

AUDIT SERVICE

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Good Governance
and Accountability

P. O. Box 39.....

Savelugu

10 March 2025

The District Chief Executive
Kumbungu District Assembly
Kumbungu



MANAGEMENT LETTER ON THE AUDIT OF THE INTERNALLY GENERATED FUND OF KUMBUNGU DISTRICT ASSEMBLY FOR THE PERIOD 1 JANUARY 2024 TO 31 DECEMBER 2024

Introduction

We have audited the Internally Generated Fund of the Kumbungu District Assembly, for the period 1 January 2024 to 31 December 2024 in accordance with our mandate under Article 187 (2) of the 1992 Constitution of the Republic of Ghana and Section II (1) of the Audit Service Act 2000, (Act 584).

2. We wish to bring to your attention and for your necessary action the following significant findings and recommendations made during the audit. We have discussed these matters with the key personnel concerned whose comments and responses where appropriate, have been incorporated in this management letter. Minor issues discussed have been left out.
3. We shall be grateful to receive your response within 30 days upon receipt of this management letter as contained in Section 29 (1) of Part III of the Audit Service Act, 2000 (Act 584). Failure or refusal to reply to this management

letter within the specified period shall, if the Auditor-General directs, result in withholding of emoluments and allowances of the key personnel of the Assembly for so long as they fail to comply.

4. All unresolved issues after the 30 days of receipt of this report would lead to disallowance and surcharge by the Auditor-General in line with Article 187 (7) of the 1992 Constitution of the Republic of Ghana, where applicable.

Key personnel

5. The following officials were responsible for the administrative and financial affairs of the Assembly during the period under review:

NAME	Position	Staff ID	PERIOD
Hon. Abdul Salam Hamza Fatawu	DCE	186866	01/01/24-31/12/24
Mr. Alhassan Abdulai	DCD	708930	01/01/24-06/06/24
Ms. Ruhaima Salisu	DCD	740791	06/06/24-31/12/24
Mr. Soalihu B Mohammed	DFO	760440	01/01/24-31/12/24
Mr. Tahiru Iddrisu	DIA	663669	01/01/24-31/12/24
Mr. Tanko Sahada	DBO	813597	01/01/24-31/12/24
Mr. Belinda Bukari	DPO	934923	01/01/24-31/12/24
Mr. Inusah Abdulai	SHRM	922603	01/01/24-31/12/24
Mr. Yakubu Abubakari	DWE	689732	01/01/24-31/12/24
Mr. Peter Addea	DEHO	20573	01/01/24-31/12/24
Mr. Alhassan Osman	DDPO	522653	01/01/24-31/12/24
Mr. Issaka Abdul kudas	DPO	-	01/01/24-27/04/24
Mr. Issahaku Abdul-Jabiru	DPO	242924	27/04/24-31/12/24

Audit objectives

a. The objectives of the audit were:

- i) To ascertain whether the accounts of the Kumbungu District Assembly have been properly kept;
- ii) To determine whether all monies due the Kumbungu District Assembly have been fully accounted for, and rules and procedures applicable, were sufficient to ensure an effective check on the assessment, collection and proper allocation of the revenue;
- iii) To ascertain whether the operations are in accordance with applicable laws and regulations;
- iv) To ascertain whether funds have been expended for the purposes for which they were appropriated and the expenditures have been made as authorized;
- v) To determine whether programmes and activities have been undertaken with due regard to economy, efficiency and effectiveness in relation to the resources utilized and results achieved;
- vi) To assess whether essential records are maintained and the rules and procedures applied are sufficient to safeguard and control Kumbungu District Assembly's assets;
- vii) To ascertain the level of achievement of set targets and goals.

Scope of audit

7. Our audit covered a review of internal controls, budgetary controls, cash management, procurement and contract management, payroll, transport, programmed activities, and assets management. We also reviewed management's responses to our previous report.

Audit methodology and strategy

8. We adopted the risk-based audit approach. To ascertain the facts, we obtained data from documents and interviewed key personnel about their financial and administrative duties and responsibilities. We also, conducted the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and International Standards on Auditing (ISAs).

