

# AUDIT SERVICE



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**THE DISTRICT CHIEF EXECUTIVE  
OBUASI EAST DISTRICT ASSEMBLY  
TUTUKA – OBUASI**

**ATTENTION: DISTRICT CO-ORDINATING DIRECTOR**

**MANAGEMENT LETTER ON THE AUDIT OF THE OBUASI EAST DISTRICT  
ASSEMBLY’S INTERNALLY GENERATED FUND FOR THE PERIOD  
JANUARY 1, 2023 TO DECEMBER 31, 2023.**

**Introduction**

We have carried out the audit of the accounts and other related records of the Obuasi East District Assembly covering the period 1 January 2023 to 31 December 2023 in accordance with the Auditor-General’s mandate in article 187 (2) of the 1992 Constitution and the Audit Service Act 2000, Act 584.

- The audit is in accordance with the Auditor-General’s statutory mandate under Article 187(2) of the 1992 Constitution and Section 11(1) of the Audit Service Act 2000 (Act 584).
- We shall be grateful for your response within 30 days upon receipt of this management letter as required by Section 29 (1) of the Audit Service Act, 2000 (Act 584).

**Key Personnel**

- The following officials handled the financial and administrative duties of the Assembly during the period under review.

Name	Rank	Period
Faustina Amissah	District Chief Executive	01/01/23 – 31/12/23
Eric Aboagye - Mensah	District Co-ordinating Director	01/01/23 – 31/12/23
Kofi Akey Perlornorpe	District Finance Officer	01/01/23 – 26/06/23
Faila Mohammed	District Finance Officer	27/06/23 – 31/12/23
Jones Agyemang	District Planning Officer	01/01/23 – 31/12/23

Jacinta Aekah	District Budget Analyst	01/01/23 – 31/12/23
Gloria Tabi	Internal Auditor	01/01/23 – 31/12/23
Stella Frimpong	Human Resource Manager	01/01/23 – 31/12/23
Alhaji Shamsu Abdalla	District Transport Officer	01/01/23 – 31/12/23
Gamor Jones	District Environmental Health Officer	01/01/23 – 31/12/23
Samuel Nti-Kyeremeh	District Work Engineer	01/01/23 – 31/12/23

### **Audit Objectives**

5. The Auditor-General shall examine in such manner as he thinks necessary the public and other government accounts and shall ascertain whether in his opinion:
- (a) the accounts have been properly kept;
  - (b) all public monies have been fully accounted for, and rules and procedures applicable are sufficient to secure an effective check on the assessment, collection and proper allocation of the revenue;
  - (c) monies have been expended for the purposes for which they were appropriated and the expenditures have been made as authorized;
  - (d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public property; and
  - (e) programmes and activities have been undertaken with due regard to economy, efficiency and effectiveness in relation to the resources utilized and results achieved.

### **Scope and Determination of Responsibilities**

6. Our audit coverage included;
- (a) A review of cash management with regards to economy, efficiency and effectiveness.
  - (b) The audit also reviewed budgetary control, financial reporting and the internal controls in place regarding Revenue, Procurement, Sanitation, Disaster and Assets Management.
  - (c) The Financial Statement, maintenance of effective control measure and compliance with laws and regulations are the responsibility of management. Our responsibility is to express an independent opinion on the Financial Statements.

### **Audit methodology and strategy**

7. We used the risk-based audit approaches for the conduct of the audit. This among others included interview of officials of the Assembly to understand and document the system, examination of transactions, review of procurement processes, procedures and contract records. We issued observations to management for their responses, which we have incorporated in this Management letter.
8. We derived our audit evidence using criterion and standards from sources including the Public Procurement Act 2003 (Act 663) as amended, the Public Procurement (Amendment) Act 2016 (Act 914), the Public Financial Management Act, 2016 (Act 921), Public Financial Management Regulations, 2019 (LI 2378), the Local Governance Act 2016 (Act 636) and Ministerial directives among other statutes.
9. We assessed and drew an overall conclusion on the effectiveness of the control environment, designed and performed substantive test to cover a sufficient sample of expenditure transaction in each spending unit to enable us verify at 95% confidence level and 0.5% materiality level.

### **Limitation of our responsibility**

10. We reviewed the accounts and related records and the system of control operated by management of the Assembly, only to the extent we considered necessary for the effective performance of the audit.
11. 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 within your institution.
12. 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**

13. Management of the Assembly maintained appreciable degree of financial discipline in spite of the anomalies mentioned in this management letter. It is our hope therefore that management of the Assembly would further improve upon its operations, particularly with regards to cash management, proper project management and safeguarding of assets as well as compliance to laws, rules and regulations.
14. Management is therefore recommended to take note of the weaknesses identified and endeavor to implement and enforce the audit recommendations made.

