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Website: www.ghaudit.org

P. O. Box **191**

Odumase-Krobo

6 April 2020

THE DISTRICT CHIEF EXECUTIVE
UPPER MANYA KROBO DISTRICT ASSEMBLY
ASESEWA

MANAGEMENT LETTER ON THE AUDIT OF THE ACCOUNTS OF UPPER MANYA KROBO DISTRICT ASSEMBLY COMMON FUND AND OTHER STATUTORY FUNDS – ASESEWA FROM THE PERIOD 1 JANUARY 2019 TO 31 DECEMBER 2019

Introduction

We have audited the accounts of District Assembly Common Fund and other statutory funds of Asuogyaman District Assembly, Asesewa for the period 1 January 2019 to 31 December 2019 in accordance with our statutory mandate under Article 187 (2) of the 1992 Constitution and Section 11(1) of the Audit Service Act 2000, (Act 584).

2. We wish to bring to your attention the following observations and recommendations made during the audit. We have discussed these matters with the key personnel concerned whose comments and responses, where appropriate, have been taken into consideration while preparing this management letter.

3. We shall be grateful to receive your response within 30 days after the receipt of this management letter as stipulated in Section 29 of the Audit Service Act, 2000 (Act 584) failing which your emoluments and allowances shall be withheld.

Key Personnel

4. The following officials were in charge of the administrative and financial management of the Assembly during the period under review:

S/N	Name	Position	Staff ID	Period
1.	Hon. Felix Nartey Odjar	DCE	163751	01/01/19-31/12/19
2.	Aaron Otoo	DCD	602230	01/01/19-31/08/19
3.	Majeed Ayariga	DCD	68772	01/09/19-31/12/19
4.	Victoria Ashong	DFO	28395	01/01/19-31/12/19
5.	Cosmas Komla Sagodo	DPO	912124	01/01/19 - 31/12/19
6.	Joycelyn Owusu	DBO	1101130	01/01/19-31/12/19
7.	Yankey Andrew	DWE	632022	01/01/19-01/04/19
8.	Samuel Okantey	DWE	72583	01/04/19-31/12/19
9.	Emmanuel Asante	Internal Auditor	667139	01/01/19 - 31/12/19
10.	Innocentia Addo-Boye	Procurement Officer	937273	01/01/19-01/11/19
11.	Gabriel Nyadi	Procurement Officer	60417	01/11/19-31/12/19

Scope of Audit

5. Our audit covered Fund Accountability and Budgetary Performance, System of Accounting and Internal Control, Cash Management, Revenue, Utilisation of DACF, Sanitation, Human Resource Management, Procurement of Goods, Works and Services, Infrastructural projects, Assets Management, Statutory Tax and Social Security and Disaster management. We also followed up on previous management letter.

Audit objectives

6. The objectives of the audit were to determine whether:
- a. The Assembly operated on approved estimates;
 - b. The accounts have been properly kept;
 - c. Funds received have been expended for the purpose for which they were appropriated and expenditure made as authorized;
 - d. Essential records were maintained and the rules and procedures applied were sufficient to safeguard and control the Assembly's assets and
 - e. Programmes and activities on the utilization of funds have been undertaken to achieve value for money.

Internal controls

7. The controls over cash management and procurement though satisfactory, much effort is required to improve the existing system. These have resulted in breach of rules, regulations and procedures which have been highlighted in the subsequent paragraphs in this management letter.

Summary of significant findings & recommendations

8. Revenue

- i. The Assembly, during the period under review, received total revenue of GH¢4,174,245.70 as against a budgeted figure of GH¢5,674,833.80 in respect of the District Assembly Common Fund, MP's Common Fund, People living with Disability Fund, AIDs, Decentralised Department's Transfer, Donor funded capital project transfer and DDF resulting in an unfavourable variance of GH¢1,500,588.10. This represents a deficit of 26.44% of the Assembly's revenue targets for the period under review

Expenditure Control

- ii. The total expenditure incurred for the same period amounted to GH¢3,867,582.88 as against the approved estimates of GH¢5,674,833.80 in respect of the District Assembly Common Fund and other related statutory funds resulting in a favourable variance of GH¢1,807,250.92. This means the Assembly operated within its approved estimates for the period

Operational results

- iii. As a result of the Assembly Common Fund activities during the period under review, the Assembly received a total income of GH¢4,174,245.70 and incurred expenditure of GH¢3,867,582.88 in respect of the District Assembly Common Fund and other related statutory funds resulting in a surplus of GH¢306,662.82

District Assembly Common Fund

- iv. The Administrator of District Assembly Common Fund (DACF) during the period under review allocated and released GH¢2,054,884.36 to the Assembly as its share of the Common Fund. Out of the total allocation, an amount of GH¢440,833.65 was deducted at source by the DACF Administrator. The total source deductions included Fumigation GH¢201,250.00, Sanitation Improvement Package (SIP) GH¢212,750.00, HIV/ AIDS GH¢10,274.04, NALAG Dues GH¢6,575.39 and Independence Day GH¢10,000.00.

