

**AN EVALUATION OF AUDIT REPORT AND
RECOMMENDATIONS OF WENCHI MUNICIPAL ASSEMBLY**

By

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DECLARATION

I hereby declare that this submission is my own work towards the Master of Business Administration (Accounting) and that, to the best of my knowledge, it contains no materials previously published by another person nor material which has been accepted for the reward of any other degree of the university, except where due acknowledgement has been made in the text.

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ABSTRACT

This study examines the pattern of Audit Reports Issues of WMA for the period 2009-2013. The descriptive method of research was employed for the study. A qualitative approach that includes examination or review of management letters, interviews and observations were used to collect data. A non probability sampling technique was used to select respondents. A sample size of ten (10) Key management staff of both the WMA and the Wenchi District Audit office were interviewed. The study revealed that the IGF report out of nineteen (19) issues, fifteen (15) issues repeated itself for two or more times (years) and from the DACF report out of twenty six (26) issues eleven (11) issues also recurred two or more times (years) over the five (5) year period 2009-2013. The findings also revealed Audit Reports Implementations Committee is faced with a lot of challenges ranging from inadequate funding, problematic composition, inadequate technical persons in the committee, and lack of external representative. The research concluded that Audit recommendations are not taken serious by WMA that's why they do recur all the time. Audit report and recommendation do not really have any serious effect on WMA because the officers involved are not punished severely. The study also recommended that Political head and affiliate in WMA should work with due diligence and desist from making expenditures outside the Budget of WMA

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To God Be the Glory.

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DEDICATION

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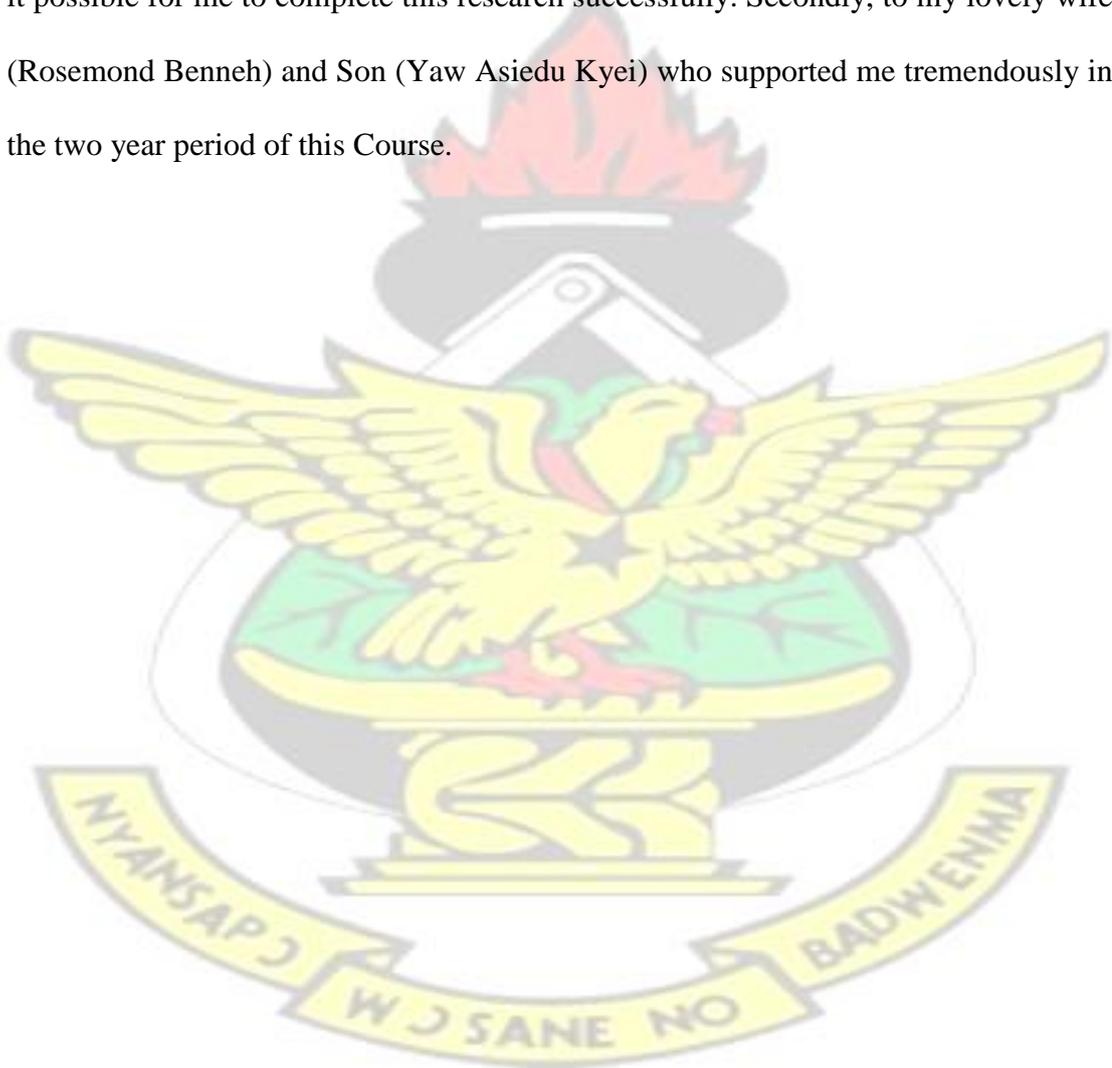


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ABBREVIATIONS

ADB	Agriculture Development Bank
AFROSAI-E	African Organisation of Supreme Audit Institution
A-G	Auditor General
ARIC	Audit Report Implementation Committee
CIPFA	Chartered Institute of Public Finance and Accountancy
DACF	District Assembly Common Fund
EHO	Environmental Health officer
FAA	Financial Administration Act
FAR	Financial Administration Regulations
GAO	General Accounting Office
HR	Human Resource Manager
IA	Internal Auditor
IFAC	International Federation of Accountant
IGF	Internally Generated Fund
IIA	Institute of Internal Audit
INTOSAI	International Organisation of Supreme Audit Institutions
MBO	Municipal Budget Officer
MCD	Municipal Coordinating Director
MFO	Municipal Finance Officer
MP	Member of Parliament
MPO	Municipal Planning Officer
ME	Municipal Engineer
MDAs	Ministries, Department and Agencies
MMDAs	Metropolitan, Municipal, and District Assemblies
PAC	Public Account Committee
PFM	Public Financial Management

PV Payment Vouchers
SAI Supreme Audit Institution
WMA Wenchi Municipal Assembly

KNUST



CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Public Sector is that part of an economy concerned with providing various government services. What public sector entails varies by country, however in most countries public sector consist of services such as, police, military, public transport, roads, education and healthcare. The public sector provides services that benefit all of society.

The Public sector of Ghana is led by an elected Government that takes charge of the management of the country through strategic decision making and provision of basic amenities such as water, electricity, good roads and many others. A lot of resources go into government's pursuit of national agenda to achieve its numerous economic, social and political goals. A common social and economic goal of every government is creating an enabling and conducive environment for the private sector to grow. Besides the targeted programs of food and housing, access to and provision of basic levels of education (primary and secondary) and preventive health care services have been identified as central to increasing the welfare of the people of Ghana.

In order to finance its activities like all other governments over the world, the Government of Ghana uses various strategies of raising funds such as rates, duties, taxes, grants and loans to finance Ministries Departments and Agencies (MDAs) and Metropolitan Municipals and District Assemblies (MMDAs) and other parts of the public sector. Out of these scarce resources that are distributed to public organizations, Public officers are mandated to follow the laid down rules, procedures, regulations and laws of the country. In Ghana, specific Acts of Parliament have been enacted to deal

with specific financial management needs in the public sector financial management system. These acts of parliament would ensure transparency, accountability, probity and which is the core value of good governance. The Public Procurement Act, 2003 (Act 663) for instance provided guidelines on procurement activities of public organizations, while the Financial Administration Act (FAA), 2003 (Act 654) and the Financial Administration Regulations (FAR), 2004 provide guidelines to public officers in the management of public finances and the Financial Memoranda for MMDAs also provides guidelines for management of public funds to MMDA, to mention a few. Notwithstanding, corruption, fraud and lack of accountability in Ghana's public sector finance management system is still prevalent.

To ensure public accountability, countries all over the world have established Supreme Audit Institutions which draws its authority and mandate from their constitution to audit and check compliance with the law and to also ensure value for money in expenditures, projects and programmes to benefit the public. "The Audit Service is the Supreme Audit Institution of Ghana, and a member of the global body, International Organization of Supreme Audit Institutions (INTOSAI). Since its establishment, the service has continuously sought to achieve its objectives by working towards the mission of promoting good governance in the areas of transparency, accountability and probity in the public financial management system of Ghana by auditing in accordance with International Auditing Standards" (Audit Service Corporate Plan, 2010). "The Audit Service, headed by the Auditor-General (A-G) is mandated under Clause 187(2) of the superior law of Ghana, the 1992 Constitution of the Republic of Ghana". Again, Section 11(1) of the Audit Service Act, 2000 (Act 584) cements the Auditor-General's mandate. "The Auditor-General is

empowered by the above referenced laws to carry out routine audit of all public Funds of Ghana and all of its public offices, including the courts, the central and local government administrations, the Universities and public institutions of like nature, any public corporation or other body or organization established by an Act of Parliament and report thereon” (Audit Service Act, 2000 (Act 584). The reason being that auditing is a cornerstone of good public sector governance, and therefore the Auditor-General must deliver on his mandate. Over the years, activities of Supreme Audit Institutions (SAIs) have focused on financial audit of all government establishments to ensure accountability and also assure users not only of reliability of information reported in the financial statements but also proper stewardship have been given by managers of national resources. The A-G must assure Ghanaians to the effect that national resources have been used to carry out the activities of government in compliance with laws and regulations and also to assure the general public that resources have been utilized in a way that will promote good governance, accountability and value for money.

However in the course of the yearly routine audits of the Public sector by the Auditor General, there are still the notions that public sector accounting and financial management practices are "deficient". In his submission in the first Audit Service Accountability lecture, the Auditor General indicated that the inability of Ministries, Departments and Agencies (MDAs) to produce financial statements for the AG to audit and give his opinion is due to an expectation gap that exist; this gap in the public sector auditing refers to the difference between stakeholders understanding of the role actually prescribed for them by the relevant auditing standards and any regulatory requirement. Audit issues, financial irregularities, malpractices, misappropriation and fraud are reported every year repeatedly.

1.2 Research Problem

Audit Service, was established by the five hundred and eighty-fourth Act of Ghana's law making body, the Parliament, to audit and to hold public officials in charge of management of public resources accountable through a routine audit of all public entities and also to ensure value for money in projects and programmes. The Service, on yearly basis, is expected to conduct audit on all public institutions to identify lapses in their operations and make recommendation for remedial actions. Although the service has over the years delivered on its mandate, the outcome of the annual audit is the same every year, in other words similar financial malpractices and irregularities are reported yearly. However there hasn't been any empirical evidence on what is really the cause and this research seeks to fill that gap. The continuous recurrence of these issues is the evidence that the audit recommendations are not implemented by WMA Audit Report Implementation Committee (ARIC). This could be as a result of Public institutions not recognising the audit recommendations or they are not held accountable for the lapses in their operation that's why they don't pay serious attention to recommendations. Though the Auditor-General gives recommendations and surcharges Public Officers who go contrary to the laws, the AG works hand in hand with Public Accounts committee and the Attorney General to persecute and or recover embezzled fund from public officers. This study presents the opportunity to evaluate the Public Sector Audit Report and its Recommendations using the Wenchi Municipal Assembly as a case study

1.3 Objective of the study

The General objective of the study is to evaluate and assess Audit reports and recommendations produced on Wenchi Municipal Assembly. In order to achieve this, the following specific objectives have been outlined;

1. To examine the pattern of Audit Reports Issues and recommendations of WMA for the period 2009-2013
2. To identify the factors that contributed to Audit Queries.
3. To identify the extent of implementation of Audit report recommendations by management of WMA
4. To identify the challenges facing Audit Report Implementation committee(ARIC)

1.4 Research Questions

1. What are the patterns of Audit reports Issues and recommendations of WMA for the period
2. What are the factors that contributed to Audit Queries?
3. What is the extent of implementation of Audit report recommendations by management of WMA?
4. What are the challenges facing Audit Report Implementation committee (ARIC)?

1.5 Significance of the Study

Every government has as its aim, the achievement of its vision and mission statements through its public sector institutions. The case is no different with the WMA striving to

achieve its mission and Vision through coordinating its departments and various committees. The achievements of the WMA can only be measured by what it intends to achieve-promoting good governance in the management of public resources Ghana. However, achieving the vision and mission is not as simple as we may think. With the increasing demand for accountability of public institutions, the expectation of WMA is equally high.

1.5.1 Relevance to Stakeholders and Interest Groups

The researcher therefore considers this work as an opportunity to create the awareness to stakeholders and all interest groups of the responsibilities associated with the high expectations of the WMA together with the Auditor General in achieving accountability. This study is one important means of primarily bringing to the bare, the challenges that the WMA faces in delivering on its mandate and actions taken on Audit reports and recommendations.

1.5.2 Relevance to Wenchi Municipal Assembly and all MMDAs

Although the study is about WMA, the findings can be used to draw a generalized conclusion about all the Metropolitan, Municipals and District Assemblies (MMDAs) in Ghana due to the homogeneous nature of Local Government regardless of geographical location.

1.5.3 Relevance to further Studies

It is expected that the study will not only serve as a springboard for any future study about this topic or any related topic but also would add up to a pool of literatures relevant to the topic. It is therefore commendable to have this research carried on.

1.6 Methodology

A non probability sampling procedure was used to select respondents for this study; it involves the use of purposive or judgemental sampling technique in selecting respondents for interview. The researcher conducted in-depth interview with the key staff of the WMA and Audit Service Wenchi office.

1.7 Scope of the Study

A case study approach was designed to cover the Office of the WMA whose Central administration is the focal point of the assembly. Also the Civil Service Law, 1993 (PNDCL 327) and the Local Government Act, (Act 462) make all Departments within the Municipalities peripheral part of the Office of the Municipal Assemblies. WMA was selected among many other Assemblies within the Jurisdiction of the District Audit Office in Wenchi due to access to data and the availability of needed information. Also the study design could not leave out Audit Service, Ghana with their Reports and recommendations to WMA as well. However Audit Report Implementation Committee (ARIC) will also be discussed since at the local government level they ensure implementation of Audit recommendations. For the Auditor General to fulfill his mandate The Public Accounts Committee and the Attorney General play a very vital role which was also touched on.

The research was also conducted using a five year Audit report (2009-2013) of WMA which was readily available, though WMA has many Accounts but two of which will be concentrated on, which are the internally Generated Fund . The researcher made this choice to improve the findings of the research through trend analysis of the reports. The data obtained from the interviews and other secondary sources such as Management

letters, journals and books were used in the development of the study as outlined in the objectives.

1.8 Organization of the Study

This study is divided into five chapters and each chapter tackles a process of the study being undertaken.

The first chapter tackles basically the general introduction to the study, discussed under sub-divisions of background of the study, statement of research problem, the objective of the study, research questions, and significance of the study, scope, limitations and organization or structural arrangement of the study. The chapter is intended to give a general overview of this academic piece.

The second chapter is reviewing of literature. Under this chapter, comprehensive reviews of available known existing literatures pertinent to the topic under consideration are made. This review include published texts, research works, scholarly articles, research journals, policy documents, audit reports and other publications, among others. Comparative analysis is then made and conclusions drawn thereafter.

Chapter three details the methodology employed to gather relevant date and information needed to ensure successful undertaking of this study. The chapter will highlight the research technique and method(s) to be employed and data processing instrument to be employed. Also, profiles of the WMA, Audit Service, the Attorney General as well as the people in the Wenchi Municipality.