## Summary of Significant Findings and Recommendations

15. We noted that management of the Assembly made payments to the tune of **GH¢13,218.00** via twelve (12) payment vouchers without adequate attachments to the payment vouchers. We recommended that the DFO should provide detailed documents to authenticate the expenditure or refund the amount to the Auditor-General Recoveries Account (**Paragraph 27 – 34**)
16. The Assembly purchased fuel amounting to **GH¢4,500.00** via fourteen (14) payment vouchers for the use of official vehicles, but failed to log the fuel in the vehicle's log books. We recommended that the Finance Officer and the Drivers involved should justify the fuel purchased not logged on the vehicle logbooks. (**Paragraph 35 – 40**)
17. Our review of the rent register disclosed that **Twenty (20)** occupants of the Assembly's accommodation defaulted in the payment of rent to the tune of **GH¢2,200.00**. We recommended to the DCD to ensure that the DFO recover the rent arrears of **GH¢2,200.00** in full from the defaulters. (**Paragraph 41 – 46**)
18. Our review of the store records shows that the Assembly received Furniture and other office equipment from **Life Mate Furniture since 19<sup>th</sup> April, 2021** for the Obuasi East District Assembly new office building which are yet to be issued out for use. We advised management to ensure that the items are issued for use. (**Paragraph 47 – 52**)
19. We realized that the Assembly spent funds to evict squatters at the 122 housing units handed over to the Assembly by AGA for un-ward allocation to staff of the Assembly and other public sector workers but, only 46 units of the 122 units of were allocated. We requested the DCD to ensure the immediate allocation of the building and retrieve all the expected rent from the current occupants. (**Paragraph 53 – 59**)

## Details of Findings and Recommendations

### Fund Accountability and Budgetary Performance

#### Operational Results

#### Revenue Performance

20. Our review of the revenue performance on the Internally Generated Funds (IGF) from the Assembly traditional revenue sources disclosed that the Assembly could not meet its target in six (6) of its traditional revenue sources resulting in total negative variance of **GH¢808,118.06** as at the year ended 31 December, 2023.
21. Our audit further disclosed that the Assembly could not achieve its total revenue budget of **GH¢3,167,378.00** on the IGF, by collecting **GH¢2,359,259.94** or 74.49% resulting in a negative revenue variance of (**GH¢808,118.06**).

22. We observed that Fees did exceed their budgeted figures by GH¢37,830.20 while Rates, Lands & Royalties, Rent, Licenses, Fines/Penalties & Forfeits and Miscellaneous have negative variances for the period ended 31 December, 2023. Below are the details.

<b>Revenue Heads</b>	<b>Budget GH¢</b>	<b>Actual GH¢</b>	<b>Variance GH¢</b>
Rates	1,059,524.00	686,457.92	(373,066.08)
Lands & Royalties	986,378.00	757,766.14	(228,611.86)
Rent	58,000.00	28,390.00	(29,610.00)
Licenses	647,200.00	494,421.68	(152,778.32)
Fees	288,900.00	326,730.20	37,830.20
Fines, Penalties & Forfeits	113,564.00	53,289.00	(60,275.00)
Miscellaneous	13,812.00	12,205.00	(1,607.00)
<b>Total</b>	<b>3,167,378.00</b>	<b>2,359,259.94</b>	<b>(808,118.06)</b>

23. The Assembly therefore could not achieve its revenue targets by 25.51% of its Internally Generated Fund.

### **Expenditure**

24. The total expenditure incurred by the Assembly for the period ended 31 December 2023 amounted to **GH¢2,533,177.72** as against the approved expenditure estimates of **GH¢3,170,378.00** for the same period.

Details below:

<b>Expenditure</b>	<b>Budget GH¢</b>	<b>Actual GH¢</b>	<b>Variance GH¢</b>
Compensation of Employees	346,944.00	177,730.79	169,213.21
Goods & Services	1,501,406.00	1,380,181.39	121,224.61
General/Other Expenses	138,000.00	119,324.11	18,675.89
Non-Financial Asset	1,184,028.00	855,941.43	328,086.57
<b>Total</b>	<b>3,170,378.00</b>	<b>2,533,177.72</b>	<b>637,200.28</b>

### **Operational Results**

25. The Assembly, during the period under review generated revenue of GH¢2,359,259.94 and incurred expenditure of GH¢2,533,177.72 resulting in a deficit of **GH¢173,917.78** as at the period ended 31 December, 2023.

