FINAL

AUDIT SERVICE

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Transparency, probity and accountability

P. O. Box 76

Bekwai-Ashanti

19 March, 2020
24/3/2020

The District Chief Executive
Bosome Freho District Assembly
Asiwa.

MANAGEMENT LETTER ON THE AUDIT OF THE ACCOUNTS OF BOSOME FREHO DISTRICT ASSEMBLY – INTERNALLY GENERATED (IGF) & OTHER FUNDS, FOR THE PERIOD 1 JANUARY 2019 TO 31 DECEMBER 2019.

We have, in accordance with the statutory mandate in Article 187 (2) of the Constitution and Section 11 (1) of Act 584 (Audit Service Act, 2000) audited the accounts and other related records of Bosome Freho District Assembly, for the period 1 January 2019 to 31 December 2019.

2. We submit, for your comments and necessary action, the following observations made during the audit.

3. The observations were discussed with management whose responses have been taken into account in the writing of this report.

4. Further, in line with Section 29 (1) of the Audit Service Act, 2000, we look forward to receiving your reply within **30 days** on your receipt of this report.

5. Your failure to provide responses to this Management Letter within **30 days** will compel the Auditor-General to withhold your emoluments and allowances in accordance with Section 29 (2) of Act 584.

Key Management Personnel

6. The following officers were in charge of the financial and administrative functions of the Assembly during the period of audit:

Name	Staff ID	Rank	Position	Period
Hon. Yaw Danso	–	–	District Chief Executive	May 2017 to da
Charles Ferkah	536464	Deputy Director	District Co-ordinating Director (DCD)	January 2019 to August 2019
Samuel Kyei-Baffour Frimpong	63963	Chief Dev't. Planning Officer	District Co-ordinating Director (DCD)	November 2019 date
Ewuntomah Issah	29170	Senior Accountant	District Finance Officer (DFO)	November 2018 date
Terry Budu	613532	Surveyor	District Works Engineer	August 2018 to date
Rabiatu Issah	924316	Budget Analyst	District Budget Analyst	June 2018 to December 2019

Audit Objectives

7. The records were examined to ascertain whether:
   - i. the accounts have been properly kept,
   - ii. all public moneys have been fully accounted for, and the rules and procedures applicable are sufficient to secure an effective check on the assessment, collection and proper allocation of revenue.
   - iii. essential records are maintained, and the rules and procedures applied are sufficient to safeguard and control public property.
   - iv. payments in respect of wages and salaries are made only to legitimate employees in accordance with records of work performed.
   - v. financial business has been conducted with due regard to economy in relation to the results achieved.

Scope of Audit

8. Our audit included a review of internal control system in operation, cash management, procurement and stores management. We also carried out a follow up on action taken by management to address recommendations contained in our previous audit report.

Summary of Significant Findings and Recommendations

9. The Assembly continued to process transactions and financial returns using manual payment vouchers and an unapproved standalone software at annual cost of GH¢2,500.00, mainly due to the reluctance of Management to adopt the Ghana Integrated Financial Management Information System (GIFMIS) platform as the core electronic platform of Government. We recommended sanctions against offending officers in order to ensure commitment towards using the platform to improve accountability and accuracy in financial reporting.

10. Due to the inability of the Assembly's Audit Committee to compel Management to document the status of implementation of recommendations towards addressing audit findings, issues raised in previous Auditor-General's Management Letters remains unresolved and also reoccurred during the period under review. We recommended that the members of the Committee should apprise itself of the terms of reference and mandate of the Committee.

11. Dereliction of duty on the part of the Audit Committee of the Assembly over the Internal Audit Unit (IAU) resulted in the non-submission of the Internal Audit quarterly reports to the Auditor-General as mandated by law. To facilitate assessment of the operating effectiveness of internal controls towards effective audit planning and execution, we recommended that the Committee should compel the Internal Auditor to submit her reports in accordance with the law.

12. Management paid GH¢18,319.23 to Matphijoe Consult & Business Service Ltd. as a 30%-commission for collecting institutional property rates on behalf of the Assembly, which could easily be collected by the Assembly, but failed to produce an agreement and justification for outsourcing the collection. We recommended that the relationship with the collector be terminated to save the Assembly avoidable costs; and from potentially unfavourable contract clauses.

