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Audit Office**

REPORT

OF

**THE CONTROLLER
AND AUDITOR-GENERAL**

ON

**THE ABSTRACTS OF
ACCOUNTS OF THE TOWN
COUNCIL OF MWINGI**

**FOR THE
YEAR ENDED
30 JUNE 2007**



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE ABSTRACTS OF ACCOUNTS OF THE TOWN COUNCIL OF MWINGI FOR THE YEAR ENDED 30 JUNE 2007

The attached Abstracts of Accounts of the Town Council of Mwingi which comprise the Consolidated Balance Sheet as at 30 June 2007, Consolidated Income and Expenditure Account for the year then ended, a summary of significant accounting policies and other explanatory notes have been audited under my direction in accordance with Section 23 of the Public Audit Act, 2003.

1.0 The Council's Responsibility for the Abstracts of Accounts

The Council is responsible for the preparation of Abstracts of Accounts in accordance with the Local Government Act, Cap 265; the Local Authorities Transfer Fund (LATF) Act, 1998; the International Public Sector Accounting Standards (IPSAS) and other generally accepted accounting principles. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Abstracts of Accounts that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

2.0 Responsibility of the Controller and Auditor General

My responsibility is to express an independent opinion on the Abstracts of Accounts based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those Standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that the Abstracts of Accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Abstracts of Accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risks assessment, the auditor considers internal controls relevant to the entity's preparation and fair presentation of Abstracts of Accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of making an opinion on the effectiveness of the Council's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the Abstracts of Accounts. I believe the audit evidence obtained is sufficient and appropriate to provide the basis for the audit opinion.

3.0. Qualification Points

3.1 Opening Balances and Accuracy of the Accounts

- (i) The Town Council of Mwingi was established in 1994. The last Accounts certified for the Town Council relate to the year ended 30 June 2006. However, the process of division of assets and liabilities between the Council and the County Council of Kitui had not been completed by 30 June 2007. Consequently, the source and accuracy of the opening balances for the 1994/1995 Accounts as at 01 July 1994 and for all subsequent years, including 2006/2007, could not be confirmed.
- (ii) The 2006/2007 Abstracts of Accounts did not balance and have a debit Suspense Account of Kshs.94,549.00 that was not analyzed and supported.

In the circumstances, it has not been possible to confirm the accuracy of the Abstracts of Accounts for the year ended 30 June 2007.

3.2 Fixed Assets

The Consolidated Balance Sheet Fixed Assets balances increased by Kshs.1,558,050.00 from Kshs.31,470,803.00 as at 30 June 2006 to Kshs.33,028,853.00 as at 30 June 2007. However, the Council did not

maintain a Fixed Assets Register (FAR) to record all assets owned by the Council. Further, valuation reports and ownership documents for its assets were not provided for audit review. In addition, the depreciation provision calculated was not charged in the revenue account as required. In the circumstances, it has not been possible to confirm the existence, ownership, location, security and accuracy of the fixed assets balance of Kshs.33,028,853.00 as at 30 June 2007.

3.3 Renewals Funds

Section 219 of the Local Government Act, Cap 265 requires the Council to create and set aside adequate renewals funds to provide for the entire or partial replacement of some or all the assets, which, owing to depreciation or other cause, will require at some future date to be replaced. No Renewals Funds or reserves were created and set aside as required. The Council was therefore in breach of the law. It is also not clear how the Council intends to finance the replacement of its depreciable fixed assets stated at Kshs.33,028,853.00 as at 30 June 2007, in future, in the absence of renewals funds.

3.4 Debtors

The Consolidated Balance Sheet Debtors' balances decreased from Kshs.7,265,788.00 as at 30 June 2006 to Kshs.2,043,376.00 as at 30 June 2007. However, no Debtors' ledger, schedules, listings or analyses were provided by the Council to support the balances reflected in the Accounts except in respect of plot rents reflected under note 4.0 of the Accounts at kshs.1,190,660.00. Further, no provision was made in the Accounts for bad and doubtful debts. In the circumstances, it has not been possible to confirm the correctness of the Debtors balance of Kshs.2,043,376.00 as at 30 June 2007.

3.5 Current Liabilities

The Consolidated Balance Sheet reflects Current Liabilities of Kshs.860,540.00 as at 30 June 2007 compared to Kshs.3,922,099.00 as at 30 June 2006. However, the Council did not maintain adequate supporting individual ledgers/registers or schedules/analyses to support the balances. Further, no creditors were disclosed for the year as the entire amount relates to provisions and advances. In the circumstances, it

has not been possible to confirm the accuracy of the Current Liabilities balance of Kshs.860,540.00 as at 30 June 2007.

3.6 Cash and Bank Balances

The Cash and Bank balances decreased from Kshs.11,874,673.00 as at 30 June 2006 to Kshs.10,898,161.00 as at June 2007. However, the necessary monthly bank reconciliations statements were not prepared and submitted for audit review. Further, revenue collected of Kshs.1,556,318.00 was not banked contrary to Local Government Financial Regulations requirements. In the circumstances, it has not been possible to confirm the Cash and Bank balance of Kshs.10,898,161.00 as at 30 June 2007.

3.7 Financial Improprieties

The Council paid Kshs.218,696.00 to three persons vide Payment Voucher No:263/06 as salary arrears. However, the three persons did not appear in Council's records as bona fide employees. A further amount of Kshs.112,800.00 was paid to seven Councillors and one Officer as Travelling and Accommodation Allowances to attend the Afro Cities Summit. However, work tickets or receipts of travel as evidence of attendance were not provided to support the payment. In the circumstances, the propriety of the payments could not be confirmed.

