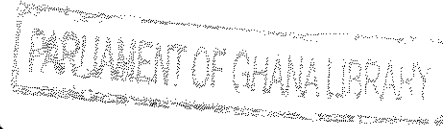
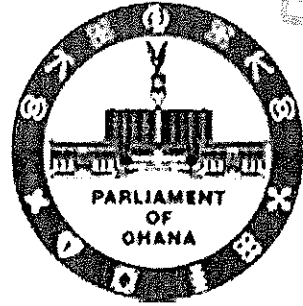


**IN THE SECOND SESSION OF THE EIGHTH PARLIAMENT OF
THE FOURTH REPUBLIC OF GHANA**



**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE
REPORT OF THE AUDITOR-GENERAL ON THE MANAGEMENT AND
UTILISATION OF DISTRICT ASSEMBLIES COMMON FUND AND
OTHER STATUTORY FUNDS FOR THE FINANCIAL YEAR ENDED
31ST DECEMBER 2019**

1.0. INTRODUCTION

The Report of the Auditor-General on the Management and Utilization of the District Assemblies' Common Fund and Other Statutory Funds for the year ended 31st December 2019 was presented to the House by the Majority Leader, Hon. Osei Kyei-Mensah-Bonsu on 21st June 2022 and was referred to the Public Accounts Committee (PAC) for examination and report to the House, in accordance with Order 165(2) of the Standing Orders of the Parliament of Ghana.

The Audit was undertaken in accordance with Article 187 of the 1992 Constitution of the Republic of Ghana, which mandates the Auditor-General to audit the Public Accounts of Ghana and all public offices, institutions, and organizations and report to Parliament.

2.0. ACKNOWLEDGMENT

The Committee is very grateful to all the Regional Ministers and the representatives of the MMDAs for their cooperation and support. A lot of gratitude also goes to media and the officials of the Audit Service for the enormous support and clarity provided to enhance the deliberations.

3.0. REFERENCE

The Committee was guided by the following legal Instruments during the deliberations:

- i. The Constitution of the Republic of Ghana, 1992
- ii. The Standing Orders of the Parliament of Ghana
- iii. The Public Financial Management Act, 2016 (Act 921)
- iv. The Public Procurement Act 2003 (Act 663)
- v. The Public Procurement (Amendment) Act 2016 (Act 914)
- vi. The Audit Service Act, 2000 (Act 584)
- vii. The Internal Audit Agency Act, 2003 (Act 658)
- viii. The Income Tax Act 2015 (Act 896)
- ix. The Value Added Tax Act, 2013 (Act 870)
- x. Local Governance Act, 2016 (Act 936)
- xi. Local Governance (Amendment) Act, 2017, Act 940
- xii. District Assemblies Common Fund Act, 1993 (Act 455)
- xiii. The Financial Administration Regulations 2004 (L.I. 1802)
- xiv. Guidelines on the Utilisation of the District Assemblies Common Fund (DACF)
- xv. The Public Financial Management Regulation 2019 (L.I. 2378)

4.0. PURPOSE OF THE AUDIT

The purpose of the Audit was for the Auditor-General to express his opinion on the financial statements of MMDAs as to whether activities and expenditures were done in conformity with the existing public financial management legislations and guidelines that governs the general administration of the Assemblies and the utilization of the District Assemblies Common Fund in particular.

5.0. PROCEEDURE

In examining the Report, the Committee was furnished with relevant documentations from all the Metropolitans, Municipals and District Assemblies (MMDAs) indicted in the Report by the Auditor-General. The Committee also received the Status of Implementation Report on the findings and the recommendations in the Report by the Auditor-General.

The Committee engaged with Management and key staff of the Assemblies to solicit clarifications and further explanations to the issues/queries raised by the Auditor-General in his Report and on issues of general public interest.

6.0. SUMMARY OF AUDIT FINDINGS

The findings of the Auditor-General related to Cash Irregularities, Procurement/Stores Irregularities, Tax Irregularities, and Contracts Irregularities. The overall impact of the irregularities amounted to GH¢124,829,189.93 compared to GH¢120,567,896.78 in 2018.