13. The MP for the Bosome Freho Constituency, Hon. Joyce Dei misapplied GH¢16,500.00 of the Social Investment Fund (SIF) meant for poverty-reduction interventions on her personal tour of the constituency without seeking advice on proper usage of the funds from the Assembly before incurring the expenditure from the fund. We recommended for the

disallowance of the expenditure and also recommended that Hon. Dei should refund the amount from her personal accounts, and ensure that SIF resources are channelled towards their intended purposes in future.

14. Hon. Joyce Dei, MP of the Bosome Freho Constituency incurred an expenditure of GH¢3,700.00 on monitoring of communities without supporting documents to authenticate the expenditure. We recommended that Hon. Dei should authenticate the expenditure or be surcharged with the amount involved in the absence of reasonable evidence to support her claims.

15. Weak monitoring by both the Internal Audit Unit and the Finance Office resulted in an undeposited amount of GH¢3,381.50 by the revenue superintendent, Mr. Ibrahim Gonja. To ensure the regularity and proper use of the funds, we advised the IAU to exercise their monitoring and supervisory roles regularly on all revenue inflows of the Assembly, and asked that Mr. Gonja should deposit the amount immediately into the Assembly's account.

16. IGF revenue fell short of the target set by 38%, and also dropped by 26% over that of 2018. The adverse variances were occasioned by the absence of underlying data on properties and persons for the preparation of a realistic budget and collection of revenue due. We requested Management to justify the bases for setting targets without any data and also document practical steps to improve revenue collection.

17. The long delay by the Assembly to make recommendations to the Regional Minister to constitute a Rate Assessment Committee to resolve disputes regarding rates imposed by the Assembly resulted in the non-existence of the Rate Assessment Committee at the Assembly for the year under review. We recommended that Management should comply with the relevant legislation towards the establishment of the Committee.

18. The Assembly has no title deeds to confirm legal ownership of 2 parcels of lands because successive Management members attached little regard to legislations governing the custody and management of such assets. To avoid costly protracted disputes, we advised Management to secure all relevant ownership documents.

19.Nine (9) key officers of the Assembly failed to declare their assets and liabilities. This would compromise the ability of investigative bodies to ascertain the source of wealth of public office holders towards fighting corruption.

20.The details of assets register which contained 11 high value plant and equipment the Assembly acquired between 2008 and 2019 but excluded 2 parcels of land and bungalows have not been entered into the GIFMIS platform to produce a complete and permanent record which will facilitate accountability of all government property. We recommended to the DCD and DFO to update and upload all the assets of the Assembly onto the platform.

Details of Significant Findings and Recommendations

A. Fund Accountability and Budgetary Performance

DACF

21.The Assembly approved four (4) budgets as plans and activities to be undertaken for the 2019 financial year. The total expenditure to be incurred was GH¢1,656,410.04. Actual expenditure however amounted to GH¢1,626,771.82 resulting in a variance of GH¢29,638.22.

22. The total actual income exceeded actual expenditure of GH¢1,626,771.82 by GH¢24,837.66, representing a marginal difference of 1.5%. The Assembly's budgetary performance is as stated below:

No.	Funding Source	Income			Expenditure		
		Actual (GH¢)	Budgeted (GH¢)	Variance (GH¢)	Actual (GH¢)	Budgeted (GH¢)	Variar (GH¢
		A	B	C=B-A	D	E	F=E-I
1	Internally Generated fund (IGF)	206,235.15	258,000.00	58,018.00	199,982.00	258,000.00	58,01
2	GOG – Compensation	1,284,224.21	1,178,889.91	(105,334.30)	1,284,224.21	1,178,889.91	(105,334
3	Donor Funds (Programme) Modernizing Agriculture in Ghana (MAG)	148,752.77	142,887.69	12,718.08	130,169.61	142,887.69	12,71
4	Decentralized Departments	12,397.35	76,632.44	64,236.44	12,396.00	76,632.44	64,23
	Total	**1,651,609.48**	**1,656,410.04**	**29,638.22**	**1,626,771.82**	**1,656,410.04**	**29,638**

B. System of Accounting & Internal Control

Processing of Transactions outside the Ghana Integrated Financial Management System

DACF

23. Regulation 13(2) of the Public Financial Management Regulations, 2019 (L.I. 2378) [PFMR] identifies the Ghana Integrated Financial Management Information System (GIFMIS) as the core electronic platform of Government which should be used for, among others, revenue management, cash management, expenditure administration; accounting and financial reporting. Regulation 82 (1) of the same regulations further states that "a payment by a covered entity shall be accompanied with a payment voucher authorized by the head of accounts and which is approved by the Principal Spending Officer on the Ghana Integrated Financial Management Information System."

