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

My Ref. No: ...ENK/KWMA.3/49

Your Ref. No: .....

Tel: 233 (0) 302 664920/28/29
Fax: 233 (0) 302 6751495
Website: www.ghaudit.org

AUDIT SERVICE GHANA

Good Governance and Accountability

99

P. O. Box .....
47

.....Nkawkaw.....

.....7 March 2023.....20.....

KWAHU WEST MUNICIPAL ASSEMBLY
RECEIVED
14 MAR 2023
REGISTRY
NKAWKAW

The Municipal Chief Executive
Kwahu West Municipal Assembly
Nkawkaw

MANAGEMENT LETTER ON THE AUDIT OF THE KWAHU WEST MUNICIPAL ASSEMBLY'S DISTRICT ASSEMBLIES COMMON FUND AND OTHER STATUTORY FUNDS FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2022

We have audited the accounts and other related records of the Kwahu West Municipal Assembly for the period 1 January 2022 to 31 December 2022 in accordance with our statutory mandate under Article 187 (2) of the 1992 Constitution and Audit Service Act 2000 (Act 584).

2. We wish to bring to your attention the following findings and recommendations during the audit. We have discussed these matters with the key personnel concerned whose comments where appropriate, were considered in preparing this management letter.

3. We shall be grateful to receive your response to this management letter within thirty (30) days upon receipt thereof as required by Section 29 (1) of the Audit Service Act 2000(Act 584). In line with Section 29 (2) of the Act, we may be compelled to have your emoluments and allowances withheld for so long as you fail to reply with the period specified.

Key Personnel

4. The functional management team for the period under review were made up of the following personnel.

Name	Rank	Period
Hon. Yaw Owusu Addo	Municipal Chief Executive	1 January to 31 December 2022
Peter Tetteh Kwablah	Municipal Coordinating Director	1 January to 31 December 2022
Sampson Gyato	Municipal Finance Officer	1 January to 31 December 2022
Richard Nii Odjidja	Head of Works Department	1 January to 31 December 2022

Boateng Felix Adom	Municipal Planning Officer	1 January to 31 December 2022
Bright Bosompem	Municipal Budget Chief Analyst	1 January to 31 December 2022
Alhaji Shaibu Adam	Internal Auditor	1 January to 31 December 2022
Joseph Wepeba	Head of Revenue	1 January to 31 December 2022

Scope of Audit

5. Our audit covered the review of cash management, control over value books, procurement of goods and contract management, and verification of inventory and asset register. We also followed up on previous audit management letter to ascertain the extent to which our recommendations had been implemented.

Audit Objectives

6. Pursuant to Section 13 of the Audit Service Act, 2000 (Act 584), the audit was conducted to ascertain whether: -

i. Rules, regulations and procedures established were adequate to provide effective check on the assessment, collection and proper allocation of revenue;
ii. All moneys collected had been fully accounted for;
iii. Moneys had been judiciously used for the purpose for which they were appropriated and expenditures made as authorised;
iv. Essential records were maintained, and rules and procedures applied were adequate to safeguard and control the Assembly's property;
v. Financial business had been conducted with due regard to economy, efficiency and effectiveness; and

Audit criteria and methodology

7. We derived our audit criteria, norms and standards from the Public Financial Management Act 2016 (Act 921), the Public Financial Management Regulations 2019, (L.I. 2378} The Public Procurement Act 2016 (Act 914), Local Governance Act 2016 (Act 936). We also used standard accounting practices, financial laws and regulations.

Details of findings and recommendations

Failure to pre-audit two payment vouchers - GH¢80,808.95

8. Section 16 subsections (1) & (2) of the Internal Audit Agency Act, 2003 (Act 658) provides for the establishment of internal audit in each Metropolitan, Municipal and District Assembly (MMDA) which shall constitute a part of the establishment in order to ensure effective and efficient control over the internal control procedures of the Department.

9. However our review of DPAT III payment vouchers revealed that payments totalling GH¢80,808.95 were not vetted by the Internal Audit Unit before the payments were effected. Find details below.

