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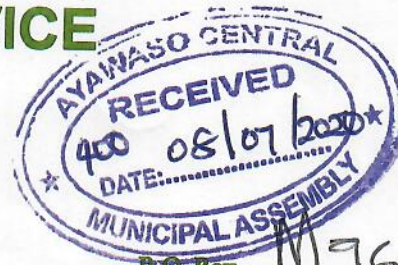
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Good Governance
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ACCRA

30 JUNE 2020

THE MUNICIPAL COORDINATING DIRECTOR
AYAWASO CENTRAL MUNICIPAL ASSEMBLY
KOKOMLEMLE, ACCRA

MANAGEMENT LETTER ON THE ACCOUNTS OF AYAWASO CENTRAL MUNICIPAL ASSEMBLY DISTRICT ASSEMBLY COMMON FUND (DACF) FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019

Introduction

We have examined the records of Ayawaso Central Municipal Assembly for the period 1 April 2019 to 31 December, 2019 in accordance with our statutory mandate per Article 187 clause 2 of the 1992 Constitution of Ghana and Section 11 of the Audit Service Act, 2000 (Act 584).

2. We wish to bring to your attention for necessary action the observations and recommendations made during the audit. We have discussed these issues with key personnel concerned, whose comments and responses, where appropriate, have been taken into account in preparing this management letter.

3. We would be grateful to receive your reply to this management letter within 30 days of its receipt in accordance with Section 29 of the Audit Service Act, 2000, (Act 584) and any person who fails or refuses to reply to the audit observations within the specified period shall have his emolument and allowances withheld for so long as he/she fails to comply.

LIMITATION OF SCOPE

4. We reviewed the controls within the various processes operated by the 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 weaknesses that exist or all improvement that could be made.
5. We have prepared this report solely for your use and its use within the Assembly and would not accept responsibility for any reliance that a third party might place on it.

6. Key personnel

The under listed key officials were in charge of the Administration of the Ayawaso Central Municipal Assembly during the period under review.

NAME	POSITION	PERIOD
Hon. Mohammed Quaye	Municipal Chief Executive	1 April 2019 To 31 Dec. 2019
Mr. K.B Acheampong	Municipal Coordinating Director	1 April 2019 To 31 Dec. 2019
Mr. Emmanuel E. Venkumine	Municipal Finance Officer	1 April 2019 To 31 Dec. 2019
Mrs. Barichisu A. Sadique	Municipal Budget Officer	1 April 2019 To 31 Dec. 2019
Mr. Suraju Faisal	Acting Transport Officer	1 April 2019 To 31 Dec. 2019
Mr. Moro Muhassan	Procurement Officer	1 April 2019 to 31 Dec, 2019
Mr. Peter Onanjiri	Internal Auditor	1 April 2019 to 31 Dec. 2019
Mrs. Thelma Segbefia	Municipal Social Works Officer	1 April 2019 To 31 Dec. 2019
Alhassan Mahama	National Disaster Management Officer	1 April 2019 To 31 Dec. 2019
Mr. Richard Appiah	Physical Planning Department	1 April 2019 To 31 Dec. 2019
Mad. Regina Nanoo	Municipal Social Works Officer	1 April 2019 To 31 Dec. 2019
Yayra Yao Akude	Planning Officer	1 April 2019 to 31 Dec. 2019

Scope of audit

7. Our review covered cash management, procurement & Stores management, project management, as well as evaluation of compliance with relevant legislations, rules, controls and policies.

Audit Objectives

8. We conducted interviews and reviewed documents in accordance with Section 13 of the Audit Service Act 2000 (584), which requires that we ascertain whether

- The accounts have been properly kept
- The funds received have been expended for the purpose for which they were appropriated and expenditure made has been authorized
- Essential records are maintained, and the rules and procedures applied sufficiently to safeguard and control the Assembly's assets
- Programmes and activities on the utilization of funds have been under taken to achieve value for money.