24. Additionally, Regulation 78(2) of the PFMR and Section 25(6) of the Public Financial Management Act, 2016 (Act 921) mandate the Principal Spending Officer to enter into the GIFMIS any contract entered into by the covered entity, or any arrangement, including procurement, which commits the Government to make a payment.

25. We noted that the Assembly continues to rely on manual payment vouchers for processing transactions in respect of all the sources of funds, as well as the subsequent preparation of monthly trial balances, instead of generating electronic payment vouchers and financial reports from the GIFMIS platform which currently provides little room for manipulation.

26. The lapse occurred because of Management's reluctance to comply with the regulations as well as the failure of the Controller and Accountant-General (CAG) to enforce and sanction offending officers for non-compliance.

27. The actions of Management imply that resources expended in the training of Assembly staff and implementation of the GIFMIS at the national level have been wasted, and further interfered with the aim and responsibility of the CAG to put in place systems to produce financial statements to cover all public funds by 31/12/2020 as stated in Regulation 214(2) of the PFMR. Thus, the timely dissemination of accurate information to various stakeholders will remain unaccomplished.

28. To promote effective and efficient revenue collection, timely reporting, accountability and transparency in the financial management of the Government, we recommended that the District Finance Officer, Mr. Ewuntomah Issah and the Co-ordinating Director, Mr. Samuel Kyei-Baffour Frimpong should adhere to the cited provisions, or notify the GIFMIS secretariat and CAG of challenges encountered in using the electronic platform.

29. We also recommended that the Controller and Accountant-General, the Ministry of Finance and the Regional Co-ordinating Council should reject financial returns generated outside the GIFMIS and sanction Management for non-compliance.

30. Management accepted our recommendations and also mentioned that accounting and procurement officers have since been posted to the Assembly to augment and enhance the full operation of the GIFMIS.

Ineffective Audit Committee DACF

31. Section 83(2) of the Public Financial Management Act, 2016 (Act 921)[PFMA] and Regulation 221(2b) of the Public Financial Management Regulations, 2019 (L.I. 2378) [PFMR] require the head of the Internal Audit Unit (IAU) to report functionally to the Audit Committee of that covered entity with respect to the Internal Auditor's quarterly reports.

32. Section 88 (1b) (iii) and (2) of the PFMA require an Audit Committee to ensure that the head of a covered entity to which the Audit Committee relates prepares an annual statement showing the status of implementation of any recommendation contained in an Auditor-General's Management Letter. The annual statement must indicate the remedial action taken or proposed to be taken to avoid or minimize the recurrence of an undesirable feature in the accounts and operations of the entity, as well as the period for the completion of the remedial action, which must be forwarded to the Auditor-General within six (6) months after the end of each financial year.

33. Regulation 229 (e) of the Public Financial Management Regulations, 2019 (L.I. 2378) further stipulates that the Audit Committee must, on a half-yearly basis, report any concern in relation to the covered entity to the Auditor-General. In discharging the above responsibilities, the Committee is therefore expected to meet regularly with external auditors and to, among

others, review the extent of the external auditors' planned reliance on the work of internal auditors.

34. Our review of the records of the Audit Committee showed that since its inauguration in 2017, no administrative or political head of the Assembly had ever submitted the aforementioned annual statement to Auditor-General because the Committee neither informed management of its responsibility nor reported the failure of the heads to comply with the cited provisions of the Act.

35. Also, we could not sight any evidence that the Internal Auditor had submitted any of the quarterly reports on her audit to the Auditor-General during the period under review, even though the IA reports were prepared; and whether the Audit Committee had taken any steps to correct that anomaly, since no minutes on actions of Internal Audit reports were provided to the audit team.

36. Consequently, issues contained in the 2017 Auditor-General's Management Letter dated 22/03/18 (Ref. No ABK/LA/11/22) remained unresolved.

37. To ensure that the Management of the Assembly is bound by definite timelines and measures for the resolution of audit issues raised, we recommended that the Audit Committee should comply with the cited regulations as well as the IESBA Code of ethics of which requires the 3 independent members of the Committee to exercise professional competence and due care.

38. Management have since submitted the status reports, and further indicated the Committee met infrequently because the external members of the Committee reside outside the Ashanti Region.

