



**REPUBLIC OF GHANA**

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# **REPORT OF THE AUDITOR-GENERAL ON THE MANAGEMENT AND UTILISATION OF DISTRICT ASSEMBLIES' COMMON FUND AND OTHER STATUTORY FUNDS FOR THE YEAR ENDED 31 DECEMBER 2019**

**This report has been prepared under Section 11 of the Audit Service Act, 2000 for presentation to Parliament in accordance with Section 20 of the Act.**

**Johnson Akuamoah Asiedu  
Auditor- General  
Ghana Audit Service  
28 September 2020**



**This report can be found on the Ghana Audit Service website: [www.ghaudit.org](http://www.ghaudit.org)**

**For further information about the Ghana Audit Service, please contact:**

**The Director, Communication Unit  
Ghana Audit Service Headquarters  
Post Office Box MB 96, Accra.**

**Tel: 0302 664928/29/20**

**Fax: 0302 662493/675496**

**E-mail: [info@ghaudit.org](mailto:info@ghaudit.org)**

**Location: Ministries Block 'O'**

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# TRANSMITTAL LETTER

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Office of the Auditor-General  
Ministries Block 'O'  
P.O. Box MB 96  
Accra  
GA/110/8787

Tel. (0302) 662493  
Fax (0302) 675496

28 September 2020

Dear Hon. Speaker,

**REPORT OF THE AUDITOR-GENERAL ON THE MANAGEMENT  
AND UTILISATION OF THE DISTRICT ASSEMBLIES' COMMON  
FUND (DACF) AND OTHER STATUTORY FUNDS FOR THE YEAR ENDED  
31 DECEMBER 2019**

I have the privilege and honour to submit to be laid before Parliament, my report on the Management and Utilisation of the District Assemblies' Common Fund and Other Statutory Funds for the financial year ended 31 December 2019. This report supplements my main report on the operations of the Metropolitan, Municipal and District Assemblies (MMDAs) covering the same period.

2. The report covers the management and utilization of the District Assemblies' Common Fund (DACF) which were provided by the Common Fund Administrator for mostly physical development activities of MMDAs. The report highlights the significant unresolved and outstanding findings from the routine audits carried out in 2019 under my direction and supervision.

3. The outstanding and unresolved issues were attributed to deficiencies and weaknesses in internal controls in the operations of the Assemblies. Irregularities such as non-compliance with existing legislative framework and instruments, managerial lapses and weak monitoring procedures at the ministerial, legislative and administrative levels of the Assemblies were still prevalent as evidenced in the management letters.

4. The deficiencies noted in the operations of the Assemblies created avenues for some officials to mismanage funds and resources of the Assemblies to a financial value of approximately GH¢124.82 million. The lapses and deficiencies were identified in transactions under account areas such as cash management, contract, procurement and store, and tax irregularities, which have been summarized and consolidated in this report.

5. I have in my previous report on the Management and Utilisation of the DACF, recommended to the Honourable Minister of Local Government and Rural Development to set up effective monitoring and follow-up mechanisms to track actions to be taken on conclusions and recommendations made in my audit reports and management letters. I also recommended punitive actions against management and staff of Assemblies who indulged in the mismanagement of resources brought under their care. The widespread instances of malfeasance and mismanagement of finances and resources of the Assemblies by public officials in this report may mean that the Ministry has not significantly implemented the recommendations in my previous reports.

6. I therefore appeal to the Honourable Minister and the Head of Local Government Service again to use their good offices to ensure that the recommendations in my reports are implemented to the letter by responsible officers in order to improve and step up the standard of financial administration in the Assemblies and forestall the avoidable financial and material losses which result from these anomalies and control weaknesses.

7. I call upon the Honourable Minister, the Head of Local Government Service, and the Administrators of the Funds to take note of my mandate under Article 187(7) (b) of the 1992 Constitution of the Republic of Ghana to disallow any item of expenditure which is contrary to law and surcharge the amount of any loss or deficiency, upon any person by whose negligence or misconduct the loss or deficiency has been incurred. I will not hesitate holding them accountable.

8. I wish to express my profound gratitude to the Chief Executive Officers, Coordinating Directors and staff of the respective MMDAs for the cooperation and support they gave to my field officers during the audits.

9. Finally, I acknowledge the immense contributions made by my staff towards the production of this report.

Yours faithfully,



**JOHNSON AKUAMOAH ASIEDU**  
**ACTING AUDITOR-GENERAL**

**THE RT. HON. SPEAKER**  
**OFFICE OF PARLIAMENT**  
**PARLIAMENT HOUSE ACCRA**

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## CENTRAL REGION

### Introduction

254. For the 2019 financial year, total allocations to the 22 Assemblies in the Region was GH¢39,976,170.73. Of this amount, a total of GH¢9,977,634.60 was deducted at source in favour of the Assemblies' Service Providers leaving net cash transfers of GH¢29,998,536.13 or 75.04 percent of the total allocations.

### Cash Irregularities

#### Over utilization of DACF on administrative expenditure - GH¢703,708.39

255. Part 1 of the 2019 guideline for the utilization of the District Assemblies Common Fund (DACF) requires that up to 10 percent of the DACF should be allocated for administrative expenditure.