- bus / DFO*
v. We noted that, the District Finance Officer (DFO) paid a total amount of GH¢34,154.00 on two payment vouchers for various expenditure transactions. However, out of the total amount released, only GH¢26,021.80 was accounted for leaving a balance of GH¢8,132.20 unaccounted for. We recommended that the District Coordinating Director and District Finance Officer should account for GH¢8,132.20 failure of which they should be surcharged with the total amount of GH¢8,132.20.

- DFO*
vi. We noted that the District Finance Officer (DFO) did not ensure that receipts and other acquittal documents were obtained to authenticate seven payments totaling GH¢51,542.50 made for various activities.
We recommended a recovery of GH¢51,542.50 from the Finance Officer and Schedule Officer and same paid into the Assembly's accounted.

- vii. We noted that the Assembly was indebted to three contractors for projects that have been successfully executed totalling GH¢46,622.83 with some of the projects completed as far back as 2016. To avoid being dragged to court and subsequent payment of judgement debts, we recommended that management should take immediate steps to settle the debts without further delay.

- bus / DFO*
viii. We noted that, management paid a total amount of GH¢28,164.03 on three payment vouchers for maintenance and repairs work carried out without certification of completion of work done.
We urged management to substantiate the transactions failing which the Authorising and Approving Officers, Mr. Majeed Ayariga and Madam Victoria Ashong should refund the total amount involved.

MPs Common Fund

- ix. We noted that the Assembly made three payments amounting to GH¢59,600.00 for various activities without committing the transactions through the GIFMIS.
We recommended that the Authorising and Approving Officers of the payments should be surcharged according to Section 98 (1b&2a, b) of the Public Financial Management (PFM) Act, 2016 with the total amount of GH¢59,600.00 to serve as a deterrent to others.
- x. We noted that the District Finance Officer (DFO) did not ensure that receipts and acquittal documents were obtained to authenticate payments totaling GH¢11,000.00 made from the MPs Common Fund on two payment vouchers to institutions as financial support.
We recommended that the DCD and DFO should account for the GH¢11,000.00 failure of which they should be surcharged with the total amount involved.
- xi. We noted during our audit that, items valued at GH¢39,998.81 alleged to have been bought from the MPs Common Fund on two payment vouchers by the Member of Parliament (MP) Hon. Joseph Tetteh during the period under review were not accounted for in the stores records.
We requested management to ensure that, the MP provides evidence on the procurement and distribution list on the utilization of the items or be surcharged with the amount involved.

District Development Facility (DDF) – Responsiveness Factor Grant (RFG)

- xii. We noted that the Assembly paid GH¢81,095.39 on three payment vouchers for various activities without committing the transactions through the Ghana Integrated Financial Management Information System (GIFMIS).
We recommended that the Authorising and Approving Officers of the payments should be surcharged according to Section 98 (1b&2a, b) of the Public Financial Management (PFM) Act, 2016 with the total amount of GH¢81,095.39 to serve as a deterrent to others.
- xiii. Our review disclosed that, the Finance Officer paid a total amount of GH¢168,022.75 on six payment vouchers for various activities but failed to obtain official receipt from the suppliers to authenticate the transactions.
We recommended to management to account for the payments failing which the Authorising Officers of the Assembly should be jointly and severally surcharged with the amount of GH¢168,022.75.

Limitation of Responsibilities

9. We reviewed the systems and management controls operated by the Assembly only to the extent we considered necessary for the effective performance of the audit. As a result, the review may not have revealed all weaknesses that exist or all improvement that could be made.

10. We have prepared this report solely for your use and use within your organization. Its content should not be disclosed to any third party without our consent. We would not accept any responsibility for reliance the third party might place upon it.