9. Summary Of Significant Findings And Recommendations

i. We noted that four (4) payments totaling GH¢3,500.00 were either not fully accounted for with the relevant receipts and invoices or supported with expenditure documents to authenticate the payments.

We recommended to management to properly support the transactions with the relevant documents to justify the expenditure, failure of which the amount should be refunded by the authorizing and approving Officers.

ii. In contravention with the VAT law, the Assembly procured goods worth GH¢79,619.00 from Non-VAT registered entities thus denying the state VAT revenue of GH¢2,409.46.

We recommended to the Municipal Finance Officer and the Expenditure Accountant to ensure that the Assembly deals with only VAT registered traders, as required in Section 41 of the Value Added Tax Act, 2013 (Act 870).

Details Of Significant Findings And Recommendations

10. Financial Position as at 31 December 2019

Cash and Bank Balances:

i. Cash on Hand:

Account Name	Balance
DACF Account-	Nil
PWD/MSHAP Account-	Nil
Sub CF Account-	Nil

ii. Cash at Bank – GH¢1,972,213.89

The Bank balances, the particulars of which have been provided below were reconciled with certified Bank Statements and the respective Cash books as at 31 December, 2019.

No.	Name of Bank	Account Name	Account Number	Balance as at 31/12/2019 GH¢
1.	Ghana Commercial Bank	ACMA GCB DACF Account.	1181130001013	1,634,404.44
2.	Ghana Commercial Bank	ACMA GCB PWD/MSHAP Account	1181130001024	30,202.45
3.	Bank of Ghana	Ayawaso Central Municipal Assembly Sub CF	1018431533277	307,607.00
	Total Bank Balance			1,972,213.89

Unsupported Payments - GH¢3,500.00

11. Regulation 78 of the Public Financial Management Regulations, 2019 (L.I. 2378) states 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 evidence of services, certificates for work done and any other supporting documents exists.

12. On the contrary, we noted that 12 payments totaling GH¢39,304.00 were either not fully accounted for with the relevant receipts and invoice or supported with expenditure documents to authenticate the payments.

13. We attributed the anomaly to negligence on the part of the Municipal Finance Officer and the Expenditure Accountant to ensure that payees had provided the relevant expenditure documents to support the payments.
14. In the absence of the supporting documents, the propriety of the transactions was therefore in doubt and could give rise to a potential risk of loss of funds to the Assembly.
15. We recommended to management to properly support the 12 transactions with the relevant documents to justify the expenditure, failure of which the amount should be refunded by the authorizing and approving Officers.
16. In response to our observation, management accounted for GH¢35,804.00 vide eight (8) payment vouchers leaving four (4) payment vouchers covering a total sum of GH¢3,500.00 yet to be accounted for. Details are attached as Annex 'A'.

Loss of VAT Revenue - GH¢2,409.46

17. Section 41 of the Value Added Tax Act, 2013 (Act 870) states that "A taxable person shall, on making a taxable supply of goods or services, issue to the recipient, a tax invoice in the form and with the details that are prescribed by the Commissioner-General"
18. In contravention of the VAT law, we noted that management of the Assembly procured goods worth GH¢79,619.00 from Non-VAT registered entities thus denying the state VAT revenue of GH¢2,409.46. Details are attached as Annex 'B'.
19. We attributed the lapse to failure by the Expenditure Accountant to enquire in compliance with the VAT law, whether the suppliers and vendors the Assembly transacted business with are VAT registered entities.
20. Negligence on the part of the Expenditure Accountant to ensure compliance with the VAT law denied the State of VAT revenue totaling GH¢2,409.46.
21. We recommended to the Municipal Finance Officer and the Expenditure Accountant to ensure that procurements are made from only VAT registered traders, or to seek a waiver from the Minister. We also advised management to educate its members of staff on the requirements of the VAT law.

