

BOSOMTWE DISTRICT ASSEMBLY INTERNAL AUDIT UNIT

FIRST QUARTER INTERNAL AUDIT REPORT, 2025

ON THE CASH MANAGEMENT OF THE INTERNALLY GENERATED FUND (IGF) & DDF

Submitted on: April 28, 2025

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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, 2016 (Act, 936)
- b) Section 16(3) of the Internal Audit Agency Act 2003 (Act 658) and the financial Memoranda, we carried out our audit review in line with auditing standards and best practice.

1.2 MANAGEMENT RESPONSIBILITY

In accordance with 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 control systems, implement and monitor policies and procedures to achieve the objectives of the Assembly.

1.3 INTERNAL AUDITORS' 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.

The purpose of the audit is to give an independent view of the state of affairs of the Assembly and to provide quality assurance on the efficiency

and effectiveness of the economy in the administration for the programs and operations of the Assembly.

1.4 SCOPE OF WORK

The audit was conducted to cover all payment records kept for the District Assembly Common Fund and Internally Generated Fund and revenue performance during the first quarter. The period of review was from 1st January to 31st March, 2025.

1.5 AUDIT TEAM

Stephen K. Amedahevi	:	Internal Auditor (Head of Unit)
Richard Gyamfi	:	Assistant Internal Auditor
Daniel Amofa Siaw	:	Assistant Internal Auditor (Trainee)
Martin Agyei	:	Assistant Internal Auditor (Trainee)

1.6 OBJECTIVES OF THE AUDIT

Our audit objectives were: -

- i. To ascertain whether there were relevant supporting documents to all financial transactions.
- ii. To evaluate the design and effectiveness of control procedures on cash management.
- iii. To ensure management comply with the Fixed Assets register and laws associated with it.
- iv. To ensure that revenue collectors comply with directive and also collect much revenue for the assembly.

- v. To provide assurance that management has fully implemented all outstanding audit recommendations.
- vi. To follow up on the previous audit reports.

1.7 MANAGEMENT PERSONNEL

The key management personnel during the time of the audit were:

<u>NAME</u>	<u>POSITION</u>
Mrs. Margaret Owusu Mensah	District Co-ordination Director
Mr. Iddrisu Abubakar	District Finance Officer
Mr. Francis Buckman Abeiku	District Revenue Head
Mrs. Phyllis Abrokwah	District Budget Analyst

1.8 METHODOLOGY

The audit was conducted using the risk-based approach which included inspection of projects in the district, enquiries into maintenance culture and performing walkthrough test.

In the course of the audit, control weaknesses which came to our attention were discussed with management. Accordingly, the audit findings were developed based on the five attributes of criteria, condition, cause, effect and recommendation. Responses from management were appropriate incorporated in this report.

1.9 SUMMARY OF AUDIT FINDINGS

a. DRIP equipment were not recorded in the assets register

We noted during our review of fixed assets register that the District Road Improvement Programme (DRIP) equipment were not recorded in the Assets Register.

RECOMMENDATION: We advise management to make sure that all District Road Improvement Programme (DRIP) equipment must be recorded in the fixed assets register to avoid external queries.

b. Payment made not properly accounted for GH¢38,414.65

We noted that total payments of GH¢38,414.65 made from the IGF and DDF accounts were not supported with the relevant expenditure acquittals such as official receipts.

RECOMMENDATION: Management should take steps to acquit the payment of GH¢38,414.65 with the necessary receipts.

c. Improvement of revenue collection in the first quarter 2025

We observed that the revenue collection has been improved tremendously in the first quarter 2025 as compared to the first quarter of 2024 annual year.

RECOMMENDATION: We urged management to intensify in frequent sensitization programme to enable the revenue officer put up their best in revenue collection.

2.0 DETAIL OF AUDIT FINDINGS

1.9.1 DRIP equipment were not recorded in the assets register

CRITERIA

Section 52 (1 and 2a) of the Public Financial Management Act, 2016 (Act 921) requires, a Principal Spending Officer of a covered entity to be responsible for the assets of the institution under his/her care and shall ensure that proper control systems exist for the custody and management of the asset.

CONDITION

We noted during our review of the assets register that the DRIP equipment were not recorded in the Assets Register. Details below:

No.	Name of equipment	Quantity
1	Wheel-loader	One (1)
2	Grader	One (1)
3	Back-hole	One (1)
4	Double axil tipper truck	One (1)
5	Water tanker	One (1)
6	Roller	One (1)
7	Concrete mixture	Two (2)

The actual condition is that the District Road Improvement Programme (DRIP) equipment must be recorded in the assets register to indicated a proper compliance with asset management policies and procedures.

CAUSE

This could be due to oversight, forgetfulness or inadequate procedures, or human error, leading to the District Road Improvement Programme (DRIP) equipment not being recorded in the assets register.

EFFECT

The effect of not the District Road Improvement Programme (DRIP) in the assists register may lead to asset loss, theft, inaccurate financial reporting, and inefficient asset management.

