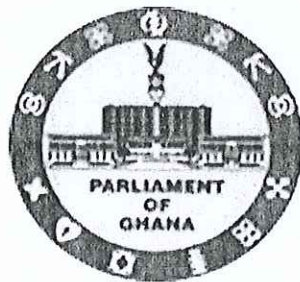


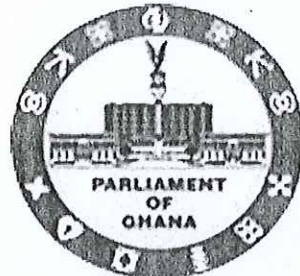
**IN THE THIRD SESSION OF THE EIGHTH PARLIAMENT OF  
THE FOURTH REPUBLIC OF GHANA**



**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 31<sup>ST</sup> DECEMBER 2021**

**5<sup>TH</sup> DECEMBER, 2023**

**IN THE THIRD 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 31<sup>ST</sup> DECEMBER 2021**

**1.0. INTRODUCTION**

The Report of the Auditor-General on the Management and Utilisation of the District Assemblies' Common Fund and Other Statutory Funds (DACF) for the year ended 31<sup>st</sup> December 2021 was presented to the House by the Majority Chief Whip, Hon. Frank Annoh-Dompreh on Friday, 6<sup>th</sup> July, 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 House.

The Auditor-General carried out the audit 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 the following stakeholders for their cooperation and enormous support during its deliberations on the Report:

- i. Regional Ministers
- ii. Representatives of the Metropolitans, Municipals and District Assemblies (MMDAs)
- iii. Officials of Ghana Audit Service
- iv. The media

## **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 Public Financial Management Regulation 2019 (L.I. 2378)
- xiv. Guidelines on the Utilisation of the District Assemblies Common Fund (DACF)
- xv. The Report of the Auditor-General on the Management and Utilisation of the District Assemblies' Common Fund



- and Other Statutory Funds (DACF) for the year ended 31<sup>st</sup> December 2020
- xvi. The Report of the Public Accounts Committee on the Report of the Auditor-General on the Management and Utilisation of the District Assemblies' Common Fund and Other Statutory Funds (DACF) for the year ended 31<sup>st</sup> December 2020

#### **4.0. PURPOSE OF THE AUDIT**

The Audit was undertaken to enable the Auditor-General to:

- i. express opinion that the financial statements of the MMDAs in relation to their activities and expenditures were prepared in conformity with the existing public financial management legislations and guidelines that governs the general administration of the Assemblies particularly the utilisation of the District Assemblies Common Fund.
- ii. ascertained the extent of compliance with the applicable laws, regulations and guidelines such as the Local Governance Act, 2016 (Act 936), 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) and Guidelines on the Utilisation of the District Assemblies' Common Fund.

## 5.0. PROCEDURE

The Committee met with all the MMDAs cited in the Report and further examined the Status of Implementation of the recommendations of the Report by the Auditor-General as well as documentations presented during the Public Hearing.

## 6.0. SUMMARY OF AUDIT FINDINGS

The findings of the Auditor-General were in respect of Cash, Procurement/Stores, Tax and Contracts Irregularities.

The Audit also uncovered irregularities in the operations and management of funds by the MMDAs, which bothered on violation of Laws, Regulations and Guideline, weaknesses of internal controls instituted to ensure effective and efficient utilisation of resources, such as misappropriation of funds, unaccounted funds, payment of judgement debts, overpayment of contract sums, abandoned and completed projects not use.

For the 2021 financial year, the total irregularities decreased to GH¢66,130,366.12 compared to GH¢77,147,360.10 in 2020. The comparative irregularities from 2020 to 2021 financial years are provided in the table below:

**Table 1: Comparative Irregularities from 2020 to 2021  
Financial Years**

Type of Irregularities	2020 (A)	2021 (B)	Variance (B-A)	% Increase Decrease
Cash	23,505,854.48	7,511,747.85	(15,994,106.63)	(68.04)
Contract	45,692,398.53	57,601,901.48	11,909,502.95	26.06
Procurement/ Store	7,716,366.62	642,269.42	(7,074,097.20)	(91.68)
Tax	232,740.47	374,447.37	141,706.90	60.89
<b>Total</b>	<b>77,147,360.10</b>	<b>66,130,366.12</b>	<b>(11,016,993.98)</b>	<b>(14.28)</b>



