

AUDIT SERVICE

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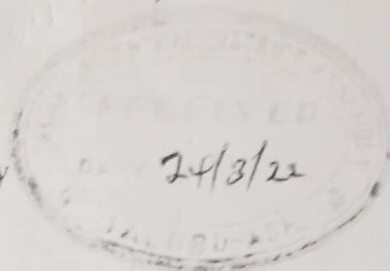


Good Governance
and Accountability

P. O. Box 407
Kumasi.

23 March, 2022

The Coordinating Director
Amansie Central District Assembly
Jacobu-Ashanti Region



MANAGEMENT LETTER ON THE ACCOUNTS OF DISTRICT ASSEMBLY COMMON FUND (DACF) AND OTHER FUNDS OF AMANSIE CENTRAL DISTRICT ASSEMBLY FOR THE PERIOD 1 JANUARY 2021 TO 31 DECEMBER 2021

INTRODUCTION

We have carried an audit on the accounts and other related records of Amansie Central District Assembly for the period 1 January, 2021 to 31 December, 2021 in accordance with our statutory mandate, under Article 187 clause (2) of the 1992 Constitution of the Republic of Ghana and Part II Section 11(1) of the Audit Service Act, 2000 (Act 584).

2. We wish to bring to your attention and for your necessary action, the following observations and recommendations made during the audit. These observations were discussed with the key personnel concerned and their responses were appropriate have been incorporated in this Management Letter.

3. We shall be grateful for your response to this Management Letter within 30 days on the receipt of this letter as stipulated under Section 29 (1) Part III of the Audit Service Act 2000, (Act 584) and 29(2) which states that a person who fails or refuses to reply to the audit observation within the 30 days shall if the Auditor-General so directs have his emoluments and allowances withheld for so long as the person fails to comply.

① DC/DC/DIA

T.N.A

21/04/2022

③ DIA/AFD

Pls bring up

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21/04/2022

Management team

The officials mentioned below handled the financial and administrative affairs of the entity for the period under review.

Name	Designation	Staff ID
Hon. Micheal Donkor	District Chief Executive	
Mr. Justice Amoah	District Coordinating Director	63998
Mr. Ernest Nkyira	District Finance Officer	100985
Mr. Patrick Marfo Antwi	District Budget Officer	921042
Mr. Emmanuel Kwame Adu	District Procurement Officer	972287
Mr. Omane Brefo	District Physical Planner	1333030
Mr. Daniel Anum Tetteh	District Engineer	741462
Mr. Anthony Brako	District Internal Auditor	713774
Mr. Micheal Fiifi Mensah-Sey	District Development Planning Officer	972285

Audit objectives

5. The objectives of the audit were to ascertain whether:
- The accounts have been properly kept;
 - Rules and procedures applied were sufficient enough to ensure accountability of fund.
 - Essential records were maintained to safeguard and control the assets of the Assembly and
 - The operation were conducted with due regard to economy, efficiency and effectiveness in relation to the resources utilized and results achieved.

Scope of audit

6. Our audit covered the review of internal control mechanisms, and examination of records and transactions of the following audit areas:

- Cash management in respect of receipt and payment
- Procurement management
- Payroll management
- Stores

Audit approach/Methodology / Applicable Rules and Regulations

7. The audit was conducted in accordance with the standard set by the International Organization of Supreme Audit Institutions (INTOSAI) and we applied the Public Financial Management Act (PFMA) of 2016 (Act 921), The Public Financial Management Regulations (PFMR) 2019 (L.I 2378), Public Procurement Act, 2003 (Act 663) as amended by (Act 914) 2016, Audit Service Act, 2000 (Act 584) Audit Service Regulations (C.I. 70), Stores Regulation 1984, Value Added Tax (VAT) Act 2013 (Act 870) and the Income Tax Act 2015 (Act 896), as amended by (Act 956), 2017.

