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I will like to take this opportunity to further express my appreciation to our development partners, notably the World Bank, CIDA and IBIS for their keen interest in the development of the Manual as well as their financial support.

Furthermore, I appreciate the technical assistance of PricewaterhouseCoopers, Global Auditors and Ghartey Associates Ltd.

Last but not the least, my sincere thanks goes to the staff of the Audit Service for their collaboration towards the improvement in the quality of this Manual.

It is my sincere belief that all who contributed in the development of this Manual will continue to support me in rolling it out to the MMDAs.

Raphael K. Tufuor
Controller and Accountant-General
FOREWORD

Over the years, the Government of Ghana has been implementing various Public Financial Management (PFM) reforms. The essence of these initiatives is to strengthen Public Sector Financial Management. Key among these reforms is the review of the Regulatory Framework which resulted in the promulgation of the Financial Administration Act, 2003, Act 654; Financial Administration Regulation, 2004, L.I 1802; Internal Audit Agency Act, 2003, Act 658; Public Procurement Act, 2003, Act 663 and Audit Service Act, 2000, Act 584. A requirement of this revised legal framework is the provision of an Accounting manual for the Metropolitan, Municipal and District Assemblies (MMDAs).

This Accounting Manual has been developed to provide the Metropolitan, Municipal and District Assemblies (MMDAs) with the framework for business processes, internal controls, standard work flows and staff responsibilities to be followed in conducting its business transactions. The Manual specifies which mandatory, standard business processes, procedures and work flows are to be adopted and used and also provides templates for documents and reports. It has been developed with the adoption of IPSAS in mind. A new Chart of Accounts which is compliant with Government Finance Statistics (GFS) 2001 manual has been introduced in this Manual to be applied to all accounts and financial reporting nationwide at all levels of government.

The overriding objective of this Manual is to ensure transparency, accountability and consistency in MMDAs business processes. It also seeks to achieve reliability and timeliness of all MMDAs financial reporting.

As part of the reforms the Government is implementing a modern Integrated Financial Management Information System (GIFMIS). The key objective of GIFMIS is to provide a reliable computer-based system for policy analysis, budget development and execution. It also provides accurate and up-to-date information on revenue mobilization, budget allocations, commitments, accounting and reporting. GIFMIS provides for the automation of many of the existing manual processes. This will go a long way to sustain the implementation of this Manual.

This Manual is a key element of the on-going reform programmes aimed at strengthening the public sector financial management. It is anticipated that MMDAs and other users of this Manual will be committed to its implementation in order to achieve the desired objectives of the PFM.
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<td>Assemblies Main Bank Account</td>
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<td>BoG</td>
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<td>CAG</td>
<td>Controller and Accountant-General</td>
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<td>District Budget Officer</td>
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<td>DCD</td>
<td>District Co-ordinating Director</td>
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<td>DCE</td>
<td>District Chief Executive</td>
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<td>DMD</td>
<td>Debt Management Division</td>
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<td>DFO</td>
<td>District Finance Officer/Officers</td>
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<td>DPA</td>
<td>District Planning Authority</td>
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<td>DPCU</td>
<td>District Planning Co-ordinating Unit</td>
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<tr>
<td>EC</td>
<td>European Commission</td>
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<td>EU</td>
<td>European Union</td>
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<td>EXECO</td>
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<td>FAA</td>
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<td>GAAP</td>
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<td>HoCS</td>
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<td>Integrated Personnel and Payroll Database</td>
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<td>Journal Voucher</td>
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MMDAs  Metropolitan, Municipal and District Assemblies
MoFEP  Ministry of Finance and Economic Planning
MoH   Ministry of Health
MTEF  Medium Term Expenditure Framework
MTDP  Medium Term Development Plan
NAO  National Authorising Officer
NDPC  National Development Planning Commission
NTR  Non-Tax Revenue
ORCC  Office of the Regional Co-ordinating Council
PAYE  Pay As You Earn
PDI  Public Debt and Investment
PM  Presiding Member
PO  Purchase Order
PPE  Property, Plant and Equipment
PSC  Public Services Commission
PUFMARP  Public Financial Management Reform Programme
PV  Payment Voucher
RCC  Regional Co-ordinating Council
RCD  Regional Co-ordinating Director
RPCU  Regional Planning Co-ordination Unit
SC  Secretary to the Cabinet
SDR  Special Drawing Right
SIV  Stores Issue Voucher
SRV  Stores Receipt Voucher
SPI  Standard Practice Instructions
TCR  Treasury Counterfoil Receipts
Ucs  Unit Committees.
UZTCs  Urban, Zonal and Town Councils
VAT  Value Added Tax
CHAPTER 1

REGULATORY FRAMEWORK AND POLICIES

Objectives of the Accounting Manual

1. (1) The accounting manual provides principles, rules and guidelines to all MMDAs. It provides a uniform basis of approved standards and procedures that shall guide users in the performance of their financial management responsibilities. It would also facilitate accurate recording and classification of accounting data in a timely and consistent manner to enable the provision of financial information to key stakeholders. It is to supplement other documents to provide a holistic approach to government financial management within the Public Sector.

(2) Specifically the Accounting Manual is to:

   a) Ensure that an effective system of internal control processes and procedures are in place;
   b) Ensure that the required financial reports are produced with relative ease and are reliable and submitted on a timely basis;
   c) Ensure that a uniform system of accounting and reporting for MMDAs that subsist on GoG and Donor funds provide a ready means of reference in order to:
      i. Explain the accounting system and management information to staff and management; and
      ii. Train staff of the accounts department on the operation of the system.
   d) Serve as a basis for developing training material for the staff of the MMDAs; and
   e) Enhance the accountability and transparency of the financial reports prepared by GoG and its agencies


Compliance with International Public Sector Accounting Standards

2. The manual has been prepared to comply with the International Public Sector Accounting Standards (IPSAS). The Public Sector Accounts shall be prepared on historical cost basis. However, the CAG may permit the revaluation of intangible assets, property, plant and equipment (PPE), and investment property to their fair value. The CAG may also request for certain categories of financial instruments, and property, plant and equipment assets to be valued at their fair value.

Regulatory and Institutional Context of the Manual

3. The place of the regulatory and institutional environment in the design of decentralization has been widely recognised and underscored. A stable and transparent system of inter-governmental fiscal relations requires a well-defined regulatory and institutional framework in order to resolve
conflicts in the assignment of expenditure responsibilities among the various levels of government.

**Regulatory framework**

4. (1) The overall policy of decentralization has been set out in Ghana’s 1992 Constitution and the Local Government Act, 1993 (Act 462). The regulatory framework defines:

   a. The scope/content and structure of Ghana’s decentralization;
   b. The powers, functions, roles and responsibilities of the various structures within the decentralized structure or spheres of government;
   c. The tax bases for the MMDAs;
   d. Inter-governmental transfer system via the District Assemblies Common Fund for development expenditures, and via other mechanisms for recurrent expenditures; and
   e. The scope and content of the district budget.

(2) The Legislative Instruments that set up the respective District Assemblies have outlined functions and responsibilities of the local governments in the following areas:

   a. Basic education;
   b. Primary health;
   c. Agriculture (including livestock);
   d. Conservation (forest, water and soil);
   e. Potable water;
   f. Construction/roads/streets;
   g. Welfare;
   h. Community development;
   i. Cottage industry; and
   j. Physical / land use planning among others.

**Institutional Arrangements**

5. (1) The institutions involved in the District Assemblies financial management system include, the Ministry of Finance and Economic Planning (MoFEP), the Controller and Accountant-General Department (CAGD), the various Ministries, Departments and Agencies (MDA) of the Government, the BoG, Internal Audit Agency and the Audit Service.

(2) MoFEP has an overall responsibility for the financial management system and is also specifically responsible for the preparation, publication and control of the national budget. The District Assemblies shall be responsible for the preparation and approval of their annual budgets. The CAGD is responsible for treasury, accounting and overall financial reporting. The BoG and other commercial banks play their role in the banking system for the District Assemblies’ financial management system. The Audit Service shall be responsible for the audit of the operations of the Assemblies. The Internal Audit Unit shall be responsible to the District Assembly in the performance of internal audit functions.

(3) The District Assembly organisational structure is shown below:
Departments of a District Assembly

1. Central Administration Department
2. Finance Department
3. Education, Youth and Sports Department
4. Health Department
5. Waste Management Department
6. Agriculture Department
7. Physical Planning Department
8. Social Welfare and Community Development Department
9. Natural Resources Conservation Department, Forestry, Game and Wildlife Division
10. Works Department
11. Industry and Trade Department
12. Budget and Rating
13. Legal Department
14. Transport Department
15. Disaster Prevention Department
16. Urban Roads

Structure of the Accounting Manual

6. (1) This Manual is organised into three main parts as follows:

   a) Part 1 – the regulatory framework and policies
   b) Part 2 – the accounting procedures and reporting, and
   c) Part 3 – standard forms
(2) The accounting and procedures part of the manual comprise a series of standard instructions grouped under the following sections:

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Responsibility for making changes to the accounting manual

7. (1) The CAG is responsible for the preparation of the Accounting Manual from which Departmental Accounting Instructions shall be derived (FAR 2004, Regulation 3). The CAG shall approve the accounting instructions of Assemblies in consultation with the Auditor-General to promote the development of efficient accounting systems within the Assemblies.

(2) A Standard Practice Instruction (SPI) shall consequently be initiated by a District Assembly in respect of any accounting policy or procedures where:

- a. No SPI exist;
- b. The existing SPI is no longer relevant or requires revision;
- c. Further guidance is required on routine, as opposed to ad hoc work;
(3) An SPI shall be initiated by any senior member of the accounting staff within the District Assembly. However, in order to ensure that they are maintained up-to-date, certain staff members of the DFO shall have the responsibility for the revision and updating of existing instructions and proposed additions or revisions shall be referred to the person concerned. The person initiating a draft SPI shall use the following approach at a minimum:

a. Identify any requirement for addition or revision of the SPI.
b. Investigate and prepare proposed solution in conjunction with the operating division of the Assembly involved.
c. Discuss and agree with the operating division managers and the DFO.
d. Obtain formal approval in writing from the head of the District Assembly.
e. Submit for formal approval to the Controller and Accountant General (CAG) in consultation with the Auditor-General.

Issue

(4) New or revised SPIs shall be issued immediately after approval by the CAG and distributed to all holders of the Accounting Manual.

(5) The holders shall be responsible for replacing the obsolete SPIs and ensure that the contents of the new SPIs are made known to those concerned with the changed procedure.

(6) The CAG is responsible for distributing Accounting Manuals and new SPIs to the Assembly. All department heads and managers are official holders of the Accounting Manual and the DFO of the Assembly holds the master copy.

(7) The DFO shall be responsible for maintaining a register of Accounting Manual holders to ensure that SPIs are distributed to all holders.

Format

(8) A standard format for Standard Practice Instructions shall be used. The main section and paragraph headings to be used in their preparation are as follows:

Title

a. This shows the main section of the manual to be revised and the particular subject matter covered.

Purpose

b. That is a brief statement indicating why the Standard Practice Instructions have been written.
Responsibility
c. Depending upon the subject of the instruction, this section shall comprise a statement clarifying and defining individual responsibilities for the procedures concerned.

Summary or Overview of System
d. This gives a statement summarising the system under review and detailing what shall be done, and by whom, where and how.

Description of Processes and Procedures
e. Here, the various procedures or processes are described in detail under the appropriate paragraph headings.

Flow Charts and Diagrams
f. Where possible, a flow chart or other diagrammatic summary of the system described in each SPI is included.

Policies and Standards
g. In cases where procedures are supported by legal/regulatory instrument, the relevant laws or regulations shall be quoted or referred to here. Adopted accounting standards can also be stated under this heading.

Forms used
h. This is a summary of the principal forms (if any) which are referred to in the course of the SPI. Separate instructions may be issued on the preparation of the more important forms.

Other Standard Practice Instructions
i. For some Standard Practice Instructions there may be the need to also include statements on the following:

   i) Objective
   ii) Coverage
   iii) Others
CHAPTER 2
ACCOUNTING PRINCIPLES AND ADMINISTRATION

Introduction

8. This part of the manual describes the design and procedures to be followed in operating the MMDAs accounting system.

Accounting organisation and responsibilities

Purpose

9. This is to define the organisation and principal responsibilities of the finance and accounting function.

Responsibilities

10. The responsibilities of the Finance Department shall be to:

   a. Maintain the books of account and other records of all the accounting transactions of the Assembly;
   b. Comply with statutory and prescribed accounting standards and other requirements;
   c. Develop and amend accounting principles and procedures in the light of changing circumstance, (internal and external);
   d. Initiate adequate control measures to safeguard the assets and liabilities of the Assembly;
   e. Provide accurate, timely and relevant statistical and accounting information to the Management of the Assembly;
   f. Advise management of the Assembly on all financial matters;
   g. Develop and implement internal control procedures; and
   h. Prepare and administer the annual budget.

Organisation

11. The organisation of the District Assemblies Finance and Accounting Division is depicted in Figure 2.
Financial duties of the Finance and Administration Sub-Committee

12. The Finance and Administration Sub-Committee’s duties shall be grouped under monthly, quarterly or annual duties.

Monthly Duties

13. (1) The Finance and Administration Sub-Committee shall perform the following monthly duties:

   a) inspect the Assembly’s Balance Sheet, Revenue and Expenditure Statement and Trial Balance to ensure:

   i) that books of account are up to date;
   ii) that cash held in hand is not more than the previous day’s collection and imprest limit;
   iii) that cash in bank is not excessive, as compared with investments, both shall be contingent on cash forecasting;
   iv) that revenue is being collected in accordance with the approved Estimate and, if it is not to make an immediate investigation;
   v) that expenditure is not proceeding faster than provided in the approved Estimate; if it is either to see that expenditure is cut down and kept within the rate provided for in the approved Estimate; or if it is not possible to limit expenditure, to recommend increase of expenditure under particular items by reallocation from other items; or if the Assembly has exhausted its powers in this respect or if the financial position of the Assembly permits, either to advise the Assembly to submit an application for Relocation or a Supplementary Estimate to the Assembly;
   vi) that the District Assembly’s books are in balance;
   vii) to deal with any financial matters referred to it by other Sub-Committees;
   viii) to deal with any matters referred to it by the Assembly when property rating is in force;
ix) to watch the District Assembly's interest in valuation matters;

taxi) to investigate losses and make recommendations to the Assembly;

xi) to consider interim Audit Report and other reports to the Assembly; and

xii) to submit financial plans to the Executive Committee for harmonization with other sub-committee plans.

Quarterly Duties

(2) The Finance and Administration Sub-Committee shall perform the following quarterly duties:

a) Examine the District Assembly's rate Rolls to see that rates are being regularly paid and, if not to take any action necessary;

b) Examine the Advances Accounts to see that repayments are being made regularly, and to take any action necessary if they are not; and

c) Examine Purchase Orders (POs) to see that satisfied Orders are being paid for promptly, and to take any action necessary if they are not.

Annual Duties

(3) The Finance and Administration Sub-Committee shall perform the following annual duties:

a) Consider the Draft Estimates submitted by the Budget Committee and submit them, with recommendations to the Assembly for approval;

b) Report to the Assembly on the Annual Accounts and the Audit Report; and

c) Supply members for the annual Board of Survey on cash and stores.