## **System of Accounting and Internal Control**

26. The Assembly processed its accounting transactions on the GIFMIS system. The results of their operations as presented in periodic financial returns to the Controller & Accountant General emanated from the GIFMIS processed transactions.

## **Cash Management**

### **Payment made without adequate Supporting Documents - GH¢13,218.00**

27. Regulations 78(1) (a & b) of the Public Financial Management Regulations, 2019 (LI 2378) states "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; that evidence of services received, certificates for work done and any other supporting documents exists".
28. The District Co-ordinating Director (DCD) and the District Finance Officer (DFO) made payments to the tune of **GH¢13,218.00** via twelve (12) payment vouchers without adequate supporting documents attached to the payment vouchers. We are of the view that the amount was not used for the transactions as stated which constitutes diversion of funds. The details are attached as **appendix I**.
29. The District Finance Officer did not assign any cause to this anomaly.
30. This situation can easily lead to misappropriation of funds, since the supporting document were inadequate to justify the payments.
33. We demanded that the DFO should ensure that detailed documentations are provided to authenticate the expenditure. Failure for which the DCD and the DFO should be held liable to refund the amount in to the Auditor-General Recoveries Account with Bank of Ghana with account no: **(1018331470015)** at Accra.
34. Management responded that the necessary supporting documents to authenticate the expenditure incurred by the Assembly have been attached to the payment vouchers for verification and consideration. However, our verification showed that a total of **GH¢13,218.00** was still outstanding. We reiterate our recommendation in paragraph 33.

### **Fuel not logged in the vehicle logbooks - GH¢4,500.00**

35. Section 52(7a) of the Public Financial Management Act, 2016, Act 921 states "The Principal Spending Officer is discharged of accountability of government stores where the stores have been consumed in the course of public business and records are available to show that the stores have been consumed".
36. On the contrary, the Assembly purchased fuel amounting to **GH¢4,500.00** via fourteen (14) payment vouchers for the use of official vehicles, but failed to log the fuel in the vehicle's log books. In view of this, we were unable to confirm whether the fuel purchases were used

in the interest of the Assembly or otherwise. The details of these unlogged fuel is attached as **appendix II**.

37. The drivers did not give any reason why they failed to enter the fuel in the Vehicles Log Books.
38. Fuel purchased not recorded in the vehicle log book could be diverted for private use by individuals involved in the purchases thereby resulting in the loss of funds to the Assembly. The effect is that the Assembly could be denied of funds needed to run other important and equal pressing issues that affect the people while individuals benefit in the process.
39. We recommended that the Finance Officer and the Drivers involved should justify the fuel purchased not logged in the vehicle logbooks or they should refund the said amount to the Auditor-General Recoveries Account with Bank of Ghana with account no: **(1018331470015)** at Accra.
40. Management failed to respond to this observation.

#### **Rent Defaulters - GH¢2,200.00**

41. Regulation 46(a) of Public Financial Management Regulations 2019, (LI 2378) states; ‘A Principal Spending Officer shall ensure that all non-tax revenue is efficiently collected.’
42. Our review of the rent register disclosed that **Twenty (20)** occupants of the Assembly’s accommodation defaulted in the payment of rent to the tune of **GH¢2,200.00** from January to December 2023 as detailed and attached as appendix III
43. No cause was given for this anomaly
44. This attitude of occupants could derail the chances of the Assembly achieving the expected revenue from rent and the needed funds to maintain the bungalows, especially when there is high cost of maintenance of buildings.
45. We recommended to the DCD to ensure that the DFO immediately recover the rent arrears of **GH¢2,200.00** in full from the defaulters.
46. Management responded that steps have been taken to recover the unpaid rent from the occupants of the Assembly bungalows and twelve occupants have settled their indebtedness so far. Management assured that the others have been urged to equally pay their rent, however, management did not provide any evidence to the claim. We continue to urge the DFO to collaborate with the DCD and the Estate Officer to recover the unpaid rent without delay.

