

# SUHUM MUNICIPAL ASSEMBLY



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Office of the Municipal Administration  
P. O. Box 186  
Tel: 0858-22363  
Suhum  
Digital Address: ES-0030-1162

29<sup>th</sup> April, 2025

## SUBMISSION OF INTERNAL AUDIT REPORT FOR THE FIRST QUARTER 2025

I submit herewith the Internal Audit Report for the First Quarter, 2025 on Physical Planning Department, The MP's Common Fund, District Assemblies Common Fund, Internal Generated Fund, Cash Management, Stores, and Procurement Activities of this Assembly for your perusal.

Thank You.

ABDULAI ALIWU  
(AG.MUN.CO-ORDINATING DIRECTOR)  
FOR: MUNICIPAL CHIEF EXECUTIVE

THE CHAIRMAN  
AUDIT COMMITTEE  
SUHUM MUNICIPAL ASSEMBLY  
SUHUM

THE MUNICIPAL CO-ORDINATING DIRECTOR  
SUHUM MUNICIPAL ASSEMBLY  
SUHUM

cc: The Director General  
Internal Audit Agency  
Accra

The Head of Service  
Office of the Head of Local Government Service  
Accra.

The District Auditor  
Ghana Audit Service  
Nsawam

The Regional Minister  
Eastern Regional Coordinating Council  
**Koforidua**

The Municipal Chief Executive  
Suhum Municipal Assembly  
**Suhum**

# **SUHUM MUNICIPAL ASSEMBLY**

**(INTERNAL AUDIT UNIT)**



## **FIRST QUARTER INTERNAL AUDIT REPORT FOR 2025**

**ON**

**PHYSICAL DEVELOPMENT PLANNING, MP'S COMMON FUND, DISTRICT ASSEMBLY  
COMMON FUND, INTERNALLY GENERATED FUND, CASH MANAGEMENT, STORE AND  
PROCUREMENT OF THE SUHUM MUNICIPAL ASSEMBLY, FOR THE PERIOD OF 1<sup>ST</sup>  
JANUARY TO 31<sup>ST</sup> MARCH 2025.**

**P. O. Box 186 SUHUM E/R  
Digital Address ES-0030-162  
Tel.0858-2236**

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## **EXECUTIVE SUMMARY**

This report gives an overview of Audit carried out on Physical Development Planning, Audit and Reporting on the MP's Common Fund, District Assembly Common Fund, Internally Generated Fund, Cash Management, Stores and Procurement of the Suhum Municipal Assembly for the First Quarter 2025 as per the Annual Audit Plan.

The Report focuses on the discovery of shortfalls in these specified areas, with review and recommendations being provided based on Financial Laws (PFM) and Regulations of the State.

The Audit was conducted to ascertain if budget is complied with and all financial transactions are conducted with regards to Public Financial Management Act 2016,(Act 921) and Public Financial Management Regulation 2019 (L.I 2378), to ascertain that IGF are properly collected, lodged and disbursed, if vehicles are properly maintained and proper controls exist for the supply, use and payments for fuel. Also whether Management operates under sound business principles and complies with the applicable laws, regulations, terms and conditions.

The scope of the Audit covered the internal controls on physical development planning, cash management, district assembly common fund, stores and procurement, etc. for the period of 1<sup>st</sup> January to 31<sup>st</sup> March, 2025.

Methods used in the Audit include verification, examination, interview and substantive test.

## SUMMARY OF FINDINGS AND RECOMMENDATIONS

The following are summary of findings and recommendations raised during the Audit:

### INTERNALLY GENERATED REVENUE

#### 1. MISAPPROPRIATION OF FUND ON NON PERFORMED ACTIVITY

**GH¢ 40,000.00**

##### Recommendation

We recommend that the Spending Officer and the Municipal Finance Officer should substantiate these payment else the amount refunded immediately.

#### 2. PAYMENT WITHOUT MEMO GH¢ 32,000.00

##### Recommendation

We recommend that the Spending Officer ensure that documents are made available as a prove that the transaction was truly done. Without that the amount is pay ba8ck to chest.

#### 3. UNSUBSTANTIATED PAYMENTS Ghc 13,750.00

##### Recommendation

We recommend to Management to provide the accurate and necessary documents to substantiate these payment if any else the money should be refund to the Assembly's accounts.

