

In case of reply the
number and date of the
letter should be quoted

My Ref. No:GAR/DA/AWMA/IGF/22

Your Ref. No:

Tel: 233 (0) 302 664920/28/29

Fax: 233 (0) 302 6751495

Website: www.ghaudit.org



Good Governance
and Accountability

P. O. Box 556

TEMA

7 FEBRUARY 25, 2020

**THE MUNICIPAL COORDINATING DIRECTOR
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 PERIOD 1 JANUARY - 31 DECEMBER 2024**

We have audited the accounts and other related records of Ayawaso West Municipal Assembly's Internally Generated Fund for the year ending 31st December 2024 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 Assembly during the period under review:

Name	Position	Staff ID	Period
Hon. Sandra Owusu Ahinkorah	Municipal Chief Executive		1 Jan – 31 Dec. 2024
Benard K. P. Sekyama	Municipal Coordinating Director	59951	1 Jan – 31 Dec. 2024
Sadat Jawula	Municipal Finance Officer	97279	1 Jan – 31 Dec. 2024
Bless Adzedakor	Municipal Budget Officer	714704	1 Jan – 31 Dec. 2024
Daniel Tetteh	Municipal Internal Auditor		1 Jan – 31 Dec. 2024
Latifah Hashim	Human Resources	903985	1 Jan – 31 Dec. 2024
Jasper Dzabaku Katei	Mun. System Information Officer	911727	1 Jan – 31 Dec. 2024
Selasie Akortiah	Procurement Officer	641098	1 Jan – 31 Dec. 2024
Nathan Narh Caesar	Municipal Works Engineer	72754	1 Jan – 31 Dec. 2024
Mustspha Gariba	Municipal Planning Officer	839239	1 Jan – 30 Aug. 2024
Anthony Mompi	Municipal Planning Officer	728400	2 Sept. – 31 Dec. 2024
Kofi Simpeh	Mun. Devt. Planning Officer	911879	1 Jan – 31 Dec. 2024

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
- a. 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.
 - b. Management and utilization of funds were in accordance with the laws of Ghana with due regards to economy and efficiency.
 - c. Procurement of goods, services and works were carried out in a transparent and truly competitive manner.
 - d. All monies received were banked and accounted for and the accounts properly and well kept.
 - e. Value books were adequate and safeguarded to prevent abuse.
 - f. 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.
 - g. 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
 - h. The recommendations of the previous management letter had been complied with.

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 13 to 37.

- (i) We noted that a total contract sum of GH¢2,993,199.06 being partial reconstruction of selected roads in Shiashie, Dzorwula, Westlands and East Legon (2.96km) was awarded to Elex Investment Ghana limited in 2019. Expected completion date was September 2020. However, the project has been abandoned since 2022 when it was 64% completed. During the course of construction, management made a total payment of GH¢1,707,765.22 to the contractors. We urged management to ensure the completion of the abandoned road project as soon as possible. Furthermore, priority should be given to abandoned projects before new ones are awarded, to avoid locking up funds.
- (ii) We noted that management purchased a desktop computer, other office consumables and car tyres at a cost of GH¢164,647.44 vide two payment vouchers but failed to obtain VAT invoice and, as a result, did not pay VAT & NHIL of GH¢6,477.24. We recommended that VAT invoices totalling GH¢6,477.24 should be obtained from the suppliers to ensure that they reimburse GRA with the VAT component of the payments. Failing this, the expected VAT & NHIL amount should be recovered from the approving and authorizing officers. We also advised management to comply with the tax laws in its future purchases.
- (iii) We noted that the Ayawaso Municipal Assembly had procured assets such as 10 HP desktop computers, 15 Galaxy tablets, 3-in-1 photocopier printer and others. However, the Estate Officer responsible failed to disclose these items in the Asset Register. We recommended that the Estate Officer ensure all assets are properly recorded in the Asset Register and that these records are made available for our inspection and review.
- (iv) Our audit disclosed that, apart from the Hon. MCE and the head of internal audit of the assembly who have declared their assets and liabilities, six other management personnel of the assembly, upon assumption of their respective public offices, failed to declare their assets and liabilities to the Auditor-General. We advised management to ensure that they declare their assets and liabilities in order to achieve the intent of the law and enhance transparency and accountability.

