

QUARTERLY INTERNAL AUDIT  
REPORT

INTERNAL AUDIT UNIT

A03



KWABRE EAST MUNICIPAL ASSEMBLY



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SECOND QUARTER INTERNAL AUDIT REPORT  
2025

FOR THE QUARTER ENDING 30<sup>TH</sup> JUNE 2025

INTERNAL AUDIT REPORT 30/06/2025



# **KWABRE EAST MUNICIPAL ASSEMBLY**



Republic of Ghana

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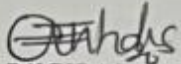
28<sup>th</sup> July, 2025

Our Ref No: KEMA.05/10/03

Your Ref. No:.....

## **SUBMISSION OF INTERNAL AUDIT REPORT FOR THE SECOND QUARTER ENDING 30<sup>TH</sup> JUNE, 2025**

I submit herewith the attached Internal Audit Report for the Second Quarter ending 30<sup>th</sup> June, 2025 for your information and necessary action, please.

  
for: MUNICIPAL CHIEF EXECUTIVE  
( FRANCIS KYEI )  
MUNICIPAL CO-ORD. DIRECTOR

THE AUDIT COMMITTEE CHAIRMAN  
KWABRE EAST MUNICIPAL ASSEMBLY  
MAMPONTENG

Cc: The Director General  
Internal Audit Agency.  
PMB 31  
Accra

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Office of the Head of Local Gov't Service  
Accra

The Minister  
Ministry of Local Gov't, and Chieftancy  
and Religious Affairs  
Accra

The Regional Minister  
Ashanti Regional Coordinating Council  
**Kumasi**

The Auditor General  
Ghana Audit Service  
**Accra**

The Presiding Member  
Kwabre East Municipal Assembly  
**Mampong-Ashanti**

The Municipal Chief Executive  
Kwabre East Municipal Assembly  
**Mampong -Ashanti**

# TABLE OF CONTENT

	PAGE
TRANSMITAL LETTER.....	i
COVER PAGE.....	ii
INTRODUCTION.....	3
BACKGROUND.....	3
EXECUTIVE SUMMARY.....	3
SCOPE OF WORK.....	4
AUDIT OBJECTIVES.....	4
APPROACH AND METHODOLOGY.....	4
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS.....	6
DETAILED FINDINGS AND RECOMMENDATIONS.....	7
CONCLUSION.....	14
ACKNOWLEDGEMENT.....	14
APPENDICES.....	15
MANAGEMENT ACTION PLAN TO AUDIT IMPLEM. RECOMMENDATIONS...	
STATUS OF IMPLEMENTATION TO 1 <sup>ST</sup> QUARTER REPORT.....	

**INTERNAL AUDIT REPORT REFERENCE No. KEMA/IA/QR/02/25****TYPE OF REPORT: FINAL REPORT****DEPARTMENT/ SECTIONS/UNITS/KEY FUNCTIONAL AREAS COVERED**

<b>S/No</b>	<b>SECTION</b>	<b>FUNCTIONAL AREAS</b>	<b>AUDIT TEAM</b>
1	CASH MANAGEMENT.	PAYMENT VOUCHERS, CASH BOOKS, BANK RECONCILIATION, BANK STATEMENTS, MONITORING REPORTS,	JOHN K. N. OKRAH STEPHEN PAMBOUR A EVANS KODUA T. ADU SARFO PHILIP JOSEPHINE SARFOWAA K.

