

AUDIT SERVICE

23

In case of reply the
number and date of this

Letter should be quoted.

My Ref No: AR/DD/MA. II/13

Your Ref No.....

WEBSITE: www.ghaudit.org



P. O. Box 407

Kumasi

14th March, 2025



27/03/25
pl. act on
27/03/25

The Municipal Coordinating Director
Suame Municipal Assembly
Kumasi.

MANAGEMENT LETTER ON THE DISTRICT ASSEMBLY COMMON FUND ACCOUNTS OF THE SUAME MUNICIPAL ASSEMBLY, KUMASI FOR THE PERIOD 1 JANUARY 2024 TO 31 DECEMBER 2024.

We have audited the accounts and other related records of the District Assemblies Common Fund (DA CF) and other statutory funds of the Suame Municipal Assembly for the year ended 1st January 2024 to 31st December 2024 in accordance with Article 187(2) of the 1992 Constitution and Audit Service Act 2000, (Act 584) Section 11(1).

2. We wish to bring to your attention the following observation, comments and recommendations made during the audit. Our findings were discussed with key personnel concerned whose comments and responses were appropriate, have been considered in preparing this management letter.

3. We shall be grateful to have your response within 30 days on receipt of this report in consonance with Section 29(1) of the Audit Service Act 2000, (Act 584) and 29(2) which states that a person who fails or refuses to apply to the audit observations within the 30 days shall if the Auditor General so directs, have his emolument and allowances withheld for so long as the person fails to comply.

27/03/25

Management personnel

4. The under listed officials oversaw the administrative and financial functions of the Assembly for the period audited. Management responsibilities include designing, implementing and maintaining internal controls relevant to safeguarding the assets by selecting and applying appropriate policies.

Name of Officer	Position	Staff ID.	Period
Mr. Maxwel Ofosu Boakye	Municipal Chief Executive		01 January to 31 December 2024
Mr. Johnson Nyarko	Municipal Coordinating Director	71850	01 January to 31 December 2024
Mr. William Welber Akpaglo	Municipal Finance Officer	68356	01 January to 31 December 2024
Mr. Benjamin Opoku Busia	Municipal Planning Officer.	82678	01 January to 31 December 2024
Mr. Bernard Annum	Municipal Budget Analyst	716890	01 January to 31 December 2024
Mr. Emmanuel Effah Yeboah	Municipal Works Engineer	694556	01 January to 31 September 2024
Mr. Samuel Sowah Adjetey	Municipal Works Engineer	917854	October to December 2024
Abdallah Mohammed	Municipal Procurement Officer	923741	01 January to 31 December 2024
Mr. Collins Adu Poku	Municipal Internal Auditor	696734	01 January to 31 December 2024
Ms. Belinda Oppong Mensah	H. R. Officer	971461	01 January to 31 December 2024

Scope of audit

5. Our audit included a review of internal control mechanisms, an examination of transactions, cash management and verification of bank reconciliation statements.

We reviewed contract and procurement laws. We also performed physical inspection of projects. We further followed up on the audit recommendations raised in the previous audit management letter.

Audit objectives

6. The objectives of the audit were to ascertain whether:

- The accounts have been properly kept by the Assembly
- Rules and procedures applied in the Assembly were sufficient to ensure the accountability of funds.

- iii. Essential records were maintained to safeguard and control the assets of the Assembly and.
- iv. The operations 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 conducted our audit in accordance with the standards set by the International Organization of Supreme Audit Institution (INTOSAI) and Risk Based Audit Standards. 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 Act (PFMA), 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, Financial Memoranda (FM) for MMDA's, Accounting Manual for MMDA's, the Income Tax Act, 2015 (Act 896) as amended by (Act 956), 2017 and Generally Accepted Accounting Principles (GAAP). We also relied on the Audit Service Act, 2000 (Act, 584), Audit Service Regulation, 2011 (C.I. 70), Audit Service Financial and risk-based Audit Manual and International Standards of Supreme Audit Institution (ISSAIs).

Limitation of responsibility

8. We reviewed the systems and management controls operated by the 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 weaknesses that exist or all 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.

Fund accountability

9. A total amount of GH¢8,501,122.13 was realized as income for the period 1 January 2024 to 31 December 2024 with actual expenditure incurred for the same period standing at GH¢8,281,607.22. This resulted in a surplus of GH¢219,514.91. Below is a summary of the Assembly's District Assembly's common Fund and other statutory accounts results for the year.