Finance Department

14. (1) The Finance Department shall be divided into the following units:

Financial Accounting

a) This Department shall be responsible for keeping books of account, preparation and issuance of the District Assembly’s statutory accounts (both monthly and annual financial statements) and management accounting reports.

b) The Department shall also be responsible for the reconciliation of accounts, monitoring internal controls on revenue, expenditure, assets and liabilities as well as project accounts management.

Management Accounting (Budgetary Control)

(2) This section shall be responsible for the:

a) Preparation and administration of the District Assembly’s annual budget;

b) Receiving and disbursement of cost centre Warrants; and

c) Budgetary controls and expenditure returns

Treasury
(3) The Accountant in charge of the Treasury serves both the Assembly and the district. This section shall be responsible for the:

- a) Maintenance of Vote Ledgers;
- b) Cashiering operation including receiving and disbursement of cash and banking transactions;
- c) Preparation and submission of returns;
- d) Bank Reconciliations; and
- e) Receipt and lodgement of Revenue

**Internal Audit Unit**

(4) The District Assemblies shall establish Internal Audit unit. The unit shall work in close collaboration with the Internal Audit Agency and shall therefore use Internal Auditing standards and policies of the Internal Audit Agency to monitor, undertake appropriate inspections and evaluate the system of internal controls of the Assembly. The unit shall ensure that:

- a) Financial, managerial and operating information reported internally and externally is accurate, reliable and timely;
- b) The financial activities of Assembly are in compliance with laws, policies, plans standards and procedures;
- c) The District Assemblies resources are adequately safeguarded;
- d) The District Assemblies resources are used economically, effectively and efficiently;
- e) Plans, goals and objectives of Assembly are achieved; and
- f) Risks are adequately managed in the Assembly
- g) Government programmes and operation are administered economically, effectively and efficiently;
- h) Plans for the development and maintenance of an efficient internal audit for the Assembly are prepared for the approval of the Internal Audit Agency;
- i) The prevention and detection of fraud;
- j) The Assembly is fully and currently informed about any deficiencies related to the administration of their programmes and operations and the necessity for appropriate corrective action.
- k) The instructions contained in this accounting manual are understood and correctly followed; and
- l) The accounting system is continually reviewed with a view to recommending improvement and any subsequent amendments in this manual.

(5) The Internal Audit unit shall work in close collaboration with accounting staff of the Assembly at all levels.

**Monitoring Unit**

(6) The Monitoring Unit of the Assembly shall carry out evaluations of the activities of the Assembly to ensure that the system of internal controls applicable to both financial and programme areas provide reasonable assurance to the Controller that:

- a) Information reported by management is reliable;
- b) Activities are carried out in compliance with all relevant laws, rules, regulations, policies, and procedures;
- c) Resources are safeguarded, used judiciously, and for the intended purpose(s);
- d) Resources are used with due regard to economy and efficiency; and
- e) Programme results are consistent with established goals and objectives.
Clerical procedures

Purpose

15. (1) This is to provide a description of the clerical procedures in force throughout the Assembly.

Erasures and Alterations

(2) No entry in any accounting record or document shall be erased or altered by writing over. The use of correcting fluid is also not permitted. Immediately an error is found, the error shall be crossed out neatly and then initialled at the side. The correction shall be made at the top of it. Errors discovered after the account or book has been balanced or ruled off shall be amended by means of a properly authorised journal entry.

Use of Ink

(3) All handwritten entries in the books and records shall be made in ink, using blue ball-pen. The use of green ink or pencil in the transactions of official business is restricted to the officers of the Audit Service. Pencils may be used in accounting records for the purpose of checking the accuracy of entries or for entry of preliminary totals before balancing. Any such pencils marks or figures noted shall be entered neatly and in such a way as not to obscure the entries or to disfigure the account.

Vouchers

16. (1) The term voucher applies to any official form or document used in the financial business of the Assembly. The basis of entries in the accounting records shall be vouchers received from outside suppliers or prepared by the Assembly.

(2) The detailed treatment of vouchers in the course of the accounting is set out in the sections of the manual dealing with the procedures concerned. The following paragraphs set out the general principles, to be observed in the course of all procedures with regard to:

a. Vouchers received
b. Vouchers originated in the Assembly

Vouchers received

(3) Vouchers received include waybills, invoices, debit and credit notes statements and receipts. In respect of these vouchers, it shall be ensured that:

a. The description and value of the goods or services are correctly stated as received in accordance with the original order, if any;
b. Prices, extensions and additions are checked;
c. Allocations are properly made;
d. The vouchers are promptly entered, with their serial numbers, in the books or other records of prime entry:
   i) Where and as appropriate, the vouchers are duly rubber stamped or initialled with evidence of;
   ii) Verification of the points referred to above;
   iii) Authorisation, by the person responsible for the expenditure;
iv) Payment; and  
v) Entry in the books of account.

Vouchers Originated in the Assembly

(4) The principles to be followed in respect of these vouchers are that:

a) Whenever possible vouchers shall be prepared at the same time as, or before, the transaction which they record (for example, cash receipts are prepared immediately on receipt of cash);
b) Entries on handwritten vouchers shall be made with a ballpoint to ensure that all copies are legible;
c) All writing shall be clear and legible and adequate narrative or description is provided where appropriate;
d) Dates, price extensions and additions shall be made and checked where appropriate;
e) All signatures or initials shall be obtained;
f) The distribution of copies follows instructions printed on the vouchers set out in this manual;
g) When it is necessary to issue duplicate vouchers, they shall clearly be marked “duplicate” and initialled by the DFO;
h) When a pre-numbered voucher is defaced during preparation or when a mistake is found on it before distribution, it shall be cancelled and clearly marked “cancelled”. All copies except book copy shall be included in the batch of vouchers pasted or stapled onto the next section; and
i) The vouchers shall be promptly entered, with serial numbers, in the books or other records of prime entry.

Filing of Vouchers

(5) After the vouchers have been checked and entered in the Register of Vouchers or other records, copies of the vouchers shall be filed and clearly labelled in date order. In the case of pre-numbered vouchers, they shall be filed in numerical sequence. Where a complete series of vouchers is put on the file, the file shall be examined by the control clerk. Any missing voucher shall be listed and obtained from the person holding them or responsible for forwarding them. At any given time all vouchers shall be properly secured.

Documents Sequence Control

(6) Serially numbered documents in use shall be registered, filed and checked in strict numerical order. Absence of a number in any such series shall call for immediate investigation.

Supporting Vouchers

(7) All entries in the books and other accounting records shall be supported by properly authenticated vouchers. The vouchers shall indicate the values of the transactions and narratives sufficiently clear to permit their correct allocations and treatments.

Postings

(8) All accounting duties, including entries, postings, reconciliation, analysis and preparation of returns, shall be updated promptly.
Preservation of Records

Control of Accounting Vouchers

17. (1) The receipt, issue and recording of copies of all debit and credit notes, invoices, receipts, pay-in-slips, used cheque books etc. shall be the responsibility of the officer, who shall ensure that it is done on a timely basis.

Filing of Vouchers and Letters

(2) All vouchers, letters and other documents shall be filed daily, all files clearly marked with the subject of the contents and range of date’s sequence.

Disposition of Files

(3) Files which are currently, but not immediately, in use shall be in their allocated positions in cupboards, steel cabinets, or shelves. Files in immediate use shall be cleared from all desk at all times when the office is closed and returned to their steel cabinets or cupboards, books of accounts and similar records being under lock and key. Secret and confidential documents files shall be kept under lock and key at all times.

Document Removal Slips

(4) Documents removed from their files for any purpose which will prevent their being returned before the close of business shall be replaced by a Document Removal Slip signed by the person removing the document as well as the officer responsible for the file, and shall give reason(s) for its removal. The Removal slip shall remain on the file until the original document is re-filed.

Debtors Accounts

(5) All evidence of debts owed to the Assembly (i.e. appropriate documents of receipts of goods or of completed work or debit notes and advice notes) shall be properly filed.

Brought Ups (B. U.’s)

(6) A suitable system of bringing forward papers for attention on the correct day is also essential.

Disposal of Books and Records

(7) The authorised books and records used are set out below together with the period of retention, i.e. the number of years which they are retained after the financial year to which they relate.

(8) When records cannot be destroyed, the word “indefinitely” shall be shown under the period of retention:
Table 1: Period of Retention of Records

<table>
<thead>
<tr>
<th>Ledgers</th>
<th>Period of retention in years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal Ledger</td>
<td>7</td>
</tr>
<tr>
<td>Trade Debtors Ledger</td>
<td>7</td>
</tr>
<tr>
<td>Bad Debts ledger</td>
<td>7</td>
</tr>
<tr>
<td>Trade Creditors Ledgers</td>
<td>7</td>
</tr>
<tr>
<td>Contract Ledger</td>
<td>7</td>
</tr>
<tr>
<td>Staff Debtors</td>
<td>7</td>
</tr>
<tr>
<td>Accruals Ledger</td>
<td>7</td>
</tr>
<tr>
<td>Disbursement Accounts</td>
<td>7</td>
</tr>
<tr>
<td>Register of Fixed Assets</td>
<td>7</td>
</tr>
<tr>
<td>Data Processing Print Out (Accounting Reports)</td>
<td>7</td>
</tr>
</tbody>
</table>

Miscellaneous accounting records

| Attendance Books                     | 2                           |
| Job Cards                            | 4                           |
| Transport Vehicle Log Books          | 7                           |
| Fixed Assets Inventories             | 2                           |
| Accounting Staff Handing Over Notes  | 2                           |

Miscellaneous accounting records

| Monthly Management Information Statements | 2                           |
| Staff Deduction Records                | 7                           |
| Trial Balances                         | 7                           |
| Monthly Cash Requirement Statements    | 2                           |
| Journal Vouchers                       | 7                           |

Other vouchers

| Travelling Claim Vouchers             | 7                           |
| Salary Change Advices                 | 7                           |
| Payroll                               | 7                           |
| Purchases Invoices                    | 7                           |
| Payment Advices                       | 7                           |
| Suppliers Statements                  | 7                           |
| Bank Advices                          | 7                           |
| Cheque Books                          | 7                           |
Bank Statements 7
Pay-in-slips 2
Fixed Assets Authorisation Form 7
Cash Till Rolls 2

Registers and master files

<table>
<thead>
<tr>
<th>Document Type</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Manual</td>
<td>Indefinitely</td>
</tr>
<tr>
<td>Register of Accounting Manual Holders</td>
<td></td>
</tr>
<tr>
<td>Register of Accounting Manual Amendments</td>
<td></td>
</tr>
<tr>
<td>Consumable Stores Standard Prices File</td>
<td>7</td>
</tr>
<tr>
<td>Register of Authorised Suppliers</td>
<td>7</td>
</tr>
<tr>
<td>Register of cheques Issued</td>
<td>2</td>
</tr>
<tr>
<td>Register of Safe and Store Keys</td>
<td>7</td>
</tr>
<tr>
<td>Master Accounts Code Amendment File</td>
<td>7</td>
</tr>
</tbody>
</table>

Loss Reports

<table>
<thead>
<tr>
<th>Report Type</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores Loss Reports</td>
<td>7</td>
</tr>
<tr>
<td>Cash Loss Reports</td>
<td>7</td>
</tr>
<tr>
<td>Asset Loss Reports</td>
<td>7</td>
</tr>
</tbody>
</table>

Stores Records

<table>
<thead>
<tr>
<th>Record Type</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Control Cards or Sheets</td>
<td>7</td>
</tr>
<tr>
<td>Bin Cards</td>
<td>2</td>
</tr>
<tr>
<td>Inventory Sheets</td>
<td>7</td>
</tr>
</tbody>
</table>

(9) The period of retention is considered a minimum. Any action for destruction of each class of document after the minimum period shall be considered on its own merit having relevance to any available information which might make the destruction of the documents not advisable e.g. in the event of pending or anticipated investigation for which the document might be required. In all cases, however, a Board of Survey shall be convened to recommend destruction. The Director of Internal Audit or his representative shall act as the Chairman of the Board.

Clerical procedures relating to other sections

(10) Clerical procedures related specifically to sections are treated in detail under those sections.
CHAPTER 3
OVERVIEW OF A DISTRICT ASSEMBLY’S FINANCIAL MANAGEMENT SYSTEM

Introduction

18. This section deals with the various responsibilities such as banking, accounts preparation and institutional arrangements relating to the overall financial management system of the MMDAs.

Responsibility

19. (1) Section 91 of the Local Government Act, 1993, Act 462 sets the powers of the Minister responsible for Local Government, after consultation with the Minister responsible for Finance, to issue written financial instructions for the control and efficient management of the finances of the Assemblies. The instruction may be issued either generally or with respect to a particular District Assembly.

(2) Regulation 4 of FAR, 2004 stipulates the following:

a. Regulation 4(1) ‘A head of department shall with the approval of the Controller and Accountant–General given in consultation with the Auditor–General issue Departmental Accounting Instructions to regulate the financial business of the department, indicating the duties to be performed by specified officers, the accounts to be kept and returns to be submitted, and such other instructions as may be required for the proper conduct of the financial business of the department’.

b. Regulation 4(2) of FAR 2004 states ‘The Departmental Accounting Instructions shall contain relevant procedures for the keeping of accounts, preparation and format of financial statements, Department Chart of Accounts, Departmental Accounting System – whether manual or mechanized, and all administrative issues relating to the keeping and preparation of government accounts’

(3) Persons authorised to collect or receive public moneys and moneys in trust for Government shall pay the moneys promptly into the Public Fund Account within twenty-four hours of receipt except in exceptional circumstances to be identified by the CAG.

Banking

20. The mandate to ensure the safe custody and integrity of the Consolidated Fund and other designated public funds is vested in the CAG. The CAG shall:
a) Establish Collections Accounts with the BoG and its agents, as he deems necessary for the deposit of such moneys.
b) Open operational bank accounts to receive all cash transfers from the Treasury Main Bank Account to undertake all the District Assembly’s financial transactions – Operational Accounts.

Internally Generated Funds
c) The CAG shall authorise the Assembly to open bank accounts to receive their IGF.

Preparation of Accounts

21. (1) The Treasuries, within the District Assemblies shall disburse, receive funds and make payments on behalf of the District Assembly from these accounts.

(2) The Public Accounts Directorate of the CAGD which is responsible for the preparation of the Public Accounts shall receive inputs covering receipt and payment transactions from the District Assemblies.

Functional Relationships and Information Flows

22. Figure 3 below outlines the District Assemblies flow of planning, budgeting, accounting/reporting processes.
Figure 3: OVERVIEW OF THE ASSEMBLY’S FINANCIAL MANAGEMENT SYSTEM
CHAPTER 4
ACCOUNTING POLICIES

Purpose and Definition

Purpose

23. This section sets out the District Assemblies accounting policies. It shall be the responsibility of the Assembly to prepare its own accounts. The accounts shall cover all transactions and events of the Assembly that utilise budgetary allocations from the Consolidated Fund and any other Public Fund. The CAG shall prepare the Public Accounts for the Government of Ghana.

