

## PART III

### DETAILS OF FINDINGS AND RECOMMENDATIONS

#### AHAFO REGION

##### Introduction

40. The Ahafo Region had six Assemblies in 2020, made up of three Municipalities and three Districts. The list of the six Assemblies, their capitals, status and Legislative Instruments are attached as Appendix A.

41. We audited the books and accounts of the six Assemblies for the 2020 financial year and issued management letters thereon. All the Assemblies responded to our management letters as required by Section 29(1) of the Audit Service Act, 2000 (Act 584).

##### Financial Reporting

##### Submission of annual financial statements

42. The six Assemblies submitted their 2020 financial statements for audit in compliance with Section 80 of the Public Financial Management Act, 2016 (Act 921). We also issued our opinions on the financial statements of all the Assemblies.

##### Sources of Income

43. The six Assemblies operated with a total income of GH¢52,025,216.77 during the year. This was made up of Internally Generated Funds (IGF), allocations of the District Assemblies Common Fund, Government Salary Grant and support from Ghana's Development Partners. The total income of GH¢52,025,216.77 represented an increase of GH¢8,871,141.16 or 20.56 percent as compared to 2019 figure of GH¢43,154,075.61

##### IGF revenue performance

44. The Assemblies collected a total IGF of GH¢10,077,816.46 which represented an increase of GH¢1,985,788.12 over the 2019 figure of GH¢8,092,038.34. Asutifi North reported the highest increase of GH¢1,844,690.81. The only Assembly with a drop in IGF collection was Tano North District Assembly by an amount of GH¢50,085.27. The Assemblies collected IGF from property rates, fees, licences, royalties and other miscellaneous sources for their recurrent expenditure.

### **Assets and Liabilities**

45. Total assets of the six Assemblies as at 31 December 2020 was GH¢2,228,091.76. These comprised Cash/Bank balances of GH¢2,176,328.26, Investment of GH¢19,850.00 and Debtors of GH¢31,913.50. All the six Assemblies had positive cash balances with Asunafo South ending the year with the least balance of GH¢43,144.32.
46. Four Assemblies recorded liabilities totalling GH¢40,931.54 with Asunafo North reporting the highest liabilities of GH¢38,588.92
47. The income, IGF, operational results, bank balances, investments, debtors and creditors in the books of the six Assemblies are provided in Appendices B to D.

### **Management Issues**

#### **Cash Irregularities**

##### **Uncollected rent/fees - GH¢48,745.00**

48. Regulation 46 of the PFMR, 2019 (L.I. 2378) enjoins a Principal Spending Officer to ensure that non-tax revenue is efficiently collected.
49. We noted during our audit that Bee Catering Services, a private restaurant operator who occupied a 1.67-acre land with summer-hut facilities owned by the Asunafo North Municipal Assembly, owed the Assembly rent and operational fees totalling GH¢30,120.00 between 2013 and 2020. Also, Tano South Municipal Assembly failed to collect store rent and operational fees totalling GH¢18,625.00 from 246 individuals and businesses.
50. This anomaly occurred because of ineffective supervision by the Heads of Revenue Units and Finance Officers over revenue collection. This denied the Assemblies of funds for their operations.
51. We recommended to management of the Assemblies to take effective measures, including legal action, to recover the amount of GH¢48,745.00 from the defaulters and also strengthen the revenue collection mechanisms of the Assemblies.

**Payments not accounted for - GH¢122,159.00**

52. Regulation 82 of the PFMR, 2019 (L.I. 2378) requires that a payment by a covered entity shall be accompanied with a payment voucher, authorised by the head of accounts and approved by the Principal Spending Officer on the Government Integrated Financial Management Information System (GIFMIS).

53. Management of Asutifi North District Assembly failed to produce for our review, 17 vouchers for a total payment of GH¢122,159.00 from the Assembly's Royalties account.

54. Management attributed the anomaly to poor record keeping and misfiling at the Accounts Section. This constitutes unaccounted payments.

