

# AUDIT SERVICE



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TEMA

29 FEBRUARY 24  
20

THE MUNICIPAL CHIEF EXECUTIVE  
AYAWASO WEST MUNICIPAL ASSEMBLY  
DZORWULU

## MANANGMENT LETTER ON THE AUDIT OF THE ACCOUNTS OF AYAWASO WEST MUNICIPAL ASSEMBLY – COMMON FUND (DACF) AND OTHER FUNDS FOR THE PERIOD 1 JANUARY 2023 – 31 DECEMBER 2023

### Introduction

1. We have audited the accounts and other related records of Ayawaso West Municipal Assembly Common Fund and other statutory funds for the period ended 31 December 2023 in accordance with our statutory mandate under Article 187 (2) of the 1992 Constitution and section 11(1) of the Audit Service Act 2000, (Act 584).
2. We wish to bring to your attention the following observations and recommendations made during the audit. We have discussed these issues with the key personnel concerned whose comments and responses, where appropriate, have been taken into consideration while preparing this management letter.
3. We shall be grateful to receive your formal response within 30 days after the receipt of this Management Letter as required under Section 29 of the Audit Service Act, 2000 (Act 584). This should include the agreed action plan to implement the audit recommendations. We wish to state that any person who fails to respond to the management letter within the period specified shall have his emoluments and allowances withheld.

### Key Personnel

4. During the period under review the following officials handled the financial and administrative duties of the Assembly.

Name	Position	Staff ID	Period
Hon. Sandra Owusu Ahinkorah	Municipal Chief Executive		1 Jan – 31 Dec. 2023
Charles Kwabena Opoku	Municipal Coordinating Director	75430	1 Jan – 13 July 2023
Benard K. P. Sekyama	Municipal Coordinating Director	59951	14 Jul – 31 Dec. 2023
Sadat Jawula	Municipal Finance Officer	97279	1 Jan – 31 Dec. 2023
Bless Adzedakor	Municipal Budget Officer	714704	1 Jan – 31 Dec. 2023
Michael Elemawusi	Human Resources	903985	1 Jan – 31 Dec. 2023
Jasper Dzabaku Katei	Municipal System Information Officer	911727	1 Jan – 31 Dec. 2023
Selasie Akortiah	Procurement Officer	641098	1 Jan – 31 Dec. 2023
Patience Kumbol	Internal Auditor	710280	1 Jan – 31 Dec. 2023



Nathan Narh Caesar	Municipal Works Engineer	72754	1 Jan – 31 Dec. 2023
Mustspha Gariba	Municipal Planning Officer	839239	1 Jan – 31 Dec. 2023
Kofi Simpeh	Mun. Devt. Planning Officer	911879	1 Jan – 31 Dec. 2023

### Scope of Audit

5. The audit covered evaluation of the effectiveness of key controls with due regards to cash management, Utilization of District Assembly Common Fund, Sanitation, Procurement of Goods, Works and Services, Infrastructural Projects, and Asset Management.

### Audit objectives

6. The audit objectives were to ascertain whether;
- Adequate and effective Systems of Internal Controls were maintained to ensure the security, transparency, and accountability in the management of the resources of the Assembly.
  - Management and utilization of funds were in accordance with the laws of Ghana with due regards to economy and efficiency.
  - Procurement of goods, services and works were carried out in a transparent and truly competitive manner.
  - All monies received were banked and accounted for and the accounts properly and well kept.
  - Value books were adequate and safeguarded to prevent abuse.
  - All disbursements had been budgeted for, covered by payment vouchers, approved, and authenticated by the spending officer and supported with sufficient and appropriate expenditure documents.

### Audit Methodology

7. We adopted a risk-based audit approach for the conduct of the audit. This among others included interview of officers of the Assembly to understand and document the system, examination of transactions and review of procurement procedures. We issued observations to management for their responses, which we have incorporated in this report.

8. We derived our evidence using criteria and standards from sources such as the Public Financial Management Act, 2016 (Act 921), Public Financial Management Regulations, 2019 (L. I 2378), Income Tax Act, 2015 (Act 896), Local Governance Act, 2016 (Act 936), Labour Act, 2003 (Act 651), among others.

### Limitation of Responsibilities

9. We reviewed the systems and management controls operated by the Assembly only to the extent we considered necessary for the effective performance of the audit. As a result, the review may not have revealed all weaknesses that exist or all improvement that could be made.

10. We have prepared this report solely for your use within your organization. Its content should not be disclosed to any third party without our consent. We would not accept any responsibility for reliance the third party might place upon.