Definition of District Assemblies Accounting Policy

24. (1) In accordance with section 38 (2) of the FAA 2003, the financial statements shall be prepared using the Generally Accepted Accounting Principles (GAAP), which refers to accounting principles, practices and procedures recognised by the Institute of Chartered Accountants of Ghana as appropriate for reporting financial information relating to government, a ministry or department, fund, agency or other reporting unit.

(2) The District Assemblies Accounting Policies are the specific principles, bases, conventions, rules and practices adopted in preparing and presenting financial statements in the public sector. These policies shall be in accordance with policies prescribed by the CAG in line with the GoG Accounting Policies, and the International Public Sector Accounting Standards (IPSAS), which set out recognition, measurement, presentation and disclosure requirements dealing with transactions and events in general purpose financial statements.

(3) The District Assemblies Accounting Policies shall clarify how the relevant accounting standards shall apply to individual transactions and balances.

General accounting policies

Coverage

25. The accounting policies shall be applicable to all Assemblies.

Basis of Public Sector Accounting

26. The accounting policies currently in force are as follows:
Accrual Basis of accounting

a) The Public Accounts and other government accounts shall generally be prepared on Accrual basis except that the specific basis and procedures for preparing the accounts shall be determined by the CAG (FAR 2004, Regulation186).

Presentation and Disclosure

b) Financial statements of the Assembly shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and other instructions issued by the CAG in consultation with the Auditor-General.

True and fair view/fair presentation

27. (1) Financial statements shall show a true and fair view, or present fairly the financial position, of the Assembly’s performance and changes in financial position. This is achieved by the application of the appropriate IPSAS and of the principal qualitative characteristics stated above.

(2) The Assemblies may depart from the application of IPSAS in extremely rare circumstances, when the CAG, in consultation with the Auditor-General conclude that compliance with an IPSAS requirement would be so misleading as to conflict with the objective of the financial statements.

(3) The nature, reason and financial impact of the departure shall be explained in the financial statements. The override does not apply where there is a conflict between relevant laws of Ghana and the IPSAS.

Changes in Accounting Policies

28. The Accounting Policies shall be applied consistently over the years. No changes shall be made to the Accounting Policies except by the CAG and in consultation with the Auditor-General.

General Presentation and Disclosure of financial information

29. (1) FAA Section 3(7) stipulates that financial statements shall be prepared in accordance with generally accepted government accounting principles and in accordance with any instructions issued by the CAG in consultation with the Auditor-General.

(2) The Public Accounts and accounts submitted by the Assembly shall be in accordance with basis stated in this manual. If the basis has not been stated in this manual, the Assembly shall state the basis of accounting used in the preparation of the accounts and identify any significant departures and the reasons for the departures in consultation with the CAG.
(3) The financial statement for the District Assembly's accounts shall include:

   a) A balance sheet showing the assets and liabilities of the Assembly at the end of the year;
   b) A statement of receipts and payments of the Assembly for the year;
   c) A statement of revenue and expenditure of the Assembly for the year;
   d) A cash flow statement of the Assembly for the year; and
   e) Notes that form part of the accounts which shall include particulars of the extent to which the performance criteria specified in the estimate in relation to the provision of the Assemblies' output were satisfied.

Foreign Currency

30. This is any currency other than the Ghana Cedi (GHC). The Ghana Cedi shall be the basis for reporting. Foreign currencies shall be converted at the exchange rate prevailing at the time of the event or transaction. Balance Sheet items (assets and liabilities) shall be translated at the exchange rate prevailing at the balance sheet date. Exchange losses or gains shall be treated as part of the reserves. Notes to the accounts shall show the original amount in the foreign currency, the balance at the start of the year and the balance at the end of the year.

Non-Financial Reporting

31. Non-Financial Reporting is reporting wholly or partly on information not contained in the financial statements. The Assembly may report on such information.

Receipts and Revenue

Definition and Recognition of Revenue

32. Revenues are the earnings of the Assembly within an accounting period. Revenue shall be recognised when cash or service associated with the transaction flow to the Assembly.

   a. For Cash Transactions, the revenue is recognised on receipt of payments.
   b. For other transactions, revenue is recognised when it is earned by law (e.g. rates, fees and fines and licences) or by contract for goods or services (e.g. hiring of equipment, tractor services supplied by the Assembly).

Definition and Recognition of Receipts

33. Receipts are the gross inflow of cash or service during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from GoG. Receipts are recognised only when cash associated with the transaction flows to the Assembly.
Classification of Receipts

34. The District Assemblies receipts shall comprise income from their share of the District Assemblies Common Fund

   i. DACF

   ii. Grants for Salaries

   iii. and other receipts classified in accordance with Regulation 10 of the FAR 2004 as follows:

   a) Public Moneys include:

      i. Non-Tax Revenue

      ii. Grants;

      iii. Other Receipts - The product of borrowing, repayment of government loans and advances, sale of government securities, sale of government equity investments and sale of other government assets.

   b) Trust Moneys are Deposits, Special Funds and Trust Funds.

Non-Tax Receipts

35. (1) These are revenues generated from the unique activities of a District Assembly from its operations other than taxes collected by the central government Revenue Agencies.

(2) Non-Tax Receipts include:


   b) Grants are classified first by the type of unit paying the grant and then by whether the grant is current or capital.

Expenditure

Definition and Recognition of Expenditure

36. (1) Expenditures are payments made in respect of cash transactions by the Assembly and liabilities incurred during the financial period for goods and services received from vendors.

   a) Payments refer to the total outflow of cash during the period. These are outflows of cash to vendors for the settlement of liabilities and services enjoyed within a reporting
year. The Assembly recognises payments when cheques are issued to suppliers for goods and services received by the Assembly.

b) Expenditure refers to payments in respect of debt incurred relating to the period irrespective of whether they have been paid or not. The Assembly recognises expenditure when goods or service to suppliers are delivered to the Assembly.

**Classification of Expenditure**

(2) The chart of accounts has been structured in line with the classification of Government expenditure as follows:

- a. Compensation of employees
- b. Use of Goods and Services
- c. Consumption of Fixed assets
- d. interests
- e. Subsidies
- f. Grants
- g. Social Benefits

**a. Compensation of employees**

Compensation of employees is the total remuneration, in cash or in kind, payable to a government employee in return for work done during the accounting period, except for work connected with own account capital formation. (The same exception applies to each subcategory of compensation of employees.) It includes the following:

**Wages and salaries**

Wages and salaries consist of all compensation of government employees except for social contributions by employers. It includes pay in cash or in kind. Social contributions paid by deduction from employees’ wages and salaries are included in this category.

Compensation of employees engaged in own account capital formation, which is the production of non financial assets for own use, is recorded as the acquisition of non financial assets. Compensation of employees is measured by the value of the remuneration in cash or in kind an employee becomes entitled to receive from an employer for work done during the relevant period, whether paid in advance, simultaneously, or in arrears of the work itself. To the extent that payment has not been made for work performed, the MMDA must record an entry in accounts Payable.

**Social contributions:**

- Social contributions are payments, actual or imputed, made by general government units to social insurance schemes to obtain entitlement to social benefits for their employees, including pensions and other retirement benefits.

- Some social contributions are paid directly by the general government unit that is the employer to a second general government unit, usually a social security fund.

**b. Use of goods and services:**

- This category consists of goods and services used for the production of market and non market goods and services—except for own-account capital formation—plus goods purchased for resale less the net change in inventories of work in progress, finished goods, and goods held for resale. General government units may engage in a number of transactions in goods and services that are not classified as use of goods and services. In particular:
• Goods acquired for use as fixed assets or valuables or for use in own-account capital formation are classified as acquisitions of fixed assets or valuables. Expenditures on inexpensive durable goods, such as hand tools, are treated as use of goods and services when such expenditures are made regularly and are small compared with expenditures on machinery and equipment.

c. **Consumption of fixed capital:**

Consumption of fixed capital is the decline during the course of an accounting period in the value of fixed assets owned and used by a general government unit as a result of physical deterioration, normal obsolescence, or normal accidental damage. It is valued in the average prices of the period. Consumption of fixed capital may deviate considerably from depreciation as recorded in government financial records, which is normally calculated using the original costs of fixed assets.

d. **Interest**

Interest is payable by units that incur certain kinds of liabilities, namely deposits, securities other than shares, loans, and accounts payable. These liabilities are created when a general government unit borrows funds from another unit. Interest is the expense that the general government unit (the debtor) incurs for the use of the principal outstanding, which is the economic value that has been provided by the creditor. Interest expense accrues continuously over the period that the liability exists.

e. **Subsidies**

Subsidies are current unrequited payments that government units make to enterprises on the basis of the levels of their production activities or the quantities or values of the goods or services they produce, sell, export, or import. Subsidies may be designed to influence levels of production, the prices at which outputs are sold, or the remuneration of the enterprises.

f. **Grants**

Grants are noncompulsory current or capital transfers from one government unit to another government unit or an international organization. Grants are classified first by the type of unit receiving the grant and then by whether the grant is current or capital.

g. **Social benefits**

Social benefits are defined as transfers in cash or in kind to protect the entire population or specific segments of it against certain social risks. A social risk is an event or circumstance that may adversely affect the welfare of the households concerned either by imposing additional demands on their resources or by reducing their incomes. Examples of social benefits are the provision of medical services, unemployment compensation, and social security pensions. They are classified according to the type of scheme governing their payment, which are social security, social assistance, and employer social insurance schemes.

**Statutory Payments**

(3) These payments are of two kinds: Domestic and External.

  a) Domestic Statutory Payments – these are payments made by the Assembly to Sub-Districts and they include domestic debt payments.
  b) External Statutory Payments – these are payments of bilateral loans, multilateral loans and payments to commercial and export credit institutions.
Others

(4) **Financial Year** – The financial year of the Assembly shall be a 12-month period starting from 1st January and ending 31st December.

(5) **Commitment Accounting** – MMDAs shall adopt commitment accounting. Commitment accounting is the process whereby the available budget is reduced by expenditures and commitments supported by outstanding purchase orders.

(6) **Virement** – Virement (that is, the transfer of available budget from one item of expenditure to another) shall be permitted within sub-items of an expenditure item within the recurrent category, but only on the approval of the Assembly.

(7) **Chart of Accounts** – The structure of the chart of accounts shall be consistent with the chart of accounts structure for both national and sub-national levels of government. The overall chart of accounts shall therefore integrate the GIFMIS chart of accounts with that of the Assembly to facilitate financial management and reporting.

(8) **Cash Management** – The Assembly shall prepare cash flow forecasts on at least a quarterly basis and manage its liquidity with the objective of ensuring that it is able to meet its liabilities as they become due without having to borrow for the purposes of making recurrent expenditures. The Assembly shall manage its recurrent expenditures so that it does not exceed revenues.

(9) **Bank Accounts** – No Bank accounts shall be opened without explicit consent of the Assembly and without the approval of the CAG. Monies received for a special purpose shall be used for that purpose only. Bank accounts shall be reconciled monthly by the finance officer and approved by the DCD promptly.

(10) **Investments** – Assemblies with surplus funds, over and above the amounts required to meet liabilities as they come due, may invest to earn a return until they are required.

(11) **Stores** – Every Assembly shall maintain adequate records of stores indicating receipts, issues, physical balances and values. Physical and book records shall be reconciled at least half yearly.

(12) **Fixed Assets Register** – The Assembly shall maintain fixed assets register in which fixed asset acquisition costs, disposals proceeds and depreciation are recorded.

(13) **Public Private Partnerships** – An Assembly shall only enter into any partnerships with private sector entities in order to undertake development or commercial projects with the consent of the sector minister and approval of the Minister for Finance.

(14) **Procurement** – All procurement including Construction and Engineering Works shall be in accordance with the Public Procurement Act, 2003, (Act 663).
CHAPTER 5

DISTRICT ASSEMBLY’S CHART OF ACCOUNTS AND UPDATE PROCEDURES

Outline of the system

37. This section of the Accounting Manual details the procedures relating to the update and maintenance of the District Assemblies Chart of Accounts.

Definition of Chart of Accounts

38. In strict accounting terminology the definition of the chart of accounts is those impersonal, nominal and real accounts defined in the general ledger book of account and produced by a trial balance. These are the expenditure, revenue, assets and liabilities.

Chart of Accounts can be defined as: “a set of coding elements used to classify, record, budget and report on all financial transactions in the most suitable form for making informed and good financial decisions”.

Policies and Standards

Legal Framework

39. (1) Section 39 of the FAA stipulates that: “The CAG shall, with reference to the approved Chart of Accounts, determine the classification of accounts”.

Adopted Accounting Standards

Coverage

(2) The Chart of Accounts and Update Procedures shall apply to all Assemblies.

Procedures and Processes

40. The management of the Chart of Accounts is the responsibility of the CAG. The process of updating the Chart of Accounts shall be initiated by the DCD by making a formal request to the CAG. The processes and procedures below shall be followed:

   a) The DCD shall complete and submit to the CAG for approval, the Chart of Accounts Update Form;
   b) The CAG shall review and approve the request if satisfied;
   c) For an update of the budget classification, the CAG shall approve the request after consulting the Director of Budget;
   d) Once a request is approved, the CAG shall instruct the Head of Public Accounts – CAGD to update all versions of the Chart of Accounts with new Account Codes and their relevant Descriptions:
e) Once the Chart of Accounts is updated, the CAGD shall compile a schedule listing all the newly created Codes and circularise to the affected Assemblies; and

f) The CAG shall then issue an addendum to the Charts of Accounts, of all newly created Account Codes for distribution to all Assemblies.

Roles and responsibilities

41. The roles and responsibilities of key officers for the operation of Chart of Accounts shall be as set out in table 2 below:

Table 2: Roles and Responsibilities of Key Officers

<table>
<thead>
<tr>
<th>No.</th>
<th>Officer</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>CAG</td>
<td>• Review and approve request for an update to the Chart of Accounts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Assign relevant Code and Description, and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Update all versions of the Chart of Accounts</td>
</tr>
<tr>
<td>2.</td>
<td>Director of Budget</td>
<td>• Review and recommend for an update to the Chart of Accounts.</td>
</tr>
<tr>
<td>3.</td>
<td>Head of the Assembly</td>
<td>• Make a request for the update of the Chart of Accounts.</td>
</tr>
</tbody>
</table>

Overview of the Chart of Accounts

42. (1) The Chart of Accounts is designed to facilitate Budgeting, Accounting and Multi-dimensional Reporting. The structure of the Chart of Accounts ensures the preparation of Management Reports at the District and Sub-District levels as well as meeting stakeholder Reporting Requirements.

(2) The Chart of Accounts is composed of twelve (12) main Segments.