### 6.1. Overstatement

The Committee observed that the total value of irregularities in the Report was overstated by GH¢479,829.40, bringing the total infractions down to GH¢65,650,536.72 from GH¢66,130,366.12. The overstatement is in the following areas:

**Table 2: Overstatement in the 2021 Auditor-General's Report**

Nature of Irregularity	MMDA	Irregularity Recorded (GH¢)	Actual Value of Irregularity (GH¢)	Overstatement (GH¢)
Unpresented payment vouchers	Afigya Kwabre South District	37,377.07	0.00	37,377.07
Completed project not in use	Tain District Assembly	199,350.50	0.00	199,350.50
Unaccounted funds	Gomoa Central District	41,912.00	0.00	41,912.00
Delayed/abandoned Project	Upper Denkyira West	138,956.40	0.00	138,956.40
Unapproved payment from PWD account	Sagnarigu Municipal Assembly	26,000.00	6,000.00	20,000.00
Taxes not withheld/remitted	South Tongu	10,369.99	2,374.50	7,995.49
Unremitted taxes	Atiwa West District Assembly	20,437.94	0.00	20,437.94
Fuel unaccounted for	Bongo District	13,800.00	0.00	13,800.00
<b>Total</b>			<b>0.00</b>	<b>479,829.40</b>

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

**Table 3: Adjusted Irregularities**

<b>Type of Irregularities</b>	<b>Value Recorded (GH¢)</b>	<b>Overstatement (GH¢)</b>	<b>Adjusted Irregularities (GH¢)</b>
Cash Irregularities	7,511,747.85	113,089.07	7,398,658.78
Stores/ Procurement	642,269.42	0.00	642,269.42
Tax	374,447.37	28,433.43	346,013.94
Contract Irregularities	57,601,901.48	338,306.90	57,263,594.58
<b>Total</b>	<b>66,130,366.12</b>	<b>479,829.4</b>	<b>65,650,536.72</b>

## **6.2. Status of 2021 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 the 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¢38,161,445.45 or 58.13% out of a total irregularity of GH¢65,650,536.72 under Cash, Contract, Stores and Tax Irregularities had been recovered or accounted for leaving an unresolved balance of GH¢27,489,091.27 or 41.87%.



The detailed analysis of the status of the 2021 irregularities is presented in the following table:

**Table 4: Status of 2021 Irregularities**

Type of Irregularity	2021 Adjusted Irregularities (GH¢)	Irregularities Resolved (GH¢)	Outstanding (GH¢)	% Resolved
Cash Irregularities	7,398,658.78	6,317,142.63	1,081,516.15	85.38
Contract Irregularities	57,263,594.58	30,876,245.80	26,387,348.78	53.91
Stores/Procurement Irregularities	642,269.42	642,269.42	0.00	100
Tax Irregularities	346,013.94	325,787.6	20,226.34	94.15
<b>Total</b>	<b>65,650,536.72</b>	<b>38,161,445.45</b>	<b>27,489,091.27</b>	<b>58.13</b>

## **7.0. OBSERVATIONS AND RECOMMENDATIONS BY THE COMMITTEE**

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

### **7.1. Misapplication of Funds - GH¢266,343.74**

Contrary to Section 7(1a) of the Public Financial Management Act, 2016 (Act 921), the Audit disclosed that Management of four (4) Assemblies misapplied a total sum of GH¢266,343.74 of their Common Fund allocation on salary related and other recurrent expenditure.



The Auditor-General recommended to Management of the Assemblies to refund the total of GH¢266,343.74 from their respective Internally Generated Fund (IGF) accounts into the Common Fund accounts.

The Committee observed that three (3) Assemblies had refunded a total amount of GH¢133,793 to the respective DACF accounts in compliance with the Auditor-General's recommendation leaving a balance of GH¢132,550.74 in the name of Adansi Asokwa District Assembly. The Committee therefore, recommends to the Management of Adansi Asokwa District Assembly to refund the amount from its subsequent DACF allocation for administrative expenses to development epenses.

## **7.2. Sanitation Equipment not Supplied by Zoomlion Ghana Ltd (ZGL)**

The Audit revealed that the Administrator of the DACF made quarterly source deductions from the allocations of two (2) Assemblies and paid to Zoomlion Ghana Ltd (ZGL) for the supply of equipment for the Sanitation Improvement Programme (SIP), however, the company did not supply the items to the Assemblies contrary to Regulation 79 of the PFM Regulations, 2019 (L.I. 2378).