55. We recommended recovery of the amount of GH¢122,159.00 from the Coordinating Director and the Finance Officer.

**Unaccounted revenue - GH¢2,390.00**

56. By Regulation 46 of the PFMR, 2019 (L.I. 2378), a Principal Spending Officer shall ensure that non-tax revenue is efficiently collected and lodged in gross within 24 hours in the designated Consolidated Fund Transit bank accounts except in the case of internally generated funds retained under an enactment.

57. We noted that, five revenue collectors of Asutifi South District Assembly did not account for GH¢2,390.00 revenue collected between January and December 2020. The details are provided below:

No.	Revenue Officer	Amount Collected	Amount accounted for	Amount not accounted for
1	Nicholas Amankwah	395.00	85.00	310.00
2	Theresah Konadu	2,414.00	2,303.00	111.00
3	Augustina Twumwaa	430.00	-	430.00
4	Osei Kwaku	350.00	-	350.00
5	Agyen Yaw Justice	1,189.00	-	1,189.00
<b>Total</b>		<b>4,778.00</b>	<b>2,388.00</b>	<b>2,390.00</b>

58. Ineffective supervision by the Finance Officer, the Revenue Superintendent and Internal Auditor of the Assembly, contributed to the lapse.

59. We recommended to the Coordinating Director to recover the GH¢2,390.00 from the defaulting collectors otherwise the Finance Officer and the Head of Revenue Unit should be jointly held liable to refund the amount involved.

#### **Procurement and Stores Irregularities**

##### **Unaccounted fuel purchased - GH¢36,289.00**

60. Section 52 of the PFMA, 2016 (Act 921) provides that a Principal Spending Officer shall maintain adequate records of government stores. 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.

61. Contrary to the above Law, we noted that management of two Assemblies could not account for fuel bought totalling GH¢36,289.00 with evidence of usage in the log books of Assemblies' vehicles which purportedly consumed the fuel. The details are below:

No.	Name of Assembly	Amount
1	Asunafo North	11,429.00
2	Tano South	24,860.00
Total		36,289.00

62. The Transport Officers attributed the lapse to the drivers' failure to record the fuel purchased. As a result, we could not confirm whether the amount spent on fuel was used in the interest of the Assemblies.

63. We recommended that the District Coordinating Directors should recover the GH¢36,289.00 from the Transport Officers and the Drivers.

##### **Unaccounted stores - GH¢20,930.79**

64. Contrary to Section 52 of the PFMA, 2016 (Act 921), the Asutifi North Assembly procured store items amounting to GH¢20,930.79 from its IGF Account but failed to account for them with evidence of distribution lists of the beneficiaries. Details are shown below:

Date	PV No.	Payee	Details	Amount
03/06/2020	ROY /12/06	Agyabes Co Ltd	25 Bags of Rice	7,338.75
13/05/2020	IGF /32/05	Agyabes Co Ltd	64 bags of sugar	13,592.04
Total				20,930.79

65. The Storekeeper of the Assembly said the items were not brought into store. The failure to provide these records for our review showed lack of accountability for the items.

66. We recommended that the Coordinating Director and Finance Officer should refund the amount of GH¢20,930.79 into the Assembly's account.

### Tax Irregularities

#### Payment for VAT without prescribed invoices/receipts - GH¢2,400.38

67. Contrary to Regulation 21 of the Value Added Tax (VAT) Regulations, 2016 (LI 2243), management of two Assemblies paid a total amount of GH¢72,410.82 inclusive of VAT of GH¢2,400.38 but failed to obtain VAT invoices/receipts from the suppliers. The details are below:

No.	Name of Assembly	No. of PVs	Item	Gross Amount	VAT Amount
1	Asunafo South	1	Supply of farm inputs, Jerseys and football	19,168.30	558.30
2	Asutifi North	4	Hotel accommodation, furniture, and bags of rice	53,242.52	1,842.08
Total				72,410.82	2,400.38

68. We recommended recovery of the GH¢2,400.38 from the Finance Officers for failing to obtain the invoices/receipts for the payment.