3.8 Non Response to Audit Queries and Draft Report

The 2006/2007 Abstracts of Accounts and records were audited and material issues raised with the Council for comments through the management letters dated 22 January 2008 and 29 April 2008 respectively. Further, the Draft Report which the Controller and Auditor General intended to issue on the Accounts was submitted to the Council for comments on 18 June 2008. No response has been received to the three (3) letters. It has not been possible, therefore, to determine whether any action has been taken or is being taken to redress the issues raised.

4.0 Opinion

Because of the significance of the matters discussed in the preceding paragraphs 3.1 to 3.8, I am unable to express an opinion on the Abstracts of Accounts as required by Section 24 (2) of the Public Audit Act, 2003 that: all the information and explanations required for the purpose of the audit were received; the Accounts have been properly maintained and are in order; the Abstracts of Accounts present a true and fair view of the financial position of the Council as at 30 June 2007; and, the Accounts comply with the Local Government Act, Cap 265.



P. N. KOMORA, CBS

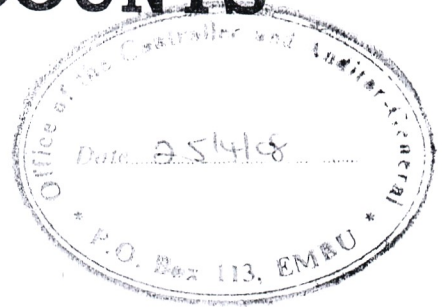
CONTROLLER AND AUDITOR GENERAL

Nairobi

20 November 2008

TOWN COUNCIL MWINGI

ABSTRACT OF ACCOUNTS



FOR

THE YEAR ENDED

30TH JUNE 2007

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**TOWN COUNCIL OF MWEINGI
REPORT OF THE TOWN TREASURER ON THE ACCOUNTS OF THE COUNCIL FOR THE
YEAR ENDED 30TH JUNE 2007**

INTRODUCTION

It is my pleasure to present to the council the abstract of Accounts for the financial Year 2006/2007.

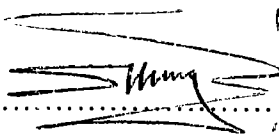
These accounts have been prepared in accordance with sect.229 (1) of the local Authority Act and that Cap.265 which in conformity with Regulation 230(b) of the Act upon a resolution of the council as to the fee payable therefore. Is open for inspection and purchase by any member of the public resident within the jurisdiction of the town Council of Mwingi.

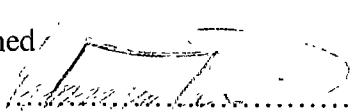
The Accounts have been drawn subject to Audit by the Kenya officials.

The council realized a deficit of Ksh. 1,585,310 during the period of account. Thus the total expenditure was ksh. 33,636,722 against a receipt of ksh. 31,751,412 that included GRF, LATF disbursements and Grant from the European Union. The council also transferred ksh.700,000.00 from the General Revenue Fund Account to EU Account to cater for non –project expenditures such as withholding taxes and banks charges. It is worth noticing that revenue collection improve significantly during the period.

Acknowledgement


Once again, I wish to record my appreciation to the Honourable Chairman, Councilors and the staff of the council especially those from our department for their continued support and contributions in the preparation of this report.

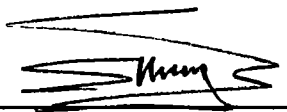
And signed  Date 24/04/2008 That
Town council Treasurer

Signed  Date 24/04/08
Town Clerk

**TOWN COUNCIL OF MWINGI
CONSOLIDATED BALANCE
SHEET AS AT 30TH JUNE 2007**

	NOTE	2006/2007 KSHS	2005/2006 KSHS
FIXED ASSETS			
General fund outlay capital	3	<u>33,028,853</u>	<u>31,470,803</u>
CURRENT ASSETS			
Debtors	4	2,,043.376	7,265,788
Imprest and advances	10	12,800	786,001
Bank and Cash Balances	7	10,898,161	11,874,673
Suspense account.		94,549	-
		<u>13,048,886</u>	<u>19,926,462</u>
CURRENT LIABILITIES			
Provision and Advance	9	860,540	-
Creditors	8	-	3,922,099
		<u>860,540</u>	<u>3,922,099</u>
NET ASSETS		<u>12,188,346</u>	<u>16,004,363</u>
		<u>45,217,199</u>	<u>47,475,167</u>
Financed By:			
Donor fund		26,057,710	24,993,019
General fund		(4,117,402)	1,270,010
Service charge fund		3,232,237	3,232,237
Fund accounts LATF	6	<u>20,044,654</u>	<u>17,979,899</u>
TOTAL FUNDS		<u>45,217,199</u>	<u>47,475,167</u>

Sign. 
(Town Clerk)


(Town Treasurer)

Name. MAWEL A.M.

24/04/2008

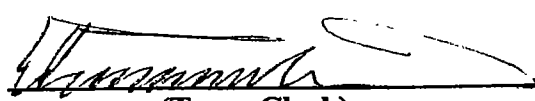
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TOWN COUNCIL OF MWINGI
P. O. Box 5,
- MWINGI.