## **Procurement and Stores**

### **Delay in the use of Office Items**

47. Section 52 (a1) of the public Financial Management Act 2016 act (912) requires that a control system should be instituted and this shall be capable of ensuring that preventive mechanisms are put in place to eliminates theft, loss, wastage and misuse.
48. Our review of the store records shows that the Assembly received Furniture and other office equipment from **Life Mate Furniture since 19<sup>th</sup> April, 2021** for the Obuasi East District Assembly new office building. However, the items have not been put to use. Details of the items are provided as appendix IV.
49. The storekeeper attributed the cause to the non-completion of the District Assembly New Office Complex where the items were meant to be used
50. Over stay of these items could lead to deterioration and spoilage. The situation would not ensure value for money and this is a recipe for wastage of resources.
51. We advised that management should ensure that the items are issued for use in order to ensure value for money since management is unable to confirm when the new Assembly building would be ready for use. Moreover, evidence of the usage of the items should be submitted to audit team for verification.
52. Management did not respond to this observation

### **Infrastructural Projects**

#### **Unallocated Assembly Accommodations (76 Units)**

53. Section 52(1) of the Public Financial Management Act, 2016, Act 921 states “A Principal Spending Officer of 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” Subsection (2b) also states that “A control system specified in subsection (1) shall be capable of ensuring that processes, weather manual or electronic, and procedures are in place for effective efficient economical and transparent use of the assets”
54. Regulation 160 (2d) of the Public Financial Management Regulations, 2019, (L.I. 2378) required that where any land or building of a covered entity is illegally occupied or a vehicle is used by an unauthorized person, the Minister shall order that person to pay rent that the person should have paid for of the land or building.
55. We discovered that AGA handed over 122 housing units to the Obuasi East District Assembly for allocation to staff of the Assembly and other public sector workers to ease accommodation challenges of officers on posting and working in the District. We realized that the Assembly spent funds to evict squatters at the premises for un-ward allocation and as at the time of audit, only 46 units out of the 122 units of accommodation were allocated

according to the records provided by the Estate Officer. The Assembly could not mobilize rent revenue from the buildings. In addition, out of the 46 units officially allocated, three units were allocated to non-public sector workers.


56. Management attributed the delay to litigation with some of the illegal occupants.
57. The situation has denied the Assembly of the needed revenue from the buildings. Again, the buildings if left un-occupied for some time will lead to their deterioration and allocation to non-public sector workers is unlawful and does not provide fairness to the previous occupants.
58. We requested details of all the unallocated buildings for our verification and asked that the District Co-ordinating Director and Estate Officer of the Assembly should take steps to ensure their allocation and retrieve all expected rent from the current occupants. The allocation details should be provided for verification and confirmation, failure of which the District Co-ordinating Director and the Estate Officer should be sanctioned and be made to refund all funds used for the eviction as well as expected revenue from the buildings.
59. According to management, the bungalows have been allocated to staff and other public sector workers within the district and the allocation letters to the respective occupants of the housing units are available for confirmation. However, only thirteen allocation letters out of the seventy-seven housing units were presented as evidence. We asked that the District Chief Executive, District Co-ordinating Director and the Estate Officer should refund the expected revenue involved as well as other cost associated with eviction of the unauthorized occupants.

#### **Follow Up Action on Previous Audit Report**

60. Matters arising from the previous audit report referenced **AS/OB/ 6/LG.2/VOL.II/08** dated 26<sup>th</sup> May 2023 were not all resolved.

#### **Acknowledgement**

61. We are grateful to management and staff of the Assembly for the cooperation and assistance extended to our audit team during the audit.



**RICHARD ASAMOAH**

**DISTRICT AUDITOR**

**OBUASI**

CC:

The Deputy Auditor-General (EIDA-SZ)  
Audit Service  
**Accra**

The Head of Service  
Local Government Service  
**Accra.**

The Regional Auditor  
Audit Service  
**Kumasi**

The Regional Co-Ordinating Director  
Regional Co-Ordinating Council  
**Kumasi**

