

AUDIT SERVICE

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Good Governance
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ACCRA

22 APRIL 20

20

**THE MUNICIPAL CHIEF EXECUTIVE
ABLEKUMA WEST MUNICIPAL ASSEMBLY
DANSOMAN**

MANAGEMENT LETTER ON THE AUDIT OF THE ACCOUNTS ON THE COMMON FUND AND OTHER FUNDS OF THE ABLEKUMA WEST MUNICIPAL ASSEMBLY FOR THE PERIOD 1 JANUARY 2019 TO 31 DECEMBER 2019

Introduction

In accordance with our statutory mandate as enshrined in Article 187 (2) of the 1992 Constitution and Section 11 (1) of the Audit Service Act 2000, (Act 584), we have undertaken audit inspection on the Common Fund and Other Funds of the Ablekuma West Municipal Assembly covering the period 1 January 2019 to 31 December 2019.

2. We discussed our findings which emanated from the audit with the key personnel, whose comments and responses where appropriate have been incorporated in this Management letter.

3. We shall be grateful to receive your formal response **within 30 days** of the receipt of this Management letter as stipulated in Section 29 (2) of the Audit Service Act, 2000 (Act 584);

Key Personnel

4. The following officers were in charge of the financial and administrative functions of the Assembly during the period under review.

Name	Rank	Staff ID	Period
Hon. George Cyril Bray	Municipal Chief Executive		January-December 2019
Mrs Abena Kwesiwaa Kyei	Municipal Coordinating Director	118286	January-December 2019

Mrs. Rose Mensah	Municipal Finance Officer	80764	January- 18 September 2019
Mr. Emmanuel Ablorh Adjei	Municipal Finance Officer	103092	19 September-December 2019
Mr. Herman Kofi Kodadza	Municipal Budget Officer	14719	January-December 2019
Mr. John Owusu-Donkor	Municipal Internal Auditor	663988	January-December 2019
Mrs Veronica Akordor	Municipal Procurement Officer	16275	January-December 2019
Mr. Issah Baraka	Municipal Planning Officer	915299	January-December 2019
Mr. Sylvester Asare Awuah	Municipal Works Engineer	610134	January-December 2019

Audit Objectives

5. The overall objective of the audit is to examine the Common Fund and Other Funds of the Ablekuma West Municipal Assembly and also to ascertain whether in our opinion: -

- a. The accounts have been properly kept;
- b. All public monies have been fully accounted for, and rules and procedures applicable were sufficient to secure an effective check on the assessment, collection and proper allocation of the revenue;
- c. Monies have been expended for the purposes for which they were appropriated and the expenditures have been made as authorized;
- d. Essential records were maintained and the rules and procedures applied were sufficient to safeguard and control public property; and

- e. Programme and activities have been undertaken with due regard to economy, efficiency and effectiveness in relation to the resources utilized and results achieved.

Scope of Audit

6. Our review of records covered the utilization of the Assembly's Common Fund and Member of Parliament Common Fund. We followed up on the previous report to confirm the status of implementation of audit recommendations.

Limitation of Responsibility

7. Our review of the controls within the system operated by the Ablekuma West Municipal Assembly was only to the extent, we considered necessary for the effective execution of this audit. The review may not have detected all weaknesses existing or all improvements that could be made, to this end, we prepared this report solely for your use within the Ministry of Local Government, we would not accept any responsibility for any reliance a third party might place upon it.

8. Summary Finding and Recommendations

Common Fund

- i. Our examination of records disclosed that, Management disbursed an amount of GH¢212,107.27 vide six (6) payment vouchers but failed to authenticate the disbursements with the necessary and relevant expenditure documents such as receipts, invoices, statement of claims and work certificates. We advised Management to substantiate the disbursements with the necessary and relevant supporting documents failing which the disbursements would be disallowed and the amount of GH¢212,107.27 recovered from the Municipal Coordinating Director (Mrs Abena Kwesiwa Kyei) and the Municipal Finance Officer (Mrs,. Rose Mensah).
- ii. Our audit revealed that, the Assembly engaged the Services of Suppliers and Service Providers for goods and services worth GH¢75,107.27 without obtaining at least three quotations to support the payments. To promote transparency and accountability in government procurement, we recommended that, Management and the Procurement Committee of the Assembly should make all procurements competitive for fair pricing in future.
- iii. We noted during examination of records that, Management did not remit the Ghana Revenue Authority (GRA) a withholding tax of GH¢1,035.40. We recommended that, the Municipal Coordinating Director and Municipal Finance Officer should remit GRA the withheld taxes to avoid payment of penalty and a copy of the taxpayer's receipt made available to our office for audit verification.