**TOWN COUNCIL OF MWINGI
GENERAL FUND BALANCE
SHEET AS AT 30TH JUNE 2007**

	NOTE	2006/2007 KSHS	2005/2006 KSHS
FIXED ASSETS			
General fund outlay capital	3	<u>29,599,435</u>	<u>29,599,435</u>
CURRENT ASSETS			
Debtors	4	2,043,376	7,265,788
Imprest and advances	10	12,800	786,001
Bank and Cash Balances	7	1,966,445.90	3,520,252
		<hr/> <u>4,022,621.90</u>	<hr/> <u>11,572,041</u>
CURRENT LIABILITIES			
Other Creditors-LATF	7	-	8,090,541
Creditors	8	-	3,585,669
Provision and accruals		860,540	-
		860,540	11,676,210
		<u>3,162,081.90</u>	<u>(104,160)</u>
NET ASSETS		<u>33,161,815</u>	<u>29,495,266</u>
Financed:			
Capitalized General Rate fund	5	33,354,988	24,993,019
Fund Accounts	6	<u>(193,173)</u>	<u>4,502,247</u>
		<u>33,161,815</u>	<u>29,495,266</u>

Sign. 
(Town Clerk)


(Town Treasurer)

Name. MAWEK A. M.

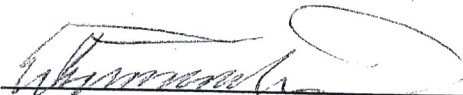
S.R. I. Tunba

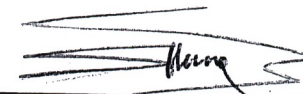
Date 24/04/08

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**TOWN COUNCIL OF MWINGI
LATF BALANCE SHEET AS AT
30TH JUNE 2007**

	NOTE	2006/2007 KSHS	2005/2006 KSHS
FIXED ASSETS			
General fund outlay capital	3	<u>3,429,418</u>	<u>1,871,369</u>
CURRENT ASSETS			
Debtors	4	-	
Debtors-General fund		-	8,090,541
Bank and Cash Balances	7	8,931,715	8,354,421
		<u>8,931,715</u>	<u>16,444,962</u>
CURRENT LIABILITIES			
Creditors	8	-	336,430
		-	<u>336,430</u>
NET CURRENT ASSETS		<u>8,931,715</u>	<u>16,108,532</u>
NET ASSETS		<u>12,361,133</u>	<u>17,979,899</u>
FINANCED BY:			
Deferred Reserve		(3,874,333)	
		<u>16,235,466</u>	<u>19,979,899</u>
Fund Accounts	6	<u>12,361,133</u>	<u>17,979,899</u>

Sign. 
(Town Clerk)


(Town Treasurer)

Name. MAWEK A. M.

S.R. Kumbao

Date 20/04/08

Stamp.

TOWN COUNCIL OF MWINGI
P. O. Box 5,
MWINGI.

TOWN COUNCIL OF MWINGI
CONSOLIDATED INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30TH JUNE 2007

	Approved Budget	Actual	Actual
	2006/2007	2006/2007	2005/2006
REVENUE			
Town Clerk's Department	4,500	300	27,500
Town Treasurer's department	174,480	320,715	108,010
Market department	5,838,595	10,466,462	10,686,594
Slaughter House Department	2,194,900	2,219,434	1,002,320
Survey department	36,420	238,000	36,100
Civic department	-	-	-
LATF	15,698,501	15,698,501	11,717,500
EU-DONOR CONTRIBUTION and	3,515,280	2,108,000	-
EU-COUNCIL CONTRIBUTION and	<u>700,000</u>	<u>700,000</u>	<u>-</u>
	<u>28,062,676</u>	<u>31,751,412</u>	<u>23,578,024</u>
EXPENDITURE			
Town Clerk's Department	5,828,301	6,525,061	3,966,498
Town Treasurer's department	5,175,653	4,951,335	3,282,119
Market department	2,277,698	2,876,870	1,618,442
Slaughter House Department	1,011,724	860,052	577,423
Survey department	409,965	356,819	250,669
Civic department	2,384,000	3,063,176	1,866,234
LATF	15,598,501	13,633,718	6,894,075
Eu-Donor Contribution and	3,515,280	1,005,596	-
Eu-Council Contribution and one	700,000	64,095	-
	<u>36,901,122</u>	<u>33,336,722</u>	<u>18,455,460</u>
Surplus/(Deficit)	<u>(8838446)</u>	<u>(1,585,310)</u>	<u>5,122,564</u>

TOWN COUNCIL OF MWINGI
G.R.F ACCOUNTS FOR THE
YEAR ENDED 30.06.2007

	Approved Budget 2006/2007	Actual 2006/2007	Actual 2005/2006
REVENUE			
Town Clerk's Department	4,500	300	27,500
Town Treasurer's department	174,480	320,715	108,010
Market department	5,838,595	10,466,462	10,686,594
Slaughter House Department	2,194,900	2,219,434	1,002,320
Survey department	36,420	238,000	36,100
Civic department	-	-	-
	<u>8,248,895</u>	<u>13,244,911</u>	<u>11,860,524</u>
EXPENDITURE			
Town Clerk's Department	5,828,301	6,525,061	3,966,498
Town Treasurer's department	5,175,653	4,951,335	3,282,119
Market department	2,277,698	2,876,870	1,618,442
Slaughter House Department	1,011,724	860,052	577,423
Survey department	409,965	356,819	250,669
Civic department	2,384,000	3,063,176	1,866,234
	<u>17,087,341</u>	<u>18,633,313</u>	<u>11,561,385</u>
Surplus/(Deficit)	(8,912,326)	(5,387,412)	299,139