Failure to Submit Internal Audit Reports to the Auditor-General

39. Section 83 (7) of the Public Financial Management, 2016 (Act 921) [PFMA] states, in part, that "the Internal Auditor of a covered entity shall submit quarterly reports on the execution of the annual audit work plan to the Auditor-General."

40. Contrary to the above, we noted that the Internal Auditor (IA) of the Assembly failed to submit any of her quarterly audit reports to the Auditor-General covering our period of review.

41. The anomaly occurred because the Audit Committee charged with the responsibility to obtain evidence of the Internal Auditor's compliance with the statutory requirement cited, failed to act accordingly.

42. We therefore requested the Internal Auditor to provide reasons for her non-compliance with the PFMA.

43. To provide assurance that the IA promptly reports on the weaknesses of internal controls and brings them to the attention of Management, we recommended that the Audit Committee of the Assembly should compel the IA to comply with the cited Act.

44. The Internal Auditor has since March 2020 submitted her outstanding quarterly reports, but could not provide explanations for her earlier non-compliance.

C. Cash Management

Misapplication of Social Investment Fund (SIF) – GH¢16,500.00

IGF

45. The Social Investment Fund (SIF) was set up to foster the implementation of economic, financial and social infrastructure and services in support of the overall goal of poverty reduction in targeted poor/deprived areas.

46. Regulation 179 of the Financial Administration Regulations, 2004 (L.I. 1802) and Section 96 (1c) of the Public Financial Management Act, 2016 (Act 921) prohibit payments of funds for purposes other than intended out of funds earmarked for specific activities, and further stipulate that a person, acting in an office connected with the management or disbursement of amounts in respect of a public fund or a public trust who is responsible for any improper payment of public funds or payment of money that is not duly verified in line with existing procedures, commits an offence.

47. Contrary to the stated objective of the SIF and the regulations cited, Hon. Joyce A. A. Dei, MP for the Bosome Freho Constituency, spent GH¢16,500.00 on a 3-day personal tour of the constituency vide PV No.

08/11 of 07/11/19 from the Fund for unrelated activities and expenses as prescribed by the fund. The breakdown of the expenditure is as follows:

No.	Expenditure Description	Cost (GH¢)	% of Total Cost
1	Chiefs	7,440.00	45
2	Media	3,600.00	22
3	Refreshment	2,960.00	18
4	Fuel	2,500.00	15
	Total	**16,500.00**	**100**

48. Hon. Dei's failure to consult the Assembly regarding the proper use of the funds prior to incurring the expenditure was the cause of the infraction which deprived the targeted vulnerable communities and persons valuable financial support meant to improve their living conditions.

49. We therefore disallowed the total expenditure of GH¢16,500.00, and recommended that Hon. Dei should refund the amount to the SIF account and provide evidence of the refund for verification.

50. To ensure that SIF funds are used only for the purposes for which they were appropriated, we also recommended that:

   i. Hon. Dei should only incur expenditure on activities in line with aims of the Fund.
   ii. the Co-ordinating Director, Mr. Samuel Frimpong, and Mr. Ewuntomah Issah, Finance Officer, should reject any order for disbursement, outside what the fund has been earmarked for.
   iii. Mr. Frimpong should maintain a detailed record of the misapplied funds in the Ghana Integrated Financial Management System as prescribed in Regulation 232(1) of the Public Financial Management Regulations, 2019 (L.I. 2378).

51. Management accepted our recommendations, and stated Hon. Dei has been notified of the findings but she is yet to forward her responses to the Assembly.

Payment without Relevant Supporting Documents – GH¢3,700.00 IGF

52. Regulation 39(2c) of the Financial Administration Regulations, 2004 (L.I. 1802) and Regulation 78(1)(a)(b) of the Public Financial Management Regulations, 2019 (L.I. 2378) [PFMR] require the head of the accounts section and a Principal Spending Officer of a covered entity to ensure, in respect of each payment of that covered entity, that evidence of services received, certificates for work done and any other supporting documents exists.

53. Hon. Joyce Dei, MP of the Bosome Freho Constituency spent GH¢3,700.00 vide PV No. 22/07 of April 2019 of the Social Investment Fund (SIF) on 'monitoring of communities' without producing an independent report specifying the exact nature of the monitoring and the communities involved to authenticate the expenditure.

54. The lapse occurred because Hon. Dei acted independently from structures in place at the Assembly to properly ascertain validity of claims made.

