

## AUDIT SERVICE

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

**My Ref No: AR/DD/MA.  
II/08**

**Your Ref No:**  
.....

**WEBSITE:**  
**www.ghaudit.org**

The Municipal Coordinating Director  
Suame Municipal Assembly  
Kumasi



**P. O. Box 407**

**Kumasi.**

**18 April, 2024.**



### **MANAGEMENT LETTER ON THE AUDIT OF INTERNALLY GENERATED FUND (IGF) OF SUAME MUNICIPAL ASSEMBLY, KUMASI FOR THE PERIOD 1 JANUARY 2023 TO 31 DECEMBER 2023.**

We have audited the accounts and other related records of Suame Municipal Assembly, Kumasi in accordance with Article 187 Clause 2 of the 1992 constitution and Section II (1) of the Audit Service Act 2000 (Act 584). We wish to bring the following findings and recommendations made during the audit to your attention for necessary action. We have discussed these issues with the key management personnel and their comments where necessary, have been embodied in this management letter.

2. We shall be grateful to receive your response within 30 days on receipt of this management letter as stipulated by Section 29(1) of the Audit Service Act, 2000 (Act 584). By Sub section (2), a person who fails or refuses to reply to the audit observations within the period specified in subsection (1) shall, if the Auditor-General so directs, have his emoluments and allowances withheld for so long as the person fails to comply.

#### **Management personnel**

3. The under listed officers were responsible for the financial and administrative functions of Suame Municipal Assembly, Kumasi for the period under review.

| NAME                 | POSITION              | STAFF ID | PERIOD                   |
|----------------------|-----------------------|----------|--------------------------|
| Maxwell Oforu Boakye | Chief Executive       | -        | 1 Jan. 2023- 31Dec. 2023 |
| Johnson Nyarko       | Coordinating Director | 71850    | 1 Jan. 2023-31 Dec. 2023 |

MCA/INP/11A  
F.N.A  
14-5-2024

Noted  
15/5/24

Noted  
8/5/24  
24/5/24

15/5/24

|                       |                     |        |                           |
|-----------------------|---------------------|--------|---------------------------|
| William Wilber A.     | Finance Officer     | 68356  | 1 Jan. 2023- 31 Dec. 2023 |
| Emmanuel Effah Yeboah | Works Engineer      | 694556 | 1 Jan. 2023-31 Dec 2023   |
| Benjamin Opoku Busia  | Planning Officer    | 82678  | 1 Jan. 2023- 31 Dec. 2023 |
| Abdallah Mohammed     | Procurement Officer | 923741 | 1Jan. 2023- 31 Dec. 2023  |
| Bernard Anum          | Budget Officer      | 716890 | 1 Jan. 2023- 31 Dec. 2023 |
| Collins Adu Pokuu     | Internal Auditor    | 696734 | 1 Jan. 2023- 31 Dec. 2023 |

### ***Scope and Objective of Audit***

4. Our audit covered the evaluation of internal controls, cash management and procurement activities. We also reviewed store records and inventory management.
5. The objectives of the audit were to review the adequacy and effectiveness of the internal controls covering the activities and programs of Suame Municipal Assembly, Kumasi and ensure correctness and completeness of transaction, proper monitoring and accountability of resources.

### ***Audit criteria and methodology***

6. We derived our audit criteria and standards from sources such as the Public Financial Management (PFM), Act 2016 (Act 921); Public Financial Management (PFM) Regulations 2019, (L.I. 2378); the Public Procurement (PPA), 2003 (Act 663) as amended; the Income Tax Act (ITA)) 2015 (Act 896), the Ministry of Finance Store Regulations (SR) 1984 and Generally Accepted Accounting Principles (GAAP). We also relied on the INTOSAI auditing standards.

### ***Limitation of responsibility***

7. We have reviewed the system and Management controls of Suame Municipal Assembly, Kumasi 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 all improvement that could be made. We have prepared this management letter solely for your use and 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.

### ***Internal Control***

8. We evaluated the internal controls put in place by Management to address risks identified. In our opinion, the control system designed and operated during the period under review was generally satisfactory and effective; however, some weaknesses identified are highlighted in the subsequent paragraphs for redress.

### ***Summary of Significant findings and recommendations***

9. The key issues identified were;

i. Imprests totaling GH¢ 37,230.00 was granted to some key officers to undertake various activities, out of the amount, GH¢8,480.00 was retired leaving a difference of GH¢28,750.00. We recommended to management to ensure that the officers responsible account for the outstanding imprests of GH¢28,750.00 or refund their respective amounts into the Auditor-General Recovery Account No. 1018331470015 at Bank of Ghana and produce evidence for verification

ii. Payment vouchers amounting to GH¢12,631.38 were not supported with official receipts to authenticate the payments. We recommended to management to ensure that the amount of GH¢12,631.38 is accounted for. Failing, the MCD and the MFO should pay the total amount into Auditor-General Recovery Account No. 1018331470015 at Bank of Ghana and produce evidence for verification.

