

AUDIT SERVICE

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Good Governance
and Accountability

556

P. O. Box

TEMA

29 FEBRUARY 2024

THE MUNICIPAL CHIEF EXECUTIVE
AYAWASO WEST MUNICIPAL ASSEMBLY
DZORWULU

MANAGEMENT LETTER ON THE AUDIT OF THE ACCOUNTS OF THE INTERNALLY GENERATED FUND (IGF) OF AYAWASO WEST MUNICIPAL ASSEMBLY, DZORWULU FOR THE YEAR ENDNIG 31 DECEMBER 2023

We have audited the accounts and other related records of Ayawaso West Municipal Assembly's Internally Generated Fund for the year ending 31st December 2023 in accordance with our statutory mandate as stipulated in 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 that were made during the audit which have been discussed with the management of the Assembly. Management's comments and responses, where necessary, have been taken into consideration in the preparation of this management letter.

3. We shall be grateful to receive your reply within 30 days after receipt of this management letter as stipulated in Section 29 of the Audit Service Act 2000 (Act 584) including steps you intend to take to correct weakness contained in this letter, failure of which the emoluments of the Director and the Accountant will be withheld in accordance with section 29(2) of Act 584.

Key Personnel

4. The under-listed officers handled the administrative and financial matters of the office during the period under review:

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 Fund Accountability and Budgetary Performance, Cash Management, Revenue, Sanitation, Procurement of Goods, Works and Services, 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.
 - Staff on posting or transfer either in or out have their names respectively inserted on or deleted from the mechanized payment voucher and unearned salaries have been paid to chest; and

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 Responsibility

9. Our review of the controls within the system operated by the Ayawaso West Municipal Assembly is only to the extent that we considered necessary for the effective execution of this audit. The review may not have detected all weaknesses existing or all improvements that could be made. To this end, we prepared this report solely for your use within the organization.

10. Its content should not be disclosed to any third party without our consent. We would not accept any responsibility for any reliance a third party might place upon it.

Conclusion

11. We evaluated controls put in place by the Assembly to address the risks identified. In our opinion, the control system designed and operated during the period under review was generally satisfactory; however, there were weaknesses identified which have been highlighted in the subsequent paragraphs for redress.

Summary of findings and recommendations

12. The weakness identified and recommendations made have been summarized below and explained in detail in paragraphs 14 to 47.

- i. We noted that a total amount of GH¢34,380.15 was paid vide payment vouchers for service in respect of maintenance, servicing, works among others without supporting the payment vouchers with Certificate of Satisfactory completion of work done. We recommended that Management provide the work orders and certificates for satisfactory completion of works for our verification, failure, the MCD, MFO and Estate Officer should refund the monies involved as there was no sufficient evidence that work was satisfactorily done to ensure value for money.
- ii. Our examination of the Assembly's assets revealed that all the 11 functional official vehicles and one motorcycle belonging to the Assembly lacked roadworthy certification. We recommended that management should as a matter of urgency ensure that the vehicles are worthy to be on the road.
- iii. Our audit of inventory of the Assembly disclosed that assets such as Executive Desk, printer, glass center, cabinets, Desktop computer, medium fridge, Digital TV, File Cabinet and 23 other items were not updated or disclosed in the asset register. We recommended that the Estate Officer updates the Register and makes it available for our review.
- iv. During the physical inspection of the Assembly's assets, we observed that, although the offices have been partitioned with plaster boards which are less fire resistant, the Assembly had only three fire extinguishers, no smoke detectors/alarms in the building. Furthermore, these fire extinguishers have expired which poses a high risk should a fire outbreak occur in the premises. We urged management to service the expired fire extinguishers as well as procure additional firefighting equipment. Smoke detectors and alarms should also be installed in the building.
- v. Our physical inspection of inventory of the Assembly's assets disclosed that, 5 Laptops, One Digital TV and 23 other items were not embossed with the Assembly's identification marks. We advised management to ensure that all assets of the Assembly are clearly marked to prevent pilfering or replacement of assets.
- vi. Our interview with the Internal Auditor revealed that the Assembly does not have a risk assessment register. We urged management to collaborate with the internal audit unit to develop a risk assessment register and submit same for verification.