**DISTRIBUTION OF REPORT**

<b>S/NO</b>	<b>TITLE OF RECIPIENT</b>	<b>INSTITUTION</b>
1	THE CHAIRMAN	AUDIT COMMITTEE- KEMA
2	THE DIRECTOR GENERAL	INTERNAL AUDIT AGENCY- ACCRA
3	THE HEAD OF SERVICE	OFFICE OF THE HEAD OF LOCAL GOV'T SERVICE- ACCRA
4	THE HON. MINISTER	MINISTRY OF LOCAL GOV'T, DECENTRALISATION AND RURAL DEVELOPMENT- ACCRA
5	THE HON. MINISTER	ASHANTI REGIONAL CO-ORD. COUNCIL – KUMASI
6	THE AUDITOR GENERAL	GHANA AUDIT SERVICE – ACCRA
7	THE MUNICIPAL CHIEF EXECUTIVE	KWABRE EAST MUNICIPAL ASSEMBLY- MAMPONTENG
8	THE MUNICIPAL CO-ORD. DIRECTOR	KWABRE EAST MUNICIPAL ASSEMBLY- MAMPONTENG

## **INTRODUCTION**

The Internal Audit Unit (IAU) of Kwabre East Municipal Assembly conducted audit review of Cash Management in compliance with Section 16 Subsection 3 and 4 under Part II of the Internal Audit Agency Act, 2003, (ACT 658), Section 83 Subsection 7 of the Public Financial Management Act, 2016 (ACT. 921) and Section 175 Subsection 4 (b) of the Local Governance Act, 2016 (ACT 936).

The purpose of the audit was to provide an independent, objective assurance and consulting services to add value for the improvement of the effectiveness and efficiency of risk management, governance and internal control processes to improve upon the overall operations of the Assembly.

## **BACKGROUND**

Kwabre East Municipal Assembly exists to create wealth and development through effective and efficient service provision to ensure that Assets and Resources were safeguarded for sustainable development. The Internal Audit Unit was to provide an independent, objective assurance and consulting services design to add value for the improvement of the effectiveness and efficiency of risk management, governance and internal control processes to improve upon the overall operations of the Assembly.

The thrust areas audited was in accordance with the approved Risk-Based Internal Audit Annual Work Plan and Budget for the year 2025.

## **EXECUTIVE SUMMARY**

This section was intended to provide audit perspective, and highlights on a summarized basis the significant findings as follows; Payment Vouchers not retired with relevant documents, Uncompetitive procurement (Payment without 3 quotations), Payment Vouchers not fully retired, Payment without warrant, Payment for Office Chairs not Delivered, Store Items Not Routed Through Stores/Unaccounted Stores.

## **SCOPE OF WORK**

The scope of audit included the review and assessment of all records and processes relevant to Kwabre East Municipal Assembly's Cash Management for the period 1<sup>st</sup> January to 30<sup>th</sup> June, 2025.

We also reviewed how well the internal control measures put in place were complied with by management.

## **AUDIT OBJECTIVES**

The objectives of the audit were to assess the adequacy of the internal controls, policies, regulations and procedures implemented by management to mitigate risk relating to Cash Management as follows;

1. To assess the accuracy, completeness and reliability of financial transaction.
2. To evaluate the effectiveness and efficiency of the Assembly's cash management process.
3. Payments are properly supported by original invoices and /or relevant documents, are not made for purposes outside the ordinary course of business.
4. To determine the level of compliance with applicable laws, regulations and policies related to cash management.

## **APPROACH AND METHODOLOGY**

The audit was conducted using the risk-based approach where the riskiest areas were considered to include;

1. Vouching of payment vouchers and all attachments
2. Inspection of finance department documentations
4. Interviews of key personnel.

Accordingly, the audit findings were developed based on the five attributes of criteria, condition, cause, effect as well as recommendation. Responses from management, where appropriate were incorporated in this report.

The audit was conducted in accordance with the International Standards for the professional practice of internal Auditing and the applicable laws and regulations of Ghana.