MP'S Common Fund

- v. Our review of records disclosed that, the Assembly engaged the services of a Service Provider to train drivers in the community without going through the proper procurement process of obtaining at least three quotations, evaluation, award of contract and acceptance to support payments amounting to GH¢17,000.00. We urged Management to strengthen and supervise the Procurement Committee

and their activities to ensure compliance with the Public Procurement Act. We further recommended that, the necessary sanctions should be applied on officers responsible for breach of the Procurement Law as stipulated in Section 92 of Act 663.

Details of Findings and Recommendations

Financial Reporting

9. Cash Balances

Cash at Bank – GH¢1,443,202.50

The Assembly maintained and operated four different accounts during the period under review. Bank balances as at 31 December, 2019 were as follows:

Financial Position

S/N.	Account Name	Bank Name	Account Number	Cash at Bank GH¢
1.	DACF	Bank of Ghana	1018431536161	804,327.11
2.	PWD	Bank of Ghana	1018631536597	26,063.48
3.	HIV	Bank of Ghana	1018631536597	15,878.78
4.	MP's CF	Bank of Ghana	1018632124317	374,338.13
5.	DDF	Bank of Ghana	1018431536161	222,595.00
	TOTAL			1,443,202.50

The above bank balances were duly verified and certified correct with the related bank statements.

Unsupported Payments- GH¢212,107.27

10. Regulation 78 of the Public Financial Management Regulations, 2019 states that, 'the Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of the covered entity that evidence of services received, certificate of work done and any other supporting document exists'.

11. We noted that, an amount of GH¢212,107.27 disbursed by the Assembly vide six (6) payment vouchers were not supported with the necessary and relevant expenditure documents such as receipts, invoices, statement of claims and work certificates to authenticate the payments. Details are attached as **Appendix 'A'**.

12. The lapse occurred as a result of ineffective Expenditure Control Procedures by the Municipal Finance Officer (Mrs. Rose Mensah) and inadequate Internal Control Mechanism by the Municipal Internal Auditor (Mr John Owusu).

13. Payments not properly supported could lead to payment for goods not supplied and services not rendered to the Assembly.

14. We advised Management to substantiate the disbursements with the necessary and relevant supporting documents and our office informed for verification, failing which the disbursements would be disallowed and the amount of GH¢212,107.27 recovered from the Municipal Coordinating Director (Mrs Abena Kwesiwa Kyei) and the Municipal Finance Officer (Mrs. Rose Mensah).

15. Management responded that, the Schedule Officer has been tasked to ensure that, all necessary and relevant documents are made available for audit verification.

Non-Competitive Procurement – GH¢75,107.27

16. Section 20 of the Public Procurement (Amendment) Act, 2016(Act 914) requires procurement entities to request for quotations from as many suppliers or contractors as practicable, but from at least three different sources.

17. Our examination of payment vouchers indicates that, the Assembly engaged the services of suppliers and service providers for goods and services worth GH¢75,107.27 without obtaining at least three quotations to support the payments. See details below:

Non Competitive Procurement GH¢75,107.27

PV-Num	Pay-Date	Description	Payee	Amount GH¢
03-04-19	19/03/19	Installation of Metal gratings in front of the office	MRE	7,600.00
02-07-19	09-07-19	Demolition of unauthorised structures at gbugbe stream	MWE	20,000.00
06-11-19	11-11-19	Maintenance of streetlight	Degate Services	17,507.27
01-01-19		Funds released for Christmas carnival	Jocil Creation	30,000.00
		TOTAL		75,107.27

18. The lapse occurred as a result of improper procurement procedures coupled with poor oversight by Management and non-adherence to the Procurement Act.

19. The practice did not ensure transparency in the procurement processes. Consequently, we could not ascertain whether the Assembly obtained value for money on the transactions.

20. To promote transparency and accountability in government procurement, we recommended that, Management and the Procurement Committee of the Assembly should make all procurements competitive for fair pricing in future. We further recommended that, Officers responsible for the breach should be sanctioned under Section 51 of the Public Procurement (Amendment) Act, 2016 (Act 914).

21. Management responded that, they had taken notice of the recommendation and had accordingly, instructed the Expenditure Accountant and the Procurement Officer to ensure that, all future procurements are competitive enough to promote transparency and accountability.

Unremitted Withholding Taxes-GH¢1,035.40.00

22. Section 117 of the Income Tax Act, 2015 (Act 896) requires, a withholding agent to withhold and pay to the Commissioner a tax that has been withheld within 15 days after the end of the month in which the payment in which tax was withheld.