Audit Framework and Standards

9. The audit criteria and standards were derived from the 1992 Constitution of the Republic of Ghana, legislative instruments and Acts of Parliament such as the Audit Service Act, 2000 (Act 584), Public Financial Management Act, 2016 (Act 921), Public Financial Management Regulations, 2019 (L. I. 2378), Public Procurement Act, 2003 (Act 663), Public Procurement (Amendment) Act, 2016 (Act 914), Public Procurement Regulations, 2022 (L.I 2466), Income Tax Act, 2015 (Act 896), Value Added Tax (VAT) Act, 1998 (Act 546), VAT Amendment Act 2013, (Act 870), VAT(Amendment) Act, 2017 (Act 948), VAT Regulations, 1998 (L. I. 1646), National Pensions Act, 2008 (Act 766), Local Governance Act, 2016 (Act 936), Revenue Administration Act, 2016 (Act 915), Financial Memoranda for MMDAs, 2004, Rules, Circulars & Instructions, and Generally Accepted Accounting Principles (GAAP). We also relied on the Audit Service value for money and accounting standards for our audit. The audit also ensured that in undertaking transactions; economy, efficiency and effectiveness formed part of the guiding principles.

Limitation of responsibility

10. We reviewed the systems and management controls operated in the Kumbungu District Assembly only to the extent we considered necessary for the effective performance of the audit. As a result, our review may not be adequate to detect all weaknesses that exist or all improvements that could be made. We have prepared this report solely for the use of the Kumbungu District Assembly and other statutory bodies which we are mandated by law to receive copies of our report. Its contents should not be disclosed to any third parties without our consent. We will not accept responsibility for any reliance a third party might place upon it.

SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

11. The following is the summary of significant audit findings and recommendations:

- i. In contrast with Regulation 32(2) of the Public Financial Management Regulation, 2019 (L.I 2378), we noted that, the total revenue generated by the Assembly from its traditional sources was GH¢250,740.85, representing 66.54% of the budgeted figure of GH¢376,800.00 as at 31 December 2024.

We recommended and Management agreed to investigate the shortfalls in the revenue component in order to determine the best remedial action and also to engage the F&A Sub-Committee to help devise appropriate measures to intensify revenue generation.

- ii. We noted that three revenue collectors of Kumbungu District Assembly were paid salaries of GH¢94,417.37 but collected a total

revenue of GH¢26,045.00 representing 27.58 percent of their salaries leading to a shortfall of GH¢68,372.37 contrary to Section 52 of the PFM Act, 2016 (Act 921).

We recommended to Management of the Assembly to set and enforce the achievement of revenue targets by the revenue collectors and ensure that remuneration paid commensurate with their collections to prevent losses to the Assembly. We also, recommended that non-performing collectors should be sanctioned.

- iii. We noted that five paid vouchers amounting to GH¢10,815.00 were not supported with the necessary expenditure documents to authenticate the payments contrary to Regulation 78(1) of the Public Financial Management Regulation, 2019 (L.I 2378).

We recommended to Management to provide the necessary documents to authenticate the payments of GH¢10,815.00 failing which the amount involved would be disallowed and jointly surcharged against the DCD and the DFO.

- iv. We noted that Management could not account for an amount of GH¢2,680.00 out of a gross payment of GH¢6,500.00 made on two payment vouchers during the review period contrary to Regulation 78 of the Public Financial Management Regulation, 2019 (L.I 2378).

We recommended that Management should account for the amount of GH¢2,680.00 failing which the DCD and the DFO should refund the amount involved into the Assembly's account.

- v. We noted contrary to Section 182(4) of the Local Governance Act, 2016 (Act 936) that the 2024 Fee Fixing Resolution of the Kumbungu District Assembly was neither posted on the Assembly's premises nor gazetted.

We recommended to Management to ensure that henceforth, the Assembly's annual Fee Fixing Resolution is posted on the premises of the Assembly and published in a daily newspaper of national circulation or in the Gazette.

- vi. We noted that the Finance Officer failed to withhold tax of GH¢ 675.00 from total payments of GH¢ 7,000.00 made in respect of two payment vouchers contrary to Section 116 (2) of the Income Tax Act, 2015 (Act 896).

We recommended that the MCD and MFO should personally pay the tax of GH¢675.00 they failed to withhold to the GRA (DTRD) but reserve the right to recover same from the two suppliers.