55. In the absence of the monitoring report several months after the payments had been made, we disallowed the expenditure of GH¢3,700.00 and recommended that Hon. Dei should refund the amount of GH¢3,700.00 into the SIF account immediately and evidence of refund provided to the audit team for verification.

56. Management indicated that they are yet to receive Hon. Dei's responses.

Misappropriation of Revenue Collected – GH¢3,381.50 IGF

57. The Head of Revenue, Mr. Ibrahim Gonja, collected an amount of GH¢7,381.50 from revenue collectors but deposited only GH¢4,000.00 into Assembly's accounts leaving a balance of GH¢3,381.50. Details are shown in the table below.

Collections by Revenue Head			Deposits by Revenue Head to Bank				
Date of Collection	GCR Nos.	Amount Collected (GH¢)	Receipts Issued for Deposit	Date of Issue	Amount Deposited (GH¢)	Total Amount Deposited (GH¢)	Difference (GH¢)
		A				B	C = A-B
3/9/19 – 30/9/19	18036148-161	3,816.00	18035381	17/10/19	225.00	2,000.00	1,816.00
			18035379	14/10/19	328.00		
			18036367	31/10/19	1,447.00		

30/9/19	18036162	3,565.50	18035395	29/11/19	2,000.00	2,000.00	1,565.50
	Total	**7,381.50**			**4,000.00**	**4,000.00**	**3,381.50**

58. The above occurrence contravenes Regulations 15(1) and 18 of the Financial Administration Regulations, 2004 (L.I. 1802) and Regulations 39(2b) and 50(1) of the Public Financial Management Regulations, 2019 (L.I. 2378) which enjoin any public officer who collects or receives public moneys to issue official receipts for them and must first pay the funds in gross into the designated bank accounts within twenty-four hours and before disbursements are made.

59. We attributed the infraction to the dereliction of duties by the Finance Officer and Internal Auditor to respectively exercise their oversight and audit responsibilities.

60. The unaccounted amount of GH¢3,381.50 by Mr. Gonja is a loss of funds to the Assembly which could have been used to fund Assemblies programmes or related activities.

61. We recommended that Mr. Gonja should refund the GH¢3,381.50 into the IGF account and produce evidence to that effect. We also recommended the Finance & Administration sub-committee of the Assembly should ensure that Ms. Fatima Ibrahim, the Head of Internal Audit Unit periodically audits the revenue as documented in her annual plan in order to prevent occurrences of this nature.

62. Management explained that Mr. Gonja used the GH¢3,381.50 to defray expenses incurred for his upkeep during revenue sensitization exercises in remote locations, and have subsequently approved the said expenditure.

D. Revenue

Declining Revenue Performance IGF

63. Our analytical review of Internally Generated Fund (IGF) revenue revealed that:

    i. in 2019, the Assembly generated revenue of GH¢154,922.39 from six (6) sources, which fell short of the GH¢222,000.00 target set by GH¢67,077.61, representing 30%; and also represented a 17%-drop amounting to GH¢32,733.36, over the revenue of GH¢187,656.15 collected in 2018.

ii. rent revenue of GH¢52,163.84 exceeded the 2019 target of GH¢36,000.00 by 45%; and also increased by 310% over the 2018 figure of GH¢12,713.00. However, the increment was as result of the classification of Social Investment Fund (SIF) grant of GH¢40,000.00 received from central Government as rent revenue. The SIF grant constituted 77% of rent revenue.

iii. The Assembly received GH¢10,000.00 from the Office of the Administrator of Stool Lands as the Assembly's 55%-share in stool lands revenue. However, Management could not obtain supporting data from Administrator to confirm whether the amount received was a true reflection of what was due to the Assembly.

Details are shown in the table below.

iv. Although the fee-fixing resolution of the Assembly estimated revenues for each source, including the identification of categories of persons and structures, we could not obtain the underlying data on the number of rateable persons and properties to justify the targets set.