#### Withheld taxes not remitted - GH¢6,424.92

69. Sections 116 and 117 of the Income Tax Act, 2015 (Act 896), require a withholding agent to withhold and pay to the Commissioner-General of Ghana Revenue Authority (GRA), a tax that has been or should be withheld within 15 days after the end of the month in which the tax was withheld or ought to have been withheld.

70. On the contrary, the Finance Officer of Asutifi North District Assembly withheld taxes totalling GH¢6,424.92 from three payments made for goods totalling GH¢154,466.00, but did not remit the tax to GRA. The details are below:

Date	PV No.	Payee	Item	Gross Amount	Tax
31/12/2020	ROY/74/12	My K B Ent	Chemicals for spraying churches and mosque	15,646.00	463.92
02/06/2020	ROY/05/06	Jasco Elect. Works	Low-tension electrical works	90,000.00	4,500.00
30/10/2020	ROY/08/11	Sals Multi Ventures	Desilting central market drain at Kenyasi	48,820.00	1,461.00
<b>Total</b>				<b>154,466.00</b>	<b>6,424.92</b>

71. Management of the Assembly used the taxes to fund their operations thus denying Government of tax revenue.

72. We recommended that the total amount of GH¢6,424.92 is remitted to the GRA.

# MANAGEMENT OF THE DISTRICT ASSEMBLIES COMMON FUND BY THE ASSEMBLIES

## AHAFO REGION

### Introduction

49. For the 2020 financial year, total allocations to the six Assemblies in the Region were GH¢10,074,802.35. Out of this amount, GH¢2,841,548.38 was deducted at source in favour of the Assemblies' Service Providers leaving net cash transfers of GH¢7,233,254.38 representing 71.80 percent of the total allocations shown in Appendix 'A'.

### Cash Irregularities

#### Failure to allocate funds to Sub-District structures - GH¢68,075.07

50. Part I, Paragraph 3 of the Guidelines for the Utilisation of the District Assemblies Common Fund (DACF) for the 2019 fiscal year states that up to two percent of DACF releases should be used for the establishment and strengthening of the Zonal, Urban, Town and Area Councils.

51. However, we noted that management of two Assemblies failed to allocate the required two percent of GH¢68,075.07 on the Assemblies' share of DACF allocations received in 2020 for the activities of Sub-District structures. The details are provided below:

No.	Assembly	Total Release	Amount for Sub-structures
1	Asunafo South District	1,871,615.95	37,432.32
2	Asutifi North District	1,532,137.71	30,642.75
	<b>Total</b>	<b>3,403,753.66</b>	<b>68,075.07</b>

52. This has the effect of rendering the Sub structures of the Assemblies inefficient.

53. We recommended to management of the Assemblies to ensure compliance with the DACF Guidelines and transfer the required allocations to the respective sub-structures for their operations.

#### Misapplication of funds - GH¢20,000.00

54. Section 7 of the PFMA, 2016 (Act 921) states that, a Principal Spending Officer of a covered entity shall ensure the regularity and proper use of money appropriated in that covered entity.

55. Contrary to the above provision, we noted that management of Asutifi South District Assembly misapplied funds meant for People Living with Disabilities (PLWDs) totalling GH¢20,000.00 on various administrative expenses. An amount of GH¢18,000.00 was transferred into the IGF account whilst GH¢2,000.00 was transferred into the DACF account.

56. Management of the Assembly indicated that, the PLWDs funds were used to meet emergencies on the directives of the District Chief Executive.

57. The lapse has denied PLWDs the necessary support for their livelihood.

58. We recommended to the Coordinating Director and the Finance Officer to reimburse the PLWDs account of the amount of GH¢20,000.00 from the Assembly's IGF and DACF account and desist from such practices.

#### **Unsupported payments - GH¢13,570.00**

59. Regulation 78 of the PFMR, 2019 (L.I. 2378) states that, 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.

60. Contrary to the above Regulation, management of Tano South District Assembly did not support six payment vouchers totalling GH¢13,570.00 for procurement of goods and services with the relevant documents such as receipts, invoices, statement of claim, etc. for authentication.

61. We could therefore not confirm the authenticity of the payments which could result in funds of the Assembly not used in its interest.