Details of significant findings and recommendations;

Budgetary Control

Revenue performance

11. The Assembly, during the period under review, received total revenue of GH¢4,174,245.70 as against a budgeted figure of GH¢5,674,833.80 in respect of the District Assembly Common Fund, MP's Common Fund, People with Disability Fund, AIDs, Decentralised Department's Transfer, Donor funded capital project transfer and DDF resulting in an unfavourable variance of GH¢1,500,588.10. This represents a deficit of 26.44% of the Assembly revenue targets for the period under review. Details are provided below:

S/N	Item	Budgeted for	Actual for	Variance GH¢	Percentage
		2019 GH¢	2019 GH¢		(%)
1	DACF Assembly	3,126,541.46	1,749,955.45	(1,376,586.01)	(44.03)
2	DACF – MP	349,334.24	389,407.68	40,073.44	11.47
3	PWD Fund	332,000.00	267,637.92	(64,362.08)	(19.39)
4	AIDs/HIV	17,466.71	12,472.95	(4,993.76)	(28.59)
5	Decentralised Department's Transfer	710,027.39	196,993.94	(513,033.45)	(72.26)
6	DDF Transfer	745,871.00	1,129,436.56	383,565.56	51.43
7	Donor Funded Capital Project	393,593.00	428,341.20	34,748.20	8.83
	Total	5,674,833.80	4,174,245.70	(1,500,588.10)	(26.44)

Expenditure Control

12. The total expenditure incurred for the same period amounted to GH¢3,867,582.88 as against the approved estimates of GH¢5,674,833.80 in respect of the District Assembly Common Fund and other related statutory funds resulting in a favourable variance of GH¢1,807,250.92. This means the Assembly operated within its approved estimates for the period as shown below:

S/N	Item	Budgeted for 2019 GH¢	Actual for 2019 GH¢	Variance GH¢	Percentage (%)
1	DACF Assembly	3,126,541.46	1,421,236.14	1,705,305.32	54.54
2	DACF – MP	349,334.24	623,209.57	(273,875.33)	(78.40)
3	PWD Fund	332,000.00	315,369.45	16,630.55	5.01
4	AIDs/HIV	17,466.71	9,950.40	7,516.31	43.03
5	Decentralised Department's Transfer	710,027.39	196,993.94	513,033.45	72.26
6	DDF Transfer	745,871.00	872,482.18	(126,611.18)	(16.97)
7	Donor Funded Capital Project	393,593.00	428,341.20	(34,748.20)	(8.83)
	Total	5,674,833.80	3,867,582.88	1,807,250.92	31.85

Operational results

13. As a result of the Assembly Common Fund activities during the period under review, the Assembly received a total income of GH¢4,174,245.70 and incurred expenditure of GH¢3,867,582.88 in respect of the District Assembly Common Fund and other related statutory funds resulting in a surplus of GH¢306,662.82 as shown in the table below:

S/N	Item	Revenue 2019 GH¢	Expenditure 2019 GH¢	Surplus/Over Expenditure
1	DACF Assembly	1,749,955.45	1,421,236.14	328,719.31
2	DACF – MP	389,407.68	623,209.57	(233,801.89)
3	PWD Fund	267,637.92	315,369.45	(47,731.53)
4	AIDs/HIV	12,472.95	9,950.40	2,522.55
5	Decentralised Department's Transfer	196,993.94	196,993.94	-
6	DDF Transfer	1,129,436.56	872,482.18	256,954.38
7	Donor Funded Capital Project	428,341.20	428,341.20	-
	Total	4,174,245.70	3,867,582.88	306,662.82

Releases and deductions at source from DACF

Releases of Funds from the District Assembly Common Fund (DACF) Administrator - GH¢2,052,884.36

14. The Administrator of DACF during the period under review allocated and released GH¢2,052,884.36 to the Assembly as its share. Out of the total allocation, an amount of GH¢440,833.65 was deducted at source by the DACF Administrator. The total source deductions included Fumigation GH¢201,250.00, Sanitation Improvement Package (SIP) GH¢212,750.00, HIV/ AIDS GH¢10,264.43, NALAG Dues GH¢6,569.22 and Independence Day GH¢10,000.00. Details are provided below:

Period	Quarter	Releases GHC	Deductions					Total deduction GHC	Net GHC
			Fumigation GHC	S.I.P GHC	AIDS/ HIV GHC	NALAG Dues GHC	Independen ce day GHC		
2018	1 Qtr	353,821.45	40,250.00	42,550.00	1,769.11	1,132.23	-	85,701.34	268,120.11
2018	2 Qtr	424,585.74	40,250.00	42,550.00	2,122.93	1,358.67	10,000.00	96,281.60	328,304.14
2018	3 Qtr	424,585.74	40,250.00	42,550.00	2,122.93	1,358.67	-	86,281.60	338,304.14
2018	4 Qtr	424,585.74	40,250.00	42,550.00	2,122.93	1,358.67	-	86,281.60	338,304.14
2019	1 Qtr	425,305.69	40,250.00	42,550.00	2,126.53	1,360.98	-	86,287.51	339,018.18
Total		2,052,884.36	201,250.00	212,750.00	10,264.43	6,569.22	10,000.00	440,833.65	1,612,050.71

District Assembly Common Fund

Cash Management

Payments not fully accounted for – GH¢8,132.20

15. Regulation 78 (1) of the Public Financial Management Regulations, 2019 (L.I 2378) states “A Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of that covered entity, the validity, accuracy and legality of the claim for the payment; that evidence of services received, certificates for work done and any other supporting documents exists”.

