

Kumasi - Ashanti

14th March, 2025

Your Ref No:

MANAGEMENT LETTER ON THE AUDIT OF INTERNALLY
GENERATED FUND (IGF) OF SUAME MUNICIPAL ASSEMBLY, FOR
THE PERIOD 1 JANUARY 2024 TO 31 DECEMBER 2024.

We have audited the accounts and other related records of the Suame Municipal Assembly Internally Generated Fund, covering the period January 2024 to December 2024 in accordance with Article 187 Clause 2 of the 1992 constitution and Section II (1) of the Audit Service Act 2000 (Act 584).

2. 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 concerned and their comments where necessary, have been embodied in this management letter.

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

personal emoluments and allowances
imply.

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Management personnel

4. The underlisted officers were responsible for the financial and administrative functions of the Assembly for the period under review:

1. Name of Officer	Position	Staff ID.	Period
Mr. Maxwell 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 Adjete	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 and Objective of Audit

5. Our audit covered the evaluation of effectiveness of the internal controls, cash management and procurement activities. We also reviewed store records, inventory management, payroll and transport management.

6. Our audit objectives were to review the adequacy and effectiveness of the internal controls covering the activities and programs of the Assembly and ensure the correctness and completeness of transactions, proper monitoring and accountability of resources.

Audit criteria and methodology

7. We derived our audit criteria, norms 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 Act (PPA), 2003 (Act 663) as amended by (Act 914); the Income Tax Act (ITA) 2015 (Act 896), the Ministry of Finance Store Regulations (SR) 1984, Local Governance Act, 2016 (Act 936), the Financial Memoranda for Metropolitan

Assemblies and Generally Accepted Accounting Principles (GAAP). We also relied on the Audit Service Financial Audit Manual as well as the INTOSAI auditing standards.

Limitation of responsibility

8. We have reviewed the system and management controls of the Assembly, 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 within the Ministry of Local Government, The Regional Co-ordinating Council and Suame Municipal Assembly. 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 GHC8,679,948.23 was realized as income for the period 1 January 2024 to 31 December 2024 with actual expenditure incurred for the same period standing at GHC6,068,288.39. This resulted in a surplus of GHC2,611,659.84. Below is a summary of the Assembly's IGF operational results for the year.

No.	Source of Funds	Income (GH¢)	Expenditure (GH¢)	Surplus (GH¢)
1	IGF	8,679,948.23	6,068,288.39	2,611,659.84

10. We also noted that the Assembly budgeted for a total of GHC8,200,969.52 for the year under review but where able to generate total amount of GHC8,679,948.23 resulting in actual exceeding budgeted amount by GHC478,978.71.

No.	Details	Budgeted Amount	Actual	Difference
1	Lands and Royalties	440,000.00	416,628.80	(23,371.20)
2	Rates	300,000.00	297,845.66	(2,154.34)
3	Rents of Land, Buildings and House	5,093,269.52	5,995,342.01	902,072.49
4	Licenses	1,346,700.00	1,105,335.19	(241,364.81)
5	Fees	861,000.00	810,106.57	(50,893.43)
6	Fines, Penalties and forfeits	160,000.00	54,690.00	(105,310.00)
	Total	8,200,969.52	8,679,948.23	478,978.71

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. The key issues identified were;

- I. Our audit of the Assembly's records revealed that, a total amount of GH¢132,389.10 was made on five 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 therefore recommended that the Coordinating Director and Finance Officer should refund GH¢132,389.10 as these payments could not be substantiated.
- II. We noted that Management of the Assembly failed to present seven payment vouchers with a total face value of GH¢63,349.87 for audit upon several requests. We recommended the presentation of all seven payment vouchers for audit scrutiny or refund of GH¢63,349.87 into the audit service recovery account by management and evidence of the payment made available for our confirmation.
- III. We however noted that seven (7) revenue collectors of Assembly who were on government payroll were paid salaries totaling GH¢254,677.24 as against revenue collection of GH¢122,351.00 representing 52% of the total salaries paid to them. We recommended that Management should investigate the root cause of the non-performance of the permanent revenue collectors. -
- IV. Our review of employee salary payment vouchers (E-SPV) of the Suame Municipal Assembly, Kumasi disclosed that personal emolument records of the staff who have been transferred in or out of the department were not validated by their respective Heads of the department. We urged management to take immediate measures to correct the anomaly to prevent unsuspecting officials from abusing the situation.