**LOCAL AUTHORITIES TRANSFER FUND INCOME
AND EXPENDITURE STATEMENT FOPR THE YEAR
ENDED 30TH JUNE 2007**

	Actual 2006/2007 Kshs	Actual 2005/2006 Kshs
REVENUE		
Treasury receipts	15,698,501	11,717,600
EXPENDITURE		
Grading of roads	720,189	966,213
Office furniture's and equipments	-	268,770
Aids campaign	-	4,695
Preparation of valuation Roll	386,000	-
Purchase of motor vehicles	2,895,166	21,615
Petrol Oils and tyres	7,888	39,147
Installation of street lights	-	1,410
Travelling and subsistence	-	11,511
LADAP seminars	-	2,029,427
School enhancement	6,272,511	-
Miscellaneous expenses	-	13,220
water Enhancement	463,561	-
Bank charges	-	603,119
Water extension	686,469	-
Insurance and Licenses	-	65,306
Rehabilitation of Roads	-	77,001
Solid waste collection	20,779	-
Town planning	693,274	-
Health infrastructure	588,575	654,228
Councillor tours	88,810	577,810
Bursaries	21,900	414,300
Debt resolution	692,865	20,031
Sports and recreational	-	53,373
Maintenance of markets	-	143,240
Leave allowance	-	145,914
Administrative services	5,587	108,591
Provision of Audit Fee(Audit Office)	-	300,000
Preparation of Abstract of accounts	90,172	190,000
Revenue Contribution to capital outlay	-	198,376
	13,633,746	6,607,295
Surplus/(Deficit)	2,064,755	4,823,525

**MWINGI TOWN COUNCIL
SUMMARY OF INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2007**

CLERK'S DAPARTMENT

	Approved Budget 2006/2007 Kshs.	Actual 2006/2007 Kshs.	Actual 2005/2006 Kshs.	Budget variance Kshs.
INCOME				
Sale of Minute	4,500	300	-	4,200
Consent to charge plot	-	-	-	-
Sale of tenders	-	-	27,500	-
Clearance certificate	-	-	-	-
TOTAL INCOME	4,500	300	27,500	4,200
EXPENDITURE				
Staff costs				
Salaries and wages	1,726,590	1,930,205	1,050,032	203,615
Hardship allowances	278,400	246,400	230,664	32,000
NSSF	36,000	30,800	33,600	5,200
Provident Fund	-	30,264	-	-
Super fund	436,740	394,352	110,136	42,388
House Allowance	1,185,000	1,078,750	526,500	106,250
Special duty allowance	-	7,410	7,250	7,410
Acting allowance	2,400	-	26,000	2,400
Leave allowance	69,517	50,757	68,128	18,760
Dirty and heavy Work allowance	3,600	2,400	4,200	1,200
Sub-total	3,738,247	3,771,338	2,056,510	33,091
Operations				
Travel and subsistence expenses	321,684	704,030	269,030	(382,346)
Training and examination	150,000	61,425	212,768	88,575
Preparation of LASDAP	100,000	122,810	354,066	(22,810)
Seminars and tours	120,000	94,245	68,305	25,755
Stationery and printing	100,000	229,613	167,203	(129,613)
Telephone and postage	190,000	306,469	179,609	(116,469)
Books and periodicals	90,000	61,009	13,847	29,421
Clothing and uniforms	19,200	14,500	70,626	4,700
Electricity, water and conservation	107,200	97,166	56,201	(10,034)
Equipment, Tools and materials	15,000	17,820	12,395	(2,820)
ALGAK/ALGE	320,000	476,085	63,700	(156,085)
Entertainment	29,540	50,600	26,520	(21,060)
Office equipment	2,000	600	5,300	1,400
Petrol, oil and Tyres	250,000	261,521	207,115	(11,521)
Show Expenses	-	-	5,345	-
Sub-total	1,815,054	2,497,893	1,732,283	(743,380)
Maintenance				
Maintenance of building	25,000	2,579	770	22,421
Maintenance of motor vehicle	250,000	253,251	176,935	(3,251)
Sub-total	275,000	255,830	177,705	19,170
Total expenditure	582,830	652,506	3,966,498	761,972
Net Surplus/(Deficit)	(5,828,301)	(6,525,061)	(3,938,998)	(766,172)

TOWN COUNCIL OF MWINGI
P. O. Box 5,
MWINGI.

**MWINGI TOWN COUNCIL
SUMMARY OF INCOME AND EXPENDITURE
STATEMENT FOR THE YEAR ENDED 30TH JUNE 2007
TREASURER'S DEPARTMENT**

	Approved Budget 2006/2007	Actual 2006/2007	Actual 2005/2006	Budget variance
	Kshs	kshs	Kshs	Kshs
Income				
Rent of office	86,400	106,000	-	19,600
Poll rates	-	3,000	-	3,000
	86,400	109,000	-	22,600
Miscellaneous income				
Burial charges	10,240	4,550	1,750	(5,690)
Impounding charges	11,480	53,500	12,650	42,020
Storage charges	870	4,265	230	3,395
Transport/ Tractor charges	-	1500	-	-
Hall charges	-	95900	93,380	53,250
Sand cess	40,490	52,000	-	27,000
Tender fees	25,000	211,715	-	-
TOTAL INCOME	174,480	320,715	108,010	142,575
EXPENDITURE				
Staff costs				
Salaries and wages	1,665,180	1,352,640	842,220	312,540
Hardship allowances	172,800	134,400	132,984	38,400
NSSF	21,600	16,800	16,800	4,800
Super fund	431,071	299,592	157,192	131,479
House Allowance	1,088,616	644,616	405,000	444,000
Acting allowance	-	23,940	-	23,940
Leave allowance	62,486	28,508	8,786	33,978
Proficiency bonus	2,400	2,400	-	-
Sub-total	3,444,153	2,502,896	1,562,982	941,257
Operations				
Travel and subsistence expense	320,000	561,975	258,412	(241,975)
Stationery and printing	140,000	245,173	199,345	(105,173)
Audit& other professional services	20,000	-	300,000	20,000
Telephone and postage	60,000	184,696	110,880	(124,696)
Bank charges	37,480	24,567	27,553	12,913
Legal charges	150,000	106,600	211,200	43,400
Revenue Enhancement	300,000	815,750	226,345	(815,750)
Miscellaneous expenses	-	-	4,020	-
Office equipments	4,000	1,285	4,948	2,715
Petrol, oils and tyres	270,000	92,282	141,192	177,719
Revenue contribution to capital outlay	-	-	299415	-
Licenses and insurance	270,000	175,306	200,748	94,694
Court of arms	20,000	186,201	-	-
Sub-total	1,751,480	2,693,840	1,677,075	(942,360)
Maintenance				
Maintenance of building	7,000	1,969	-	5,031
Maintenance of motor vehicle	50,500	52,630	42,062	(2,130)
Maintenance of Furniture's	-	-	-	-
Sub-total	57,500	54,599	42,062	2,901
Total expenditure	51,756,333	4,951,335	3,282,119	1,799
Net Surplus/(Deficit)	(50,01,174)	(4,630,620)	(3,174,109)	144374