The table below presents the unsupplied items:

**Table 5: Sanitation Equipment not Supplied.**

<b>Assembly</b>	<b>Equipment to be supplied</b>	<b>Items not supplied</b>	<b>Period of default</b>
Bibiani/ Anhwiaso /Bekwai Municipal	3 Skip Trucks and 20 No. 12-cubic meter Refuse Containers	1 skip truck and 4 refuse containers	Jan 2019- Dec 2021
Mampong Municipal	3 Skip Trucks and 20 No. 12-cubic meter Refuse Containers	1 skip truck and 8 Refuse Containers	Jan 2019- Dec 2021

The Committee noted that ZGL failed to supply the equipment to the two (2) Assemblies even after persistently serving the company with demand notices.

The Committee therefore, reiterated the recommendation of the Auditor-General that the District Chief Executive (DCE) and Coordinating Directors of the two (2) Assemblies to demand supply of the equipment from Zoomlion Ghana Ltd or refund proportionate amount of the contract sum.

### **7.3. Payments for Sanitation Services Not Fully Executed**

Contrary to Regulations 78 and 80 of the Public Financial Management Regulations, 2019 (L.I.2378), the Audit disclosed that the Administrator of the District Assemblies' Common Fund paid to ZGL fees deducted from the quarterly allocations of Common Fund to four (4) Assemblies for SIP and fumigation services which were partially executed.



The Auditor-General recommended that the DCEs and Coordinating Directors of the Assemblies involved should notify ZGL to render the outstanding services and the DACF Administrator to stop further deductions at source until the Assemblies' involved certify that the outstanding services have been rendered.

At the time of the Public Sitting, the Committee observed that Zoomlion has satisfactorily provided the sanitation services to Mampong Municipal Assembly leaving the following Assemblies outstanding:

**Table 6: Outstanding Sanitation Service Not Executed**

<b>Assembly</b>	<b>Service not provided</b>	<b>Period</b>
Atwima Nwabiagya North District	Broken down skip truck not repaired or replaced	Jan - Dec 2021
Bekwai Municipal	Derating of Public Market Fumigation	Jan 2019 - Dec 2021
Sekyere Central District	Broken down skip truck not repaired or replaced	2020 & 2021

The Committee recommends that the Administrator of Common Fund should stop the deductions for SIP until the outstanding services are rendered else any amount deducted should be recovered from ZGL for failing to provide the services for which they were paid.

#### **7.4. Completed Projects not in Use - GH¢17,446,027.22**

The Report disclosed that in contravention of Section 52 of the Public Financial Management Act, 2016 (Act 921), thirty-one (31) Assemblies failed to put to use completed projects due to several reasons including lack of water, security and electricity.

The Committee observed during the Hearing that twenty (25) Assemblies had complied with the recommendations of the Auditor-General, leaving six (6) standing in of the names of the following Assemblies:

- i. Offinso North District
- ii. Dormaa East District
- iii. Gomoa Central District
- iv. Abuakwa South Municipal
- v. Akontombra District
- vi. East Mamprusi Municipal

The Committee therefore recommends that the six (6) Assemblies take urgent steps to put the said projects to use. Additionally, the Assemblies should cease the award of new contracts and channel their resources to addressing the challenges that hinder the use of the projects.

#### **7.5. Abandoned/Delayed Projects - GH¢48,934,697.86**

In contravention with Section 52 of the Public Financial Management Act, 2016 (Act 921), the Audit revealed that ninety-five (95) Assemblies had abandoned/delayed a total of 312 projects, out of which 299 amounting to GH¢42,204,664.40 was funded from the DACF and 13 projects at a cost of GH¢6,730,033.46 was from the District Development Fund (DDF).

