

AUDIT SERVICE

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



P. O. Box 70
Bechem

My Ref No: BA/BDA/AI/Vol.3/06

Your Ref No:

Transparency, probity
and accountability

4 December, 2018

WEBSITE:

www.ghaudit.org

The Municipal Chief Executive
Tano South Municipal Assembly
Bechem ✓

MANAGEMENT LETTER ON THE ACCOUNTS OF THE INTERNALLY
GENERATED FUND (IGF) OF THE TANO SOUTH MUNICIPAL
ASSEMBLY - BECHEM FOR THE PERIOD
1 JANUARY TO 30 SEPTEMBER 2018

Introduction

We have examined the accounts of the Internally Generated Fund (IGF) of Tano South Municipal Assembly for the period 1 January to 30 September, 2017. The audit was conducted in accordance with our statutory mandate under the 1992 Constitution Article 187 (2) and the Audit Service Act 2000 (Act 584) Section 11 (1). The audit was conducted between the months of October and November, 2018.

2. Our audit observations have been discussed with key personnel concerned before this management letter was written and their responses have been included in this report.

3. We shall be grateful for your reply within 30 days after the receipt of this management letter as stipulated in the Audit Service Act 2000 (Act 584) Section 29 (1).

Management personnel

4. The following officers were responsible for the administration and financial operations of the Assembly during the period under review.

No.	Name	Position	Period
1.	Hon. Collins O. Takyi	MCE	January – September, 2018
2.	K. K. Sencherey	MCD	January – September, 2018
3.	Patrick A. Boateng	MFO	January – September, 2018
4.	Franklin Y. Walier	MPO	January – September, 2018
5.	Osei Berko	MWE	January – September, 2018
6.	Owusu Sekyere Isaac	MBA	January – September, 2018
7.	Salifu Issaka	Internal Auditor	January – September, 2018

Objectives of the audit

5. Our audit was conducted to ascertain whether internal controls put in place over cash management was sufficient; that rules and procedures were sufficient to secure effective checks on funds collected; whether essential records had been maintained and that rules for procurement and issue of stores were adhered to. Finally we verified whether monies had been expended for the purpose for which they were meant.

Scope of the audit

6. Our audit covered cash management, procurement, award of contracts, transportation and stores, inventory and payroll.

Audit methodology

7. We reviewed our approach to financial audit regulation to ensure that it continues to meet professional standards. Our approach was designed to ensure that we continue to carry out high quality audits, and that our audit approach is efficient and effective. The methodology that was adopted to execute the task plan can be broken down into the following main areas.

- ❖ Interviewing personnel.
- ❖ Identification of Risk
- ❖ Reviewing Internal Management Controls
- ❖ Use of substantive and analytical procedures
- ❖ Vouching
- ❖ Re-performance
- ❖ Transaction review
- ❖ Physical inspection of projects, assets and documents
- ❖ Collection of evidential materials and information from documents like FAR, FAI, PPA, Stores Regulations, Public Financial Management Act and Audit Service Act.

Conclusion

8. In our opinion, infractions by management on measures put in place to guide management and other desk officers in the efficient running of the Assembly led to several financial breaches observed during our audit.

Summary of findings and recommendations

9. We noted from examination of the personal emolument payroll that particulars of thirteen (13) staff transferred from the Municipal Assembly between February, 2015 and July, 2018 are still maintained in the Municipal Assembly's institutions students mechanized payment vouchers. We urged the Municipal Coordinating Director and Human Resource Officer to inform the management of the new stations of the officers to prepare inputs for the transfer of the names.

10. We noted, in our inspection of the Assembly's vehicles that, a Tractor Machine with registration number GV 539V has been abandoned at the premises of the Assembly since 2012. We ask management to repair the Tractor Machine without delay or otherwise.
- ✓11. Our review of the payroll at the Youth Employment Agency (YEA) disclosed that management failed to ensure the stoppage of salary payments totaling GH¢10,400.00 to Mr. Assabil Benjamin Essando who is at the same time a staff of Ghana Education Service. We urged management to write to the bank of Mr. Assabil Benjamin Essando to pay the unearned salaries of GH¢10,400.00 back to government chest.
- ✓12. However, our review of the payroll at the Youth Employment Agency (YEA) disclosed that, Mr. Assabil Benjamin Essando the District Coordinator of the Youth Employment Agency, Tano South Municipal Assembly was given a contract appointment as Project Assistant with effect from September 1, 2017 and he received a gross monthly salary of One Thousand Three Hundred Ghana cedis (GH¢1,300.00). At the same time Mr. Assabil Benjamin Essando was an employee of Ghana Education Service with Staff ID 162585 at Tapa District Office as a training officer. We recommended that, Mr. Assabil Benjamin Essando should be made to resign from one job and pay back the undeserved salaries he received of GH¢15,600.00 to government chest.