#### 4. PAYMENT NOT FULLY ACCOUNTED FOR GH¢ 10,660.00

##### Recommendation

We recommend to Management to ensure that the Schedule Accounts Officer obtain all the necessary documents from Payees and recipients to properly acquit the payment vouchers to avoid sanctions.

## 1.0 INTRODUCTION

### 1.1 Background

The Internal Audit Unit of the Suhum Municipal Assembly carried out an Audit Assets and Liability declaration, Audit and Reporting on the Status of Assets of the Assembly(Protection, Ownership), Quarterly Commitment Control Compliance Reviews(Budget implementation), internally generated fund, fuel and transport, zonal council operation, community water sanitation, estate, Continuous and Annual Treasury(DACF, GOG, PWD) with the aim of identifying weakness in internal controls, assessing risk and suggesting mitigating measures to ensure effective, efficient and economic use of resources.

### 1.2 Audit Perspective

The audit was conducted by Gordon Owusu Mensah, (IA), Kermah Amoah (AIA), Erica N.A. Acheampong, (AIA), Mary Sekyere (AIA), Agnes Ankomah (AIA), and Samuel Agyei Appiah (AIA), under the supervision of Korbla Ganyo Akpablie (SIA).

A walk through test on operating procedures in the area of internally generated fund was conducted to ascertain whether operations are in adherence to laid down rules and regulations. The standards for the professional practices of Internal Auditing, Public Financial Management Regulations, 2019, and the Public Financial Management Act, 2016 were applied in the audit.

### 1.3 Scope and Objectives

The audit looked at Assets and Liability declaration, outstanding arrears and liability, continuous and annual treasury (DACF, GOG, and PWD), internally generated fund and transport of the Assembly for the period 1<sup>st</sup> January to 31<sup>st</sup> March, 2024 for the

thrust areas. This was conducted within 20 days from 2<sup>nd</sup> April, 2024 to 30<sup>th</sup> April, 2024.

The objectives of the audit were as follows:

- To verify that all outstanding arrears and liabilities are properly captured.
- To ensure that laws governing assets and liability declaration are complied with
- To ensure all financial transactions are conducted with regards to the public financial management Act 2016, (Act 921) and public financial management regulation 2019 (L.I 2378)
- To ascertain whether heads of units and department have declared their assets and liabilities
- To ascertain that IGF are properly collected, lodged and disbursed.
- To verify the use and maintenance of assembly's vehicles.

#### **1.4 METHODOLOGY**

The audit was conducted based on risk-based audit approach in carrying out the exercise. This includes walk through test, verification, examination, interviews and substantive test.

As a result, the team developed the audit findings based on the five fundamental attributes thus; criteria, condition, cause, effect as well as recommendation. Responses from Audit Client, where appropriate are also incorporated in the report.

## DETAILED FINDINGS AND RECOMMENDATIONS

### INTERNALLY GENERATED FUND (IGF)

#### 1. MISAPPROPRIATION OF FUND ON NON PERFORMED ACTIVITY GH¢ 40,000.00

##### CRITERIA

Regulation 82 (1b, 2a, 2b & 2c of the Public Financial Management Regulation, 2019 (L.I 2378) A payment by a covered entity shall be accompanied with a payment voucher which is approved by the Principal Spending Officer,

For the purpose of the sub-regulation 1, the principal spending officer and the head of accounts shall ensure that the commitment has been approved through the purchase order or expense order generated under the GIFMIS in accordance with these regulations, and that, an invoice, a certificate statement and a complete set of supporting document have been recorded in the GIFMIS in accordance with sub-regulation 1 of regulation 81.

##### CONDITION

A Payment Voucher (12/2) of GH¢ 40,000.00 with cheque numbers (559460 & 554708) was processed as Maintaining Security at Suhum Quarry Site. GH¢ 30,000.00 was spent on food, and the food was purchased from a location which is about 3 hours' drive away from Suhum, despite availability of local suppliers. Also, GH¢ 10,000.00 of GOIL fuel receipt was attached to the payment voucher whilst there is no GOIL fuel station operating in Suhum.

*Refer to appendix i*

##### CAUSE.

The expenditure controls and checks were not followed by the Spending Officer and the Municipal Finance to enable Procurement, Internal Audit and Budget carry out due process be done.

