

ADA EAST DISTRICT ASSEMBLY

REPORT ON PAYROLL AUDIT

2022

FOURTH QUARTER INTERNAL AUDIT REPORT



TABLE OF CONTENTS

1.0 EXECUTIVE SUMMARY3

1.1 SUMMARY OF FINDINGS AND RECOMMENDATIONS.....3

1.2 INTRODUCTION.....5

1.3 MANAGEMENT RESPONSIBILITY.....5

1.4 INTERNAL AUDITOR'S RESPONSIBILITY5

1.5 BACKGROUND.....6

1.6 AUDIT OBJECTIVE:.....6

1.7 SCOPE.....6

1.8 METHODOLOGY.....6

2.0 DETAILED FINDINGS AND RECOMMENDATION.....8-10

3.0 CONCLUSION.....11

APPENDIX A : LIST OF GOG STAFF

APPENDIX B : LIST OF IGF STAFF

APPENDIX C: STATUS OF IMPLEMENTATION FOR THIRD QUARTER 2022

1. EXECUTIVE SUMMARY

The primary objective for the payroll exercise was to ascertain the existence of government employees on the payroll. It was also to assess the efficiency of personnel records managed through the Electronic Salaries Payment Voucher (ESPV) introduced by the Controller and Accountant-Generals Department (CAGD). This report highlighted payroll management weaknesses identified during the audit and proffered recommendations for consideration and implementation.

1.1 SUMMARY OF FINDINGS

1.11 TOTAL STAFF STRENGTH (GOG AND IGF)

The nominal roll of the Ada East District Assembly as validated by the Human Resource Manager as at December 2022 shows a total staff strength of the Assembly at **135** staffs. **Details on Appendix A and B.**

RECOMMENDATION

- We recommend to management to report to the Regional Co-ordinating Council and the Office Of the Head of Local Government Service in case there is the need to augment the current staff strength of the Assembly with additional staff.

1.12 NAMES OF POSTED STAFFS STILL APPEARING ON THE ASSEMBLY'S ELECTRONIC SALARY PAYMENT VOUCHER (ESPV).

From our review, we noted that 7 staffs of the Assembly who were posted from the Assembly between 2021 and 2022 still appear on the Assembly's ESPV and are validated monthly.

We interviewed the Human Resource Management on this issue who explained that, some of the officers were posted to the newly created regions, hence the continuous validation by him (HRM) since those regions do not have their own management unit yet.

The other category of staff who still appear on the Assembly's salary payment voucher are yet to be set up on the management unit of the new Assemblies that they have been posted to.

RECOMMENDATION

- We urge the Head of the Management Unit and the Human Resource Manager to ensure that only employees belonging to the management unit are on the payment voucher in accordance with Regulation 90 (4a) of the Public Financial Management Regulation, 2019 (L.I 2378).

1.2 INTRODUCTION

The wage bill of Government employees constitute a significant percentage of total GoG expenditures. The GoG payroll system therefore requires robust control mechanism to prevent and detect the occurrence of errors and irregularities associated with payroll administration. There have been several reported cases of payroll infractions resulting in payment of unearned salaries.

In line with section 83 of the Public Financial Management Act, 2016 (Act 921), and the Internal Audit Agency Act 2003, (Act 568), the internal audit unit conducted a district payroll audit from January 2022 to September 2022 to provide an independent assurance on the overall payroll management system.

The audit aimed at ascertaining the extent of effectiveness in the use of the Electronic Salary Payment Voucher (ESPV) system by the head of management unit in the management of personnel records on the payroll.

This report is prepared for the Chairperson of the Audit Committee of Ada East District Assembly, the Management of Ada East District Assembly, Internal Audit Agency, Auditor General, Regional Coordinating council and other relevant parties.

1.3 MANAGEMENT RESPONSIBILITY

In line with auditing standards, it is the responsibility of management to formulate policies, set objectives and procedures, and design appropriate and effective internal control systems, implement and monitor policies and procedures to achieve the objectives of the Assembly.

1.4 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.

- **VISION AND MISSION**

The **vision** of the Internal Audit Unit is to provide independent, objective assurance and consulting services designed to add value and improve the Organization's operations.

The **mission** of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit activity would help Organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

1.5 BACKGROUND

In pursuance of the Internal Audit plan for 2019-2022 and the Annual Action Plan of the Assembly, the Internal Audit Unit has conducted an audit on personnel verification and the functionality of the control system operated by the human resource department. The audit was conducted to ensure quality assurance on the activities of the Ada East District Assembly and related cash management activities in the District.

1.6 AUDIT OBJECTIVES:

The objectives of the audit are;

- i. To ensure that only employees belonging to the management unit are on the salary payment voucher and;
- ii. To establish whether the names of new employees and those posted or transferred to the management unit appear on the payment voucher.

1.7 SCOPE OF AUDIT

The audit covered active personnel on the Controller and Accountant General's Department GoG mechanized payroll from January 2022 to December 2022.