The Committee noted that the irregularities discovered by the Auditor-General increased by GH¢4,261,293.15 representing 3.53% increase. The detailed analysis of the 2018 and 2019 irregularities is presented in Table 1 below:

Table 1: Analysis of 2018 and 2019 Irregularities

Type of Irregularities	2018 (GH¢ Million)	2019 (GH¢ Million)	Variance	%
Cash Irregularities	47,139,747.82	33,213,320.67	(13,926,427.15)	(29.54)
Stores/ Procurement Irregularities	7,356,299.95	4,121,790.40	(3,234,509.55)	(43.97)
Tax	452,983.31	324,886.24	(128,097.07)	(28.28)
Contract Irregularities	65,618,865.70	87,169,192.62	21,550,326.92	32.84
Total	120,567,896.78	124,829,189.93	4,261,293.15	3.53

7.0. OBSERVATIONS AND RECOMMENDATIONS

The following are the observation and recommendations by the Committee:

7.1. OVERSTATEMENT

The Committee noted that the total value of irregularities in the Auditor-General's report was overstated by GH¢930,814.49. This brings the total infractions down to GH¢123,898,375.44 from GH¢124,829,189.93 as stated in the Auditor-General's report.

The overstatement is in the following areas:

Table 2: Overstatement in the 2019 Auditor-General's Report

Nature of Irregularity	MMDA	Irregularity in the Report (GH¢)	Actual Value of Irregularity (GH¢)	Overstatement (GH¢)
Abandoned or Delayed Project - Contract Irregularity	Tano South D/A	526,296.56	0.00	526,296.56
	Mpohor D/A	20,000.00	0.00	20,000.00
	KEEA	233,983.17	0.00	233,983.17
	KEEA (DDF)	51,988.75	0.00	51,988.75
Overpayment of Contractor	Effia-Kwesimintsim M/A	85,684.95	0.00	85,684.95
Unremitted Taxes - Tax Irregularity	Birim South D/A	15,861.06	3,000.00	12,861.06
		933,814.49	3,000.00	930,814.49

The error affected the value of Tax and Contract Irregularities as identified by the Auditor-General. The adjusted irregularities are as follows:

Table 3: Adjusted Irregularities

Type of Irregularities	Value per Auditor General's Reports 2019 (GH¢)	Overstatement (GH¢)	Adjusted Irregularities (GH¢)
Cash Irregularities	33,213,320.67	0.00	33,213,320.67
Stores/ Procurement	4,121,790.40	0.00	4,121,790.40
Tax	324,886.24	12,861.06	312,025.18
Contract Irregularities	87,169,192.62	917,953.43	86,251,239.19
Total	124,829,189.93	930,814.49	123,898,375.44

7.2. STATUS OF 2019 IRREGULARITIES

The Committee noted that most of the Assemblies had complied with the recommendations of the Auditor-General in respect of the irregularities cited against them in the Report. At the time of Committee sitting, affected Assemblies had either regularised the transactions or refunded monies expended without due regard to laid down regulations.

A total amount of GH¢29,922,766.18 or 79.48% out of a total infraction of GH¢37,647,136.25 under Cash, Stores and Tax Irregularities had been recovered or accounted for leaving unresolved balance of GH¢7,726,370.07 or 20.52%.

The detailed analysis of the status of the 2019 irregularities is presented in the following table:

Table 4: Status of 2019 Irregularities

Type of Irregularity	2019 Irregularities (GH¢)	Irregularities Resolved (GH¢)	Outstanding (GH¢)	% Resolved
Cash Irregularities	33,213,320.67	27,338,336.61	5,876,984.06	82.31
Stores/Procurement Irregularities	4,121,790.40	2,276,670.27	1,845,120.13	55.23
Tax Irregularities	312,025.18	307,759.30	4,265.88	98.63
Total	37,647,136.25	29,922,766.18	7,726,370.07	79.48

8.0. OBSERVATIONS AND RECOMMENDATIONS BY THE COMMITTEE

At the end of the Committee sitting the following issues remains unresolved:

8.1. Misapplication of Funds - GH¢1,719,828.99

The Audit revealed that eight (8) Assemblies misapplied funds earmarked for various programmes or activities amounting to GH¢1,179,214.18 on other programs in contravention of Regulation 78 of the Public Financial Management Regulations, 2019, (L.I. 2378).

Additionally, three (3) other Assemblies also misapplied a total of GH¢540,614.81 from program Funds to meet recurrent expenses in contravention of the same Regulation.

The Auditor-General recommended that the eight (8) Assemblies should reimburse the affected accounts whilst the other three (3) Assemblies also do same from their respective IGF Accounts to the affected accounts with the amount spent on recurrent expenditure.