### Summary of significant findings and recommendations

11. The weakness identified and recommendations made have been summarized below and explained in detail in paragraphs 12 to 29.



- i. We noted that Zoomlion Ghana Limited (ZGL) had not performed on five activities out of Seven contained in the agreement signed with the Assembly, yet the company was paid a total amount of GH¢138,000.00 through source deductions by the Administrator of District Assemblies Common Fund. We recommended that the Chief Executive and the Co-ordinating Director should ensure recovery of GH¢138,000.00 from Zoomlion Ghana Ltd. We further recommended that the Municipal Environmental Health Officer and Municipal Co-ordinating Director should step up their monitoring roles over the activities of ZGL to ensure that the Assembly receives value for money.
- ii. Management of the Assembly completed 12-seater toilet facility at Okponglo through the MP Common Fund in February 2022, however, the project remained unused as of 31 January 2024. We recommended that management should resolve the challenges preventing the usage of the project without delay.
- iii. We observed that the Assembly did not have the full complement of equipment against the agreement between same and Zoomlion Ghana Ltd yet deductions of GH¢69,000.00 per quarter was made from their Common Fund allocations. We recommended to management to inform Zoomlion Ghana Ltd of the damaged refuse containers and truck and ensure that the company replaces them without further delay.

### DETAILS OF FINDINGS AND RECOMMENDATIONS

#### **Failure of Zoomlion to Comply with Service Contract – GH¢138,000.00**

12. The service agreement signed between Zoomlion Ghana Ltd (ZGL) and Ayawaso West Municipal Assembly on 26 February 2019 stated that Zoomlion Ghana Limited shall provide services indicated in schedule I and II on Disinfestations and Fumigation Service Agreement at a total cost of GH¢46,000.00 per quarter. See details below:

No.	SCHEDULE 1 (Service to be provided)	Remarks
1	Disinfestation of Public Toilets and its surroundings	Executed
2	Disinfestation of Major Drains	Not executed
3	Disinfestation of Communal containers and final disposal sites	Executed
4	Disinfestation of Government Apartment	Not executed
	SCHEDULE 2 (Service to be provided)	
5	De-ratting of Public Markets	Not executed
6	Disinfection and disinfestation of Hospitals, Clinics and Health Centres	Not executed
7	Public education on vector control/ environmental sanitation	Not executed

13. Our interviews with the caretakers of all four (4) container sites and the Municipal Environmental Health Officer disclosed that Zoomlion Ghana Limited had not performed five out of the seven activities outlined in the schedule above, yet the company was paid a total amount of GH¢138,000.00 (three quarters were paid in 2023) through source deductions by the Administrator of District Assemblies Common Fund.
14. We were unable to quantify the value of services not rendered as the deliverables in the Agreement were not individually priced.



15. The lapse occurred due to laxity in the monitoring and supervisory roles of the Municipal Environmental Health Officer, Mr. Murtala Shani, and the Municipal Coordinating Director over the activities of Zoomlion Ghana Limited. As a result, management paid for no work done thus causing financial loss to the Assembly.

16. We recommended that the Chief Executive and the Coordinating Director should compute and ensure the recovery of the unexecuted service amount from the GH¢138,000.00 from Zoomlion Ghana Ltd. We further recommended that the Municipal Environmental Health Officer and Municipal Coordinating Director should step up their monitoring roles over the activities of ZGL to ensure that the Assembly receives value for money.

17. Management has accepted our recommendation and indicated that, they have officially written to the common fund secretariat for resolution and task the Municipal Environmental Officer to diligently monitor the company's activities.

#### **MP'S Common Fund**

##### **Completed projects not in use (MPCF) - GH¢352,462.60**

18. Section 52 of the Public Financial Management Act, 2016 (Act 921) requires, Coordinating Directors as the Principal Spending Officers to institute proper control systems to prevent losses and wastage.

19. Management of the Assembly completed 12 seater toilet facility at Okponglo through the MP Common Fund in February 2023 and paid a total amount of GH¢316,007.03 out of the contract sum of GH¢352,462.60 to the contractor, M/S Mpaha Company Ltd. However, the project remained unused 11 months after completion as of 31 January 2024 due to non-supply of water.

20. The delay not only denies the community from deriving the full benefit(s) of the project but also defeats the purpose for which the total amount of GH¢352,462.60 was invested. Furthermore, the lack of use could lead to deterioration of the facility.

21. We recommended that management should resolve the challenges preventing the usage of the project without delay.

22. Management in their response indicated that, they would ensure that all the challenges that prevented the use of the facility would be addressed as soon as possible.