No.	Source of Funds	Income (GH¢)	Expenditure (GH¢)	Surplus (GH¢)
1	DACF - ASSEMBLY	4,328,429.66	4,507,615.00	(179,185.34)
	DACF - MP	2,149,214.41	2,180,929.96	(31,715.55)

	DACF - PWD	158,722.58	163,767.50	(5,044.92)
	DACF - MSHAP	33,744.48	45,680.00	(11,936)
	DDF	1,831,011.00	1,383,614.76	447,396.24
	TOTAL	8,501,122.13	8,281,607.22	219,514.91

10. We also noted that the Assembly budgeted for a total of GH¢13,758,343.33 for the year under review but were able to generate a total amount of GH¢8,501,122.13 resulting in a difference of GH¢5,257,221.20.

No.	Details	Budgeted Amount (GH¢)	Actual (GH¢)	Difference (GH¢)
1	DACF - ASSEMBLY	7,274,000.00	4,328,429.66	2,945,570.34
	DACF - MP	3,915,000.00	2,149,214.41	1,765,785.59
	DACF - PWD	270,000.00	158,722.58	111,277.42
	DACF - MSHAP	50,000.00	33,744.48	16,255.52
	DDF	2,249,343.33	1,831,011.00	418,332.33
	TOTAL	13,758,343.33	8,501,122.13	5,257,221.20

Conclusion

11. 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

12. Below is a summary of significant observations and recommendations made during the audit:

- a. Our audit of the Assembly revealed that, a total amount of GH¢39,460.00 was made on six payment vouchers for various activities but were not supported with relevant expenditure documents such as receipts, list of beneficiaries and invoices to authenticate the transactions. We recommended that the Coordinating Director and Finance Officer should ensure that the said amount is accounted for. Failing which the amount of GH¢39,460.00 should be recovered from them.
- b. Management of the Assembly failed to present six payment vouchers with a total face value of GH¢42,020.00 for audit upon several requests. We recommended recovery of the amount of GH¢42,020.00 from the

Coordinating Director and the Finance Officer involved into the accounts of the Assembly.

- c. Our physical inspection revealed that only six out of the 11 skip containers have been supplied and stationed at the various dump sites. Again, only one skip track has been provided to the Assembly instead of two as agreed upon. One sanitation container at new Suame is unrepairable and has been in a replaceable state since a year ago even though Zoom lion Ghana Ltd continues to receive quarterly payment of GH¢115,000.00 to the detriment of the Assembly. We recommended that the MCD and MEHO should contact Zoom lion with immediate effect to ensure that the said containers are supplied.

DETAILS OF FINDINGS AND RECOMMENDATIONS

CASH MANAGEMENT

Unsupported payment - GH¢39,460.00

13. Regulation 78 of the PFMR, 2019 (L.I. 2378) states among others that a Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of that covered entity, the validity, accuracy and legality of the claim for the payment; and that the commitment for the payment has been approved in accordance with these regulations.

14. Our audit of the Assembly revealed that, a total amount of GH¢39,460.00 was made on six payment vouchers for various activities but were not supported with relevant expenditure documents such as receipts, list of beneficiaries and invoices to authenticate the transactions. Details are provided below

DATE	PV NUMBER	DETAILS	AMOUNT	PAYEE	REMARKS
30/01/2024	24/01/2024	payment to enable two officers attend CAGD annual conference	2,500.00	Desmond Yankkyera APP A	Provide invitation letters and official receipts ✓
02/02/2024	06/02/2024	Inter service collaboration meeting	6,300.00	MCD APP A	Provide, minutes of the meeting, signed list of participants ✓
27/02/2024	16/02/2024	Fuel for field activities	4,000.00	MCD DACP APP A	provide report on the activities, receipts and use of fuel purchased ✓
29/02/2024	01/03/2023	payment to officers attending fourth quarter validation on GIFMIS	2,220.00	MCD	Provide invitation letter DACP APP A ✓

18/03/2024	09/03/2024	Payment of legal fees for contract agreement between the Assembly and two other parties	16,940.00	Totoe Legal Service	Provide official from Totoe Legal Services <i>DATE m</i>
18/04/2024	07/04/2024	Procurement of air conditioner	7,500.00	DD CARRAVAN VENTURES	Provide invoices and receipts <i>APP A</i>
TOTAL			39,460.00		

15. Management explained that the schedule officer failed to attach the supporting documents.

16. Under the circumstances, we could not review the vouchers' holistically to determine the regularity or otherwise of the transactions which may portray a potential risk of loss of funds to the Assembly.