The Committee noted during the Public Hearings that a total amount of GH¢1,601,747.06 had been refunded to the various program accounts leaving a balance of GH¢118,081.93 in the name of the following Assemblies:

1. Wassa Amenfi East District Assemblies	-	GH¢24,539.93
2. Sefwi Akontombra District Assembly	-	GH¢93,542.00
Total	-	GH¢118,081.93

The Committee recommends to the two Assemblies to reimburse the various source accounts from their next tranche of Common Fund and update the Committee through the Auditor-General.

8.2. Overutilization of DACF on Administrative Expenses - GH¢5,183,823.65

The Report disclosed that fourteen (14) Assemblies disbursed more than 10% of their District Assemblies' Common Fund allocation amounting to GH¢5,183,823.65 on administrative expenses contrary to Part 1 of the 2019 Guidelines for the utilisation of the District Assemblies Common Fund (DACF).

The Auditor-General recommended to the Assemblies to refund the excess expenditure from their IGF Account to the DACF Account. However, it was uncovered during the Committee Hearings that all the Assemblies had failed to comply with the recommendation of the Auditor-General.

The Committee discovered that most of the Assemblies disbursed the funds to deal with emerging security issues in the District partly due to the failure of central government to provide seed money for the newly established Assemblies thereby compelling them to fall on the DACF to finance administrative expenses related to the setting up of the basic security structures needed for the smooth take off of the Assemblies.

Additionally, many of the Assemblies also relied on the Common Fund to finance recurrent expenditure due to poor IGF performance in the District.

Table 5: Outstanding misapplication of funds.

No.	Assembly	Outstanding (GH¢)
1	Asutifi North	584,937.71
2	Upper Denkyira East Municipal	253,028.61
3	Gomoa West District	287,938.26
4	Assin Foso Municipal Assembly	117,427.04
5	Abura Asebu Kwamankese District	45,314.47
6	Achiase District	514,212.57
7	Birim South	1,276,721.36
8	Yunyoo Nansuan District	798,018.98
9	Gushegu Municipal	147,097.59
10	Saboba District	292,693.57
12	Wa West District	336,339.97
13	Sissala West District	306,047.26
14	Ketu North District	182,955.21
15	North Dayi District	41,091.03
	Total	5,183,823.63

The Committee urges the Assemblies to ensure strict compliance with the Guidelines on the Utilisation of the District Assemblies Common Fund. The Committee again recommends that the above-listed Assemblies should reimburse the DACF Account with one half (50%) of the subsequent administrative expenditure allocations from the Common Fund until all the excess expenditure is refunded.

The Committee further urges the Ministry of Local Government, Rural Development and Decentralisation to reimburse all the newly created Assemblies with the required seed funds to reduce the overreliance on DACF to finance administrative expenses.

The Committee is also recommending to the government to consider reviewing the 10% allocation for administrative expenses upwards to 20%

8.3. Unsupported Payments - GH¢4,771,293.34

In contravention of regulation 39 of the Financial Administration Regulations 2004, (L.I 1802) the Audit revealed that fifty-six (56) Assemblies made payment for goods and services totalling GH¢4,771,293.34 but failed to support the payment vouchers with relevant supporting documents such as receipts, invoices, statements of claim and waybills to authenticate the transactions.

The Auditor-General recommended that the said amount should be recovered from the Finance Officers and Coordinating Directors involved.

The Committee noted that fifty-four (54) Assemblies duly acquitted payment vouchers totalling GH¢4,758,111.34 with the relevant supporting documents leaving an outstanding amount of GH¢13,182.00 in the name of:

i. North Tongu District Assembly	-	GH¢10,252.00
ii. Wassa East District Assembly	-	GH¢2,930.00
Total	-	GH¢13,182.00

The Committee directed a full recovery of the sum of **GH¢13,182.00** from the District Coordinating Directors and Finance Officers of North Tongu and Wassa East District Assemblies by the District Auditors and report back to the Committee.

8.4. Unjustified Deduction by the DACF Administrator - GH¢ 462,238.21

The Report revealed that a total amount of GH¢462,238.21 was wrongly deducted at source from the accounts of two (2) Assemblies by the Administrator of District Assemblies' Common Fund for Fumigation, NALAG Dues, SIP and HIV/AIDS related activities.

The Auditor-General recommended that the two Assemblies should recover the wrongful deductions from the Administrator of District Assemblies' Common Fund.

The Committee observed that Karaga District had provided the necessary documents to justify the work done by Zoomlion for which an amount of GH¢31,144.73 was deducted. This leaves an outstanding amount of GH¢431,093.48 in the name of Berekum West District Assembly.

