

**AMANSIE CENTRAL DISTRICT
ASSEMBLY- JACOBU**

**INTERNAL AUDIT REPORT FOR
THE SECOND QUARTER**

**ON
PROCUREMENT MANAGEMENT**

2021

AMANSIE CENTRAL DISTRICT ASSEMBLY

In case of reply the number and date of this letter should be quoted



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Your Ref:

CENTRAL ADMINISTRATION

24TH JULY, 2021

THE AUDIT COMMITTEE CHAIRMAN
AMANSIE CENTRAL DISTRICT ASSEMBLY
JACOBU-ASHANTI

THRO;

THE DISTRICT COORD. DIRECTOR
AMANSIE CENTRAL DISTRICT ASSEMBLY
JACOBU-ASHANTI

SUBMISSION OF 2ND QUARTER 2021 INTERNAL AUDIT REPORT OF AMANSIE CENTRAL DISTRICT ASSEMBLY.

Please find attached the final Internal Audit Report of Amansie Central District Assembly for the second (2ND) Quarter 2021 for your necessary action.

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For: THE DIST. CHIEF EXECUTIVE
(CHARLES ATTAH-MENSAH)
(DISTRICT COORDINATING DIRECTOR)

Cc: OFFICE OF HEAD OF LOCAL GOVERNMENT SERVICE
ACCRA

THE HON. REGIONAL MINISTER
REGIONAL CO-ORDINATING COUNCIL
KUMASI

THE DISTRICT CHIEF EXECUTIVE
AMANSIE CENTRAL DISTRICT ASSEMBLY
JACOBU

THE DIRECTOR GENERAL
INTERNAL AUDIT AGENCY
PMB31 MINISTRIES
ACCRA

THE DISTRICT AUDITOR
DISTRICT "C"
KUMASI

THE PRESIDING MEMBER
AMANSIE CENTRAL DISTRICT ASSEMBLY
JACOBU

TABLE OF CONTENTS

PAGE

1.0 EXECUTIVE SUMMARY	1
2.0 INTRODUCTION	3
2.1 Background	3
2.2 The Objectives of the Audit	3
2.3 Scope and Methodology	3
2.4 Audit Team	4
3.0 DETAILED FINDINGS AND RECOMMENDATIONS	5
3.1 Failure to update contract register	5
3.2 Payment for work done without Performance Certificate	5
3.3 Unsigned agreement of contract	6
3.4 Procurement with single quotation	8
4.0 CONCLUSION	8
APPENDIX	9

1.0 EXECUTIVE SUMMARY

We have reviewed Procurement Management and other control processes of Amansie Central District for the second Quarter 2021 based on the approved annual risk based Internal Audit Plan for 2021.

The audit identified four main findings together with their respective recommendations as follows;

- **Finding I:**

Payments to contractors from the Internally Generated Fund account of the Assembly to various contractors were not updated in the Contract Register of the Assembly. See appendix 1.

Recommendation I

We urged management to fully update the contract register and present it for audit inspection.

- **Finding II:**

The Assembly awarded a contract to Nana Yaw Banahene for the burial of heaps of refuse at Krofrom, Tunsuom and Hwentenase at the cost of GH¢ 77,400.00 from the District Assembly Common Fund without a signed procurement agreement between the parties and their respective witnesses.

Recommendation II

We recommended that the procurement officer should as a matter of urgency take the necessary steps to sign the contract agreement.

- **Finding III:**

We noted that, a total payment of GH¢ 123,240.00 made for the supply of dual desk and embossment of procured desk were without a certificate of satisfactory work done from the works department.

Recommendation III

It was recommended to management to attach the works order and performance certificate to the payment voucher.

- **Finding IV:**

Contrary to the above law, our review of payment vouchers revealed that, the District Assembly procured items worth GH¢9,500.00 without providing evidence of the quotations presented by the bidders.

Recommendation IV

To achieve value for money and to ensure full compliance with above stated provisions, we recommended that, the District Coordinating Director should ensure due process is followed in all future transactions.

2.0 INTRODUCTION

The Internal Audit Unit has conducted Procurement Management Audit of the Amansie Central District Assembly. The Audit is in accordance with the financial laws, rules and regulations, particularly, the Public Procurement Amendment Act 2016, (Act 921) that governs the MMDAs and Public Institutions as a whole.

The audit covered the period between January 2021 to June 2021 on Procurement Management in the Assembly. The review was built around the work undertaken during this period to ascertain how the process of procurement was managed and undertaken.

