

AUDIT SERVICE

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Good Governance
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..... Bolgatanga

..... 5 August 20 20

The Presiding Member
Tempane District Assembly
Tempane.

Dear Sir,

ANNUAL AUDIT REPORT ON THE ACCOUNTS OF TEMPANE DISTRICT ASSEMBLY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

We have audited the Accounts of the Tempane District Assembly for the financial year ended 31 December 2019. Attached to this Report are the following Accounts and Financial Statements:

- a. Comparative Statement of Financial Position as at 31 December 2019;
- b. Summary Comparative Statement of Revenue and Expenditure for the year ended 31 December 2019;
- c. Detailed Comparative Statement of Revenue and Expenditure for the year ended 31 December 2019
- d. Comparative Cash Flow Statement for the year ended 31 December 2019;
- e. Notes and Schedules forming part of the Financial Statements for the year ended 31 December 2019.

Manner in which the accounts were kept and rendered for audit

2. The books of account were satisfactorily kept. The related Accounts and Financial Statements were submitted for validation and certification on 10th February 2020 within the stipulated timeframe in accordance with Section 80(1) of the Public Financial Management Act, 2016 (Act 921). During validation some errors were noted and returned for correction. The corrected financial statements were submitted on 18th February 2020. We urge the Finance Officer to be more painstaking in the preparation of the financial statements.

The Assembly's Estimates for the 2019 financial year was approved at a General Assembly meeting held on 20 November 2018.

Fraud, Losses and Serious Irregularities

- Details of losses and serious irregularities, which came to light during the audit of the Accounts for the year under review were embodied in Management Letters addressed to the District Chief Executive for remedial action.

Overall Revenue Performance

- During the year under review, the Assembly collected a total actual revenue of GH¢4,174,090.42 representing 26.02 percent of total revenue projection of GH¢16,040,025.50 and resulting in a shortfall of GH¢11,865,935.08. Actual revenue of GH¢4,174,090.42 received during the year showed an increase over the previous year's figure of GH¢840,828.46 by GH¢3,333,261.96 due to increased inflows from rent income, licenses, Fees, Fines, penalties & forfeits, miscellaneous income, GOG Funds and DACF & other funds. Below are the details:

No	Revenue Head	Actual 2018 GH¢	Approved Budget 2019 GH¢	Actual 2019 GH¢	Variance GH¢	% of Collection
INTERNALLY GENERATED FUNDS						
1	Income on Property	500.00	5,050.00	100.00	(4,950.00)	1.98
2	Lands and Royalties	13,250.00	14,500.00	8,177.63	(6,322.37)	56.40
3	Rent Income	20.00	3,000.00	600.00	(2,400.00)	20.00
4	Licenses	16,940.50	38,850.00	29,258.00	(9,592.00)	75.31
5	Fees	20,447.50	48,941.05	68,021.80	19,080.75	138.99
6	Fines, Penalties & Forfeits	-	5,300.00	330.00	(4,970.00)	6.23
7	Miscellaneous	2.00	17,060.04	1,552.66	(15,507.38)	9.10

	Sub-Total	51,160.00	132,701.09	108,040.09	(24,661.00)	81.42
GRANTS						
8	GOG Funds	150,521.20	225,781.82	768,530.40	542,748.58	340.39
9	DACF & other funds	639,147.26	15,681,542.59	3,297,519.93	(12,384,022.66)	21.03
	Sub-Total	789,668.46	15,907,324.41	4,066,050.33	(11,841,274.08)	25.56
	Total	840,828.46	16,040,025.50	4,174,090.42	(11,865,935.08)	26.02

Revenue: Internally Generated Fund (IGF)

5. Out of an I.G.F estimate of GH¢132,701.09 for 2019 financial year, actual revenue collection was GH¢108,040.09 representing 81.42 percent of projected revenue generated from its traditional sources and depicting an unfavorable variance of GH¢24,661.00. While I.G.F revenue generated by the Assembly in 2018 amounted to GH¢51,160.00, that of 2019 was GH¢108,040.09; an increase of GH¢56,880.09 or 111.18 per cent over the 2018 collection. Below are the details:

Actual 2018 GH¢	Approved Budget 2019 GH¢	Actual Revenue 2019 GH¢	Variance GH¢	% of Revenue collected
51,160.00	132,701.09	108,040.09	(24,661.00)	81.42

Grants – (Revenue)

6. Out of an estimate of GH¢15,907,324.41 for Grants for the 2019 financial year, actual Grants received was GH¢4,066,050.33 constituting 25.56 per cent of the budget and resulting in a shortfall of GH¢11,841,274.08. While total Grants received by the Assembly in 2018 summed up to GH¢789,668.46 that of 2019 was GH¢4,066,050.33 representing an increase of GH¢3,276,381.87; Below are the details:

Actual 2018 GH¢	Approved Budget 2019 GH¢	Actual 2019 GH¢	Variance GH¢
789,668.46	15,907,324.41	4,066,050.33	(11,841,274.08)

Total Expenditure

7. During the year under review, the Assembly incurred a total expenditure of GH¢3,373,807.66 (21.03%) as against a total budget of GH¢16,040,025.50 resulting in a favorable variance of

GH¢12,666,217.84, largely due to less expenditures on most expenditure heads with the exception of casual workers' pay, materials-office supplies, and consulting services. Below are the details.