Chapter Four is about the processing of data gathered, analysis and interpretation of data and discussion and presentation of outcome of this study. In doing so, focus would

be placed on the objectives and research questions set out to guide the conduct of the research.

Chapter five being the concluding chapter, will summarise findings from the analyses made in chapter four, draw conclusions and make recommendations, giving recourse to the findings of the study vis-à-vis the research objectives.

1.9 Scope and Limitations of the Study

It was anticipated that some factors have the potential to affect smooth undertaking of this study, the most pressing one being sourcing of data relevant to the study. Combing through archives for relevant literature for the study, it was observed that very little research work has been done on the topic, hence, making it difficult to get adequate and important literature pertinent to the topic under discussion, particularly in relation to the Wenchi Municipal Assembly. Moreover, funding was one major challenge as the nature of the study involved a lot of travelling, searching the internet for information and printing as well as other related cost. Finally, time has contributed its own quota to limitation to this write up. Even though limitations have the potential to affect the study in all respects, every assurance can be given that the study will cover enough grounds in order to bring a clear picture of the entire piece.

CHAPTER TWO

LITERATURE REVIEW

2.1 Public Sector Concept

Public sector is that part of Ghana's economic system that is controlled by the governments. It encompasses universal and critical services such as the military, National Security, Police, Fire Service, taxation, and various social programs. The

public sector comes together with private sector in producing or providing certain goods and services. The degree to this partnership varies from country to country. The partnership between the government and the private sector is most often seen in waste management, water management, construction etc.

“Good financial management is not enough by itself for success in delivering results for public services. It sits in a wider global context of governance and accountability, consultation and citizen involvement, performance management and leadership. It is influenced by its social context, cultural norms and political environment. However without effective financial management, services cannot deliver good value for citizens”. “Accountability involves someone being held responsible for something by somebody or something, in a particular prescribed. It is the potential of being held to account. Horizontal accountability relates generally to the checks and balances between the executive, legislature and judiciary, and between different tiers of government and administrative entities within the public sector” (Stapenhurst and O’Brien, unpublished; Scott, 2007).

In ethics and governance, accountability is answerability, blameworthiness, liability, and the expectation of account-giving. As an aspect of governance, it has been central to discussions related to problems in the public sector, nonprofit and private (corporate) worlds. In leadership roles, accountability is the acknowledgment and assumption of responsibility for actions, products, decisions, and policies including the administration, governance, and implementation within the scope of the role or employment position and encompassing the obligation to report, explain and be answerable for resulting consequences.

2.2 Supreme Audit's role in Management of Public Sector Finances

“There is a global acceptance of the important role played by SAIs in ensuring strengthened public sector financial management system and good governance of governments’ finances across Africa and beyond. SAIs are self-directed ‘watchdog’ of governments’ purse that embark on auditing of all state-owned organizations and, as such, their functions are among the most paramount functions to formal and structured systems of financial accountability and governance in the public sector” (ADB/World Bank Group, 2010). Promoting good governance, transparency, probity and accountability in the public sector management system of Ghana is the mission of the Audit Service. “Also, IFAC reiterates the importance of good or effective governance in the public sector can ensure not only efficiency in resources utilization, but also strengthened accountability for stewardship of those resources and also improved management and service delivery. This can therefore contribute to improved lives and also restore lost confidence in government departments” (IFAC, 2001). To achieve this, it is however important to acknowledge the role of not just state institutions, but well empowered and functioning ones. The existence of Ghana’s Supreme Audit Institution, the Audit Service is certainly not out of place as it has over the years sought to promote good governance in the management of Ghana’s public sector finances.

“Accountability and transparency become the focal point of the work public sector auditors perform, giving consideration to the role they play in supporting good governance. Through its work, the principles role of ensuring accountability and transparency can shine a light on other facets of the framework of good governance including performance, equity and rule of law. It will certainly be out of place to give a meaning to a robust public sector governance framework without making reference to

accountability and transparency” (Swarbrick, 2011). “The UK Committee for Public Accounts noted in their Report on the Proper Conduct of Public Business as referenced in (Swarbrick, 2011), that a framework needed for good governance must include effective systems of control and accountability, and above all responsible attitudes on the part of those handling public money. According to the Africa Development Bank and the World Bank, the objective of transparency and accountability cannot be achieved without effective SAIs. Although the government itself plays the primary role in implementing the budget, it is the SAIs that checks whether the budget has been implemented appropriately” (van Zyl, Ramkumar, and de Renzio, 2009). The 1977 Lima Declaration of INTOSAI states that “through their auditing work, SAIs should pursue the following four key roles of SAIs. These include communication of information to public authorities and the general public through the publication of objective reports; development of sound financial management; proper execution of administrative activities and finally, proper and effective use of public funds” (van Zyl, Ramkumar, and de Renzio, 2009).

“Government structure is supported by Auditing and verifying agencies’ and programs’ reports of financial and performance by testing their adherence to the organization’s rules and aims. Audit service has been the leading player in pursuing this course. Furthermore, oversight responsibilities of audits add up to public accountability by providing access to this performance information which is a relevant principal within and outside of the organization under audit. Elected officials and directors are responsible for setting direction and defining organizational objectives. Additionally directors are obliged to assess risks and set up effective controls to achieve objectives

and aims and avert risks. Having the oversight responsibility, state auditors assess and report on successes of these efforts” (IIA, 2006).

“Having oversight responsibility also describes the role many state auditors have to detect and deter public corruption, which includes fraud, misappropriation, inappropriate or abusive acts, and further abuse of power and resources entrusted to government officials. Management is monitored by Auditors on the internal control structure to recognize and reduce the conditions that breeds corruption. In many countries, public sector auditors also are responsible for responding to allegations of bribery and corruption in the government institutions which they serve through detection and deterrence” (IIA, 2006).

According to Swarbrick (2011) “From an accountability perspective, it is important for public resources to be utilized and objectives achieved in compliance with the laws and regulations of the Ghana”. This supports the IIA’s claim of the SAIs’ oversight role in public financial management system. In their document titled *The Role of Auditing in Public Sector Governance* (2006) the IIA identified detective and deterrent responsibilities of SAIs. The IIA explains that detection is intended to identify fraudulent, improper, inefficient, illegal or abusive acts that have already happened and to collect evidence to buttress decisions regarding criminal prosecutions, disciplinary actions, or other remedies while deterrence is intended to eliminate or reduce the conditions that allows corruption.

IIA also assigns to SAIs the role which makes them assess policies and programmes which are working and those that are not, giving out best practices and benchmarking information, and looking horizontally across government organizations and vertically

between the levels of government to find opportunities to borrow, adapt, or reengineer management practices. Furthermore, public sector auditing helps with focused information to public institutions by identifying trends and bringing attention to upcoming challenges before they develop into crises. The adequacy of corporate governance and the control environment, the effectiveness of processes to assess, identify and manage risks. “SAIs have oversight, insight and foresight responsibility in ensuring accountability and transparency in public sector financial management system” (Khan and Stern World Bank 2005), (DiMola 2010).

In discussing the role of SAIs from a different dimension, in his paper on the ‘Role of Audit in Fighting Corruption’, Akram Khan (2006) asserts that “public sector auditing plays a significant role in reducing corruption. He also believes, by adopting what he described as ‘participatory auditing’, SAIs have the responsibility to consider the possibility of engaging the clients and general public in establishing if there was a proper delivery of the public services funded from the public budgets”. Akram Khan (2006) believes SAIs must move from the traditional way of auditing which hinders auditors from ‘going beyond the books’. Auditors can play a vital role in assisting the many agencies responsible for investigation against alleged cases of corruption (Akram Khan, 2006). He again suggested that, SAIs need to play the role of ‘pointing out opportunities for corruption, resort to participative auditing and insist on public disclosure of guidelines for the use of discretion.

The Audit Service does not play any differing role in public sector management of Ghana other than the roles of SAIs discussed above. As a member of the INTOSAI, Audit Service of Ghana also plays oversight, foresight and insight responsibility as other SAIs across the globe does. For instance, a departmental accounting manual is

approved by the Auditor-General before it is put into practice (FAA 2003, Act 654) and (FAR, 2004). “The Audit Service also play detective and deterrence role in the public financial management system of Ghana. However, it is still to be established that the Audit Service of Ghana has the legal authority to report to an investigating body" as suggested by Akram Khan (2006).

2.3 Factors that contribute to Audit Queries

Audit Queries are the loop holes or malpractices that Auditors punches with government organisations for them to respond. Many factors contribute to Audit queries raised in various public organisations including WMA. The causes of observed deficiencies and risks of WMA are appropriately identified and clearly stated and the reasons include:

- a. Lack of awareness of laws, existing policies and procedures which include the Constitution, Audit Service, 2000 (Act 584), Financial Memoranda for District Assemblies, 2004 (Act 646), Local Government Act, 2003 (Act 656), District Development Facility Manual, FOAT Operational Manual 2011, (Financial Administration Act, 2003 (Act 654), Financial Administration Regulation, 2004 (LI 1802), Stores Regulations 1984, Valued Added Tax (Act 546), Public Procurement Act, 2003 (act 663), Internal Revenue Act 2000 (Act 592), Internal Audit Agency Act 2003 (Act 658), Whistle Blowers Act, 2006 (Act 720) etc.
 - i. Absence of trained, qualified or competent persons
 - ii. Absence of appropriate policies, regulations, rules and procedures
 - iii. Deliberate acts of non-compliance and abuse of office
 - iv. Unauthorised and/or illegal activities

- v. Negligence/non performance of functions
- vi. Defective or deficient internal control (including internal audit, monitoring, quality control, quality assurance and evaluation systems, etc).
- vii. Lack of resources, equipment and facilities. External pressure, events and other factors.

Section 20 of the Audit Service Act, 2000, Act 584, also specifies the reporting framework for submission to Parliament of the Auditor-General annual report and therefore requires the Auditor-General in pursuance of Article 187(5) of the Constitution to draw attention of Parliament of any irregularities in the accounts audited. Irregularity such as

- i. Government Officer or employee wilfully or negligently omitted to collect or receive any public money due to the Government;
- ii. When public money was not duly accounted for and paid into the Consolidated Fund or other designated public account;
- iii. Exceeded appropriations or applied for a purpose or in a manner not authorised by law;
- iv. Expenditures that are not authorised or properly vouched for or certified;
- v. When there are deficiencies through fraud, default or mistake of any person;
- vi. Inefficient or ineffective management and internal control measures
- vii. The use or custody of property, money, stamps, securities, equipment, stores, trust money, trust property or other assets has occurred in a manner detrimental to the State;
- viii. Using resources without due regard to economy, efficiency and effectiveness in relation to the results attained. Also any matter that is in the public interest should be brought to the notice of Parliament.

2.4 Public Accountability

Public Accountability is an icon that holds strong promises of fair and equitable governance and refers to the institutionalised practices of account giving where an actor feels an obligation to explain and to justify his conduct to some significant other. Bovens (2005) concludes that “Public Accountability is not just the hallmark of democratic governance; it is also a sinequa non for democratic governance. Public Accountability is ensuring that all public officers and organisations as trustees of public funds properly account for the utilisation or management of these funds”. The 1992 Constitution of the Republic of Ghana, recognising the need for strong public accountability, provided for the establishment of a number of Good Governance and Accountability institutions mandated to promote and safeguard public accountability and good governance, and the Audit Service is one. Public sector Auditing involves the examination of books of account to establish the propriety or otherwise, to know if public officers or organisations are working in accordance with relevant rules and regulations of the use of public funds. It also investigates the economy, which departments and agencies use government resources in achieving their objectives. State Audit as an integral part of good governance highlights instances where laws have not been used by management and needed strengthening; and possibly, value for money has not been achieved. The audit also helps ensure that programmes achieve the intended purposes, funds are judiciously used and assets are tolerably safeguarded against fraud, waste and abuse captured in the Auditor-General’s Report submitted to Parliament and subsequently, to the Public Accounts Committee of Parliament for deliberations and scrutiny in accordance with the Constitution. The usefulness of the Auditor-General’s report lie in the fact that they do not only identify and highlight organizational weaknesses; instances of fraud; misapplication of funds and negligence;

but also contain recommendations on what actions to be taken by Management. The Audit Service has over the years made recoveries of misappropriated monies running into millions of Ghana cedis mismanagements and contributed immensely to improvements in the public through the discharge of its constitutional mandate and functions. Achieving better public accountability is necessary because, citizens and taxpayers have legitimate interest in the value for money provided by government organizations that use public monies. Improved public accountability promotes operations, engenders public without saying a sound public and the work of the Auditor-General are of considerable importance in achieving better public accountability.

2.5 Public Sector Financial Management Concept.

“In recent years, there are rising global consensus about the significance and importance of public sector financial management for countries, especially developing economies. Not surprisingly there has also been a parallel debate about the detailed definition of PFM, its principal components and the levers by which it can be successfully improved and developed” (CIPFA, 2009). Like many other disciplines, PMF has not also been spared with definitional challenges. A thorough review of literatures has not revealed a universal definition of the subject. However, many scholars and professional bodies have made significant attempts to give definitions to the subject. According to the World Bank, “PFM refers to the budgeting, accounting, internal control, funds flow, financial reporting, and auditing arrangements by which they receive funds, allocate them and record their use” (World Bank, 2007). PFM is defined by World Bank in terms of its component parts. Their definition makes mention of ‘budgeting’ - projecting revenue and expense within a given period; ‘accounting’ - which simply means developing a process to identify, measure and communicate economic information to

permit informed judgment and decisions by the users of the information and ‘internal controls’ - putting checks and balances in place to ensure the system works effectively. The definition also takes into account, how funds flow within the system, how accounting information is reported, and finally, examining financial records and reporting on by an independent auditor.

According to the CIPFA of UK, “public financial management is the system by which the financial aspects of the public services business are directed, controlled and influenced, to support the delivery of the sector’s goals”. This definition focuses on “financial management for a purpose that is explicitly oriented towards the public service. It also embraces the point that PFM is about more than control, probity and compliance. It is also directed to supporting resource management and value for money, and to enabling the sector to progress and adapt to new challenges” (CIPFA, 2009). In a document titled “Framework on State Public Financial Management Reform” of Southern Sudan (2010), “PFM is described as the effective and accountable use of public resources to help underpin fiscal discipline. By fiscal discipline, there is effective control of the budget by setting ceilings on expenditure”.

As elaborated in the Sudan document, “the basic objectives of PFM are to collect sufficient resources from the economy in an efficient and effective manner that minimizes harm to economic activity, to allocate resources in accordance with government priorities and finally, to utilize resources in an effective and efficient manner to ensure that services are delivered and programmes implemented costeffectively”. Hedger & Blick (2008), in a background paper for the 2008 Triennial Conference of Commonwealth Auditors-General, “view PFM in the context of accountability. ‘Accountability forms part of PMF’ following a cycle of budget

planning. PFM follows a process of preparation of the budget based on agreed government policy priorities, through the execution of that budget and the implementation of its implied policy objectives, to the process of accounting and reporting for expenditure and performance, and then to the independent audit and scrutiny of that expenditure and performance, the legislative adjudication of probity and efficiency, and finally the feedback of lesson-learning for improved financial control and more efficient public sector performance” (Hedger & Blick, 2008). This definition is, in context, similar to the one given in the 2010 Southern Sudan state document of PFM (2010). By the definition, “the process of PFM does not end with accounting and reporting of public financial business, but is followed by independent audit scrutiny of expenditures and performance against allocated resources and the legislature questioning of public officers of significant matters boarding on probity and efficiency revealed by the audit, thereby providing feedback to the public”.