62. We recommended that the amount of GH¢13,570.00 should be recovered from the Coordinating Director and Finance Officer of the Assembly.

#### **Contract irregularities**

##### **Completed projects not in use - GH¢198,041.74**

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

64. We noted that management of two Assemblies expended a total amount of GH¢198,041.74 on two DACF projects but failed to put them into use after completion due to defects and lack of amenities. The details are provided below:

No.	Project Description	Name of Contractor	Contract Sum	Total Payments to Date	Date Completed	Reasons for Non-usage
<b>Asunafo North</b>						
1	1 No. 3 unit classroom block with ancillary facilities and provision of furniture at Kofimerekrom	Agyabes Co. Ltd.	187,569.53	178,041.74	12 Oct. 2020	Cracks on walls of the 4-Seater KVIP toilet.
<b>Asunafo South</b>						
2	Abattoir at Kukuom	Monpet Ent.	48,635.60	20,000.00	Nov. 2020	Non-availability of electricity and water
<b>Total</b>			<b>236,205.13</b>	<b>198,041.74</b>		

65. Whilst this has resulted in locked up funds of the Assemblies and also denied the beneficiaries the use of the facilities it has rather benefited a Prophetess who is using the Abattoir at Kukuom as a Church and Prayer Camp.

66. We recommended that, management of Asunafo North Assembly should ensure that the Contractor immediately corrects the defect at no additional cost whilst management of Asunafo South provides the necessary amenities to put the project to use.

#### **Shoddy execution of SIP & Fumigation works - GH¢393,300.00**

67. Contrary to Regulation 78 of the PFMR, 2019 (L.I. 2378), the Asutifi North District Assembly, through source deductions from its DACF allocations, paid a total amount of GH¢393,300.00 to Zoomlion Ghana Ltd in respect of Sanitation Improvement Package (SIP) and Fumigation.

68. However, the activities and performance of Zoomlion Ghana Ltd. in the district during the period under review, was found to be unsatisfactory and not according to the contract agreement as the company's activities were concentrated mainly in Kenyasi No. 1 & 2 and Ntotoso and left out the rest of the communities in the district. The details are provided below:

Quarter	Year	SIP deductions	Fumigation deductions	Total deductions
1 <sup>st</sup>	2020	53,187.50	50,312.50	103,500.00
2 <sup>nd</sup>	2020	53,187.50	50,312.50	103,500.00
3 <sup>rd</sup>	2019	42,550.00	40,250.00	82,800.00
4 <sup>th</sup>	2019	53,187.50	50,312.50	103,500.00
Total		202,112.50	191,187.50	393,300.00

69. The management of the Assembly attributed the anomaly to the payment by the Administrator of the DACF to Zoomlion without obtaining confirmation from the Assembly. As a result, the Assembly was compelled to spend an additional sum of GH¢1,109,939.40 on waste management.

70. We recommended that the Asutifi North Assembly should bring this lapse to the attention of the Administrator of the DACF (ADACF) to recover the payments for no work done from Zoomlion Ghana Ltd. and refund same to the Assembly. We also recommended that the ADACF should obtain confirmation from the Assembly before making payments to Zoomlion Ghana Ltd.

**Delayed/Abandoned projects - GH¢1,693,199.84**

71. Contrary to Section 52 of the PFMA, 2016 (Act 921), we noted that the Asutifi South District Assembly expended a total amount of GH¢1,693,199.84 on 12 DACF projects which had either been delayed or abandoned. The details are provided below:

No.	Project Description	Contractor	Award Date	Scheduled Completion Date	Percentage Completion	Contract Sum	Payment to date
1	1No. 10 Unit Lockable market stores with metal rolling gates & forecourt pavement at Hwidiem	Chris Tsastu & Sons	25/07/19	25/01/20	85%	343,405.70	320,830.97
2	Irrigation Facility at Hwidiem	Yebduam	03/04/18	18/10/18	75%	476,893.00	311,748.75
3	1No AMSEC Centre at Hwidiem	S A. Duah	18/03/20	18/07/20	70%	49,637.70	20,000.00