16. We noted that the District Finance Officer (DFO) paid a total amount of GH¢34,154.00 on two payment vouchers for various expenditure transactions. However, out of the total amount of GH¢34,154.00 only GH¢26,021.80 was accounted for leaving a balance of GH¢8,132.20 not accounted for. Details are provided below:

S/N	Date	PV Nos	Details	Payee	Amt. released GH¢	Amt. accounted for GH¢	Diff/Amt. unaccounted for GH¢
1	11/10/2019	02/10/2019	Dissolution of General Assembly	DCD	32,554.00	24,981.80	7,572.20.
2	22/11/2019	25/11/2019	inauguration of Election task force	DCD	1,600.00	1,040.00	560.00
Total					34,154.00	26,021.80	8,132.20

17. Lack of effective supervision by the DFO over the work of the schedule officer caused the anomaly.

18. The payment could be considered not transparent, authentic and doubtful and this could lead to diversion of funds for personal use.

19. We recommended that the District Coordinating Director, Mr. Majeed Ayariga and Finance Officer, Madam Victoria Ashong should account for GH¢8,132.20 failure of which they should be surcharged with the total amount of GH¢8,132.20.

20. Management accepted our recommendation.

Unsupported payments – GH¢51,542.50

21. Regulation 78 (1) of the Public Financial Management Regulations, 2019 (L.I 2378) states “A Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of that covered entity, the validity, accuracy and legality of the claim for the payment; that evidence of services received, certificates for work done and any other supporting documents exists”.

22. We noted that the District Finance Officer (DFO) did not ensure that receipts and other acquittal documents were obtained to authenticate seven payments totaling GH¢51,542.50 made for various activities. Details are provided below:

S/N	Date	PV Nos	Payee	Details	Amt. GH¢	Remarks
1	13/03/2019	03/03/2019	Rudolph Batsa Ofei	payment for land acquisition	7,000.00	Provide title deeds
2	20/03/2019	09/03/2019	Church of Pentecost	payment for land purchased	10,000.00	Provide title deeds.
3	03/07/2019	05/07/2019	DCD	first quarter activities - Social welfare Dept.	3,320.00	No official receipt, no expenditure details and report
4	25/07/2019	15/07/2019	DCD	DPCU Annual review meeting	5,442.50	No report, no attendance sheet, invoice and receipts.
5	01/08/2019	03/08/2019	DCD	Budget Preparation for 2020	13,500.00	Provide report/minutes of various meetings.
6	24/09/2019	02/09/2019	DCD	Release of funds to procure items and services as per the attached	3,280.00	No official receipt and invoice
7	02/11/2019	27/11/2019	S.O Bigman Ent	Payment for construction of classroom at Asesewa Commt. A	9,000.00	No inspection report
Total					51,542.50	

23. Lack of effective supervision by the DFO over the work of the schedule officer caused the anomaly

24. The payment could be considered not transparent, authentic and doubtful and this could lead to diversion of funds for personal use.

25. We recommended a recovery of the total amount of GH¢51,542.50 from the Finance Officer and Schedule Officer and same paid into the Assembly's account.

26. Management accepted our recommendation.

Indebtedness to contractors for completed projects – GH¢46,622.83

27. Part IX Paragraph (73) of the Financial Memoranda for District Assemblies states "The Finance Officer shall pay all amounts owing to the contractor when such amounts become due".

28. We noted on the contrary that the Assembly was indebted to three contractors for projects that have been successfully executed totalling GH¢46,622.83 with some of the projects completed as far back as 2016. Details are attached as Appendix 'A'.

29. Poor cash and contract management within the Assembly by management accounted for the anomaly.

30. Non-payment of such legitimate debts could force the contractors to initiate legal proceedings against the Assembly, leading to the payment of judgement debts.

31. To avoid being dragged to court and the subsequent payment of judgement debts, we recommended that management should take immediate steps to settle the debts without further delay.

32. Management accepted our recommendation and indicated that the contractors would be paid when funds are available.

Procurement of Goods Works and Services

Payments without Works Certification- GHC28,164.03

33. Regulation 79(1) of the Public Financial Management Regulations, 2019. (L.I. 2378) states "The Principal Spending Officer shall, on the completion of works or the supply of goods or services, prepare a certification statement in respect of works and stores received, that includes the quantity and particulars of the works and supply, the method and results of the inspection, and any evidence supporting the results".

34. Regulation 1522 of the Stores Regulations, 1984 requires that before any repairs are carried out, works order should be issued to the service providers to ensure satisfactory work performance with a view to promoting value for money. The officer who signs the certificate of satisfactory completion of service must satisfy himself that the work has in fact been satisfactorily performed.