(3) The detailed analysis of each segment shall be as provided in table 3 below:
### Table 3
**Table – Segments of the accounting flex field in GIFMIS**

<table>
<thead>
<tr>
<th>No.</th>
<th>Segment Name</th>
<th>No of Digits</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Institution</td>
<td>2 characters</td>
<td>An institutional unit as defined in the GFS 2001 Manual &quot;is an economic entity that is capable, in its own right, of owning assets, incurring liabilities, and engaging in economic activities and in transactions with other entities.</td>
</tr>
<tr>
<td>2</td>
<td>Funding</td>
<td>5 characters</td>
<td>The segment combines the previous separate segments for type and source of funds using a parent child relationship for sources of funds with type of fund. <strong>The Funding Classification</strong> provides a means to track the source of funding for expenditures. This code is particularly important as the Government reports information from direct funding to local budgets within a consolidated reporting scheme.</td>
</tr>
<tr>
<td>3</td>
<td>Function of Government</td>
<td>5 characters</td>
<td>In this segment the classification of Outlays by Function of Government is defined using the COFOG definitions in the GFS 2001 Manual. <strong>The Functional Classification</strong> of expense is to provide a strategic overview of the allocation of budget resources between different sectors of the economy. (e.g. General Public Service, Health, Education, Social Protection etc.)</td>
</tr>
<tr>
<td>4</td>
<td>Organization</td>
<td>10 characters</td>
<td>In this segment the organization structure of the MDA is defined with the objective of budget and cost collection at defined and recognised cost centre units. It represents Ministries, MMDAs, Agencies of Governments and the Departments, and Divisions under them.</td>
</tr>
<tr>
<td>5</td>
<td>Program</td>
<td>4 characters</td>
<td>This segment provides the strategic objectives of the MDA/MMDA which defines the outcomes (what the mission wants to achieve) that has a direct impact on the community and addresses the specific needs and or interest of Ghanaian citizens.</td>
</tr>
<tr>
<td>6</td>
<td>Sub Program</td>
<td>4 characters</td>
<td>Sub programs are outputs or services that government entities provide for Ghanaian citizens. They are what should be produced to achieve the strategic objectives.</td>
</tr>
<tr>
<td>7</td>
<td>Project</td>
<td>7 characters</td>
<td>The project’s segment has been included for prudence in order to record individual projects where there may be an activity which would have a one too many relationship to projects.</td>
</tr>
<tr>
<td>8</td>
<td>Activity</td>
<td>6 characters</td>
<td>Activities are individual acts which, when grouped</td>
</tr>
</tbody>
</table>
9. Location

Together, constitute an output (what has to be done to produce the outputs).

| Location | 6 characters | This segment will record each geographical location, e.g. where work is performed or expenditure incurred. This is demarcated by Regions, Districts and the various Divisions. |

10. Natural Account

| Natural Account | 7 characters | The natural account as produced in the trial balance is the essential component of the chart of accounts. This also refers to the broad classification of account transactions. The Account classes identified for Assemblies are Revenue, Expenses, Assets and Liabilities. |

11 and 12. Spare Segments

| Spare Segments | 8 characters | These are two segments with 8 characters and it is provided for future Business Operations |

**Related documents and references**

43. The related documents and references shall be the following

a) References

   i) Chart of Accounts for the Assembly.

   ii) General Ledger User Requirements.

b) Forms- Chart of Accounts Update Form.
CHAPTER 6
DISTRICT ASSEMBLY’S BUDGETING SYSTEMS

Purpose and Coverage

44. (1) The purpose of this section is to detail out all the processes and procedures involved in the District Assemblies budget preparation and approval.

Coverage

(2) In the preparation of budget estimates, the Assembly is required to disaggregate their budgets into the various levels of administration (departments and sub-district structures).

Legal framework


(2) Section 92 of the Local Government Act, 1993, Act 462 requires every Assembly, before the end of each financial year to submit to the Regional Co-ordinating Council (RCC) a detailed budget for the Assembly stating the revenue and expenditure, annual development plans and programmes of the Assembly for the ensuing year.

(3) The RCC shall then collate and co-ordinate the budget of the Assemblies in the region and submit the total budget of the Assemblies in the region to the MoFEP, MLGRD and the National Development Planning Committee (NDPC).

(4) The budget for a district shall include the aggregate revenue and expenditure of all departments and organisations under the District Assembly and the District Co-ordinating Directorate, including the annual development plans and programmes of the departments and organisations under the Assembly.

(5) A graphical overview of the budget processes is presented in Figure 4 below.
Figure 4  
Overview of The District Assemblies Budget Processes

<table>
<thead>
<tr>
<th>ORGANISATION</th>
<th>ASSEMBLY</th>
<th>SYSTEM</th>
<th>Budget</th>
<th>TITLE</th>
<th>MANAGEMENT OVERVIEW DIAGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>SUBSYSTEM</td>
<td>Approval and Adoption</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MAJOR INFORMATION INPUTS</th>
<th>FUNCTIONS</th>
<th>ONLINE ENQUIRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft Budget from district to sub-district Departments Agencies</td>
<td>Revision of Assembly’s Draft Budget</td>
<td>None</td>
</tr>
<tr>
<td>Assembly’s Policies</td>
<td>Collation of Assembly’s Draft Budget</td>
<td></td>
</tr>
<tr>
<td>Sectoral Policies</td>
<td>Assembly’s Internal Budget Hearing</td>
<td></td>
</tr>
<tr>
<td>Internal Budget Guidelines</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COMPUTERISED INTERFACE FROM</th>
<th>COMPUTERISED INTERFACE TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>
Budget preparation and hearing procedures

Purpose

46. The purpose of this section is to detail out all the processes and procedures involved in the District Assemblies budget preparation and hearing.

Coverage

47. (1) The GoG Budget preparation and hearing process is applicable to Assemblies and other public institutions that draw funds from the Consolidated Fund.

(2) In the preparation of budget estimates, all sectors are required to disaggregate their budgets into the various levels of administration (regional, district and sub-district).

Budget Guidelines

48. (1) The Budget Guidelines shall specify the modalities and the requirements for the preparation of the following:

a. Tax Revenue Estimates;
b. Non-Tax Revenue Estimates;
c. Returns on Expenditure incurred out of Non-Tax Revenue;
d. Expenditure Estimates for Personnel Emoluments,
e. Administration Expenses, Services, and Investments (Items 2 to 4);
f. Sector Expenditure Ceilings by Assemblies;
g. Expected Outputs in terms of documentations and reports that shall accompany the Draft Estimates of MMDAs;

(2) The Budget Guidelines shall also provide any other relevant information and/or specific instruction that would facilitate the budget preparation and approval process.

Distribution of Budget Guidelines

49. The Budget Guidelines signed by the Minister for Finance and Economic Planning shall be addressed to all Sector Ministers, all Regional Ministers, and all DCEs. The Guidelines shall be copied to His Excellency, the President, the Chairman of the Economic Management Team, the Chief of Staff at the Office of the President, the Head of the Civil Service, the Auditor-General, the CAG, all Chief Directors/Directors, all Heads of Departments/Agencies, all Regional Co-ordinating Directors, all Regional Budget Officers, all Regional Economic Planning Officers, all DCDs, and all DBOs.
Budget Committees

50. The members of the District Budget Committee shall comprise:

   a) The head of all cost centres,
   b) The heads of district departments,
   c) The head of Finance; and
   d) The head of procurement
   e) The Head of District Planning and Coordinating Unit
   f) The District Budget Officer

Responsibility of the Budget Committees

51. The Budget Committee shall be responsible for the following:

   a) Review and formulate the strategic plans based on the policies of government;
   b) Review the Assemblies revenue collection activities;
   c) Allocate resources based on objectives, outputs and activities;
   d) Co-ordinates, and consolidate the budget;
   e) Monitor and evaluate budget performance; and
   f) Report in accordance with these regulations.

Processes and Procedures

52. (1) The Assembly prepares its recurrent and capital budget based on detailed guidelines issued by MoFEP. The Assembly shall prepare an integrated district budget which shall cover all the departments of the Assembly. Generally, the Assembly issues their internal budget guidelines to their Departments and based on the MoFEP Budget Guidelines and sector policies determined at Sector level. Prior to the preparation of the estimates, briefings are organised for all the Departments to discuss issues relating to the budget.

(2) Departments at the District level shall be involved in the budgeting process. This process allows the operational units to contribute inputs into the District Assembly's budget.

(3) The Department and the sub-district structures shall prepare their budget in conformity with the Assembly Guidelines and submit it to the Assembly. The Assembly shall prepare their budget and merge it with that of the Departments and sub-district structures. The combined budget shall be presented to the RCC for regional consolidation.

(4) The process ensures that Departments and sub-district structures of the Assembly are involved in the budget preparation at all levels, i.e. each Department or sub-district structure prepares and presents a budget that can be consolidated to present a budget for a particular level.
District Assemblies Budget Hearing for Internally Generated Funds (IGFs)

53. With the preliminary review of the District Assemblies Budget Estimates on hand, the District Assemblies Budget Committee shall do the following:

a) The Finance and Administration sub-committee of the Assembly working with the budget officer would put up the Assembly’s fee fixing resolution and estimates;
b) When the estimates are put up, it is forwarded to the Executive Committee for discussion and deliberation and endorsement;
c) Submission to and approval by the General Assembly through resolution;
d) After approval the District Assembly implements the budget;
e) An information copy is submitted to the RCC, which in turn submits it to the Ministry of Local Government and Rural Development (MLGRD); and
f) From the MLGRD, it is forwarded to the Budget Division of MOFEP.

District Assemblies Budget Hearing for the District Assembly Common Fund (DACF)

54. In respect of Budget Hearing for the Assembly:

a) The Minister of Finance and Economic Planning gives an estimate in the budget of the quantum of the Common Fund for the year.
b) Following the annual approval of the Common Fund sharing formula by Parliament, the DACF Administrator shall inform the District Assemblies of their respective share of the DACF.
c) The DACF Administrator shall request for a supplementary estimate for the utilisation of the District Assemblies share of the Common Fund, usually this is extracted from the medium term development plan of the Assembly.
d) Other expenses out of the Common Fund which is captured in the supplementary budget relate to the counterpart funding required by projects.
e) The Assembly shall forward the supplementary budget to the DACF Administrator.

District Assemblies Budget Hearing for the GoG – Compensation of Employees

55. The District Assembly’s Budget Committee in reviewing the Budget estimates shall:

a) Discuss and review the Assembly and Cost Centre Draft Budget Estimates to ensure that they are in line with Sector and Ministerial Policies and Ceilings, and the District Assembly’s Strategic Plans.
b) Consolidate Cost Centre Draft Budget Estimates for the Assembly and submit to the RCC for endorsement.
c) The RCC submits the District Assembly’s Draft Budget Estimates to the Budget Division of MOFEP.
Preparation of Estimate for Revenue Budget

Responsibility

56. (1) The Budget Committee of the Assembly has responsibility for the correct operation of the budgeting procedures and for providing the DCD with the detailed revenue budget for each financial year.

(2) The District Assembly’s Budget Officer (DBO) shall be responsible for the preparation of the revenue budget and monitoring of actual performance against the budget and submission of periodic reports to management.

Programme

57. The DBO shall prepare and agree with the Budget Committee a detailed programme for completion of the annual revenue budget for the following year, within the time limits laid down by the standing orders i.e. before the end of the eighth month of the current financial year.

Revenue Budget Forms

58. (1) The DBO, in accordance with approved programme, shall prepare from the prior year’s forms adjusted as required, a set of revenue budget forms, together with adequate instructions for completion of each to cover the district.

(2) The Estimate of Revenue shall indicate:

   a) The districts revenue by revenue type

   b) Actual results of prior periods to provide a useful comparison in preparing and scrutinising the annual budget.

   c) Approved estimates of prior periods.

(3) Revenue estimates shall be prepared initially for each revenue head and analysed by sub heads and for each item of revenue by accounts code.

(4) The constituent parts shall be summarised by control accounts and revenue heads on the Estimate of Revenue Schedule to show the estimated revenue for the year. Estimates for the individual components making up the revenue budget shall be as follows:

   a. projected rateable persons tenements etc;

   b. average rate for each category;

   c. calculated cedi value of revenue;
(5) The projected rateable persons or properties etc shall be estimated on the basis of prior period’s figures and information provided by the Executive Committee on:

a. any increase in population;
b. any new development planned;
c. local and national trends such as increase or decrease in occupation in the area; and
d. increase in market value of properties

Review of Revenue Estimates

59. (1) After preparation and arithmetical checking of the revenue estimates, the estimate for each head shall be reviewed by the Budget Committee before submission to the Executive Committee to ensure that all revenue items budgeted are reasonable in light of past results and any known changes in circumstances.

(2) Before submission to the Executive Committee, the revenue estimates shall be approved by the DCE.

Justification

60. The estimated revenue shall be supported by a justification explaining increases or decreases in revenue subheads or items and showing how the estimates have been arrived at.

Rating

61. (1) The District Assembly is empowered by the Local Government Act 1993 to levy general and specific rates sufficient to provide for that part of the total estimated expenditure to be incurred by the district in the ensuing period.

(2) The fixing of rates and levies is the responsibility of the District Rates Assessment Committee. The rates to be levied by the district is calculated based on:

a. Guidelines issued by the Minister for Local Government and Rural Development
b. Total estimated expenditure to be incurred by the District Assembly during the period relating to the rate levied.
Budget Release and Execution Procedures

Purpose

62. The purpose of this section is to detail out all the processes and procedures involved in the District Assembly's budget release and execution.

Coverage

63. The Assembly shall have full responsibility for managing their budget including monitoring, accounting and reporting on revenue and expenditure as well as overall performance of their budget. However other inflows to the Assembly from Central Government shall follow the GoG budget release and execution process.

Provisional Estimates

64. (1) If the Appropriation Bill is unlikely to be passed before the 31st December, the President with the approval of Parliament shall authorise the withdrawal of monies for an amount not exceeding a quarter of the draft estimates from the Consolidated Fund in respect of the period expiring three months from the beginning of the financial year. This is referred to as the Provisional Estimate and it is to enable the Assembly continue to operate for the first quarter in the New Year.

(2) The Provisional Budget shall be approved by Parliament before the end of the year. The Provisional Budget shall show a breakdown of Government Expenditure for both discretionary and statutory payments.

(3) Once the Appropriation Bill and the Finance Bill are enacted, the National Budget shall override any Provisional Budget, and it shall be frozen by the Minister for Finance & Economic Planning to prevent further charges. The National Budget shall then become the ceiling for the year.

(4) The Assembly shall not spend without a budget.

Cash Plans and Ceilings

65. After receiving the approved budget, Principal Account Holders of the Assembly and Cost Centre Managers shall prepare cash plans indicating the timing of their cash requirements. The cash plans shall then be submitted to the Ministry of Finance and Economic Planning (MOFEP) and used as a basis in determining quarterly cash ceilings for the centralised departments serviced by the Assembly.
Budget Execution Process

66. (1) The approved annual budget shall set in motion the budget execution process. A General Warrant shall be issued by MoFEP to CAGD to authorise expenditures for the recurrent component of the budget and a Provisional Warrant shall be issued to authorise incurrence of expenditures in the new financial year until such time that the budget approval process is finalized.

(2) Specific Warrants shall be required for capital expenditures. The issuance of Specific Warrants shall be initiated by the MMDAs, on their application for fund Release Authorisation. Copies and Warrants issued are submitted to the Auditor-General’s Office.

(3) The budget execution process shall be carried out by the MMDAs, with support from the Treasuries of CAGD and the District Budget Analysts.