TOWN COUNCIL OF MWINGI
P. O. Box 5,
MWINGI.

**MWINGI TOWN COUNCIL
SUMMARY OF INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2007
MARKET DEPARTMENT**

	Approved Budget 2006/2007 Kshs	Actual 2006/2007 kshs	Actual 2005/2006 Kshs	Budget variance Kshs
Income				
Sock market fee	903,890	-	1,123,060	-
Barter market fees	1,374,830	1,507,355	1,683,375	132,525
Stock export fees	-	-	720,914	-
Agricultural produce cess	32,420	157,225	23,890	124,205
Bus Park fees	1940360	2,178,880	2,044,590	1,138,520
Plot rents	20,820	269,340	230,000	248,520
Charcoal cess	-	4,440	20,155	4,440
Sign Boards	21,340	557,445	280,800	530,105
Business permits Application	-	5,650	-	5,650
Plot Application fees	296,447	686,390	470,050	389,943
Kiosk Application Fees	-	-	18,000	-
Stalls application	3,600	77,020	-	73,420
Business permits	2,950,968	4,808,858	3,720,700	1,857,890
Transfer fees	-	36,050	-	36,050
Penalty on late permit renews	97,810	177,809	138,060	79,999
Tractor services	-	-	8,000	-
TOTAL INCOME	5,838,595	10,466,462	10,686,594	4,621,267
EXPENDITURE				
STAFF COSTS				
Salaries and wages	645,030	849,180	460,320	(204,150)
Hardship Allowances	144,000	133,600	110,184	10,400
NSSF	19,200	19,200	16,800	-
Super fund	1,534,556	182,628	-	(29,172)
House Allowance	378,000	378,000	222,000	-
Leave Allowance	25,802	32,933	14,024	(7,131)
Leave Allowance arrears	-	3,600	3,600	-
Dirty and heavy work allowance	93,600	-	-	90,000
Sub-total	1,459,088	15,991,141	826,928	(140,053)
Operations				
Travel and subsistence expenses	220,000	460,642	305130	(240,642)
Stationery and printing	-	-	15,572	-
Clothing and uniform	10,800	14,500	3,948	(3,700)
Electricity, water and conservation	180,000	48,747	-	131,253
Equipment, tool & materials	15,810	25,769	11,850	(9,959)
ALGAK/ALGE	-	-	1,260	-
Petrol, oil and Tyres	-	-	8,042	-
Sub-total	426,610	549,658	319,522	(123,048)

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Maintenance

Maintenance of markets	202,000	438,521	222,852	(236,521)
Maintenance of street lights	190,000	289,550	249,140	(99,550)
Maintenance of furniture	-	-	-	-
Sub-total	392,000	728,071	471,992	(336,071)
TOTAL EXCPENDITURE	2,277,698	2,876,870	1,618,442	(599,272)
Net surplus/(deficit)	3,560,897	7,589,592	9,068,152	(5,220,539)

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**MWINGI TOWN COUNCIL
SUMMARY OF INCOME AND EXPENDITURE
STATEMENT FOR THE YEAR ENDED 30TH JUNE 2007
SLAUGHTER HOUSE/ VETERINARY DEPARTMENT**

	Approved Budget 2006/2007	Actual 2006/2007	Actual 2005/2006	Budget variance
Income	Kshs	kshs	Kshs	Kshs
Stock market fees	903,890	834,200	-	(69,690)
Movement fees	613,110	428,454	-	(184,656)
Slaughter house fees	677,900	956,780	1,001,320	278,880
Sale of manure	-	-	1,000	-
TOTAL INCOME	2,194,900	2,219,434	1,002,320	24,534
EXPENDITURE				
STAFF COSTS				
Salaries and wages	313,290	387,420	231,960	(74,130)
Hardship allowances	76,800	76,800	69,384	-
NSSF	9,600	10,800	9,600	(1,200)
Super fund	73,994	85,116	28,128	-
House allowance	180,000	180,000	120,000	-
Leave Allowance	12,532	9,781	2,369	2,751
Dirty and heavy work allowance	4,800	4,300	7,200	500
SUB-TOTAL	671,016	754,217	468,641	(83,201)
Operations				
Clothing and uniform	14,140	14,500	25,154	(360)
Electricity, tools and materials	96,000	18,128	84,537	77,872
Equipment, tools and materials	10,568	7,941	13,885	2,627
Sub-total	120,708	40,569	99,222	80,139
Maintenance				
Maintenance of Building	100,000	60,376	-	39,624
Maintenance of Compound	120,000	4,890	9,560	115,110
Sub-total	220,000	65,266	9,560	154,734
Total expenditure	1,011,724	860,052	577,423	152,872
Net surplus/(deficit)	1,183,176	1,359,382	424,897	(128,338)