35. We noted however that, management paid a total amount of GH¢28,164.03 on three payment vouchers for maintenance and repairs work carried out without certification of completion of work done. Details are provided below:

S/N	Date	PV Nos	Payee	Details	Amt. GHC
1	20/03/2019	12/03/2019	Christ the King Fitting Shop	payment for repairs of official vehicles	14,525.26
2	13/06/2019	05/05/2019	S.O. Bigman Enterprise	repairs of boreholes	3,500.00
3	12/12/2019	04/11/2019	Christ the King Fitting Shop	maintenance of Vehicle GP 36227, GN 2273-11, GT 6432-19	10,138.77
Total					28,164.03

36. Non-compliance with the provisions in the Financial Management and Stores Regulations by management resulted in the anomaly.

37. This could lead to shoddy work or payment for no work done.

38. We urged management to substantiate the transactions failing which the authorizing and approving officers, Mr. Majeed Ayariga and Madam Victoria Ashong should refund the total amount involved.

39. Management accepted our recommendation.

MPs Common Fund

System of Accounting

Commitment of expenditure without the use of Ghana Integrated Financial Management Information System (GIFMIS) to make payments - GHc59,600.00

40. Section 25(6) of the Public Financial Management Act, 2016 (Act 921) states, "where a covered entity enters into a contract or any other arrangement that commits or purports to commit Government to make a payment, the contract or arrangement shall be approved by the Principal Spending Officer of that covered entity and the Principal Spending Officer shall enter the contract or arrangement into the Ghana Integrated Financial Management Information System" (GIFMIS).

41. Regulation 83(1) of the Public Financial Management Regulations, 2016 states among others that all payments for expenditure of covered entities vouchers shall be made through the Ghana Integrated Financial Management Information System (GIFMIS).

42. Contrary to the above, we noted that the Assembly made three payments amounting to GHc59,600.00 for various activities without committing the transactions through the GIFMIS. Details are provided below:

NO.	Date	P.V. No.	Payee	Description	Amount GHS
1	04-12-19	MP/6/12/19	Ghana Police Service	Repairs of Nissan Navaran GP 3527	4,500.00
2	24-12-19	MP/10/12/19	S. O. Bigman Ent.	Construction of Bridge at Tibuorso	18,550.00
3	24-12-19	MP/11/12/19	S. O. Bigman Ent.	Construction of Information centres	36,550.00
			Total		59,600.00

43. Lack of supervision on the part of the Coordinating Director and District Finance Officer as well as management override of internal controls contributed to this anomaly.

44. Failure to commit payments into the GIFMIS is a breach of financial discipline, which defeats the purpose for which the GIFMIS was established.

45. We recommended that the Authorising and Approving Officers of the payments should be surcharged according to Section 98 (1b&2a, b) of the Public Financial Management (PFM) Act, 2016 with the total amount of GH¢59,600.00 to serve as a deterrent to others.

46. Management explained that, the GIFMIS developed a problem during that period and had to fall on the secretariat for repairs.

Cash Management

Unsupported payments – GH¢11,000.00

47. Regulation 78 (1) of the Public Financial Management Regulations, 2019 (L.I 2378) states “A Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of that covered entity, the validity, accuracy and legality of the claim for the payment; that evidence of services received, certificates for work done and any other supporting documents exists”.

48. We noted that the District Finance Officer (DFO) did not ensure that receipts and other acquittal documents were obtained to authenticate payments totaling GH¢11,000.00 made from the MPs Common Fund on two payment vouchers as financial support to some institutions. Details are provided below:

NO.	Date	P.V. No.	Payee	Description	Amount GHS	Remarks
1.	23-12-19	MP/5/12/19	Aseewa Senior High School	Support for Debate competition	3,000.00	Provide Official Receipts
2.	17-12-19	MP/9/12/19	Ghana Police Service	Support for GPS-Renovation of Aseewa Police Charge Office and	8,000.00	Provide works order certification

				Prison Cells		
Total					11,000.00	

49. Lack of effective supervision by the DFO on the work of the Schedule Officer coupled with management override of controls caused the anomaly

50. The payment could be considered not transparent, authentic and doubtful and this could lead to diversion of funds for personal use.

51. We recommended that the DCD, Mr. Majeed Ayariga and DFO, Madam Victoria Ashong should account for the total amount of GH¢11,000.00 failure of which they should be surcharged with the total amount involved.

52. Management accepted our recommendation.

Procurement and Stores Management

Purchases not accounted for - GH¢39,998.81

53. Section 52 (7a) of the Public Financial Management Act, 2016 (Act 921) states that “The Principal Spending Officer is discharged of accountability of government stores where the stores have been consumed in the course of public business and records are available to show that the stores have been consumed”.