256. We noted that management of four Assemblies received a total of GH¢6,085,210.17 as their share of the Common Fund with the permissible 10% to be spent on administrative expenditure as GH¢608,521.02 but spent a total of GH¢1,312,229.41 representing 21% of the DACF inflows on administrative expenditures such as workshops, fuel, honorarium, transfer grant etc. as detailed below.

| No. | Assembly                      | Total Allocation | Allowable 10% | Amt. spent | Excess GH¢ |
|-----|-------------------------------|------------------|---------------|------------|------------|
| 1   | Upper Denkyira East Municipal | 1,151,332.09     | 115,133.21    | 368,161.82 | 253,028.61 |
| 2   | Gomoa West District           | 1,054,795.50     | 105,479.55    | 393,417.81 | 287,938.26 |
| 3   | Assin Foso Municipal          | 1,681,594.48     | 168,159.45    | 285,586.49 | 117,427.04 |



|   |                                       |                     |                   |                     |                   |
|---|---------------------------------------|---------------------|-------------------|---------------------|-------------------|
| 4 | Abura Asebu<br>Kwamankese<br>District | 2,197,488.10        | 219,748.82        | 265,063.29          | 45,314.47         |
|   | <b>Total</b>                          | <b>6,085,210.17</b> | <b>608,521.02</b> | <b>1,312,229.41</b> | <b>703,708.39</b> |

257. We attributed the cause of this infraction to inability of the management of the Assemblies to raise sufficient Internally Generated Fund (IGF) to facilitate funding of such administrative expenditures.

258. This situation could result in reduction of funds earmarked for various programmes and projects thereby negatively impacting on the implementation of the intended programmes.

259. We recommended to managements of the four Assemblies to refund the excess expenditure of GH¢703,708.39 from the IGF account to the DACF account and desist from violating guidelines on the utilization of DACF.

**Misapplication of Persons with Disability (PWD) fund - GH¢30,825.95** 276.

Section 7 of the Public Financial Management Act, 2016 (Act 921) states that Where a Principal Spending Officer receives a subvention on behalf of another entity, that Principal Spending Officer shall remit the subvention to that other entity in accordance with the approved cash flow plan for the subvention.

277. We however noted from our review of Upper Denkyira East Municipal PWD records that an amount of GH¢30,825.95 being PWD third quarter 2018 allocation was not received into the PWD account but into the Common Fund account and used for DACF programmes instead of PWD activities.

278. This was as a result of lack of funds in the Common Fund account for its activities, thereby depriving PWD of their much needed funds for their planned activities.

279. We recommended to management of the Assembly to, as a matter of urgency, refund the amount of GH¢30,825.95 into the PWD account and desist from such act.

**Unretired imprest - GH¢176,963.00**

280. Regulation 288 of FAR, 2004 (L.I 1802) and Regulation 102 of the Public Financial Management Regulations (PFMR) (L.I. 2378), 2019 stipulate that imprest shall be retired within 10 days after completion of the activity or at the close of financial year (as the case may be) and any imprest not so retired shall be adjusted to a personal advance account in the name of the imprest holder.

281. Contrary to the above Regulation, we noted that imprest granted to 14 staff on 39 payment vouchers from three Assemblies totaling GH¢176,963.00 to carry out official assignments were not retired with the necessary supporting documents such as receipts, invoices, and signature of claimants as at 31 December 2019. The detailed are provided below:

| No. | Assembly             | No. of PV's | No of Staff | Funding source | Amount disbursed  | Total Unretired GH¢ |
|-----|----------------------|-------------|-------------|----------------|-------------------|---------------------|
| 1   | Gomoa West District  | 28          | 6           | DACF           | 121,956.00        | 71,038.00           |
| 2   | Gomoa West District  | 4           | 1           | MPCF           | 83,345.00         | 82,825.00           |
| 3   | Mfantseman Municipal | 7           | 7           | DACF           | 23,100.00         | 23,100.00           |
|     | <b>Total</b>         | <b>39</b>   | <b>14</b>   |                | <b>228,401.00</b> | <b>176,963.00</b>   |

282. Failure on the part of the Finance Officers to ensure that funds released to staff to perform official duties are fully accounted for led to the anomaly.

283. This practice could lead to misappropriation and loss of funds to the Assemblies.
284. We recommended recovery of the amount from the officers involved, failure of which the unretired amounts should be charged to the personal advance account of the imprest holders.

**Payment of Judgment Debt - GH¢ 91,770.00**

285. Section 7 of the Public Financial Management Act, 2016 (Act 921) states “A Principal Spending Officer of a covered entity shall ensure the regularity and proper use of money appropriated in that covered entity.”
286. We noted that management of Effutu Municipal Assembly used Common Fund allocation to settle judgment debt totaling GH¢91,770.00 to Mr. John Hanson Haward, the Plaintiff, as compensation for wrongful termination of contract for a parcel of land occupied by the Assembly.
287. The loss of GH¢91,770.00 was as a result of management of Effutu Municipal Assembly failure to resort to arbitration instead of court settlement.
288. The use of DACF funds to pay judgment debt deprived the Assemblies the needed funds to provide important amenities to improve the living conditions of the citizenry.
289. We recommended that the Effutu Municipal Assembly should explore arbitration to resolve disputes in future instead of resorting to court for redress. We further recommended that the amount of GH¢91,770.00 should be refunded from the IGF to the DACF of the Assembly.

**Unsupported payments - GH¢38,778.50**

290. Contrary to Section 7 of the Public Financial Management Act, 2016 (Act 921), we noted that management of Ekumfi District Assembly made a total

payment of GH¢38,778.50 from DACF and MP Funds for various activities but were not supported with relevant expenditure documents such as statements of claim, receipts, and invoices to authenticate the transactions. Details are provided below:

| No. | Assembly        | No. of PV's | Funding source | Total Unsupported GH¢ |
|-----|-----------------|-------------|----------------|-----------------------|
| 1   | Ekumfi District | 1           | DACF           | 4,000.00              |
| 2   | Ekumfi District | 6           | MPCF           | 34,778.50             |
|     | <b>Total</b>    | <b>21</b>   |                | <b>38,778.50</b>      |

291. Poor supervision on the part of the respective Finance Officers to ensure that these relevant documents were obtained to substantiate the transactions before payments were made accounted for the anomaly.
292. Payments not properly substantiated could lead to payment for goods not supplied and services not rendered to the Assemblies.
293. We recommended recovery of the amount of GH¢38,778.50 from the Coordinating Directors and the Finance Officers of the respective Assemblies.