##### **Failure by Zoomlion to fully honour the Terms and Conditions in the SIP Agreement – GH¢207,000.00.**

23. Clause 5 (iii) of the agreement between the Assembly and Zoomlion Ghana Ltd stipulates that Zoomlion Ghana Ltd shall upon notification from the Assembly, repair or replace any equipment that may sustain damages from normal wear and tear.

24. During our visit to the Municipality's four (4) container sites, we discovered that two of them located at Atomic Lorry Park and the Bawaleshie site had become unusable but had not been replaced.

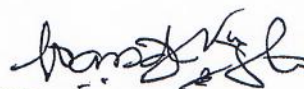
25. We observed that even though the Assembly not having the full complement of the equipment, they continued to suffer full contract deductions of GH¢69,000.00 per quarter from their Common Fund allocations in the 2023 financial year. Details are provided below:

Equipment	No. expected to be supplied	No. supplied	No. damaged/ not supplied	No. in use
Containers	5	4	2	2

26. In an interview with the Zoomlion's District Coordinator, Mr. Emmanuel Wotu, he confirmed that his office had received complaints from the Assembly regarding the community containers.
27. As a result of this lapse, the Assembly has been denied of the services of this equipment which is required for effective sanitation management.
28. We recommended to management of the Ayawaso Municipal Assembly to send reminder to Zoomlion Ghana Ltd in respect of the damaged refuse containers and the provision of additional truck without further delay in accordance with the service agreement.
29. Management in their response indicated that they have written various letters to Zoomlion on this subject, however, they would follow-up with a reminder.

#### **Acknowledgement**

30. The co-operation and assistance extended to the Audit Team by management and staff of the Assembly during the period of audit is acknowledged.

  
**FRANCIS S. BASSAH**  
**DISTRICT AUDITOR**  
**GAR, DISTRICT 'A'**

Cc: The DAG EIDA (Southern Zone)  
Audit Service,  
**Accra**

The Regional Auditor  
Audit Service  
**GAR/Tema**

The Regional Coordinating Director  
Regional Coordinating Council  
**Accra**

The Municipal Coordinating Director  
Ayawaso West Municipal Assembly  
**Dzorwulu**

The Municipal Finance Officer ✓  
Ayawaso West Municipal Assembly  
**Dzorwulu**

The Presiding Member  
Ayawaso West Municipal Assembly  
**Dzorwulu**





# AYAWASO WEST MUNICIPAL ASSEMBLY

Our Ref. No. \_\_\_\_\_

Your Ref. No. GR/DA/ADMA/CF/E

**THE DISTRICT AUDITOR,  
GREATER ACCRA REGION, DISTRICT 'A'**

Date 22/03/2024

**RE: MANAGEMENT LETTER ON THE AUDIT OF THE ACCOUNTS OF THE AYAWASO WEST MUNICIPAL ASSEMBLY- COMMON FUND (DACF) AND OTHER FUNDS FOR THE PERIOD 1<sup>ST</sup> JANUARY 2023 – 31 DECEMBER 2023.**

## INTRODUCTION

We refer to the Management Letter from your outfit dated 29<sup>th</sup> February, 2024 on the above subject matter and we wish to respond to the issues raised as required under Section 29 of the Audit Service Act, 2000 (Act 584).

### **1. FAILURE OF ZOOMLION TO COMPLY WITH SERVICE CONTRACT- GHS 138,000.00**

Management has noted the observation and would notify Zoomlion.

### **MP'S COMMON FUND**

### **2. COMPLETED PROJECTS NOT IN USE (MPCF) - GHS 352,462.00**

Management has noted the observation and would like to indicate that the challenges preventing the facilities from being in use are being resolved with the utility service providers and would be available for use soon.

### **3. FAILURE BY ZOOMLION TO HONOUR THE TERMS AND CONDITIONS IN THE SIP AGREEMENT – GHS 207,000.00**

Management has noted the observation and would like to indicate that it has sent a follow up reminder to Zoom lion Limited in respect of damaged refuse containers and the provision of additional trucks in accordance with the service agreement and as recommended by the team.

Management would like to thank the external audit team for their professional conduct exhibited during the audit engagement with the Assembly. We would like to assure the team that all recommendations made would be implemented and would ensure that risk identified is mitigated and do not occur in the future.

Submitted for your necessary action please.



(BERNARD K.P. SAKYIAMA)  
MUNICIPAL COORDINATING DIRECTOR

**Cc:** The DAG EIDA (SZ)  
Audit Service  
Accra

The Regional Auditor  
Audit Service  
GAR/Tema

The Regional Director  
Regional Coordinating Council  
Accra.

The Presiding Member  
Ayawaso West Municipal Assembly  
Dzorwulu