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¢33,585,896.79 as against a budgeted figure of GH¢40,109,377.95 resulting in an unfavourable variance of GH¢6,523,481.16. The table below provides details:

Account	Budgeted Revenue GH¢	Actual Revenue GH¢	Variance GH¢
Rates	4,768,943.17	4,724,696.98	44,246.19
Lands And Royalties	6,764,620.00	7,848,357.00	-1,083,737.00
Licenses	9,777,713.18	7,645,149.81	2,132,563.37
Fees	536,017.06	420,137.00	115,880.06
Fines/Penalties/Forfeits	155,000.00	284,072.00	-129,072.00
Grants	18,107,084.54	12,663,484.00	5,443,600.54
Total	40,109,377.95	33,585,896.79	6,523,481.16

✓ Abandoned Road Project - GH¢2,993,199.06

14. 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.

15. We noted from our review of the progress report obtained from the Head of the Municipal Roads Department that, a total contract sum of GH¢2,993,199.06 being partial reconstruction of selected roads in Shiashie, Dzorwula, Westlands and East Legon (2.96km) was awarded to Elex Investment Ghana limited in 2019. Expected completion date was September 2020. However, the project had been abandoned since 2022 when it was 64% completed. During the course of construction, management made a total payment of GH¢1,707,765.22 to the contractors.

16. The engineer indicated that the contractor presented a variation, which the assembly did not agree to, leading to the contractor abandoning the project. According to the engineer, the continued neglect of the project by the assembly, due to the disagreement on price variation, resulted in cost overruns, negatively impacting other development projects.

17. We urged management to ensure the completion of the abandoned road projects as soon as possible. Furthermore, priority should be given to abandoned projects before new ones are awarded, to avoid locking up funds.

18. Management has noted our recommendation and stated that steps are being taken to repack the contract in accordance with the applicable laws.

Purchases without VAT invoices – GH¢6,477.24

19. Section (1) of the Value Added Tax Act, 2013 (Act 870) states that “there is imposed by this Act a tax to be known as the value added tax, which is to be charged on the supply of goods or services made in the country other than exempt goods or services and import of goods or import of services other than exempt import.”

20. Section 41(9c) of the Value Added Tax Act, 2013 (Act 870) also states that “a person who fails to issue a tax invoice or sales receipt as required under subsection (1) or (3) is, in addition to the penalty provided in section 58, liable to pay a penalty of an amount not more than five hundred currency points or three times the amount of tax involved, whichever is higher.”

21. Section 59(1) of the Value Added Tax Act, 2013 (Act 870) establishes that individuals who knowingly evade tax or attempt to evade tax, or persons who deal with goods or services where they believe tax has not been paid or falsely reclaimed, commit an offense. Offenders are liable to a fine of up to three times the evaded tax, imprisonment for up to five years, or both.

22. Contrary to the above, We noted that management purchased a desktop computer, other office consumables and car tyres at a cost of GH¢164,647.44 vide two payment vouchers but failed to obtain VAT invoice and, as a result, did not pay VAT & NHIL of GH¢6,477.24 See details below.

No	Date	PV No	Cheque No	Details	Payee	Amount	VAT
						GH¢	GH¢
1	13/11/24	AWMA/IGF/1 9/11/2024/FA	204423	Purchase of desktop computer and other office consumables	Foresight Premium Ltd	70,627.44	2,716.44
2	9/10/24	AWMA/IGF/0 7/10/2024/FA	204340/1	Purchase of car tyres	Kanaya Insatsu Ent	94,020.00	3,760.80
	Total					164,647.44	6,477.24

23. Management’s failure in ensuring only VAT invoices were received from suppliers led to a loss of tax revenue to the State amounting to GH¢6,477.24.