Referencing Pretorius & Pretorius (2009), Allen et al (2004) “narrowly confines PFM to activities at the downstream of budget execution, control, accounting, reporting, monitoring and evaluation”. Referenced again is the work of Rosen (2002) that” identifies PFM as the management activities of debt, tax and spending by governments, influencing income distribution and allocation of resources. The spending activities covers the cycle of the budget including the preparation, accounting, internal controls, internal and external audit, procurement, monitoring and reporting activities” (Rosen 2002). Also in their definition “Witt and Muller include oversight and control as well as describing PFM relationships as intergovernmental fiscal relations” (Witt and Muller, 2006)

2.6 Public Sector Auditing

Auditing according to INTOSAI is “an examination of the operations, activities and systems of a specific entity that ensures the execution or function in conformity with certain objectives, budgets, rules and requirements”. The public sector represents a principal-agent relationship. The officials acting as the agents public the principal .The officials must periodically account to the Public for their use and stewardship of resources and the extent to which the public’s objectives have been accomplished. At the end of every year an effective audit activity reduces the risks inherent in WMA. The Public relies on the auditor to provide an independent, objective evaluation of the accuracy of the agent’s accounting and to report on whether WMA uses the resources in accordance with the Public’s wishes. The need for a third party to attest to the credibility of the financial reporting, performance results, compliance, and other measures arises from several factors inherent in the relationship between the principal and its agent.

2.7 Elements of an Effective Public Sector Auditing

“Whilst the existence of an external public sector audit regime is a key element in the accountability and transparency of the public sector, in itself it is not sufficient to provide accountability and good governance” (Swarbrick, 2011). Certain factors have therefore been internationally identified and recognized as important to effective public sector or government auditing. Swarbrick asserts that “the public sector audit institution needs to be independent from the entities that it audits, have a sufficiently broad mandate, the right to report its work openly and the capacity to enable it to provide sufficient objective information to the legislature on how the executive has used its resources. Again, appropriate mechanisms for the legislature, or governing body of a

public sector entity, to review and follow-up on findings and recommendations from the public sector audit institution, leading as appropriate to corrective action or sanctions” (Swarbrick, 2011). Against this backdrop, the umbrella organization of the public audit communities at its 19th congress in Mexico

(2007) declared “eight core principles as the essential requirements of proper public sector auditing. Which are;

- i. The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework.
- ii. The independence of public sector auditor heads, including security of tenure and legal immunity in the normal discharge of their duties.
- iii. A sufficiently broad mandate and full discretion, in the discharge of public sector auditor functions.
- iv. Unrestricted access to information.
- v. The right and obligation to report on their work.
- vi. The freedom to decide the content and timing of audit reports and to publish and disseminate them.
- vii. The existence of effective follow-up mechanisms on public sector auditor recommendations.
- viii. Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources” (INTOSAI, 2007).

DiMola (2010) “also identified organizational Independence, formal mandate, unrestricted access, sufficient funding, competent leadership, competent staff, stakeholder support and professional audit standards as key elements of effective public sector auditing”.

2.8 Audit Recommendations

Audit recommendations are courses of action suggested by the auditor in line with the objectives of the audit to address the condition or adverse audit findings and control weaknesses as a means of improving government programmes and operations.

According to General Accounting Office of the U.S.A (1991) “Reducing cost and improving the effectiveness of government are major goals of the audit organization, However Audit organizations must make high quality recommendations to achieving these major goals. The benefit from the audit work is not in the recommendations made but in their effective implementation” (GAO, July 1991) to these effect the Office of Management and Budget (OMB) of the united states of America through its circular A50 “requires appointment of a top level Audit follow up official to ensure implementation of audit report recommendations, assign high priority to the resolution of audit recommendations and corrective actions”. Circular A50 of the OMB again “requires process resolution and corrective actions on audit recommendations and maintain accurate records of the status of audit report or recommendations throughout the process of resolution and corrective action”.

Giving the relevance of audit report and recommendations in the accountability process the situation is no different in the Ghana context as laws and regulations have been promulgated to make it mandatory on all government departments to set up a special committee with the mandate of seeing to the implementation of recommendations in Auditor-Generals report, Internal Auditor Report and Report of any internal monitoring unit of the organization.

INTOSAI requires that;

“At the end of each audit, the auditor should prepare his opinion or information in written form, thus evidencing, in an adequate manner, the discovered facts; its contents should be easy to understand, it should be exempt of vague or ambiguous expressions, solely including duly documented information, and also, it should be independent, objective, impartial and constructive.”

Through recommendations, the Auditor General on regularly basis brings out wide variety of ways to improve government operations and operations. For example, audit recommendations may show the cognizant agency how government services can be more responsive to citizen needs—at less cost to taxpayers. Recommendations made are not really the benefit from an audit work, but in their effective implementation.

Important measures of an audit organization’s effectiveness are the type of issues it tackles and the improvements it is able to effect. In addition, one of an auditor’s basic objectives is to have his or her work make a difference. When a recommendation is made to an agency, its management is basically responsible for implementing it. But auditors can do a great deal to improve the likelihood that a recommendation will be appropriately implemented. “The purpose of this guide is to help auditors get more action and better results from their audit work through the following means:

Quality recommendations: Whether audit results are achieved depends on the quality of the recommendation. A recommendation that is not convincing won’t be implemented. A recommendation that does not correct the basic cause of a deficiency may not achieve the intended result.

Commitment: When the auditor is committed to the need for action on a recommendation, he/she will do what needs to be done to get it implemented. Without that commitment, a recommendation may not achieve the desired action.

Aggressive monitoring and follow up: Acceptance of a recommendation does not ensure results; effective implementation does. Continued attention is required until results are achieved.

Special attention to key recommendations: While all recommendations require follow up, some deal with particularly serious or flagrant matters. They should receive special attention”.

2.9 Getting Action on Audit recommendations

“Getting action on audit recommendations has been a persistent problem—one that, over the years, has limited the effectiveness of audit organizations. The Auditor General’s reports continue to highlight significant audit follow up problems. They establish the need for better audit oversight of agency follow up systems and for auditors to give increased attention to recommendation implementation”. Recent management problems in government, such as the Agricultural Development Bank (ADB) and writing off loans of Board members demonstrate “the need for timely and effective communication of relevant, significant, and useful recommendations to those in a position to act on them. It is equally important to ensure that recommendations are appropriately considered, effectively implemented, and yield intended results” (www-tradoc.monroe.army.mil)

2.10 Public Accounts Committee

“One of Parliament’s most important roles is to hold the Government accountable for its use of tax payers’ monies and provide effective scrutiny and oversight responsibilities on such allocations. To perform these duties effectively, Members of Parliament (MPs) need objective, fact-based information about how well the government spends and manages public funds. Government as a result, relies on the Auditor- General’s reports to enable it carry out this function of monitoring how public funds are utilized nationwide. The Auditor-General serves Parliament by providing independent and reliable information about Government operations through legislative auditing. The information is presented as the Auditor-General’s reports which are submitted to Parliament. These reports are then forwarded by the Speaker of Parliament to the Public Accounts Committee (PAC). The main function of the Public Accounts Committee is the examination of audited accounts from the Auditor-General’s report showing the appropriation of the sum granted by Parliament to meet the public expenditure of Government and such other accounts laid before Parliament. (Standing Order 165 (2) as enshrined in the Standing Order. The PAC is one of the 11 Standing Committees of Parliament and consists of 25 MPs chaired by the leader of the largest minority party (Minority Leader) in Parliament. A third of the membership constitutes a quorum in PAC meetings which is attended by the Auditor-General or his representative. The Chairman determines the programme of work of the Committee and reports at least twice to the House in a year. (Standing Order 165 (1) The PAC has powers, rights and privileges of a High Court Judge at trial in respect of enforcing the attendance of witnesses and examining them on oath, affirmation or otherwise. It also has powers to compel the production of documents and issuance of a

commission or request to examine witnesses' abroad (Standing order 155). The PAC holds Public Hearings as and when the reports are forwarded to them by the

Speaker on issues raised in the Auditor-General's reports by inviting the affected MDAs and MMDAs to respond to the queries raised in the reports to find out the level of compliance on recommendations made in the reports. Two types of reports are submitted to Parliament by the Auditor-General which is the main resource material used by the PAC. These reports are: the statutory/annual reports and reports not subject to statutory deadlines. The Statutory reports are as follows: • Public Boards, Corporations and other statutory institutions

- Bi-annual report on statement of forex receipts and payments
- Pre-University and Educational Institutions
- District Assemblies and Traditional Councils
- District Assemblies Common Fund
- Public Accounts of Ghana (Ministries, Departments and Agencies)
- Public Accounts of Ghana (Consolidated Fund)" (www.ghaudit.org)

“The non-annual reports which are not subject to statutory deadlines include Performance and Special Audits reports. To facilitate the work of the PAC, the Auditor-General and his technical team brief members of the PAC on the content of the reports to clear any inherent doubts, ambiguities and misunderstandings before the formal public hearings. It also assists the PAC to draft reports on the public hearings for tabling before the House and also follow up on PAC recommendations and communicate back on progress made. To further deepen our relationship with the PAC, the Audit Service has created a Parliamentary Liaison Unit that is responsible for coordinating and facilitating the Service's participation in PAC and other Parliamentary meetings,

responding to requests for information from MPs and providing information and advice to Senior Management. The Auditor-General continually seeks feedback from Members of Parliament on areas of interest to them. This, he does through caucus briefings, informal one-on-one meetings and discussions with the chairman of the various select Committees. Briefs are also prepared for Committee Members to use during public hearings. The Parliamentary Liaison Unit also engages the PAC at stakeholders' fora to increase members' understanding of the operational methods and constraints facing the Service. The relationship between the two institutions is geared towards ensuring good governance, accountability and transparency in the disbursement, utilisation, reporting and monitoring of how public funds are used nationwide and therefore must be strengthened". (www.ghaudit.org)

2.11 Attorney General's Department

The attorney General is the legal representative of Ghana and represents the state in legal issues. The Attorney General picks up legal recommendation from PAC to execute. Those issues that demand tendering to the courts for decisions to be taken on especially in the case of criminal actions such as embezzlement, causing financial loss, Mishandling of state property or recovery amount from public officials who were surcharged through recommendations by the Audit Service or PAC. The Attorney General takes step in enforcing Audit recommendations through the Courts of the Land.

2.12 Audit Report Implementation Committee (ARIC)

ARIC is mandated to ensure the implementation of recommendations in audit reports of Ministries, Departments, Agencies (MDAs) as well as Metropolitan, Municipal and

District Assemblies (MMDAs) this committee ensures the implementation of recommendations submitted to it by both internal and external auditors. By this, the Assembly's resources are efficiently and effectively utilized. They also follow up Auditor-General and Public Accounts Committee's recommendations as well as those contained in internal audit reports.

Section 30 (1) of the Audit Service Act 2000 (Act 584) require MDAs, MMDAs, all institution, body or organization which is subject to auditing by the Auditor-General to establish an ARIC. The essence is to empower ARIC to give credence and attach importance to audit recommendations by ensuring compliance with recommendations. WMA is enjoined to be part of this enforcement, therefore recurrence of audit queries must be giving another reason if it's not completely eradicated or improve upon by WMA. Audit Committees are recognized as important high level independent corporate governance committees which supported the audit function and also facilitate the achievement of the objectives of organizations. In Ghana's Public Service, therefore, ARIC has a crucial role to play in the nation's quest for good governance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Research strategy

Research methodology according to Churchill (1995) "is a systematic approach to solving a research problem". This research adopts the case study approach which according to Merriam (1998) "it is an accepted and viable research tool partly because of its convenience and meaningful techniques which captures time-framed picture of the

research being undertaken”. “A case study research is also identified as conducting detailed investigation into an organization or entities within it for the analytical purposes of rightly situating the context and processes involved in the phenomenon under study”, (Perry, C 1998). According to Yin (1993) , “case study approach is not a method of researching but a research strategy , a number of methods may be used, such as qualitative or quantitative or both. The approach is however ideal in methodology when investigation is to be holistic and of particular interest. it give researcher’s the opportunity to keep readers informed and have them understand the complex issues understudy, extend and add the experience to already existing knowledge in the field of research. Adopting a case study enables the researcher focus effort on most important details to provide contextual analysis of events, their conditions and relationships”.

3.1 Research Design

The conduct of the research is defined by the design employed and this is dependent on the context in which it is conducted. There are types of research designs including Exploratory, Conclusive, Descriptive or Experimental.

For the purpose of this study; a case study of WMA on the Evaluation of Public Sector Audit Report, its Recommendations and implementations. It was prudent and more applicable to adopt the descriptive method to establish basic assumptions. The characteristics as discussed earlier inform the choice of the research design.

The descriptive method of research describes characteristics of a population or phenomenon because a problem is known. It provides some understanding of the nature of the problem and allows the testing of both implicit and explicit hypothesis. Largely qualitative analysis is employed.

Creswell (1994) describes the “descriptive type of research as a method that provides researchers an opportunity to gather current information relating to present existing conditions. Basically, the design of a descriptive research is to enable it unearth existing situation of a particular phenomenon of concern”. Fraenkel & Wallen (1996) stated that “descriptive essays provide direction toward determining the nature of a situation, as it exists at the time of the study. The emphasis is on describing rather than on judging or interpreting”. The method provides the flexibility extending the depth of a research when related important issues and questions arise during the period of study.

Descriptive research is therefore seen to concern itself mainly with the description of the nature, situation or condition and an in-depth understanding of a present situation. Adopting the method therefore presents the opportunity to describe the nature of the situation research at the time of study and to explore the causes of related occurrence. Using the descriptive method provided the researcher the room to accurately profile respondents, identify events and analyse situations. Adopting this style of research presents the researcher a need to have foreknowledge of the study area and to possess an unbiased view on the phenomenon as well before collecting data. First-hand information is obtained from respondents to establish sound conclusions and formulate recommendations based on the findings.

The descriptive method is advantageous for the researcher due to its flexibility; this method can use either qualitative or quantitative data or both, allowing for greater options in selecting the instrument for data-gathering, only qualitative data was gathered for the study. The aim of the research is to evaluate the Public sector Audit report and recommendations and assess whether these recommendations are

implemented. Per the above discussion, the descriptive method is best fit for this work because it offers the opportunity to gather information needed for study.

“Despite these advantages, descriptive research has its own deficiencies. The method though is a pre-requisite to finding answers to research questions; it does not sufficiently in itself provide comprehensive answers. It cannot establish cause and effect relationship and does not offer the investigator the luxury to conclusively deduce the cause of a phenomenon or determine what a future phenomena will be” (Fraenkel & Wallen, 1996).

3.2 Population of the Study Area

The population of the study area consist of management staffs of Wenchi Municipal Assembly and the management staffs of the Wenchi District Office of the Audit Service, since Audit reports and management letters are treated as confidential issues between these two bodies. This includes the Core staff of the WMA and the key staff of the audit Service Office at the Wenchi Office which makes the overall populations to be thirty (14) people

3.3 Sample size determination

A sample size of eight (8) core staff was selected to represent the WMA, and two (2) key staff of the Wenchi District office of the Audit Service. Following the adoption of descriptive research design and not too large a population, a cross section of the staff selected at WMA and the Audit Service office was appropriate. The sample size covered approximately 71% of the sampling frame and therefore considered quite representative for justifiable conclusions to be drawn.

3.4 Sampling technique

Samples are selected from within a general population using a suitable sampling tool. Engaging the usage of suitable sampling techniques is imperative to overcoming bias in the process of selection. Sampling in itself presents the researcher an opportunity to reduce cost and work within timelines. The various methods of sampling include:

- i. Simple random sampling: offers the opportunity to select at random from the sampling population without any bias.
- ii. Systematic sampling: provides an opportunity to order the sampling population and selecting samples at regular intervals using a determined order.
- iii. Stratified sampling: involves categorizing the sample population and selecting at random from each category.
- iv. Matched random sampling: population is divided into pairs based on a criterion and then randomly assigned to groups.
- v. Panel sampling: provide the opportunity to apply a repetitive test to randomly selected groups to select samples.