23. Contrarily, we noted during our review of payment vouchers that, Management did not remit to the Ghana Revenue Authority (GRA) withheld taxes of GH¢1,035.40 within the period under review. Details are shown below:

Unremitted Withholding Taxes-GH¢1,035.40

PV-Num	Pay Date	Description	Payee	Amount GH¢	Tax Amount GH¢
01-01-19	02-01-19	Payment for jerseys and football	Jorninas Enterpside	10,000.00	300.00
01-04-19	22-03-19	Payment for landscape work	MAO	13,160.00	395.00
10-06-19	12-08-19	Funds for desilting of 1.5M drain along Sabolai Street	MESSRS. A-SAT LTD	6,808.00	340.40
		TOTAL			1,035.40

24. The non-payment of taxes withheld was as a result of poor supervision over the work of the Schedule Officer by Management to ensure that, all taxes deducted were remitted to the GRA.

25. Delay in payment of withheld taxes to the Commissioner denied GRA and the State needed inflow of revenue on time.

26. We recommended that, the Municipal Coordinating Director and Municipal Finance Officer should immediately remit to GRA the withheld taxes to avoid payment of penalty and a copy of the taxpayer's receipt made available to our office for audit verification.

27. Management said, it had taken notice of the observation and had instructed the Officer-in-Charge to rectify the anomaly and make available evidence of taxpayer's receipt for verification by the Audit Team.

MP'S Common Fund

Non-Competitive Procurement – GH¢17,000.00

28. Section 20 of the Public Procurement (Amendment) Act, 2016(Act 914) requires, procurement entities to request for quotations from as many suppliers or contractors as practicable, but from at least three different sources.

29. Our examination of payment vouchers indicates that, the Assembly engaged the services of a Service Provider to train drivers in the community without going through the due procurement processes of obtaining at least three quotations, evaluation, award of contract and acceptance to support payments amounting to GH¢17,000.00. See details below:

PV-Date	Pay-No	Description	Payee	Amount GH¢
01-07-19	01-07-19	Driving training in the community	Mirage Driving School	17,000.00

30. The lapse occurred as a result of improper procurement procedures coupled with poor oversight by Management and non-adherence to the Procurement Act.

31. The practice did not ensure transparency in the procurement process. Consequently, we could not ascertain whether the Assembly obtained value for money on the transaction.

32. To promote transparency and accountability in government procurement, we urged Management to strengthen and supervise the Procurement Committee and their activities to ensure compliance with the Public Procurement Act. We further recommended that, Officers responsible for the breach should be sanctioned under Section 51 of the Public Procurement (Amendment) Act, 2016 (Act 914).

33. Management responded that, they have taken notice of the recommendations and have accordingly, instructed the Expenditure Accountant and the Procurement Officer to ensure that, all future procurements are competitive enough to promote transparency and accountability

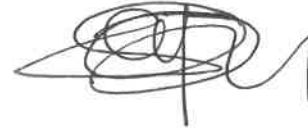
FOLLOW UP ON THE MANAGEMENT LETTER GAR/DB/AWMA/CF.1 FOR THE PERIOD APRIL 2018 TO DECEMBER 2018

Paragraph 10-15: Payment without Supporting Document-GH¢135,450.00

34. Management has acquitted the payment vouchers with the necessary and relevant supporting documents leaving an outstanding balance of GH¢13,050.00 yet to be acquitted.

Acknowledgement

35. We wish to express our gratitude to Management and staff of the Assembly for their assistance and co-operation during the audit.



**CHRISTIANA W. SAMPSON
DISTRICT AUDITOR
GAR DISTRICT 'B'**

**cc: The Auditor-General
Audit Service
Accra**

**The DAG/DAD
Audit Service
Accra**

**The Regional Auditor/GAR
Audit Service
Tema**

**The Chief Director
MLGRD
Accra**

**The Regional Co-ordinating Director
Regional Co-ordinating Council
Accra**

**The Municipal Co-ordinating Director
Ablekuma West Municipal Assembly
Dansoman**

**The Municipal Finance Officer
Ablekuma West Municipal Assembly
Dansoman**

APPENDIX 'A'

UNSUPPORTED PAYMENTS- GH¢212,107.27

PV Num	Pay_Date	Description	Payee	Amt. Not Supported GH¢	Remark
03-04-19	19/03/19	Installation of Metal gratings in front of the office	MRE	7,600.00	No works certificate and official receipt
06-09-19	28/05/2019	Funds released to enable the Agric. Department carry out their activities on 28th May, 2019	MAO	7,000.00	No works certificate, official receipts, claims sheet, requisition, approvals
01-08-19	13-08-19	Payment in respect of house number A.232 at Dansoman.	State Housing Company Ltd	150,000.00	No memo.
01-01-19		Funds released for Christmas carnival	Jocil Creation	30,000.00	No official receipts and claim sheets and works certificate
04-10-19	28-10-19	Renovation of temporal wooden classroom at Akweibu basic school	ROCKBED LTD	5,622.00	No works certificate
06-11-19	11-11-19	Maintenance of streetlight	Degate Services	17,507.27	No works certificate
		Total		212,107.27	