Details of findings and recommendations

Names of transferred staff maintained on validated payment voucher

13. Financial Administration Regulation, 2004 (L.I 1802) regulation 304 (1a & b) stipulates that "A head of department or a head of management unit shall examine and certify the personal emolument payment vouchers to ensure that only staff belonging to the unit are on the payment vouchers and in the case of staff on posting or transfer, the name is deleted within three (3) months.
14. We noted from examination of the personal emolument payroll that particulars of thirteen (13) staff transferred from the Municipal Assembly between

February, 2015 and July, 2018 are still maintained in the Municipal Assembly's mechanized payroll. Details are provided below:

STAFF ID	NAME	JOB	POSTING DATE	TRANSFERRED PLACE
130512	Ali Manasseh	Snr. Envi. Health Officer	21/7/2017	Asunafo South Kukuom
600359	Issaka Rabi Mathilda	Snr. Envi. Health Officer	8/6/2018	Tano North
530561	Awuah Ebenezer	Principal Technician Engineer	14/7/2015	Techiman North
642602	Agyei Josephine	Higher executive officer	11/12/2017	Tano North
659081	Agyeiwaa Ophelia	Scavenger	23/2/2015	RCC Sunyani
697431	Dakorah Rebecca	Asst. chief executive officer	6/7/2018	Techiman
710045	IncoomAdom Samuel	Principal internal officer	3/12/2015	Sunyani West
720488	Takyi Doris	Catering officer	17/7/2018	RCC Ashanti Region
74434	Owusuwaa Mary	Receptionist	5/2/2014	Kintampo North Mun Assembly
774572	Azure Isaac Kwabena	Revenue inspector	17/1/2018	Tano North
806722	Asare Esther	Budget analyst	12/7/2016	Sunyani West
539150	Lucy Gyamfi	Revenue inspector	17/1/2018	Wenchi
904029	Vitalis Naab Nirbeterfau	Administration	12/1/2018	Banda

15. We further noted that in the event of vacation of post by the officers concerned at their new stations, the situation could lead to payment of unearned salaries.

16. The Human Resource Officer's inability to clean the payroll of the names of transferred staff led to the anomaly.

17. We urged the Municipal Coordinating Director and Human Resource Officer to inform the management of the new stations of the officers to prepare inputs for

the transfer of the names unto the payroll of their respective stations without further delay.

18. Management accepted our recommendation for compliance and explained that steps had been taken to get their names out of the validated payroll by informing management of their new station that they have been released from Tano South Municipal Assembly.

Failure to repair Tractor Machine / Abandoned Tractor Machine

19. Section 1105 of Store Regulation 1984 states "when plant, Machinery or equipment is to be surveyed, a technical report on its condition, including its estimate market value, shall be prepared by a technically qualified officer and attached to the Survey Report. The Board of Surveyor or the Appointing or Approving Authority may ask for another technical opinion on the plant, Machinery and equipment if this is considered necessary.

20. However, our inspection of the Assembly's vehicles revealed that a Tractor Machine with registration number GV 539V has been abandoned at the premises of the Assembly since 2012 because it had a fault with its clutch plate, and no step has been taken so far to repair this Tractor Machine. See a pictorial of the Tractor Machine as attached.

21. This abandoned Tractor Machine not shielded from view keep on depreciating in value since it is exposed to bad weather. Its continuous abandonment at the bad weather since 2012 may further deteriorate beyond salvage or repairs.

22. We asked management to repair the Tractor Machine without delay to prevent further deterioration and loss in value.

23. The Municipal Coordinating Director explained that, they are now taking the necessary steps to repair it by engaging a qualified mechanic to assess the tractor and submit bills/proposal for repairs.

Unearned salaries - GH¢10,400.00

24. Regulation 298(1-2) of Financial Administration Regulation 2004 (L.11802) empowers a head of department to cause the immediate stoppage of payment of salary to a public servant when that public servant has been absent from duty without leave or reasonable cause for a period as stipulated in the administrative regulations of the establishment, been absent from duty on leave without pay, been convicted of an offence involving theft or fraud, or a sentence of imprisonment, resigned, retired or died. All other payments due to the Public servant must also be stopped in the circumstances provided above.
- ✓ 25. However, our review of the payroll at the Youth Employment Agency (YEA) disclosed that, management failed to ensure the stoppage of salary payments totaling GH¢10,400.00 to Mr. Assabil Benjamin Essando who is at the same time a staff of Ghana Education Service as a training officer at Tewa District Office. Therefore, he receives double monthly salaries from the consolidated fund.
26. We noted that Mr. Assabil Benjamin was issued a contract appointment letter on the 18 August 2017 effective from September 2017 to February 2018 subject to renewal upon satisfactory performance. From March, 2018, the contract had not been renewed but Mr. Assabil Benjamin Essando went ahead to enjoy unearned salary.
27. The inaction of the Mr. Assabil Benjamin Essando to inform the bank to pay the salaries to chest and the Executive Officer of YEA to delete the name caused the anomaly.
28. The action of the officer is has resulted in a loss of GH¢10,400.00 (unearned salaries) to the state.
29. We urged management to write to the bank of Mr. Assabil Benjamin Essando to pay the unearned salaries of GH¢10,400.00 back to government chest and provide the necessary documents for our verification and also to ensure that Mr.

Assabil Benjamin Essando name is deleted to prevent him receiving double monthly salaries.