In this study, the stratified sampling technique was used to select the sample population of staff for the study. This technique was employed in order to achieve specific effect of segregating the staff into Key Management Staff and support staff of the WMA and field and non-field staff of the Audit Service. Having stratified the population, the researcher then used a non probability sampling procedure to select respondents for this study; it involves the use of purposive or judgemental sampling technique in selecting respondents for the research interviews. The researcher selected the core and experienced staff that can really provide us with the correct information needed for this work. In selecting the staff, the researcher wrote the names of all the staff and their

positions and selected them according to the level of Knowledge, position, years of experience and direct and indirect relationship to Audit works which are conducted yearly at the WMA.

3.5 Sources of Data

Basically, there are two main available sources of data for research work. These are:

The primary source of data - the field where data was collected directly from the respondents. The data collected is normally first hand and raw in nature, hence, free from inaccuracy and material distortions of facts. The primary data was collected using scheduled in depth interviews with management of WMA.

The secondary source - this is the source where data had been gathered, processed for a related subject and stored. Secondary data source such as existing research publications of other researchers on the subject under discussion, Public Sector Audit report and recommendations of W M A . The Assembly's profile, Organisational Manual and other important documents which include management's issues in the management letters for the period (2009-2013).

It is acceptable to use both primary and secondary sources of data in a study. However, due to the nature of this research, the researcher dwelt with about 70% on primary source of data and 30% of Secondary source of data for the study. This is because of the descriptive nature of the study and also for the fact that primary data leads to a conclusion base on first hand evidence. Primary data was gathered from selected staff of the WMA and the first hand Management letters issued on the Audits conducted on the WMA.

3.5.1 Data Collection Instruments

According to Mills and Huberman (1994) “there is no one standardized approach to the analysis of research data. The approach to be adopted depends on the research methodology and technique used in collecting of data. In order to attain the richness and fullness associated with qualitative and quantitative data, Perry (1998) suggested” that the approach should involve synchronising all the data collected into meaningful and related categories to enhance a systematic analysis of data”.

Data gathering instruments that were available for use included Structured and Unstructured Interview Questionnaires. Of the above mentioned, a structured questionnaire designed with open ended questions was the main instrument used in gathering data for the research. The instrument was used in order to get in-depth responses and to allowed respondents to be independent in expressing their views and reduced the tendency of restrictions to information as could have been in close ended questionnaire. The Researcher had one-on-one interview with the respondents who willingly took part in the research as indicated under ethical consideration. Also, the researcher employed other techniques such as observations together file and document review, where appropriate, to collect the data for the study.

3.5.2 Validation

Before the interviews the interview guide questionnaire was pre-tested, the essence of which was to see if the questionnaire would elicit the appropriate responses. Data gathered from the pre-testing was reviewed, and where responses to questions were not forthcoming, questions were reviewed to validate the appropriateness of the data obtained using the questionnaires.

3.5.3 Data Collection Procedures

As this study required the participation of human respondents, specifically staff of the WMA and the Audit Service, certain ethical issues needed to be addressed as part of the data collection procedure prior to conducting the interview. It is necessary in every research to consider some basic ethical issues as ensuring the privacy and safety of the selected respondents and the information they provide. Considered among the significant ethical issues is in relation to data collection procedures which first seeks respondent's consent and assure them of them of utmost confidentiality to the information they provide. To ensure successful data collection, the respondents were kept in the know of all the purpose of the study, including aim and the reasons for selecting particular respondents. Providing such background information positions respondents to understand the importance of their role in concluding the research. This was to ensure that respondents committed themselves willingly to the research and provided accurate and unbiased responses. Respondents were therefore not coerced into participating in the research.

3.6 Data Analyses Procedure

The descriptive research design employed made it that qualitative data was gathered and edited. The data obtained from the respondent during interview and response to open-ended questions in the structured and unstructured questions were entered into Microsoft Excel for tabulation and drawing of bar chart for the analysis to be done manually. This method is adopted because it provides an opportunity to presents responses in a simple form for easy interpretation. It further enables the researcher capture other qualitative responses in a discrete manner and analyse for reasonable conclusions.

3.7 Profile of the study area

3.7.1 Profile of Audit Service

“Audit Service is the Supreme Audit Institution of Ghana and a member of the INTOSAI and AFROSAI-E. The service was established in 1910 by the colonial government and was called the Audit Department headed by a Director of Audit. The Service has since its establishment, gone through several evolutionary processes to date, and is now headed by an Auditor-General with five Deputy Auditors-General in charge as sub heads of the five departments. The service is governed by the Audit Service Board made up of seven-members which draws its mandate from the 1992 constitution of Ghana under Articles 187, 188, 189 and the Audit Service Act 2000, (Act 584). The audit service is mandated to conduct routine auditing of all public accounts of Ghana and report it finding to the Ghanaian Parliament”.

“To effectively execute its responsibilities as required, the service has set for itself aims and vision that guides and steers it direction. The corporate vision is to be among the leading SAI’s across the globe by delivering professional, excellent and costeffective audit services. In order to achieve this, the service has outlined its mission to promote good governance in the field of transparency and to ensuring probity and accountability in Ghana’s public financial management system by meeting International Auditing Standards in executing its mandate” (www.ghaudit.org).

“To guide this is the institution of seven (7) broader objectives:

1. To implement the provisions in the 1992 Constitution and the Audit Service Act 2000 (Act 584) and the Audit Service regulations (constitutional instrument number CI 56) towards the financial, administrative and operational independence of the Audit Service.

2. To introduce and implement human resource policies and practices that promote the recruitment, training, career development, motivation, empowerment, advancement and retention of high professional calibre staff.
3. To promote increased accountability, probity and transparency in the management and utilization of public resources by applying modern and emerging auditing techniques.
4. To establish and operate quality control standards and performance assessment, monitoring and reporting policies and procedures to promote cost effective and efficient delivery of auditing services.
5. To increase audit coverage and to produce regular and timely audit reports on all areas mandated by the Constitution and the Audit Service Act and promptly make such reports accessible to interested parties and stakeholders.
6. To provide the enabling environment, facilities and logistical support needs to ensure optimal performance by all staff of the Service.
7. To improve and sustain communication and cooperation between the Audit Service and its clients, other professional bodies, Parliament and the accountability and good governance agencies.

To achieve its vision, mission and objectives, the service has created nationwide presence through creation of District Audit Offices in all the ten regions of Ghana to audit all public institutions. The Wenchi District Office, a part focus of this study is situated in the Wenchi municipality. The staffs of the Wenchi District Audit offices comprise the District Auditor, field and support staff (secretaries, typists, cleaners, drivers' security, etc)".

3.7.2 Wenchi Municipal Assembly

The Wenchi Municipal Assembly (WENCHI MUNICIPAL ASSEMBLY) derives its functions from Section 245 of the 1992 constitution of the Republic of Ghana as well as Section 10(3) of Act 462.

Vision Statement

The vision of the Wenchi Municipal Assembly is to develop capacity and ensure efficiency and effectiveness of the productive sector through sustained provision of the needed social, economic and technical infrastructure and the creation of an enabling environment for private sector participation in development/production within the Municipality. The objective is to reduce poverty and ensure equity in the distribution of basic facilities and services as well as reduce poverty and ensure equity in the distribution of basic facilities and services and thereby contribute to the realization of the goals of Ghana's vision 2020 programme.

Mission Statement

“The Wenchi municipal assembly exists to improve the quality of life of the people in the municipality through the provision of basic social, economic and social infrastructural services”.

Broadly, these functions are deliberative, legislative and executive in nature which includes the under listed;

1. The Office of the WENCHI MUNICIPAL ASSEMBLY is responsible for the overall development of Wenchi Municipal and ensures the preparation and submission through the Regional Co-ordinating Council for approval of the development plan to NDPC and budget of Minister of Finance for the Municipal.

2. The Office of the WENCHI MUNICIPAL ASSEMBLY formulates and executive plans programmes strategies for effective mobilization of the resources necessary for the overall development of the Municipality.
3. The Assembly promotes and supports productive and social development in the Municipalities and removes any obstacles to initiative and development.
4. It initiates programmes for the development of basic infrastructure and provides Municipal works services in the Municipality.
5. In addition, it is responsible for the development, improvement and management of human settlements and the environment in the Municipality.
6. It also cooperates with appropriate national and local security agencies for maintenance of security and public safety in the Municipal
7. The Assembly also facilitates/ensures ready access to the courts and public tribunals in the Municipal for promotion of justice.
8. The Assembly initiates, sponsors or carries out such studies as may necessary for the discharge of any of the functions conferred by the Act or other enactment; and
9. Finally, it performs such other functions as may be provided under any enactment or directed by the Sector Minister for Local Government and Rural Development.

Objectives of Wenchi Municipal Assembly

1. The Wenchi Municipal Assembly has the following objectives to achieve:
2. Developing/Strengthening the institutional capacity of the Assembly.
3. Strengthening the financial base of the Assembly and harnessing the investment potentials for the Municipal.
4. Developing effective information management systems.
5. Improving human service delivery of the Assembly

Structure of the Wenchi Municipal Assembly

Central Administration Division

This Division is the Central Secretariat of the WENCHI MUNICIPAL ASSEMBLY and the focal point for harmonizing departmental activities/functions in the Municipal. It is headed by the Municipal Co-ordinating Director who is supported by Heads of Units of the Central Administration Division and Heads of Decentralized Departments.

Decentralized Department of the WENCHI MUNICIPAL ASSEMBLY

The Civil Service Law, 1993 (PNDCL 327) and the Local Government Act, (Act 462) make all Departments within the Municipalities peripheral part of the Office of Municipal Assemblies. The Heads of these departments are ex-officio members of the Assembly without voting rights but only provide technical advice to facilitate the deliberations of the Assembly.

They report to the Assembly through the Municipal Co-ordinating Director, who is the bureaucratic Head of the Office of the Municipal Assembly.

The Departments are:

1. Education, Youth and Sports Department
2. Social Welfare and Community Development Department
3. Health Department
4. Agric Department
5. Works Department
6. Physical Planning Department
7. Finance Department
8. Natural Resources Conservation Department

9. Disaster Prevention Department

10. Trade and Industry Department

11. Central Administration

- General Administration
- Municipal Planning Coordinating unit
- Births and Deaths Registry
- Information Services Department
- Statistical Services

The Wenchi Municipal Assembly has many sources of funding but this research concentrates on their Internally Generated Fund (IGF), District Development Fund (DDF) and District Assembly Common Fund. At the end of every year the Wenchi District office conducts its routine audit of the Wenchi Municipal assembly and reports to Parliament through the regional office and head office. When the report gets to the regional office, the regional auditor makes inputs and forwards it to Audit Service Head office in Accra where issues of high public interest are selected from various MMDAs for the Auditor General's report to parliament. However because not all issues in the management letter appears in the main Auditor General' report this research will use and analyse the management letters of Wenchi Municipal Assembly. This information will be very important because all the issues raised from the audit will be accessible and findings and recommendations that were not implemented and those that were implemented. This will bring out critical issues which the researcher will use for useful conclusions.

CHAPTER FOUR

PRESENTATION OF DATA, ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter will tackle the analysis and interpretation of the data gathered from the in-depth interview conducted on the Wenchi Municipal Assembly, Internal Audit Unit and the District Office of the Audit Service. Also, the pattern analysis was made on two separate accounts of WMA which are IGF and DACF.

In the pattern analysis the recurrence of Audit issues will be represented by one (1) and non recurrence of issues will be represented by zero, in other words.

Audit issues recurring = 1

Audit issue not recurring = 0

4.1 Characteristics of the Respondent

The table below shows various characteristic of the respondent for this study, which include the Position, the Level of Education and the years of job experience.

Table 4.1 Characteristics of the Respondent

WENCHI MUNICIPAL ASSEMBLY RESPONDENT	EDUCATION LEVEL	YEARS OF EXPERINCE
POSITION OF RESPONDENT		
Municipal Coordinating Director (MCD)	1 st Degree	20 years
Municipal Finance Officer (MFO)	1 st Degree	24 years
Municipal Planning Officer (MPO)	Masters Degree	7years
Municipal Budget Officer (MBO)	1 st Degree	10years
Internal Auditor (IA)	1 st Degree, ICA	5years

Environmental Health officer (EHO)	Diploma	17years
Municipal Engineer. (ME)	1 st Degree	7 years
Human Resource Manager (HR)	1 st Degree	3years
AUDIT SERVICE RESPONDENTS		
District Auditor	1 st Degree	24years
District Administrator	Masters Degree	7years

Table 4.1 depicts the characteristics of the respondents used in the study. It can be envisaged that the position, level of education and the working experience of respondent have direct bearing on the response they provided.

That is to say that the responses obtained from the respondents who occupy key management position with higher level of education and vast working experience were more substantial as compared to the ones which could have been obtained from the respondents who are support staff with lower level of education or not much experienced.

For instance the responses provided by the Municipal Coordinating Director (MCD), the Municipal Finance Officer (MFO) and others were so detailed, understandable, helpful and reliable as compared to the responses that could have been provided by the Accounts Clerk, the driver or the secretary.

This was the case because the Municipal Coordination Director (MCD) and the Municipal Finance Officer (MFO) had a 1st degree and had worked for about 20years

and 24years respectively whereas Municipal Engineer (ME) and Human Resource (HR) had their 1st degrees and had also worked for 7years and 3years respectively.

Therefore, the individual characteristics of the respondents used in the study, shows how reliable and authentic the information obtained from the interviews are, which will help this study yield a fruitful conclusion.

4.2 The Pattern Analysis of Audit Reports

In Public sector Audit reports the Criteria on which public sector organisations are Audited and reported on include the Constitution, Audit Service Act, 2000 (Act 584), Financial Memoranda for District Assemblies, 2004 (Act 646), Local Government Act, 2003 (Act 656), District Development Facility Manual, FOAT Operational Manual 2011, Financial Administration Act, 2003 (Act 654), Financial Administration Regulation, 2004 (LI 1802), Stores Regulations 1984, Valued Added Tax (Act 546), Public Procurement Act, 2003 (act 663), Internal Revenue Act 2000 (Act 592), Internal Audit Agency Act 2003 (Act 658), Whistle Blowers Act, 2006 (Act 720) etc. These are the documented standards on which reporting and recommendations are based.

4.2.1 Analysis of Internally Generated Fund (IGF)

From the tables below, thus Table 4.2.1- Table 4.2.5 the criteria's are cited from any of the above Laws and Financial Regulation which are standards that public officers are expected to follow to achieve public financial management efficiency. Audit issues on these tables come with their various recommendations which should be implemented by the Management of WMA. The Criteria's of these issues in the tables below are critically spelled out.

Failure of revenue collector to fully lodge collections into bank: Part VIII, Section 31 of the Financial Memoranda for Assemblies states; “All revenue collected shall be paid to the Treasury or Bank in full and any commission or salary payable to collectors shall be paid from and expenditure item.”

Cheques drawn and paid without corresponding payment vouchers: Section 1, Part IX of the FMDA states that; “Every payment shall be supported by the original of a voucher, which shall contain full particulars of the service for which payment is being made and the head, sub-head and item or account to which is to be charged.”

Maintenance Repairs without Works Order: Section 1522 of the Stores Regulations, 1984, requires that a request for repairs and maintenance of Building, plant and machinery should be made by means of a purchase order or works order. The essence is to avoid a situation where bills submitted for payment will include work not done or work not satisfactorily done.

Unretired Imprest/Imprest not fully accounted for: Public Officers who have been given imprest to undertake specific assignments are required by Part XI, Section 39 of the Financial Memoranda (FM) to retire such imprest after the execution of the assignments with genuine receipts, statements and documents etc.

Revenue performance: Municipal Assemblies are empowered by Section 95 of the Local Government Act, 1993 462 and Part IV Section 3 of the FM for MMDA’s to make and levy sufficient rates to meet its estimated expenditure for the year having regard to other sources of revenue.