RECOMMENDATION

We advise management to make sure that all District Road Improvement Programme (DRIP) equipment must be recorded in the assets register to

avoid external queries. And must always update the assets register to include the District Road Improvement Programme (DRIP) equipment and ensure regular reviews and also do frequent reconciliations to maintain accuracy and compliance with asset management policies and procedures.

MANAGEMENT RESPONSE

Management has agreed with the recommendations and promised to task the officer responsible for the assets register to update the necessary assets of the Assembly including DRIP equipment.

b. Payment made not properly accounted for GH¢38,414.65

CRITERIA

Regulation 78 (1) of the Public Financial Management Regulations, 2019 (L.I. 2378) requires Principal Spending Officers of covered entities to be personally responsible for ensuring in respect of each payment of that covered entity, the validity, accuracy and legality of the claim for the payment; and that evidence of service received certificates of work done and any other supporting documents exists.

CONDITION

We noted that total payments of GH¢38,414.65 made from the IGF and DDF accounts were not supported with the relevant expenditure acquittals such as official receipts. Details below:

PVs

	Date	Payee	PV No.	Narration	GH¢
IGF					
1	31/01/25	Dickson Obeng Mensah	BOSDA/IGF/J AN25/15/003	Being funds released for field activities.	2,500.00
2	13/02/25	Phyllis Abrokwa/DCD	BOSDA/IGF/J AN25/18/001	Being funds released to cover payment for organizing meeting with revenue collectors and commission collector	6,020.00
3	18/02/25	Rhoda Yeboa/DCD		Being funds released to cater for court expenses	1,000.00

4	28/02/25	DCD/Gaamson B. Richard	BOSDA/IGF/F EB24/15	Being funds released as imprest to meet minor expenditure in the Assembly	2,000.00
DDF					
1	27/02/25	ELESAM ROCK COMPANY LTD	BOSDA/DDF/ FEB25/ABI/0 01	Payment certificate NO.1 under recompletion of 1No. 12-seater WC toilet with mechanized borehole at Esereso.	26,894.65
	Total				38,414.65

CASUSE

In some cases, it may also be due to poor record-keeping or disorganization within the financial management system. Weaknesses in the procurement process, inadequate verification procedures and lack of accountability can also attribute to this issue. Furthermore, it could be a result of systemic failures or manual errors that are not promptly addressed. Human errors, lack of awareness about the importance of documentation or pressure to expedite payments without following due process can also play a role. Finally, the absence of a robust control environment that emphasizes documentation and verification can lead to payments being made without proper supporting documents.

EFFECT

This can lead to irregular or fraudulent transactions, financial loss, and difficulty in audit and accountability. Without proper documentation, it becomes challenging to verify the legitimacy and accuracy of transaction, which can compromise the integrity of financial reporting.

RECOMMENDATION

We advised management that this can be achieved by strengthening internal controls, and ensuring that all payments are accounted for by relevant documents, such as invoices, receipts, and authorization forms. We also urged management to intensify regular training and capacity-

building programs for staff can help raise awareness about the importance of documentation and the risks associated with non-compliance.

MANAGEMENT RESPONSE

Management has contacted the officers who raised those memos to ensure the necessary receipts are attached to such PVs to make the acquittal complete.

c. Improvement of revenue collection in the first quarter 2025

CRITERIA

Part VIII Section 1 of the Financial Memoranda for MMDAs requires that it shall be the duty of Finance Officer to supervise and as far as possible enforces the punctual collection of revenue and to take action to ensure that revenue collections and other receipts are properly brought to account.

CONDITION

Our observation indicates that the revenue has been increasing gradually due to consistent sensitization efforts by the District Coordinating Director (DCD). This trend indicates improved compliance and financial sustainability. The district's service delivery is enhancing, and development prospects are improving. The upward trend suggests long-term benefits from awareness campaigns. Financial management is becoming more effective.

CAUSE

The District Coordinating Director (DCD) consistent sensitization efforts are driving revenue growth. Public awareness campaigns and stakeholder engagement have built trust and cooperation. Education on revenue importance has addressed misconceptions. Leadership and commitment

have played a crucial role. Collaboration with community leaders has contributed to success.

EFFECT

Increased revenue improves financial sustainability and service delivery. The district's development prospects are enhancing, and credibility is growing. Dependence on external funding is reducing, promoting autonomy. The district can invest in projects and meet obligations. Financial management is becoming more effective and accountable.

RECOMMENDATION

We recommended that management should continue and intensify sensitization efforts to sustain revenue growth. Explore new approaches, leveraging technology and social media. Engage stakeholders to address concerns and identify improvement areas. Regular monitoring and evaluation will refine the approach. Also introduce incentives for compliant, taxpayers and revenue collectors to encourage cooperation.

MANAGEMENT RESPONSE

Management was grateful to hear that sensitization yielded much results in terms of revenue and promise to continue with the education.

3.0 ACKNOWLEDGEMENT

The Audit Team wishes to acknowledge the cooperation and support received from the Bosomtwe District Assembly's management and staff during the preparation of this report.

4.0 CONCLUSION

In conclusion, the audit revealed significant control weaknesses and non-compliance with financial regulations, highlighting the need for urgent corrective actions to strengthen internal controls, ensure transparency and accountability, and prevent financial losses.

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