22. Management in response stated that, it has taken note of the observation and will ensure compliance.

Acknowledgement

23. The assistance and co-operation extended to the audit team during the period of audit by the management and staff of Ayawaso Central Municipal Assembly is gratefully appreciated.



Paulina Kitcher

District Auditor

GAR/A.M.A.

Cc:

The Auditor General (2)
Audit Service
Accra.

The Deputy Auditor-General/DAD
Audit Service
Accra.

The Regional Auditor/GAR
Audit Service
Tema.

The Regional Coordinating Director
Regional Coordinating Council
Accra.

The Presiding Member
Ayawaso Central Municipal Assembly
Kokomlemle.

The Municipal Finance Officer
Ayawaso Central Municipal Assembly
Kokomlemle.

PAYMENT NOT ACCOUNTED FOR- GH¢3,500.00 ANNEX "A"

No.	Date	Details	P.V. No.	Payee	Amount Released (GH¢)	Cheque No.	Unaccounted Payment (GH¢)	Remarks
PWD / M - SHARP- GH¢500.00								
1	18/11/2019	Being cost of monitoring and market survey	ACMA231/11/19	Regina Naa Ardua Nunoo	500.00	000001	500.00	Unsupported
COMMON FUND - GH¢3,000.00								
1	24/12/2019	Being cost of training of staff on workplace safety	ACMA351/12/19	Director	15,395.00	445803	120.00	Unaccounted
2	5/11/19	Being cost of two weeks monitoring and supervision	ACMA230/11/2019	Director	1,500.00	000267	1,500.00	Unsupported
3	29/11/2019	Being cost of staff appraisal training	ACMA350/12/19	Director	12,200.00	445801	1,380.00	20 members of staff failed to attend the training on the first day whilst 26 members of staff also failed to attend the training on the second day hence the lunch allocation must be refunded.
		Sub- Total					3,000.00	
		Grand Total					3,500.00	

ANNEX "B"

LOSS OF VAT REVENUE - GH¢2,409.46

No.	Date	Details	P.V. No.	Payee	AMOUNT	Cheque No.	Taxable Amount	VAT	Remarks
1	24/12/2019	Being cost of training of staff on workplace safety	ACMA351/12/19	Director	15,395.00	445803	4,360.00	126.99	Trading with a non registered VAT client. VAT receipt required.
2	6/9/19	Being cost of my first day in school 2019 celebration	ACMA195/9/19	Director	9,000.00	No chq no.	8,276.00	241.05	Trading with a non registered VAT client. VAT receipt required.
3	24/12/2019	Being cost of municipal wide cleanings	ACMA/346/12/19	Director	11,700.00	000296	11,320.00	329.71	Trading with a non registered VAT client. VAT receipt required.
4	17/12/2019	Being cost of final payment of survey works on mallam attah market		Super Geomatics Ltd					
5	11/12/19	Being cost of tonner	ACMA/392/12/19	Han-Soft Systems	14,375.00	000291	14,375.00	418.69	Trading with a non registered VAT client. VAT receipt required.
6	20/11/2019	Being cost of fire safety education	ACMA/341/12/19	Director	7,910.00	000287/288	7,910.00	230.39	Trading with a non registered VAT client. VAT receipt required.
7	19/11/2019	Being cost of organizing the 4th quarter staff durbar	ACMA229/11/19	Director	755.00	000279	755.00	112.45	Trading with a non registered VAT client. VAT receipt required.
8	20/11/2019	Being cost of cement mixture and other hardware	ACMA227/11/19	Director	3,748.00	000279	1,348.00	39.26	Trading with a non registered VAT client. VAT receipt required.
9	14/11/2019	Being cost of municipal wide cleanings	ACMA234/11/19	Konsil Supplies Ent	27,000.00	000276	27,000.00	786.41	Trading with a non registered VAT client. VAT receipt required.
			ACMA223/11/19	Director	16,050.00	000268	4,275.00	124.51	Trading with a non registered VAT client. VAT receipt required.
		TOTAL					79,619.00	2,409.46	