### **KEY MANAGEMENT PERSONNEL**

<b>S/No</b>	<b>NAME</b>	<b>DESIGNITION</b>	<b>PERIOD IN OFFICE</b>
1.	HON. JOSEPH AMANKWAH	MUNICIPAL CHIEF EXECUTIVE	7 APRIL. 2025 TO DATE
2	MR. FRANCIS KYEI	MUNICIPAL CO-ORD. DIRECTOR	5 JUNE 2024 TO DATE
3	MR, DANIEL K. AGYEMANG	MUNICIPAL FINANCE OFFICER	28 FEB. 2022 TO DATE
4	MR. JOSHUAH AGYEI BOATENG	MUNICIPAL BUDGET ANALYST	11 MAR.2024 TO DATE
5	ABIGAIL MAGTI	MUNICIPAL PLANNING OFFICER	18 FEB. 2021 TO DATE
6	ERIC OPPONG AGYEMANG	MUNICIPAL WORKS ENGINEER	2 JAN. 2019 TO DATE
7	<i>ABDUL RAHIM ALHASSAN</i>	MUNICIPAL TRANSPORT OFFICER	16 MAY 2017 TO DATE
8	JOSEPH AWUSI	MUNICIPAL PROCUREMENT OFFICER	28 DEC.2023 TO DATE
9	MOHAMMED ABDUL-AZIZ	MUNICIPAL H.R. MANAGER	16 MAR.2021 TO DATE

### **AUDIT TEAM**

The following Auditors conducted the second quarter of 2025 audit:

1. Agyemang Pambour Stephen                      -Senior Internal Auditor (Team Leader)
2. Evans Kodua Tweneboah                              -Assistant Internal Auditor (Member)
3. Josephine Sarfowaa Kyei                              - Assistant Internal Auditor (Member)
4. Adu Sarfo Philip    - Assistant Internal Audit Trainee (Member)

The report was reviewed by John K. N. Okrah, Director of Internal Audit.

## **SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS**

### ***1. Payment Vouchers not retired with relevant documents = GH¢1,245,785.27***

We recommended to Management as a matter of urgency to obtain the necessary documents from those who were paid the monies and attach them to the payment vouchers for inspection or else it should be converted into an advance against their names to refund.

### ***2. Uncompetitive procurement (Payment without 3 quotations) - GH¢26,020.00***

We recommended that, Management should take procurement decisions seriously by always complying with provisions of the procurement Act. Again, management should always solicit for 3 quotations in the procurement of works, goods and services for competitiveness.

### ***3. Payment Vouchers not fully retired – GH¢14,200.00***

We recommended to management to ensure that all relevant official receipts are obtained from the payees to be attached to the payment vouchers for the validity of the payments without fail.

### ***4. Payment without warrant- GH¢9,240.00***

We recommended that all payment vouchers should be supported by warrant before payment is effected in order to avoid misappropriation of funds.

### ***5. Payment for Office Chairs not Delivered***

Management should make earnest effort to retrieve an amount of GHC 6,800.00 from Mr. Eric Oppong Agyemang, the Municipal Works Engineer and Mr. Joseph Awusi the Procurement Officer by end of work on Wednesday 10<sup>th</sup> July, 2025 without fail.

### ***6. Store Items Not Routed Through Stores/Unaccounted Stores=GHC 30,700.00***

We recommended to management to as a matter urgency ensure that the items were routed through stores for accountability.

## **DETAILED FINDINGS AND RECOMMENDATIONS**

### ***Finding 1. Payment Vouchers not retired with relevant documents = GH¢1,245,785.27***

#### **Criteria**

“Regulation 78(1) of the Public Financial Management Regulations, 2019 (LI 2378) states that, ‘a Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of that covered entity,

- (a) the validity, accuracy and legality of the claim for the payment
- (b) that evidence of services received, certificates of work done and any other supporting documents exist”

#### **Condition**

We found out during the review of the payment vouchers that an amount totaling One million, two hundred and forty-five thousand, seven hundred and eighty-five cedis, twenty-seven pesewas(**GH¢1,245,785.27**) had not been retired with relevant supporting documents such as official receipts, three invoices, itinerary etc.

***See Appendix ‘A’***

#### **Cause**

This could be ascribed as an oversight on the part of the responsible officers’ that made the payments to obtain the required documents to retire the payment vouchers after several months of releasing funds to beneficiaries to execute an activities on behalf of the Assembly.