The Committee noted however, that following the recommendation of the Auditor-General, a total of 157 projects have been completed and in use, leaving 155 projects either abandoned or at various stages of completion. The outstanding projects are listed in the table below:



**Table 7: Status of the Outstanding Projects**

<b>No.</b>	<b>Assemblies</b>	<b>Projects Outstanding</b>	<b>Status of Outstanding Projects</b>
1.	Asunafo South District Assembly	28	4 - Ongoing 26 - Terminated
2.	Adansi North	2	2 - Ongoing
3.	Asante Akim South	2	2 - Ongoing
4.	Atwima Kwanwoma	1	1 - Ongoing
5.	Mampong	1	1 - Ongoing
6.	Sunyani Municipal	1	1 - Re-awarded and yet (Contractor not on site)
7.	Jaman North	1	1 - Re-awarded (Contractor not on site)
8.	Banda	2	1 - Terminated 1 - abandoned
9.	Tain District	7	6 Ongoing 1 - Abandoned
10.	Kintampo Municipal	4	1- Ongoing and 3 Terminated
11.	Pru East	1	1 - Terminated & Re-awarded (currently Ongoing)
12.	Agona West	4	1 - Ongoing 2 - Terminated 1 - Abandoned
13.	Agona East	5	5 - Ongoing
14.	Asikuma Odoben Brakwa	5	1 - Ongoing 4 - Abandoned
15.	Gomoa West	1	1 - Abandoned
16.	Gomoa East	4	4 - Abandoned
17.	Gomoa Central	1	1 - Re-awarded
18.	Abura Asebu Kwamankese	1	1 - Ongoing
19.	Assin South	1	1 - Abandoned
20.	Komenda Edina Eguafo Abrem	1	1 - Ongoing

21.	Twifo Atti-Morkwa	1	1 - Ongoing
22.	Awutu Senya	1	1 - Ongoing
23.	Awutu Senya East Mun.	7	7 - Abandoned
24.	Assin Fosu Municipal	1	1 - Ongoing
25.	Upper Denkyira	5	2 - Ongoing 3 - Abandoned
26.	Suhum Municipal	2	1 Terminated 1 - ongoing
27.	New Juaben South Municipal	1	1 - Ongoing
28.	Kwahu East	2	2 - Ongoing
29.	Upper Manya Krobo	1	1 - Community Initiated Project
30.	Ada East	4	3 - Terminated 1 - Abandoned
31.	Shai-Osudoku	3	3 - Abandoned (issue under Investigation)
32.	Builsa South District	2	2 - Abandoned
33.	Wa West	1	1 - Ongoing
34.	Nandom Municipal	1	1 - Terminated & Re-awarded (Contractor not on site)
35.	Daffiama - Issa-Bussie	2	2 - Ongoing
36.	Jirapa Municipal	1	1 - 80% Complete
37.	Lambussie	1	1 - Ongoing
38.	Akatsi North	1	1 - Abandoned
39.	Akatsi South	3	3 - Ongoing
40.	Central Tongu	2	2 - Abandoned
41.	Ketu South	2	2 - Terminated (Abandoned)
42.	North Tongu	4	1 - Re-awarded, 3 Abandoned
43.	Agortime Ziope	8	8 - Abandoned
44.	Keta	2	1 - Terminated 1 - Ongoing



45.	Jomoro District	4	4 - Ongoing
46.	Shama District	3	3 - Ongoing
47.	Wassa Amenfi East Municipal	1	1 - Ongoing
48.	Wassa Amenfi West Municipal	6	1 - Ongoing 1- Abrogated 3 - Abandoned
49.	Atwima Nwabiagya North District	2	2 - Ongoing
50.	Asuogyaman District	1	1 - Abandoned
51.	Effia- Kwesimintsim Municipal	2	1 - Ongoing 1 - Terminated & Re-awarded
52.	Shama	1	1 - Ongoing
53.	Krachi Nchumuru District	1	Abandoned
54.	Akyemansa District	3	Remain abandoned
	<b>Total</b>	<b>155</b>	

The Committee therefore recommends that Management of the MMDAs whose projects are either delayed or abandoned should complete the projects for the benefit of the communities.

#### **7.6. Absence of Relevant Documents on Procurement**

Contrary to Section 6 of the Public Procurement (Amendment) Act, 2016 (Act 914), the Audit uncovered that Kumasi Metropolitan Assembly (KMA) carried out procurement transactions totalling GH¢681,533.80 without going through the required procurement procedures and could not produce any file for audit review in respect of the transactions.

The Committee therefore reiterated the Audit recommendation that the officers who supervised the transactions should be sanctioned in accordance with Section 51 of the Public Procurement (Amendment) Act, 2016 (Act 914).