The Committee noted that, there is no evidence of work done to merit the deduction of an amount from the Brekum West District Assembly Common Fund and therefore recommends reimbursement of the amount by the Administrator of Common Fund through recovery of an amount of GH¢431,093.48 from Zoomlion Ghana Limited.

8.5. Failure to Allocate Funds to Sub-Structures of the Assemblies - GH¢451,641.48

The Audit Report showed that eleven (11) Assemblies withheld 2% of their Assembly's total net DACF receipts but failed to allocate the funds to the strengthening of Sub-Structures of the Assemblies contrary to Part I - Section 3 of the Guidelines for the Utilisation of the DACF.

The Auditor-General recommended that the Assemblies should ensure strict compliance with the Guidelines for the Utilisation of the DACF and further stated that the Coordinating Directors and the Finance Officers should remit the funds to the Sub-Structures.

The Committee observed that nine (9) Assemblies disbursed a total of GH¢392,302.46 of the allocated funds on behalf of the Sub-Structures leaving an amount of GH¢59,339.02 in the names of Yunyoo-Nasuan District Assembly (GH¢44,989.02) and Builsa North District Assembly (GH¢14,350.00) outstanding.

The Committee recommends to the two Assemblies to transfer the Funds to the Sub-Structures in accordance with the Guidelines for the Utilisation of the District Assemblies Common Fund.

8.6. Payment not fully Accounted for - GH¢381,652.55

The Report disclosed that eight (8) Assemblies made a total payment of GH¢381,652.55 for goods and services but failed to provide relevant documents to acquit the payments contrary to Regulation 78 of the Public Financial Management Regulation 2019, (L.I. 2378).

The Auditor-General attributed the anomaly to the negligence of the Coordinating Directors and the Finance Officers of the Assemblies and recommended the recovery of the amount from these two Officers of the affected Assemblies.

The Committee noted that payment amounting to GH¢310,614.55 had been authenticated leaving an outstanding amount of GH¢61,464.00 in the name of Gomoa West District Assembly.

In the absence of any supporting documents the Committee recommends that the amount should be recovered from the Coordinating Director and Finance Officer of Gomoa West District Assembly in accordance with the recommendation of the Auditor-General.

8.7. Payment for Unauthorised Accounting Software - GH¢37,700.00

The Audit revealed that the four (4) Assemblies procured and utilised accounting software package at an amount of GH¢37,700.00 without the approval of the Auditor-General contrary to Article 187 (4) of the 1992 Constitution and Section 11(3) of the Audit Service Act, 2000.

The Auditor-General recommended that the Management of these Assemblies should seek retrospective approval from the Auditor-General for the continuous use of the software or refund the amount spent in procuring the software.

The Committee noted that the three (3) of the four (4) Assemblies have ceased the usage of the software in compliance with the Audit recommendation. Nanumba South District Assembly however continued using the software contrary to the recommendations of the Auditor-General. Management explained that, the Assembly continues to use the software due to challenges in operating with the GIFMIS in the District.

The Committee recommends to Management of Nanumba South District Assembly to cease operating with the unapproved Software and further recommends that the Assembly should take steps to ensure the availability of network to facilitate the processing of payments and preparation of accounts through the GIFMIS.

8.8. Overpayment not Recovered - GH¢10,000.00

The Report uncovered that Sekyere Central District Assembly made an overpayment of GH¢10,000 to Ghana Revenue Authority as tax arrears that should have been withheld from payment of allowances but rather paid from the Assemblies' Fund. The Auditor-General recommended a recovery of the amount from the payees failure of which the Coordinating Director and the Finance Officer should be held liable.

It was observed during the review that the Auditor-General's recommendations had been ignored by the officers who supervised this act. The Committee recommends that the amount of GH¢10,000.00 should be recovered from the Coordinating Director and Finance Officer in compliance with the recommendations prescribed by the Auditor-General.

8.9. Abandoned/Delayed Projects - GH¢ 50,375,403.46

The Report revealed that the One Hundred and Two (102) Assemblies had abandoned/delayed a total of 540 projects (o/w 497 is DACF and 43 is DDF) for which a total amount of GH¢50,375,403.46 had been paid in contravention of Section 52 of the Public Financial Management Act 2016 (Act 921).

The Auditor-General recommended that Management of the MMDAs whose projects are either delayed or abandoned should complete the projects for the benefit of the communities.