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MWINGI TOWN COUNCIL

SUMMARY OF INCOME AND EXPENDITURE

STATEMENT FOR THE YEAR ENDED 30TH JUNE 2007

SURVEY DEPARTMENT

	Approved Budget 2006/2007 Kshs	Actual 2006/2007 kshs	Actual 2005/2006 Kshs	Budget variance Kshs
Income				
Pegging fees	-	2,000	-	2,000
Building plan Approval	36,420	236,000	36,100	199,580
TOTAL INCOME	36,420	238,000	36,100	201,580
EXPENDITURE				
Staff costs				
Salaries and wages	147,240	180,660	110,400	(33,420)
Hardship allowances	19,200	19,200	19,200	-
NSSF	2,400	2,400	2,400	-
Super fund	34,236	39,252	24,660	(5,016)
House allowance	81,000	81,000	54,000	-
Leave Allowance	5,889	11,642	-	(5,753)
SUB-TOTAL	289,965	334,154	210,660	(44,189)
Operations				
Travel and subsistence expenses	53,000	11,800	4,430	41,200
Stationery and printing	17,000	-	12,928	17,000
Surveying council markets	50,000	1,740	-	48,260
Equipment, tool & materials	-	-	14,551	-
Town planning fee	-	9,125	8,100	(9,125)
Sub-total	120,000	22,665	40,009	97,335
Maintenance				
Maintenance of markets	-	-	-	-
Maintenance of street lights	-	-	-	-
Maintenance of furniture	-	-	-	-
Sub-total	-	-	-	-
TOTAL EXPCENDITURE	409,965	356,819	250,669	53,146
Net surplus/(deficit)	(373,545)	(118,819)	(214,569)	(254,726)

MWINGI TOWN COUNCIL

SUMMARY OF INCOME AND EXPENDITURE

STATEMENT FOR THE YEAR ENDED 30TH JUNE 2007

CIVIC DEPARTMENT

	Approved Budget	Actual	Actual	Budget
	2006/2007	2006/2007	2005/2006	variance
	Kshs	kshs	Kshs	Kshs
Civic Allowance				
Chairman's allowance	270,000	267,739	224,000	2,171
Councillor's allowance	1,752,000	1,754,810	1,371,000	(2,729)
Chairman's other allowance	13,000	41,977	25,000	(28,977)
Councillor's other allowance	<u>104,000</u>	<u>133,500</u>	<u>154,500</u>	<u>(29,500)</u>
	2,139,000	2,198,026	1,774,500	(59,035)
Operations				
Travel and Subsistence Expenses	200,000	691,785	17,755	(491,785)
Entertainment	40,000	76,365	4,859	(36,365)
Petrol, Oil and Tyres	5,000	5,000	10,620	-
Chairman's ceremonial gown	-	92,000	58,500	(92,000)
	<u>2,384,000</u>	<u>865,150</u>	<u>91,734</u>	<u>(620,150)</u>
TOTAL EXPENDITURE	<u>2,384,000</u>	<u>3,063,176</u>	<u>1,866,234</u>	<u>(679,185)</u>

TOWN COUNCIL OF MWINGI
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TOWN COUNCIL OF MWINGI
ABSTRACT OF ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2007

1. NOTES TO THE ACCOUNTS
2. ACCOUNTING CONCEPTS
3. INTRODUCTION

The following generally accepted Accounting Standards (Concept) have observed in preparation of the account.

- Going concern
- Accrual/ Matching
- Consistency
- Prudence
- Materiality and Substance over form

Adoption of these concepts ensures that accounts present a true and fair position of the status of the Town Council of Mwingi as at the end of the year. The unique nature of the Kenyan Local Authorities certain necessary refinements have been introduced.

a) Going Concern Concept

In most cases the accounting system will treat value in the assumption that the council will continue trading. It is unlikely that the council will be wound up in the manner the corporations are wound up. In the event that re-organization may be the only option, the going concern concept will be upheld even if ceases to operate.

b) Accruals/Matching Concept

The SAS basis of accounting is converted receipts and converted payments which that means that accounting throughout the year is on cash basis but for Final Accounts purposes, accruals for debtors and creditors are introduced to convert the accounts to an income and expenditure basis, thus keeping in line with the Accrual Concept of accounting.

c) Consistency Concept

It is assumed that the accounting policies are consistent from one period to another. The consistency concept requires that there should be consistency of accounting treatment of like items within each accounting period and one accounting period to the next.

d) Prudence Concept

Uncertainties inevitably surround many transactions. This should be recognized by exercising prudence in preparing financial statements. Prudence does not, however, justify the creation of secret or hidden reserves. The prudence concept requires that revenues are anticipated until realization can be assessed with reasonable certainty.

e) Substance over form and Materiality Concept

Transactions and other events should be accounted for and presented in accordance with the substance and financial reality and merely their legal form. Financial statements should disclose all items which are material enough to affect evaluation or decisions.

2.0 Accounting Policies

a) Accounting Convention

The accounts have prepared under the historical cost convention.

b) Depreciation of Fixed Assets

Fixed assets are stated at cost less depreciation, which is calculated to write-off cost on a reducing basis over the expected useful lives of the various assets. The annual rates applied are as below:

Land	Nil
Buildings	2.5%
Motor Vehicles	25.0%
Furniture, fitting and equipment	12.5%

c) Fund Basis Accounting

The financial statements are maintained on a fund accounting basis where each fund maintained as a distinct financial and accounting entity with separate self balancing double entry accounting system.

d) Income

Gross income comprises of the amounts invoiced for services rendered by the service delivery department and cost centers during the year.