#### **Loan to a Private Entity - GH¢20,000.00**

294. Section 67 of the Public Financial Management Act, 2016 (Act 921) states that "Subject to article 181 of the Constitution, the Minister has the sole authority to lend public funds on behalf of government".
295. We noted that management of Asikuma Odoben Brakwa District Assembly granted Trust Water Works Ltd., a private entity, an amount of

GH¢20,000.00 as loan without any terms of repayment. The loan was granted in July 2019 and received by the Managing Director, Fosu E. Dadzie, with no refund at the time of this report in April 2020.

296. Management explained that Trust Water Works Ltd was contracted by a Non-Governmental Organisation (NGO) to construct borehole in the District but run out of funds due to delay in payment. Management of the Assembly did not want Trust Water Works Ltd to move its equipment out of the district without the work being completed and therefore granted the company the loan to enable it complete the contract.
297. This had denied the Assembly the use of GH¢20,000.00 for its development projects.
298. We recommended management to recover the amount from Trust Water Works Ltd. failure of which the DCE, Isaac Odoom, the DCD, Harry Nii Owoo and the DFO, Eugene Sapathy should jointly refund the amount of GH¢20,000.00 to the Assembly.

#### **Payments not processed on the GIFMIS platform- GH¢ 211,163.89**

299. Section 25 of the Public Financial Management Act, 2016 (Act 921) provides that where a covered entity enters into a contract or any other arrangement that commits or purport to commit Government to make a payment, the contract or arrangement shall be approved by the Principal Spending Officer of that covered entity and the Principal Spending Officer shall enter the contract or arrangement into the Ghana Integrated Financial Management Information System (GIFMIS).
300. Contrary to the above Act, our audit of two Assemblies revealed that 32 payments for goods and services totaling GH¢211,163.89 were made without the GIFMIS payment platform. Details are provided below:

| <b>No.</b> | <b>Assembly</b>      | <b>No. of PVs</b> | <b>Amount</b>     |
|------------|----------------------|-------------------|-------------------|
| 1          | Effutu Municipal     | 4                 | 124,861.38        |
| 2          | Assin North District | 28                | 86,302.51         |
|            | <b>Total</b>         | <b>32</b>         | <b>211,163.89</b> |

301. Management attributed its inability to use the GIFMIS platform to system installation and implementation challenges, power outages, poor internet connectivity as well as technical issues with coding.
302. Payments not made on the GIFMIS platform could be an act of circumvention of controls and has the tendency of misleading stakeholders in making policy decisions in respect of appropriation on all the expenditure ceilings and commitments in the GIFMIS.
303. We recommended to management to ensure that all issues hampering the usage of the GIFMIS platform are resolved before the close of 2020 financial year, failure of which management should be sanctioned, as prescribed by Regulation 230 of the Public Financial Management Regulations.

### **Contract Irregularities**

#### **Payment without certification of work done - GH¢ 716,450.00**

304. Regulation 79 of Public Financial Management Regulations 2019, (LI 2378) stipulates 'The Principal Spending Officer shall, on the completion of works, or supply of goods or services, prepare a certification statement. Where the Principal Spending Officer identifies that works carried out, goods supplied or service rendered or their prices are inconsistent the contracts or specification, the Principal Spending Officer shall specify the necessary actions in the certification statement'.

305. We noted that management of three Assemblies failed to certify sanitation and fumigation works carried out by Zoomlion Ghana Ltd. prior to the payment of GH¢716,450.00 by the Administrator of DACF to the company as detailed below.

| No. | Assembly                        | Quarters                             | Funding source                | Amount<br>GH¢     |
|-----|---------------------------------|--------------------------------------|-------------------------------|-------------------|
| 1   | Awutu Senya District            | 2018 3rd quarter to 2019 2nd quarter | Fumigation & SIP              | 331,200.00        |
| 2   | Assin Foso Municipal            | 2018 3rd quarter to 2019 2nd quarter | Fumigation                    | 184,000.00        |
| 3   | Abura Asebu Kwamankese District | 2018 3rd quarter to 2019 3rd quarter | Disinfestation and Fumigation | 201,250.00        |
|     | <b>Total</b>                    |                                      |                               | <b>716,450.00</b> |

306. We attributed the infraction to failure of the, DCDs and District Environmental Officers to monitor the work of Zoomlion Ghana Limited in the Assemblies and report to the Administrator of District Assemblies Common Fund before the source deductions were made.

307. In the absence of certification by the Municipal/District Environmental Officers, we could not ascertain whether the services were carried out in accordance with the terms of the contract to warrant the payment of GH¢716,450.00 deducted at source by ADACF.

308. We recommended refund of GH¢716,450.00 from Zoomlion Ghana Limited to the three Assemblies. We further recommended to the management of the Assemblies to notify the Administrator of the DACF to stop deduction

of the DACF in favour of Zoomlion Ghana Ltd for sanitation and fumigation services until the receipt of certificate of work done from the Assemblies.

**Source deductions for Services not rendered - GH¢82,800.00**

309. Contrary to Section 7 of the Public Financial Management Act, 2016 (Act 921), we noted however, that the Administrator of District Assembly Common Fund, deducted at source a total of GH¢82,800.00 from Assin North District Assembly's share of the Common Fund for 1st Quarter 2018 when there was no contract between the Assembly and Zoomlion Ghana Limited. The amount was made up of GH¢42,550.00 and GH¢40,250.00 for Sanitation Improvement Package and Fumigation respectively.
310. We further noted that both contracts with the Assembly signed with Zoomlion Ghana Limited, took effect from 02 April, 2018 making the first quarter deduction wrongful.
311. We attributed the infraction to the failure of the Administrator of DACF to ensure that express authorisation was obtained from the Assembly before the deductions were made.
312. The Assembly, therefore, lost an amount of GH¢82,800.00 of its share of the DACF.
313. We recommended that Management should notify the Administrator, DACF for the amount of GH¢82,800.00 to be recovered from ZGL and pay into the Assembly's account.