### ***Details of Findings and Recommendations***

#### **Fund Accountability**

10. The total revenue for the year was GH¢2,363,212.29 and a total expenditure of GH¢3,310,978.70 was recorded during the year under review, resulting in a deficit of GH¢ 948,766.41. Details below:

| Period                    | Total Revenue for the year GH¢ | Total Expenditure for the year GH¢ | Deficit GH¢ |
|---------------------------|--------------------------------|------------------------------------|-------------|
| 1 Jan. 2022 –31 Dec. 2023 | 2,363,212.29                   | 3,310,978.70                       | 948,766.41  |

#### **Revenue Performance**

11. A review of budgeted revenue figures against actual revenue collections disclosed that the Assembly was not able to meet its revenue target of GH¢5,050,000.00 for the 2023 financial year. Actual revenue collected totaled GH¢2,363,212.29 given rise to unfavorable variance of GH¢2,686,787.71 representing 53.20 percent shortfall. Details below:

| Revenue Item | Annual Budgeted Revenue GH¢ | Actual Revenue GH¢ | Variance GH¢   |
|--------------|-----------------------------|--------------------|----------------|
| Lands        | 455,000.00                  | 296,832.83         | (158,167.17)   |
| Rates        | 356,000.00                  | 177,159.12         | (178,840.88)   |
| Rents        | 2,110,000.00                |                    | (2,110,000.00) |
| Licenses     | 1,309,000.00                | 1,192,916.34       | (116,083.66)   |

|              |                     |                     |                       |
|--------------|---------------------|---------------------|-----------------------|
| Fees         | 670,000.00          | 544,434.00          | (125,566.00)          |
| Fines        | 150,000.00          | 151,870.00          | 1,870.00              |
| <b>TOTAL</b> | <b>5,050,000.00</b> | <b>2,363,212.29</b> | <b>(2,686,787.71)</b> |

12. The low revenue performance was recorded largely because the Assembly could not collect rent revenue.

13. We recommended that revenue taskforce should be formed to collect all the outstanding rent and other revenue owed to the Assembly. Again, demand notices should be served on the recalcitrant rate payers, and if possible, Court action should be taken against them.

14. Management responded that measures would be put in place to improve revenue collection.

### Expenditure Performance

15. The total expenditure incurred during the audit period stood at GH¢2,997,857.50 as against the total budgeted amount of GH¢3,953,198.70 resulting in a favorable variance of GH¢955,341.20. Details shown in the table below:

| Expenditure Item                | Annual Budgeted Expenditure. GH¢ | Actual Expenditure GH¢ | Variance. GH¢     |
|---------------------------------|----------------------------------|------------------------|-------------------|
| Compensation of employees (IGF) | 765,458.70                       | 776,291.00             | (10,832.30)       |
| Use of Goods and services       | 3,187,740.00                     | 2,221,566.50           | 966,173.50        |
| <b>Total</b>                    | <b>3,953,198.70</b>              | <b>2,997,857.50</b>    | <b>955,341.20</b> |

16. In our opinion, the favorable variance was recorded not because of prudent expenditure management but because the Assembly could not generate much revenue to spend.

17. This had effect on the execution of all planned programmes and projects for the period.

18. We recommended that Management should establish robust measures to increase revenue mobilization for the purpose of executing all projects and programmes for the development of the Municipality.

19. Management responded that measures would be put in place to improve IGF revenue collection and ensure development of the Municipality.

### Unretired Imprest - GH¢28,750.00

20. Regulation 102(2) of the Public Financial Management Regulations, 2019 (L.I. 2378) states "A special imprest, issued for making a particular payment, or group of payments shall be fully retired within ten days after completion of the activity".

21. Contrary to the above, we observed during the examination of payment vouchers that imprests totaling GH¢37,230.00 were granted to some key officers to undertake various activities but were not fully retired. Only GH¢8,480.00 was retired leaving a difference of GH¢28,750.00. The details are provided in appendix "A":

22. Management alluded that the supporting documents were in a separate file but after our review of the file there were no related supporting documents to retire the imprest.

23. This could result in misappropriation of the total amount of GH¢28,750.00.

24. We recommended to management to ensure that the officers responsible account for the outstanding imprests of GH¢28,750.00 or refund their respective amounts into the Auditor-General Recovery Account No. 1018331470015 at Bank of Ghana and produce evidence for verification.

25. Management could not provide the attachments.

#### **Payment without official receipt- GH¢12,631.38**

26. Section 7(1) (a) of the Public Financial Management Act (ACT 921) states "a Principal Spending Officer of a covered entity shall ensure the regularity and proper use of money appropriated in that covered entity"

27. We noted that payment vouchers totaling GH¢12,631.38 were not supported with official receipts. Details attached as appendix "B".

28. Management explained that the receipts were detached from the payment vouchers.

29. We were unable to ascertain the validity of the expenditure and this could lead to misappropriation of the total amount of GH¢12,631.38.

