

AUDIT SERVICE

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Good Governance
and Accountability

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P. O. Box

Volta Region-Ho

7 May, 2020

The Presiding Member
Krachi East Municipal Assembly
Oti Region- Dambai.

ANNUAL AUDIT REPORT ON THE ACCOUNTS OF KRACHI EAST MUNICIPAL ASSEMBLY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER, 2019

Accounts

We have examined the accounts of Krachi East Municipal Assembly, Dambai, Oti Region, for the financial year ended 31 December, 2019. The following statements and accounts are attached to this report;

- i. Statement of financial position as at 31 December, 2019.
- ii. Comparative statement of revenue and expenditure for the financial year ended 31
- iii. The statement of cash flow for the year ended 31 December, 2019
- iv. Statement of accumulated fund for the financial year ended 31
- v. Schedules to the accounts

State of Accounts

2. The accounts for the year (2019) under review were satisfactorily kept and submitted for validation on 26 February, 2019 in accordance with Sections 90 of the Local Government Act, 1993 (Act 462), 80 of the Public Financial Management

Act, 2016 (Act 921) and Part III, Section 77 of the Financial Memoranda for Metropolitan, Municipal and District Assemblies (MMDAs).

Internal Control

3. The internal control system in operation was found to be adequate.

Estimates

4. The Municipal Assembly's estimates for the year 2019 under review were approved by the General Assembly on 28 September, 2019 in line with Section 11 of the Local Government Act, 1993 (Act 462).

Revenue and Expenditure

Revenue

5. For the year under review, the Assembly received total revenue of GHC5,481,635.57 as against an estimated figure of GHC7,749,727.41. Details are provided below;

Year	Approved Estimate GHC	Actual GHC	Variance GHC
2019	7,749,727.41	5,481,635.57	2,268,091.84

Revenue Performance

6. During the fiscal year 2019, the Assembly generated from its traditional sources GHC490,465.43 being 8.95% of the total revenue of GHC5,481,635.57 for the year.

Apparently, the Assembly relied on Government grants and other donor support which amounted to GH¢4,991,170.14 also representing 91.05% of the total revenue for the same period. Details are provided below;

Accounts	Income GH¢
Internally Generated Fund (IGF)	490,465.43
District Assembly Common Fund (DACF)	1,886,774.24
Member of Parliament Common Fund (MPCF)	399,407.68
People Living With Disability Common Fund (PLWDCF)	243,029.46
DACF MShap	13,296.35
GOG (Salaries & Administration Funds)	1,720,719.97
Other Funds Donor Fund	727,942.44
Total	5,481,635.57

7. We urged management to embark on revenue mobilization of its internally generated fund in the years ahead to improve the Assembly's traditional sources of income.

Expenditure

8. The Assembly incurred a total expenditure of GH¢4,872,065.46 during the year under review as against an estimated figure of GH¢7,749,727.41 resulting in a favourable variance of GH¢2,877,661.95. Details are provided below:-

Year	Approved Estimate GH¢	Actual GH¢	Variance GH¢
2019	7,749,727.41	4,872,065.46	2,877,661.95

9. The Assembly incurred a total expenditure of GH¢4,872,065.46 during the year reviewed which resulted in an under expenditure of GH¢2,877,661.95 representing 37.13% of the approved estimated figure of GH¢7,749,727.41.

Expenditure Performance

10. The Assembly's expenditure performance for the various accounts for the year under review are detailed below;

Accounts	Expenditure GHC
Internally Generated Fund (IGF)	467,072.76
District Assembly Common Fund (DACF)	1,468,067.53
Member of Parliament Common Fund (MPCF)	136,755.00
People Living With Disability Common Fund (PLWDCF)	321,448.36
DACF MShap	13,560.00
GOG (Salaries & Administration Expenses)	1,726,969.97
Other Funds	738,191.84
Total	4,872,065.46

Operational Result

11. The operational result for the year ended 31 December, 2019 is provided below;

Year	Revenue GHC	Expenditure GHC	Excess Revenue Over Expenditure GHC
2019	5,481,635.57	4,872,065.46	609,570.11

12. The Excess revenue over expenditure of GH¢609,570.11 recorded at the end of the year 2019 has been transferred to the Accumulated Fund Account.

Statement of Financial Position as at 31 December, 2019

Assets

Investment - GH¢45,000.00

13. This amount represents funds released for poverty alleviation which was managed by North Volta Rural Bank, Dambai. Details of beneficiaries were not

provided, thus making it difficult to recover the money from the beneficiaries. We urged management to consult the managing bank for the list of beneficiaries aimed at recovering the total amount.

Lands-GHC30,000.00

14. The figure represents the value of lands acquired by the Assembly as at the Balance Sheet date 31 December, 2019. Details is attached to the Balance Sheet as Schedule 'A'.

Building and structures-GHC1,892,525.72

15. The amount donates the value of buildings and structures owned by the Assembly as at the close of business 31 December, 2019. Details have been attached to the Balance Sheet as Schedule "A".