	Expenditure	Actual 2018	Approved Budget 2019	Actual 2019	Variance
No	Head	GH¢	GH¢	GH¢	GH¢
COMPENSATION OF EMPLOYEES					
1	Compensation of Employees	150,521.20	775,144.40	768,530.67	6,613.73
2	Casual Workers	7,796.00	24,600.00	29,900.00	(5,300.00)
	Sub-Total	158,317.20	799,744.40	798,430.67	1,313.73
GOODS AND SERVICES					
3	Other allowances	23,025.09	39,500.00	35,877.50	3,622.50
4	Social Contributions	1,250.00	124,974.55	0.00	124,974.55
5	Materials-Office Supplies	75,692.07	87,000.00	125,026.76	(38,026.76)
6	Utilities	3,220.00	136,400.00	131,190.00	5,210.00
7	General Cleaning	0.00	161,000.00	120,750.00	40,250.00
8	Rentals	10,279.27	88,500.00	25,575.64	62,924.36
9	Travel & Transport	138,319.36	525,974.55	345,981.48	179,993.07
10	Repairs & Maintenance	19,789.16	1,248,983.67	210,853.35	1,038,130.32
11	Training, Seminar & Conf.	90,905.85	714,600.00	389,061.96	325,538.04
12	Consulting Services	-	-	1,400.00	(1,400.00)
13	Special Services	46,630.00	196,540.00	109,585.19	86,954.81
14	Bank Charges	625.26	9,100.00	1,433.00	7,667.00
15	Emergency Works	578.38	220,000.00	-	220,000.00
16	General Expenses	14,297.20	709,168.99	357,292.80	351,876.19
	Sub-Total	424,611.64	4,261,741.76	1,854,027.68	2,407,714.08
CAPITAL EXPENDITURE					

GH¢12,666,217.84, largely due to less expenditures on most expenditure heads with the exception of casual workers' pay, materials-office supplies, and consulting services. Below are the details.

	Expenditure	Actual 2018	Approved Budget 2019	Actual 2019	Variance
No	Head	GH¢	GH¢	GH¢	GH¢
COMPENSATION OF EMPLOYEES					
1	Compensation of Employees	150,521.20	775,144.40	768,530.67	6,613.73
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16	General Expenses	14,297.20	709,168.99	357,292.80	351,876.19
	Sub-Total	424,611.64	4,261,741.76	1,854,027.68	2,407,714.08
CAPITAL EXPENDITURE					

2019 amounted to GH¢721,349.31 representing an increase of GH¢523,865.38 (265.27%). The details are provided below:

Actual 2018 GH¢	Approved Budget 2019 GH¢	Actual 2019 GH¢	Variance GH¢
197,483.93	10,978,539.34	721,349.31	10,257,190.03

12. We urged management to ensure that a reasonable portion of its revenue is spent on development projects and programmes rather than goods and services.

Operational results

13. While total revenue made up of those generated from traditional sources and Grants was GH¢4,174,090.42 during the year, total expenditure incurred was GH¢3,373,807.66 resulting in an overall surplus of GH¢800,282.76 which was transferred to the Accumulated Fund account. Below are the details.

Item	Revenue GH¢	Expenditure GH¢	Surplus GH¢
Total	4,174,090.42	3,373,807.66	800,282.76

Balance Sheet as at 31 December 2019

Assets:

14. Cash in hand and at Bank - GH¢861,921.71: The cash in hand and at bank figure was made up of cash in hand of GH¢4,446.20 and bank balance of GH¢857,475.51 for all the balances in the individual bank accounts held by the Assembly as at 31 December 2019. All the balances have been duly verified with the relevant Bank Certificates and Statements. Details have been provided under Notes 3 and 4 on page 18.

15. Advances - GH¢19,563.65: This represents the balance of staff salary advances outstanding as at 31 December 2019. Details have been provided under Note 1 on page 15.

Liabilities

16. Accumulated Fund - GH¢881,485.36: The Accumulated Fund balance of GH¢60,415.69 as at 1 January 2019 was increased to GH¢881,485.36 as a result of the surplus of GH¢800,282.76 recorded on the Revenue and Expenditure Account and the prior year adjustments made during the year. Details have been provided under Note 2 on page 17.

Auditors' Opinion Report

17. We have audited the financial statements of Tempene District Assembly for the financial year ended 31 December 2019, including significant accounting policies and other disclosures as set out in the notes to the financial statements which have been prepared under the historical cost convention.

Respective Responsibilities of managers and auditors

18. The managers of the institution are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

Basis of Opinion

19. We conducted the audit in accordance with International Standards of Supreme Audit Institutions issued by INTOSAI. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the managers in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Assembly's circumstances, consistently applied and adequately disclosed.

20. We planned and performed our audit so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or by other irregularity or error. In


forming our opinion, we have evaluated the overall adequacy of the presentation of information in the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Audit Opinion

21. In our opinion the financial statements give a true and fair view of the state of affairs of the Assembly as at 31 December 2019 and its operational results and cash flow for the year then ended and have been properly prepared in accordance with the applicable financial reporting framework; and that they were prepared in accordance with the stated accounting policies which are applied on a basis consistent with that of the preceding financial period.

Acknowledgement

22. We gratefully acknowledged the co-operation and assistance extended by the DCE, DCD and staff of the Assembly to the audit team during the period of the audit.



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SEIDU AHMED KYEI
REGIONAL AUDITOR-UER
FOR: AUDITOR-GENERAL

Cc:

The Auditor-General (2)
Audit Service
Accra.

The Chief Director MLGRD
Accra

The Regional Co-ordinating Director
Regional Co-ordinating Council
Bolgatanga