No.	Revenue Source	Current Year Actual (2019) GH¢	Current Year Budget (2019) GH¢	(Missed Target)/ Excess GH¢	% Missed Target/Excess (Difference)	Prior Year Actual (2018) GH¢	Shortfall/ Excess (Difference) GH¢	% Difference
		A	B	C = A-B	D = (C/B)*100	E	F = A – E	G = (F/E)*100
1	Rates	24,055.13	34,000.00	-9,944.87	-29	21,172.00	2,883.13	14
2	Lands & Concessions	22,246.60	49,200.00	-26,953.40	-55	32,120.48	-9,873.88	-31
3	Licences	59,833.46	61,800.00	-1,966.54	-3	78,516.52	-18,683.06	-24
4	Fees	42,739.00	67,000.00	-24,261.00	-36	48,499.15	-5,760.15	-12
5	Fines, Penalties & Forfeit	3,678.33	9,000.00	-5,321.67	-59	7,348.00	-3,669.67	-50
6	Miscellaneous	2,369.87	1,000.00	1,369.87	137	–	2,369.87	
	Subtotal	**154,922.39**	**222,000.00**	**(67,077.61)**	**(30)**	**187,656.15**	**(32,733.76)**	**(17)**
7	Rent	52,163.84	36,000.00	16,163.84	45	12,713.00	39,450.84	310
	Total	**207,086.23**	**258,000.00**	**(50,913.77)**		**200,369.15**	**6,717.08**	

64. The causes of the missed target and fallen performance included:

i. continued over-reliance on grants from Government,

ii. setting of unrealistic revenue targets as a result of the absence of credible data underlying the setting of targets; and

iii. the absence of a revenue head to assist with revenue mobilization.

65. We recommended that:

i. the District Budget Committee and persons involved in the fee-fixing resolution should furnish the audit team with the underlying data that served as the basis for the revenue projection.

ii. the Budget Committee and the Finance & Administration Sub-committee (F&A) should provide reasons for the unrealized revenue targets, as well as strategies to improve revenue performance.

iii. the above Committees should periodically appraise the performance of the Revenue Head, Mr. Ibrahim Gonja in order to promptly identify weaknesses and implement remedial actions.

iv. the Budget Committee and the F&A together with the Co-ordinating director should obtain from the Administrator of Stool Lands data on revenue collected to support the Assembly's share of stool lands revenue.

66. Management could not provide the data supporting the budget preparation, but accepted our other recommendations to improve future data and revenue collections.

Outsourced Revenue Collection without Contract & Justification – GH¢18,319.23 IGF

67. Section 23(1e) of the Local Governance Act, 2016 (Act 936) provide for establishment of a Finance & Administration Sub-committee in a District Assembly to map out strategies to improve revenue mobilization in the present, and set targets for the future.

68. Regulation 1(1a) of Financial Administration Regulations, 2004 (L.I. 1802) states that "a public officer who is responsible for the conduct of financial business on behalf of the Government of Ghana shall keep proper records of the transactions and produce them for inspection when called upon to do so by the Auditor-General."

69. The Assembly paid an amount of GH¢5,446.26 to a revenue collector, Matphijoe Consult & Business Service Ltd., being a 30%-commission on telecommunication masts and property rate amounting to GH¢18,319.23 collected on behalf of the Assembly. We requested Management to produce the underlying contract documents, but the Finance & Administration Sub-committee (F&A) and the Executive Committee could not make the contract available for scrutiny. Details are shown in the table below.

70. Further, the Assembly on 30/01/19 found it necessary to issue a demand notice on Business Operating Permit fee to Vodafone Ghana Ltd. (Ref. No. BFDA/DH/Vol 01/09) despite having outsourced such fee collection to Matphijoe Consult & Business Service Ltd. We could neither find any evidence in the minutes of meetings of the F&A nor obtain any basis for either the prior engagement or continuous engagement of the collector.

Revenue Collected					Amount Paid			
No.	Date	Particulars	Receipt No.	Amount Collected (GH¢)	Date	PV No.	Cheque No.	Amount (GH¢)
1	31/01/19	Vodafone Ghana	18034824	2,200.00	23/01/19	06/01	000320	610.50
2	30/07/19	Vodafone Ghana	18036336	2,200.00	01/08/19	08/08	001266/65	2,728.98
			18036337	6,896.60				
3	09/10/19	COCOBOD Property Rate	18036359	7,022.63	09/10/19	03/10	001269/70	2,106.78
		Total		**18,319.23**	**Total**			**5,446.26**

71. The irregularity occurred because past Management members and the F&A failed to secure and/or review the contract, if any, with the revenue collector, even after our 2017 Management Letter dated 22/03/18 (Ref. No. ABK/LA/11/22) mentioned it to Management.

72. We could not therefore ascertain the rationale for outsourcing easily collectible revenue; nor determine whether the contract, if any, included the scope of operation, validity period of the contract, commission to be charged, performance clauses, sanctions and damage clauses to insulate the Assembly against losses; thus, allowing irregularities to be perpetuated.