**Payment for services not rendered in full - GH¢120,750.00**

314. Article 1 of the Service Agreement between Zoomlion Ghana Limited (ZGL) and Gomoa West District Assembly on Disinfestation & Fumigation, effective 1 January 2012 provides that Zoomlion shall render the services indicated in Schedules I & II once every month with requisite chemicals,



and shall only be required to provide those services as specifically identified and contained in this agreement and the schedule hereto.

315. Our review of records of work done in respect of Disinfestation & Fumigation by Zoomlion Ghana limited and certified by the District Environmental Health Officer of the Assembly, revealed that from January to September 2019, ZGL did not provide the services indicated in Schedules II but payments/deductions amounting to GH¢120,750.00 were effected for the three quarters (January to September 2019) for services to the company as contained in Schedules I & II as detailed below.

| <b>Details of agreed services with Zoomlion</b>                          |                |
|--|----------------|
| <b>Schedule I</b>  |                |
| <b>Service</b>   | <b>Remarks</b> |
| Disinfection and disinfestation of public toilets and its surroundings.  | Performed      |
| Disinfection of major drains   | Performed      |
| Disinfection and disinfestation of Governments apartment.                | Performed      |
| <b>Schedule II</b>   |                |
| <b>Service</b>   | <b>Remarks</b> |
| Deratting of public markets  | Not Performed  |
| Disinfection and disinfestation of hospitals, clinics and health centers | Not Performed  |
| Public education on vector control/environmental sanitation              | Not Performed  |

316. This could lead to loss of funds to the Assembly as services not rendered were paid for.

317. The Chief Executive and Coordinating Director should demand damages or compensation from ZGL for breach of contract agreement as stipulated in Paragraph 11 of the Agreement for non-performance of Schedule II activities

318. Management indicated that the service provider would be informed to render such services.

**Disinfestation & Fumigation work not performed - GH¢172,500.00**

319. Article 1 of the Services agreement between the Komenda Edina Eguafo Abrem Municipal Assembly and Zoomlion Ghana Limited (ZGL) in January 2014, stipulates that ZGL shall provide the services indicated in Schedule I and II once every month. The services included disinfestation and disinfection of final disposal site, hospitals, clinics, health Centres and Government apartments at a quarterly deduction of GH¢103,500.00.

320. We noted that for five months (February, May, June, July and August 2019), ZGL neither disinfested nor disinfected any market, health facility or refuse disposal site. This is estimated at GH¢172,500.00 (GH¢34,500.00 per one month). The summary of non-performance is provided below:

|   | <b>Place</b>          | <b>No. of times</b> |
|---|-----------------------|---------------------|
| 1 | Markets               | 0                   |
| 2 | Health facilities     | 0                   |
| 3 | Government apartments | 2                   |
| 4 | Refuse Disposal Site  | 0                   |

321. We attributed the anomaly to management's failure to serve notice of the breaches to ZGL for it to be remedied within 30 days as required under Article V (Termination) of the service agreement for Disinfestation & Fumigation.

322. The infraction, if not rectified, will negatively affect the sanitation management in the Municipality. The Assembly did not obtain value for money with that service agreement entered into with ZGL.

323. We recommended recovery of GH¢172,500.00 from ZGL for the nonperformance of the SIP to the Assembly failure of which management of the Assembly should terminated the contract and demand damages from the ZGL in accordance with Article V in the Service Agreement failing which the MCD and the MFO should be held liable to pay for the current value of the services not performed.

### **Overpayment of suppliers - GH¢145,843.20**

324. Regulation 82 of Public Financial Management Regulation 2019, (L.I. 2378) states “the Principal Spending Officer and the head of Accounts shall ensure the validity, accuracy and legality of the claim for payment”.

325. Contrary to the above provision, we noted from our review of financial records of three Assemblies that an amount of GH¢847,556.80 for goods and services was paid to their respective suppliers in excess of GH¢145,843.20. The details are provided below:

| No. | Assembly             | Supplier                                    | Item/ Period  | Amt. Due - GH¢    | Amt. paid/ deducted at source GH¢ | Amt. Overpaid - GH¢ |
|-----|----------------------|---|---|-------------------|-----------------------------------|---------------------|
| 1   | Assin South District | J.Y. Asiedu Ent & Yaw Obengsco fitting shop | Cement, vehicle tyres and repairs and maintenance of official vehicle | 20,556.80         | 27,350.00                         | 6,793.20            |
| 2   | Effutu Municipal     | Zoomlion                                    | SIP Contract (3&4th Qtr 2018 &1 Qtr 2019)                             | 150,000.00        | 172,500.00                        | 22,500.00           |
| 3   | Gomoa West District  | Zoomlion                                    | SIP Contract (2nd Qtr 2014 to 3rd Qtr 2019 - 21 Qtr)                  | 777,000.00        | 893,550.00                        | 116,550.00          |
|     | <b>Total</b>         |   |   | <b>847,556.80</b> | <b>978,400.00</b>                 | <b>145,843.20</b>   |

326. The Assemblies were denied funds needed to carry out its developmental projects as they fall due.

327. We recommended that, management of the Assin South Assembly should recover the amount of GH¢6,793.20 from the service providers, failure of which, the DCD and the DFO should be jointly held liable to refund the money. We further recommended to managements of the other two Assemblies to notify the Administrator of the DACF of the over deduction at source for the amount of GH¢139,050.00 to be recovered from Zoomlion Ghana Limited.