#### **Effect**

Doubtful payments could arise since validity of the expenses could not be ascertained. Again, the Audit Team could not authenticate whether the money was used for its intended purposes and not diverted for personal gain

#### **Recommendation**

We recommended to Management as a matter of urgency to obtain the necessary documents from those who were paid the monies and attach them to the payment vouchers for inspection or else it should be converted into an advance against their names to refund.

#### **Management Response**

Recommendation well noted, we will ensure that the affected officers fully retire the payment vouchers for your verification.

***Finding 2. Uncompetitive procurement (Payment without 3 quotations) - GH¢26,020.00***

**Criteria**

“According to Part 4 Section 43 (1) of Public Procurement Act 2003 (Act 663) (as Amended) the procurement entity shall request for quotations from as many suppliers or contractors as practicable, but shall compare quotations from at least three different sources that should not be related in terms of ownership, shareholding or directorship and the principles of conflict of interest shall apply between the procurement entities and their members and the different price quotation sources”.

**Condition**

It is prudent that, the Assembly solicits for at least three (3) quotations when procuring goods, works or services. This helps to choose from fair and competitive prices from suppliers while maintaining the quality of the items for economy. Effectiveness and efficiency.

The audit performed identified certain payment in which 3 quotations were not obtained before contracts were executed.

An amount of Twenty-six thousand, and twenty Ghana cedis only (**GH¢26,020.00**) was paid for goods and services without soliciting for three (3) quotations from different suppliers.

***See ‘B’***

**Cause**

The above anomaly was as a result of managements’ inability to comply with laws, regulations and procedures of the Public Procurement Act that requires covered entities to obtain at least three quotations from different suppliers to make purchases competitive.

**Effect**

This may lead to payment for goods or services without attaining value for money which breaches the Public Procurement Act.

**Recommendation**

We recommended that, Management should take procurement decisions seriously by always complying with provisions of the procurement Act. Again, management should always solicit for 3 quotations in the procurement of works, goods and services for competitiveness.

**Management Response;** Management will ensure that procurement issues are followed strictly.

### ***Finding 3. Payment Vouchers not fully retired – GH¢14,200.00***

#### **Criteria**

“Part IX paragraph 14 of the Financial Memoranda for MMDAs Official receipts shall be obtained in support of payments by government departments, state enterprises and other Assemblies”.

#### **Condition**

Our audit revealed that, a total number of nineteen (2) Payment vouchers were not fully acquitted with official receipts or other supporting documents. These represented a total amount of Fourteen thousand, Two hundred Ghana cedis (GH¢14,200.00) yet to be retired.

*See Appendix ‘C’*

#### **Cause**

The above anomaly could be as result of weak internal controls in the payment systems in the Accounts to comply with the above regulations and laws which enjoins payees to provide official receipts for all payments received.

#### **Effects**

Failure to secure official receipts can lead to compliance risks such as non-adherence to regulatory requirements, loss of funds and payment could also be made for no work done.

#### **Recommendation**

We recommended to management to ensure that all relevant official receipts are obtained from the payees to be attached to the payment vouchers for the validity of the payments without fail.

#### **Management Response**

Management would make the affected officers retire fully with the relevant official receipts.

***Finding 4. Payment without warrant- GH¢9,240.00***

**Criteria**

Section 25 clause 3 of the PFM Act 2016 (Act 921) ‘a principal spending officer shall commit the budget of a covered entity base on the quarterly warrants issued under this section’

**Condition**

During our audit we observed that some payments were made without warrant attached to the payment vouchers. These individual payments amount to Nine thousand, two hundred forty Ghana cedis (GH¢9,240.00).

*See Appendix “D”*

**Cause**

This is as a result of haste decision in the payment process which overlook the warrant procedure.

**Effect**

This can lead to over expenditure in the budget since the payments does not consider the budget line.

**Recommendation**

We recommended that all payment vouchers should be supported by warrant before payment is effected in order to avoid misappropriation of funds.