DETAILS OF FINDINGS AND RECOMMENDATIONS

Budgetary Control

Revenue Performance

13. The Assembly, during the period under review, generated a total revenue including grants amounting to GH¢20,487,296.25 as against a budgeted figure of GH¢30,096,497.58, resulting in an unfavourable variance of GH¢9,609,201.33. The table below provides details:

Account	Budgeted Revenue GH¢	Actual Revenue GH¢	Variance GH¢
Rates	4,524,317.23	1,836,278.78	2,688,038.45
Lands and Royalty	4,152,753.69	5,263,807.54	(1,111,053.85)
Licenses	7,484,112.79	8,075,023.57	(590,910.78)
Fees	320,300.00	354,315.00	(34,015.00)
Fines/Penalties/Forfeits	176,000.00	111,807.70	64,192.30
Grants	13,439,013.87	4,846,063.66	8,592,950.21
Total	30,096,497.58	20,487,296.25	9,609,201.33

Payment of Work Done Without Job Certificate – GH¢34,380.15

14. Regulation 79 of the Public Financial Management Regulations, 2019 (L.I. 2378) require that The Principal Spending Officer shall, on the completion of works or the supply of goods or services, prepare a certification statement in respect of works and stores received, that includes (a) the quantity and particulars of the works and supply, (b) the method and results of the inspection, and (c) any evidence supporting the results.

15. We noted that a total amount of GH¢34,380.15 was paid vide two payment vouchers for service in respect of maintenance, servicing, works among others without supporting the payment vouchers with Certificate of Satisfactory completion of work done by the transport officer and Head of Estate. Details are provided below:

Date	PV No.	Chq No.	Details	Payee	PV Value GH¢
4/1/23	IGF/02/1/23	203290	Maintenance works on official vehicle GT493-19	Japan Motors	13,146.39
15/09/23	IGF/59/09/2365/10/23	203620	Maintenance works on Generator at the MCE Residence	Active Skills Enterprise	21,233.76
TOTAL					34,380.15

16. Management indicated that the Certificate of Satisfactory completion of work was misfiled.

17. The Assembly may risk paying for services not performed to specifications in the absence of works performance certificates. The practice could also lead to misapplication of funds and work not done to the required standard.

18. We recommended to Management to provide the work orders and certificates for satisfactory completion of works for our verification, failure, the Coordinating Director, the Municipal Finance

Officer, and the Head of Estate should refund the monies involved as there is no sufficient evidence that work was satisfactorily done to ensure value for money. We also recommended to Management to always comply with the regulation by ensuring that work orders and certificates for satisfactory completion of works are issued before payments are effected and copies attached to the Payment Vouchers.

19. Management in their response indicated that the job certificates were available for our inspection. However, at the time of exit the certificate was still not submitted.

Vehicles without Road worthy Certificates

20. Section 94 of the Road Traffic Regulation, 2012 (LI 2180) and Ghana Highway Code 1974 states that "No person shall drive a motor vehicle unless a valid certificate of road worthiness is carried on the vehicle".

21. Our examination of the Assembly's assets revealed that all the 11 functional official vehicles and one motorcycle belonging to the Assembly lacked roadworthy certification. Details are provided below:

No.	Vehicle	Reg. No.	Road Worthy Expiry Date	Remark
1	Van – Nissan	GM 529-14	11/7/2015	Expired
2	Nissan Hardbody Pickup	GT 464-20	N/A	Expired
3	Nissan Navara Pick-up	GV 121-14	N/A	Expired
4	Nissan Hardbody Pickup	GT 494-19	3/1/2020	Expired
5	Nissan Hardbody Pickup	GT 493-19	3/1/2020	Expired
6	Dongfeng Single Axel Refuse Compaction Truck	GS 4633-21	N/A	Expired
7	Nissan Hardbody Pickup	GT 728-19	N/A	Expired
8	Howo Garbbage Truck	GN 7536-22	N/A	Expired
9	VW Sedan Saloon Car	GE 1536-21	N/A	Expired
10	Nissan Patrol	GC 2064-18	31/12/2019	Expired
11	Nissan Hardbody Pickup	GN 8272-18	N/A	Expired
12	Dispatch Motorbike	M-19-GT3472	N/A	Expired

22. The Transport Officer indicated that the Assembly decided to change all the number plates to GV and has therefore written to DVLA for assistance since 2021.

23. In our opinion change of number plate should not prevent the Assembly from obtaining the roadworthy certificates. Without examination of the vehicle by DVLA, management may not know whether it was safe for the vehicle to ply the road, and this may put the lives of occupants as well as other road users in danger.

24. We recommended that management should as a matter of urgency ensure that the vehicles are worthy to be on the road.

25. Management responded that they are in the process of renewing the certificates for the vehicles.

Failure to Update Assets Register

26. Regulation 155 of the Public Financial Management Regulation requires that the Principal Spending Officer of a covered entity shall annually undertake an inventory of all land, buildings, vehicles and other high value fixed assets of the covered entity concerned and update its records.

27. We noted that the Ayawaso Municipal Assembly had procured assets such as Executive Desk, printer, glass center, cabinets, Desktop computer, medium fridge, Digital TV, File Cabinet and 23 other items but failed to update or disclose them in the asset register. Details are provided in Appendix 'A'.

28. The Head of Administration, Mr. Jerryson Ayih, admitted that lack of supervision over the schedule officer accounted for the lapse.