Payment Vouchers not pre-audited by the Internal Audit Unit: Section 120 of the Local Government (Act 462) of 1993, mandates all MMDAs to have an Internal Auditor

whose functions shall include the vetting of payment vouchers before payments are made. The Internal Auditor constitutes an aid to management in the efficient discharge of its financial duties.

Non Functioning of Assembly’s Audit Report Implementation Committee (ARIC):

Section 30 clauses (1) b, c, (2) and (3) of the Audit Service Act, 2000 Act 584 states;

(1) ‘an institution, body or organization which is subject to auditing by the Auditor-General shall establish an Audit Report Implementation Committee

(2) It shall be the duty of the Audit Report Implementation Committee to ensure that the head of an institution, body or organization to which section (1) applies

(a) pursues the implementation of matters in all audit reports as well as the Auditor-General’s reports endorsed by Parliament as well as financial matters raised in the internal monitoring units in the institution, body or organization; and

(b) annually prepares a statement showing the status of implementation of recommendation made in all audit reports as well as the Auditor-General’s reports which have been accepted by Parliament and any other related directives of Parliament.

(3) The statement shall show remedial action taken or proposed to be taken to avoid or minimize the recurrence of undesirable features in the accounts and operations of the institution, body or organization and the time frame for action to be completed’’

Payment procedures with regard to assistance to brilliant but needy students:

Section 13(b), Part IX of Financial Memoranda for Metropolitan, Municipal, District

and District Assembly states among others that: “All payment vouchers shall be receipted by the attachment to the payment voucher of the payees’ official receipt.”

Failure to insure Assembly’s vehicles: Section 62, Part XII of the FMMDA states emphatically that; “All vehicles shall be comprehensively insured”.

Fuel purchased without quoting registration nos. of vehicles: Store Regulation 1604, Chapter 16 of the Ministry of Finance and Economic Planning Store Regulations, 1984 directs among others that a vehicle logbook is to be maintained for every vehicle where journeys undertaken, fuel, oil and lubricants provided such vehicles would have to be entered. In doing so, aside enhancing accountability, the process facilitates sound verification. It is therefore incumbent on procurement officers of fuel to quote registration numbers of vehicles on the fuel receipts obtained.

Unsupported payment vouchers: Sections 7 and 13, Part IX of the Financial Memoranda and generally accepted accounting practices require payment vouchers to be supported with full particulars of transactions including dates, numbers, quantities, rates, purchase orders, invoices receipts etc, so as to ensure that different payments can be checked against their relevant documents without reference to any other document.

The tables below throw more light on the Audit issues as compared to its recommendations by the Auditors in the WMA management letters.

Table 4.2.1 IGF REPORT YEAR 2009

AUDIT FINDINGS	RECOMENDATION
Payment Voucher not properly acquitted	Management should acquit the PV’s or amount should be retrieved from the MCD and MFO

Unauthorized payments: Payment vouchers were not authorize by MCD	In future all payments Vouchers should be authorized. And these vouchers should be authorized for verification
Payment for IGF without official receipt	Management must ensure PV's are properly receipted by the payee failure of which the amount should be refunded to the Assembly coffers
Imprest not accounted for on business transacted on behalf of the Government	Management should prevail upon the officers concerned to account for the monies in their possession without further delay
Revenue collected but not accounted for	Revenue realized should be banked in full before disbursements
Expenditure without payment Vouchers and supporting documents	Properly authorized and approved PV's should be prepared with genuine supporting expenditure documents
Poor Transport management of Official Vehicles without Log book	Management was advice to procure log books to record all fuel and lubricant purchased and journeys undertaken
Delayed payment of revenue to bank by Revenue Taskforce	The MCE and MCD should be blamed
Non –establishment of an Audit Implementation committee	Management should constitute ARIC
Payment Vouchers not Pre-Audited	Henceforth Management should ensure a pre-audit before any expenditure is made

Source: (Researchers field work)

Table 4.2.2 IGF REPORT YEAR 2010

AUDIT FINDINGS	RECOMMENDATION
Misappropriation through unreceipted payments to suppliers	The MCD and MFO should refund this amount since they were unable to receipt the PV's
Unauthorized payments. Payment were not unauthorized by the MCD and MFO	The amount should be recovered from the MCD and MFO

Expenditure without payment Vouchers and supporting documents	We recommend the MCD and MFO should be held responsible
Unretired imprest	Management should make sure officers concerned duly account for the sums indicated against their names
Misappropriation of funds through unsupported payments	The MCD and MFO should jointly be held to return the money to the Assembly without further delay
Maintenance of Vehicle without works order	Management should in future prepare works order and ensure that the authorize officer always signs it.
Items purchased not routed through stores	Management should ensure procurement procedures are strictly adhered to ands items bought should be passed through stores
Overpayments. The total amount paid was lesser than the expenditure documents attached	
IGF cash book written in Pencil	To avoid loss of funds through alteration and falsification of figures we advised management that all total and balances should be written entirely in ink

Source: (Researchers field work)

Table 4.2.3 IGF REPORT YEAR 2011

AUDIT FINDINGS	RECOMMENDATION	REMARKS
Revenue performance. The WMA failed to achieve it revenue target	<ol style="list-style-type: none"> 1. The need to maintain update revenue register. 2. There should be regular sensitization on the need for payment of revenue. 3.WMA should provide developmental projects to serve as a motivation to the public for payment of revenue 	
Cheques drawn and paid without corresponding payment Voucher	Though Management belatedly addressed the issue. The MFO, MCD, are cautioned against this actions	

Unaccounted disbursed funds. There were differences in the amount submitted and amount disbursed	The MFO and MCD should both be held liable to refund the amount and also disbursements should be done according to identified regulations	
Unretired Imprest	Management should make sure officers concerned duly account for the sums indicated against their names failure of which will be treated as personal advances	The amount was treated
Repairs without works order	Management to ensure the introduction of works order in maintenance of the Assembly assets	
Payment voucher not pre – audited	We recommend compliance with regulations by the MCD and MFO and in future management should make sure all PV's are pre-audited before payment are made	
Absence of Fuel Control records. LOGBOOK	Management was advice to procure log books to record all fuel and lubricant purchased and journeys undertaken	
Payment of salaries to unidentified Person	Management was urged to delete the name from the payroll	The controller and accountant General deleted the name in April 2012
Unapproved study leave with pay	We urge management to pursue the approval and Bond them to prevent them from absconding after completion	
Updating of mechanized payroll	Management should ensure that name of staff transferred are taken transferred to their various stations	

Source: (Researchers field work)

Table 4.2.4 IGF REPORT YEAR 2012

AUDIT FINDINGS	RECOMMENDATION	REMARKS
Cheques drawn and paid without corresponding payment Voucher	Management must desist from such practice to prevent any loss in future and the MCD, MFO should be liable to refund the amount	
Payment Vouchers not pre-audited	Management should only effect payments of vouchers that has passed due diligence and pr-audited	

Accountable imprest not fully accounted for	We enjoined management to put rigorous measuring place over imprest administration to ensure compliance with the regulations in all future related transaction	Management said it had tasked the former imprest holders and other beneficiaries to fully account for the outstanding imprest
Payment Vouchers without Public expenditure warrant	Management must ensure that all future payments go through the necessary expenditure cycle with emphasis on warrant preparation before are drawn	
Unreceipted Payments. Failure to obtain official receipt from suppliers	Management should account for the funds failure of which the two finance officers will refund the amount	
Payment of sub committees sitting allowance and feeding without corresponding minutes on deliberations	The MCD and DMCD should produce the records for inspection failure to which the amount should be recovered from them for failing to ensure that the sub-committees did not leave up to their expectation	
Failure to keep imprest cashbook for imprest released	Management must introduce cash book for imprest operations	Management belatedly introduce cash book for imprest operations
Erasures, writing over figures and maintenance of pencil revenue total in chief Revenue officer's book.	The MFO was urged to ensure that enough supervision and education were provided for his subordinate staff in maintenance of official accounting records.	

Source: (Researchers field work)

Table 4.2.5 IGF REPORT YEAR 2013

AUDIT FINDINGS	RECOMMENDATION
Failure to deduct and pay withholding taxes	Management and the MFO are to pay for the amount
Failure to properly acquit payment.	The MFO and the Account Technician should be
Payments of commission to consultant without service agreement	Management should submit the contractual the agreement with the consultant if any

Failure to collect contract revenue from XYZ company	The MCD and the rest of the management should immediately recover the total Amount
Unpresented payment Vouchers	Management should jointly retrieve the PV's from EOCO
Failure by the Revenue station to hand over stock register	The MFO should ensure from henceforth station officers are made to hand over the distribution register and all office property before proceeding on transfer
Payment not Pre-Audited by the internal audit	The MCD and the MFO should ensure compliance with the regulations in future
Loss of VAT on procurement	The Assembly should henceforth procure from VAT registered entities
Failure to prepare public Expenditure Management Warrant forms	The MCE, MCD and MFO should ensure that, henceforth all payment must go through the necessary expenditure warrant preparation and the necessary endorsement before payments
Revenue Performance	The MCE, MCD and MFO to ensure improvement in the revenue mobilization
Wrongful lodgements and transfer of funds	The MCD should ensure that the HIV management team provides evidence of their activities
Failure by ARIC to address issues raised in internal Audit report	Management should ensure henceforth ARIC takes Internal serious with regards to implementations raised in them
Non- Use of proper cash books by Revenue collectors and late payments of commission	It was emphasized that management in the interest of the Assembly, be circumspect in handling of revenue collectors while also treating them with due decorum

Source: (Researchers field work)

Con't Table 4.2.5 IGF REPORT YEAR 2013

IT support and delivery including business continuity plan	Management should undertake a comprehensive assessment of potential risk faced by all its system and business critical programmes and the likely impact of those risk on the Assembly in case of disaster
IT Security-Logical and Physical Access Controls	Management of the Assembly should have in place and IT Policy that would define the logical and physical Access to the Assembly's IT installations so as to ensure the confidentiality and safeguarding of data, information and equipment

Offer of financial assistance to students without appropriate documents.	The MCE and MCD should ensure the involvement of social service committee of the Assembly in the determination and offer of such assistant
Writing over figures and untidy cancellations in accounting records	Management must ensure that these anomalies cease henceforth
Operation of Guest House without guidelines	We ask management to immediately form a committee to come out with an operational guideline to oversee the facility.
Unauthorized recruitment and recovery of unearned salaries to chest	The MCD and the rest of the management for their vigilant role in averting crime against state and reporting thereon to BNI. We urge management to cause the interdiction of all involved for thorough investigation

Source: (Researchers field work)

Table 4.2.6 is the summary analysis of the tables above tables which shows the pattern of reported audit issues and how frequent they have occurred within the period 2009-2013.

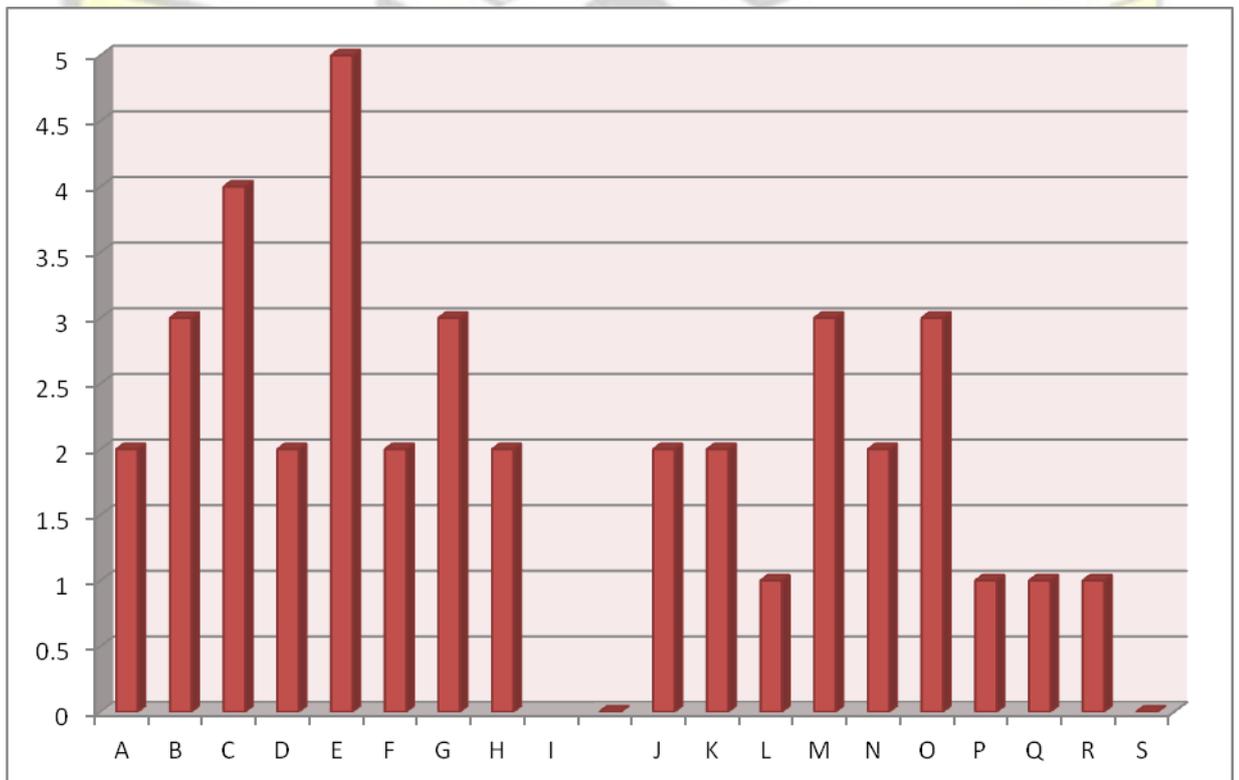
Table 4.2.6 Summary Analysis of IGF

Audit Issues	REP	2009	2010	2011	2012	2013
Payment Vouchers not properly acquitted	A	1	0	0	0	1
Unauthorized payments	B	1	1	0	0	0
Payment for IGF without official receipt	C	1	1	0	1	0
Imprest not accounted for on business transacted on behalf of the Government.	D	1	1	1	1	0
Revenue collected but not accounted for	E	1	0	0	0	1
Expenditure without payment Vouchers and supporting documents	F	1	1	1	1	1
Poor Transport management of Official Vehicles without Log book	G	1	0	1	0	0
Low revenue performance and delayed payment of revenue to and bank by Revenue Taskforce	H	1	0	1	0	1

Non-establishment of an Audit Report Implementation Committee and Failure to address issues raised in Internal Audit report	I	1	0	0	0	1
Payment Vouchers not Pre-Audited	J	1	0	1	1	1
Misappropriation of funds through unsupported payments	K	0	1	0	0	1
Maintenance of Vehicle without works order	L	0	1	1	0	0
Items purchased not routed through stores	M	0	1	0	0	0
Erasures, writing over figures and poor maintenance of cash books and writing pencil	N	0	1	0	1	1
Unretired Imprest	O	0	0	1	1	0
Payment Vouchers without Public expenditure warrant	P	0	0	1	1	1
Failure to deduct and pay withholding taxes	Q	0	0	0	0	1
Payments of commission to consultant without service agreement	R	0	0	0	0	1
Loss of VAT on procurement	S	0	0	0	0	1

Source: (Researchers field work)

Figure 4.2.6 Summary Analysis of IGF



Source: (Researchers field work)

Issues that have repeatedly reported on for:

All the five years = 1

Four out of the five years period = 2

Three out of the five years period = 4

Two out of the five years period = 8

As referenced in the literature review, the benefit from audit work does not necessarily lie in the recommendations given, but how well the recommendations are implemented by the audited entity. Reporting audit findings follow a straight-jacketed process of identifying a condition vis-à-vis guiding criteria or applicable financial laws to which the condition or the established fact is a violation, details of how the violation came about and its related effect(s) and finally, recommendations suggesting the remedial actions to be taken by management of the audited entity to avert the situation or avoid recurrence in the future. To this effect, it is expected that issues reported on in one financial year's audit report do not resurface in subsequent reports once recommendations given to remedy the situation have been implemented to the fullest. In line with the research objectives, analyses of a five year period management letters covering the audit of accounts of WMA to evaluate the extent of implementation of recommendations therein revealed as discussed below:

Trend analyses of the IGF reports showed that, for five consecutive years, an anomaly or audit query out of fifteen issues repeated itself. The anomaly which bordered on payments which had no supporting documents such as invoices, receipts, bills of quantities, way bills, store records among others, had reflected in each of the five year period reports starting from 2009 to 2013. To address the anomaly, the auditors had given their recommendations in each of the years in with the anomaly and follow up actions duly taken by the auditors to ensure enforcement of the recommendations, but

to no avail. The same issue had been repeated in each of the five year period reports. It is therefore implied that, recommendations were not given any attention, and follow up actions yielded no results, hence the recurrence of the anomaly.