24. We recommended that VAT invoices should be obtained from the suppliers to ensure that they reimburse GRA with the VAT component of the payments. Failing this, the expected VAT & NHIL amount should be recovered from approving and authorizing officers. We also advised management to comply with the tax laws in its future purchases.

25. Management accepted our recommendations and stated that they have officially informed the two companies to present the invoices for our verification.

Failure to update Asset Register

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

27. During our inventory review, we noted that the Ayawaso Municipal Assembly had procured assets such as 10 HP desktop computers 15 Galaxy tablets, 3-in-1 photocopier printer, and others. However, the Estate Officer responsible failed to disclose these items in the Asset Register. Details are attached as Appendix ‘A’.

28. This oversight resulted from the schedule officer's failure to ensure that all departmental assets are recorded in the Asset Register. Also, inadequate supervision by the Head of Administration over the schedule officer accounted for this omission.

29. Such omissions could lead to the misplacement or pilfering of office assets.

✓ 30. We recommended that the Estate Officer ensures all assets are properly recorded in the Asset Register and that these records are made available for our inspection and review.

31. Management stated that, they have directed the Estate Officer to immediately update the register for our review.

✓ **Non-Declaration of Assets and Liabilities**

32. Article 286 of the 1992 Constitution of Ghana provides that a person who holds a public office mentioned in clause 5 of this Article shall submit to the Auditor-General a written declaration of all properties or assets owned by, or liabilities owed by, him, whether directly or indirectly.

33. In contravention of this Article, our audit disclosed that, apart from the Hon. MCE and the head of internal audit of the assembly who had declared their assets and liabilities, six other management personnel of the assembly, upon assumption of their respective public offices, failed to declare their assets and liabilities to the Auditor-General. Details of the affected officers are shown below:

No.	Name of Officer	Designation
1.	Mr. Benard K.P. Sakyiama	Municipal Coordinating Director
2.	Sadat Jawula	Municipal Finance Officer
3.	Kofo Simpeh	Municipal Planning Officer
4.	Bless Adzedakor	Municipal Budget Officer
5.	Nathan Narh Ceasar	Municipal Works Engineer
6.	Selasie Akotiah	Municipal Procurement Officer
7.	Anthony Fred Mompi	Physical Planning Officer

34. Assets and liabilities declaration enhances integrity, checks illicit enrichment of public servants, and promotes public trust in the performance of their duties.

35. As a result of not declaring their assets, integrity, transparency, and probity, key aspects of the code of conduct for public office holders that the law seeks to uphold cannot be easily achieved. Additionally, the law's objective to prevent illicit enrichment of public servants would not be effectively realized.

✓ 36. We advised management to ensure that they declare their assets and liabilities in order to achieve the intent of the law and enhance transparency and accountability.

37. Management promise to comply.

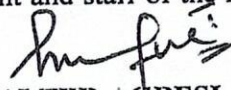
Follow-up on Previous Report

38. We have followed up on our previous management letter with reference number GAR/DA/AWMA/IGF/19 of 29 February 2024 and actions taken by management is attached as

Appendix 'B'. We urged management to take the necessary steps to resolve all the outstanding issues.