**Payment of contract works/services without contract agreement- GH¢386,400.00**

328. Contrary to Section 7 of the Public Financial Management Act, 2016 (Act 921), we noted that two Assemblies were deducted at source by the ADACF a total amount of GH¢386,400.00 for various activities without a written Service Contract Agreement with the service providers. The details are provided below:

| No. | Assembly                             | Contract                                      | Contractor         | Contract Sum      | Amount paid GH¢   |
|-----|--------------------------------------|---|--------------------|-------------------|-------------------|
| 1   | Upper Denkyira East Municipal        | Fumigation activities                         | Zoomlion Ghana Ltd | 138,000.00        | 138,000.00        |
| 2   | Twifo Hemang Lower Denkyira District | Fumigation and Sanitation Improvement Package | Zoomlion Ghana Ltd | 248,400.00        | 248,400.00        |
|     | <b>Total</b>                         |   |                    | <b>386,400.00</b> | <b>386,400.00</b> |

329. In the absence of contract agreement between the parties, we could not verify the terms, conditions and deliverables of the engagement such as



|                                      |    |                        |                       |              |     |                     |               |
|--------------------------------------|----|------------------------|-----------------------|--------------|-----|---------------------|---------------|
| Effutu Municipality                  | 2  | 22/2/16 ; 22/1/16      | 2017                  | 296,552.74   | 90% | 3 years & 10 months | 223,169.39    |
| Assin North District                 | 6  | 7/2015-11/2018         | 3/5/2016 - 27/4/2019  | 1,231,880.82 | 59% | 8-43 months         | 570,026.26    |
| Upper Denkyira East Municipality     | 4  | Sept. 2017 - Aug. 2018 | 2018/2019             | 640,118.00   | 69% | 1-2 years           | 361,793.79    |
| Twifo Hemang Lower Denkyira District | 2  | Dec 2012 - June 2016   | 19/6/2013             | 353,763.65   | 40% | 3 - 7 years         | 53,064.55     |
| Gomoa West District                  | 5  | 2014-2017              | 28/5/2015 - 11/7/2018 | 651,109.46   | 66% | 14-52 months        | 308,432.84    |
| Asikuma Odoben Brakwa District       | 4  | Sept. 2010 & Apl. 2016 | July 2011 & Aug. 2016 | 440,738.10   | 77% | 3 & 9 years         | 169,859.02    |
| Agona East District                  | 19 | 2016-2019              | 2017-2020             | 6,607,220.89 | 57% | 6 months - 4 years  | Not Available |
| Agona West Municipality              | 2  | 6/11/2015 - 20/7/2016  | 6/3/2016 - 14/4/2017  | 676,119.62   | 80% | 45 months - 3 years | 349,342.27    |

|                                 |           |                   |                  |                      |     |                         |                     |
|---------------------------------|-----------|-------------------|------------------|----------------------|-----|-------------------------|---------------------|
| Assin Foso Municipal            | 2         | 8/6/16 & 20/12/16 | 7/9/16 & 20/3/17 | 275,452.67           | 60% | 33 months - 35 months - | 97,886.16           |
| Abura Asebu Kwamankese District | 2         | 24/5/16 & 21/7/16 | 21/1/17          | 305,567.77           | 78% | 3 years 5 months        | 122,995.18          |
| <b>Total</b>                    | <b>48</b> |                   |                  | <b>11,478,523.72</b> |     |                         | <b>2,256,569.46</b> |

335. The delay in completion of the projects was as a result of irregular release of the Common Fund and lack of proper prioritization of projects.

336. This could lead to cost overruns to the detriment of other developmental projects in the Assemblies.

337. We recommended to management of the Assemblies to ensure that priority is given to delayed projects before new ones are awarded. We also recommended to the managers of the DACF to release the funds on time to avoid delays in project execution in the Assemblies.

#### **Abandoned projects-GH¢809,948.19**

338. Contrary to Section 52 of the Public Financial Management Act, 2016 (Act 921), our visit to the project sites disclosed that 11 projects at various stages of completion have been abandoned by contractors in four Assemblies. Details of the projects are shown in the table below:

| Assembly | No. of Projects | Award date | Expected completed date | Contract Sum | % of work done | Period of abandone | Payment to date |
|----------|-----------------|------------|-------------------------|--------------|----------------|--------------------|-----------------|
|----------|-----------------|------------|-------------------------|--------------|----------------|--------------------|-----------------|

|                               |           |                        |                     |                     |               |                       |                   |
|-------------------------------|-----------|------------------------|---------------------|---------------------|---------------|-----------------------|-------------------|
| Assin North District          | 3         | June 16 – Jan 18       | 13/3/2011-25/5/2018 | 394,462.00          | 37%           | 2-4 years             | 127,870.33        |
| Ajumako Enyan Essiam District | 1         | 4/10/17                | 6/6/2018            | 228,097.78          | 85%           | 1 year                | 203,287.33        |
| Agona West Municipal          | 6         | 26/4/2011 & 13/10/2016 | 29/2/16 – 13/3/17   | 1,542,587.79        | 54%           | 34 months – 45 months | 244,807.36        |
| KEEA                          | 1         | Not Available          | 2014                | 275,600.00          | Not Available | 5 years               | 233,983.17        |
| <b>Total</b>                  | <b>11</b> |                        |                     | <b>2,440,747.57</b> |               |                       | <b>809,948.19</b> |

339. The neglect of the 11 projects was due to non-payment of works done to the contractors by the Assemblies which could lead to cost overruns to the detriment of other development projects.

340. We recommended to managements of the Assemblies to ensure payment of works done as well as ensure that priority is given to completion of the 11 projects before new ones are awarded.