54. Section 0315 of Store Regulation, 1984 Stipulates that the original stores receipt vouchers shall be endorsed to the effect that goods have been received and entered on the stock control form.

55. On the contrary, we noted during our audit that items valued at GH¢39,998.81 alleged to have been bought from the MPs Common Fund on two payment vouchers by the Member of Parliament (MP) Hon. Joseph Tetteh during the period under review were not accounted for in the stores records.

56. We also realized that, there were no distribution list showing evidence of how and whom these items were distributed to. Below are the details:

NO.	Date	P.V. No.	Payee	Description	Amount GHS
1	13-03-19	MP/01/3/19	Joyhub Enterprise	Procurement of desk top computer and accessories	19,998.81
2	28-08-19	MP/2/8/19	Stella Azu Danso	Branded football jerseys	20,000.00
			Total		39,998.81

57. Failure by the management of the Assembly to ensure that, the MP Hon. Joseph Tetteh submits invoices and other documents of the transactions to the Store Keeper for necessary action, accounted for the anomaly.

58. In the absence of the required records, we could not confirm the receipt and usage of the items.

59. This could result in diversion of goods or payment for goods not supplied.

60. We requested management to ensure that the MP provides evidence on the procurement and distribution list on the utilisation of the items or be surcharged with the amount involved.

61. Management responded that the items were taken on ledger charge by the storekeeper and recorded in his ledgers.

Auditors Comments

62. Management response is untenable since they failed to submit the said records including the distribution list for our verification. We therefore recommended a recovery of the total amount of GH¢39,998.80 from the MP Hon. Joseph Tetteh.

District Development Facility (DDF) - Responsiveness Factor Grant (RFG)

System of Accounting

Commitment of expenditure without the use of Ghana Integrated Financial Management Information System (GIFMIS) - GH¢81,095.39

63. Section 25(6) of the Public Financial Management Act, 2016 (Act 921) states, “where a covered entity enters into a contract or any other arrangement that commits or purports to commit Government to make a payment, the contract or arrangement shall be approved by the Principal spending Officer of that covered entity and the Principal Spending Officer shall enter the Contract or arrangement into the Ghana Integrated Financial Management Information System” (GIFMIS).

64. Regulation 83(1) of the Public Financial Management Regulations, 2016 states among others that all payments for expenditure of covered entities vouchers shall be made through the Ghana Integrated Financial Management Information System (GIFMIS).

65. Contrary to the above, we noted that the Assembly paid GH¢81,095.39 on three payment vouchers for various activities without committing the transactions through the Ghana Integrated Financial Management Information System (GIFMIS). Details are provided below:

NO.	Date	P.V. No.	Payee	Description	Amount GHS
1	26-11-19	DDF/2/11/19	M/S Hacjat Co. Ltd	Construction of Road at Awoworso-Akrusu	30,090.79
2	16-12-19	DDF/2/12/19	Certified and Corporate consultants	Payments for training workshops for staff	27,100.00

3	20-12-19	DDF/4/12/19	Bomudwen Co. Ltd	Payments for construction of boreholes with hand pump	23,904.60
			Total		81,095.39

66. Lack of supervision on the part of the Coordinating Director and District Finance Officer as well as management override of internal controls contributed to this anomaly.

67. Failure to commit payments into the GIFMIS is a breach of financial discipline, which defeats the purpose for which the GIFMIS was established.

68. We recommended that the Authorising and Approving Officers of the payments should be surcharged according to Section 98 (1b&2a, b) of the Public Financial Management (PFM) Act, 2016 with the total amount of GH¢81,095.39 to serve as a deterrent to others.

69. Management explained that the anomaly was as a result of intermitted breakdown of the network that supports the GIFMIS platform and they are ready to commit to ensuring that all payments are made through the GIFMIS.

Unsupported payments - GH¢168,022.75

70. Regulation 78(1) of the Public Financial Management Regulations, 2019 (L.I. 2378) states " A Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of that covered entity the validity, accuracy, legality of the claims for the payment, the evidence of services received, certificates for work done and any other supporting documents exist".

71. Our review disclosed that, the Finance Officer paid a total amount of GH¢168,022.75 on six payment vouchers for various activities but failed to obtain authentic official receipts from the suppliers and other supporting documents to authenticate the transaction. Details are provided below.

