

AUDIT SERVICE



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Good Governance
and Accountability

P. O. Box 407

Kumasi

11 February, 2023

The Municipal Coordinating Director
Suame Municipal Assembly
Suame-Ashanti

MANAGEMENT LETTER ON THE AUDIT OF THE ACCOUNTS OF SUAME MUNICIPAL ASSEMBLY INTERNALLY GENERATED FUND (IGF) FOR THE PERIOD 1 JANUARY 2022 TO 31 DECEMBER 2022

We have carried out the audit of the accounts and related records of the Suame Municipal Assembly's Internally General Fund (IGF) covering the period 1 January 2022 to 31 December 2022 in accordance with our statutory mandate under article 187(2) of the 1992 constitution and section II (1) of the audit Service Act, 2000(Act, 584).

2. The key issues that emanated from the audit, together with the recommendations, have been discussed with the key personnel concerned, whose comments and response where appropriate have been incorporated in this Management letter.
3. We shall be grateful, to have your response within thirty (30) days on the receipt of this management letter in accordance with Section 29 (1) of the Audit Service Act 2000, (Act 584) and 29(2), which states that a person who fails or refused to reply to the audit observations 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 under listed officers were responsible for the financial and administrative management of the Assembly for the period under review.

No	Name of officer	Position	Staff ID
1	Maxwell Ofosu Boakye	Municipal Chief Executive	
2	Johnson Nyarko	Municipal Coordinating Director	71850
3	Mr, Richard Amoah	Municipal Finance Office	80288
4	Mr. Benjamin Opoku Busia	Municipal Planning Officer	82678
5	Bernard Annun	Municipal Budget Analyst	716890
6	Mr. Bernard Appiah	Municipal Engineer	63001
7	Abdullah Mohammed	Municipal Procurement Office	923741
8	Mr. Collins Adu Poku	Municipal Internal Auditor	696734

Scope of audit

5. Our audit covered the review of internal control mechanisms and examination of records and transactions of the following audit areas;

- i. Revenue collections
- ii. Cash management
- iii. Procurement management
- iv. Payrolls
- v. Stores
- vi. Follow-up on recommendations raised in previous management letter.

Audit Objectives

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

Audit Approach/Methodology

7. We derived our criteria, norms and standards from sources such as the 1992 Constitution of the Republic of Ghana, the Local Governance Act 2016 (Act 936), the Public Financial Management Regulation (PFMR) 2016 (Act 921), the Public Financial Management Regulation (PFMR) 2019 (L.I 2378), the Public Procurement Act (PPA), 2003, (Act, 663) as amended by (Act 914) 2016, the Ministry of Finance Stores Regulations (SR) 1984, the Income Tax Act, 2015 (Act 896) as amended by (Act 956), 2017. We also relied on the Audit Service Act, 2000 (Act, 584), Audit Service Regulation, 2011 (C.I. 70) and INTOSAI auditing standards.

Limitation of Responsibility

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

Conclusion

9. In our opinion, the control systems of the Assembly were satisfactory. However, the key issues and lapses requiring management attention for remedial action are detailed in the succeeding paragraphs.

10. Summary of significant findings and recommendation

- i. The spending officer authorised for payment of GH¢3,460.00 to various officers which was not accounted for. We recommended that the total amount of GH¢3,460.00 should be recovered from the various recipients and pay same into the Auditor – General's Recovery Account at Bank of Ghana.

- ii. Total payment of GH¢10,385.00 made on three payment vouchers for various expenses was authorized by the Spending Officer, out of the amount GH¢6,335.00 was expended leaving GH¢ 4,050.00 but not refunded to the Municipal Finance Officer. We recommended that the Principal Spending Officer should ensure that the unspent amount is refunded to the Auditor General's Recovery Account and forward the evidence for our verification.
- iii. Revenue collectors paid their collections to Revenue head which were bulk and lodged into the Assembly's account without details sheet indicating how much from individuals that were bulk. We further noted that there were no audit trails to trace individual collections into the Assembly's account. We recommended that the Municipal Finance Officer and Revenue Head should ensure that money collected is lodged into the Assembly's account within 24 hours by Revenue collector and produce paid in slip for control receipt.
- iv. A GCR issued to the Revenue collector (Bridget Srapong) of the Assembly was not produced for audit inspection. We recommended that the Municipal Finance Officer and Revenue Head should ensure that all the GCR's are retrieved and presented for audit. Failure of which value of each leaflet would be calculated for Guarantors to pay.