2.1 Background

The Internal Audit report of Amansie Central District Assembly was carried out as part of the Internal Audit risk based Internal Audit Plan for 2021.

Procurement is one of the fundamental functions common to all types of businesses. It is common because without it, the Assembly cannot achieve its core aims and objectives. Procurement goes beyond spending money on goods and services. It involves working in partnership with suppliers and end users; making sure that goods, services and works are procured in the right quantity, quality and time.

2.2 Objectives Of the audit

- to ascertain if procurements were done in accordance with the Procurement Plan and Procurement Act.
- to verify whether goods and services are procured with regards to economy and effectiveness taking into consideration quality, specification and value for money.
- to ascertain if there is proper segregation of duties and adequate authorization for all procurement.
- to identify any lapses in the procurement process.

2.3 Scope and methodology

The audit focused largely on the operations of procurement procedures and the adequacy of the controls put in place which includes requisition, approval and purchase of goods and services. The audit covered the period between January, 2021 and June, 2021 on Procurement Management.

The audit methodology comprised a review of policies and procedures and inspection of documents to ensure that all procurements made are recorded in appropriate books. Interviews with key personnel were also conducted.

2.4 Audit Team:

The Audit was undertaken by the following Auditors:

NAME	DESIGNATION
1. Mr. Anthony Brako	Principal Internal Audit
2. Mr. Kofi Owusu Afriyie	Internal Auditor
3. Douglas Ogyam Duffour	Assistant Internal Auditor

3.0 DETAILS OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

3.1 Failure to update contract Register

3.1.1 Criteria

Part IX Section 74 of the Financial Memoranda for District Assemblies states that, "A Contract Register shall be maintained by the Assembly and shall be entered promptly as the details become available.

3.1.2 Condition

Payments to contractors from the Internally Generated Fund account of the Assembly totaling GH¢123,240.00 from various contractors were not updated in the Contract Register of the Assembly. See appendix 1.

3.1.3 Cause

This was due to the laxity on the part of the scheduled officer responsible for making entry in the contract register.

3.1.4 Effect

The improper keeping of the contract register could also lead to payment to contractors for no work done and overpayments could be made.

3.1.5 Recommendation

We recommended to management to fully update the contract register and present it for audit.

3.1.6 Management Response

Management will ensure that the contract register is fully updated and present it for audit inspection.

3.2.0 Payment for work done without Performance Certificate

3.2.1 Criteria

Section 78(1) a-c of the 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:

- (a) the quantity and particulars of the works and supply,
- (b) the method and results of the inspection and
- (c) any evidence supporting the results.

3.2.2 Condition

We noted that, a total payment of GH¢ 123,240.00 made for the supply of dual desk and embossment of procured desk were without a certificate of satisfactory work done from the works department.

Details below;

Date	PV No.	Payee	Particulars	Amount GH¢
06/05/2021	01/05/2021	Osado Savyion Enterprise	Supply of 465 mono desks for School Pupils	74,400.00
04/05/2021	03/05/2021	Nana Yaw Banahene Ltd.	Supply of 222 dual desks for school Pupils.	48,840.00

3.2.3 Cause

The lapse is due to the failure by the schedule officer to adhere to the provision of the regulation above.

3.2.4 Effect

This could result in payment for works not satisfactorily done and at inflated prices resulting in financial loss to the Assembly.

3.2.5 Recommendation

We advised management to certify all works and the supply of goods and services before payments are made.

Furthermore they were also urged to regularize all those payments with the necessary performance certificate.

3.2.6 Management Response

The necessary steps will be taken to regularize all the payment vouchers with the performance certificate.

3.3.0 Unsigned agreement of contract

3.3.1 Criteria

Section 65(2) of the Public Procurement Act 914 (2016) as amended states "Where the tender documents require the supplier or contractor whose tender has been accepted to sign a written procurement contract conforming to the tender, the procurement entity and the supplier or contractor shall sign the procurement contract within 30 days after the notice referred to in subsection (1) is despatched to the supplier or contractor.

3.3.2 Condition

The Assembly awarded a contract to Nana Yaw Banahene for the burial of heaps of refuse at Krofrom, Tunsum and Hwentenase at the cost of GH¢ 77,400.00 from the Internally Generated Fund without a signed procurement agreement between the parties and their respective witnesses.

Details below:

Award date	Name of Contractor	Project	Location	Amount GH¢
27/05/2021	Nana Yaw Banahene Ltd.	Burial of Heaps of Refuse at	Krofrom, Tunsum Hwentenase and Ntadum	77,400.00

3.3.3 Cause

We attribute the lapse to the failure by the schedule officer to ensure the signing of the contract document.