#### **Completed projects not put to use – GH¢1,735,369.81**

341. Contrary to Section 52 of the Public Financial Management Act, 2016 (Act 921), our inspection of projects revealed that management of five Assemblies had completed 14 projects at the total cost of GH¢1,735,369.81 but have not been put to use. The details are provided below:

| Assembly                | No. of Projects | Name of Project           | Date completed        | Fund source | Amount GH¢ | Reason for not use |
|-------------------------|-----------------|---------------------------|-----------------------|-------------|------------|--------------------|
| Cape Coast Metropolitan | 5               | Construction of open shed | 6/10/2017 – 15/4/2018 | DACF        | 291,952.96 | Lack of utilities  |



|                      |           |   |           |       |                     |                                   |
|----------------------|-----------|---|-----------|-------|---------------------|-----------------------------------|
| Effutu Municipal     | 3         | Library block and two toilet facilities                       | 19/2/2019 | DACF  | 672,732.16          | Lack of water and electricity     |
| KEEA                 | 1         | 6 seater KVIP toilet facility                                 | 30/12/18  | MP CF | 49,896.30           | No vendor to operate the facility |
| Gomoa West District  | 3         | Clinic with nurses quarters and midwifery and 2 CHPs Compound | 2016/2018 | DACF  | 474,786.21          | Lack of electricity               |
| Agona West Municipal | 1         | CHPs Compound at Ahamadonko at GH¢218,379.33                  | 4/2019    | DACF  | 150,112.80          | Lack of potable water             |
| Effutu Municipal     | 1         | Abattoir  | 2014      | DACF  | 95,889.38           |                                   |
| <b>Total</b>         | <b>14</b> |   |           |       | <b>1,735,369.81</b> |                                   |

342. This has deprived the intended beneficiaries the benefits of the use of the projects.

343. We recommended that, the Assemblies should properly plan the execution of projects to ensure inclusion of required facilities in the award of contracts. We also recommended that steps should be taken to prioritize the Assemblies' resources in order to provide the needed facilities for the projects to be put to use by the intended beneficiary agencies and communities.

### **Failure to supply SIP equipment**

344. Section 7 of the Public Financial Management Act, 2016 (Act 921) directs that a Principal Spending Officer of a covered entity shall ensure the proper use of money appropriated in that covered entity.
345. Our review of Service Agreement on Sanitation Improvement Package (SIP) between Zoomlion Ghana Limited (ZGL) and three Assemblies disclosed that, the company failed to provide three Refuse trucks and 21 Refuse Containers to the Assemblies as required by the Agreements. The table below provides further details:

| No. | Assembly                        | Refuse Trucks | Refuse Containers |
|-----|---------------------------------|---------------|-------------------|
| 1   | Upper Denkyira East Municipal   | 1             | 9                 |
| 2   | Assin Foso Municipal            | 2             | 11                |
| 3   | Abura Asebu Kwamankese District | -             | 1                 |
|     | <b>Total</b>                    | <b>3</b>      | <b>21</b>         |

346. Failure of management of the Assemblies to ensure that Zoomlion Ghana Limited complied with the terms of the Service Agreements resulted in the anomaly.
347. The inaction of both parties could affect management of solid waste and final disposal of refuse in the Assemblies.
348. We recommended that management should contact Zoomlion Ghana. Ltd with the view to ensuring replacement of the six damaged containers or in default, suspend further payment to ZGL and demand damages or compensation for breach of contract agreement as stipulated in Paragraph 11 of the Agreement.
349. We recommended to management of the Assemblies to ensure that the remaining equipment were supplied by Zoomlion Ghana Limited (ZGL).

We further recommended to management to notify the ADACF to stop further deductions from the allocation of the Assemblies' DACF in favour of ZGL and also demand damages or compensation for breach of contract agreement as specified in the Agreement.

**Poorly executed contracts - GH¢310,500.00**

350. Contrary to Section 7 of the Public Financial Management Act, 2016 (Act 921), the Komenda Edina Eguafo Abrem Municipal Assembly, in March 2011 and January 2014, entered into service agreements on Sanitation Improvement Package (SIP) and Disinfestation & Fumigation respectively with Zoomlion Ghana Ltd. During the period under review, a total amount of GH¢310,500.00 was deducted at source from the Assembly's share of the Common Fund by ADACF to Zoomlion Ghana Limited. Details are provided on Table below:

| <b>Qtr</b>   | <b>Fumigation</b> | <b>Sanitation Improvement Package</b> | <b>TOTAL Deductions</b> |
|--------------|-------------------|---------------------------------------|-------------------------|
| 3rd 2018     | 46,000.00         | 57,500.00                             | 103,500.00              |
| 4th 2018     | 46,000.00         | 57,500.00                             | 103,500.00              |
| 1st 2019     | 46,000.00         | 57,500.00                             | 103,500.00              |
| <b>TOTAL</b> | <b>138,000.00</b> | <b>172,500.00</b>                     | <b>310,500.00</b>       |

351. Our review of both contracts showed that Zoomlion Ghana Limited (ZGL) was not meeting its obligations with respect to the supply of the trucks and communal containers in both contracts. Details are provided on Table below:

| <b>Logistics</b> | <b>Required per contract</b> | <b>Actual items Supplied</b> | <b>Items not supplied</b> |
|------------------|------------------------------|------------------------------|---------------------------|
| Skip Trucks      | 3                            | 2                            | 1                         |

|                     |    |    |   |
|---------------------|----|----|---|
| Communal Containers | 20 | 18 | 2 |
| TOTAL               | 23 | 20 | 3 |

352. Again, according to clause 5 of the agreement, ZGL was to replace or repair worn out machinery without delay. However, three out of 18 communal containers provided by ZGL had worn out and one Skip truck had been off the road for the period nine months, but ZGL is yet to repair them.
353. We attributed the anomaly to management's failure to serve notice of the breaches to Zoomlion Ghana Limited, to be remedied within 30 days as required under Article V of the Service Agreement.
354. This could lead to loss of revenue to the Assembly and also not able to provide the relevant services to the communities within the Assembly.
355. In the absence of notice to Zoomlion to remedy the irregularity, we recommended refund of GH¢310,500.00 from the company to the Assembly.