1.8 METHODOLOGY/APPROACH

Our methodology which is in accordance with Auditing standards and best practices was in four stages.

a. Pre-engagement stage

We sent a memo to all staffs through their respective heads of units/departments notifying them of our verification exercise.

We requested and obtained from the Human Resource Manager payroll data for the period under review.

b. Detailed Review Stage

We carried out desk review on the Electronic Salaries Payment Voucher (ESPV) details.

We obtained original documents in relation to the employment of GoG and IGF staffs who presented themselves for the exercise.

This was to confirm the appropriateness of their status as defined on the mechanized payroll.

c. Verification stage

We conducted the exercise on units/departments basis, visiting each at a time.

The aim was to ascertain the physical existence of staffs and the appropriateness of their personal records. Prominent among the documents reviewed included their appointment letters, promotion/upgrade letters, SSNIT ID.

d. Reporting stage

We sent audit observations in a form of draft report to management for their responses.

The responses obtained were reviewed and included in this report.

We derived our audit criteria from sources such as the Public Financial Management Regulations, 2019 (Li 2378), Public Financial Management Act 921 (Act 2016), Auditing standards and best practices.

2.0 DETAILS OF FINDINGS AND RECOMMENDATIONS

2.1 TOTAL STAFF STRENGTH (GOG AND IGF)

CRITERIA

By Regulation 221 (1b) of the Public Financial Management Regulation, 2019 (L.I 2378), the head of an Internal Audit Unit shall report to the Principal Spending Officer on human resource administration including personnel evaluation and compensation.

CONDITION

The nominal roll of the Ada East District Assembly as validated by the Human Resource Manager as at December 2022 shows a total staff strength of the Assembly at **135** staffs. **Details on Appendix A and B.**

CAUSE

Staff posted do not honour their postings to the Assembly.

EFFECTS

When people refuse to honour postings to the Assembly, it creates a problem of under staffing for the Assembly.

RECOMMENDATION

- We recommend to management to report to the Regional Co-ordinating Council and the Office Of the Head of Local Government Service in case there is the need to augment the current staff strength of the Assembly with additional staff.

MANAGEMENT RESPONSE

The District Co-ordinating Director tasked the Human Resource Manager determine units/departments of the Assembly that do not have adequate staff for the necessary actions to be taken.

2.2 NAMES OF POSTED STAFFS STILL APPEARING ON THE ASSEMBLY’S ELECTRONIC SALARY PAYMENT VOUCHER (ESPV).

CRITERIA

In accordance with Regulation 90 (4a) of the Public Financial Management Regulations, 2019 (L.I 2378),

- (4) The validation referred to in subregulation (2) is to ensure that;
- a. only employees belonging to the Unit are on the salary payment voucher;

CONDITION

From our review, we noted that 7 staffs of the Assembly who were posted from the Assembly between March 2021 and September 2022 still appear on the Assembly’s ESPV and are validated monthly.

We interviewed the Human Resource Management on this issue who explained that, some of the officers were posted to the newly created regions, hence the continuous validation by him (HRM) since those regions do not have their own management unit yet.

The other category of staffs who still appear on the Assembly’s salary payment voucher are yet to be set up on the management unit of the new Assemblies that they have been posted to.

Details below;

S/N	NAME	JOB TITLE	DATE TRANSFERRED
1.	Abdul-Latif Amin	Asst. Director I	September 2022
2.	Isaac Mwangu	Chief Dev’t Planning Officer	March 2021
3.	Mavis Azure	Asst. Budget Analyst	May 2022
4.	Adams Osman Musah	Asst. Internal Auditor	September 2022
5.	Henry Martey Tetteh	Asst. Procurement Officer	July 2022
6.	David Acquah Bosomtwi	Technician Engineer	June 2022
7.	Ebenezer Quaye Larsey	District Finance Officer	September 2022

CAUSE

The various heads of management unit, have not yet set up the newly posted staff on their system.

EFFECT

This issue if not addressed properly could lead to salary delay and other major problems for these staff in future.

RECOMMENDATION

- We urge the Head of the Management Unit and the Human Resource Manager to ensure that only employees belonging to the management unit are on the payment voucher in accordance with Regulation 90 (4a) of the Public Financial Management Regulation, 2019 (L.I 2378).

MANAGEMENT RESPONSE

The District Co-ordinating Director directed the Human Resource Manager to liaise with his colleague HRM's in the various Assemblies where these staff have been posted to, to find out why they have not been set up on the new management unit. The feedback will help management decide on whether or not Ada East District Assembly should continue to validate them.

3.0 CONCLUSION

We wish to express our profound gratitude to the District Chief Executive and District Co-ordinating Director for their support during the exercise.

We further express our gratitude to the entire staff of the Ada East District Assembly for their co-operation.

We therefore call upon management to use their good offices to ensure that the recommendations in our report are implemented to avoid external queries.

Prepared by:

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(Internal Auditor)