

ADA EAST DISTRICT ASSEMBLY INTERNAL AUDIT UNIT

SECOND QUARTER AUDIT REPORT FOR 2018 ON IGF EXPENDITURE

JULY 05, 2018

Table of Content

Table of Contents

1.0	INTRODUCTION	3
1.1	Background	3
1.2	Audit Perspective.....	3
1.3	Scope and objective:.....	3
2.0	SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS	4
3.0	DETAILED FINDINGS AND RECOMMENDATIONS	6
4.0	CONCLUSION	10

DRAFT

1.0 INTRODUCTION

1.1 Background

In pursuance of our internal audit plan for 2018, the unit has conducted an audit covering the District Assembly Internally Generated Funds Expenditures for the second quarter of 2018. This audit focused on all the disbursements made on the funds. The audit took into consideration the short falls in managing expenditure. The audit also looked into controls and regulations put in place to ensure zero wastage of resources in relation to the funds of the District Assembly.

It is the objective of the audit team to provide management with effective policies, procedures and practices to ensure efficiency and effectiveness of the management of the District Assembly Funds.

1.2 Audit Perspective

A walk-through test on documented operating procedures and interviews were used in the audit of Internally Generated Funds Expenditures. Examination of expenditure cash books and other relevant documents pertaining to the audit were also examined. The Standards for International Professional Practices of internal auditing were applied in the audit.

1.3 Scope and objective

The audit looked at the expenditure of internally generated funds of the Assembly for the period 1st January to 31st June, 2018.

The audit was financial in nature and was performed to ensure that policies, procedures and practices are in line with the Public Financial Management Act, the financial regulations and other relevant state financial and operational laws. The audit was also meant to ensure that officers put in charge of the management of IGF for the assembly abide by the laid down rules and regulations and to improve on performance.

The specific objectives of the audit are as follows:

To ascertain;

- That expenditures comply with the PFM act.
- that all expenditure made are budgeted for, and hence are warranted.
- that proper records are kept for all expenditures made.

2.0 SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS

~~2.1 — No insurance and road worthy certification for all vehicles.~~

2.1 Failure to document all operating procedures.

CONDITION:

Cash Management Accounting procedures of the Assembly are not properly documented even though officers are able to narrate the procedures in their departments. The audit team observed a number of Payment Vouchers that could not be located in the cashbook.

RECOMMENDATIONS:

The District Coordinating Director should ensure that procedures in various departments are properly documented to enhance efficiency.

2.2 Payments without warrants.

CONDITION

Payment is made to suppliers/traders without weekly/monthly schedule of indebtedness. i.e. the Finance Department does not prepare weekly and monthly lists of debts to be paid by the Assembly.

RECOMMENDATIONS

The DFO should prepare and institutionalize the practice of making payments based on a schedule of indebtedness for efficiency and transparency.

2.3 Failure to prepare weekly/monthly schedule of indebtedness

CONDITION

The District Assembly for the period under review has spent over fifty percent (50%) of total expenditure made from IGF without obtaining warrants.

RECOMMENDATIONS:

The District Co-ordinating Director should refuse signing of any cheque for expenditure that is not backed with a warrant.

2.4 Failure to properly account for expenditures made.

CONDITION

Expenditures made amounting to **Twenty One Thousand, Nine Hundred and Seventy Six Ghana Cedis, Eighty Eight Pesewas (GH¢ 21,976.88)** are yet to be accounted for.

RECOMMENDATIONS

The District Finance Officer should ensure all expenditures made are properly accounted for or be made to refund all unaccounted for expenditures.

DRAFT

DETAILED FINDINGS AND RECOMMENDATIONS

1. Failure to document all operating procedure.

CONDITION

Cash Management Accounting procedures of the Assembly are not properly documented even though officers are able to narrate the procedures in their departments. The audit team observed a number of Payment Vouchers that could not be located in the cashbook.

Please find below a list payment vouchers that could not be located in the expenditure cash book.

PVs NOT FOUND IN THE CASH BOOK

PV NO	DETAILS	AMOUNT	PAYEE
04/03/2018	RECOUPMENT OF IMPREST	1000.00	DCD
04/04/2018	RECOUPMENT OF DCEs IMPREST	600.00	DCE
04/05/2018	RECOUPMET OF DFOs IMPREST	480.00	DFO
04/06/2018	RECOUPMENT OF DFOs IMPREST	300.00	DFO
04/11/2018	PAYMENT OF TRANSFER GRANT	10000.00	DCD
23/4/2018	FINAL PAYMENT OF USAGE OF FIVE ROOMS	1700.00	NENE TSRAPAH II
24/04/2018	PART PAYMENT OF JUDGEMENT DEBT BALANCE	2000.00	JOSHUA KWABLA TEYE
25/04/2018	FUNDS FOR RECOUPMENT OF PETTY CASH	1000.00	DFO
26/04/2018	FUNDS FOR RECOUPMENT OF DCEs IMPREST	600.00	DCE
27/04/2018	FUNDS FOR RECOUPMENT OF DCDs IMPREST	480.00	DCD
28/04/2018	FUNDS FOR RECOUPMENT OF DFOs IMPREST	300.00	DFO

CRITERIA

Regulation 4(1) of the Financial Administration Regulations 2004, (L.I. 1802) state that "... all heads of department shall issue Departmental Accounting instruction to regulate the Financial business of the department indicating duties to be performed by specified officers, the account to be kept and returns to be submitted".

Again, Regulation 4(2) states that "The departmental accounting instruction shall contain relevant procedures for the keeping of account preparation and format of financial statement ---"

CAUSE

Negligence on the part of the schedule officers to ensure all payments are recorded into the various cash books.

Weak supervision on the part of the District finance officer to ensure such omissions do not occur.

EFFECTS

Without documentation of procedures, deviation from the norm will be difficult to observe for correction.

Omissions of payments into cash books will also lead to financial misrepresentation which would negatively affect the District Assembly.

RECOMMENDATIONS

The District Finance Officer should ensure that all expenses not found in the cash books should be immediately recorded.

2 Failure to prepare weekly/monthly schedule of indebtedness

CONDITION

Payment is made to suppliers/traders without weekly/monthly schedule of indebtedness. i.e. the Finance Department does not prepare weekly and monthly lists of debts to be paid by the Assembly.

CRITERIA

It is an acceptable financial practice that payments are made under a well planned schedule aggregated weekly or monthly so that creditors position are known at any point in time. It also assists in decision making.

CAUSES

Lack of appreciation for the effects of a properly planned out payment plan or schedule by the District Finance Officer.

EFFECTS

Without the schedule of debt, budgeted figures could be distorted. This is because the current position of creditors would not be known and more creditors added on until the Assembly realises its unbearable state. Again, Payment could be made to current creditors at the expense of previous creditors.

It also creates the opportunity for Assembly officers to practice favouritism in respect of settlement of indebtedness and could create an avenue for corrupt practices.

RECOMMENDATIONS

The District Finance Officer should prepare and institutionalize the practice of making payments based on a schedule of indebtedness for efficiency and transparency. The District Co-ordinating Director should approve the prioritized list.

3. Payments without warrants.

CONDITION

CRITERIA

CAUSES

EFFECTS

RECOMMENDATIONS

4. Failure to properly account for expenditures made

CONDITION

CRITERIA

CAUSES

EFFECTS

RECOMMENDATIONS

3.0 CONCLUSION

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

Prepared by,

Peter Bonam
(Internal Auditor)