Limitation of responsibility

8. We reviewed the systems and management controls operated by the Amansie Central only to the extent we considered necessary for effective performance of this audit. As a result, our review may not have detected all weaknesses that exist or improvements that could be made. We have prepared this report solely for your use, and within your organization. Its contents should not be disclosed to any third parties without our consent. We would not accept any responsibility for any reliance a third party might place on it.

Detail Findings and Recommendations

Fund accountability and budgetary performance

10. For the year 2021, the Assembly received a total income of GH¢6,684,242.95 made of external funding in the sum of GH¢4,998,675.38 and internal generated fund of GH¢1,685,567.57. The Assembly accounted for its income as follows;

REVENUE	REVENUE (2021) GH¢	EXPENDITURE (2021) GH¢	VARIANCE GH¢
GRANT;			
I.G.F	1,685,567.57	1,391,128.48	294,439.09
D.A.C.F	757,554.04	1,079,328.17	-321,774.13
GoG SALARY	1,919,807.00	41,442.00	1,878,365.00
M.P's C.F	294,652.07	261,458.60	33,193.47
GoG TRANSFERS	68,197.88	1,088,092.85	-1,019,894.97
D.D.F	1,710,575.00	1,919,807.00	-209,232.00
P.W.D's	68,321.09	68,070.00	251.09
CIDA (MAG EXPENDITURE)	159,568.30	149,568.30	10,000.00
UNITED NATION CHILDREN FUND	20,000.00	20,000.00	0.00
TOTAL REVENUE (A)	<u>6,684,242.95</u>	<u>6,018,895.40</u>	<u>665,347.55</u>

Budgetary Performance

11. The Assembly Approved GH¢10,880,396.25 budget as plans and activities to be undertaken and the actual fund received was GH¢6,684,242.95 resulting in a shot of revenue by GH¢4,196,153.30 The total expenditure incurred however amounted to GH¢6,018,895.40 leaving a surplus balance of GH¢665,347.55 Details below;

REVENUE	BUDGET REVENUE (2021) GH¢	ACTUAL CURRENT (2021) GH¢	VARIANCE GH¢
GRANT;			
I.G.F	1,401,128.48	1,685,567.57	-284,439.09
D.A.C.F	4,223,840.00	757,554.04	3,466,285.96
GoG SALARY	2,023,770.63	1,919,807.00	103,963.63
M.P's C.F	553,022.00	294,652.07	258,369.93
GoG TRANSFERS	83,668.00	68,197.88	15,470.12
D.D.F	2,055,057.00	1,710,575.00	344,482.00
P.W.D's	169,910.14	68,321.09	101,589.05
CIDA (MAG EXPENDITURE)	350,000.00	159,568.30	190,431.70
UNITED NATION CHILDREN FUND	20,000.00	20,000.00	0.00
TOTAL REVENUE (A)	<u>10,880,396.25</u>	<u>6,684,242.95</u>	<u>4,196,153.30</u>
EXPENDITURE			
I.G.F	1,401,128.48	1,391,128.48	10,000.00
D.A.C.F	4,158,267.00	1,079,328.17	3,078,938.83
P.W.D's	169,910.10	41,442.00	128,468.10
M.P's C.F	618,595.00	261,458.60	357,136.40
D.D.F	2,055,057.00	1,088,092.85	966,964.15
GoG SALARY	2,023,770.63	1,919,807.00	103,963.63

GoG TRANSFERS	83,668.00	68,070.00	15,598.00
CIDA (MAG EXPENDITURE)	350,000.00	149,568.30	200,431.70
UNITED NATION CHILDREN FUND	20,000.00	20,000.00	0.00
TOTAL EXPENDITURE	<u>10,880,396.21</u>	<u>6,018,895.40</u>	<u>4,861,500.81</u>
A-B	-	665,347.55	-

Utilization of the DACF

12. In compliance with Section 129 (b) of the Local Governance Act 2016 (Act 936) the Administrator of District Assemblies Common Fund released a total amount of GH¢757,554.04 being the net amount for the year ended 2021 to the Assembly.