73. To ensure that the Assembly obtains value for money, and promote transparency and accountability in contract management, we recommended

that Mr. Samuel Kyei - Baffour Frimpong (DCD) and Mr. Ewuntomah Issah (DFO) and members of the F&A should provide the contract document and documented reasons for the outsourced collection within 5 days, failure of which they should be sanctioned.

74. Management stated that they have since terminated the relationship with Matphijoe Consult and Business Service Ltd. as there was no valid contract with the Assembly in existence.

Absence of Rate Assessment Committee

75. Sections 144 and 145 (1) of the Local Governance Act, 2016 (Act 936) empower a District Assembly as the rating authority in the district to levy sufficient rates to provide for the total estimated expenditure to be incurred by the District Assembly during the period in respect of which the rate is levied.

76. Section 153 of the same Act further stipulates that upon the recommendation of the District Assembly, the Regional Minister must constitute for the Assembly concerned, a Rate Assessment Committee comprising a chairperson and four (4) other persons for the purpose of reviewing rates imposed on aggrieved persons, and subsequent notification to the District Assembly of its decision.

77. We noted that the Rate Assessment Committee had not been established in the Assembly during the period under review because Management do not fully appreciate the significance and the benefits of the committee.

78. The absence of an appellant authority to which people who are aggrieved by rates imposed by the Assembly could appeal to for fair treatment, will undermine the communities' participation in grassroot democracy.

79. We recommended that the District Co-ordinating Director, Mr. Samuel Kyei-Baffour Frimpong should ensure the establishment of the Rate Assessment Committee as prescribed by the cited Act.

80. Management is yet to respond to our findings.

E. Asset Management

Assembly Lands and Vehicles without Ownership Documents

81. Regulation 272 (1) and (2)(a)(b) of the Financial Administration Regulations, 2004 (L.I. 1802) identify title deeds and documents which confer or record control or ownership of any property as legal documents which might be required to be produced in court to establish a claim or settle a dispute.

82. We noted that the Assembly has no title deeds to the 27.27-acre (11.04 hectares) land on which it is currently situated since the district was created in 2008. Our review of the minutes of the 2nd Executive Committee meeting of the Assembly dated 29/08/19 showed that the Assembly lacked the necessary documentation to guarantee full ownership of a Mango Plantation at Twapease.

83. Further, the Assembly could not produce ownership documents on 11 motor vehicles including a grader, acquired between 2008 and 2019.

84. The anomaly occurred because both past and present Management of the Assembly have given little consideration to the significance of possessing complete documents governing land ownership, and also because ownership documents did not accompany the release of the vehicles to the Assembly from the Ministry of Local Government and Rural Development (MLGRD).

85. To properly secure the lands and prevent costly litigation associated with protracted land disputes, we recommended that Hon. Yaw Danso, the District Chief Executive; and Mr. Samuel Kyei-Baffour Frimpong, the District Co-ordinating Director together with the necessary key stakeholders should take immediate steps to register and obtain title deeds to the two parcels of land and the vehicles.

86. Management accepted our recommendations, but added that ownership documents do not accompany vehicles released from the MLGRD to the Assembly.

Incomplete Assets Register Omitted from GIFMIS Platform

87. Section 52 (3) and (5) of the Public Financial Management Act, 2016 (Act 921) and Regulation 155 (1) and 161(1) of the Public Financial Management

Regulations (L.I.2378) require a Principal Spending Officer to maintain a register of lands, buildings, vehicles, equipment and all other assets under the control or possession of the Principal Spending Officer. The Principal Spending officer must further ensure that the register is entered and updated in the Ghana Integrated Financial Management system (GIFMIS).

88. Our review of the Assembly's assets register showed that one (1) grader and ten (10) motor vehicles in the control or possession of the Assembly acquired between 2008 and 2019 have not been entered into the GIFMIS. Further, the assets register in its current state excluded the land on which the Assembly is currently located, bungalows occupied by staff, and a mango plantation at Twapease. Further, we could not also ascertain the whereabouts of the grader upon inspection of the Assembly premises, inquiries and a review of vehicle maintenance records.

Details of the eleven (11) vehicles and grader are shown in the table below.

