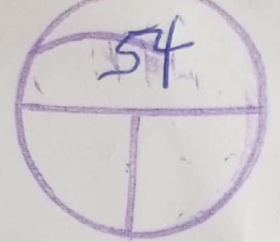


# AUDIT SERVICE



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

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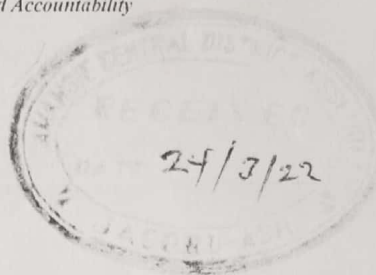


Good Governance  
and Accountability

P. O. Box 407  
Kumasi.

23 March, 2022

The Coordinating Director  
Amansie Central District Assembly  
Jacobu-Ashanti Region



## MANAGEMENT LETTER ON THE ACCOUNTS OF INTERNAL GENERATED FUND (IGF) 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.

### Management team

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

② DCB/DIA  
Pls, T. N. A  
M. N. A  
21/04/2022

③ DIA/AFD  
Pls, bring up  
file  
21/04/2022

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

#### Budgetary Control

9. Revenue performance between 1 January 2021 to 31 December, 2021.

The Internally Generated Funds (IGF) for the period 1 January 2021 to December, 2021 amounted to GH¢1,685,567.57 as against the budgeted figure of GH¢1,401,128.48 resulting in favorable variance of GH¢284,439.09 The Assembly therefore exceeded its revenue target by 16.87 % for 2021 financial year as stated below;

#### Expenditure Control

NO.	Revenue Head	Budget	Actual	Variance
1	Rates	155,562.39	96,812.81	(58,749.58)
2	Royalties	730,625.48	1,078,933.48	348,308.00
3	Fines, penalties	5,000.00		(5,000.00)
4	Licenses	383,157.51	374,761.08	(8,396.43)
5	Fees	92,067.90	94,975.00	2,907.10
6	Rent	19,933.20	11,183.72	(8,749.48)
7	Miscellaneous	14,782.00	28,901.48	14,119.48
	<b>TOTAL</b>	<b><u>1,401,128.48</u></b>	<b><u>1,685,567.57</u></b>	<b><u>284,439.09</u></b>

10. The total expenditure incurred for the same period amounted to GH¢1,391,128.48 as against the approved estimates of GH¢1,401,128.48 resulting in favorable variance of GH¢10,000.00. The Assembly therefore incurred expenditure within its approved estimates as shown below;

No.	Expenditure	Budgeted	Actual	Variance
1	Compensation	166,141.00	155,671.30	10,469.70
2	Use of goods and services	861,267.48	854,160.48	7,107.00
3	Non Residential Building	373,720.00	381,296.70	(7,576.70)
	<b>TOTAL</b>	<b><u>1,401,128.48</u></b>	<b><u>1,391,128.48</u></b>	<b><u>10,000.00</u></b>

11. The Assembly during the period under audit realized a total IGF of GH¢1,685,567.57 and expended GH¢1,391,128.48 resulting in a favorable balance of GH¢294,439.09 as at December 2021.

**Failure to use electronic fund transfers for third party payments- GH¢239,661.00**

12. Regulation 83(a) of Public Financial Management Regulation 2019 (L.I 2378) states that all payments for expenditures of covered entities shall be made through GIFMIS using electronic fund transfer for third party transaction.

13. Contrary to the above, we noted that management of the Assembly made payment to contractors and suppliers totaling **GH¢239,661.00** without using the electronic fund transfer. Find appendix 'A' for details.

14. Management attributed the lapse on the pilot programme on electronic funds transfer currently been implemented by CAGD. However, management could not provide documentary prove for the pilot programme.

15. This could result into financial indiscipline and payment for no work done,

16. We recommend that management should write to CAGD for the electronic fund transfer set up else be charged for financial indiscipline.

17. Management responded that the controller and Accountant General Department is currently piloting the implementation of the Electronic Fund Transfer to third Party on

pilot basis in certain District in the Region. Amansie Central District Assembly is not part of the pilot programme.

#### **Uncollected Revenue GHC51,930.00**

18. Regulation 32 (2a) of the Public Financial Management Regulations 2019 (L.I 2378) states that, the Principal Spending Officer of each covered entity shall take effective and appropriate steps to collect money due to the covered entity.

19. We noted that, management of the assembly failed to collect store rent totaling GHC51,930.00 for the period under audit. Find appendix 'A' for details.

20. Failure on the part of management to institute proper revenue mechanism to boost their revenue mobilization resulted to this revenue short fall.

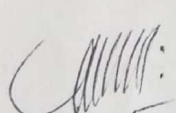
21. This could affect developmental programmes within the District Assembly due to lack of funds resulting from non-collection of revenue.

22. We recommend that, management should institute a proper mechanism to collect the total amount of GHC51,930.00 else be charged with the relevant count for financial indiscipline.

23. Management responded that, they have taken the necessary steps to retrieve all rent arrears from defaulters and have written demand notice to the defaulters. Management further indicated that 40% (GHC20,772.00) of the said amount. However, the amount purported to have been collected is yet to be verified by the team.

#### **Acknowledgement**

24. 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  
**Ashanti Region**