Details of Findings and Recommendations

Unsupported payments vouchers - GH¢132,389.10

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 to the payment has been approved in accordance with these regulations.

14. Our audit of the Assembly's records revealed that, a total amount of GH¢132,389.10 was made on five 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.

APP A

NO.	DATE PAID	PV NUMBER	PAYEE	DETAILS OF PAYMENT	AMOUNT GH ¢	REMARKS
1	20/06/24	NIB/21/6/24	Municipal Co-Director	Mapping of Facilities	27,889.10	Provide receipts and other attachments
2	1/7/2024	NIB/02/07/24	Municipal Co-Director	Sundry Expense	5,000.00	Provide receipts and provide of visit
3	1/7/2024	NIB/01/07/24	Municipal Co-Director	Sundry Expense	5,000.00	Provide receipts and provide of visit
4	19/04/24	IGF/April24/04	Municipal Coor Director	Payment of committal allowance	37,800.00	Provide signed sheets and purpose of allowance
5	22/08/24	IGF/Aug24/02	Municipal Coor Director	Post allowance for assembly members	56,700.00	Signed sheets not attached
TOTAL					132,389.10	

15. Management attributed the anomaly to failure on the part of the schedule officer 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 provide the necessary documentation failure which the amount of GH¢132,389.10 should be refunded.

Management Responds

18. Management responded that the payment vouchers have been supported with the necessary documents.

Evaluation of management responds

19. Out of the 18 payment vouchers amounting to GH¢285,406.80 management were able to provide supporting documents for 13 payment vouchers leaving out five with face value of GH¢132,389.10.

Unpresented payment vouchers - GH¢63,349.87

20. Regulation 82 of the PFMR, 2019 (L.I. 2378) requires that payment by a covered entity should be accompanied with 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 seven payment vouchers with a total face value of GH¢63,349.87 for audit upon several requests. Details provided below.

Date	Details of Payment	PV Number	Cheque Number	Amount Paid Gh¢
02/09/2024	Mcd	02/10/2024	4312	6,500.00
22/2/24	Mcd	16/2/2024	4318	4,000.00
23/2/2024	Brobbs Ventures Ltd	19/2/2024	4321	6,100.00
03/08/2024	MCD	03/02/2024	4334	25,540.00
14/03/2024	MCD	03/07/2024	4343	7,366.87
15/03/24	MCD	03/10/2024	4346	11,043.00
20/03/24	MCD	20/3/24	4356	2,800.00
TOTAL				63,349.87

22. The infraction was caused by the schedule officer failing to file the payment vouchers

23. The unpresented payment vouchers could contain misstatements and expenditures that were not accounted for.

24. We recommended to management of the Assembly to present all seven payment vouchers for audit scrutiny or refund the amount of GH¢63,349.87 into the audit service recovery account by management and evidence of the payment made available for our confirmation.

Management Responds

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

Evaluation of management responds

26. Out of the 41 payment vouchers amounting to GH¢647,657.71 management were able to provide 34 payment vouchers leaving out seven with face value of GH¢63,349.87.

Inefficiency in Revenue Collection - GH¢132,326.24

27. Regulation 46(a) of the Public Financial Management Regulations, 2019 (L.I 2378) states "A Principal Spending Officer shall ensure that non-tax revenue is efficiently collected.

28. We however noted that seven (7) revenue collectors of Assembly who were on government payroll were paid salaries totaling GH¢254,677.24 as against revenue collection of GH¢122,351.00 representing 52% of the total salaries paid to them. This resulted in a shortfall of GH¢132,326.24 to the Assembly. Below is an analysis of their performance as compared to their annual salary.