Serial No.	Date	PV No.	Payee	Particulars	Amount (GH¢)
4.	19/9/2022	DDF/01/09/22/EN	KEY CONSTRUCTIONS AND ENGINEERING LTD PO. BOX 327, NKAWKAW	Construction of N0.1 Educational Resource Centre with Ancilliary facilities at Atibie Amanfrom	27,058.50
5.	11/08/22	DPAT/08/01/22/G1	AKROFEX VENTURES		53,747.45
		Total			**80,808.95**

10. Management could not assign any reason for the lapse.

11. The consequences of not pre-auditing the payment vouchers before payments were effected could lead to suppression and misapplication of funds.

12. We recommended to management to strictly follow the rules to avoid sanctions.

13. Management responded that the payment vouchers would be referred to the Internal Auditor for vetting.

Unfavourable or vague clauses in the (SIP) Service Agreement

14. The Sanitation Improvement Package (SIP) Service agreement between Kwahu West Municipal Assembly and Zoomlion Ghana limited was initially signed on 2 July 2004 for a five year period and has gone through many renewals and amendments. The latest agreement is for a five year period which started from 2 January 2019. The agreement was signed by Hon Owusu Addo and Florence A. Larbi on behalf of the Assembly and Zoomlion respectively.

15. Clauses B, C and D in the agreement require Zoomlion Ghana limited to provide 21 solid Waste Containers, Two Refuse Trucks and Haulage of a solid Waste to the final waste landfill site for a quarterly fee of GH¢71,500.00

16. Our review of performance report of the Zoomlion Ghana Limited in the Assembly revealed that Zoomlion had been executing its part of the contract at a quarterly fee of GH¢71,500 regularly, however the agreement had no clauses as to how a breach of performance of any service or the provision of any component or a machinery should be settled.

17. We recommended to management to insert clauses that indicate percentage of the fee attributable to each component and how should a party to the agreement who breaches the performance of any component would be liable for payment. Again management accepted our recommendations.

Abandoned Skip Truck - GN 8294-13

18. Regulation 154(2) of the Public Financial Management Regulation, 2019 (L.I 2378) stipulates that for the purpose of sub-regulations (1) fixed assets include Land, buildings Vehicles and other high value fixed assets which a covered entity controls and uses in the operations of the covered entity to generate revenue or provide services and which are expected to be in use for more than a year.

19. Our review of records at the transport department revealed that a skip truck of the Assembly had been packed for eight years.

20. The Director said the truck was in that state before he was transferred to the Municipal Assembly.

21. Under the situation, the purpose for which the truck was purchased could not be achieved leading to a loss of funds to the Assembly.

22. We recommended to management to constitute a committee to investigate about the state of truck and take the necessary action to salvage the situation.

23. Management said a committee would be constituted to act on the recommendation.

Follow-up on previous management letter

24. Follow-up on my previous management letter with Referenced No. ENK/KWMA/3/47 of 23 March, 2022 had not been fully implemented. Refer to Exhibit 'A' below for details.

Paragraph No.	Audit finding	Audit Recommendation	Management Response	Action taken by Management	Auditors comments on evidence gathered	Remarks
42-47	Contrary to the Act, the management of the Assembly awarded contract to Ikeboa Co. Ltd. And community water and sanitation agency for construction of 44 No. 2 storey lockable stores, and	We recommended to management to ensure early completion of the existing projects before embarking on new projects.	Management had taken advice in good faith to and would comply with our recommendations. amount.	The borehole had been constructed but yet to be mechanized.	At the time of our inspection on 15 February, 2023, the mechanization was yet to be done though the borehole was done.	

	drilling and Mechanization of 1 No Boreholes totalling GH1,701,995.50 for which scheduled completion dates has elapsed. Management in the course of construction paid a total amount of 1,223,455.09 to the contractors.					

Acknowledgement

27. We are grateful to management and the entire staff for the cordial relationship accorded to the audit team.

WILLIAM BEDIAKO
DIRECTOR OF AUDIT
DISTRICT AUDITOR
NKAWKAW

cc: The Auditor-General
Audit Service
Accra

The DAG/EIDA-SZ
Audit Service
Accra

The Regional Auditor
Audit Service
Koforidua

The Regional Coordinating Director
Regional Coordinating Council
Koforidua-E/R

The Presiding Member,
Kwahu West Municipal Assembly
Nkawkaw

The Municipal Coordinating Director
Kwahu West Municipal Assembly
Nkawkaw

The Municipal Finance Officer
Kwahu West Municipal Assembly
Nkawkaw