Acknowledgement

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


WALTER AGBESI
DISTRICT AUDITOR
GAR/ DISTRICT 'A'
DISTRICT AUDITOR
DISTRICT (A)
GREATER ACCRA REGION

cc: The Auditor General
Audit Service
Accra

The Regional Auditor
Audit Service
GAR/Tema

The Municipal Finance Officer
Ayawaso West Municipal Assembly
Dzorwulu

The Chief Director
Regional Coordinating Council
Accra

The Presiding Member
Ayawaso West Municipal Assembly
Dzorwulu

Failure to update Asset Register

Asset	Qty	Amount GH¢
Furniture (sofa chair)	2	5,900.00
Printer Hp laser jet 4003DN	1	9,850.00
Printer Colour laser jet Pro Mfp M283	1	12,100.00
Hisense 32" Television	1	3,400.00
External Hard Drive HDD 4TB	2	5,700.00
Desktop Computer Intel Core i7 10th Gen	1	40,300.00
Epson Printer	1	16,950.00
Extension board	5	1,850.00
Portable Sandisk SSD 1TB	1	2,540.00
Portable Sandisk SSD 250GB	1	5,800.00
4-in-1 Workstation (Office desk)	1	18,685.00
Samsung Galaxy Tab A9	15	81,300.00
Desktop G9 Intel Core i3 12th Generation	10	137,779.79
Office Table	1	} 155,050.31
Swivel Chair	1	
4 in 1 Workstation(wooden)	4	
5 in 1 KG Furniture & round Table	80	
KG Chairs	400	
Motor Bike	5	85,748.00
Motor Bike	4	68,598.40
Motor Bike	5	85,748.00
Office furniture	6	96,844.80
Office furniture	6	96,844.20
Motor Bike	5	85,748.00
SWIVEL	1	
FILE TRAY	1	
SECRETARY CHAIR	1	
SECRETARY CHAIR	1	
4 IN 1 WORKSTATION	1	
3 IN 1 SCANNER PHOTOCOPIER PRINTER	1	

Appendix 'B'

FOLLOW-UP ON 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

Ref: GARDA/AWMA/IGF/19 of 29 February 2024

Para. No.	Audit Findings	Audit Recommendation	Management's Response	Action taken by Management/AC	Auditor's comments on evidence gathered
14-19	Payment of Work Done Without Job Certificate – GH¢34,380.15	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	40. 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.	Management submitted the certificates of work	No further action required
20-25	Vehicles without Road worthy Certificates	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	Management responded that they are in the process of renewing the certificates for the vehicles.	Management provided the road certificates	No further action required
26-31	Failure to Update Assets Register	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	We recommended that the Estate officer ensures that the Assets are updated in the Register and made	Management provided the updated list for our verification.	No further action required

		update or disclose them in the asset register.	available for our review		Further action required
32-36	Inadequate Fire-fighting Equipment	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.	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.	Management has renewed the procured additional fire extinguishers. However, failed to provide smoke detectors in the offices	Further action required
37-42	Non-Embossment of Assets	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	We advised management to ensure that all assets of the Assembly are clearly marked to prevent pilfering or replacement of assets.	All the affected assets have been embossed	No further action required
43-46	Absence of Risk Assessment Register	Contrary to this, an 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	Management presented the copy of the risk assessment register	No further action required



AYAWASO WEST MUNICIPAL ASSEMBLY

Our Ref. No.

AWMA. 05/20/21

THE DISTRICT AUDITOR
GREATER ACCRA REGION, DISTRICT 'A'

Your Ref. No.

17-02-2025

RE: MANAGEMENT LETTER ON THE AUDIT OF THE ACCOUNTS OF AYAWASO WEST MUNICIPAL ASSEMBLY – INTERNALLY GENERATED FUNDS FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2024

INTRODUCTION

We refer to the Management Letter from your outfit dated 7th February 2025 on the above subject matter and we wish to bring to your attention the following responses on the issues raised as required under section 29 of the Audit Service Act, 2000 (Act 584).

ABANDONED ROAD PROJECT – GHC 2,993,199.06

Management has noted the observation and is taking steps to repackaging the contract in line with the Procurement Act.

PURCHASES WITHOUT VAT INVOICES – GHC 6,477.24

Management has noted the observation and has obtained the VAT invoices from the suppliers. The VAT invoices are available for review.

FAILURE TO UPDATE ASSET REGISTER.

Management has noted the observation and can confirm that the asset register has been updated by the Estate Officer. Copy of the asset register is available for review.

NON-DECLARATION OF ASSETS AND LIABILITIES

Management has noted the observation and would ensure compliance as recommended by the audit team.

CONCLUSION

Management would like to thank the external audit team for the professional conduct exhibited in carrying out the audit engagement and 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
GART/Tema

The Regional Director
Regional Coordinating Director
Accra.

The Presiding Member
Ayawaso West Municipal Assembly
Dzorwulu