NOTES TO THE ACCOUNTS

3.0 FIXED ASSETS SCHEDULE

	Land and Buildings	Motor Vehicle	Office Equipment	Furniture Fixtures and fittings	TOTAL
	Kshs.	Kshs.	Kshs.	kshs.	Kshs
Rates	2.50%	25.00%	12.50%	12.50	
Cost/valuation					
Balance as at 1st July 2006	34,399,931	3,826,460	273,440	538,368	39,038,199
Addition	-	2,895,166	386,000	-	3,281,166
Disposal	-	-	-	-	-
Balance as at 30th June 20 07	34,399,931	6,721,626	659,440	538,368	42,319,365
Depreciation					
Balance as at 1st July 2006	3,823,102	3,227,191	138,856	378,245	7,567,394
Charge for the year	764,421	873,609	65,073	20,015	1,723,118
Disposal					
Balance as at 30th June 2007	4,587,523	4,100,800	203,929	398,260	9,290,512
Net book value					
Balance as at 30th June 2007	29,812,408	2,620,826	455,511	140,108	33,028,853
Balance as at 30th 2006	30,576,828	599,269	134,584	160,123	31,470,804
4.0 Debtors					
	2006/2007	2005/2006			
	Kshs	kshs.			
Plot rents	1,190,660	6,505,177			
Mwingi County Council	360,456	360,456			
Licences (SBP)	98,800	258,815			
House Rents	-	225,220			
Bus park kiosks Rents	185,360	208,100			
	<u>2,043,376</u>	<u>7,236,988</u>			

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5.0 DONORS FUND

Donor Funds were used to acquire the following

Assets	2006/2007	2005/2006
	Kshs	Kshs
Slaughter House/Market Stalls	5,397,633	5,397,633
Land compensation to previous Owners	5,257,018	5,257,018
Road Construction works	14,338,368	14,338,368
Cattle yard	1,064,691	-
	<u>26,057,710</u>	<u>24,993,019</u>

6.0 Funds Accounts

	General Fund Kshs.	Service fund charge Kshs.	LATF kshs.	TOTAL kshs
Balance. as at 1 st July 2006	1,270,010	3,232,237	17,979,899	22,482,146
Surplus/Deficit for the year	(5,387,412)	-	20,044,654	(3,322,657)
Balance as at 30th June 2007	<u>(4,117,402)</u>	<u>3,232,237</u>	<u>20,044,654</u>	<u>19,159,489</u>

7.0 Cash and Cash equivalent

	2006/2007 kshs.	2005/2006 kshs
Cash in hand	194,145	92,342
Bank balances		
KCB Mwingi Acct No.226970345	584,024.60	1,990,274
KCB Mwingi Acct No .226970110	130,990.30	1,437,636
KCB Mwingi LATF Account	8,931,715	8,354,421
KCB Mwingi Acct No	1,057,286	-
	<u>10,704,015.90</u>	<u>11,782,331</u>
	<u>10,898,160.90</u>	<u>11,874,673</u>

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8.0 Creditors

	2006/2007 Kshs.	2005/2006 Kshs.
Trade creditors	-	322,845
Accountancy fee	-	201,430
Statutory and staff costs	-	363
Provision for Audit Fees	-	1,200,000
Over/ under receipting	-	1,937,461
Legal fees	-	135,000
SACCO	-	125,000
	<u>-</u>	<u>3,922,099</u>

9.0 provision and Accruals

Accountancy fee	200,000	-
Provision for audit fees	600,000	-
Telephone and postage	12,162	-
Electricity, Water and Conservancy	48,378	-
	<u>860,540</u>	<u>-</u>

10. Imprest and Advances

	2006/2007 kshs.	2005/2006 Kshs.
Imprest	-	772,001
Advances	12,800	14,000
	<u>12,800</u>	<u>786,001</u>

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TOWN COUNCIL OF MWINGI

MINUTES OF SENIOR STAFF MEETING HELD ON 27/11/2007 AT MWINGI TOWN HALL FROM 9.00 AM

PRESENT

1. Lesley A Khayadi – Town Clerk
2. Simon Nkubutu – Town Treasurer
3. Pascal Mwanje – Internal Auditor
4. Andrew Kavali – Administrative assistant
5. Pius Musili – Survey
6. Justus Kithonga – Senior Revenue Clerk
7. Lazaro Musyoka – Committee Clerk

MIN NO 40/2007 - PLERIMINARIES

Preliminaries – Chair called meeting to order at 9.10am. The chair thanked members for attending meeting and called for proper deliberations.

MIN NO 41 2007 – QUARTELY PERFORMANCE REPORT FROM JULY 2007 TO 30TH SEPT. 2007

The Administrative assistant read in brief the contents of the Quarterly performance contract.

The major items highlighted in the Quarterly performance contract are

- Compliance with Strategic plan – Council is 100 % compliant.
- Average collection period of revenue which is 45 days has been met by the Council.
- Construction of classes – The Council has constructed 2 classes at Katumba Primary School at the first Quarter.
- Compliance with ISO Certification, the Council has acquired 20%.
- Beautification of Mwingi Town – The Council has complied by planting 15 000 seedlings.
- The Council had targeted to extend water for 13 km but correctly it has managed 2.5 Km in the first quarter.
- Automation of office equipments – The Council is in a process of doing automation of computers.
- Work environment implantation – The Council has carried survey on work environment implementation and its in the process of implementation.
- On employee satisfaction the council has managed 15% in the first quarter.
- In project implementation the Town Treasurer reported that the funds from the Central Government delay hence making the process delay. After lengthy deliberations the following resolution was made
- Proposed by Pius M. Musili
- Seconded by Pascal Mwanje
- That the Quarterly performance contract be presented to the Ministry for relevant action. Taken unanimously

MIN NO 42/07 – LASDAP FINANCIAL YEAR 2008/2009.