(4) During the budget execution phase, virements may be authorised by specified officer depending on the type of virement Regulations 72-74 of FAR 2004. Regulations 80-86 of FAR allow for supplementary budget requests in cases of budgeted shortfalls and unbudgeted expenditures. Supplementary budgets are also required to go through the normal budget approval phase.

(5) The GoG budget release and execution processes and procedures are depicted in Figures 5 & 6 overleaf.
Approved National Budget
Approved Supplementary Budget

Issuance of Warrants by MoFEP
Authorisation for Subvented Organisations
Issuing of Fund Release Authorisations (FRAa) to MDAs

General Ledger

None

None
Figure 6  GoG Budget Execution

MoFEP
- Preparation of Warrant
  - Check for fund availability per the cash management system
- Endorse warrant Minister of Finance
- Prepared Warrant
- Preparation of warrant for capital expenditure
- Virement Approved

CAGD
- Sign treasury circular
- Certify MDAs periodic budgetary allotments (certifying treasury)
- Validate PV data entries (treasury cashier)
- Prepared Warrant
- Endorsement of warrant by Minister of Finance
- Check MDA capital expenditure budget for authorisation and compliance with conditions and requirements and fund availability
- Compliance and authorisation requirements met

MMDA
- Preparation of periodic budgetary allotments
- Periodic Budgetary allotments
- Prepare and transmit signed PV's
- Applicant MMDA
- Apply for expenditure authorisation (head of Dept.) in respect of capital expenditure
- Rejected expenditure authorisation
- Apply for virement authorisation from specified officer
- Notice of rejected application
- Approved Virement
Monitoring and Reporting

Purpose

67. The purpose of this section is to detail out all the processes and procedures involved in the District Assembly’s budget monitoring and reporting.

Coverage

68. The budget monitoring and reporting process is applicable to the Assembly and its departments that draw funds from the Consolidated Fund. The Assembly shall have full responsibility for managing their budget including monitoring, accounting and reporting on revenue and expenditure as well as overall performance of their budget.

Processes and Procedures

69. (1) The main function shall include:

   a. Preparation of revenue and expenditure returns and monthly variance reports
   b. Conducting internal audit and assisting external auditors
   c. Conducting field monitoring visits to verify and report on projects
   d. Identification of assets.

(2) The Budget monitoring and reporting process and procedures are depicted in Figures 7& 8 below.
Figure 7 Overview of District Assembly's Budget Management

<table>
<thead>
<tr>
<th>ORGANISATION</th>
<th>Assembly</th>
</tr>
</thead>
<tbody>
<tr>
<td>SYSTEM</td>
<td>Budget</td>
</tr>
<tr>
<td>TITLE</td>
<td>MANAGEMENT OVERVIEW DIAGRAM</td>
</tr>
<tr>
<td>SUBSYSTEM</td>
<td>Monitoring and Reporting</td>
</tr>
</tbody>
</table>

**MAJOR INFORMATION INPUTS**
- Approved MMDA Budget
- Revenue and Expenditure Report
- Project Progress Report

**FUNCTIONS**
- Preparation of Monthly Expenditure Returns
- Preparation of Revenue Returns
- Extraction of Monthly Variances
- Conduct Internal Auditing
- Conduct Field Monitoring Visits

**ONLINE ENQUIRIES**
- None

**MAJOR INFORMATION OUTPUTS**
- Expenditure Returns Reports
- Revenue Reports
- Monthly Variance Reports
- Internal Audit Reports
- Field Monitoring Reports

**COMPUTERISED INTERFACE FROM**
- Interface from the General Ledger (Revenue and Expenditure Reporting)

**COMPUTERISED INTERFACE TO**
- None
**Figure 8  MMDA budgeting, Monitoring and Reporting**

- **Ministry**
  - Aggregate MMDA expenditure and revenue returns for review of MMDA performance
  - Extract budget variances for necessary action to be taken
  - Variances and Transactions appropriate?
    - Yes → Hold
    - No → Take corrective measures, sanctions etc. and agencies
  - Inspect and monitor project

- **DAs**
  - Review returns on expenditure and revenue (budget committee)
  - Extract budget variances for necessary action to be taken
  - Variances and transaction appropriate?
    - Yes → Hold
    - No → Take corrective measures, sanctions etc.
  - Inspect and monitor the project

- **MoFEP**
  - Query system for exception reports
  - Generate expenditure and revenue reports at various levels of MoFEP for variances and performance reports
  - Satisfied with reports?
    - Yes → Discuss and take corrective measures
    - No → Hold
  - Project inspection and monitoring to ensure that authorised projects are undertaken

- **NDPC**
  - Coordinate and monitor development projects with MoFEP and MMDAs
  - Monitoring reports
<table>
<thead>
<tr>
<th>Monitoring and reporting (MMDA)</th>
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</thead>
<tbody>
<tr>
<td><strong>Ministry</strong></td>
<td>Aggregate MMDAs revenue and expenditure returns</td>
</tr>
<tr>
<td><strong>Department and agencies</strong></td>
<td>Review expenditure and revenue returns</td>
</tr>
<tr>
<td><strong>MoFEP</strong></td>
<td>Generate expenditure and revenue reports</td>
</tr>
<tr>
<td><strong>NDPC</strong></td>
<td>Coordinate and monitor development projects</td>
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CHAPTER 7
BASIC ACCOUNTING ROUTINES - REVENUE ACCOUNTING

Introduction and overview of section

Purpose

70. This section provides a description of the main features of the systems and procedures to be followed, and the documentation to be used in revenue accounting at the Assembly.

Objectives of Revenue Accounting System

71. The objectives of the revenue accounting system shall be to:

a. Record the potential and actual revenue of the Assembly in such a way as to ensure that all revenue due to the Assembly are properly accounted for and comply with Local Government Act, 1993 and other requirement;

b. Provide information to management of the Assembly to assist them in the optimisation of revenue collection.

72. The specific objectives the revenue accounting procedures seeks to achieve include the following:

a. Identification and documentation of the various revenue sources of the Assembly;

b. Identification and documentation in broad or general terms of the revenue, management and accounting policies and procedures of the Assembly;

c. Identification and establishment of internal control to guide revenue management;

d. Provision of broad description of the revenue policies and procedures of the Assembly;

e. Identification and documentation of the roles and responsibilities of key positions within the Assembly regarding the execution of the District Assembly’s revenue policies and procedures;

Definition of revenue

73. Revenues are the earnings of the Assembly within an accounting period. Revenue shall be recognised when cash or service associated with the transaction flow to the Assembly. For cash transactions, the revenue shall be recognised on receipt of
payments. For other transactions, revenue shall be recognised when it is earned by law (i.e. non-tax revenues) or by contract (goods or services are supplied by the Assembly)

74. (1) The main sources of District Assemblies revenue are:

External Source

a. Appropriation from GoG, Grants and Donor Funding

Internal Source

b. IGFs

(2) All the above revenues, when received shall be paid gross into the designated bank account of the Assemblies.

District Assemblies Non-Tax Revenue

75. (1) The Assembly shall generate NTR from many sources including revenues generated by rendering services and providing goods to the general public. NTRs are revenues other than tax revenues generated through:

a. The operation of law (e.g. Property rates, fines, penalties, licenses and forfeitures);

b. Services and/ or goods provided by the assembly (e.g. school fees, hospital fees, and proceeds from sales of authorised items). The goods and services are either rendered for the immediate receipt of cash or on credit in which case the customer becomes liable to make payment after a predefined payment term.

(2) The Assembly is permitted by an Act of Parliament to raise revenue for its operation.

(3) All the above revenues, when received shall be paid gross into the designated bank account promptly.

(4) Figure 9 below gives a high level overview of the District Assemblies revenue collection processes.

**Figure 9** District Assemblies Revenue Collection Flow
Responsibilities

Rating Authority

76. (1) Section 94 of the Local Government Act, 1993, Act 462 states that “the Assembly shall be the rating authority for the district and, subject to any special provisions in this Act or in any other enactment, no authority other than the Assembly shall notwithstanding any customary law to the contrary, have power to make or levy rates in the district”. The Assembly is empowered by Section 95 and 96 of the Local Government Act, 1993, Act 462 to levy general or specified rates sufficient to provide for that part of the total estimated expenditure to be incurred by the district in the ensuing period.

(2) The Head of the Assembly has the responsibility of generating and collecting internal revenue for the Assembly’s operations. All such revenues collected shall be deposited in the Assembly’s designated Bank Accounts.

(3) The DCD shall have overall responsibility for all revenue collections and records.

(4) The DFO shall have oversight responsibility for the prompt collection of revenue and the correct preparation of revenue and cash records and providing regular returns to the DCD.

(5) The Revenue Superintendent shall be responsible for the collection, controlling and accounting for revenue levied by the Assembly.

77. Section 111 (3) of the Local Government Act, 1993, Act 462 prescribes that the Rate Collector shall:

a. furnish the Assembly concerned a nominal roll of all rateable persons or tenants, as the case may be, in the area to which he has been appointed;

b. collect and receive from each person liable for the payment of rates in the area to which he has been appointed the rates payable by each such person;

c. pay all amounts collected to the District Assembly concerned; and

d. report to the Assembly concerned the name of any person who failed to pay the amount due from him for rates.
The responsibilities and duties of various functionaries are summarised in table 5 below.

Table 5 Responsibilities and Duties of Functionary Officers

<table>
<thead>
<tr>
<th>No.</th>
<th>Officer</th>
<th>Responsibility</th>
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</table>
| 1   | CAG                           | • Ensuring that sound departmental instruction exist for revenue generation of Assembly;  
• Approving the opening of bank accounts for the Assembly.  
• Effect entry for the Non Tax Revenue transferred into the Assemblies Main Bank Accounts upon BoG Credit Advice. |
| 2   | Head of Assembly              | • Institute sound code of instructions to regulate the revenue functions of their units.  
• Manage and operate its accounting system so as to ensure the accountability of all officers transacting such business and facilitate the efficient discharge of such business;  
• Ensure that NTRs of the decentralised MDAs are promptly recorded and lodged in the District Assembly’s NTR Accounts.  
• Instruct Bank to transfer Non Tax Revenue of the decentralised to the Assemblies Main Bank Accounts.  
• Recommend revenue-generating activities of his unit for the approval of the Assembly. |
| 3   | Rate Assessment Committee     | • Assist the Assembly assess the rates on rate imposed on persons who reside within or own removable property situated within the Assembly area.  
• Review petition of persons aggrieved by the valuation or rate imposed on his premises. |
| 4   | Revenue Superintendent        | • Review and approve customer creation form |
| 5   | Finance Officer               | • Prepare Pay-In-Slip and lodge cash in bank.  
• Receive TCR as evidence of lodgement of NTR.  
• Generate report showing indebtedness of customers.  
• Perform collection activities (calls and /reminder letters). |
<p>| 6   | Finance Officer               | • Issue TCR and update MMDAs Accounts. |</p>
<table>
<thead>
<tr>
<th>No.</th>
<th>Officer</th>
<th>Responsibility</th>
</tr>
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<tbody>
<tr>
<td>7</td>
<td>Storekeeper</td>
<td>• Check for availability of goods.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Update stock balance with quantity and price of goods issued.</td>
</tr>
<tr>
<td>8.</td>
<td>Toll Collector</td>
<td>• Collect toll from the general public and transfer to the Assembly’s Account.</td>
</tr>
<tr>
<td>9.</td>
<td>Internal Audit</td>
<td>• Provide quality assurance for management</td>
</tr>
</tbody>
</table>

**Policies and Standards**

**Definition and Recognition of Receipts**

78. Receipts are the gross inflow of cash or service during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from GoG. Receipts shall be recognised only when cash associated with the transaction flows to the Assembly.

**IPSAS**

79. The relevant IPSAS under this section is IPSAS 23, Revenue from Non exchange transactions which provides specific guidance on Taxes and Transfers. Transfers cover:

   a. Debt forgiveness and assumption of liabilities
   b. Fines
   c. Bequests
   d. Gifts and Donations including goods in kind
   e. Services in kind

(This standard addresses revenue arising from non-exchange transactions)
Internal Controls

80. Internal controls related to the Revenue function of the District Assembly shall ensure:

a. That revenues are consistently administered in compliance with the relevant laws;

b. That there is a rating system in place to ensure that the Assembly’s rateable persons and properties within the Assembly area are identified and that a valuation list is maintained and revised regularly in accordance with Section 96 (8) of the Local Government Act;

c. That Nominal Roll (D.A. Form 15) of ratepayers is maintained;

d. That Notice of Rates is published in the gazette (Fee Fixing Bulletin) in accordance with the applicable laws;

e. That all revenue due the Assembly have been identified, properly assessed, collected, lodged and recorded;

f. That revenue collected are adequately protected whilst in the custody of the District Assembly and that the gross amount deposited in the bank accounts within 24 hours;

g. That adequate procedures and operational systems are in place to capture all such public revenues;

h. That all revenue received or receivable have been properly recorded in the appropriate books of account;

i. The collection of revenue by Assembly shall be the responsibility of DCD;

j. All customers are promptly identified and the appropriate amount collectible from them assessed. A Customer here is defined as any institution or individual that owes the Assembly because of goods and services supplied or the operation of law;

k. Revenues are collected by officers having the appropriate authority to do so;

l. Authorised revenue officers shall issue serially numbered official General Counterfoil Receipts (GCR) for all revenues collected;

m. Revenue officers are required to prepare and sign Daily Collections Summaries (DCS);

n. Based on the DCS, revenue officers are required to prepare pay-in-slips and pay revenue collections intact into the District Assembly’s designated Bank Accounts; and

o. The revenue collected shall be lodged promptly into the designated Bank Accounts.

All completed GCR value books shall be surrendered to the DFO at the Assembly before fresh ones are issued out.
Rate assessment procedures

Preparation of assessments

Purpose

81. To provide a description of the main features of the systems and procedures to be followed, and the documentation to be used in rate assessment of the Assembly to ensure that there are adequate records in place for the assessment of ratepayers within the Assembly.

Policies and Standards

82. (1) Section 94 of the Local Government Act, 1993, Act 462 mandates each Assembly to be the sole rating authority for its own administrative area. The Assembly is empowered by Section 95 and 96 of the Local Government Act 1993 to levy general or specified rates sufficient to provide for that part of the total estimated expenditure to be incurred by the district in the ensuing period.

(2) Section 95 of the Local Government Act empowers each Assembly to make and levy sufficient rates to meet its estimated expenditure for the year, having regard to other sources of revenue.

(3) In accordance with Section 96 (8) of the Local Government Act, the Assembly shall have a rating system in place to ensure that the Assembly rateable persons and properties within the Assembly area are identified and that a Valuation list is maintained and revised regularly. A Nominal Roll (D.A. Form 15) of ratepayers shall be maintained in accordance with Section 111 (1) of the local Government Act;

(4) Notice of Rates shall be published in the gazette (Fee Fixing Bulletin) in accordance with Section 97 of the Local Government Act.

(5) Receipts are the gross inflow of cash or service during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from GoG.

Procedures / steps to follow

83. (1) Rate assessment for centralized and non – centralized rate payers shall be prepared from the details shown on the Nominal Roll (D.A. Form 15) and ledger sheets. A separate ledger book shall be maintained for centralized debtors.