The Committee noted at the time of the Hearing that a total of 329 projects had been completed and in use leaving 207 projects either abandoned or at various levels of completion. The outstanding projects are in the names of the following Assemblies:

Table 6: Assemblies' Ongoing Projects

ASSEMBLIES	No. of Projects	No. Completed	Projects Outstanding	Status of Outstanding Projects
Asutifi South	6	5	1	Ongoing
Asunafo South	33	16	21	5 Ongoing, 2 terminated & re-awarded and 10 remains abandoned
Afigya Kwabre South D/A	1	0	1	Ongoing
Ahafo Ano North Municipal	9	4	5	Ongoing
Atwima Nwabiagya M/A	8	6	2	Ongoing
Asante Akim South D/A	4	3	1	Ongoing
Bekwai M/A	2	1	1	Ongoing
Bosome Freho D/A	2	1	1	Ongoing
Atwima Kwanwoma D/A	1	0	1	Ongoing
Mampong M/A	26	7	19	Ongoing
Kwabre East M/A	1	0	1	Remain abandoned
Kumasi M/A	3	1	2	Ongoing
Offinso North D/A	11	7	4	2 Ongoing 2 Abandoned
Dormaa Central D/A	7	4	3	Ongoing
Jaman North D/A	2	0	2	Abandoned
Kintampo South D/A	7	2	5	Ongoing
Nkoranza North	2	0	2	Ongoing
Sene West	9	6	3	Ongoing
Techiman North D/A	16	12	4	4 terminated to be repackaged for award

Gomoa West D/A	5	4	1	Ongoing
Ekumfi District	3	1	2	Ongoing
Asikuma Odoben Brakwa D/A	4	3	1	Ongoing
Agona East D/A	19	14	5	Ongoing
Agona West M/A	2	0	2	Ongoing
Abura Asebu Kwamankese D/A	2	1	1	1 terminated to be repackaged
Assin North D/A	3	1	2	2 terminated and re-awarded
Agona West M/A	6	0	6	Ongoing
Akyemansa	4	0	4	Ongoing
Ayensuano D/A	5	3	2	Ongoing
Birim South	2	0	2	Ongoing
Atiwa East	2	1	1	Ongoing
Nsawam Adoagyiri	5	4	1	Ongoing
Yilo Krobo	4	0	4	Ongoing
Denkyembour	5	4	1	Ongoing
La Nkwantanang Madina M/A	1	0	1	Project terminated
Ayawaso West M/A	3	2	1	Ongoing
Ga South M/A	2	1	1	Ongoing
Adentan M/A	1	0	1	Abandoned
Kpone-Katamanso M/A	2	0	2	2 repackaged to be awarded
Bunkpurugu Nkpanduri	2	1	1	Abandoned
Kpandai D/A	3	2	1	Ongoing
Gushiegu Municipal Assembly	3	1	2	Ongoing
Tolon District Assembly	6	2	4	Ongoing
Jasikan	8	5	3	1 ongoing, 2 stalled
Nkwanta North	9	6	3	Ongoing

North Gonja D/A	3	0	3	3 projects terminated to be repackaged
Bongo District	2	0	2	Ongoing
Bawku Municipal	4	0	4	Ongoing
Bawku West District	3	1	2	Ongoing
Garu District	3	2	1	Ongoing
Builsa North	3	2	1	Ongoing
Pusiga District	7	4	3	Ongoing
Nadowli/Kaleo District	1	0	1	Repackaged and awarded
Wa West District	1	0	1	Ongoing
Lambuissie District	1	0	1	Contract terminated
Akatsi South	5	0	5	2 ongoing , 3 terminated to be re-awarded
Central Tongu	3	0	3	1 abandoned, 1 re-awarded, 1 ongoing
Adaklu	1	0	1	Ongoing
North Tongu	1	0	1	Ongoing
South Tongu	11	5	6	Ongoing
Afadzato South D/A	3	2	1	Ongoing
Ahanta West	3	1	2	Ongoing
Nzema East	2	1	1	Ongoing
Prestea Huni Valley	6	0	6	Ongoing
Wassa Amenfi Central	8	6	2	Ongoing
Wassa Amenfi East	2	0	2	1 ongoing, 1 suspended
Wassa Amenfi West	8	4	4	Ongoing
Aowin	2	1	1	Ongoing
Bia West	3	1	2	Ongoing

Sefwi Akontombra	6	0	6	Suspended
Sefwi Bodi	23	8	15	Ongoing
Total	376	169	207	

The Committee recommends that Management of the Assemblies with ongoing projects should take the necessary steps to quickly complete them before awarding any new projects and further recommends that the Assemblies whose projects are being funded under GETFund should take necessary steps to ensure GETFund completes the projects on time to reduce the imminent cost over runs.