The Town Treasurer reported to the members that the following projects were prioritized in the consultative meeting and finding allocated as below by the technical meeting.

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1. Kanzanzu Ward

Construction of 2 classes at Syungii Secondary School Kshs 700,000
Completion of Musukini dispensary Kshs 300,000

2. Kavuvwani Ward

Extension of water from Mwingi to Tyaa Girls Secondary School Kshs 790,000
Completion of 2 classes at Katumba primary school and construction of pit latrine
Kshs 200,000

3. Mwingi/Ithumbi Ward

Completion of 2 classes at Syomikuku Secondary School and construction of 1 class Kshs 700,000
Formation of road from Catholic Church to Mangoloma River Kshs 310,000

4. Katalwa/Nzeluni Ward

Construction of dining hall at Mumbuni Secondary School Kshs 700,000
Construction of Kisovo dispensary Kshs 295 000.

5. Kiomo/Kyethani Ward

Completion of 2 classes at Malatani primary School and construction of 1 new
Class Kshs 400,000
Construction of 2 new classes at Makutano primary School Kshs 605,000

6. Kivou/Enziu Ward

Completion of 3 classes at Ndiuni primary school and construction of 2 new classes Kshs 700,000
Grading of Makutano, Kanzui to Isekele road Kshs 300,000

7. Town Council

Purchase of hawkers land -Kshs 700,000
Construction of office store -Kshs 333,161
Purchase of Motorcycle. -Kshs 300,000

After lengthy deliberations it was resolved that,

Proposed by Justuts M. Kithonga
Seconded by Andrew M. Kavali

That the projects as prioritized through consensus meeting be adopted and presented to the Ministry for further action. Taken unanimously.

MIN.NO. 43/2007 - QUARTETLY REPORT TO REFORM PROGRAMME

The Town Treasurer reported to the members that during the first quarter the Council had received a total of Ksh 1,365,087 in LATF account.

The following was the actual receipts for the first quarter.

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- Plot rent - Ksh. 38,460
- Single Business Permit - Ksh. 798,055
- Less - Ksh. 75,290
- Markets and Slaughter house fees - Ksh. 594,635
- Vehicle parking - Ksh. 542,330
- Other fees and charges - Ksh. 19,800
- Pegging fee and building plan - Ksh. 6,000
- Stock market fee and export fee - Ksh. 365,370
- Impounding fee, burial fee and storage- Ksh. 6,795
- The total central, other and local revenues during the first quarter is Ksh. 2,446,735 whereby for the first quarter represented 8%.
- In project implementation for the Financial Year 2006/2007 purchase of office furniture had 130% while purchase of land at kakongo had 15%.
- The Bank balance as at 30/9/2007 was 6,349,645.

After lengthy deliberations it was resolved as below:-

Proposed by Pascal Mwanje
 Seconded by Justus M Kithonga

“That the quarterly report as presented by the Town treasurer depicts the true information and thus it shall be presented to the Ministry for further action.

Taken unanimously.

MIN. NO.44/2007 – ABSTRACTS OF ACCOUNTS FINANCIAL YEAR 2006/2007

The Town treasurer circulated the draft abstracts of accounts for financial year 2006/2007 to the members. The town treasurer thus expanded the draft abstracts to the members as below.

The Consolidated balance sheet as at 30th June, 2007 had the following

- Fixed assets - Ksh. 33,028,853
- Debtors - Ksh. 2,043,376
- Imprest and advances - Ksh. 12,800
- Bank and cash balances - Ksh. 10,898,161
- Provision and advance - Ksh. 860,540
- Net current assets - Ksh. 12,188,346
- Net assets - Ksh. 45,217,199
- Donor fund - Ksh. 26,057,710
- Other fund accounts - Ksh. 19,159,489
- Total fund was - **Ksh. 45,217,199**

The Town Treasurer also pointed at the General Revenue Fund account for the year ended 30th June, 2007 as below:-

The Actual for Financial Year 2006/2007 were as below as per department:-

- Town Clerk’s department - Ksh. 300
- Town Treasurer’s department - Ksh. 320,715
- Market’s department - Ksh. 10,466,462
- Slaughter house department - Ksh. 2,219,434
- Survey department - Ksh. 238,000
- Total - **Ksh. 13,080,618**

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EXPENDITURE

Town Clerk's Department	- Ksh. 6,525,061
Town Treasurer's Department	- Ksh. 4,951,335
Market's Department	- Ksh. 2,876,870
Slaughter House Department	- Ksh. 860,052
Survey Department	- Ksh. 356,819
Civic Department	- <u>Ksh. 3,063,176</u>
The Total deficit	- <u>Ksh 5,913,215</u>

The members expanded fully the contents of the draft abstracts and proposed as below:-

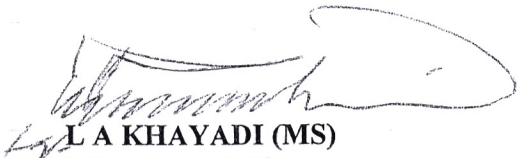
Proposed by Justus M Kithonga
Seconded by Pius M Musili

“That the draft abstracts of account depicts the true picture and thus the Council should vigorously adopt ways of doing revenue collection. The Council also should adopt a way of capturing the plot rent before issuing Single Business Permit. The members also resolved that on away of creating a good relationship between the community and the Council, the provincial Administration should be used to call for Barazas so as the Council may educate the Community on the benefits of paying the Single Business Permit.

Taken unanimously.

MIN.NO.45/2007 – ADJOURNMENT

The meeting ended at 2.30pm through word of prayer from Justus M Kithonga.


L A KHAYADI (MS)
TOWN CLERK
TOWN COUNCIL OF MWINGI

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