### **7.7. Failure by Zoomlion Ghana Limited (ZGL) to Supply Required Sanitation Equipment**

The Audit disclosed that in contravention of Section 7 of the Public Financial Management Act, 2016 (Act 921), ZLG was paid an amount of GH¢1,252,000 but failed to supply the three (3) Refuse Trucks and sixteen (16) Refuse Containers under the SIP to five (5) Assemblies in the Bono Region.

In a related development, the company failed to supply Eleven (11) Refuse Trucks and Fifty-seven (57) Skip Containers to ten (10) Assemblies under the SIP.

The Committee noted that the Company has supplied the three (3) Refuse Trucks and fourteen (14) Refuse Containers valued at GH¢1,159,500.00 leaving two (2) refuse containers amounting to GH¢92,500.00 to be supplied to Tain District Assembly.

Similarly, the Committee observed that four (4) trucks and Thirty-two (32) skip containers have been supplied leaving Seven (7) refuse trucks and twenty-seven (27) skip containers outstanding in the names of the following Assemblies:





**Table 9: Unsupplied Sanitation Equipment**

<b>No.</b>	<b>Assemblies</b>	<b>Quantity of Skip Trucks Not Supplied</b>	<b>Quantity of Refuse Containers Not Supplied</b>
1.	Tain	-	2
2.	North Gonja District	2	2
3.	Central Gonja District	1	0
4.	Prestea Hunni Valley District	2	13
5.	Nzema East Municipal	1	2
6.	Juaboso District	1	3
7.	Sefwi Wiawso District	0	1
8.	Bibiani/Anhwiaso/Bekwai Municipal	-	2
9.	Ada West District	-	2
	<b>Total</b>	<b>7</b>	<b>27</b>

The Committee in addition to the recommendations of the Auditor-General recommends that Management of the Assemblies should ensure that ZGL supply the equipment. The Committee urges the Management to contact the ZGL for the outstanding containers and also notify the Common Fund Administrator for a refund of the amount so deducted if the company failed to supply the equipment.

#### **7.8. Payment for Work not Done - GH¢29,250.00**

Contrary to Regulation 113 (2) of the Public Financial Management Regulations, 2019 (L.I.2378), the Audit revealed that Management of Tain District Assembly awarded the construction of a Fire Station at Nsawkaw to Mukwano Golden Enterprise but the Contractor failed to execute the work after receiving a mobilisation fund of GH¢29,250.00.

The Committee noted that the amount has not been recovered from the contractor, Ms. Ayisha Mukwano contrary to the Audit recommendations that Management should recover the amount of GH¢29,250.00 with interest at the prevailing Bank of Ghana interest rate from the contractor failing which, the amount should be refunded by the District Coordinating Director and the Finance Officer.

The Committee was informed that the case has been reported to the Attorney-General for advice. The Committee on the other hand recommends to the Management to report the case to the Bureau of National Investigation for further action.

#### **7.9. Failure to Supply a Conference Table and 50 Chairs - GH¢26,500**

The Audit revealed that contrary to Regulation 78 of the Public Financial Management Regulations (PFMR), 2019 (L.I. 2378), Tain District Assembly awarded the furnishing of the Assembly's administration block at Nsawkaw to Mukwano to Golden Enterprise at a contract sum of GH¢169,030.00.

The Auditor-General, however noted that, one conference table and 50 chairs valued at GH¢26,500.00 were not supplied by the contractor and recommended that, the contractor should supply the items without further delay, failing which the Assembly should retain the unpaid balance of GH¢4,530.00 and recover GH¢21,970.00 from the District Coordinating Director and the District Finance Officer.

The Committee noted that the contractor failed to supply the outstanding chairs after persistent request from the Assembly. The case has been reported to the Attorney-General for actions.



The Committee recommends to Management to refer the case to the Bureau of National Investigation for the full recovery of the GH¢21,970.00.

**7.10. Excessive Use of DACF on Administrative Expenditure-  
GH¢1,004,444.07**

Contrary to Part 1 of the 2019 Guideline for the Utilisation of the District Assemblies Common Fund, the Audit reported that the Management of four (4) Assemblies spent GH¢1,004,444.07 more than the required 20% allocation of the DACF on administrative expenditure.