S/N	Date	P.V. No.	Payee	Description	Amount GHS	Remarks
1	05-02-19	DDF/1/2/19	Bomudwen Co. Ltd	Construction of 1 No. Mechanised borehole and 4 No. borehole	23,102.79	No official receipts
2	05-02-19	DDF/6/1/19	Bomudwen Co. Ltd	Construction of 1 No. 4 units Nurses quarter chamber and hall self-contain accommodation	29,084.81	No official receipts
3	05-02-19	DDF/7/1/19	Bomudwen Co. Ltd	Construction of 1 No. Mechanised borehole and 4 No. borehole	12,562.81	No official receipts

4	26-11-19	DDF/2/11/19	M/S Hacjat Co. Ltd	Construction of Road at Awoworso-Akrusu	30,090.79	No official receipts progress and inspection reports
5	16-12-19	DDF/1/12/19	Enspat Works Ltd	Payments for construction of classroom block at Muanu	49,276.95	No progress and inspection reports
6	20-12-19	DDF/4/12/19	Bomudwen Co. Ltd	Payments for construction of boreholes with hand pump	23,904.60	No progress and inspection reports
			Total		168,022.75	

72. Weak internal controls in the Assembly's payment system resulted in the anomaly.

73. The practice undermined transparency and accountability.

74. We recommended to management to account for the payments failing which the Authorising Officers of the Assembly should be jointly and severally surcharged with the amount of GH¢168,022.75.

75. Management accepted our recommendation.

PROJECTS

Payments for Infrastructural Projects (2019) – GH¢704,824.84

76. During the year under review, a total payment of GH¢704,824.84 was made in respect of 10 infrastructural projects and details have been attached as Appendix 'B'.

Follow up on previous audit report

77. Action taken on the recommendations made in our previous management letter referenced number EOK/UMK/DA.CF/46 of 6 May 2019 by management are provided below:


Audit Findings	Para	Audit Recommendation	Mgt. Response	Action Taken By Mgt.	Audit Evidence	Team Leader's Remarks
Common Fund						
Payments Made not captured on Ghana Integrated Financial Management Information System- GH¢190,429.79	1.0 - 1.6	We urged management to ensure that all payment vouchers are committed into the GIFMIS to avoid the infraction of the Law.	Management responded to comply with the law in spite of the challenges with the operations of the GIFMIS	2019 Payment vouchers are committed to the GIFMIS	Payment vouchers seen and verified	-

<p>We noted that the Assembly engaged in various procurement activities from June 2018 to August 2018 amounting to GH¢190,429.79 without committing the transactions into the GFMS.</p>						
<p>Payments not supported with official receipts- GH¢29,807.81</p> <p>We observed that payments totaling GH¢29,807.81 were without any receipts to authenticate them.</p>	2.0 - 2.6	<p>We recommended that management should support the payment vouchers with the relevant receipts to acquit the payments or refund the amount involved to chest.</p>	<p>Management said it has written to the Officers responsible to as a matter of urgency acquit the payment vouchers with the relevant receipts.</p>	<p>Management has provided receipts to the tune of GH¢24,000.00 leaving a balance of GH¢5,807.81</p>	<p>Payment Vouchers with receipts attached seen and verified.</p>	<p>We requested a recovery of the outstanding balance of GH¢5,807.81 from the spending officers.</p>
<p>Lands acquired without Title Deeds/ Legal Documents GH¢80,500.00</p> <p>We noted that between May and November 2018 the Assembly made a total payment of GH¢80,500.00 in respect of land purchased at various locations within the District. However, we did not sight any signed indenture and title deeds indicating that the Assembly actually purchased the lands.</p>	3.0 - 3.6	<p>To avoid any legal tussle between the Assembly and the land owners we advised management to obtain the title on the lands as soon as possible failure of which the authorizing officers should be made to refund the total amount of GH¢80,500.00 to chest.</p>	<p>Management responded that the documents are still in process for the indenture but the Deed of conveyance are available for our verification.</p>	<p>Management is still in the process of acquiring the indentures.</p>	-	<p>We requested management to speed up with the processes in order to protect the Assembly's parcels of land.</p>
<p>Contract payments not recorded in contract register – GH¢252,500.55</p> <p>The District Assembly paid a total amount of GH¢252,500.55</p>	4.0 4.6	<p>We recommended to management of the Assemblies to always update contract registers with new contracts and its related payments in order to monitor and control work and payments to avoid</p>	<p>Management noted our recommendation for compliance.</p>	<p>The payments have been entered into the contract Register</p>	<p>Contract register seen and verified</p>	-

to contractors but failed to update the contract register with the transactions.						
MP DACF						
Payments Made not captured on Ghana Integrated Financial Management Information System- GH¢53,390.05 We noted that four (4) payment vouchers in respect of MPs Common Fund from April 2018 to September 2018 amounting to GH¢ 53,390.05 without committing the transactions into the GIFMIS.	5.0 - 5.6	We urged management to ensure that all payment vouchers are committed into the GIFMIS to avoid the infraction of the Law.	Management noted our recommendation for compliance.	2019 Payment vouchers are committed to the GIFMIS	Payment vouchers seen and verified.	-

Acknowledgment

79. The audit team is grateful to management and staff of the Assembly for their co-operation and assistance during the audit.