The Presiding Member  
Obuasi East District Assembly  
**Tutuka**

## Payments without adequate support documents - GH¢13,218.00

S/No.	Date	PV No.	Cheq. No.	Particulars /Details	Payee	Amount	Remarks
1.	03/02/23	4A/02/23	001682	Being funds released to enable the assembly prepare, produce and submit the reports	Co-ordinating Director Obuasi East Municipal Assembly	460.00	Accounted for - GH¢3,140.00 . Bal - GH¢460
2.	10/02/23	12C/02/23	001619	Toner	Co-ordinating Director Obuasi East Municipal Assembly	412.00	No official receipt. No SRA
3.	17/03/23	17/24/03/23	001721	Funds for refreshment for monitoring team	DCD	400.00	no monitoring report
4.	17/03/23	19/03/23	001721	Being funds released to enable district budget analyst submit 2022 annual budget performance report to RCC-Kumasi	DCD	500.00	No details of the itinerary.
5.	16/06/23	30/06/23	001805	Cost of replacement of items	TOPH STAR ENT	2,490.00	No works order and no certificate of completion
6.	28/07/23	56/07/23	001845	Being funds released to enable the District Internal Auditor submit ESPV for April, 2023 to IIA and CADG, Accra	Co-ordinating Director Obuasi East Municipal Assembly	200.00	Total amount - GH¢700 GH¢200 not accounted for
7.	28/07/23	57/07/23	001845	Being funds released as cost to enable the budget office submit second quarter report to Accra	Co-ordinating Director Obuasi East Municipal Assembly	200.00	Total amount - GH¢700 GH¢200 not accounted for
8.	28/07/23	59/07/23	001845	Being funds released as cost of transportation and out of station for	Co-ordinating Director Obuasi East	200.00	Total amount - GH¢700 GH¢200 not accounted for

				submission of June 2023 financial report in Accra	Municipal Assembly		
9.	01/09/23	6/9/23	001882	Being funds released to cater for the media and social service sub-committee members on the B.E.C.E tour by the DCE	Co-ordinating Director Obuasi East Municipal Assembly	2,616.00	No official receipts from Media houses
10.	05/09/23	17/9/23	001891	Installation of metal container	EKOHAF VENTURES	3,844.00	Location of work not disclosed
11.	06/09/23	18/19-9-23	001893 /001894	Binding machine Transportation Covid levy VAT & NHIL	DEB-BASH VENTURES	1,136.00	No receipt
12.	06/09/23	22/9/23	001895	Being funds released as cost of transportation and out of station allowance to enable three officers attend community engagement meeting at Anita hotel Kumasi on 24 <sup>th</sup> August 2023	DCD	760.00	Total amount - GH¢2,720.00 Un-receipted - GH¢760.00. No details of the itinerary for the payment of T & T
<b>Grand Total</b>						<b>13,218.00</b>	

Appendix II

Fuel not logged in the vehicle logbooks - GH¢4,500.00

S/No.	Date	Fuel Receipt Date	PV. No.	Cheq No.	Vehicle No.	Type of Fuel	Qty/ Litres	Unit Price	Amount GH¢	
1.	20/01/23	24/01/23	26/01/23	001675	GM-8296-18	Diesel	27.85	14.36	400.00	
2.	17/02/23	17/02/23	24/02/23	001696	GN-8296-18	Diesel	26.315	15.20	400.00	
3.	10/03/23	10/03/23	10/03/23	001717	GN-8296-18	Premium			400.00	
4.	06/04/23	10/04/23	14/04/23	001743	GN-8296-18	Diesel			400.00	
5.	28/04/23		54/04/23	001768	GN-8296-18	Diesel	33.6	11.89	400.00	
6.	05/05/23	03/05/23	11/05/23	001773	GE-3138-Y	Diesel			300.00	
7.	07/07/23	06/07/23	09/07/23	001824	GE-3138-Y	Diesel		11.79	300.00	
8.	19/09/23	18/09/23	45/09/23	001960	GE-3138-Y	Diesel			300.00	
9.	29/09/23	28/09/23	81/09/23	001983	GE-3138-Y	Diesel	15.40	12.99	200.00	
	October to Dec									
10.	13/10/23	12/10/23	13/10/23	001998	GE-3138-Y	Diesel	14.72	13.59	200.00	
11.	24/11/23	22/11/23	21/12/23	001936	GE-3138-Y	Diesel	15.40	13.39	200.00	
12.	30/11/23	29/11/23	30/11/23	000007	GE-3138-Y	Diesel		12.99	200.00	
13.	15/12/23	15/12/23	15/12/23	001945	GN-8296-18	Diesel		12.99	400.00	
14.	22/12/23	22/12/23	22/12/23	001948	GN-8296-18	Diesel		12.99	400.00	
		<b>Grand Total</b>								4,500.00

**Delay in the use of Office Items**

<b>Qty</b>	<b>Description</b>
1	Projector with screen
100pcs	Conference chairs
1pc	2.4m table with wall unit
1pc	2.0 table with wall unit
2pcs	Sofa set with table
2pc	Executive swivel
2pc	1.2m tables
5pc	1.6m table
10pc	Workstation
10pcs	4 drawer cabinets
2pcs	Double door cabinet
6pcs	Suit hangers
1pc	Pulpit
5pcs	Swivel chairs
1pc	Printer
1pc	Photocopier
10pcs	Wall clocks
41pcs	PVC Chairs
6pcs	Conference chairs