**Management Response**

Management would see to it that all payment vouchers are supported with the Requisite warrant before payment is made.

## ***Finding 5: Payment for Office Chairs not Delivered***

### **Criteria**

In accordance with Regulation 78 of Public Financial Management Regulations, 2019 (L. I 2378), “A Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of that covered entity;

- a. The validity, accuracy and legality of the claim for the payment
- b. That evidence of services received, certificates for work done and any other supporting documents exist.

Further, Regulation 80 of Public Financial Management Regulations, 2019 (L. I 2378), “A Principal Spending Officer shall as a condition for certifying completion of works and large-scale supply of goods, inspect the physical output of the works and supplies in the field.

### **Condition**

During the reviewed of payment voucher dated on 27<sup>th</sup> May, 2025 with PV. No. KEMA/DACF/G&S/MAY/17/25/RO on the subject procurement of chairs and set of curtains for the conference hall revealed that, four (4) Office Chairs with a unit cost of **GHC 1,700.00** totaling GHC 6,800.00 were not delivered to be used for the intended purpose.

### **Cause**

It might be the intention of the officers who does the procurement to divert funds meant for the four chairs for their personal benefits to the detriment of the Assembly.

### **Effect**

The Assembly is denied both physical and financial resources needed to efficiently discharge office services.

The act of the officers involved is tantamount to stealing the Assembly’s meagre resources for personal gains.

**Recommendation**

Management should make earnest effort to retrieve an amount of GHC 6,800.00 from Mr. Eric Oppong Agyemang, the Municipal Works Engineer and Mr. Joseph Awusi the Procurement Officer by end of work on Wednesday 10<sup>th</sup> July, 2025 without fail.

**Management Response**

Recommendation well noted. The remaining chairs have been supplied and are ready for inspection.

***Finding 6: Store Items Not Routed Through Stores/Unaccounted Stores=GHC 30,700.00***

**Criteria**

Regulation 52 (6 & 7) of PFMR, 2019 (L.I 2378) requires that, (6)‘ A Principal Spending Officer shall maintain adequate records of Government stores,

(7) The Principal Spending Officer is discharged of accountability of government stores where the stores have been,

(a) consumed in the course of public business and records are available to show that the stores have been consumed.

**Condition**

It was noted during our reviewed of payment voucher dated on 27<sup>th</sup> May, 2025 with PV. No. KEMA/DACF/G&S/MAY/17/25/RO on the subject procurement of chairs and set of curtains for the conference hall **GHC 30,700.00** revealed that, the items were not accounted through government stores as required by the above Regulation.

**Cause**

The infraction stated above was as a result of seer negligence and lack commitment to application of the laws and regulations.

**Effect**

Failure to take charge of the items procured with state funds to government stores can be diverted for personal use and will be very difficult to trace them in terms lost and theft.

**Recommendation**

We recommended to management to as a matter urgency ensure that the items were routed through stores for accountability.

**Management Response**

The store items have been routed through stores and are ready for your inspection.

## **CONCLUSION**

The Assembly has generally effective cash management system in place, with some opportunities for improvement. Our audit revealed that, the Assembly has implemented adequate controls over payments and Accounting records. However, we identified some areas that require the attention of Management to enhance the efficiency, effectiveness and compliance of cash Management processes

We therefore urge management to implement all the above recommendations to ensure the efficient and effective running of the Assembly.

## **ACKNOWLEDGEMENT**

We wish to express our sincere gratitude to Management and staff of Kwabre East Municipal Assembly for their support and co-operation they accorded the audit team throughout our audit.