##### EFFECT

This could lead to financial loss to the Assembly due to the unnecessary cost and it impose financial burden on the Assembly which will at the long run affect the development of the community

##### RECOMMENDATION

We recommend that the Spending Officer and the Municipal Finance Officer should substantiate these payment else the amount refunded immediately.

## **2MANAGEMENT RESPONSE**

The expenditure was fully sanctioned and approved for the maintenance of Peace and Security in the Municipality, the payment vouchers and reports on the activities are available for your inspection.

### **2. PAYMENTS WITHOUT MEMO GH¢ 32, 000.00**

#### **CRITERIA2**

Section 66 (2) of the Public Financial Management Regulation L.I. 2238 states that “an officer of a covered entity shall not proceed with procurement or a decision that results in expenditure until a purchase requisition and associated commitment is approved by the Principal Spending Officer of a covered entity under this regulation

#### **CONDTION**

The payment was made without recourse to proper procurement processes and Financial Management rules. *Refer to appendix ii*

#### **CAUSE**

The scheduled officer failed to ensure that an approved memo is issued to indicate the source and authorization of the transaction before the payment voucher prepared processed before writing the cheque. These lapses make it impossible understand and prevent double payment.

#### **EFFECT**

When payments are made without an approved memo, it makes the payment doubtful hence becoming difficult to certify the transaction.

#### **RECECOMMENDATION**

We recommend that the Spending Officer ensure that documents are made available as a prove that the transaction was truly done. Without that the amount is pay back to chest.

#### **MANAGEMENT RESPONSE**

This occurred as a result of misfiling, this has been sorted out and the approved memo is attached to the payment vouchers for your inspection.

### **3. UNSUBSTANTIATED PAYMENTS GH¢ 13,750.00**

## **CRITERIA**

Regulation 82 (1b, 2a, 2b & 2c of the Public Financial Management Regulation, 2019 (L.I 2378)

A payment by a covered entity shall be accompanied with a payment voucher which is approved by the principal spending officer,

For the purpose of the sub-regulation 1, the principal spending officer and the head of accounts shall ensure that the commitment has been approved through the purchase order or expense order generated under the GIFMIS in accordance with these regulations, and that, an invoice, a certificate statement and a complete set of supporting document have been recorded in the GIFMIS in accordance with sub-regulation 1 of regulation 81.

## **CONDITION**

The audit team noted that four (4) payment vouchers totaling GH¢ 13,750.00 were processed and paid without adequate supporting documentation .This is because the control measures were not followed to in doing payment. *Refer to appendix iii*

## **CAUSE**

GOIL has no outlet in Suhum and therefore cannot be set up on the Assembly's GIFMIS as a supplier. This action suggested possible fraudulent documentation therefore the Assembly should get a possible supplier and set them up to do business with the Assembly.

## **EFFECT**

This due to2 the Spending Officer not adhering to controls governing Financial Management of the Assembly.

## **RECOMMENDATION**

We recommend to Management to provide the accurate and necessary documents to substantiate these payment if any else the money should be refund to the Assembly's accounts.

## **MANAGEMENT RESPONSE**

The payment were duly authorized and approved for the execution of official duties; the documents are available for your re-examination.

#### **4. PAYMENT NOT FULLY ACCOUNTED FOR GH¢10, 660.00**

##### **CRITERIA**

Part IX section 13 of the Financial Memoranda states that “all payment vouchers shall be received in one of the following ways:

- a. By a written acknowledgment 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, stamps shall not be used.

##### **CONDITION**

This is because the schedule officers do not followed controls in payment system by not demanding receipts from the beneficiaries. They should make sure any person who has not cleared all arrears should not be given his/her cheque. *Refer to appendix iv*

##### **CAUSE**

The Scheduled Officer did not ensure that recipients issued receipts after having received payments.

##### **EFFECT**

There will not be evidence of payment and may lead to double payment in case the true recipients’ denial receipt of payment. Also, when disbursements are not supported with necessary documents, it makes the payment doubtful hence becoming difficult to certify the genuineness of the transaction

##### **RECOMMENDATION**

We recommend to Management to ensure that the Schedule Accounts Officer obtain all the necessary documents from Payees and recipients to properly acquit the Payment Vouchers to avoid sanctions.

##### **MANAGEMENT RESPONSE**

This is as a misfiling, these has been sorted with the supporting documents attached to the payment vouchers and on file for your inspection.