(2) The assessment shall be prepared (in duplicates), and distributed as follows:

a) Original sent to the rate payer;

b) Duplicate used for :
   i. Postings to the ratepayer's ledger;
ii. Preparing the revenue collection analysis; and

iii. Reference purposes, in case the rate payer destroys or loses the original.

(3) Assessment procedures shall be as follows:

a) The calculations of the rates chargeable are checked to ensure that the appropriate rates have been applied;

b) The rate payer's ledger account is referred to and any arrears outstanding are entered on the assessment;

c) The current charges are entered from the ledger sheet;

d) The rate type is noted on the assessment form;

e) The assessment is totalled and addressed to rate payers;

f) Completed assessments are scrutinized for completeness and accuracy by an officer other than the ledger keeper, to see if any arrears have been identified on the schedule of defaulters;

g) Debt recovery procedures are brought into operation for those assessments which are overdue; and

h) Once all assessment for one zone or area council have been scrutinized, and any necessary credits control action taken, the original copies are despatched to the rate payer(s).

(4) Posting Assessments to the Ledger

(a) When all assessments for one ledger have been prepared, the duplicate copies shall be used for posting to rate payers ledger accounts. The ledger account is either in the form of a sheet in a bound ledger or a card.

(b) Ledger sheets are filed in a ledger binder. The binder shall be securely locked, and the key kept in a safe place whenever the sheets are not in use. If a ledger sheet is removed for any reason, a substitute card is inserted in its place, indicating:

   i) The folio number;
   ii) The latest balance;
   iii) Who has removed the card;
   iv) The date and time of removal;
   v) For what purpose the card has been removed;
   vi) Where the card can be found.

a) In this way, the ledger can be balanced at all times even in the absence of one or more of the individual ledger cards.

b) When all the duplicate copies of assessments for one ledger book have been posted, they shall be passed to the clerk keeping the revenue summary book which gives the rate category analysis and also acts as the control on the rate payer's ledgers.
Revenue Analysis

(5) The revenue summary book shall show every movement on each individual account and shall be sub-divided into controls. The left hand side of the book shall show for each folio:

a) The arrears brought forward;
b) The current period’s month’s assessment;
c) Cash receipts;
d) Adjustments (including other zone receipts);
e) Arrears carried forward.

(6) The right hand side of the revenue summary book shall show total columns for value assessed and analysis columns for each type of value.

(7) The clerk shall enter each assessment in the “Assessment” column on the left hand side of the book and in the total and appropriate analysis columns on the right hand (revenue analysis) side. The duplicate copy of the assessment is filed by control zone order.

Documents and forms used for rate assessment

(8) The following documents shall be used to assess rates by MMDAs. The details and formats are attached in the Manual.

a) Nominal Roll (D.A. Form 15)
b) Local Government Bulletin
c) Assembly Estimate Book (D.A. Form 1)
d) Licence Form (D.A. Form 3)
e) Ledger Sheets (D.A. Form 6)
Sale of Goods and Services

Purpose, Policies and Standards, and Responsibilities

Purpose

1. To provide a description of the main features of the systems and procedures to be followed, and the documentation to be used in the billing of customers of the Assembly for goods sold or services provided by the Assembly. This is to ensure that there are adequate records in place for the billing of customers of the Assembly. The following steps shall be taken by the Assembly supplying the services or goods and the collection of the associated revenue:

Policies and Standards

2. (1) Revenues are the earnings of the Assembly within an accounting period. Revenue is recognised when cash or service associated with the transaction flows to the Assembly. For Cash Transactions, the revenue is recognised on receipt of payments. For other transactions, Revenue is recognised when it is earned by law or by contract (goods or services are supplied by the Assembly)

(2) Receipts are the gross inflow of cash or service during the reporting period when those inflows result in an increase in net assets/equity. Receipts are recognised only when cash associated with the transaction flows to the Assembly

Responsibilities

3. (1) The Head of the Assembly shall be responsible for generating and collecting internal revenue for the District Assembly’s operations. All such revenues collected shall be deposited in the District Assembly’s designated Bank Accounts.

(2) The DCD shall have overall responsibility for all revenue collections and records.

(3) The DFO shall be responsible for the supervision of prompt collection of Revenue and the correct operation of revenue and cash records for providing regular returns to the DCD.

(4) The Revenue Superintendent shall be responsible for the collection, controlling and accounting for revenue levied by the Assembly.
Internal Controls

4. The internal control objectives of the Sale of Goods and Services function shall ensure that:

a) sale of goods and services revenues are consistently administered in compliance with the 1992 Constitution, the Financial Administration Act, 2003, Act 654 and Financial Administration Regulation 2004, LI1802;

b) sales orders (commitments) and changes thereto are recorded as to:

   i. quantities;
   ii. prices; and
   iii. other relevant terms (e.g. discount; delivery terms etc)

c) the sales orders (commitments) are pre-numbered and controlled in such a way that it can subsequently be established that they have all been accounted for (e.g. by sequential pre-numbering of entry in a register);

d) the sales orders (commitments) are matched with waybill and un-matched sales orders reviewed and approved on a regular basis by a responsible official;

e) pre-numbered Sales Invoices are prepared at the time the goods are sold or services performed for accounting control purposes and that there are procedures in place to ensure that all the Sales Invoices are subsequently checked to establish that they have all been accounted for (e.g. by sequential pre-numbering of entry in a register); and

f) sales invoices are used to make related entries of quantities to detailed inventory records and where applicable accounts receivable records.

Procedures / steps to follow

Category I: Invoice to Collection

5. (1) Where the Assembly engages in economic activities and generates revenue, by way of sale of goods and/or services, the beneficiaries shall be issued with invoices or bills prior to the receipt of the associated revenues and/or services.

   (2) The following steps shall be taken by the Assembly supplying the services or goods and the collection of the associated revenue:

      a) The Assembly shall have the legal authority to supply specific goods or deliver specific services to the general public;
b) AOs shall set up a new customer (debtor) in the District Assembly’s database;

c) The DFO of the Assembly shall review the completed customer creation form and instruct the AO/Schedule Officer to enter the customer (debtor) information in the District Assembly’s Database;

d) Customers requiring goods or services from the Assembly shall submit Request for the Supply of Goods or Service (RfSGS) to the Assembly;

e) The Store Clerk shall check his stock records for the availability of the goods to meet the request. If the goods are available in store, the Store Clerk shall prepare a SIV;

f) The Store Clerk shall submit the SIV to the DFO for approval. The original copy of the approved SIV shall be submitted to the Storekeeper;

g) The Storekeeper shall, based on the approved SIV, issue the goods, prepare a waybill, and update his records accordingly;

h) Copies of the SIV and the Waybill shall be sent to the Accounts Section for sales invoice to be prepared;

i) The AO shall upon receipt of the SIV and Waybill, issue serially numbered sales invoices to the customers;

j) The Accounts Officer shall submit a copy of the approved Sales Invoice with the necessary attachments to the Sales Ledger Clerk;

k) The sales clerk shall register the invoice in the Sales Register and at the same time up-date the Accounts Receivable Ledger;

l) The sales clerk shall balance the register monthly and the information therein posted in the General Ledger; and

m) On receipt of the associated revenue, the Accounts Officer shall issue a GCR to the customer and credit the Accounts Receivable Ledger. The funds received shall be banked intact and promptly.

Category II: Over the Counter Sales

6. Customers shall submit their request for the supply of goods

a) The DCD shall approve customer’s request and authorise the Sales Clerk to prepare SIV for approval.

b) The approved SIV shall be submitted to the Accounts Section for payment and issue
c) General Counterfoil Receipt (GCR).

d) The copy of approved SIV and GCR shall be submitted to the Storekeeper for the items to be issued out to the customer.

e) The receipting and recording of this category of NTR transactions shall be effected in accordance with the procedures documented in sub paragraph (d) below.

Documents and forms used for sale of goods and services

7. The following documents shall be used in the sale of goods and services. The details and formats are attached in the Manual.

   a) Sales Order (Book)
   b) Waybill
   c) Sales Invoice
   d) Cash Sales Invoice
   e) Stores Issue Voucher (D.A. Form 25)
   f) Stores Ledger Sheets (D.A. Form 29)
   g) Ledger Sheets (D.A. Form 6)
   h) General Counterfoil Receipt (Books) (D.A. Form 7)
Revenue collection programme and procedures

Purpose

8. To provide a description of the main features of the systems and procedures to be followed, and the documentation to be used in the revenue collection programme and procedures of the Assembly.

Types of Revenue Collections

9. There are two main categories of revenues collected by the Assembly
   a) External - Grants or funds from Central Government (either direct or through the Common Fund Administrator) and other Agencies;
   b) Internal - Revenue generated by the Assembly itself in the form of fees and rates.

Responsibilities

10. The DCD shall be responsible for generating and collecting internal revenue for the Assembly’s operations. All such revenue collected shall be deposited in the Assembly’s designated Bank Accounts.

Procedures / steps to follow

Revenue Collection

11. Revenue collectors in the Assembly shall consist of bonded:
   a) Appointed commission rate collectors, who collect rates on behalf of the Assembly;
   b) The District Assembly’s own staff.

Appointed Commission Rates Collectors

12. The rate collectors before the beginning of the year shall be required to:
   a. furnish in writing to the Assembly a nominal roll of all rateable persons in the area in respect of which they have been authorised to collect rates;
   b. Collect and receive for each person liable for the payment of rates in the area, the rates payable by the person;
   c. Pay all amounts collected to the Assembly; and
   d. Report to the Assembly the names and addresses of defaulters.
Records of Rateable Persons and Tenements

13. (1) To facilitate the planning and execution of revenue collection, each district shall be divided into geographical main control areas. The main control areas are in turn divided into sub-control areas. Each sub-control area is represented by a ledger book, or sometimes more than one book in the case of very large sub-control areas, the ledgers have to be split into more manageable sizes.

(2) In order to distinguish between each rateable person and tenement in the sub-control area, area code, revenue code and account number have been prescribed. This operation of the coding system is described in the SPI.

(3) The issue of new account number shall be the responsibility of the DFO. The number shall be allocated in sequence within each ledger book control.

(4) Sub-control areas shall be determined on the basis of the maximum expected person and tenement in the area. Although at least this may mean only a few rateable persons to one ledger, it avoids the necessity of re-numbering all the ledger accounts when development does take place.

(5) The ledger sheets shall be maintained in account number order.

Monthly Revenue Collection Programme

14. (1) By the middle of each month, the revenue heads shall prepare a programme for the following month, showing for each unit committee within the main town or area council in the district, the date on which the collection is to be made and by whom.

(2) The programme shall be so arranged that:

a) Each ratepayer’s record or ledger card shall be covered;

b) Revenue collections shall not always be allocated to the same revenue collector. This is to provide a check on the accuracy of recordings and to ensure that:

i. More than one collector is familiar with each area;

ii. Defaulters are promptly identified and action for recovery instituted.

c) Allowance is made for:

i. Week-ends and holidays;

ii. Staff leave and absence.
Revenue Collection Progress Sheet

15. (1) A monthly sheet shall be raised for each area by the Head of the Revenue Unit after he has completed the programme for the following month.

(2) On the basis of the programme, target dates for the operations affecting collectors shall be entered on the Progress Sheet. The sheet shall be retained in the revenue section until the last of these operations has been completed, when it shall be passed, together with the appropriate ledger to the DFO.

(3) The DFO enters the remaining target dates and passes the ledger and progress sheet to the ledgers section. When all collections have been completed, the progress sheet is submitted to the DFO who marks off on his master collection progress chart the completion of collection, procedures for that ledger.

Revenue Collection Chart

16. (1) As soon as the monthly revenue collection programme is prepared, the Head of the Revenue Unit shall inform the DFO of the dates on which it is planned to collect revenue in each main control area. On the basis of this information, the DFO shall:

a. Fix a target date for completing the revenue collection for each town or area council;

b. Enter these targets on the Revenue Collection Progress Chart;

c. Submit the target dates to the District Coordinating Director.

(2) As the completed Progress Sheets are received during the month the Superintendent marks off the ledger controls on the Progress Chart. When all ledgers in a main control have been completed the date is:

a. Entered on the Master Revenue Collection Progress Chart, which shows target and actual dates for each main control area;

b. Notified to the Finance Officer

Revenue Collection Ledger Sheets

17. (1) Revenue collections are recorded on loose-leaf sheets, which are kept between hard backed covers clearly labelled with the reference number of the town or area council to which they relate.

(2) To minimize the risk of losing the ledger sheets:

a. they shall be bound securely between the covers;
b. they shall not be removed from their covers without the approval of the District Finance Officer. Should removal of a sheet be necessary for any reason, a substitute shall be inserted in its place, indicating:

   i. the folio number;
   ii. the last balance;
   iii. who has removed the sheet
   iv. the date and time of removal
   v. for what purpose the sheet has been removed;
   vi. where the sheet can be found.

c. the number of sheets between covers shall not exceed thirty;

d. an index shall be maintained at the back of the ledger giving a record of;

   i. the accounts numbers included, and the first and last numbers in the book;
   ii. the total number of accounts in the ledger;
   iii. the authority for permanently removing an account.

(3) To facilitate easy recognition by the Finance Section, ledger sheets of distinctive colours are used for different classes of rate as follows:

   a. White – Property
   b. Yellow – Rates on produce
   c. Pink – Development levy
   d. Blue – Land and concessions
   e. Red – Licences

(4) The Head of Revenue Unit shall maintain a register, showing when ledgers are:

   a. issued to a Senior Collector for distribution to the collectors;
   b. returned by the Senior Collector;
   c. submitted to the Finance Section;
d. returned by the Finance Section.

e) Revenue Collection Procedures

18. (1) Before the Revenue Collector starts the collection for the area to which he has been assigned, he shall be issued with:

a) the ledger of rate payers which he signs for both on receipt from, and return to, the Senior Collector;

b) GCR and tickets which is signed for and returned on completion to the Senior Collector

c) a Daily Report Book;

d) an identification card shall be:

i) issued to and retained by the collector on his person during the time he is on duty;

ii) returned before he goes off duty either daily or periodically as the case might be;

iii) issued for a period of six months only. Upon its expiry, a new card shall be issued. This is to serve as a precaution against collectors leaving the district without returning their cards, and against the misuse of lost cards which might be used for illegal collection.

(2) The following procedures shall be observed for the collection of revenue:

a. reference shall be made to the appropriate ledger sheet;

b. the house number is checked and entered on the ledger sheet where applicable;

c. the serial number of the rateable persons shall be checked to ensure that it is the same as that appearing on the ledger sheet, and if not, the correct number shall be recorded on the Daily Report Sheet for subsequent alteration of the data file;

d. a GCR is issued for the amount collected and the original given to the rate payer.

(3) After he has completed the exercise and checked that all ledger sheets have been recovered, the collector returns the ledger, duplicate copies of GCRs issued together with his daily report, collections and identification card to the Senior Collector. The Senior Collector shall:
a. check each of the amount collected to ledger to see whether the correct amount has been collected;

b. review the Daily Report Sheet for details of:
   i. not available ratepayers;
   ii. defaulters;
   iii. other matters.

c. retain the report sheet for further action, if required and filing;

d. pass the ledger to the Head of Revenue.