4.2.1 Analysis of District Assembly Common Fund (DACF) Reports

From the tables below, thus Table 4.2.8- Table 4.2.12 the criteria's are cited from any of the above Laws and Financial Regulation in paragraph 4.2 which are standards that public officers are expected to follow to achieve public financial management efficiency. Audit issues on these tables come with their various recommendations which should be implemented by the Management of WMA. The Criteria's of these issues in the tables below are critically spelled out.

Misapplication of Funds: Regulation 179 of FAR, 2004 (L.I. 1802) prohibits a head of department from authorising payments from funds earmarked for specific activities for purposes other than those activities.

Failure to account for funds with official receipts: Section 28 (1) of the Financial Administration Regulations, 2004 (L. I. 1802) requires government officials to issue original receipts in acknowledgement of monies received. It therefore holds government officials to obtain official receipts when payments are made on behalf of government.

Unsupported fuel purchases in respect of project monitoring: The FAR 39(1&2) of LI 1802 states that, "A head of department shall ensure that moneys are utilised in a manner that ensures both optimum value for money and the intention of Parliament."

Payment vouchers not presented for audit: Part I, Section 1 of the FAR (L.I. 1802) requires of any officer responsible for the conduct of financial business on behalf of Government of Ghana, the receipt, custody, care, and use of public stores to keep proper

records of all transactions and to produce records of the transactions for inspection when called upon to do so by the Minister, the Auditor-General, Controller and Accountant-General or any officer authorised by them.

Non-competitive procurement Section 43 (1) of the Public Procurement Act, 2003 (Act 663) enjoins a procurement entity to request quotations from as many suppliers or contractors as practicable from at least three different competitive sources. Additionally, Section 92(1) also, cautions that, any person who contravenes any provision of this Act to have committed an offence and where no penalty has been provided for the offence, the person is liable on summary conviction to a fine not exceeding 1000 penalty units or a term of imprisonment not exceeding five years or both.

Fuel purchases not accounted for in logbooks: Section 60 of Part XII of the Financial Memoranda for Assemblies directs among others that, every Assembly should maintain a logbook for every vehicle in which daily recordings of all fuel, lubricants purchased, journeys undertaken and particulars of persons doing the journeys shall be made by the driver of the vehicle involved.

Paid vouchers not stamped 'PAID': Section 19 of FM for MMDAs states that, immediately after a voucher is paid, the officer who made the payment shall stamp the voucher 'PAID', together with all attached documents, adding the date and that where a payment is made by cheque, the cheque number shall be quoted on the voucher.

Loss of VAT on procurement: Section 183(4), Part VI of the Financial Administration Regulations, 2004 (LI 1802) states that, a department shall procure government stores from only Value Added Tax (VAT) registered persons or entities and any department

that requires an exemption for any specific case shall apply with the necessary justification.

Unauthorised Payments: Regulation 2 of Part I of FAR states that, the head of government department shall receive and order the disbursement of any trust moneys for which the head of department has been appointed as administering authority by or under any enactment or agreement.

Payment vouchers not pre-audited by the Internal Auditor: Part II, Section 3 of the Internal Audit Act, 2003 (Act 658) requires of the Internal Audit Unit of every MMDA and MDA to carry out internal audit review of their respective MMDA and MDA and submit reports of such audits to the Director-General of the Agency.

Expenditure Management Warrants not certified and authorised: Part IX, Section 3 of the Financial Memoranda for Metropolitan, Municipal and District Assemblies (FMMDA) states; “Payment vouchers shall be certified by the officer authorized by the Assembly to incur the expenditure.”

Misapplication of main common fund: Section 87 (2) of the Local Government Act, 1993 (Act, 462) states that, “ for the avoidance of doubt all monies received by a District Assembly from District Assemblies Common Fund shall be expended only on projects which form part of the approved development plan for the District.” Additionally, Section 7, Part IX of the Financial Memoranda for MMDAs requires of the attachment of original invoices and receipts to payment voucher to authenticate them.

Overpayments made on vouchers: Section 1, Part XI of FMDA states among others that overpayments can result from situations where computations and castings on payment vouchers are found incorrect. On the basis of this, Section 2, Part XI of FMDA places

responsibility on Finance Officers to ensure that adequate checks against negligence and misconduct are in force in the Assembly and efficiently maintained.

The tables below throw more light on the Audit issues as compared to its recommendations by the Auditors in the WMA management letters.

Table 4.2.8 DACF REPORT YEAR 2009

AUDIT FINDINGS	RECOMMENDATIONS
Non-Competitive Procurement.	Management was advised to always obtain competitive quotations from three sources and purchase from the most favourable source.
Distribution of X'mas packages without approval and evidence.	a. A retrospective approval should be sought from either the Assembly or Executive Committee. The HR personnel should provide a genuine signed list of beneficiaries of the items for verification.
Items procured but not routed through store	Management must ensure that procurement functions are properly organized, procurement procedures are strictly adhered to, and items procured are routed through stores.
Dealing with non-VAT registered suppliers.	Management should retrieve this amount from the suppliers and service providers and remit to the VAT Service.
Monies not accounted for by Mr. XYZ	We advised management to ensure that Mr. XYZ (former MCE) concerned in this trade investment mission on behalf of the Assembly duly account for the sums indicated or monies given should be refunded to chest with immediate effect.
Irregular payment of commission to a revenue collected.	a. The MCD should grant retrospective approval for the payment if indeed it was a genuine transaction. b. To provide details of the revenue collected to justify the payment and C. retrieves 10 percent tax from the collector and remits same to IRS.

Repair of vehicles and suppliers without works orders.	Management to comply with the provision of the regulation in future so as to ensure that the authorizing officer always signs works orders and a certificate of satisfactory completion of work is attached to the relevant payment vouchers to authenticate payments.
Non- declaration of assets by DTC members.	We urged management to ensure that members of the MTC declare their assets immediately to the Auditor-General.

Source: (Researchers field work) **Table4.2.9 DACF REPORT YEAR 2010**

AUDIT FINDINGS	RECOMMENDATIONS
Failure to obtain receipts to cover deductions made from DACF allocation.	Management was urged to obtain official receipts from the Administrator to cover the deductions already made and to ensure to obtain official receipts for all subsequent deductions that would be made at source from the Assembly's share of the fund.
Misappropriation of fund through unsupported payments.	Management should ensure that moneys advances are properly accounted for by providing the required attachments for our scrutiny and to ensure future compliance with laid down rules and regulations.
Unretired Imprest	Management should ensure that the officers concerned duly account for the sums indicated against their names or the said amounts treated as personal advances granted to them.
Misapplication of main common fund.	The MCD who is the spending officer should be held liable for the misapplication and therefore be surcharged with the unaccounted amount. Management was again advised to develop the culture of applying funds for the intended purposes.
Payment of mobilization fees without security.	We recommended that the MCD who authorized payments should obtain the appropriate guarantee for the advance payment made to the contractor.
Misappropriation of funds through unauthorized payment vouchers	The MCD and MFO should be made to refund the misappropriated amount.
Fuel purchased for reshaping of rural roads	We recommended immediate recovery of the amount from the MCD, MFO and Municipal Engineer.
Misapplication of MP's Common Fund	The said amount should be returned to his account. Also desist from disbursing the MP's fund without authority from him.
Payments made for alleged monitoring of projects without any monitoring reports	The MCD and MFO should return the fictitious payments to the Assembly's kitty.
Failure to pay withholding tax deduction to IRS	Management should the said amount of IRS without delay.
Payment vouchers not pre-audited Internal Auditor.	Management should ensure that henceforth, the provision of the Act is adhered to. This will ensure transparency, probity and accountability in the financial management of the Assembly's resources.

Absence of contract register for contracts awarded	The MFO should maintain an up to date and credible contract register in order to ensure that the Assembly obtains value for money for all the contracts it undertakes.
Unstamped Payment Vouchers	Management should ensure that there is adequate supervision in the finance office to ensure that this regulation is complied with to avoid duplication of payments.
Performance audit	In order to be able to meaningfully evaluate how efficiently the Assembly managed its projects and assess the impact of the projects to the beneficiary communities, we expressed hoped that the Assembly would now make it possible for us to inspect their projects.

Source: (Researchers field work)

Table 4.2.10 DACF REPORT YEAR 2011

AUDIT FINDINGS	RECOMMENDATIONS
Disbursement of funds without any supporting documents.	Management should ensure that funds advanced to personnel in future are properly accounted for with the requisite certified documents.
Misapplication of Main Common Fund. Used for Poor but needy students without adequate support documents	The MCE and MCD Should ensure pro-activeness of the Social Service Sub-Committee in the selection of brilliant but needy students in future. Furthermore the MCD and MFO were urged identify the beneficiary needy students or their parents/guardians to avail the Assembly with the authentic official receipts of the institutions to acquit the total amount failure of which they should be jointly held liable to refund the amount to chest.
Failure to pay withholding taxes deducted to Internal Revenue Service.	It was recommended to management to pay the said amount to Internal Revenue Service without any further delay. Management should ensure that in future tax deductions are remitted to IRS in accordance with the stated provision to avoid the imposition of penalties in future.
Failure to obtain Value Added Tax (VAT) receipts from alleged VAT collection agents.	Management should initiate action towards recovering the amount and pay same to the Secretariat or the DACF accountant.
Cheques drawn and paid without corresponding payment vouchers.	
Unaccounted funds	Management should compel the affected officers concerned to render full accounts of the total amount.
Fuel/Lubricant purchased but not recorded in any vehicle log book	Management should immediately procure logbooks for each vehicle to record all fuel and lubricants purchased as well as journeys undertaken. Meanwhile efforts should be made to have a scheduled transport officer to provide in-service training to the handicapped drivers.

Fuel purchased without quoting registration no.	It was recommended that recovery of the amount from the Cashier, who paid for the alleged fuel purchases. Meanwhile efforts should be made in future to ensure the proper accountability of fuel payments.
Purchase of used car engine without valuation certificate.	
Payment vouchers not vetted by the Internal Auditor.	It was strictly recommended to management the adherence to the provision of Section 120 of Act 462 by involving Internal Audit Section in the validation of all transactions.
Failure to insure Assembly's vehicle.	We therefore advised management to comply with Section 62 of the FM.

Source: (Researchers field work)

Table 4.2.11 DACF REPORT YEAR 2012

AUDIT FINDINGS	RECOMMENDATIONS
Payment vouchers not pre-audited by Internal Audit Unit before actual payments were made	Part IX, Section 14 of the Financial Memoranda recognizes the key role of Internal Audit Units. Meanwhile management's action of belatedly having the affected vouchers pre-audited by the Internal Auditor we found not remedial, since the import of the regulation had already been defeated.
Unreceipted payment vouchers.	The MFO and the DACF Accountant be held responsible to account for the payments after due authentication by the MCD, Meanwhile management should ensure that the personnel comply with the regulation in all future transactions.
DACF payment vouchers not stamped "PAID"	The MFO was entreated and to ensure that all the affected documents and any future ones were invalidated with the 'PAID' stamp after discharge in compliance with Part IX Section 19 of the Financial Memoranda.

Source: (Researchers field work)

Table 4.2.12 DACF REPORT YEAR 2013

AUDIT FINDINGS	RECOMMENDATIONS
Failure to present contract documents on seven (7) projects	An immediate retrospective action on the presentation of the contract documents and files on the seven (7) projects by the Municipal Engineer, failure of which he should held liable for negligence and non performance.
Payment of contract certificates not Supported with Engineer's Progress Report or Summary of works done.	Compliance with the regulations was recommended to management through monitoring and proper certification of Payment Certificates to as to ensure that value for money was always obtained when paying for contracts in future.
Expenditure Management Warrants (EMW) neither certified nor authorized.	All payments scheduled officers to ensure that Certifying and Authorizing Officers of Expenditure Management Warrants discharge their obligations prior to any payments by the Assembly.
Unauthorized Payments	The MFO should seek retrospective authorization for the payments to have them authenticated.
Failure to account for funds with receipts	The MCD and MFO must account for the amount to acquit the payments or be held liable for breach of Regulation 8 (1) of LI 1802 and subsequent refund of same to chest.
Delayed Projects	Management must ensure that in future the right caliber of contractors is selected, that payment certificates properly honoured to prevent contractors from abandoning projects leading to re-award of contracts with a resultant increase in values
Purchases not routed through stores	A retrospective action was recommended to management without any further delay, failure of which the Authorizing Officer, MCD and the MFO should be liable for recovery of the total amount.
Expenditure incurred on Assembly Grader No. GC 1052-09 without revenue generation.	Management was advised to consider disposal or a reliable option that would prevent the Assembly from incurring costs its maintenance.
Payment of Legal Fees	Management was advised to withdraw all the cases currently pending in court for settlement out of court to forestall further waste of public funds and in compliance with the regulatory laws.
DACF Deductions at Source (Fumigation and Sanitation Improvement)	

Source: (Researchers field work)

Table 4.2.13 is the summary analysis of the tables above tables which shows the pattern of reported audit issues and how frequent they have occurred within the period 2009-2013.