No.	Vehicle Model /Brand	Registration Number	Chassis Number
1	Nissan Patrol	GT-8453-19	JN8BY2NY1K9201422
2	Nissan Pick-up	GN-8266-18	ADNCPUD22Z0068158
3	Navara Pick-up	GN-5148-13	MNTVCUD4020603875
4	Nissan Patrol	GN-1779-11	JNITCSYB1120579824
5	Ford 4X4 Everest	GE-8450-Z	MNCLS4D108W209650
6	JMC-Pick -up	GT-5397-10	LETEDAO1X9HPO3783
7	Nissan Pick-up	GT- 5163-09	–
8	Mahindra	GN-8504-Z	MAITZ4BKL92060044
9	(Grader215)	Not registered	JR215E1110906006
10	Mitsubishi Pick-up	GV-9622-C	JWYJNK3404P001365
11	Nissan pick-up	GT-612-S	ADNG920000A048392

89. The lapse occurred because Management are not acquainted with the laws cited.

90. To produce a complete and permanent record which will facilitate accountability of all government property, we recommended that Mr. Isaac Amoako, Assistant Director IIB in charge of transportation should update and upload all the assets of the Assembly onto the GIFMIS platform.

91. We also recommended that Mr. Amoako should account for the whereabouts of the grader and produce same for inspection.

92. Management accepted our recommendations, but stated that the said grader is unserviceable, and have therefore initiated processes for its disposal.

F. Human Resource Management

Declaration of Assets and Liabilities

93. Section 1 of the Public Office Holders (Declaration of Assets and Disqualification) Act, 1998 (Act 550) and Article 286(1) and (5) of the1992 Constitution of the Republic of Ghana, mandate specific public officers to submit to the Auditor-General a written declaration of all property or assets owned by, or liabilities owed by, them, whether directly or indirectly; before taking office; at the end of every four years; and at the end of term of office.

94. Nine (9) key affected officers of the Assembly could not present receipts as evidence of having declared their assets and liabilities. Details are shown in the table below:

No.	Name	Staff ID	Rank	Position	Period		Duration (months)
					From	To	
1	Hon. Yaw Danso	N/A	N/A	District Chief Executive	15/05/17	31/12/19	31
2	Samuel Kyei-Baffour Frimpong	63963	Chief Dev't Planning Officer	Ag. Co-ordinating Director	25/11/19	31/12/19	1
3	Issah Ewuntomah	29170	Senior Accountant	District Finance Officer	28/11/18	31/12/19	13
4	Charles Ferka	536464	Deputy Director	District Co-ordinating Director	31/01/19	30/08/19	7
5	Fatima Ibrahim	923170	Internal Auditor	Internal Auditor	01/11/16	31/12/19	37
6	Priscilla Asafo-Adjei	1272968	Asst. Procurement Officer	Procurement Officer	08/06/18	31/12/19	18
7	Rabiatu Issah	924316	Budget Analyst	Budget Analyst	04/06/18	31/12/19	18
8	Terry Budu	613532	Quantity Surveyor	Head of Works	13/08/18	31/12/19	16
9	Hon. Patrick Kweku Frimpong	N/A	N/A	Presiding Member	10/05/18	07/10/19	17

95. The lapse occurred because the officers involved have no knowledge of the cited laws applied to them, and also due to unenforced sanctions for non-compliance over the years.

96. As a result, CHRAJ and other investigative bodies would not be able to ascertain, if need be, whether public office holders acquired any assets unlawfully during their tenure in public office by way of fighting corruption and conflict of interest.

97. We therefore requested explanations from the affected officers for their non-compliance.

98. Management confirmed that the officers involved were unaware of their responsibility until late last year, but further stated that only the District Finance Officer and Co-ordinating Director have since submitted evidence of subsequent compliance.

Follow-up on Previous Audit Report

99. The following issues in previous audit report and a status report with Ref. No. ABK/LA/16/44 dated 11/03/19 remain unresolved:

9.5 Absence of Risk Management Policy

100. Management was required to carry out a risk assessment of the Assembly in order to come out with policies and practices that can enhance potential opportunities to help achieve the Assembly's objectives. However, Management has still not complied with our recommendations.

Acknowledgement

101. We are grateful to management and staff for their co-operation during the audit.

District Auditor
Bekwai-Ashanti
(Kitson Amoah-Adjei)

Cc:-
The Auditor-General
Audit Service
Accra.

The Regional Auditor
Audit Service

Kumasi

The Regional Minister
Regional Co-ordinating Council
Kumasi