 (COUNT ANUKWARE AKPELOO)
 DISTRICT AUDITOR
 ODUMASE-KROBO

Cc: The Auditor-General
 Audit Service
 Accra

The Deputy Auditor-General (DAD)
 Audit Service
 Accra

The Regional Auditor
Audit Service
Koforidua

The Regional Co-ordinating Director
Regional Co-ordinating Council
Koforidua

The District Co-ordinating Director
Upper Manya Krobo District Assembly
Asesewa

The Presiding Member
C/o Upper Manya Krobo District Assembly
Asesewa

The District Finance Officer
Upper Manya Krobo District Assembly
Asesewa

Appendix 'A'

DACF

Indebtedness to Contractors for completed projects – GH¢46,622.83

No.	PROJECT TITLE	LOCATION	CONTRACTOR	COMMENCEMENT DATE	EXPECTED COMPLETION DATE	INITIAL ESTIMATED PROJECT COST (GH¢)	AMOUNT DISBURSED TO DATE (GH¢)	OUTSTANDING AMOUNT TO BE PAID TO THE CONTRACTOR OR (GH¢)
1	Construction of Sectional Rigid Pavement Road at Konkoney	Kokoney	Trak-J construction limited	27/5/19	26/9/19	271,578.66	244,420.79	27,157.87
2	Construction of 6M ² borehole with hand pumps and concrete platform at Akotoklo Agbom, Akumersu, Dawa Abordonya, Asempanieye, Fefe and Akutey	Akotoklo Agbom, Akumersu, Dawa Abordonya, Asempanieye, Fefe and Akutey	Bomudwen Company Limited	27/11/19	26/2/20	188,694.00	179,259.30	9,434.70
3	Construction of sectional rigid pavement road at Aworworso Akrusu	Aworworso Akrusu	Hacjat Company Limited	27/11/19	26/5/20	200,605.28	190,575.02	10,030.26
TOTAL						660,877.94	614,255.11	46,622.83

APPENDIX "B"

UPPER MANYA KROBO ASSEMBLY
PAYMENTS FOR PHYSICAL PROJECTS FOR THE YEAR 2019 – GH¢704,824.84

No.	Project Description	Location	Fund Source	Name of Contractor	Original Contract Sum GH¢	Revised Contract Sum GH¢	Award Date	Commencement Date	Total Payment in 2019 GH¢	Total Payment to Date GH¢	Status of Project
1.	1 No. 5 Unit Classroom Pavilion	Abertima	DACF	Mich-Mills Enterprise	67,113.86	Nil	10/9/18	10/10/18	55,000.00	55,000.00	Completed
2.	Construction of classroom	Aseewa Comm. A	DACF	S.O Bigman Enterprise	20,461.98	Nil	19/9/19	30/9/19	9,000.00	9,000.00	Ongoing
3.	Construction of KVIP. Sekesua D/A JHS	Sekesua	MPCF	S.O Bigman Enterprise	64,885.88	Nil	29/11/19	9/12/19	64,885.88	64,885.88	Completed
4.	Construction of Bridge at Tibuorso	Tibuorso	MPCF	S.O Bigman Enterprise	18,550.00	Nil			18,550.00	18,550.00	Completed
5.	Construction of Information centers		MPCF		36,550.00	Nil			36,550.00	36,550.00	Completed
6.	Const. of INo Mechanized Borehole	Timersu	DDF	Bomudwen Company Ltd	125,628.30	Nil	19/9/18	27/9/18	35,072.01	125,034.47	Completed
7.	Const. of INo 4-Unit Nurses Quarters	Aseewa	DDF	Bomudwen Company Ltd	290,848.10	Nil	19/9/18	27/9/18	78,858.90	290,848.10	Completed
8.	Const. of JHS at Ponponya Fantem	Ponponya Fantem	Japanese Grant	ENSPAT Comp Ltd	372,093.00	Nil	22/03/19	15/04/19	231,558.50	370,342.50	Ongoing but in use
9.	1 No. 2-Unit Classroom Block	Muanu	DDF	Enspat Comp Ltd	328,513.03	Nil	15/11/19	2/11/19	49,276.95	127,299.95	Ongoing
10.	Const. of	Akotoklo,	DDF	Bomudwen							Completed

	boreholes with	Agboni etc		Company Ltd	188,694.00	Nil	15/11/19	22/11/19	126,072.60	167,907.30	
	Hand Pumps								704,824.84	1,265,418.2	
TOTAL					1,513,338.15						