Work-in-progress-GHC768,705.75

16. The figure represents the value of work-in - progress on projects being undertaken by the Assembly as at 31 December, 2019. Details are attached to the statement of financial position of the assembly as Schedule "G".

Cash on Hand - GHC790.00

17. This figure shows the cash on hand as at 31 December, 2019. Contrary to Regulations 30 and 35 of Part X of the Financial Memoranda for Metropolitan, Municipal and District Assemblies, a Board of Survey was not constituted to confirm the existence of the amount. We urged management to comply with the requirement.

Cash at Bank - GHC1,096,658.32

18. This amount represents the aggregate of bank balances of the various accounts operated by the Assembly as at 31 December 2019. The balances were reconciled with certified bank statements. Details are attached as schedule 'B' to the statement of financial position.

Debtors- GH¢60,426.44

19. The amount represents institutions and individuals who owe the Assembly. Details are attached as Schedule 'C' to the statement of financial position of the Assembly as at 31 December, 2019. We recommended to management to pursue the debtors for full recovery of amount.

Advances - GHC848.00

20. The amount represents outstanding salary advances granted to staff for the period. Details are attached as Schedule 'D' to the statement of financial position as 31 December, 2018. The amount was long overdue, since 2010. The amount should be refunded with interest for the period.

Liabilities

Creditors-GH¢79,640.60

21. This figure represents the amount the Assembly owed its service providers as 31 December 2019. Details are attached as schedule "E" to the statement of financial position.

Deposits (Retention) - GH¢17,721.37

22. This figure represents retention due to contractors not paid as at the date of statement of financial position. Details are attached as schedule 'F'.

Accumulated Fund - GH¢910,945.35

23. The accumulated surplus of GH¢3,188,022.15 at the beginning of the year increased to GH¢3,797,592.26 following an as excess income over expenditure of GH¢609,570.11 as at 31 December, 2019.

Acknowledgement

24. We are grateful to the District Chief Executive and staff of the Krachi East Municipal Assembly for the co-operation and assistance to the inspecting team.



RAPHAEL K. DARKU
ASSISTANT AUDITOR-GENERAL
VOLTA & OTI REGIONS
For: AUDITOR-GENERAL.

cc: The Auditor-General, (2)
Audit Service
Accra.

The DAG/DAD
Audit Service
Accra.

The Chief Director
MLGRD
Accra.

The District Chief Executive
Krachi East Municipal Assembly
Dambai.

The District Co-ordinating Director
Krachi East Municipal Assembly
Dambai.

The District Finance Officer
Krachi East Municipal Assembly
Dambai.

The District Auditor
Audit Service
Kete-Krachi.

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AUDITOR GENERAL'S REPORT

ON THE FINANCIAL STATEMENTS OF KRACHI EAST MUNICIPAL ASSEMBLY
FOR THE YEAR ENDED 31 DECEMBER, 2019

Opinion

We have in accordance with Section 121 of the Local Government Act, 2003 (Act 642) and Section 11 of the Audit Service Act 2000 (Act 584) audited the financial statements of KRACHI EAST MUNICIPAL ASSEMBLY, for the year ended 31 December 2019, which comprise the Statement of financial position at 31 December 2019, comprehensive income, statement of cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements present fairly the financial position of the Assembly as at 31 December 2019 and the result of its operation for the year ended and that the transactions were in accordance with the Financial Regulation and Ministerial guidelines.

Basis of Opinion

We conducted the audit in accordance with the generally accepted standards and auditing standards of International Organization of Supreme Audit Institution (INTOSAI) and that the transactions were in accordance with the Financial Regulations and Ministerial guidelines. The standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement and the funds appropriated were utilized in accordance with the appropriation act or other applicable laws and regulations. An audit includes examining, on a test basis, of evidence relevant to the amounts and disclosures in the financial statement. It also includes an assessment of the

significant estimates and judgments made by the management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Ministry circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether cause by error, fraud or any other irregularity and that, in all material respects, the expenditure and income have been applied to the purpose intended by parliament, and the financial transactions conform to the authorities which govern them. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statement.

Responsibility of Management

Section 90 of Act 462 requires the Assembly to keep proper accounts and proper records in relation to them and shall, immediately after the end of each financial year prepare a statement of its accounts in such form as the Auditor-General may direct, submitting them for audit.

Auditor-General's responsibility

Section 121 (1) of Act 462 and Section 11 of the Audit Service Act, 2000 (Act 584) require the Auditor-General to audit and report on the accounts of the Metropolitan, Municipal and District Assemblies of Ghana. It is therefore, the responsibility of the Auditor-General or his representative to express an independent opinion on the financial statements of the Assemblies.



RAPHAEL K. DARKU
ASSISTANT AUDITOR-GENERAL
VOLTA & OTI REGIONS

For: Auditor- General
P.O. Box M 96
Accra.

REGIONAL AUDIT
7 May, 2020
VOLTA & OTI REGIONS