8.10. Completed Projects not in Use - GH¢16,265,504.25

The Audit disclosed that forty-four (44) Assemblies have a number of completed projects which were not put to use due to several reasons including lack of water, security and electricity.

The Auditor-General recommended to the Assemblies to address all the issues hindering the use of the facilities to enable the communities benefit from the projects.

The Committee observed during the Hearing that forty-one (41) Assemblies had complied with the Auditor-General's recommendations by putting the completed projects to use. However, completed projects at Cape Coast Metropolitan, Effutu Municipal, and Tamale Metropolitan Assembly were still not in use.

The Committee reiterated the Auditor-General's recommendation and recommends that the three Assemblies take urgent steps to put the said projects into use.

8.11. Deduction at Source for Fumigation and SIP Services not rendered - GH¢ 8,565,010.00

The Audit revealed that an amount of GH¢8,565,010.00 was deducted by the Administrator of the District Assemblies' Common Fund from the funds of thirty-one (31) Assemblies to settle payment to the Zoomlion Ghana Ltd. for fumigation and sanitation improvement package services which were not rendered in contravention of Regulation 78 of the Public Financial Management Regulation, 2019 (L.I. 2378).

The Auditor-General recommended that the Assemblies involved should immediately rectify the anomaly with Administrator and the service provider or ensure the recovery and reimbursement of the amount by the Common Fund from the Company.

The Committee was informed during the Hearing that twenty-one (21) Assemblies had provided relevant works Certificates to authenticate work done amounting to GH¢6,996,410.47 leaving an amount of GH¢1,568,599.53 in the name of five (5) Assemblies.

The following five (5) Assemblies however, have still not received any form of services rendered by the Company (Zoomlion) for which the payments were made in their names as follows:

a.	Bunkpurugu Nakpanduri D/A	-	GH¢165,599.53
b.	Tatali/Sanguli D/A	-	GH¢161,000.00
c.	Kumbungu D/A	-	GH¢414,000.00
d.	Kasena Nankana West D/A	-	GH¢331,200.00
e.	Tempane D/A	-	GH¢496,800.00
	Total	-	GH¢1,568,599.53



The Committee therefore recommends the recovery of the sum of GH¢1,568,599.53 from Zoomlion Ghana Limited by the Administrator of the Common Fund to the affected Assemblies being payment received for no services rendered.

8.12. Payment for Unexecuted Contract - GH¢1,633,210.01

The Audit revealed that, contrary to Regulation 78 of the Public Financial Management Regulations 2019, (L.I. 2378), fifteen (15) Assemblies made payment amounting to GH¢1,633,210.01 for services which were not executed.

The Auditor-General recommended that, Management of the Assemblies should ensure the services paid for are rendered or recover the amount from the service providers.

During the hearing, the Committee observed that the Management of five Assemblies had provided the necessary certificates for the works done amounting to GH¢1,307,015.00. On the other hand, Asutifi North Assembly took the necessary steps to recover GH¢13,800.00 from the service provider and paid back into the account of the Assembly leaving an amount of GH¢312,395.01 unrecovered in the names of the following Assemblies:

a.	Akuapem North M/A	-	GH¢191,666.67
b.	Ketu North M/A	-	GH¢14,478.34
c.	Tarkwa-Nsuaem M/A	-	GH¢46,000.00
d.	Wassa Amenfi D/A	-	GH¢20,000
e.	Mpohor D/A	-	GH¢40,250.00
	Total	-	GH¢312,395.01

The Committee recommends the recovery of the sum of **GH¢312,395.01** from the service provider being payment received for no service rendered.

8.13. Payment without Certification of Work Done - GH¢792,005.50

Four (4) Assemblies were cited for making payments amounting to GH¢792,005.50 for goods and services to Zoomlion Ghana Ltd without Certification of Works done contrary to Regulation 78 of Public Financial Management Regulation 2019, (L.I. 2378).

The Auditor-General recommended that the Assemblies should notify the Administrator of the DACF to stop further payments to Zoomlion Ghana Ltd until Certificates of Work done are provided and to recover the amount paid if the company fails to provide the Certificates.

The Committee observed that Three (3) of the Assemblies had provided the Certificates to authenticate payments amounting to GH¢460,805.50 in compliance with the audit recommendations leaving an amount of GH¢331,200.00 in the name of Awutu Senya District Assembly outstanding.

The Committee recommends the recovery of the amount of GH¢331,200.00 from Zoomlion Ghana Limited.