**Defects on completed projects- GH¢229,618.07**

356. Contrary to Section 52 of the Public Financial Management Act, 2016 (Act 921), we noted during project inspection that the Effutu Municipal Assembly had awarded a 3-unit classroom block at Unipra South-Winneba, at a cost of GH¢240,744.83, of which GH¢229,618.07 had been paid to the contractor. The project which was completed and handed over on 19/02/19 with the retention amount of GH¢11,126.26 yet to be paid, had defects with visible holes in the roofing such that whenever it rained the classrooms and the offices attached got flooded.
357. Again, there are cracks all over the walls and the floor.

358. The lapse was due to poor supervision over the work of the contractor by the works engineer. The defects if not checked early would cause further deterioration to the classroom which would eventually lead to high maintenance cost.
359. We recommended that, management should ensure the repair of all defects in the building, failure of which the head of the works department (Mr. David Addo) who signed the progress report and certified that work was done satisfactorily should be held liable for the amount involved.
360. Service Agreement on Sanitation Improvement Package (SIP) not fully adhered to Clause 6 (iii) of the Service Agreement on Sanitation Improvement Package (SIP) between Zoomlion Ghana Limited and two Assemblies states that the company is required to replace or repair without delay, any machinery upon being notified by the Assemblies of damage or defect, provided the defect or damage is as a result of the negligence of the Assemblies or its lawful and authorized agents. Zoomlion Ghana Ltd. shall repair or replace the Machinery at the Assembly's cost.
361. Contrary to the above provision, Zoomlion failed to replace or repair broken down trucks and refuse containers after it had been notified by management of three Assemblies as required by the Agreement between the two parties. Provided below are the details of the defective machinery and their present status.

| No. | Assembly                | Items broken down                | Status/Duration/Location               | Remarks   |
|-----|-------------------------|----------------------------------|--|---|
| 1   | Cape Coast Metropolitan | 2 Trucks<br>38 refuse containers | Not in operation for three months.     | Trucks packed at Zoomlion workshop<br>Refuse containers at the Assembly |
| 2   | Agona East District     | Old skip truck (GW603-Z)         | Not in operation more than 4 years now | Packed at Assembly premises   |

|   |                         |                        |          |                                |
|---|-------------------------|------------------------|----------|--------------------------------|
| 3 | Assin Foso<br>Municipal | 4 refuse<br>containers | Worn out | Not repaired<br>or<br>replaced |
|---|-------------------------|------------------------|----------|--------------------------------|

362. Additionally, two refuse containers at the Cape Coast Metropolitan Assembly are yet to be supplied by Zoomlion Ghana Ltd.
363. Lack of commitment of management of the Assemblies in enforcing wholly the terms of the agreement caused the anomaly.
364. This led to inadequate trucks and refuse containers being used in waste management in the Assemblies and thereby affecting the sanitation target of the Assemblies.
365. We recommended that management of the Assemblies should notify the Administrator of Common Fund to suspend further payments to Zoomlion and resolve all outstanding issues failure of which the Assemblies should seek termination of the Agreements. We further recommended to management of the Cape Coast Metropolitan Assembly to ensure that the remaining two refuse containers are supplied without further delay or the Assembly should recover the amount involved from the Zoomlion Ghana Limited.

## **Procurement and Store Irregularities**

### **Uncompetitive procurements -GH¢ 721,822.04**

366. Section 20 of the Public Procurement Act (Amended) 2016, (Act 914) requires that procurement entities request quotation from at least, three different sources that should not be related in terms of ownership, shareholding or directorship.

367. Contrary to the above provision, four Assemblies procured goods and services totaling GH¢721,822.04 without obtaining alternative price quotations from other prospective suppliers or service providers and did not also seek approval from the Public Procurement Authority to adopt single source procurement method. The details are provided below:

| <b>Assembly</b>                 | <b>No. of PVs</b> | <b>Funding Source</b> | <b>Amount - GH¢</b> |
|---------------------------------|-------------------|-----------------------|---------------------|
| Gomoa West District             | 8                 | DACF                  | 269,819.53          |
|                                 | 7                 | MPCF                  | 91,165.00           |
| Upper Denkyira West District    | 1                 | DACF                  | 9,859.79            |
| Awutu Senya East Municipal      | 16                | DACF                  | 294,329.72          |
| Abura Asebu Kwamankese District | 2                 | DACF                  | 56,648.00           |
| <b>Total</b>                    | <b>34</b>         |                       | <b>721,822.04</b>   |

368. Control override on procurement procedures by management, accounted for this lapse. We could therefore not confirm whether value for money was obtained from the procurement. The single source procurement could be opened to abuse or inflated prices of the items.

369. We recommended to the Coordinating Directors to ensure that procurements are always subjected to competition in order to obtain maximum benefit from all procurement transactions. We further recommended that, the Coordinating Directors and Finance Officers involved should be sanctioned by the Minister for Local Government and Rural Development in accordance with Section 92 of Act 663 as amended.

#### **Distribution of items without list of beneficiaries - GH¢192,840.00**

370. Regulation 78 of the Public Financial Management Regulations, 2019, L.I. 2378 demands 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 services received, certificates for work done and any other supporting documents exists.”

