

ADA EAST DISTRICT
ASSEMBLY
INTERNAL AUDIT UNIT

SECOND QUARTER AUDIT REPORT

ON DISTRICT ASSEMBLY COMMON FUND EXPENDITURES

July 12, 2016

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1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

As part of our quality assurance to management in accordance with:

- a) Section 120 of the Local Government Act, 1993 (Act, 462)
- b) Section 16(3) of the Internal Audit Agency Act 2003 (Act 658) and the financial Memoranda, we carried out our audit in line with auditing standards and best practice.

1.2 MANAGEMENT RESPONSIBILITY

In accordance with Page 5 of the Internal Audit Charter and in line with auditing standards, it is the responsibility of management to formulate policies, set objectives and procedures, and design appropriate and effective internal controls system, implement and monitor policies and procedures to achieve the objectives of the Assembly.

1.3 INTERNAL AUDITOR'S RESPONSIBILITY

It is the responsibility of the internal auditor to carry out an independent objective assurance service designed to add value to the Assembly's activities.

We would like to draw management's attention to the fact that due to the inherent limitations of audit, this exercise might not be able to identify all internal control weaknesses in the system but all those that have come to our attention, have been recorded in this report and that there might be others that have escaped our detection.

This report is prepared for the Presiding Member of the Assembly and for that matter the Audit Report Implementation Committee (ARIC), the management of Ada East District Assembly and other relevant third parties.

1.4 SCOPE OF THE AUDIT

The audit was conducted to cover all payment records kept for the District Assembly Common Fund.

The period of review was from 1ST January to June, 2016

1.5 OBJECTIVES OF THE AUDIT

To ascertain if:

1. Reasonable assurance can be obtained on the arithmetic accuracy of the figures on the payment vouchers
2. All applicable statutory deductions from payments have been complied with.
3. Existing controls are working properly and if they are being complied with.
4. Payments were made to the right persons.
5. Payment vouchers have been duly acquitted.

1.6 METHODOLOGY

The methods adopted during the exercise include:

1. A one hundred percent checks (substantive audit) on all records of payment kept for payments made within the period under review (cheque booklets, Cashbooks, payment vouchers, cheque stocks)
2. Interviews and observation.
3. Review of controls of the existing systems and analytical review of data obtained.

2.0 SUMMARY OF FINDINGS AND RECOMMENDATION

2.1.2 FAILURE TO ATTACH RELIVANT DOCUMENTS TO PAYMENT VOUCHERS

2.1.3 CONDITION

During our review, we observed that the Assembly paid an amount of Nineteen Thousand Nine Hundred and Fifty Ghana Cedis (19,950.00) for the supply of rice, oil and mackerel which were VAT inclusive but no VAT invoice was issued for such payment.

2.1.4 RECOMMENDATION

The finance officer should ensure that the suppliers issue VAT invoice and to also put in measures that will ensure that such does not happen again.

2.2.1 UNACQUITTED PAYMENT VOUCHERS

2.3.2 CONDITION

During our review, we observed that a total of five (5) payment vouchers amounting Twelve Thousand and Ninety Three Ghana Cedis (GHS12,093.00) spent on various activities have not been accounted for.

2.3.3 RECOMMENDATION

To help cure this problem, management should ensure that all officers who have fallen foul of this financial indiscipline acquit the vouchers or refund in part or in whole the amount received, or face any other disciplinary measure as may be deemed fit.

3.0 DETAILS OF FINDING AND RECOMMENDATION

3.1 FAILURE TO ATTACH RELIVANT DOCUMENTS TO PAYMENT VOUCHERS

CRITERIA

Part IX Paragraph 13(b) of financial memoranda for Metropolitan, municipal and District Assemblies (2004) say that, all payment vouchers shall be receipted by the attachment to the Payment Voucher of the payee's official receipt. Facsimile Signature stamps shall not be used.

CONDITION

During our review, we observed that the Assembly paid an amount of Nineteen Thousand Nine Hundred and Fifty Ghana Cedis (19,950.00) for the supply of rice, oil and mackerel which were VAT inclusive but no VAT invoice was issued for such payment.

PAYEE	DETAIL	PV NO.	CHEQUE NO.	AMOUNT
MAUTA UPRISING ENTERPRISE	Being payment for the supply of rice, oil and mackerel	35/01/16	00025	19,950.00

CAUSE

The finance office reneged on his supervisory role and hence the non-issuance of the VAT invoice by the supplier.

EFFECT

These can lead to loss of revenue to the state; the Assembly will also be seen as helping the supplier to deprive the state of needed revenue.

The Assembly could also be charged with penalty for its role in the transaction.

RECOMMENDATION

The finance officer should ensure that the supplier issues the VAT invoice and to also put in measures that will ensure that such does not happen again.

3.2 UNACQUITTED PAYMENT VOUCHERS

CRETIRIA

Part IX sub 13 of Financial Memoranda for metropolitan, Municipal and District Assemblies says that, all payment vouchers shall be receipted in one of the following ways:

- (a) By a writing acknowledgement in ink on the payment voucher by the payee where an official receipt is not supplied; or
- (b) By the attachment to the payment voucher of the payee's official receipt.
Facsimile signature stamp shall not be used.

CONDITION

During our review, we observed that a total of five (5) payment vouchers amounting Twelve Thousand and Ninety Three Ghana Cedis (GHS12,093.00) spent on various activities have not being accounted for

PAYEE	DETAILS	PV NO.	CHEQUE NO	AMOUNT
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Sabbab Hodoklamah Agbo Royal family	Being funds released to support the Sabbah family as royalties land owners of Kasseh market	20/01/16	000230	3000.00
Fredrick Ameworder	Being funds release for the demolishing of the old District court	27/09/16	000326	6,350.00
DCD	Being fund released to NALAG program (accommodation not accounted for)	09/02/16	000326	2,243.00
Mantey Henry	Being additional support for capacity building whilst in school	24/01/16	000236	500.00

CUASE

The finance office did not ensure that all releases are properly accounted for after such monies have been spent for the intended purpose.

The occurrence of this situation however, is an indication of a weakness in this part of the system of expenditure control and accountability.

This also shows weak supervision from the finance officer to ensure that payment vouchers are fully acquitted.

EFFECT

The unwillingness of officers to account for releases taken shows the extent to which the control system has weakened.

This could lead to very serious levels of revenue leakage to the assembly should this trend continue.

RECOMMENDATION

To help cure this problem, management should ensure that all officers who have fallen foul of this financial indiscipline acquit the vouchers or refund in part or in whole the amount received, or face any other disciplinary measure as may be deemed fit.

Conclusion

The Internal Audit unit is very grateful to all departments and units of the District Assembly who willingly cooperated with us to make this report possible.

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