkinga Chai 30 bags of cement	@ 14,000= 420,000	@ 12,000= 360,000	60,000
30/1	026960	05125	08.01.05	Kuluchumila Mtebe 150 bags of cement	@ 14,000= 2,100,000	@ 12,000= 1,800,000	300,000
25/1	026957	04451	28.02.04	Jackson Njile 56 bags of cement	@ 14,000= 784,000	@ 12,000= 672,000	112,000
28/1	026959	05124	05.01.05	Mkinga Chai 80 bags of cement	@ 14,000= 1,120,000	@ 12,000= 960,000	160,000
14/3	026980	051980	13.01.05	Mkinga Chai 110 bags of cement	@ 14,000= 1,540,000	@ 12,000= 1,320,000	220,000
Total shs.					24,899,600	21,191,800	3,707,800

APPENDIX 'C'

SPECIAL IMPREST NOT CONFIRMED RETIRED SHS.2,555,200

PV. No.	Cheque No.	Account No.	Amount	Payee
27/6	031284	2-1	620,200	L. J. Bippa
1/1	031035	"	420,000	M. Mwamaja
19/1	031047	"	451,000	M. Mwamaja
12/7	011404	2-5	1,064,000	Iddy A. Haji
Total shs.			2,555,200	