371. On the contrary, two Assemblies purchased 10 store items worth GH¢192,840.00 but failed to provide store records of receipts, usage as well as distribution list to confirm the beneficiaries of the items. Details are provided below;

| <b>Assembly</b>      | <b>No. of PVs</b> | <b>Fund source</b> | <b>Items</b>   | <b>Amount</b>     |
|----------------------|-------------------|--------------------|--|-------------------|
| Ekumfi District      | 3                 | MPCF               | 500 pieces of Cloth, and 2 laptops,  | 74,800.00         |
| Mfantseman Municipal | 7                 | MPCF               | 600 bags of cement, 30 streetlights, 250 pieces of cloth, Information service equipment, 40 jersey and 60 leather footballs. | 118,040.00        |
|                      |                   |                    |  |                   |
| <b>Total</b>         | <b>10</b>         |                    |  | <b>192,840.00</b> |

372. Poor inventory management and lack of supervision by the management of the three Assemblies resulted in the lapse.
373. In the absence of relevant document of accountability, we were unable to certify that the items were actually bought and used in the interest of the Assemblies.
374. We recommended recovery of the total amount of GH¢192,840.00 from the MPs. (Hon. Francis Ato Cudjoe and Hon. Ekow Quansah Hayford)



## Tax Irregularities

### Purchases without obtaining VAT invoices- GH¢11,276.91

375. Section 41 of the Value Added Tax (VAT) Act 2013, Act 870 states “A taxable person shall, on making a taxable supply of goods or services, issue to the recipient, a tax invoice in the form and with the details that are prescribed by the Commissioner-General...”

376. Contrary to the above section of the Act, we observed that management of three Assemblies procured goods and services totaling GH¢252,391.25 with the VAT component of GH¢11,276.91 without obtaining VAT invoices from the suppliers. The table below provides the details:

| Assembly             | Funding source   | Amount - GH¢      | Tax - GH¢        |
|----------------------|------------------|-------------------|------------------|
| Assin South District | DACF             | 131,792.20        | 3,953.77         |
|                      | MPCF             | 6,825.00          | 204.75           |
| Agone West Municipal | Secondary cities | 30,000.00         | 4,603.17         |
| Abura Asebu K.       | DACF             | 83,774.05         | 2,515.22         |
| <b>Total Amount</b>  |                  | <b>252,391.25</b> | <b>11,276.91</b> |

377. Disregard of the VAT law by the DCDs and the DFOs led to the anomaly.

378. The State has been denied the necessary tax revenue to carry out its developmental projects.

379. We recommended recovery of the amount of GH¢11,276.91 from the service providers and pay to Ghana Revenue Authority (GRA) without delay, in default the DCDs and the DFOs should be jointly held liable to pay. We further recommended to management of the respective Assemblies to ensure strict adherence to the provision of the VAT Act to avoid sanctions.

### **Non-deduction of withholding taxes - GH¢ 4,958.00**

380. Section 116 of Income Tax Act, 2015 (Act 896) provides that the appropriate rate of tax should be withheld for the payment of goods and services rendered. Section 117 also directs a withholding agent to remit any tax withheld to the Ghana Revenue Authority within 15 days after the end of the month the payment subject to the withholding tax is made.

381. Our examination of 13 payment vouchers from two Assemblies disclosed that a total of GH¢86,004.00 paid to four suppliers were not charged with withholding tax of GH¢4,958.00. Details are provided below:

| <b>Assembly</b>            | <b>No. of PVs</b> | <b>No. of Suppliers</b> | <b>Amount GH¢</b> | <b>Tax - GH¢</b> |
|----------------------------|-------------------|-------------------------|-------------------|------------------|
| Agona East District        | 10                | 3                       | 45,604.00         | 2,938.00         |
| Awutu Senya East Municipal | 3                 | 1                       | 40,400.00         | 2,020.00         |
| <b>Total</b>               | <b>13</b>         | <b>4</b>                | <b>86,004.00</b>  | <b>4,958.00</b>  |

382. The anomaly was as a result of ineffective supervision by the Coordinating Directors on the work of Finance Officers, thereby denying the State of tax revenue of GH¢4,958.00.

383. We recommended that the Coordinating Directors and Finance Officers should pay the amount of GH¢4,958.00 to GRA from their personal accounts and recover same from the suppliers and service providers as required by Section 117 of Income Tax Act 2015 as Amended.

### **Others**

### **Non-existent of Title Deeds for the Assembly's Properties - GH¢612,443.97**

384. In contrast with Section 52 of Public Financial Management Act (PFMA), 2016 (Act 921), we noted during our review of Assets that a 6 Unit 2 Bedrooms

Teachers flat, 3-Storey at West End Ridge, Cape Coast valued at GH¢612,443.97 had not been secured with title deeds covering ownership rights to Cape Coast Metropolitan Assembly (CCMA).

385. This, in our view, could occasion financial loss to the Assembly if steps are not taken to rectify the situation in case of any legal dispute that may occur between any individual or organization and the Assembly over the property.

386. We therefore recommended that immediate steps should be taken to secure title deeds for all properties belonging to the CCMA in order to secure ownership as well as avoid financial loss that may arise as a result of litigation.

#### **Usage of unapproved revenue software**

387. Section 11 of the Audit Service Act, 2000, (Act 584) mandates the AuditorGeneral to approve the form in which all computerized financial and accounting systems and electronic transactions should be used by all public institutions.

388. We noted that the Twifo Hemang Lower Denkyira District Assembly uses revenue software purchased from Certified and Corporate Consultants to determine and compute business operating permits and property rates in the district. However the software has not been approved as required by the above Act.

389. The lapse occurred due to non-compliance on the part of management to obtain approval from the Auditor-General before using the software.

390. This could compromise the integrity of the data and the information that would be generated from the software.
391. We recommended to management to seek retrospective approval from the Auditor-General to regularize the use of the software.