The Committee noted that in adherence to the Audit recommendations that the Management should refund the excess expenditure of GH¢1,004,444.07 from the IGF accounts of the Assemblies into the DACF accounts, an amount of GH¢81,400 has been refunded by two Assemblies leaving a balance of GH¢923,044.07. The outstanding is as follows:

- |                                   |   |                             |
|-----------------------------------|---|-----------------------------|
| 1. Asikuma Odoben Brakwa District | - | GH¢256,130.85               |
| 2. Suhum Municipal Assembly       | - | GH¢9,485.12                 |
| 3. Gomoa East District Assembly   | - | GH¢344,659.34               |
| 4. West Gonja Municipal Assembly  | - | <u>GH¢312,768.76</u>        |
| <b>Total</b>                      | - | <b><u>GH¢923,044.07</u></b> |

The Committee reiterated the Audit recommendation and urges Management of the Assemblies to beef up their revenue collection in order to refund the outstanding amount.

### **7.11. Fumigation and Sanitation Improvement Package Deductions for no Work Done**

Notwithstanding Regulation 79 of the PFM Regulations, 2019 (L.I. 2378), the Audit discovered instances of broken-down skip trucks at three Assemblies, that were not repaired or replaced and fumigation services not undertaken.

The Committee noted that the company had neither supplied the sanitation equipment to New Juaben Municipal and Nsawan Adoagyiri Assemblies nor replaced the broken-down trucks and has also failed to render the fumigation services to Fanteakwa North, Suhum and Upper Manya Krobo Assemblies as recommended by the Auditor-General.

The Committee recommends to the Assemblies to liaise with Zoomlion for the supply of the equipment and the provision of the outstanding fumigation services to the Assemblies.

### **7.12. Failure to Obtain VAT Invoice - GH¢4,134.88**

Contrary to Section 41 of the Value Added Tax Act, 2013 (Act 870), the Audit noted that the Coordinating Director and the Finance Officer of Suhum Municipal Assembly paid a total amount of GH¢137,829.56 on four (4) procurement items with a VAT component of GH¢4,134.86 but did not obtain the requisite VAT Invoices from the supplier, Messrs. Tsenre Enterprise to support the payment.

The Committee noted that the VAT amount of GH¢4,134.88 remains unrecovered contrary to the recommendation of the Auditor-General. The Committee recommends the recovery of the VAT amount from the Coordinating Director and Finance Officer who supervised the transaction in line with the Auditor-General's recommendation.



### **7.13. Unsubstantiated Payments - GH¢473,246.15**

Contrary to Regulation 78 of the Public Financial Management Regulations, 2019, (L.I.2378) the Audit disclosed that seven Assemblies made total payment of GH¢473,246.15 on 31 Payment Vouchers but failed to support the payment with the relevant documents to authenticate the expenditure.

The Committee noted that payment vouchers amounting to GH¢469,835.15 have been supported with the relevant documents to authenticate the payments as recommended in the Report, leaving an outstanding amount of GH¢3,411 in the name of Ablekuma Central Municipal Assembly.

The Committee recommends the full recovery of the outstanding amount from the Finance Officer and the Coordinating Director who supervised the transactions.

### **7.14. Payment for Unexecuted Portions of Contract - GH¢39,372.00**

Contrary to Regulation 78 of the PFMR, 2019 (L.I. 2378), the Audit uncovered that Management paid an amount of GH¢60,000.00 from the MP's Common Fund Account to Banyeasa Builders Consult for the refurbishment of a Youth Fashion Training Centre at Odorkor, however, portions of the contract valued at GH¢39,372.00 were not executed.

The Auditor-General recommended that, the Works Engineer should notify the Contractor to return to site to complete the outstanding works or recover the amount of GH¢39,372.00 from the consultant failing which, the amount should be recovered from the Works Engineer and the Monitoring Team including the necessary sanctions.

The Committee was informed that the courts injunction has been placed on the project due to some disagreements, however the Contractor has expressed willingness to return to site to complete the work when the legal issues surrounding the project are resolved.

The Committee therefore recommends to Management to follow up on the case and bring it to finality.

#### **7.15. Damaged Sanitation Improvement Package Equipment not Replaced**

Contrary to the Clause 3 (d) of the Agreement between the Assemblies and Zoomlion Ghana Ltd which requires ZGL to repair or replace any equipment that gets damaged as a result of normal wear and tear upon being notified by the Assemblies.