- vii. We noted contrary to Regulation 7(1) of the Road Traffic Regulation (RTR), 2012 (L.I 2180) that two official vehicles with registration numbers GN 8821-18 and GT 8417-19 had their Roadworthy and Insurance certificates expired since March 2023 to date without renewal.

We recommended and Management agreed to immediately renew both the insurance and road worthy certificates of the two official vehicles with the view to mitigating losses arising from accidents.

FINANCIAL REPORTING

I.G.F. PERFORMANCE

12. The Kumbungu District Assembly collected a total IGF revenue of GH¢250,740.85 which represented a decrease of GH¢15,541.60 or 5.84 percent over the 2023 figure of GH¢266,282.45. The Assembly collected IGF from property rates, fees, licenses, royalties and other miscellaneous sources for its recurrent expenditure. Details provided below:

Revenue Item	Actual Revenue- 2024 GH¢	Actual Revenue- 2023 GH¢	Change- GH¢	Percentage (%) Change
Rates	33,720.00	29,192.45	4,527.55	15.51
Lands & Concessions	177,483.35	51,500.00	125,983.35	244.63
Fees	24,765.00	31,870.00	(7,105.00)	(22.29)
Fines, Penalties & Forfeiture	102.50	-	102.50	100.00
Licenses	14,130.00	143,510.00	(129,380.00)	(90.15)
Rents of Land, Building & Houses	540.00	2,150.00	(1,610.00)	(74.88)
Miscellaneous	-	8,060.00	(8,060.00)	(100.00)
	250,740.85	266,282.45	(15,541.60)	(5.84)

Fund Balance - GH¢3,066.48

13. The cashbook balances of the IGF accounts as at 31 December 2024 stood at GH¢3,066.48 and the balances were reconciled with the certified bank statements.

DETAILS OF FINDINGS AND RECOMMENDATIONS

CASH IRREGULARITIES

Shortfall in Revenue Collection - GH¢126,059.15

14. Regulation 32(2) of the Public Financial Management Regulation, 2019 (L.I 2378), requires a principal spending officer of a covered entity to take effective and appropriate steps to collect monies due to the covered entity.
15. We however noted from our review of records that, the total revenue generated by the Assembly from its traditional sources was GH¢250,740.85, representing 66.54% of the budgeted figure of GH¢376,800.00 as at 31 December 2024. Thus, total revenue collected for the period fell short of the budget by GH¢126,059.15 or 33.46%. Details provided below:

Revenue Head	2024 Budget	Actual Revenue Collected	Variance	% of Revenue Collected
	GH¢	GH¢	GH¢	GH¢
Rates	47,300.00	33,720.00	(13,580.00)	(28.71)
Lands & Concessions	-	177,483.35	177,483.35	-
Fees & Fines	30,800.00	24,867.50	(5,932.50)	(19.28)
Licenses	297,600.00	14,130.00	(283,470.00)	(95.25)
Rents of Land, Building & Hse	1,100.00	540.00	(560.00)	(50.91)
	376,800.00	250,740.85	(126,059.15)	(33.46)

16. Management attributed the lapses to the lack of economic and industrial venture in the District to mobilise the needed IGF revenue.

17. The situation therefore deprived the Assembly of needed resources to meet its proposed developmental plans and programmes.
18. We recommended and Management agreed to investigate the shortfalls in the revenue component in order to determine the best remedial action and to also engage the F&A Sub-Committee to help devise appropriate measures to intensify revenue generation.

Inefficient Revenue Collection - GH¢68,372.37

19. Regulation 46 of the Public Financial Management Regulations, 2019 (L.I. 2378) requires a Principal Spending Officers to ensure that non-tax revenue is efficiently collected. Also, Section 52 of the PFM Act, 2016 (Act 921) further requires the Principal Spending Officer of a covered entity to institute proper control systems to prevent losses and wastage.
20. We however, noted that three revenue collectors of Kumbungu District Assembly were paid salaries of GH¢94,417.37 but collected a total revenue of GH¢26,045.00 representing 27.58 percent of their salaries leading to a shortfall of GH¢68,372.37. Details are provided below:

