

## 1.0 EXECUTIVE SUMMARY

The report highlights on the general revenue performance of the District Assembly taking into consideration the best possible ways to improve revenue generation. It also highlights on the significant weakness in the revenue expenditure of the Assembly during the period under review. The findings herein contained are the unresolved significant issues after taking into consideration verified Management responses;

- a. Analysis on revenue performance
- b. Poor Revenue Generation - **GHC80,278.35**

Management was advised to engage more commission collectors in the mobilization of revenue to make up for the gap in the number of revenue collectors.

- c. Eight (8) payments into the face value of **GHC 20,308.00** lacked the relevant expenditure justification documents like receipts, invoices or statement of payment.

We recommended to Management to justify the payments with adequate relevant documents.

- d. Total payment of **GHC 9,950.00** on one payment voucher was made to an officer to perform official duties but accounted for only **GHC 1,500.00** leaving balance of **GHC8,450.00** not accounted for.

Management should ensure that the affected Officer is made to account for the difference for our examination and clearance.

## 2.0 INTRODUCTION

In accordance with Section 83 of the Public Financial Management Act, 2016 (Act 921) and the Internal Audit Agency Act, 2003(Act 568), Regulation 37 of the Internal Audit Regulation, the Internal Audit Unit has audited the thrust areas of Internally Generated Fund and Payroll audit (specifically on IGF Staff) of Mpohor District Assembly for the period January, 2021 to March, 2021. The issues raised during the audit were forward for attention and necessary perusal, those issues have been discussed with the key offices involved with all responses included in the final audit report.

## **2.1 BACKGROUND**

In pursuance of our Annual Internal Audit Plan for 2021, the unit has conducted an audit covering risk areas in the financial and operational running of the MpoHOR District Assembly for the first quarter of 2021. The audit focused on risk areas in relation to the management of revenue generation (IGF) and the expenditure control of such revenue. The audit also looked into controls and regulations put in place to protect and help improve the revenue generation of the Assembly and to confirm that the payroll function.

The purpose of this audit was to ensure that cash received from internally generated funds are managed well to ensure good stewardship and accountability, and to further ensure whether accounts receivables are duly receipted and banked timely. Also, to ensure that employees on the payroll are valid and that leavers do not remain on the payroll.

It was the aim of the audit team to provide management with effective policies, procedures and practices purported to ensure efficiency and effectiveness of the Assembly. This assignment was conducted by Rachael Dede Anim (Head of Internal Audit Unit) and assisted by Armiyaw Abu Yahaya (Asst. Internal Auditor).

## **3.0 SCOPE AND OBJECTIVES**

The scope of the audit was financial and operational in nature and covered the period from 1<sup>st</sup> January to 31<sup>st</sup> March, 2021. The audit was performed to ensure that financial data was properly recorded and adequate operational procedures existed in the cash receipts, expenditure, and payroll function. The audit was conducted in accordance with the Standards for the Professional Practice of Internal Auditing and the Applicable Standards. There was no anomalies found in the area of payroll audit. The last day of the field work was 19<sup>th</sup> April, 2021.

The objectives of the audit were as follows;

- a. to verify that amounts charged for rates, fines, fees or any other charges are assessed, collected, are reconciled regularly and promptly posted to bank and accounting records in accordance with applicable policies, procedures, laws and regulations.
- b. that revenue generation status has improved and revenue expenditure conforms with regulations.
- c. to confirm that the payroll function is properly controlled and operating efficiently.
- d. that payroll deductions are correctly applied.

#### 4.0 METHODOLOGY

This audit is the first of its kind being carried out by the Internal Audit Unit of the Assembly.

The audit adopted a risk-based approach complemented by the use of system audit procedures. The methods used include interview, compliance and analytical review procedures. Detailed review of payment vouchers, General Counterfoil Receipts, bank reconciliation statements and receivable cash book for the period were examined in conjunction with the expenditure cash book to determine whether all activities were carried out in line with the guidelines. Also, personal files of IGF staffs and accounting records on preparation and payment of wages & salaries were examined in relation to the Payroll audit.

References were also made to the relevant financial regulations and other laws including the Local Governance Act, 2016 (Act 936), Public Financial Management Act, 2016 (Act 921), Public Financial Management Regulation, 2019 (L.I 2378), Financial Memoranda for District Assemblies 2004, (Act 914), Public Procurement (Amendment) Act 2016 and best practices.