S/N	NAME	STAFF ID	RANK	GROSS SALARY (JAN 2024-OCT 2024) GH¢ (a)	REVENUE COLLECTED FROM JAN 2024 TO OCT 2024 GH¢ (b)	VARIANCE GH¢ C (a-b)	% variance (c/a)
1	Helena Adjei	646329	Revenue Inspector	30,011.43	10,130.00	19,881.43	66
2	Regina Konadu	646466	Revenue Inspector	33,720.29	18,075.00	15,645.29	46
3	Kwabena Amoh	683968	Revenue Inspector	32,650.32	18,948.00	13,702.32	42
4	Vida Asante	891128	Revenue Superintendent (Inspector)	44,975.61	27,920.00	17,055.61	38
5	Janet Achiaa	900074	Revenue Inspector	32,105.28	26,723.00	5,382.28	17
6	Bukari Jonas	772608	Senior Revenue Superintendent	51,706.24	-	51,706.24	100
7	Evelyn Asantewaa	929906	Revenue Inspector	29,508.07	20,555.00	8,953.07	30
	TOTAL			254,677.24	122,351.00	132,326.24	52

29. Management stated that the construction of the Suame interchange had relocated majority of taxpayers from Suame leading to reduction in revenue collection.

30. Revenue collected by each of the collectors for the period could not compensate them for the salaries. Thus, the Assembly did not derive any benefit of the GHC254,677.24 paid as salaries by the government to the seven (7) collectors.

31. We recommended that Management should investigate the root cause of the non-performance of the permanent revenue collectors. They should also initiate strategies to improve coverage and provide necessary logistics for revenue collection and also set punitive measures against nonperforming collectors.

Management Responds

32. Management responded that they are aware of the inefficiencies in the revenue collection. Management cannot fully blame those collectors in question with the reason because there is a construction of the Suame interchange and this has resulted in many tax payers being evacuated from their place of work. Thereby reducing the revenue to be collected by those revenue collectors.

Non- validation of staff salaries by their respective district heads

33. Regulation 90(2) of the PFMRs, 2019 (L. I .2378) requires that employee salary payment voucher shall be validated by the designated officers of the Human Resource (HR) Unit of a covered entity and the Head of The Management Unit within a covered entity. Besides, section 3 of the same regulation states that a Principal Spending Officer or Head of The Management Unit within a covered entity or a designated officer of the HR unit of the covered entity who fails to comply with sub-regulation (2) is liable under paragraph (C) of sub-section 96 of the Act.

34. Our review of employee salary payment vouchers (E-SPV) of the Suame Municipal Assembly, Kumasi, disclosed that personal emolument records of the staff who have been transferred in or out of the department were not validated by their respective Heads of the department which is contrary to the regulations above. Details are provided below.

Name	Staff ID	RANK
MOHAMMED NIMATU	918722	SNR BUDGET ANALYST
DANKWAH ENOCK OWUSU	929180	SNR SOC DEV OFF

35. The human resource management failed to declare the officer unknown

36. The anomaly may result in unsuspecting officials in charge of salary validation taking advantage of the situation for possible unearned salary payments.

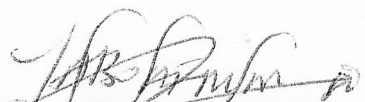
37. We urged management to take immediate measures to correct the anomaly to prevent unsuspecting officials from abusing the situation.

Management Responds

38. Management have written to the Assembly concern to add the newly posted officer in question to their management unit.

Acknowledgement

39. The co-operation and assistance accorded the audit team during the audit by management and staff of Suame Municipal Assembly is highly appreciated.


DISTRICT AUDITOR
DISTRICT "D" KUMASI
(NANA FOSUAH ADU REXFORD)
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 Municipal Finance Officer
Suame Municipal Assembly
Suame

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