The Audit disclosed that three (3) Assemblies had 10 Refuse Containers and two Skip Trucks un-serviced since 2018 and had not been replaced, however, the Assemblies continue to suffer full contract deductions from their Common Fund allocations.

The Committee was informed that the issue involving West Mamprusi Municipal Assembly had been resolved. Chereponi District Assembly however, had the Skip Truck replaced, remaining two (2) Refuse Containers whilst Bunkpurugu Nakpanduri District Assembly has six (6) Refuse Containers and one (1) Skip Truck yet to be supplied.

The Committee reiterates the Auditor-General's recommendation and further recommends to the Assemblies to notify the Administrator of the District Assemblies' Common Fund to cease further deductions in respect of the damaged equipment until ZGL supplies all the outstanding equipment.



### **7.16. Unapproved Payment from PWD Account**

Contrary to the Guidelines for the disbursement and management of the DACF allocation for Persons with Disability (PWD), the Audit discovered that Sagnarigu Municipal Assembly disbursed PWDs funds amounting to GH¢27,205.00 without the approval of the Disability Fund Management Committee (DFMC).

In compliance with the Auditor-General's recommendations, the Committee was informed that an amount of GH¢21,930 has been duly accounted for leaving a balance of GH¢5,275.

The Committee therefore, recommends that the outstanding balance of GH¢5,275 should be recovered from the District Chief Executive, District Coordinating Director and District Finance officer and paid into the PWD's account.

### **7.17. Payment of Judgement Debt - GH¢71,600.00**

Contrary to Section 7 of the Public Financial Management Act, 2016(Act 921), the Audit disclosed that Central Gonja District Assembly paid GH¢71,600.00 from its share of the DACF allocations to settle part of a Judgment Debt of GH¢212,938.02 awarded in favour of Ashcal Investment Limited by the High Court in Tamale. The Judgment Debt was in connection with the construction of a 1No. 16- Seater Aqua Privy Toilet at Buipe which was awarded by the Assembly on behalf of the Ministry of Local Government Decentralization and Rural Development (MLGDRD), however, the contractor was not paid upon completion of the project.

The Auditor-General recommended to the Management to recover the GH¢71,600.00 and all subsequent payments in connection with this judgement debt from the MLGDRD.

The Committee observed that Management had refunded an amount of GH¢71,600 from the Assembly's IGF account leaving a balance of GH¢141,338.

The Committee therefore recommends that the Ministry should take steps to refund the judgement debt paid by the Assembly and the outstanding amount.

#### **7.18. Locked Up Funds - GH¢73,443.00**

Contrary to Section 51 of the Public Financial Management Act, 2016 (Act 921), the Audit revealed that Management of the Tempene District Assembly opened a bank account with GN Bank with Account Number 4064111000033 for UNICEF Support fund without authority from the Controller and Accountant General. It was further noted that the Assembly continued to use this unauthorised account until the collapse of GN Bank in 2018 which resulted in lock of the Assembly's funds amounting to GH¢73,443.00.

The Auditor-General recommended to Management to pursue the recovery of the funds from the collapsed Bank, failure of which the District Coordinating Director and the Finance Officer who opened or operated the illegitimate account should refund the amount of GH¢73,443.00 into the Assembly's account.

At the time of the Public Sitting, the Committee observed that the said amount was still outstanding. The Committee urges Management to follow up on the receiver of GN Bank for the recovery of the locked up funds.



### **7.19. Failure to Formally Register Lands Allocated to Bolgatanga Municipal Assembly**

Contrary to Section 52 of the Public Financial Management Act, 2016 (Act 921), the Audit showed that the Management of Bolgatanga Municipal Assembly did not legally register eight different parcels of land allocated to the Assembly by seven communities for the construction of eight projects.

The Auditor-General recommended to Management to initiate processes to obtain title to these lands as properties of the Assembly.

The Committee observed that the Assembly had been able to secure indentures for three (3) plots and entered into MOU with the owners of the outstanding lands which were not registered. The Committee therefore recommends to Management to step up efforts to register all the lands in the name of the Assembly.

### **7.20. Outstanding Liability - GH¢196,625.43**

The Audit noted that the Wa East District Assembly, Funi is indebted to four contractors to the tune of GH¢196,625.43 for five projects executed in the District contrary to Section 25 of the Public Financial Management Act, 2016 (Act 921).