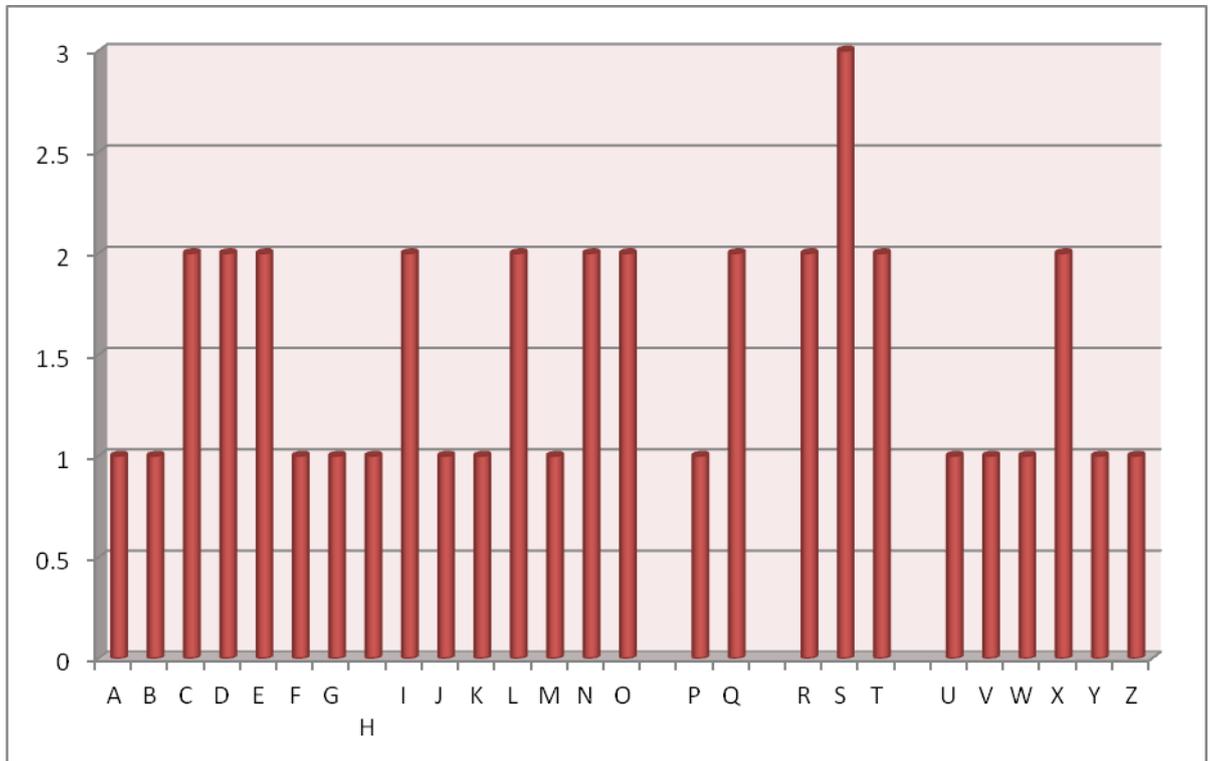
Table 4.2.13 Summary Analysis of DACF

Audit Issues	REP	2009	2010	2011	2012	2013
Non-Competitive Procurement.	A	1	0	0	0	0
Distribution of Christmass packages without approval and evidence.	B	1	0	0	0	0
Items procured but not routed through store	C	1	0	0	0	1
Dealing with non-VAT registered suppliers.	D	1	0	1	0	0
Monies not accounted for by Mr. XYZ	E	1	0	1	0	0
Irregular payment of commission to a revenue collected.	F	1	0	0	0	0
Repair of vehicles and suppliers without works orders.	G	1	0	0	0	0
Non- declaration of assets by DTC members.	H	1	0	0	0	0
Failure to obtain receipts to cover deductions made from DACF allocation. DACF Deductions at Source (Fumigation and Sanitation Improvement)	I	0	1	0	0	1
Misappropriation of fund through unsupported payments	J	0	1	0	0	0
Unretired Imprest	K	0	1	0	0	0
Misapplication of main common fund.	L	0	1	1	0	0
Payment of mobilization fees without security	M	0	1	0	0	0
Misappropriation of funds through unauthorized payment vouchers	N	0	1	0	0	1
Fuel purchased for re-shaping of rural roads, Fuel purchased without quoting registration no.	O	0	1	1	0	0
Misapplication of MP's Common Fund	P	0	1	0	0	0
1. Payments made for alleged monitoring of projects without any monitoring reports 2. Payment of contract certificates not Supported with Engineer's Progress Report or Summary of works done	Q	0	1	0	0	1
Failure to pay withholding tax deduction to IRS	R	0	1	1	0	0
Payment vouchers not pre-audited by Internal Auditor	S	0	1	1	1	0
Absence of contract register for contracts awarded Failure to present contract documents on seven (7) projects	T	0	1	0	0	1
Disbursement of funds without any supporting documents.	U	0	0	1	0	0
Cheques drawn and paid without corresponding payment vouchers.	V	0	0	1	0	0
Fuel/Lubricant purchased but not recorded in any vehicle log book	W	0	0	1	0	0
Unreceipted payment vouchers	X	0	0	0	1	1

Expenditure Management Warrants (EMW) neither certified nor authorized.	Y	0	0	0	0	1
Delayed Projects	Z	0	0	0	0	1

Table 4.2.1 Source (Researchers field work)

Figure 4.2.1 Summary Analysis of DACF



Source (Researchers field work)

Issues that have repeatedly reported on for:

Three years within a period of five years = 1

Two years within a period of five years = 10

Just ones within a period of five years = 15

The situation is not so different with the District Assembly Common Fund account. For three years, the issue of management not making available payment vouchers for pre-auditing before payments are made had been reported on and recommendations duly made. It is therefore expected that the situation is corrected ones and for all, but conversely, it repeated itself in three out of five year's reports. The anomaly is in

contravention of financial law outlined not only in the Financial Memoranda for Metropolitan, Municipal and District Assemblies, but also the Local Government Act, 1993 (Act 462), among others.

Again, in two consecutive years of 2012 and 2014, it was reported that management made several payments but failed to obtain official receipts to support the payments, a practice which is not only in violation of public sector accountability principles, but also best accounting practices. In the five year period, the anomaly was reported on in 2012 with the recommendation that 'officers in charge should be made to account for all the payments'. It is not clear whether the recommendation given by the auditor was not deterrent enough to prevent the anomaly from reoccurring in the subsequent year, 2013. However it did, evidencing that the recommendation was not implemented, or it was, but was not deterrent enough to prevent the anomaly from repeating itself.

Again, two anomalies bordering on 'imprest not retired' and 'payment vouchers not pre-audited' repeatedly showed up in four financial years' reports within the five years period. In respect of the 'imprest not retired', it was recommendation that 'management should prevail upon the officers concerned to account for the moneys in their possession without further delay'. This recommendation is therefore found not to be punitive and deterrent enough, hence it is unsurprising that the anomaly recurred in subsequent year's report.

The picture was not different when it come to the is of 'managements' failure to obtain official receipts to support payments' together with three others resurfaced three times within the five year period, with an improved situation where four other anomalies showed up only two times within five years.

4.3 Factors that contributes to Audit Queries

The Wenchi District Auditor issues observations for management to respond since there may be some issues with genuine explanation and documentation for verification before a draft Management Letter is issued followed by the Management Letter which is sent through the regional office to Accra, Head office. The Auditor General has up to 30th of June to submit its report to Parliament of Ghana. The public Account Committee (PAC) of Parliament sits and deliberates on issues and invites the officers of the affected organizations who have defaulted for further explanations. After which the PAC gives its final recommendation which the Attorney General will prosecute or recover embezzled fund from the culprit.

According to management of WMA though the above findings against them in the Audit reports and managements letters are because of going contrary to the financial laws of Ghana, there are some that have genuine reason which were beyond their control. Table 4.3.1 below has discussed a number of them.

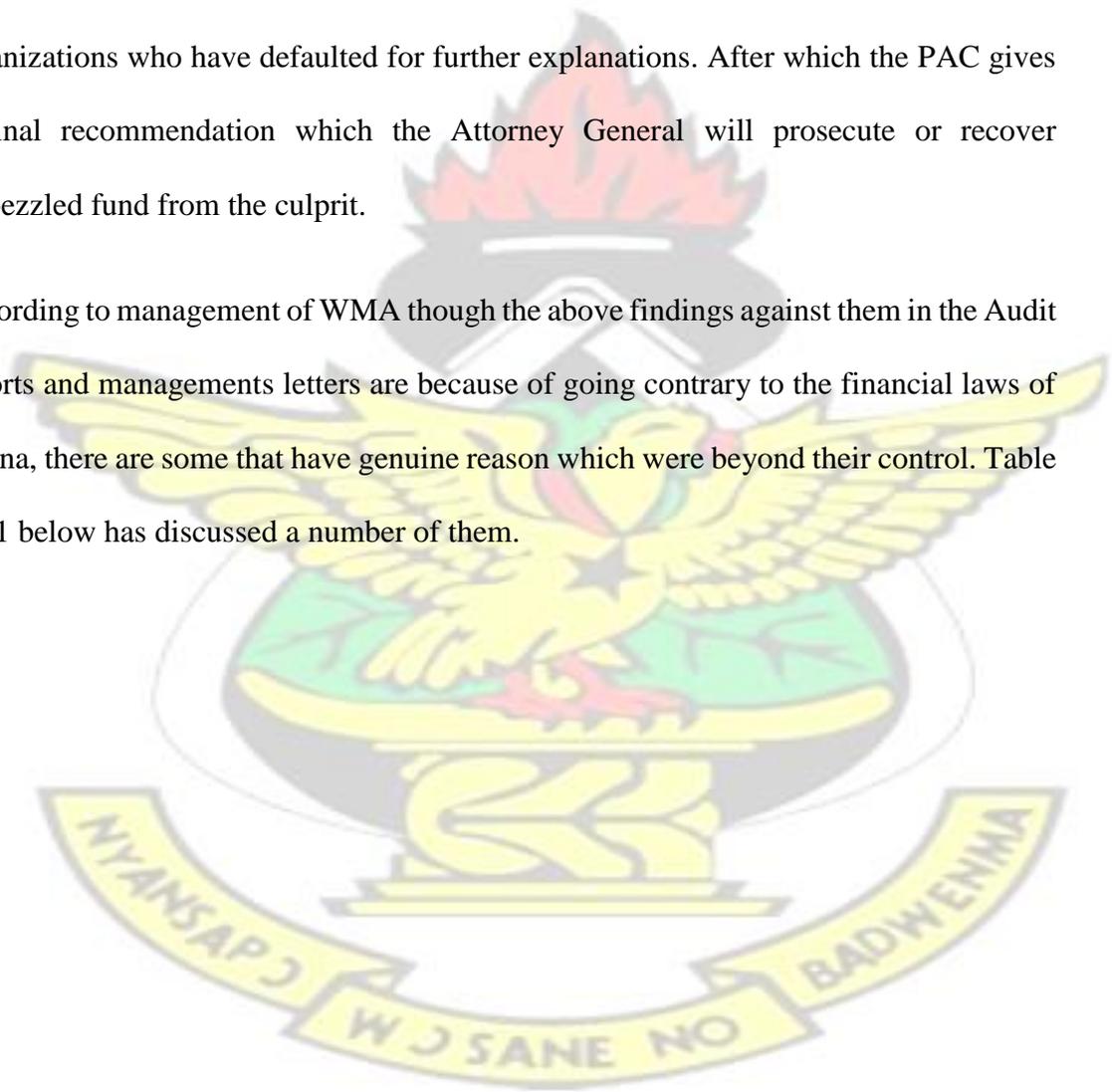


Table 4.3.1 Factors that contributes to Audit Queries

AUDIT FINDINGS	Challenges of WMA that makes them go contrary to audit recommendations?
Unauthorized payments Imprest not accounted for by an officer Payment for IGF without official receipt Payment vouchers not acquitted Expenditure without payment Vouchers and supporting documents	Most of these audit issues are cause by too much Political interference. The Political heads are mostly not technical men so do not understand to make due diligence to transaction before payments are made. Also they make expenditures without taking invoices receipt and other support document to retire PV's
Revenue collected but not accounted Low revenue performance of the WMA revenue collectors	Management mad us aware that in their municipality most of the revenue collectors they get to work with are illiterate, some of which can hardly write. Also some areas have no revenue opportunities at all. In some revenue areas the collectors are many so they have to compete with other collectors.
Payment without Expenditure warrant	Management attributed this anomaly to the non-stable power outage which affect productivity, thus without electricity Expenditure Warrants cannot be printed to support transactions
Poor Transport management of Official Vehicles without Log book. Unaccounted fuel not recorded in the Vehicle log book	Most of the drivers are illiterate so they are unable to record transactions into the logbook. Also laziness on the part of the officer using those cars to supervise the recording of the transactions into the logbooks.
Failure to deduct and pay withholding tax Failure to deal with VAT registered entity and loss of VAT to the state	Most local dealers are not educated and they do not understand the reason for WMA to withhold tax on behalf of the government. Also most of them are not VAT registered and you have no choice dealing with them unless you deal with entities in different Districts.

Source (Researchers field work)

According to management Audit reports and recommendations always have serious effect on them since the public use it as a tool or a yard stick in measuring the total performance of the Assembly. Also management confirmed the meetings of ARIC and

their effort they are making towards ensuring implementations of Audit recommendations.

4.4 Extent of Implementation of Audit Report Recommendations by Management of WMA.

As demanded by the Audit Service Act, 2000, Act 584 and the internal Audit Agency Act, 2003, Act 658 all MMDAs, MDAs and all public organizations that the Audit Service has an Oversight responsibility over. WMA established ARIC on the 27th May 2010. The Assembly has documented ARIC Membership which includes

1. Presiding Member – Chairman
2. Municipal Chief Executive
3. Chairman, Finance/Administration committee
4. Municipal Coordinating Director – Secretary
5. Internal Audit Agency – Representative

They have also documented attendance and frequency of meetings, reporting procedures and responsibilities but there are no Roles and responsibilities scheduled in the documentation, reporting procedures. The duties of ARIC includes

1. Pursuing the implementation of matters in all audit reports as well as the Auditor General's reports endorsed by Parliament as well as financial matters raised in the reports of internal monitoring units in the institution, body or organization
2. Preparing annually a statement showing the status of implementation of recommendations made in all audit reports as well as the Auditor-General's reports which have been accepted by Parliament and any other related directives of Parliament.

Ensuring that the statement shows remedial action taken or proposed to be taken to avoid or minimise the recurrence of undesirable features in the accounts and operations of the institution, body or organisation and the time frame for action to be completed

3. Ensuring that the statement is endorsed by the relevant MCD and forwarded to General Assembly, Office of the MCE and the District Auditor after General Assembly decisions on the Auditor-General's report
4. Review of the external auditor's management letter and management response.
5. Review of any significant findings of internal investigations and management response. There are no traces of the review of internal Audit reports
6. There should be a mechanisms in place to hold the ARIC accountable to the oversight body for its performance.
7. ARIC should have explicit authority to investigate any matters within its terms of reference, the resources needed to do so and full access to information.
8. The committee should be able to obtain external professional advice and invite outsiders with relevant experience to attend if necessary.

4.5 The challenges facing Audit Report Implementation Committee (ARIC) Audit Reports and management letters from both internal and external Auditors are always referred to ARIC but they hardly meet to deliberate on issues because of the inadequate funding. For every meeting the members have a sitting allowance of GHC40 which to them do not encourage regular meeting. Though the allowance is not encouraging WMA ARIC meets 2 times in a year but they did not meet at all in 2014 to deliberate and ensure implementations of the Management letter issued by the Audit service. However an interview with the Internal Audit unit of the Wenchi

Municipal Assembly revealed that Management of the Wenchi Municipal Assembly has no excuse or what so ever reason for breaching the financial laws. The Unit added that the two main reasons why the management of the WMA goes contrary to financial regulations are Lack of commitment to Government work, Negligence and also Lack of serious sanctions and repercussions on the officer who one way or the other fails to abide by rules and regulation.

To the Knowledge of the Internal Audit Unit the management's main reasons why audit issues keeps recurring annually as follows

1. The way and manner in which expenditure are paid in hurry makes WMA management forget the due diligence to the processes of payment have to go through.
2. Due to political interference, the Political heads and affiliates of Government who works in WMA makes and demand for expenditures which are not in the Budget of WMA
3. Out of negligence Personnel's in WMA Finance office neglect to take support documents in retiring Payment Vouchers
4. Also the management of WMA do not really take due care in performing their duties, most at times officers sign checks and payment vouchers without necessarily checking if due process has been followed.
5. Most often management of WMA do neglect the Internal Audit Unit by going on with expenditures and payments which they term as emergency or urgent payments without authentication from the Internal Audit officer
6. Also the Internal Audit Unit added that the above audit queries do recur because officers do not read or educate themselves with the laws so they become ignorant

but sometimes officers are aware of the laws but because of dubious ways to outwit the system.

4.6 Interview Analysis with Wenchi District Audit Service

According to the External Auditors the WMA has no excuse in going contrary to the financial laws and constitution of the land. Also the Auditors admitted that there can never be any special reason why officers of the WMA should contravene the laws. The factors that make Public Officers go contrary to regulations are as follows

1. Lax attitude on the part of Key staff like the MCE, MCD and MFO of the WMA signing on document without reading its content
2. Officers who engage in these malpractices go unpunished so these malpractices are likely to happen every year.
3. Though the laws are available WMA officers do not read to update themselves, hence they become ignorant and goes contrary to them
4. Political Interference, political heads spends on politicians like ministers and other dignitaries when they come around and officers are not able to acquit those PV's. Also the political heads makes a lot of expenditure on travelling which is not in the interest of WMA but a political interest.
5. Because of Financial indiscipline officers intentionally make mistakes
6. Corrupt practices, Teaming and leading, in the case of revenue collection they use revenue of A to account for B
7. One of the main short falls of Wenchi municipal Assembly is the lack of supervision from the departmental heads to their subordinates.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION

Chapter five is the closing part of the research process. In this chapter, the summary findings of the study are presented as analysed and presented in the preceding chapter. The chapter would be presented in four main sub-headings in line with the objectives of the study. Firstly, the main findings or outcome of the study would be discussed at full length, followed by the conclusion and finally recommendations given thereafter.