4	1No CHPS Compound at Mehame	Lethnas Const. Ltd	24/06/15	Dec. 2015	85%	190,878.44	143,948.79
5	3 Units Classroom Block with Office Store, Computer Lab. Staff Common Room & 1No. 4-Seater Toilet at Mehame	Stephen Afrane Co. Ltd	04/10/16	Apr 2017	75%	188,324.95	136,098.15
6	3 Units Classroom Block with Office Store, Computer Lab. Staff Common Room & 1No. 4-Seater Toilet at Kwaku Nyumah	M/S Misbenetty Ent	04/10/16	Apr 2017	52%	189,451.90	102,868.90
7	3 Units Classroom Block with Office Store, Computer Lab. Staff Common Room & 1No. 2-Seater Institutional Latrine 90 pecs of Dual Desk at Nkasiem D/A Basic	M/S Opponaap	03/04/18	Oct 2018	75%	223,659.00	78,548.85
8	3 Units Classroom Block with Office Store, Computer Lab. Staff Common Room & 1No. 4-Seater Toilet at Mankasiem	M/S Stephen Afrane Co. Ltd	03/11/15	16/06/16	85%	288,382.38	225,180.45

9	3 Units Classroom Block with Office Store, Staff Common Room & with 3 Bedroom Dormitory for Dadiesoaba Girls Modal School	A Duah Ent	25.05.19	07.01.20	90%	249,296.78	142,971.55
10	1No. 16-Seater Aqua Privy Toilet facility at Mahame	Queens Log Ltd	04/07/16	Jan 2017	30%	150,000.17	22,500.03
11	1No. 16-Seater Aqua Privy Toilet facility at Hwidiem	Glatons Co. Ltd	04/07/16	Jan 2017	15%	129,499.15	19,379.34
12	1No. 5 Bedroom Residential Bungalow with 2 Bedroom boys Quarters & Sand Crete Well fencing at Hwidiem	F J Nada Const. Ltd	26/06/15	Dec. 2015	70%	530,184.16	313,072.85
<b>Total</b>						<b>3,009,613.33</b>	<b>1,693,199.84</b>

72. The non-completion of these projects could lead to cost overruns to the detriment of other development projects of the Assembly.

73. We recommended to management of the Assembly to give priority to the uncompleted projects and ensure their completion before awarding new ones.

#### **Procurement and Stores Irregularities**

##### **Uncompetitive procurements - GH¢8,520.00**

74. Section 20 of the Public Procurement (Amendment) Act, 2016 (Act 914) requires that procurement entities should request quotations from as many contractors or suppliers as practicable but from at least three different sources that should not be related in terms of ownership, shareholdings or directorship and the principles of conflict of interest.

75. Contrary to the above provision, the management of Asutifi South District Assembly procured website from Ired Enterprise at the cost of GH¢8,520.00 without obtaining quotations from other perspective developers and did not also seek approval from the Public Procurement Authority to use single source procurement method.

76. We could therefore not confirm whether value for money was obtained from the procurement as single source procurement could be opened to abuse such as inflated prices of the items.

77. We recommended that, the Coordinating Director and Finance Officer should comply with the Procurement Law.

**Unaccounted store items - GH¢80,015.00**

78. Contrary to Section 52 of the PFMA, 2016 (Act 921), our audit of Tano South Municipal Assembly revealed that electrical items costing GH¢21,615.00 included in the bill of quantities for the supply and installation of streetlight bulbs and accessories in the Municipality were not utilised on the execution of the project completed. Consequently, the Assembly made payments not to its benefit.

79. Similarly, the Assembly also procured Covid-19 items such as tissue papers, liquid soap, disposable nose marks, hand sanitizers, etc., at a total cost of GH¢58,400.00, which were allegedly distributed to various individuals and institutions but management failed to provide the requisite store documents and distribution list to account for the items. We could therefore not confirm the genuineness of the transactions.

80. We recommended recovery of the amount of GH¢80,015.00 from the Coordinating Director, Finance Officer and Head of Works.