13. Document for all transferred funds from the Administrator were presented and have been verified. The assembly completed two projects and are currently in use. However, four projects are currently ongoing as at 31 December 2021.

14. The Assembly undertook six projects and completed two and the remaining four at their various stages of completion. Assembly have fully complied and accounted for the fund as directed by the relevant laws, regulations and the DACF guidelines for 2021 financial year except with few anomalies which has been captured in this management letter.

System of accounting

15. The financial transactions and reports of the Assembly are processed on GIFMIS and are found appropriate, except few anomalies which are discussed in this management letter.

Internal controls

16. The overall internal controls on receipt and disbursement of funds were reasonably adequate and effective in operation as exemplified below;

- i. All funds are received and properly recorded
- ii. All payment vouchers were duly authorized.
- iii. Significant payments were made by cheques.

iv. All assets and equipment have been embossed with the identification mark of the Assembly.

v. Procurement procedures were adhered to

vii. Asset register is properly kept.

However, few exceptions noted were as follows;

Payment without the use of GIFMIS GH¢153,905.40

17. Regulation 78 (1) of the Public Financial Management Regulation 2019 (L.I 2378) states that, all covered entities shall use the GIFMIS from commencement of procurement process through to payment.

18. Contrary to the above, management made payment totaling GH¢153,905.40 to a contractor (Cephil Company Ltd) without resorting to the GIFMIS system. Below provides the details of payment;

S/N	DATE	PV NO	CHEQUE	PARTICULARS	PAYEE	AMOUNT
1	12/20/2021	12/4/2021	372448/49	Construction of 1 NO. District Police station at Jacobu	Cephil Company Ltd	153,905.40

19. Management attributed the anomaly on system failure on the GIFMIS platform.

20. This could lead to payment for unbudgeted expenditure and misuse of the Assembly's resources.

21. We recommend to management to regularized the transaction else be charged with the relevant fines for financial indiscipline.

22. Management responded that, there was a system error on the GIFMIS payment platform. Management reported the issue to the GIFMIS secretariat which was later resolved and the payment voucher printed. Evidence is available for your verification.

● Unaccounted Assets

23. Section 52 (1) of the Public Financial Management Act 2016 (Act 921) states that, a Principal Spending Officer of a covered entity, state-owned enterprise or public corporation shall be responsible for the assets of the institution under the care of the Principal Spending Officer and shall ensure that proper control systems exist for the custody and management of the assets.

24. Examination and verification of the Assembly's assets disclosed that, one table top refrigerator and three computers could not be traced in their various locations as stated in the Assets Register. Below provides details;

S/N	ITEMS	LACATION	ASSET REGISTER BAL.	AUDITED NUM.	DIFF.
1	Fridge	DBA OFFICE	1	0	1
2	Set of computer	ACCOUNT	2	1	1
3	Set of computer	PHYSICAL PLANNING	3	2	1
4	Computer	HUMAN RESOURCE	2	1	1

25. Lack of proper monitoring and safeguards on the Assets of Assembly resulted to this anomaly.

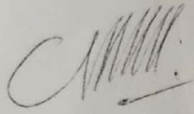
26. This has resulted in loss of the Assembly's Assets which could have been used to penhance its operations.

27. We recommend to management to replace the loss Assets else be charged for negligent of duty and loss of Assets.

28. Management response that most of the assets have been transferred to different departments other than the ones that were originally allocated to. However, a set of computers belonging to the physical planning department has been stolen. The records and the police report on it are available for verification.

Acknowledgement

29. The audit team is grateful to the District Director and the entire staff for their assistance accorded us during the Audit.



DISTRICT AUDITOR
DISTRICT 'C' - KUMASI
GLADYS OTCHERE ANTWI
(DIRECTOR OF AUDIT)

cc: -Auditor General
Audit Service
Accra

The Regional Auditor
Audit Service,
Kumasi

The National Director
Ministry of Local Government
Accra

The Regional Coordinating Director
Ashanti Region-Kumasi

The Presiding Member
Amansie Central
Jacabu-Ashanti Region