5.1 SUMMARY OF FINDINGS;

5.2 Pattern analysis of Audit reports and recommendations from 2009-2013

5.2.1 Findings from Internally Generated Funds (IGF)

These are the issues that have been repeatedly reported on for: All the five years = 1 issue, Four out of the five years period = 2 issues, Three out of the five years period = 4 issues, Two out of the five years period = 8 issues. This shows that out of nineteen (19) issues fifteen (15) issues repeated itself for two or more times over the five (5) year period 2009-2013. Expenditure payment without payment Vouchers and supporting documents recurred for five continuous years. Also imprest not accounted for on business transacted on behalf of the Government, and Payment Vouchers not Pre-Audited also recurred four continuous year which is so bad an anomaly that shows there is no single control measure working at WMA, thus making payments without internal auditor vetting the transaction,

5.2.1 Findings from District Assembly Common Fund (DACF)

The situation is not so different with the District Assembly Common Fund account; there are Issues that has been repeatedly reported on for: Three years within a period of

five years = 1 issue, Two years within a period of five years = 10 issues. Payment vouchers not pre-audited by Internal Auditor recurred for three continuous years within the five years period. Unreceipted payment vouchers, Absence of contract register for contracts awarded, Failure to present contract documents on seven (7) projects, Misappropriation of funds through unauthorized payment vouchers, Monies not accounted for by officers, Dealing with non-VAT registered suppliers, Items procured but not routed through stores and , many others recurred for two consecutive times within the five year period year. The issue of management not making available payment vouchers for pre-auditing before payments are made and Expenditure payment without payment Vouchers and supporting documents had been reported on severally, both in the IGF and DACF and recommendations duly made yet management go contrary to it. Evidencing that the recommendation was not implemented, or it was implemented, but was not deterrent enough to prevent the anomaly from repeating itself. According to WMA though there is no excuse when it comes to the breaking of the law the Municipals and other districts like them have various problems with the law. These reasons are shown in a table 4.3.1, However the Internal Audit Unit and the Audit service came out clearly that the WMA has no case, explanations and what so ever for contravening the laws, the Assembly don't want to follow rules and regulation. According to the Internal Audit Unit the Audit report and recommendation do not really have any serious effect on WMA. Most often management of WMA do neglect the Internal Audit Unit by going on with expenditures and payments which they term as emergency or urgent payments without authentication from the Internal Audit officer

5.3 Extent of implementation of Audit report recommendations by management of WMA

The roles and responsibilities of ARIC should include;

Pursuing the implementation of matters in all audit reports as well as the Auditor-General's reports endorsed by Parliament as well as financial matters raised in the reports of internal monitoring units in the institution, body or organization

Preparing annually a statement showing the status of implementation of recommendations made in all audit reports as well as the Auditor-General's reports which have been accepted by Parliament and any other related directives of Parliament.

Ensuring that the statement shows remedial action taken or proposed to be taken to avoid or minimize the recurrence of undesirable features in the accounts and operations of the institution, body or organization and the time frame for action to be completed

Ensuring that the statement is endorsed by the MCD and forwarded to General Assembly, Office of the MCE and the District Auditor after General Assembly decisions on the Auditor-General's report.

Review of the external auditor's management letter and management response.

Review of any significant findings of internal investigations and management response.

There must be mechanisms in place to hold the ARIC accountable to the oversight body for its performance.

ARIC must have explicit authority to investigate any matters within its terms of reference, the resources needed to do so and full access to information.

ARIC must be able to obtain external professional advice and invite outsiders with relevant experience to attend if necessary.

5.4 Factors that contribute to Audit Queries

The causes of observed deficiencies and risks Of WMA are appropriately identified and clearly stated and the reasons include:

Lack of awareness of laws, existing policies and procedures which include the

Constitution,

Absence of trained, qualified or competent persons.

Absence of appropriate policies, regulations, rules and procedures.

Deliberate acts of non-compliance and abuse of office.

Unauthorised and/or illegal activities.

Negligence/non performance of functions.

Defective or deficient internal control (including internal audit, monitoring, quality control, quality assurance and evaluation systems, etc).

Lack of resources, equipment and facilities. External pressure, events and other factors.

5.5 Challenges facing Audit Report Implementation Committee (ARIC)

WMA ARIC has a lot of challenges some of which were revealed in this research are; Inadequate funding and Peanut sitting allowance which do not encourage meetings.

The composition of ARIC is very problematic since the presiding member who is aligned with the ruling party will not have the will to ensure implementation of recommendation if the action was in line to favour party issues. He cannot also do much with issues concerning the MCE who is the Political head of the Municipality.

At ARIC meetings, other members feel reluctant to come out to discuss issues because those affected by the Audit report are in the meeting. Especially the MCE who is the political head of the municipality and the MCD who is the secretary of the Committee

There are always discussions of Technical report at the committee without Technical persons. There is inadequate of technical knowhow of committee members.

Though ARIC's are to have external representative, WMA do not have an external representative and the Internal Auditor is filling that gap.

5.6 Factors that make WMA go contrary to Audit Recommendations

Lax attitude on the part of Key staff like the MCE, MCD and MFO of the WMA ,they do not really take due care in performing their duties, most at times officers sign checks and payment vouchers without necessarily checking if due process has been followed also payments made in hurry make management forget the processes and due diligence payment must go through

Officers involved in these malpractices go unpunished so these malpractices are likely to happen every year. Though the laws are available WMA officers do not read to update themselves, hence they become ignorant and go contrary to them. Most times officers are aware of the laws but because of dubious ways to outwit the system.

Political Interference; Political heads spends public monies on political interest and projects and they are not able to acquit those PV's. Also the political heads makes a lot of expenditure on travelling but not in the interest of WMA. These political expenditure and interferences do not make the Administrator execute his work well. Due to political

interference, the Political heads and affiliates of Government who works in WMA makes and demand for expenditures which are not in the Budget line of WMA

Because of Financial indiscipline officers intentionally make mistakes and out of negligence Personnel's in WMA Finance office neglect to take support payments in retiring of Payment Vouchers

Corrupt practices, Teaming and leading, in the case of revenue collection to the WMA. Most officers misappropriate funds and uses revenue of A to account for B.

One of the main short falls of Wenchi municipal Assembly is the lack of supervision from the departmental heads to their subordinates.

5.7 Recommendations for the management of WMA

Management of the WMA should take due care and ensure due diligence before payments are made also the MCE, MCD and MFO should take due care to read before signing of PV's and other documents. Management of WMA should not be in a hurry to make payment for expenditures.

Officers who are involved in financial malpractice and going contrary to the financial regulations or any other laws should be punished severely to serve as a deterrent to other public officers.

Public officers of WMA should arm themselves with financial laws and regulations to update themselves so as not to contravene these laws.

Political head and affiliate who works in WMA should work with due diligence to their community, they should concentrate on the goals of WMA rather than political goals. Also Political heads and affiliates who work in WMA should desist from making expenditures which are not in the Budget of Assembly.

Officers of WMA should be discipline financially and desist from corrupt practices so as to stop Audit issues from recurring. Also the heads of departments should ensure strict supervision and continuous training of subordinate so as to prevent most audit queries from recurring.

5.7.1 Strategies in solving ARIC Challenges

WMA should make ARIC a priority and approve adequately funds for the committee to be able to execute their duties and ensure audit recommendations are implemented. Restructuring the composition of ARIC to include professionals and technical officers who will be independent.

ARIC should be empowered to sanction officers who fail to do what is expected of them.

ARIC needs administrative support from management to handle administrative issues to facilitate their work.

5.8 Conclusions

This research was to evaluate WMAs' Audit reports and recommendations to see if they have any effect on the Assembly. ARIC which plays the lead role in ensuring recommendations are implemented was reviewed and Key staff of the WMA and the office of the Audit Service Wenchi were in-depth interviewed.

From the review of the file of ARIC and other documents, though the committee has been established the committee has not effectively discharged its responsibilities outlined in Audit Service Act, 2000, Act 584 and Internal Audit Agency Act, 2003, Act 658. There are also no traces of the review of internal Audit reports which is in contravention of the above laws.

According to the Internal Audit Unit and the Audit service, Wenchu the Audit report and recommendation do not really have any serious effect on WMA because the officers involved are not punished severely. The public accounts committee after review submits its recommendations to the Attorney General to prosecute but nothing is being done about it and those being held at the Law courts are also taking forever to receive judgment

5.9 Direction for future research

For the purpose of any further research on this topic, the researcher could give a wider coverage area such as a whole region, or a bigger sample size selected across all the MMDAs to give a better representation of the population of the service in order to give a fairer picture of the outcome. This will help the researcher a generalised conclusion to draw based on the outcome of the study.

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APPENDICES

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF HUMANITIES AND SOCIAL SCIENCE

KNUST SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

INTERVIEW GUIDE

Topic: An evaluation of public sector Audit reports and recommendation: a case study on Wenchi Municipal Assembly.

Preamble: The purpose of this unstructured interview is to gather data for the evaluation of Audit reports on Wenchi Municipal Assembly to know the reason why audit finding annually recur. This is an academic exercise and the confidentiality of the data provided by respondents would be strictly observed.

INTERVIEW GUIDE

1. POSITION

WENCHI MUNICIPAL ASSEMBLY RESPONDENT	EDUCATION LEVEL	YEARS OF EXPERINCE
POSITION OF RESPONDENT		
Municipal Coordinating Director (MCD)		
Municipal Finance Officer (MFO)		
Municipal Planning Officer (MPO)		
Municipal Budget Officer (MBO)		
Internal Auditor (IA)		
Environmental Health officer (EHO)		
Municipal Engineer. (ME)		
Human Resource Manager (HR)		
AUDIT SERVICE		
District Auditor		
District Administrator		

To identify the factors that contributes to Audit Queries.

1. Does the Audit Service conduct regular routine Audit of your outfit?
2. Does Audit Service issue reports with findings and recommendation?
3. What are the challenges of WMA that contributes to audit queries?
4. What are the challenges of Wenchi Municipal Assembly that makes them go contrary to audit recommendations?
5. What are the effects of Audit recommendation on Wenchi Municipal Assembly

1) To identify the extent of implementation of Audit report recommendations by management of WMA

1. Has WMA instituted ARIC?
2. Are both internal and external Audit reports referred to ARIC?
3. Do ARIC ensure implementation of Audit recommendations?
4. Does the ARIC produce statement of Actions taken to resolve issues reported in management letters?
5. If Report and recommendations are implemented then why do they occur year after year?

2) To identify the challenges facing Audit Report Implementation committee (ARIC)

1. Do ARIC have access to all Audit report both internal and external?
2. Is ARIC adequately funded to carry out its responsibility?
3. How frequently do ARIC meet to deliberate on issues?
4. What are the challenges of WMA ARIC?
5. How can these challenges be addressed to enhance efficiency in Wenchi Municipal Assembly?
6. What strategies do you think can be used to control these challenges?

3) To make pattern analysis of Audit reports and recommendations of WMA for the period 2009-2013

PLEASE DO GIVE US THE REASONS WHY THE FOLLOWING ISSUES KEEPS REPEATING ITSELF FROM 2009-2013

Audit Issues	REASON
Payment Voucher not properly acquitted	
Unauthorized payments	
Payment for IGF without official receipt	
Imprest not accounted for on business transacted on behalf of the Government.	
Revenue collected but not accounted for	
Expenditure without payment Vouchers and supporting documents	
Poor Transport management of Official Vehicles without Log book	
Low revenue performance and delayed payment of revenue to and bank by Revenue Taskforce	
Non –establishment of an Audit Implementation committee and Failure to address issues raised in internal Audit report	
Payment Vouchers not Pre-Audited	
Misappropriation of funds through unsupported payments	
Maintenance of Vehicle without works order	
Items purchased not routed through stores	

Erasures, writing over figures and poor maintenance of cash books and writing pencil	
Unretired Imprest	
Payment Vouchers without Public expenditure warrant	
Failure to deduct and pay withholding taxes	
Payments of commission to consultant without service agreement	
Dealing with unregistered VAT organizations Loss of VAT on procurement	

Audit Issue	REASON
Payment without approval and evidence.	
Monies not accounted for by Mr. XYZ	
Failure to obtain receipts to cover deductions made from DACF allocation. DACF Deductions at Source (Fumigation and Sanitation Improvement)	
Misappropriation of fund through unsupported payments	
Misapplication of main common fund.	
Payment of mobilization fees without security	
Misappropriation of funds through unauthorized payment vouchers	
Misapplication of MP's Common Fund	
1. Payments made for alleged monitoring of projects without any monitoring reports 2. Payment of contract certificates not Supported with Engineer's Progress Report or Summary of works done	
Absence of contract register for contracts awarded Failure to present contract documents on seven (7) projects	
Disbursement of funds without any supporting documents.	

Cheques drawn and paid without corresponding payment vouchers.	
Fuel/Lubricant purchased but not recorded in any vehicle log book	
Delayed Projects	

ARIC INTERVIEW CHECKLIST WTH ARIC MEMBERS

AREAS FOR CONSIDERATION		Result Yes/No	Record of work done
	Legislative requirements relating to ARICs are reflected in the following: <ul style="list-style-type: none"> • Audit Service Act, 2000, Act 584 • Internal Audit Agency Act, 2003, Act 658 		
1.	Confirm whether the entity has an ARIC.	Yes	ARIC was established on the 27 th May 2010
2.	Confirm that the ARIC has a documented and approved terms of reference making provision for the: <ul style="list-style-type: none"> 9. Membership of the committee; 10. Attendance and frequency of meetings; 11. Roles and responsibilities; 12. Reporting procedures and responsibilities. 	Yes	They have documented But there are no. Roles and responsibilities; Reporting procedures responsibilities. and
3.	Confirm whether the roles and responsibilities in the terms of reference include the following:		
3.1	Pursuing the implementation of matters in all audit reports as well as the Auditor-General's reports endorsed by Parliament as well as financial matters raised in the reports of internal monitoring units in the institution, body or organization	Yes	
3.2	Preparing annually a statement showing the status of implementation of recommendations made in all audit reports as well as the Auditor-General's reports which have been accepted by Parliament and any other related directives of Parliament.	No	
3.3	Ensuring that the statement shows remedial action taken or proposed to be taken to avoid or minimise the recurrence of undesirable features in the accounts and operations of the institution, body or organisation and the time frame for action to be completed	No	
3.4	Ensuring that the statement is endorsed by the relevant MCD and forwarded to General Assembly, Office of the MCE and the District Auditor after General Assembly decisions on the Auditor-General's report.	No	
3.5	Review of the external auditor's management letter and management response.	No	
3.6	Review of any significant findings of internal investigations and management response	No	There are no traces of the review of internal Audit reports
4.	Confirm whether there are mechanisms in place to hold the ARIC accountable to the oversight body for its performance.	No	
5.	Confirm that the ARIC met regularly (at least twice a year).	Yes	
6.	Confirm that the ARIC has explicit authority to investigate any matters within its terms of reference, the resources needed to do so and full access to information.	Yes	

7.	Confirm that the committee is able to obtain external professional advice and invite outsiders with relevant experience to attend if necessary.	Yes	
8.	By reviewing the minutes of ARIC meetings, and other evidence, confirm that the committee has effectively discharged its responsibilities outlined in section 3 (1)-(6) above:	No	Although ARIC exist they don't effectively discharge its responsibilities

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