No.	Name of Revenue Collectors	Gross Annual Salary- GH¢	Total Revenue Collected- GH¢	Variance- GH¢	Percentage(%) of Gross Salary
1	Seidu F. Juuna	33,938.37	10,920.00	23,018.37	32.18
2	Yussif Sumani	31,562.32	2,960.00	28,602.32	9.38
3	Mohammed A.Rahaman	28,916.68	12,165.00	16,751.68	42.07
4	Total	94,417.37	26,045.00	68,372.37	27.58

21. Management attributed the lapses to the lack of economic and industrial venture and inadequate revenue sources in the District to mobilise the needed IGF revenue.
22. The practice undermined the achievement of value for money in the emoluments paid to these employees by the government and resulted in loss of funds.
23. We recommended to Management of the Assembly to set and enforce the achievement of revenue targets by the revenue collectors and ensure that remuneration paid commensurate with their collections to prevent losses to the Assembly. We also, recommended that non-performing collectors should be sanctioned.
24. Management accepted our recommendation for compliance.

Unsupported payment - GH¢10,815.00

25. Regulation 78(1) of Public Financial Management Regulation, 2019 (L.I 2378) state among others that, a Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of that covered entity that, evidence of Service received, certificate for work done and any supporting document exists.
26. We noted that five paid vouchers amounting to GH¢10,815.00 were not supported with the necessary expenditure documents such as minutes of meetings, activity report, SRV, pictorial evidences and signed sheets for allowances to authenticate the payments. Details provided below:

Date	P V No.	Chq.No.	Details	Payee	Amt.- GH¢	Remarks
24/12/24	2/12/24	1458	Payment for fuel to attend Commissioning of Projects	DCD	800	provide pictorial evidence of project.
18/12/24	5/12/24	1465	Payment to organize election Committee meeting	DCD	4,300.00	provide minutes of meeting
30/12/24	8/12/24	001468/69	Payment for Maintenance of an official motor bike	DCD	1,555.00	provide SRV and works order
30/12/24	10/12/24	1471	Payment allowance for to Alhassan Lukuman	Assistant Internal Auditor	1,120.00	provide signed sheet for allowance
30/12/24	12.12/24	1475	Payment validation workshop for two officers	DCD	3,040.00	Provide report on programme
			Total		10,815.00	

27. Management acknowledged the lapse and indicated that some of the supporting documents were detached and others were oversight.
28. The absence of these vital documents cast doubt on the authenticity of the payments, a situation that can lead to misapplication and misappropriation of fund.
29. We recommended to Management to provide the necessary documents to authenticate the payments of GH¢10,815.00 failing which the amount

involved would be disallowed and jointly surcharged against the DCD and the DFO.

30. Management pledged to provide the necessary documents for verification but same has not been provided as at the time of writing this management letter.

Payment Short Accounted for - GH¢ 2,680.00

31. Regulation 78 (1a) of the Public Financial Management Regulations, 2019 (L.I.2378) states that "a Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of that covered entity the validity, accuracy and legality of the claim for the payment".
32. We noted that Management could not account for an amount of GH¢2,680.00 out of a gross payment of GH¢6,500.00 made on two payment vouchers during the review period. Details provided below:

Date	PV No.	Payee	Description	PV Value GH¢	Accounted Amount- GH¢	Difference - GH¢	Remarks
20/05/24	20/05/24	D. C D	Payment for Sensitization on revenue mobilization at six area councils and food	3,000.00	1,620.00	1,380.00	1,380.00 for food was not retired, receipt and invoice not attached
06/02/24	03/02/24	D. C D	Payment to support the performance of Dalung Chief funeral	3,500.00	2,200.00	1,300.00	Balance was not retired
				6,500.00	3,820.00	2,680.00	

33. Management indicated that, failure by the Officers involved to account for the amount resulted in the lapse.
34. The lapse could lead to diversion and embezzlement of the Assembly's resources.
35. We recommended that Management should account for the amount of GH¢2,680.00 failing which the DCD and the DFO should refund the amount involved into the Assembly's account.
36. Management pledged to account for the amount involved and evidence forwarded for our verification.