29. The anomaly, if left unchecked, could lead to preventable damages, theft, misplacement, loss, wastage, and misuse of the Assembly's assets.

30. We recommended that the Estate officer ensures that the Assets are updated in the Register and made available for our review.

25. Management accepted our recommendation and stated that they have directed the estate officer to immediately update the assets register for our review.

Inadequate Fire-fighting Equipment

31. Regulation 11(1) of the Fire Precaution Regulation (L.I.1724) requires "every owner or occupier of premises referred to in Regulation I to install on the premises fire-fighting equipment and alarm and or other effective warning device approved by a Chief Fire Officer".

32. During the physical inspection of the Assembly's assets, we observed that, although the offices have been partitioned with plaster boards which are less fire resistant, the Assembly had only three fire extinguishers, no smoke detectors/alarms in the building. Furthermore, these fire extinguishers have expired which poses a high risk should fire outbreak occur in the premises.

33. Our interview with Mr. Jonathan Asson, a divisional fire officer at Abelemkpe and the Head of estate, Mr. George Asiedu revealed that, the Assembly requires about 20 pieces of fire-fighting equipment and 50 smoke detectors.

34. In case of a fire outbreak, there may be damages to properties and human lives may also be endangered. This would lead to financial loss to the state.

35. We urged management to procure additional fire-fighting equipment and install smoke detectors and alarms in the building to prevent any loss of lives and properties of the Assembly in case of fire outbreak.

36. Management accepted our recommendation and indicated that they have contacted the District Fire Officer who conducted the fire safety risk assessment and are currently waiting for their assessment report for the necessary action to be taken.

Non-Embossment of Assets

37. Section 52 of the Public Financial Management Act 2016 requires that a Principal Spending Officer of a covered entity, state-owned enterprise or public corporation shall be responsible for the assets of the institution under the care of the Principal Spending Officer and shall ensure that proper control systems exist for the custody and management of the assets.

38. Our physical inspection of inventory of the Assembly's assets disclosed that five (5) Laptops, One Digital TV and 23 other items were not embossed with the Assembly's identification marks. Details are attached as Appendix 'B'.

39. According to the Estate officer, the person assigned to do the embossment was not available hence the delay.

40. This exposes the Assembly's assets to pilfering and replacement of assets in good condition with spoilt or worn-out ones. Physical asset identification through their embossment provides evidence of ownership and safeguards them against theft and substitution.

41. We advised management to ensure that all assets of the Assembly are clearly marked to prevent pilfering or replacement of assets.

42. Management indicated that the estate officer has been directed to ensure that the affected assets are embossed, and the audit team informed for inspection.

Absence of Risk Assessment Register

43. Section 7 (2) of the Public Financial Management Act 2016 Act 921 states that, "A Principal Spending Officer shall, in the exercise of duties under this Act, establish an effective system of risk management, internal control and internal audit in respect of the resources and transactions of a covered entity".

44. Contrary to this, an interview with the internal auditor revealed that the Assembly does not have a risk assessment register.

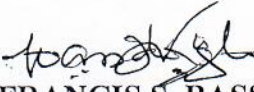
45. In our view, a risk assessment register is very important since it would enable the Assembly to identify, track and communicate potential risks as well as organise possible solutions to mitigate these risks. Furthermore, it would optimize the staff's adaptability and improve their capacity to overcome challenges. The absence of this register leaves the Assembly susceptible to unforeseen risks which might have financial implications on the Assembly and the state.

46. We urged management to collaborate with the internal audit unit to develop a risk assessment register and submit same for verification.

47. Management accepted our recommendation and indicated that they would work on the audit recommendation made in order to strengthen internal controls. Management also indicated that they are in the process of training staffs in risk management processes.

Acknowledgement

48. We wish to express our gratitude to the Management and staff of the Assembly for their assistance and co-operation during the audit.


FRANCIS S. BASSAH
DISTRICT AUDITOR
GAR/ DISTRICT 'A'