17. We therefore recommended that the Coordinating Director and Finance Officer should ensure that the said amount is accounted for. Failing which the amount involved should be recovered from them as these payments could not be substantiated.

Management response

18. Payment vouchers have been supported with the necessary documents

Audit Position

19. Our verification also indicated that an amount of GH¢39,460.00 is still outstanding.

Unpresented payment vouchers - GH¢42,020.00

20. Regulation 82 of the PFMR, 2019 (L.I. 2378) requires that payment by a covered entity should be accompanied by a payment voucher, authorized by the head of accounts and approved by the Principal Spending Officer.

21. We however noted that Management of the Assembly failed to present six payment vouchers with a total face value of GH¢42,020.00 for audit upon several requests. Details are provided as appendix "A"

22. Management intimated that failure on the part of the schedule officer to file the payment vouchers caused the anomaly.

23. We could therefore not certify the authenticity of the payments, and the practice could result in the use of funds not in furtherance of programs of the Assembly.

24. We recommended recovery of the amount of GH¢42,020.00 from the Coordinating Director and the Finance Officer involved into the accounts of the Assembly.

Management response

25. Management responded that the payment vouchers were ready for our verification.

26. However, six payment vouchers remain unpresented

SANITATION MANAGEMENT

Failure by Zoomlion Gh. Ltd to supply five skip containers, one truck and replace one damaged container

27. From the interview conducted with the Municipal Coordinating Director of Suame Municipal Assembly and reviewing of the contract agreement between Zoomlion and the Assembly, Zoomlion Ghana limited was required to supply 11 skip containers and two skip trucks for sanitation improvement in the municipality. Again, Zoomlion was to repair or replace skip containers upon being notified by the Assembly of any damage or defect provided. However, where the defect or damage is caused because of the negligence of the Assembly or its lawful and authorized agents, Zoomlion shall repair or replace the container at the Assembly's cost.

28. However, our physical inspection unveiled that only six out of the 11 skip containers have been supplied and stationed at the various dump sites. Again, only one skip truck has been provided to the Assembly instead of two as agreed upon. One sanitation container at new Suame is in a repairable and replaceable state since a year ago even though Zoomlion Ghana Ltd continues to receive quarterly payment of GH¢115,000.00 to the detriment of the Assembly.

29. Management intimated that Zoomlion failed to supply five skip containers, one truck and replace one damaged container.

30. The practice would lead to loss of State funds as the Assembly continues to make quarterly payments to Zoomlion Gh. Ltd. Also, the situation could lead to a backlog of refuse not being sent to the final disposal sites at the required time leading to health consequences in the municipality

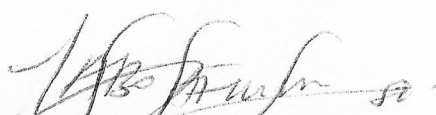
31. We recommended that the MCD and MEHO should contact Zoomlion with immediate effect to ensure that the said containers are supplied.

Management response

32. Management responded that despite persistent reminders and persuasiveness, the company failed to supply the remaining items

ACKNOWLEDGEMENT

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



**DISTRICT AUDITOR
DISTRICT 'D' KUMASI
(NANA FOSUAH REXFORD)
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 Chief Executive
Suame Municipal Assembly.
Kumasi

The Presiding Member
Suame Municipal Assembly.
Kumasi

The Municipal Finance Officer
Suame Municipal Assembly.
Kumasi

UNPRESENTED PAYMENT VOUCHERS

APPENDIX "A"

DATE PAID	PV NUMBER	CHEQUE NUMBER	DETAILS OF PAYMENT	NAME OF PAYEE	AMOUNT GH¢
21/06/2024	06/11/2024	1503	Payment of maintenance of official vehicle Nissan	excel 247 auto solution	1,868.50
21/06/2024	11/06/2024	1504	Payment of 7.5% withholding tax	GRA	151.50
16/07/2024	07/01/2024	1501	Payment of first quarter 2024 monitoring visit to development project as part of the project management	MCD	18,350.00
16/07/2024	07/01/2024	1507	payment of withholding taxes	GRA	1,650.00
16/07/2024	07/02/2024	1501	Payment of second quarter 2024 monitoring visit to development project as part of the project management	MCD	18,350.00
16/07/2024	07/02/2024	1507	Payment of withholding taxes	GRA	1,650.00
	TOTAL				42,020.00