(4) The Head of Revenue shall:

a. carry out a final check of all ledger books;

b. pass them to the appropriate Progress Sheet, for subsequent forwarding to the Finance Section

c. update his register of ledger movements.

Non – Access to Rateable Persons

19. Where it is known that access to a rateable person can only be gained at a certain time, this fact shall be noted on the ledger sheet to assist the collector, and therefore minimize the number of non – access reports.

Filled Ledger Sheets

20. (1) While checking the entries in the ledger book the Senior Collector shall check whether any of the sheets have been completely filled. If so, he shall remove the completed sheets and inserts new ones after entering the fixed information and the last balance.

(2) The completed sheets shall be filed, according to ledger and account number, in a file which is closed at the end of every year.

(3) As the work is completed, the operations on the Progress Sheet shall be dated and signed for. The ledger books shall be passed, together with the appropriate Progress Sheets, to the Billing Section, for bills to be prepared from the information shown in the ledger books.
Documents and forms used for sale of goods and services

21. The following documents shall be used in the revenue collection programme. The details and formats are attached in Part 3 of the Manual

   a) Nominal Roll of Rate payers (D.A. Form 15)

   b) Revenue Collection Progress Sheets

   c) Revenue Collection Chart

   d) Revenue Collection Ledger Sheets

Internal Controls

22. The internal control objectives of the receipting function are to determine whether the District Assembly’s control procedures are such that:

Receipts through the mail

23. (1) All cash and cheques received by mail shall be recorded in the register at the time of opening the mail.

   (2) Persons who initially record remittances received by mail do not have incompatible duties, thereby helping to ensure that the list is complete and accurate.

   (3) GCRs shall be issued for cash and cheques received under the supervision of the DCD.

   (4) All cheques and similar documents are endorsed or marked at the point of issuing the GCR to prevent their being deposited into bank accounts other than those of the Assembly.

   (5) The records of receipts are compared as to dates and total amounts, e.g. as part of the bank reconciliation procedures, with

       a) Bank Statements;

       b) Pay-in-slips

   (6) The person comparing the original records of receipt with the actual deposits made have incompatible duties, thereby ensuring the effectiveness of the control procedures;

Control over Value Books

24. (1) Value Books shall be completed or issued for all revenue
(2) It can subsequently be established whether all cash sales have been accounted for (e.g. by sequentially pre-numbering or the use of cash register tapes)

(3) Where sequentially pre-numbering forms shall be used, whether there are adequate controls for:

   a) accounting for the usage of the GCR or tickets by recording issues to particular persons in a Stock Register and;

   b) dealing with cancelled or spoiled GCR booklets or Tickets

(4) Cash and cheques received and Credit Sale Invoices and Bills are reconciled or checked in total each day by persons other than those making the sales;

(5) Totals of cash and cheques received and Credit Sales Invoices and bills are recorded at the time the reconciliations in (c) above are carried out.

**Physical Control over Cash Received**

25. Cash received shall be kept in a safe under lock and key in order to prevent unauthorised access, theft or accidental destruction.
Procedures / Steps to Follow

Revenue Receipting

26. (1) It is the personal responsibility of every officer involved with the collection, receipt or custody of the District Assembly's moneys to safeguard those moneys adequately while under their physical control. The customer / client receipting procedures are as follows:

(2) Customers / clients shall make payment for goods and services on the due date specified on the invoice or other appropriate date. Payment for goods and services shall be made by cash or a cheque drawn on an account held in a Bank in Ghana.

(3) The Accounts Officer/Schedule Officer shall receive revenue and issue a pre-numbered GCR as evidence of the receipt of the revenue. The revenue received may be by cash or cheques. Where cheques are received the Senior Accounts Officer/Schedule Officer shall ensure the following:

a. two different forms of identification are presented, and details therefore entered on the reverse side of the cheque including full name, address and telephone number of the payer, GCR number, date issued and the purpose of the payment unless these items appear on its face;

b. The cheque bears a valid date;

c. cheques are not post-dated;

d. The amount in words of the cheque or negotiable instrument is in agreement with the figure ;

e. The cheque bears a signature;

f. The person shall be informed that a service fee will be charged for each cheque that is dishonoured subsequent to its deposit;

g. A separate GCR booklet shall be allocated for each revenue type;

h. The Revenue Officer shall summarize all daily collections into a Daily Cash Summary (DCS) for each revenue category;

i. The Accounts Officer shall make daily credit entries in the Accounts Receivable Ledger;

j. The District Assembly's Receipt Books shall be kept under lock and key and all receipt books issued shall be recorded and signed for in a Register of Value Books;

k. Where a receipt is cancelled,:
i) The original copy of a cancelled receipt shall securely be attached to its other copies. A short explanation shall be endorsed on each cancelled receipt; and

ii) All cancelled receipts shall be held for inspection

Cheque Receipts

Restrictions on Acceptance of Cheques

27. (1) The Cashier shall not accept cheques unless it is endorsed by the DFO;

(2) The DFO shall review and amend the list of defaulters on a regular basis; and

(3) A person whose cheque is dishonoured on presentation for other than purely technical reasons automatically loses his privilege to pay by cheque.

Crossing of Cheques Received

28. All cheques received are immediately crossed “A/C DISTRICT ADMINISTRATION – NOT NEGOTIABLE” by:

a. the cash collector, in the case of cheques received directly by him; and

b. the DFO, in case of cheques received by post.

Defective Cheques

29. (1) The cashier shall review all cheques received for defectiveness and in such cases no receipt is to be issued by the cashier. The common causes for cheques to be classified as defective are:

a) no signature;

b) post – dated;

c) alterations not signed in full;

d) amount in words different from that in numbers;

e) no date;

f) failure to endorse cheque “Charges to Drawers Account” and signed in full for out station /districts cheques;

g) stale cheque.
(2) If the cheque can be corrected immediately by the person paying it in, this is done
and the cash collector completes the receipting procedure. Otherwise the cash
collector:

a) completes a defective cheque slip in duplicate;

b) attaches the cheques;

c) submits both to the DFO who retains the duplicate copy of the slip with the
cheque and advises the customer with the original copy.

(3) The DFO, in the case of cheques received at the Head Office signs the Postal
Register if the cheque has been received through the post.

Cheques Received Register

30.  (1) The cashier shall maintain a Register of Cheques used to record all:

a) cheques received direct from the public;

b) cheques received from the DFO in respect of remittances by post.

(2) Where there is more than one register, each register is numbered and the DFO
maintains a list of the numbers of the registers in use and the names of the cash
collectors using them.

Cheques in Payment of more than one Assessment

31. When a cheque is received in payment for more than one assessment, the receiving cashier
shall:

a. Issue a GCR for the total amount;

b. Analyse the total amount on the GCR and initial.

Returned Cheques

32.  (1) Returned or dishonoured cheques are cheques which have been received, entered in
the Cash Book and banked but have been subsequently returned by the bank because:

a. no funds are available on the person's account;

b. errors in drawing the cheque or for any other reason.

(2) Cheques returned by a bank shall always be supported by a bank advice. If this is not
so, an advice shall be obtained from the bank immediately.
(3) As soon as the DFO receives a returned cheque he shall enter the following details on the cheque:

a. date of Bank Advice

b. reference of Bank Advice

c. name of ratepayer

d. date of receipt

e. serial number of receipt

(4) The DFO shall also:

a) enter the details of the cheque in a Returned Cheque Register;

b) prepare a returned Cheque Advice in triplicate entering the:

   i. cheque number, and the amount;

   ii. name of the bank on which drawn;

   iii. ratepayer’s name and account number; and

   iv. files the returned cheques on the returned cheques file, in date order.

(5) The DFO shall make all copies of the Returned Cheque Advice to the schedule officer, who prepares a journal voucher for the necessary adjustment as described below.

(6) The schedule officer shall submit the journal voucher to the DFO for approval.

(7) The DFO shall pass the duplicate copy of the journal voucher to the schedule officer who enters it in RED ink in the Receipts Cash Book in the following three columns:

   a) Receipt Amount;

   b) Bank Lodgement;

   c) Appropriate analysis column (normally ratepayer).

(8) The original copy of the journal voucher shall be sent to the schedule officer for the debtor’s ledger and the triplicate copy filed in the Revenue Section.

(9) If and when a returned cheque is re-presented or a new cheque or cash is paid, the cashier shall:
a. identify the fact from the details on the back of the cheque;

b. prepare a receipt but does not give a copy to the ratepayer, who already has one;

c. use the new receipt to make entries in the receipt cash book; and

d. staple the original to the book copy.

(10) The DFO passes a copy of the Returned Cheque Advice to the revenue superintendent, who is responsible for taking action to recover the amount.

(11) If the ratepayer returns the receipt he receives on the first occasion, the cashier will:

    a. give the original of the new receipt;

    b. mark the first receipt “CANCELLED, CHEQUE RETURNED” and staples it to the book copy of the new receipt.

(12) The Revenue Officer updates the third copy of the Returned Cheque Advice and returns it to the DFO weekly for the update of Returned Cheque Register.

Grants

33. (1) Grants are funds received from the Central Government through the Common Fund Administrator and other donors to cover the District Assembly’s development programmes including:

    (a) Capital Expenditure;

    (b) Education;

    (c) Repairs and Maintenance;

    (d) Maintenance of Traditional Authorities.

(2) All cheques received shall be acknowledged with General Counterfoil Receipt (D.A. Form 7), by the Finance Officer.

Bank lodgements

Purpose

34. To provide a description of the main features of the systems and procedures to be followed, and the documentation to be used in the District Assembly’s bank lodgement procedures.
Policies and Standards

35. Receipts are the gross inflow of cash or service during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from GoG. Receipts are recognised only when cash associated with the transaction flows to the Assembly.

Responsibilities

36. (1) The Coordinating Director has the responsibility of generating and collecting internal revenue for the District Assembly's operations. All such revenues collected shall be deposited in the District Assembly's designated bank accounts.
(2) The responsibilities and duties of various officers are summarised in Table 6 below.

**Table 6  Responsibilities and Duties of Officer For Revenue**

<table>
<thead>
<tr>
<th>No.</th>
<th>Officer</th>
<th>Responsibility</th>
</tr>
</thead>
</table>
| 1.  | CAG                      | • Ensuring that sound departmental instruction exist for revenue generation of Assembly;  
                              | • Approving the opening of bank accounts for the Assembly.                      |
| 2   | Coordinating Director    | • Institute sound code of instructions to regulate the revenue functions of their units.  
                              | • Manage and operate its accounting system so as to ensure the accountability of all officers transacting such business and facilitate the efficient discharge of such business;  
                              | • Ensure that Revenue are promptly recorded and lodged into the designated bank Account. |
| 3.  | Revenue Accountant       | • Prepare Pay-In-Slip and lodge cash in bank.                                  
                              | • Receive TCR as evidence of lodgement of Revenue.                             
                              | • Generate report showing indebtedness of customers.                           
                              | • Perform collection activities (calls and dunning/reminder letters).         |
| 4.. | Internal Audit           | • Inspect all bank lodgements.                                                |

**Internal controls**

37. (1) The internal control objectives of the bank lodgement function are to ensure that:

(2) All revenue collected or received by any Revenue Collector are paid into the designated bank account of the Assembly gross within 24 hours.

(3) Cash collections and holdings are kept at the absolute minimum consistent with the efficient discharge of public financial business.
(4) Bank lodgements are checked by the DFO to ensure that all receipts have been banked intact and promptly;

(5) Where the sub-district is legally allowed to retain a portion of the Revenue collected as its internally generated fund, the appropriate amount is transferred periodically as determined by the District Assembly’s policy from the sub-district designated Bank Account to the District Assembly’s operational bank account prior to usage.

Procedures / steps to follow

Revenue Collection Bank Accounts

38. All revenue collected at the sub-district Office of the Assembly shall be paid intact into the Revenue Collection Bank Account at the respective Sub – Districts.

Paying into Bank

39. (1) The Revenue Head or Schedule Officer is responsible for ensuring that all the money collected each day is: -

   a) Secured and promptly paid into designated bank accounts.

   (2) The cash shall then be checked and paid into the bank in the presence of the Cashier.

   a) The Cashier shall prepare a bank pay – in – slip in triplicate.

   b) The bank stamps the three copies, retains one copy and returns two copies to the Cashier.

   (3) The Cashier shall:-

   a) Retain one copy of the pay – in – slip;

   b) Forward that copy to the DFO for bank reconciliation purposes;

   (4) The DFO shall compare the pay – in-slip with: -

   a) the Daily Cash Summary (DCS) or cash book, to ensure that all receipts have been banked;

   b) the Cheque Register to ensure that all cheque receipts have been banked.

   (5) The DFO or his representative shall then:-

   a) initial the pay –in-slip to signify completion of the check;

   b) return the pay – in-slip to the Cashier who files it in date order.
Exceptions to the Twenty-Four Hours Banking Rule

39. (1) In exceptional circumstances, collections may be deposited after twenty-four hours of receipt. These circumstances include:

   a. Where it is not practicable or cost effective; and

   b. Exceptions are approved by the Minister of Finance and Economic Planning and authorised by the CAG. Approval is normally contingent on the availability of adequate safekeeping facilities at the Assembly.

(2) Criteria for the Assembly in determining the need for an exception to twenty-four hours deposits rule are:

   a. The threshold for cash and of other negotiable instruments received at the location;
   b. The importance of non-negotiable instruments such as bonds received;
   c. Security measures in the immediate office area and in the building; and
   d. Historical trends or potential risk regarding unauthorised entry and theft of documents and forms used for bank lodgement administration

(3) Where an exception to twenty-four hours banking rule is approved, the Assembly procedures shall include:

   a. Prompt recording;
   b. Counting and signing off when money changes hands;
   c. Arranging alternative routes and times of deposit; and
   d. Minimizing amounts on hand.

(4) The following documents are used in Bank Lodgement administration by the Assembly. The details and formats are attached as Appendices

   Pay – in – Slips (PIS);

Daily closing procedures

40. (1) At the end of the day, or when paying in revenue to the Cashier, the Revenue Collector shall:

   (a) record and total the duplicates of the receipts issued in the Collector’s Cash Book;

   (b) total the amount of tickets sold in the Collector’s Cash Book;

   (c) summarise the cash and cheques received on the Daily Cash Analysis
(d) agree the totals of (a) and (b) with the summary total per Daily Cash Analysis.

(2) The Cashier shall:-

(a) agree the cash handed over to him with the summary total per Daily Cash Analysis and GCR;

(b) enter up the Cash Book Receipts, described below, coding and recording each GCR;

(c) prepare the Daily Cash Receipt Summary.

(3) When the GCRs have been recorded in the Receipts Cash Book, the cashier shall group the duplicate copies as follows:

(a) Main revenue heads;
(b) Other receipts

Main Revenue Heads;

41. For the main revenue heads, etc, the Cashier batches the GCRs and records the details in a Batch Register for each Revenue Head and submits the GCRs to the Accounts Section to update the individual rate payers’ ledgers.

Other Receipts

42. (1) In the case of other receipts, the Cashier batches the GCRs and records the details in a Batch Register for each Revenue head and submits the GCRs to the Accounts Section to update the nominal ledgers.