cc: The DAG- EIDA (SZ)
Audit Service
Accra

The Regional Auditor
Audit Service
GAR/Tema

The Municipal Coordinating Director
Ayawaso West Municipal Assembly
Dzorwulu

The Municipal Finance Officer ✓
Ayawaso West Municipal Assembly
Dzorwulu

The Regional Director
Regional Coordinating Council
Accra

The Presiding Member
Ayawaso West Municipal Assembly
Dzorwulu

Failure to Update Assets Register

No	Item	Qty	Description	Department
1	Printer	1	Printer	MCE
2	Glass Center Table	1	Center Table	"
3	Medium Fridge	1	Fridge	"
4	Digital Tv	2		"
5	Digital Tv	2	Digital/Satelite	MCD
6	Fridge	1	Tabletop	"
7	Colour LaserJet Promfpm2 81fdw	1	Printer	Internal Audit
8	Works Station	4 In One	Metal/Wooden	Internal Audit
9	Fridge	1	Fridge	"
10	Desktop Computer	1	Metal	"
11	Executive Desk	1	Executive Desk	Procurement
12	Tabletop Fridge	1	Ash	Procurement
13	File Cabinet	1	Metal	HR
14	Printer	1	Hp Colour LaserJet Mfpm283fdw	Client Serv. Unit
15	Hp Laptop	1	Hp	Works Dept
16	Printer	1	Colour LaserJet Promppm28fdw	"
17	Tabletop Fridge	1	Hisense	"
18	Tabletop Fridge	1	Hisense	Social Welfare
19	Laptop	1	Hp	Y.E.A.
20	Desk	3	Wooden	Y.E.A.
21	Table Top Fridge	1	Hisense	Mun. Health Env. Dr
22	Printer	1	Printer	Nabco Office
23	Book shelve	1	Metal	"
24	Desk	4	Wooden	NADMO General Office
25	Chairs	9	Chairs	"
26	Computer Set	1	Hp	"
27	Printer	1	Printer	"
28	Printer	1	Canon	Stores Unit
29	Air Condition	1	Air Condition	Stores Unit
30	Desktop Computer	2	Hp	Phy. Planning Dept
31	Table Top Fridge	1	Hisense	"
32	Printer	1	Hp Leserjetbt830 A0-A1	"

Non-Embossment of Assets

No	Item	Qty	Description	Department
1	Printer	1	Colour LaserJet Promfm47fdm	Urban Roads
2	Comb Binding Machine	1	Metal	"
3	Desktop Computer	2	Dell,13,4g1g,500/1tb	"
4	Complete Desktop	1	Dell	MCE & Secretariat
5	Printer	1	Printer	"
5	Curtains	6	Blinds -Lylon	"
6	3 In 1 Visitors Chair	1	Metal	"
7	Laptop	1	Laptop	MCD
8	Executive Chair	1	Swivel	"
9	Digital Tv	2	Digital/ Satelite	"
10	Telephone	1	Communication	"
11	Printer	1	Colo LaserJet Pro Mfp M28fw	ADM Deputy Director
12	Air Condition	1	2:Hp	Internal Audit
13	Printer	1	Printer	MFO Office
14	Laptop	1	Hp 5cd124rm5l Pavilion	Procurement
15	Curtains	2	Blinds -Lylon	Client Service
16	Telephone	1	Telephone	Reception
17	Visitors Chair	1	Armchair	Transport Unit
18	Printer	1	Panasonic	NCCE/Culture
19	Telephone	2	Panasonic	MCE PA
20	Wall Fan	1	Fan	MCE Secretary
21	Secretary desk	1	Wooden	Statistics Unit
22	Laptop	1	Hp	Mun. Health Env. Dr
23	Laptop	1	Hp	Mun. Health Dept
24	Laptop	1	Del	Stores Unit
25	Secretary desk	1	Wooden	Stores Unit
26	Secretary desk	1	Wooden	Works Department
27	Printer	1	Colour LaserJet Promfpm28fdw	"
28	Laptop	1	Hp	"
29	Water Pump	1	Water Pump	Estates



AYAWASO WEST MUNICIPAL ASSEMBLY

Our Ref. No. _____

Your Ref. No. CR/DA/AWMA/IGF/19

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

Date 22/03/2024

**RE: MANAGEMENT LETTER ON THE AUDIT OF THE ACCOUNTS OF THE INTERNALLY
GENERATED FUND (IGF) OF AYAWASO WEST MUNICIPAL ASSEMBLY, DZORWULU FOR
THE YEAR ENDING 31 DECEMBER 2023.**

INTRODUCTION

We refer to the Management Letter from your outfit dated 29th 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. PAYMENT OF WORKDONE WITHOUT JOB CERTIFICATE -GHS 34,380.15

Management has noted the observation and would like to indicate that the job certificates which were misfiled are available for inspection.

2. VEHICLES WITHOUT ROAD WORTHY CERTIFICATE.

Management has noted the observation and would like to indicate that the road worthy for the said vehicles have been done and are available for inspection.

3. FAILURE TO UPDATE ASSET REGISTER.

Management has noted the observation and would like to indicate that the asset register has been updated and is available for review.

4. INADEQUATE FIRE-FIGHTING EQUIPMENT.

Management has noted the observation and would like to inform the Audit team that the fire Audit report was duly delivered on the 15th of march, 2024 and management is working to ensure that the recommendations are fully implemented.

5. NON-EMBOSSMENT OF ASSETS.

Management has noted the observation and wish to inform you that the assets have been embossed and are available for inspection.

6. ABSENCE OF RISK ASSESMENT REGISTER.

Management has noted the observation and would like you to note that it is in the process of developing the risk register with the identification of risk by various departments which is being compiled by the Internal Audit Unit.

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