##### **CONCLUSION**

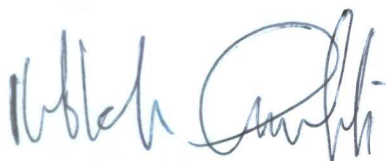
The audit was carried out by the Internal Audit Unit to identify and highlight critical areas requiring urgent Management attention to help achieve governance objectives.

We would like to state that Management provided us with some of the necessary documents requested to perform our audit in the area of MP's common fund, District Assembly Common Fund (DACF) Internally Generated Fund (IGF), Physical Development Planning, Stores and Procurement.

However, we realized some irregularities such as Unaccounted Revenue by Revenue Collectors and Failure to produce Revenue records for audit, uncompetitive procurement etc. We therefore urge Management to institute strict internal control measures in order to minimize the occurrence to such irregularities, and to produce the requested documents for our next audit assignment.

#### **ACKNOWLEDGEMENT**

The Internal Audit Unit wishes to express that Management cooperation with the Unit is unsatisfactory and puts a lot of obstacles on our way. We expect better working relations and consider time constrains for the delivery of our reports.



KORBLA GANYO AKPABLIE

**(HEAD OF INTERNAL AUDIT)**

## APPENDIX

### APPENDIX I

#### MISAPPROPRIATION OF FUNDS GH¢ 40,000.00

No.	PAYEE	DATE	Pv.No	PATICULARS	AMOUNT GH¢	CHEQUE No.
4	MCD	23/1/25	12/2	Payment for maintaining of security at Suhum query site	40,000.00	559460 & 554708
				<b>TOTAL</b>	<b>40,000.00</b>	

### APPENDIX II

#### PAYMENT WITHOUT MEMO GH¢ 32,000.00

S/N	PAYEE	DATE	PV. NO	PATICULARS	AMOUNT GH¢	CHEQUE NO.	
1	MCD		20/3	Payment to purchase rice and cooking oil for the Eid ul Firt celebration	32,000.00	922058	
				<b>TOTAL</b>	<b>32,000.00</b>		

**APPENDIX III**

**UNSUBSTANTIATED PAYMENTS GH¢ 13,750.00**

No.	PAYEE	DATE	PV. No.	PATICULARS	AMOUNT GH¢	CHEQUE No.	
1	MCD	7/2/25		Payment of fuel to Nsawam to and fro for retrieval of documents	1,500.00	2210553	
2	MCD	7/2/25		Payment of fuel for the inspection of project with the external auditors	2,250.00	2210553	
3	MCD	14/2/25	10/2	Payment of fuel to Assembly state attorney	5,000.00	559454	Legal agreement documents
4	MCD	13/3/25	8/3	Payment of fuel to field operation Suhum to Nsawam on annual account audit related issues on behalf of the	5,000.00	924945	
				<b>TOTAL</b>	<b>13,750.00</b>		

**APPENDIX IV**

**EIGHT (8) PAYMENT VOUCHERS NOT FULLY ACCOUNTED  
FOR AMOUNTING TO GH¢10,660.00**

<b>No.</b>	<b>PARTICULARS</b>	<b>PAYEE</b>	<b>PV.No.</b>	<b>CHEQUE No.</b>	<b>DATE</b>	<b>AMOUNT GH¢</b>	<b>REMARKS</b>
1.	Payment as refreshment to convene management meeting	MCD		554707	25/12/25	625.00	Receipts and attendance sheet
2	Payment to host election taskforce deployed to the community for 2024 general election	MCD	5/1	921922	6/1/25	5,360.00	Accommodation receipts
3	Payment for A4 ream	MCD	7/1	559513	16/1/25	180.00	A4 receipt
4	Payment for out station and fuel to attend a workshop organizing by fair trade Africa in	MCD	7/1	559513	16/1/25	1,500.00	Fuel receipt
5	Payment for the replacement of faulty switch	MCD	10/1	559520	27/1/25	300.00	Receipt
6	Being sundry	MCD	3/2	559536	7/2/25	1,800.00	Fuel receipts

	expenses						
7	Being payment to assembly drivers as allowance for their engagement in 2024 election	MCD				300.00	Sign sheet
8	Being payment for T&T to (MEHO) Thomas Samwine	Meho	18/3	922055	26/3/25	595.00	Payment sheet
	<b>TOTAL</b>					<b>10,660.00</b>	