The Auditor-General recommended to the Management to settle the debts without further delay to forestall any legal actions against the Assembly.

The Committee observed that an amount of GH¢133,776.02 had been paid with an outstanding balance of GH¢62,849.41. The Committee noted that the Management had entered into payment terms with the Contractor.

The Committee urges Management to keep to the payment schedule and ensure that the liability is settled.

### **7.21. Payment of VAT without Invoices - GH¢16,091.46**

Contrary to Section 41 of the Value Added Tax Act, 2013 (Act 870), the Audit disclosed that the Sekondi-Takoradi Metropolitan Assembly procured goods worth GH¢124,982.00 with a VAT component of GH¢16,091.46 but did not obtain VAT invoices to acknowledge receipt of the payment.

The Auditor-General recommended that the Finance Officer should recover the VAT amount of GH¢16,091.46 from the six suppliers otherwise the VAT component should be recovered from him by the Ghana Revenue Authority.

The Committee observed that the VAT component of GH¢16,091.46 remains unrecovered contrary to the recommendations of the Auditor-General. The Committee upon deliberation attributed the lapse to negligence on the part of the Finance Officer. The Committee recommends the recovery of the amount from the Finance Officer who supervised the transactions.

### **7.22. Judgement Debt Arising from Assembly's Negligence - GH¢184,924.43**

Contrary to Section 7(1a) of the PFM Act, 2016 (Act 921), the Audit disclosed that Suaman District Assembly awarded a contract for a project at Suaman Dadieso to Dwomoh Construction Works Ltd at a contract sum of GH¢393,240.50 which was completed in 2016 but the Assembly defaulted in payment to the Company, Messrs. Dwomoh Ltd sued the Assembly which led to the award of a judgement debt of GH¢184,924.43 against the Assembly.

The Auditor-General recommended that the former District Chief Executive and Coordinating Director whose inaction resulted in this avoidable loss of funds should be sanctioned.



He further added that the judgement debt should not be paid from the Common Fund account but from the IGF.

The Committee noted that an amount of GH¢393,240.50 has been recovered whilst the Management and the contractor had agreed on a settlement terms to take care of the outstanding amount. The Committee urges Management to keep to the terms to settle the indebtedness.

### **7.23. Unpaid Interim Certificates - GH¢666,643.95**

In contravention to Section 7(2) of the Public Financial Management Act, 2016 (Act 921) the Audit revealed that the Suaman District Assembly were undertaking several projects which were at various stages of completion but indebted to the contractors for unpaid works certificates amounting to GH¢666,643.95.

The Auditor-General recommended to Management to initiate steps to pay off outstanding liabilities before new projects are awarded.

The Committee observed that an amount GH¢130,000.00 was honoured. The Committee again urges Management to take steps to pay the outstanding certificates totalling GH¢536,643.95 to avoid the accumulation of interest.

## **8.0. CONCLUSION**

The Committee's deliberations revealed a lot more weaknesses in the internal control systems, improper record keeping and blatant disregard for the Public Financial Management Act, 2016 (Act 921), Public Financial Management Regulations 2019 (L.I.12378) as well as Procurement Laws amongst many of the Assemblies.

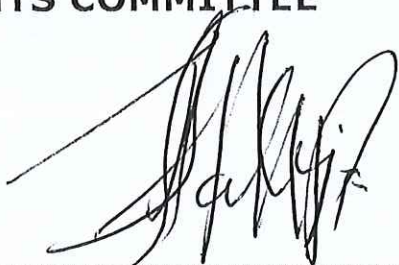
The Committee therefore recommends to all the MMDAs to ensure that proper records of financial transactions are kept and all financial transactions are done in compliance with the relevant Public Financial Management Rules and Regulations.

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 2021 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 31<sup>st</sup> December 2021** 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, 2023**



**APPENDIX**

**LIST OF INSTITUTIONS REFERRED TO THE MINISTRY OF JUSTICE  
& ATTORNEY GENERAL'S DEPARTMENT FOR PROSECUTION OF  
PROCUREMENT BREACHES**

**DACF**

1. Sissala West Municipal Assembly
2. Lawra Municipal Assembly
3. Wa Municipal Assembly
4. Ejisu Municipal
5. Kwadaso Municipal
6. Offinso Municipal
7. Amansie West
8. Asokore Mampong