#### 5.0 KEY PERSONNEL

The following were responsible for the Administration and the financial functions of the District Assembly during the period under review;

NO.	Names	Designation	Date
1	Hon. Ignatius Asaah Mensah	District Chief Executive	01/01/2021-31/03/2021
2	Evans Mark Andoh	District Coord. Director	01/01/2021-31/03/2021
3	Juliana B. Mensah	District Finance Officer	01/01/2021-31/03/2021
3	Hammond K. Blankson	District Budget Analyst	01/01/2021-31/03/2021
4	Nyampong Ernest	District Works Engineer	01/01/2021-31/03/2021
5	Ayisha M. Matuamo	District Planning Officer	01/01/2021-31/03/2021
6	Millicent Owusu	District Procurement Officer	01/01/2021-31/03/2021
7	Portia N. Sam	District Human Resource Officer	01/01/2021-31/03/2021
8	Prosper Donkor	Dist. Environmental Health Officer	01/01/2021-31/03/2021

## 6.0 DETAILED FINDINGS AND RECOMMENDATIONS

### 6.1 ANALYSIS ON REVENUE PERFORMANCE

During the period of 1<sup>st</sup> January, 2021 to 31<sup>st</sup> March, 2021 as in the first quarter for 2021, the Assembly generated a total revenue of GH¢191,756.03 being 9.41% as against the budgeted estimate of GH¢2,037,159.81 resulting in a negative variance of GH¢1,845,403.78.

Details as shown below;

<b>MONTHS</b>	<b>APPROVED BUDGET FOR THE MONTH (GH¢)</b>	<b>ACTUAL FOR THE MONTH (GH¢)</b>	<b>VARIANCE FOR THE MONTH (GH¢)</b>
JANUARY	679,053.27	26,507.99	(652,545.28)
FEBRUARY	679,053.27	125,437.37	(553,615.90)
MARCH	679,053.27	39,810.67	(639,242.60)
<b>TOTAL</b>	<b>2,037,159.81</b>	<b>191,756.03</b>	<b>(1,845,403.78)</b>

Apparently, the Assembly relied on Government Grants and other Donor Support Transfer which amounted to GH¢111,477.68 also representing 5.47% of the total budgeted revenue of GH¢2,037,159.81 for the period under review. Details as stated below;

<b>MONTHS</b>	<b>GRANTS (MP-DACF)</b>	<b>OTHER DONOR SUPPORT</b>	<b>TOTAL AMOUNT RECEIVED</b>
JANUARY	-	22,066.77	22,066.77
FEBRUARY	55,461.41	33,949.50	89,410.91
MARCH	-	-	-
	<b>55,461.41</b>	<b>56,016.27</b>	<b>111,477.68</b>

## 6.2 POOR REVENUE GENERATION - GH¢80,278.35

### CRITERIA

- As per international best practices, Finance Officers are tasked with the duty of ensuring and promoting significant improvement in generation of revenue.
- Part VIII section 1 of the Financial Memoranda, Ghana gazette 2004 which states that “It shall be the duty of the Finance Officer to supervise and as far as possible to enforce the punctual collection of Revenue and to take action to ensure that revenue collections and other receipts are properly brought to account.”

### CONDITION

Out of the total revenue generated for the period under review, only GH¢80,278.35 was realized from the Assembly’s traditional sources (Internally Generated Fund) being 41.86% of the total revenue of GH¢191,756.03 for the period. Details are shown below;

<b>MONTHS</b>	<b>APPROVED BUDGET FOR THE MONTH</b>	<b>ACTUAL FOR THE MONTH</b>	<b>VARIANCE FOR THE MONTH</b>
JANUARY	65,016.67	4,441.22	(60,575.45)
FEBRUARY	65,016.67	36,026.46	(28,990.21)
MARCH	65,016.67	39,810.67	(25,206.00)
<b>TOTAL</b>	<b>195,050.01</b>	<b>80,278.35</b>	<b>(114,771.66)</b>

### CAUSE

The lack of revenue collectors (both permanent and commission collectors) resulted in the poor revenue generation.

### EFFECT

The District Assembly stands a less chance of being able to undertake local projects in the District on its own without the release of funds from the Central Government. The District Assembly won’t also be able to meet certain revenue targets set by some donors and hence incur the risk of losing certain donor funds to develop the District.

## **RECOMMENDATION**

Management was advised to engage more commission collectors in the mobilization of revenue to make up for the gap in the number of revenue collectors and also put proactive measures in place to ensure that the number of revenue collectors employed are maintained or improved upon to ensure consistent flow of revenue into the Assembly.

Furthermore, Management should also lay out plans to retrieve revenue from defaulters and to ensure the public is discouraged from defaulting on their responsibility to pay their tax obligations.

## **MANAGEMENT RESPONSE**

Recommendation well noted.

## **7.0 EXPENDITURE**

### **7.1 UNACCOUNTED PAYMENTS - GHC 20,308.00**

#### **CRITERIA**

- Section 102 (1) of the PFM Regulation 2019, L.I. 2378 state that, “Principal Spending Officer shall ensure that a special imprest, issued for making a particular payment, or group of payments shall be fully retired within ten days after completion of the activity”.
- Part IX paragraph 13(b) of the Financial Memoranda 2004, for MMDAs requires that “All payment vouchers shall be receipted by the attachment to the payment voucher of the payee’s official receipt”.

#### **CONDITION**

We observed from our work review that eight (8) payments into the face value of Twenty Thousand, Three Hundred and Eight Ghana Cedis (**GHC 20,308.00**) were without the relevant supporting documents attached. *Refer to Appendix “A” for details.*

#### **CAUSE**

This situation could be attributed to the Schedule Officer’s failure to pursue the payees to retire all payment vouchers.