Fraudulent misrepresentation -Mr. Assabil Benjamin Essando

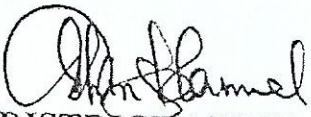
30. Labour Act, 2003 regulation 68 states that, "every worker shall pay for equal work without distinction of any kind".
31. However, our review of the payroll at the Youth Employment Agency (YEA) disclosed that, Mr. Assabil Benjamin Essando the District Coordinator of the Youth Employment Agency, Tano South Municipal Assembly was given a contract appointment as Project Assistant with effect from September 1, 2017 and he received a gross monthly salary of One Thousand Three Hundred Ghana cedis (GH¢1,300.00). At the same time Mr. Assabil Benjamin Essando was an employee of Ghana Education Service with Staff ID 162585 at Tepa District Office as a training officer.
32. The action of the officer to receive double monthly salaries from the consolidated fund is a fraudulent act against the law of the State. He was able to enjoy an undeserved salary of GH¢15,600.00 (September, 2017 to September, 2018) at the Youth Employment Agency, which is a lost to the State.
33. Again, due to his fraudulent act Mr. Assabil Benjamin Essando was not punctual at work at the Youth Employment Agency as a Coordinator. He was absent from duty from 27th September, 2018 to 23rd October, 2018 when the audit team was there to undertake the audit assignment.
34. We recommended that, Mr. Assabil Benjamin Essando should be made to resign from one job and pay back the undeserved salaries he received of GH¢15,600.00 to government chest and provide the necessary documents for our verification.
35. Management responded that, they have written to Mr. Assabil Benjamin Essando to immediately resign from one job and pay back the salaries he received to government chest and provide the necessary documents for verification within two weeks upon receive this report.

Previous Audit Management Report

36. The status of previous Audit Management Report Reference number BA/BDA/A1/Vol. 2/03A dated 5 December, 2017 is detailed in SAP 12 attached.

Acknowledgement

37. The assistance accorded the inspection team by management and the entire staff is gratefully acknowledged.


DISTRICT AUDITOR
(EMMANUEL K. AGBLENU)
DISTRICT AUDITOR
AUDIT SERVICE
BEHEM

Cc:

The Auditor-General
Audit Service
Accra

The Regional Auditor
Audit Service
Sunyani

The Regional Coordinating Director
Regional Coordinating Council
Sunyani

The Municipal Coordinating Director
Tano South Municipal Assembly
Bechem

The Municipal Finance Officer
Tano South Municipal Assembly
Bechem

SAP-12 FOLLOW-UP ON PREVIOUS AUDIT

Internally Generated Fund (IGF)
 Ref. No. BA/BDA/A1/Vol. 2/03A dated 5 December, 2017 covering the period 1 January to 30 September, 2017

No.	Para.	Audit Findings	Audit Recommendation	Action taken by Management/ Audit Committee	Current status	Remarks
1	13 - 18	We noted that, management paid undeserved salaries and allowances amounting to GH¢41,357.28 to seven operators of the Community Day Care Centre but they failed to render accounts on their operations to the Assembly.	We recommended to management to constitute a committee to investigate the activities of the day care and the persons operating it.	Management has already constituted a committee to investigate the activities and operations of the day-care centre and their recommendation to management is being implemented to make sustainable since no funding comes from the assembly or government.	Assembly has set up committee to run and monitor the activities and operations of the day care and the persons operating it. A copy of minutes of the committee last meeting is on file.	
2	19 - 23	We noted that, the Assembly lost revenue amounting	We recommended that, management should educate the	As part of building the capacity of revenue collectors	Revenue collectors have been given the necessary education /	

		<p>to GH¢1,920.00 due to the revenue collectors failure to charge the 2017 approved fee fixing rates.</p>	<p>revenue collectors on any changes made to the Assembly's rates to avoid future lost of revenue and again investigate the issue of the officers who violated the fee fixing resolution for proper sanctioning.</p>	<p>in the use of fee fixing, a training workshop had been organized to update the skills of the collectors.</p>	<p>training on collection of revenue but the officers who violated the fee fixing resolution have not been sanctioned. A copy of attendance list is on file.</p>	
3	24 - 30	<p>We noted that stores items received and issued amounting to GH¢14,160.00 were not entered into the store ledgers.</p>	<p>We recommended to management to ensure that items received and issued out by the storekeeper are properly entered into the store ledgers, to ensure proper accountability for store items.</p>	<p>Management had complied with the recommendation.</p>	<p>Store items are now recorded duly in the store ledger. A copy of evidence is on file.</p>	

4	31 - 36	We noted that the storekeeper issued store items totalling Gh¢6,822.00 without the use of store requisition but rather "memo".	We recommended to management to ensure that store items are issue out with authorized store requisition.	Management had complied with the recommendation.	Store items are now issued with approved requisitions.	
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Prepared by: Stephen K. Yeboah (Principal Auditor)

[Signature]

Date: 4-12-18

Reviewed by: Mr. Emmanuel K. Agleanu (Director of Audit)

[Signature]
 DISTRICT AUDITOR
 SERVICE
 BECHEM

Date: 4/12/18