8.14. Duplication/Overpayment to Contractor - GH¢492,613.21

The Report revealed that Six (6) Assemblies made double payments to Zoomlion Ghana Limited and other service providers amounting to GH¢492,613.21 for disinfection and fumigation services and Sanitation Improvement Package (SIP) and other goods and services contrary to Regulation 39 of the Financial Administration Regulation (FAR) 2004, L.I. 1802.

The Auditor-General recommended that Management should recover the overpaid sum from the service providers.

The Committee observed that only three (3) Assemblies namely; Tamale Metropolitan, Assin South District and Effutu Municipal Assemblies recovered an amount of GH¢37,114.21 from the service providers leaving a balance of GH¢455,499.00 in the names of the following Assemblies:

Table 7: Outstanding Duplication/Overpayment to contractors

ASSEMBLIES	AMOUNT GH¢
Assin South District	1,100
Gomoa West District	116,559.00
New Juaben (North)	241,250.00
Ga Central Municipal	41,387.00
North East Gonja D/A	55,200
Total	455,499.00

The Committee recommends that the Assemblies involved should recover the overpayment in compliance with the recommendations of the Auditor-General.

8.15. Sanitation Equipment not Delivered - GH¢ 336,562.50

The Report revealed that the Management of three (3) Assemblies made payment amounting to GH¢336,562.50 to Zoomlion Ghana Ltd for the supply of sanitation equipment such as Refuse Trucks and Refuse Containers but these items were not delivered to the Assemblies contrary to Section 7 of the Public Financial Management Act, 2016 (Act 921).

The Auditor-General recommended that the Assemblies should take the necessary steps to ensure the Equipment are supplied or recover the total sum from the service provider, Zoomlion Ghana Ltd.

The Committee observed that sanitation equipment valued at GH¢298,437.50 had been supplied to two (2) Assemblies namely Asunafo North Municipal and Asunafo South Municipal leaving Bekwai Municipal Assembly with unsupplied equipment valued at GH¢38,125.00.

The Committee recommends that Bekwai Municipal Assembly should pursue and ensure that the equipment are supplied, failure of which the amount of GH¢38,125.00 should be recovered from the Zoomlion Ghana Ltd.

8.16. Wrongful Payment for Fumigation Services - GH¢ 157,780.00

The Report revealed that Bosome Freho District Assembly paid an amount of **GH¢157,780.00** to Zoomlion Ghana Limited for fumigation services but the Company did not provide the service.

The Auditor-General recommended that the Assembly should take the necessary steps to recover the amount from Zoomlion Ghana Limited through the Administrator of DACF since the services were not rendered.

The Committee was informed during the Hearing that the District has not been able to retrieve the amount and the service has also not been rendered by the Company in spite of the numerous letters written to the Company demanding a refund.

The Committee recommends to the Administrator of the District Assemblies Common Fund to review the process of the transfer of amounts deducted at source to service providers. The Committee urges the Administrator to keep the funds in an escrow account and release to the Service Providers upon the presentation of Certificate of Work done

from the beneficiary Assemblies through a letter duly signed by the District Chief Executive, District Coordinating Director and the District Finance Officer and/or any other relevant Officer assigned by the Assembly.

8.17. Uncompetitive Procurement - GH¢ 1,836,796.13

The Audit uncovered that nineteen (19) Assemblies procured goods and various services amounting to GH¢1,836,796.13 without adhering to the Public Procurement processes and Regulations.

The Auditor-General recommended that the Management of the Assemblies should adhere to the Public Procurement Act in their future procurement. Further, the Auditor-General recommended that officers who presided over procurement orders without adhering to the Procurement Act should be sanctioned in accordance with Section 92 of the Act.

During the Sittings of the Committee it was observed that Asutifi South Assembly had provided documentations to support that goods and services amounting to GH¢67,230.00 were procured through the Public Procurement processes.

The remaining eighteen (18) Assemblies failed to show any evidence of prove to support payment totalling GH¢1,769,566.13 for goods and services procured in accordance with the Public Procurement Act.

After a careful consideration, the Committee recommends that officials responsible for the breach in the eighteen (18) Assemblies should be referred to the Attorney - General for appropriate action. **(List of institutions attached as APPENDIX.)**

8.18. Unbudgeted Expenditure - GH¢933,868.85

The Report revealed that five (5) Assemblies procured goods and services at a total cost of **GH¢933,868.85** outside the Procurement Plan of the Assemblies contrary to section 31 of the Public Procurement Act 2003.