JOHN K. N. OKRAH  
(DIRECTOR OF INTERNAL AUDIT)

## APPENDICES

### A. Payment Voucher not retired with Relevant Documents

S/N	DATE	PV. NO	PAYEE	PARTICULARS	AMOUNT	FUND SOURCE
1	23/1/25	29/1/25	Abigail Magti	2024 4 <sup>th</sup> quarter monitoring of project	23,600.00	IGF
2	23/1/25	30/1/25	Abigail Magti	2024 3 <sup>rd</sup> quarter monitoring of project	23,600.00	IGF
3	4/3/25	1/3/25	Abdul-Rahim Alhassan	MUSEC meeting on 25 <sup>th</sup> Feb,25	3,150.00	IGF
4	12/3/25	10/3/25	Agyamong Francis	Refreshment rewards final funeral right of Queen mother of Mampong teng	2,060.00	IGF
5	03/04/25	07/4/25	Agyamong Francis	Refreshment for the queen mother funeral rite	1,495.00	IGF
6	02/12/24	20/4/25	Joshua Adjei Boateng	Monitoring of school feeding operations	4,780.00	IGF
7	16/04/25	39/4/25	Maxwell Okyere	Audit committee meeting	6,487.60	IGF
8	15/04/25	51/4/25	MFO	Electricity prepaid	500.00	IGF
9	09/05/25	12/5/25	Abigail Magti	Fuel for inspection	1,000.00	IGF
10	22/05/25	16/5/25	Abdul-Rahim Alhassan	Fuel for official vehicles, MCD, MFO and senior staff	13,400.00	IGF
11	22/05/25	18/5/25	Abdul-Rahim Alhassan	Fuel for MCE to perform official duties	3,000.00	IGF
12	22/05/25	19/5/25	Abdul-Rahim Alhassan	Fuel for generator	1,800.00	IGF
13	05/05/25	24/5/25	MHRM	Submitting official document to RCC	590.00	IGF
14	28/05/25	33/5/25	Joshua Adjei Boateng	2025 composite budget implementation monitoring	2,863.20	IGF
15	13/6/25	2/DDF/JUNE/25	A. Godef	Being manufacturing and supply of 700 dual desk and 10 teachers table & chairs	449,600.00	DACF-RFG

16	05/6/25	1/DDF/JUNE/25	Kabirima Comp Ltd	Construction of CHIPS compound at Bampenase	149,470.82	DDF
17	02/05/25	DDF/MAY/25	3M Ent Co. Ltd	Funds released to cater for the completion of 1No. 3unit classroom block	111,302.00	DDF
18	25/04/25	1/DDF/4/25	Royal Samvic Company Ltd	Being fund released to cater for the supply of medical equipment to Bampenase CHIPS compound	444,086.65	DDF
19	29/4/25		MCD	Being funds released to cater for the visit of the DACF monitoring team	3,000.00	DACF
			<b>TOTALS</b>		<b>1,245,785.27</b>	

#### B. Uncompetitive procurement (Payment without 3 quotations)

S/N	DATE	PV. NO	PAYEE	PARTICULARS	AMOUNT
1	15/04/25	35/4/25	Fraban Motors	Servicing of vehicle No. GV-733 -19	5,363.60
2	16/04/25	13/5/25	Works Engineer	Re-roofing of part of Kwabre East Municipal Assembly hall	20,656.40
			<b>TOTALS</b>		<b>26,020.00</b>

#### C. Payment Vouchers Not fully Retired

S/N	DATE	PV. NO	PAYEE	PARTICULARS	AMOUNT	AMOUNT NOT RETIRE
1	02/05/25	11/5/25	Abdul-Rahim Alhassan	Fuel for official vehicles, MCD, MFO and Generator	15,200.00	13,400.00
2	22/05/25	23/5/25	MHRM	Funeral donation	1,800.00	800.00
						<b>14,200.00</b>

D. Payment without Warrant

S/N	DATE	PV.NO	PAYEE	PARTICULARS	AMOUNT
1	12/3/25	38/3/25	Amoah Emmanuel	Car batteries for vehicles numbers GC-2234-19,GV-2039-X,GV-739-	4,500.00
2	13/3/25	39/3/25	Cassandra Naa Adjela	Payment made for allowance and T&T for technical subcommittee meeting	4,740.00
					<b>9,240.00</b>