Details of Findings

Budget control

Revenue performance Budgeted versus Actual

11. The Internally Generated Funds (IGF) for the period 1 January 2022 to 31 December, 2022 amounted to GH¢2,185,937.20 against the budgeted figure of GH¢3,512,900.00 resulting in an unfavorable variance of GH¢1,326,962.83 due to poor performance of the Revenue Collectors of the Assembly. Details shown below;

No.	Revenue Items	Budgeted	Actual	Variance
1	Lands and Royalties	1,300,000.00	695,764.23	-604,235.77
2	Rents of Lands, Buildings & Houses	5,000.00	-	-5,000.00
3	Licences	935,900.00	705,549.94	-230,350.06
4	Fees	1,162,000.00	662,183.00	-499,817.00
5	Fines, Penalties & Forfeits	110,000.00	122,440.00	12,440.00
	TOTAL	3,512,900.00	2,185,937.17	1,326,962.83

Expenditure Performance

12. The actual expenditure incurred for the period 1 January 2022 to 31 December 2022 amounted to GH¢1,994,506.39 as against the budget of GH¢ 3,327,900.00 resulting in favorable variance of GH¢ 1,333,393.61. Details below;

No.	Expenditure Item	Budgeted	Actual	Variance
1	Non established post and other allowances	615,864.00	496,618.90	119,245.10
2	Goods and Services	2,009,456.00	1,399,969.99	609,486.01
3	Non-Financial Assets	702,580.00	97,917.50	604,662.50
	TOTAL	3,327,900.00	1,994,506.39	1,333,393.61

Revenue and Expenditure Performance for 31st December, 2022

13. The Assembly during the 2022 financial year realized total revenue of GH¢ 2,185,937.17. Total expenditure for the same period amounted to GH¢ 1,994,506.39 resulting in a Surplus of GH¢ 191,430.78

Total Revenue	Expenditure (GH¢)	Surplus/Deficit GH¢
2,185,937.17	1,994,506.39	191,430.78

Unspent amount not refunded - GH¢ 4,050.00

14. Regulation 102 of the Public Financial Management Regulations, 2019 (L.I. 2378) requires that “the Principal Spending Officer shall ensure that a special imprest, issued for making a particular payment, or group of payments shall be fully retired within ten days after completion of activity. The unretired imprest shall be charged to the personal name of the Principal Spending Officer or the holder of the imprest or the ultimate recipient of the imprest, as appropriate. Where a person required to retire an imprest by the due date fails to do so, that person

commits an offence, unless the contravention is occasioned by the incapacity of that person.

Bridget
an

15. We observed that the Spending Officer authorized payment of GH¢10,385.00 on three payment vouchers for various expenditures amounting to GH¢6,335.00 leaving GH¢4,050.00 but not refunded to the Municipal Officer. Detail is furnished below;

Description	Cheque No	PV. No.	Date	Amount GH¢	Payee	Amount Accounted For GH¢	Unsettled Amount GH¢
Payment of weekly T&T	003348	18/03/2022	10/03/2022	5,000.00	Municipal Coordinating Director	3,100.00	1,900.00
Payment for weekly local travel cost	003700	10/07/2022	06/07/2022	4,100.00	Belinda Oppong Mensah	2,900.00	1,200.00
Payment for Technical Sub-Committee meeting	003358	28/07/2022	17/3/2022	1,285.00	Godfred Amoah Yirenkyi	335.00	950
TOTAL				10,385.00		6,335.00	4,050.00

16. Municipal Finance Officer did not give the cause of this infraction.

17. As a result we were not able to determine whether the GH¢4,050.00 was utilized as intended and that value for money had been attained.

18. We recommended that the Principal Spending Officer should ensure that the amount is refunded to the Auditor General's Recovery Account and forward the evidence for our verification.

19. Management responded that the payments have been accounted for and attached to the payment vouchers for verification but our verification proved otherwise.

27. Contrary to this, we noted that one GCR issued to a Revenue Collector Bridget Sarpong of the Assembly was not produced for audit inspection to ascertain an amount collected with the GCR. Details are furnish below;

Name	From To	Date
Bridget Sarpong	0027701-0027800	1/2/2022

28. The Coordinating Director indicated that the Collector has travelled outside the country and could not be reached.

29. In view of the fact that, Value Books have monetary value, the loss of any GCR could imply a loss of revenue to the Assembly and the state as a whole.

30. We recommended that the Municipal Finance Officer and Revenue Head should ensure that the GCR is retrieved and presented for audit. Failure of which value of each leaflet would be calculated for the Collectors' Guarantors to pay.

31. Management responded that Guarantors of Bridget Sarpong will be contacted for retrieval of the value book.

Acknowledgement

32. The audit team is grateful to the Municipal Chief Executive, Municipal Coordinating Director, Municipal Finance Officer and the entire staff for their assistance and co-operation during the audit.


DISTRICT AUDITOR
DISTRICT 'D' KUMASI
(ANTWI DUAH)
DIRECTOR OF AUDIT

Cc: The Auditor-General
Audit Service
Accra

The Regional Auditor
Audit Service
Kumasi

The Chief Director
Ministry of Local Government & Rural Development
Accra

The Regional Co-ordinating Director
Regional Co-ordinating Council
Kumasi

The Municipal Chief Executive ✓
Suame Municipal Assembly
Suame

The Presiding Member
Suame Municipal Assembly
Suame

The Municipal Finance Assembly
Suame Municipal Assembly
Suame