The Auditor-General recommended that the Management should adhere to the Public Procurement Act and all procurements are to be captured in the Assembly's Procurement Plan and properly budgeted for at the preparation of the budget for the year.

In a related development, Bolga East District Assembly misapplied a total amount of GH¢19,259.00 out of an unbudgeted expenditure of GH¢52,715.23 from the DACF Account for the payment of sitting allowances, funeral donations, etc. in contravention of Section 25 of the Public Financial Management Act, 2016, (Act 921).

The Auditor-General recommended that the total amount of GH¢19,259.00 should be transferred from the IGF Account of the Bolga East District Assembly to replenish the DACF Account.

The Committee noted the Bolga East District Assembly failed to refund the amount into the DACF Account contrary to the recommendation of the Auditor-General.

The Committee therefore recommends that the Assembly should immediately refund the amount into the DACF Account as recommended by the Auditor-General.

8.19. Payment of VAT on Exempt Supplies - GH¢4,265.88

The Report revealed that East Gonja Municipal Assembly purchased small ruminants (sheep) at a total cost of **GH¢142,196.00** which included VAT of **GH¢4,265.88** contrary to Schedule 5 of the VAT Act 2013, Act 870.

The Auditor-General recommended that the Management should recover the VAT from GRA and pay same to the PWD Accounts.

The Committee noted that the VAT amount remains unrecovered from Ghana Revenue Authority and recommends that the Assembly should engage GRA to treat the wrongful payment as tax credit on future purchases to the Assembly.

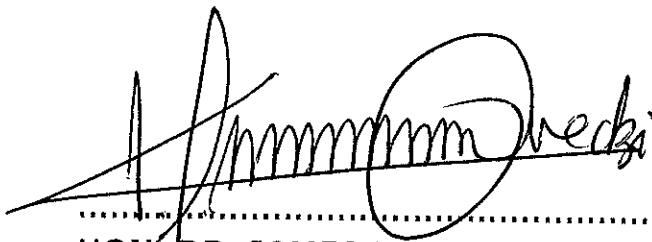
9.0. CONCLUSION

The Committee's deliberations revealed a lot more weaknesses in the internal control systems and blatant disregard for Public Financial Management Act, 2016 (Act 921), Public Financial Management Regulations (PFMR) as well as Procurement Laws amongst many of the Assemblies. The Committee therefore recommends to all the MMDAs to uphold and act in accordance with the Public Financial Management Regulations (PFMR) as well as Procurement Laws of the Republic of Ghana.

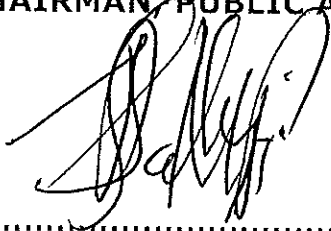
The Committee was of the considered view that the observations and recommendations of the Auditor-General fairly represent the financial transactions that took place in the Metropolitan, Municipal and District Assemblies' in the 2019 Financial Year and therefore recommends to the House to adopt its **Report on the Report of the Auditor-General on**

the Management and Utilisation of District Assemblies' Common Fund and Other Statutory Funds for the year ended 31st December 2019 in accordance with Order 165(3) of the Standing Orders of the House.

Respectfully submitted.



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HON. DR. JAMES KLUTSE AVEDZI (MP)
CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE



.....
JOANA ABENA SAKYI ADJEI (MRS.)
CLERK TO THE COMMITTEE

November, 2022

Appendix

List of assemblies referred to the Attorney-General for appropriate actions

NO.	ASSEMBLIES	AMOUNT (GH¢)
1.	Atwima Nwabiagya North District	25,200.00
2.	Ejisu Municipal	72,101.00
3.	Juaben Municipal	42,886.41
4.	Offinso Municipal	292,324.00
5.	Gomoa West District	360,984.53
6.	Upper Denkyira West District	9,859.79
7.	Awutu Senya East Municipal	294,329.72
8.	Abura Asebu Kwamankese District	56,648.00
9.	Atiwa East District	15,000.00
10.	Birim Central Municipal	55,000.00
11.	Saboba District Assembly	38,250.00
12.	Savelugu Municipal Assembly	87,020.70
13.	Afadzato South	65,724.00
14.	Kpando municipal	70,408.35
15.	Prestea Huni Valley Municipal	34,650.00
16.	Wassa Amenfi Central District	51,698.00
17.	Wassa Amenfi East District	117,702.15
18.	Wassa Amenfi West District	79,779.48
	Total	1,769,566.13