Fee Fixing Resolution not gazetted

37. Section 182(4) of the Local Governance Act, 2016 (Act 936) states that "a by-law shall not have effect until the bye-law has been posted on the premises of the District Assembly concerned and at least one other public place within the district, and Published in a daily newspaper of national circulation or in the Gazette".
38. We however, uncovered that the 2024 Fee Fixing Resolution of the kumbungu District Assembly was neither posted on the Assembly's premises nor gazetted.
39. Management could not assign a reason to the anomaly.
40. The fees and fines charged by the Assembly for 2024 financial year therefore lacked legal backing.

41. We recommended to Management to ensure that henceforth, the Assembly's annual Fee Fixing Resolution is posted on the premises of the Assembly and Published in a daily newspaper of national circulation or in the Gazette.
42. Management accepted our recommendation for compliance.

TAX IRRREGULARITY

Failure to Deduct Withholding Tax- G\$94675.00

43. Section 116 (2) of the Income Tax Act, 2015 (Act 946) requires a resident person to withhold tax at specified rates from supply of goods, service fees and contract payments made to resident persons. Section 117 (3) of Act 946 further provides that a withholding agent who fails to withhold tax in accordance with this Provision shall pay the tax that should have been withheld in the same manner and at the same time as tax that is withheld.
44. We noted that the Finance Officer failed to withhold tax of G\$94675.00 from total payments of G\$402'000.00 made in respect of two payment vouchers. Details provided below:

Date	Pv. No.	CHEQ No.	Description	Payee	PV Value G\$K	AMT Paid- G\$K	Tax Rate 7.5%
15/02/20	12/02/20	1281	Payment for Food and fuel during performance of Telling chief funeral	Tavunda Catering Services	5,760.00	2,880.00	75.00

21/02/24	9- 10/02/24	1289	Payment for Servicing General Assembly Meeting	Tiyumba Catering Services	6,200.00	6,200.00	465.00
			Total		9,550.00	7,000.00	675.00

45. Management did not assign any cogent reason for the anomaly.
46. This could deny the government needed funds for development if the suppliers fail to file their tax returns.
47. We recommended that the MCD and MFO should personally pay the tax of GH¢675.00 they failed to withhold to the GRA (DTRD) but reserve the right to recover same from the two suppliers.
48. Management accepted our recommendation for compliance.

ASSET MANAGEMENT IRREGULARITY

Failure to Renewed Vehicle Roadworthy and Insure Certificates

49. Regulation 7(1) of the Road Traffic Regulation (RTR), 2012(L.I 2180) states that a person shall not drive or use, or permit another person to drive or use a motor vehicle on a road, unless the motor vehicle has a valid road use certificate provided for the under the Act. Also, Regulation 7(6) of the RTR further provides, "the owner of a vehicle shall ensure that the road use certificate is renewed at any time within one month before the date of its expiry and the renewal shall have effect from the date of expiry".

21/02/24	9- 10/02/24	1289	Payment for Servicing General Assembly Meeting	Tiyumba Catering Services	6,200.00	6,200.00	465.00
			Total		9,550.00	7,000.00	675.00

45. Management did not assign any cogent reason for the anomaly.
46. This could deny the government needed funds for development if the suppliers fail to file their tax returns.
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48. Management accepted our recommendation for compliance.

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50. We noted on the contrary that two official vehicles with registration numbers GN 8821-18 and GT 8417-19 had their Roadworthy and Insurance certificates expired since March 2023 to date without renewal.
51. Management said the lapse was an oversight on its part and it would take steps to correct the anomaly.
52. In the absence of valid road use/worthiness certificate, the Assembly stands the risk of being prosecuted by the police in the event of an accident. The Assembly also, stands the risk absorbing all losses resulting from an accident due lack of insurance cover.
53. We recommended and Management agreed to immediately renew both the insurance and road worthy certificates of the two official vehicles with the view to mitigating losses arising from accidents.

Acknowledgement

54. We are grateful to the District Chief Executive and staff of the Assembly for the cooperation and assistance accorded the audit team during the audit.


BASHIR EBIN OSMAN
DISTRICT AUDITOR
SAVELUGU

Cc: The Auditor General
Audit Service
Accra

The Chief Director
Local Government Service
Accra.

The Regional Auditor
Audit Service
Tamale

The Regional Co-ordinating Director
Regional Co-ordinating Council
Tamale

The Presiding Member
Kumbungu District Assembly
Kumbungu