3.3.4 Effect

In the absence of a valid procurement agreement, the parties are not binded to comply with the terms and conditions of the contract and could result in protracted legal tussle between the Assembly and the contractor.

3.3.5 Recommendation

We recommended that the procurement officer should as a matter of urgency to take steps to sign the contract agreement.

3.3.6 Management Response

Management will ensure that the contract agreement is duly signed by both parties and their witnesses.

3.4.0 Procurement with single quotation-GH¢ 9,500.00

3.4.1 Criteria

Section 20 of the Public Procurement Act 2016, Act 914 amended from section 43(1) of Act 663, 2003 states that “ the procurement entity shall request for quotations from as many suppliers or contractors as practicable, but shall compare quotations from at least three different sources that should not be related in terms of ownership, shareholding or directorship and the principles of conflict of interest shall apply between the procurement entities and their members and the different price quotation sources.”

3.4.1 Condition

Contrary to the above law, our review of payment vouchers revealed that, the District Assembly procured items worth GH¢9,500.00 from the District Assembly Common Fund (DA CF) without providing evidence of the quotations presented by the bidders. See Details below.

Date	Payee	PV. No	Details	Amount GH¢
24/02/2021	Troy Hills Limited	08/02/21	Supply and installation of street name signage.	9,500.00

3.4.2 Cause

The lapse resulted from disregard for the procedures set out in the Public Procurement Act by the District Assembly.

3.4.3 Effect

This departure from acceptable procurement practices could result in the purchase of un-competitively priced items and /or the purchase of inferior items.

3.4.4 Recommendation


To achieve value for money and to ensure full compliance with above stated provisions, we recommended that, the District Coordinating Director should ensure due process is followed in all future transactions.

3.4.5 Management response

Management stated that they will ensure that all the quotations in support of the contract will be presented for audit.

4.3 CONCLUSION

We are grateful to management for their cooperation during the exercise. We also expect management to see to the full implementation of their responses to minimize future occurrences.



Drake Anthony
(Head of Audit Team)

24/07/2021

Date

Failure to update contract Register

Date	PV No.	Payee	Particulars	Amount GH¢
06/05/2021	01/05/2021	Osado Savyion Enterprise	Supply of 465 mono desks for School Pupils	74,400.00
04/05/2021	03/05/2021	Nana Yaw Banahene Ltd.	Supply of 222 dual desks for school Pupils.	48,840.00

AUDIT TITLE: PROCUREMENT MANAGEMENT

MANAGEMENT ACTION PLAN: 2ND QUARTER 2021

AMANSIE CENTRAL DISTRICT ASSEMBLY

ACTION PLAN						
S/N	Findings	Recommendation	Risk Rating of Finding	Management Comment	Implementation date	Officer Responsible
1.	Payments to contractors from the District Assemblies Common Fund (DACF) and the Internally Generated Fund account of the Assembly totaling GH¢123,240.00 from various contractors were not updated in the Contract Register of the Assembly.	We urged management to fully update the contract register and present it for audit.	High	Management agreed to update the contract register.	By ending of August 2021	District Finance Officer
2	The Assembly awarded a contract to Nana Yaw Banahene for the burial of heaps of refuse from the Internally Generated Fund without a signed procurement agreement between the parties and their respective witnesses.	We recommended that the procurement officer should as a matter of urgency to take steps to sign the contract agreement.	Medium	Management to ensure the signing of the contract by agreement by both parties and their witnesses.	By ending August 2021	The District Coordinating Director

3.	<p>We noted that, a total payment of GH¢123,240.00 made for the supply of dual desk and embossment of procured desk were without valid works order and certificates of satisfactory work done from the Principal Spending officer or his representation.</p>	<p>It was recommended to management to attach the works order and performance certificate to the payment voucher.</p>	<p>High</p>	<p>Management agreed to provide the certificate of work done.</p>	<p>By 15th August</p>	<p>The District Coordinating District Director and Finance Officer</p>
4	<p>The review of payment vouchers revealed that, the District Assembly procured items worth GH¢9,500.00 without providing evidence of the quotations presented by the bidders.</p>	<p>To achieve value for money and to ensure full compliance with above stated provisions, we recommended that, the District Coordinating Director should ensure due process is followed in all future transactions.</p>	<p>Medium</p>	<p>Management agreed to produce the quotations to the Internal Audit Unit for Audit.</p>	<p>By end of November 2021</p>	<p>The District Finance Officer</p>