30. We recommended to management to ensure that the amount of GH¢12,631.38 is accounted for. Failing, the MCD and the MFO should pay the total amount into Auditor-General Recoveries Account No. 1018331470015 at Bank of Ghana and produce evidence for verification.

31. Management assured to attached the receipts to the affected payment vouchers.

#### **Acknowledgement**

32. We wish to acknowledge the co-operation accorded the audit team by management and staff the of Suame Municipal Assembly

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

Cc: The Auditor General  
Audit Service  
**Accra**

The Regional Auditor  
Audit Service  
**Kumasi.**

The Regional Coordinating Director  
Regional Coordinating Council  
**Kumasi.**

The Municipal Chief Executive ✓  
Suame Municipal Assembly  
**Suame**

The District Finance Officer  
Suame Municipal Executive  
**Suame**

**APPENDIX A**  
**Unretired Imprest - GH¢28,750.00**

| Date       | PV. No.    | Payee | Particulars                                                                  | Imprests Amount | Imprests Retired | Imprests unretired? |
|------------|------------|-------|------------------------------------------------------------------------------|-----------------|------------------|---------------------|
|            |            |       |                                                                              | GH¢             | GH¢              | GH¢                 |
| 16/2/23    | 20/02/2023 | MCD   | Payment for refreshment and donation to MCE, MCD & NCCE on clean-up exercise | 3,000.00        | 2,500.00         | 500.00              |
| 16/2/23    | 21/02/2023 | MCD   | Payment for submission of IPPD forms and allowance on site                   | 2,920.00        | 2,170.00         | 750.00              |
| 16/2/23    | 22/02/2023 | MCD   | Payment for fuel allowance                                                   | 2,100.00        | 1,900.00         | 200.00              |
| 29/03/2023 | 88/3/23    | MCD   | Refreshment and Assembly members sitting allowances                          | 5,450.00        |                  | 5,450.00            |
| 19/04/2023 | 25/04/2023 | MCD   | Assembly members travel cost                                                 | 2,000.00        |                  | 2,000.00            |
| 26/04/2023 | 45/4/23    | MCD   | Payment for health sub-committee meeting                                     | 1,510.00        | 610.00           | 900.00              |
| 08/06/2023 | 13/06/2023 | MCD   | Payment for commuted allowances                                              | 15,900.00       |                  | 15,900.00           |

|            |            |     |                                                         |                  |                 |                  |
|------------|------------|-----|---------------------------------------------------------|------------------|-----------------|------------------|
| 08/09/2023 | 09/09/2023 | MCD | Being payment for funeral donations as per the attached | 2,000.00         | 600.00          | 1,400.00         |
| 15/09/2023 | 13/09/2023 | MFO | Being payment for fuel and night allowance to Accra     | 2,350.00         | 700.00          | 1,650.00         |
|            |            |     |                                                         |                  |                 |                  |
|            |            |     | <b>TOTAL</b>                                            | <b>37,230.00</b> | <b>8,480.00</b> | <b>28,750.00</b> |

**APPENDIX B****Payment without official receipt- GH¢12,631.38**

| Date       | PV. No.    | Peyee                     | Particulars                                                 | Amount<br>GH¢ |
|------------|------------|---------------------------|-------------------------------------------------------------|---------------|
| 10/2/23    | 19/02/2023 | Divine Synergy Com. Ltd.  | payment to cover the cost of number plate                   | 830.00        |
| 17/03/2023 | 64/3/23    | Owusu Bempah Law Chambers | Request for fund for filling fee and administrative charges | 3,000.00      |
| 23/03/2023 | 72/3/23    | Blessed Bertco Ventures   | Request for vodafone data package                           | 950.00        |
| 20/04/2023 | 31/4/23    | Owusu Bempah Law Chambers | Request for appearance fee                                  | 3,000.00      |
| 27/04/2023 | 53/4/23    | SNIT                      | 1st Tier pension contribution for April 2023                | 1,863.00      |
| 27/04/2023 | 54/4/23    | Hedge Pension Trust       | Payment for 2nd tier pension contribution for April 2023    | 924.03        |

|                |                |                                       |                                                                                                                          |                  |
|----------------|----------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------|------------------|
| 27/04/20<br>23 | 55/4/23        | MCD                                   | Payment for tax<br>salaries                                                                                              | 464.35           |
| 17/05/20<br>23 | 30/05/202<br>3 | MCD                                   | Electricity                                                                                                              | 600.00           |
| <b>TOP UP</b>  |                |                                       |                                                                                                                          |                  |
| 30/11/23       | 34/11/23       | Municipal<br>Coordinating<br>Director | Payment for<br>funds of<br>donation to<br>Mohammed<br>Yakubu on his<br>Mother's final<br>funeral rite at<br>afiadenyigba | 1,000.00         |
|                |                |                                       | <b>TOTAL</b>                                                                                                             | <b>12,631.38</b> |