#### **EFFECT**

Failure to attach relevant documents to the payment vouchers makes it difficult to authenticate the transactions.

#### **RECOMMENDATION**

Management should ensure that relevant supporting documents are provided for the payment vouchers in question for audit examination and certification.

#### **MANAGEMENT RESPONSE**

The relevant justification documents have been attached for your verification.

## **7.2 PAYMENT NOT FULLY ACCOUNTED FOR - GHC 8,450.00**

### **CRITERIA**

Section 102 (1) of the PFM Regulation 2019, L.I. 2378 state that, “Principal Spending Officer shall ensure that a special imprest, issued for making a particular payment, or group of payments shall be fully retired within ten days after completion of the activity”.

### **CONDITION**

Our audit examination of payment vouchers shows that, payment of **GHC 9,950.00** on one payment voucher made to an Officer to perform official duties but accounted for only **GHC1,500.00** leaving balance of **GHC 8,450.00** not accounted for. *“Find attached details on Appendix B”*.

### **CAUSE**

The anomaly occurred because of the payees’ failure to fully retire their imprest as required by the law.

### **EFFECT**

This is a breach of financial discipline.

### **RECOMMENDATION**

Management should ensure that the affected Officer is made to account for the difference for our examination and clearance.

### **MANAGEMENT RESPONSE**

Payments have been fully accounted for with relevant documents attached for your verification.

## **8.0 INTERNAL CONTROL ASSESSMENT**

The internal control systems in operation at the Assembly during the period under review were adequate and effective. We hope the suggestions and recommendations would be put into practice to improve the control systems in the management of the Assembly's resources.

## **9.0 ACKNOWLEDGMENT**

We wish to express our profound appreciation to Management and the staff for their invaluable support and assistance granted to the audit team.

We also commend management for taking immediate actions upon receipt of our draft report to correct and put in place measures to curtail the weakness in the implementation of controls.

**RACHAEL DEDE ANIM**  
**(HEAD, INTERNAL AUDIT UNIT)**

**10.0 APPENDIX A**

**UNACCOUNTED PAYMENTS - GHC 20,308.00**

<b>NO.</b>	<b>DATE</b>	<b>PV. NO.</b>	<b>CHEQUE NO.</b>	<b>DETAILS</b>	<b>PAYEE</b>	<b>AMOUNT GHC</b>
1	17/02/21	MPODA/CF/17/02/21/01	001552	Being fund released to organize sanitation and distribution of Covid-19 related items.	PHEC	2,750.00
2	27/02/21	MPODA/IGF/24/02/21/03	000455	Being fund released for the payment of off-loading of a Monodesk from Accra	DPO	500.00
3	19/01/21	MPODA/CF/19/01/21/02	001540	Being fund released to organize my first day at school	DPO	2,000.00
4	29/03/21	MDA/IGF/MAR/21/04	000464	Being funds to conduct six subcommittee meeting	ADII <sup>A</sup>	9,000.00
5	08/02/21	MDA/IGF/FEB/21/05	000598	Fund released to collect Covid-19 items	Procurement Officer	500.00
6	15/02/21	MPODA/IGF/FEB/21/001	000598	Being funds released for final funeral rights.	HRM	1,800.00
7	23/03/21	MPODA/IGF/23/03/21/03		Being cost of attending meeting with Wassa East on BOP	DBA	920.00
8	17/03/21	MPODA/IGF/17/03/21/01	000459	Payment for monitoring of GPSNP Projects site.	DPO	2,838.00
				<b>TOTAL</b>		<b>20,308.00</b>

**APPENDIX B****PAYMENT NOT FULLY ACCOUNTED FOR - GH¢ 8,450.00**

<b>NO.</b>	<b>DATE</b>	<b>PV NO.</b>	<b>CHEQUE NO.</b>	<b>DETAILS</b>	<b>PAYEE</b>	<b>TOTAL AMOUNT (GH¢)</b>	<b>AMOUNT ACQUITTED (GH¢)</b>	<b>AMOUNT UN-ACQUITTED (GH¢)</b>
3	26/01/21	MPODA/IGF/26/01/21/01	297400	Funds for monitoring Covid-19 related activities	DEHO	9,950.00	1,500.00	8,450.00
				<b>TOTAL</b>		<b>9,950.00</b>	<b>1,500.00</b>	<b>8,450.00</b>

### 11.0 MANAGEMENT ACTION PLAN

ISSUE REF.	ISSUE	RISK RATING	AGREED ACTION	ACTION DATE	RESPONSIBLE OFFICER
6.2	Poor revenue generation	High	Management would put measures in place to retrieve revenue from defaulters and also engage and train more revenue commission collectors.	30 <sup>th</sup> September, 2021	DFO
7.1	Unaccounted payments - <b>GHC20,308.00</b>	Medium	Management would tasked all responsible payees to account for their payments with the requisite receipts.	20 <sup>th</sup> May, 2021	DFO
7.2	Payment not fully accounted for - <b>GHC 8,450.00</b>	Low	Management agreed to task the responsible officer to fully retire their imprest with the necessary documents.	20 <sup>th</sup> May, 2021	DFO