(2) The Ledger Keepers shall

(a) agree the details in the batch register with the supporting GCR;

(b) sign the Batch Register, and return the register to the Cashier.

Entries in the Cash Books

43. (1) The Cashier or Revenue Collector shall enter transactions in the Receipts Cash Book or the Collectors Cash Book at the close of the day showing:

a. Date of Receipt

b. (Details (Received from)
c. Receipt / Till Roll Number (serial number)

d. Receipt / Till Roll Amount 

e. Bank Lodgement 

f. Receipt Analysis 

(2) The receipts shall be analysed by the Main Revenue Heads, and Other Receipts

(3) At the end of each day, the Schedule Officer in charge of the Cash Book shall:

a) total all columns;

b) check that the analysis columns totals add up to the receipt and bank lodgement columns;

c) carry forward the column totals to a fresh sheet where necessary.

(4) After each day’s receipts have been banked the DFO shall check the entries in the bank lodgements column of the Cash Book against the bank pay-in- slips to ensure that all receipts have been banked intact.

(5) At the end of each week, the Schedule Officer in charge of receipt cashbook shall rule off all columns in addition to the normal daily work above. The Schedule Officer then submits the Cash Book to the DFO together with:

a. duplicate copies of pay-in slips;

b. a schedule of bank advices received, if any.

(6) The DFO shall check that all receipts are recorded in the Receipts Cash Book and are promptly banked.

Month End Procedures

Month end balancing

44. (1) When all entries have been made in the Revenue Summary Book, and all columns have been cast, the schedule officer shall check that;

(a) the rate analysis side of the book cross – casts;

(b) the accounts side of the book cross – casts;

(c) the “Total Assessments” column on the rate analysis side agrees in total with the “Assessment” column on the left – hand side;
(d) the “Cash Receipts” column agrees in total with the cash receipts analysed to the Cash Book.

(2) The DFO shall verify that the checks listed in (a) to (d) above have in fact been carried out each month.

Monthly Overall Reconciliation

45. (1) DFO shall ensure that a Monthly Revenue Analysis Summary is prepared and submitted to the F&A Sub-Committee of the Assembly. As a final control on the closing debtors balance, he also prepares a monthly reconciliation statement, showing:

Opening Balance per Summary Book x

Plus: Revenue per Revenue Analysis Summary x

Less: Cash Receipts per Cash Book Summary x

Plus / Less: Adjustments (which shall be itemized, described, and posted to the main ledger)

Closing debtors x A

Arrears carried forward per Summary Book x B

(2) “A” must be equal to “B”. If it is not, checks shall be made until the discrepancy is found.

Corrections and Adjustments

46. (1) In addition to routine posting of assessments raised and cash received, it is sometimes necessary to make corrections and adjust entries. These entries normally arise in respect of:

(a) dishonoured cheques;

(b) corrections of assessment raised where:

(i) the wrong rate has been applied.

(ii) the status of the rate payer has changed.

(c) bad debts written – off;
(d) postings to wrong account.

(2) All corrections and adjustment shall be supported by an adjustment voucher which shall be approved by the DFO. The adjustment is posted immediately to the rate payer's account, and where necessary, to the revenue summary book.

Cash Control and Securities

Safes

47. The District Assembly's safes are used solely for keeping the Assembly's cash and documents and not for any personal moneys or possessions. Unclaimed wages are retained in the safe for a maximum of forty – eight hours and thereafter paid to bank.

Safe Keys

48. The safes shall be of such design that two keys are needed to open them. One key is kept by the DFO, and the other key by the Cashier. Duplicates of these keys are deposited with the local branch of the bank and are only used in emergency. The request for duplicate keys shall be signed by both the DFO and the Cashier; in the absence of one of these two, the DCD may sign in his place.

Responsibility for Contents

49. The cashier at the Assembly is responsible for seeing to it that the safe is locked whenever it is not in use. In the case of the sub districts the Senior Revenue Collectors.

Control over Receipt Books

50. (1) All receipt books shall be requisitioned from the CAG.

(2) Receipt books shall be entered in the stock register in a sequential form.

(3) The DFO shall requisition for value books from the Revenue Supervisor.

Unused Value Books

51. (1) The main stock of unused value books is held under lock and key at the office of the DFO.

   a) Requisition for value books to replenish stocks held by the Assembly will be authorised by the DCD and the DFO.

   b) The DFO is responsible for the security of local stocks of unused receipt books.

(2) At the Sub-District the Treasurer/Accountant:

   (a) keeps all unused receipt books under lock and key;
(b) records details of the stock in a register;

(c) checks the stock of unused receipts books against the register each month;

(d) signs the register when the check is complete; and

(e) reports any discrepancies to the DFO who would in turn notify the Internal Audit Unit for investigations to be carried out.

Value Books Issued

52. The custodian is responsible for the security of the value books in current use.

a. The DFO shall be responsible for the custody of all used value books;

b. The DFO (Treasurer/Accountant at the Sub-District) may issue unused value books only in exchange for a completed value book;

c. Issues of value books to increase the number in current use can be made only on the express written authority of the DFO;

d. Value books issued for special assignments are to be returned to the DFO or in the case of the sub-district, the Treasurer/Accountant;

e. Value books shall be obtained solely from the CAGD; and.

f. An officer goes with approved Requisition to purchase value books from the CAGD.
Figure 10 Activity Flow - From Invoicing to Collection NTR

Activity Flow - Invoicing up to the collection of NTR

1. Updating of database
   - Mandate Sale of goods and services
     - Processing of customer orders, invoices and dispatching

2. Receipt of rates
   - Extraction of daily collections
     - NTR summarises GCR, pay in slips and daily collection
       - CAG issues Treasury Counterfoil Receipt (TCR) to Assembly

3. Preparation of pay slips
   - Director of Finance prepares Bank Transfer Instructions
     - Assembly's NTR Bank takes custody of funds & transfers to BoG a/c

4. CAG receipt of GCR, and pay in slips from Assembly
   - BoG takes custody of NTR
     - Assembly’s Bank a/c takes custody of NTR funds
### Table 7: Tabular Narrative Notes on Invoice to Collection of the Revenue

<table>
<thead>
<tr>
<th>Activity No</th>
<th>Detail Description of activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Revenue officers mandated to sell goods and services on credit are to collect the proceeds of these credit sales.</td>
</tr>
<tr>
<td>1.1</td>
<td>Revenue officer processes and updates database of new customers who have made orders.</td>
</tr>
<tr>
<td>1.2</td>
<td>Revenue officer processes customers’ orders, issue sales invoices, dispatch goods or deliver services and updates the Sales Ledger.</td>
</tr>
<tr>
<td>1.3</td>
<td>Revenue Officer receives cash and issue General Counterfoil Receipts for all Revenue from individuals, organisations and MDAs.</td>
</tr>
<tr>
<td>1.4</td>
<td>Revenue Officer extracts schedule of daily collections.</td>
</tr>
<tr>
<td>1.5</td>
<td>Revenue Officer prepares pay-in-slip and deposits cash in collection accounts (District Assembly’s designated bank account) daily.</td>
</tr>
<tr>
<td>1.6</td>
<td>The DFO prepares weekly Bank Transfer Instruction to the Bank for the transfer of funds from the District Assembly’s designated bank account to the Treasury Main Bank Accounts.</td>
</tr>
<tr>
<td>1.7</td>
<td>Revenue agency summarises the GCR, pay-in-slips and daily collection summary and submit them together with the summary to the CAGD.</td>
</tr>
<tr>
<td>2</td>
<td>District Assembly’s designated bank account takes custody of revenue.</td>
</tr>
<tr>
<td>3</td>
<td>The District Assembly’s Operational Bank Account takes custody of its portion of revenue generated ready for disbursements</td>
</tr>
<tr>
<td>4</td>
<td>CAG receipts of the summary GCR, pay-in-slips and weekly transfer instruction from the Assembly.</td>
</tr>
<tr>
<td>4.1</td>
<td>CAG after scrutinizing the documents above will issue Treasury Counterfoil Receipt (TCR) to the Assembly.</td>
</tr>
<tr>
<td>5.2</td>
<td>The Assembly uses TCR to up-date the books of account.</td>
</tr>
</tbody>
</table>
53. *Note, Where an Assembly is mandated by law to retain all or part of the revenue generated, it shall transfer funds from the District Assembly’s revenue bank account into the District Assembly’s designated bank account before initiating any expenditure.
CHAPTER 8
BASIC ACCOUNTING ROUTINES - PURCHASING AND COMMITMENT CONTROL

Purpose

54. The purpose of this section is to describe the Purchasing and Commitment Control processes in the Assembly. It is to ensure that officials of the Assembly use the laid down procedures to achieve effectiveness, transparency and value for money in all procurements of goods, services and works in the Assembly.

Coverage

55. These procedures are applicable to the Assembly as a requirement for all types of procurements.

Overview

56. (1) Purchasing constitutes a high proportion of the District Assembly’s total expenditure. Consequently, there is a large potential for achieving economies through efficient organisation of purchasing procedures.

(2) The Assembly upon receipt of its Approved Budget and Warrants begins the commitment process by completing an Activity and Expenditure Initiation (A&EI) Form, referred to as a CRF. The Head of Assembly or Principal Spending Officer of the Assembly approves the Commitment Requisition after which the appropriate public procurement procedure is used to select the most responsive bidder/supplier.

(3) The approval of the Purchasing Order (PO) or the signing of the contract establishes a binding commitment. The Assembly shall adhere to the instructions contained in the Commitment Control Manual to ensure that all such commitments are appropriately recorded.

(4) The Assembly’s shall make its procurements from only VAT registered suppliers. These suppliers shall also have GoG Taxpayer Identification Number (TIN).

Public Procurement Act, 2003, (Act 663)

57. Each Procuring Entity (Assembly) shall have a Procurement Unit headed by a competent person who shall be responsible for all procurement activities of the Assembly. The Head of Procurement shall comply with the Public Procurement Act (PPA), 2003, (Act 663) in all procurement activities.
Responsibilities

Central Procurement Unit

(1) A Central Procurement Unit headed by a Procurement Officer shall be responsible for the purchasing of all the District Assembly’s supplies. The duties and responsibilities of the Central Procurement Unit are:

(a) Plan, control and implement purchasing in order to assist in the management of the District Assembly’s liquid funds by preparing Procurement Plan and by comparing actual performance against the plan and presenting the results to the Executive Committee.

(b) Ensure that the procedures stipulated in this manual are adhered to and that the Assembly gets full value for money in all purchases.

(c) Control the methods of local purchases in the district in order to ensure that purchases are made at the most economical prices.

(d) Keep an up-to-date library of suppliers’ technical and price catalogues and ensure that market intelligence is maintained and passed on to management.

(2) The Central Procurement Unit carries out the procurement of all items including the following:

(a) electrical stores

(b) mechanical stores

(c) fuel and lubricants

(d) cleaning and hardware goods

(e) printing and stationery

(f) new vehicles

(g) spares parts of vehicle

(h) office machines and equipment

(i) office furniture

(j) books and periodicals

(k) development materials, etc
Tender Board

58. Section 39 of the Local Government Act, 1993, (Act 462) provides that every Assembly shall have a Tender Board which shall advise the Assembly on the award of contracts in the District that:

   a. are to be financed from the resources of the Assembly;

   b. have been approved by Government and are not in excess of such limits as shall be determined by the Minister responsible for Finance.

Internal Controls

59. The internal control objectives for the purchasing and commitment control function are as follows:

   a. Purchases shall comply with the PPA 2003.

   b. Records shall be maintained of unfulfilled purchase orders as a basis for determining any provision required for losses arising therefrom;

   c. Equipment purchased were combined into packages and procured under International Competitive Tendering procedures using the Standard Tender Documents.

   d. Contracts for equipment purchased locally were procured through National Competitive Tendering using Guidelines for Procurement under the PPA.

   e. That all significant purchase orders, and changes thereto, are recorded on standard order forms;

   f. Purchases of goods and services shall be appropriately authorised;

Preparing Purchase Orders and Contracts

60. (1) The Central Procurement Unit of the Assembly shall use the successful bid to prepare the Purchase Order (PO) or Contract in quadruplicate;

   (2) The Head of the Procurement Unit shall review the PO or Contract with advice from the Legal Division in ensuring that the PO or Contract is legally favourable to the Assembly;

   (3) The Finance Officer shall review the PO or Contract and record details in the Commitment Register;

   (4) The Finance Officer shall complete the relevant sections of the CRF;
(5) The Heads of the Assembly, Finance and the Co-ordinating Director shall sign the Purchase Orders or Contracts of the Assembly based on the approval limits set-by the Minister of Finance and Economic Planning and the Assembly;

(6) The Head of Procurement shall approve and sign the PO or Contract and distribute them as follows:
   a) original to the Supplier
   b) duplicate copy to the Storekeeper of the Contract Monitoring Unit
   c) triplicate copy to Accounts Department
   d) quadruplicate copy retained by the Central Procurement Unit;

(7) Before approving the PO or Contract, the approving officer shall ensure that the CRF has been duly completed and signed by the appropriate persons;

(8) The District Assembly’s Finance Officer shall prepare the Commitment Control Report monthly based on copies of the approved POs and Contracts.

(9) Commitment Control Reports shall be submitted to the Head of the Assembly for his signature and forwarded to the Co-ordinating Director.

(10) In the case of foreign supplies of goods, services and works, they shall be covered by International Competitive Tendering.

(11) The Head of Procurement and the DFO, in respect of International Competitive Tendering shall ensure that the appropriate Import Declaration Form and Letters of Credit (LC) are processed before forwarding the PO or Contract to the supplier.

**Procedures / Steps to follow**

**Requisition for Goods**

61. There shall be two categories of goods recognised by the Assembly:

   a. **The Category A Goods** – Covering goods, which are usually, stocked by the Stores and Supplies Unit of the Assembly e.g. Stationery which have high rate of usage within the Organisation.
   b. **The Category B Goods** - Covering those that are seldom stocked by the Stores and Supplies Unit of the Assembly due to low rate of usage or those that do not have repetitive usage within the Assembly.

**Preparing Requisition for Category ‘A’ Goods:**

61. (1) The Requisition for Category ‘A’ goods are prepared by the Storekeeper anytime stock reaches a predetermined re-order level. The Storekeeper shall use a
Commitments Requisition Form otherwise known as the Activity and Expenditure Initiation Form to prepare the requests.

(2) The Requests are forwarded to the Head of Central Procurement Unit for Review and Recommendation for Approval.

(3) The Head of Central Procurement Unit recommends the requisition for approval after ensuring that:

   a. there is proper written justification for the request from the user division

   b. there are not sufficient goods already in store to meet the request

   c. the acquisition of the requested quantity of such goods shall not lead to over-stocking

   d. the goods requested are included in the Assembly or sub-districts Annual Procurement Plan

(4) The CRF shall be scrutinized by the Head of Finance with reference to the Commitment Ledger to ensure that it is within the available balance (net of the commitments already made) under the quarterly budget ceiling provided for the relevant budget item, and noted in the Commitment Ledger, as detailed separately.

(5) The Head of Finance or the Head of the Assembly approves the Requests within their threshold. The Finance and Administration Sub-Committee of the Assembly approve items beyond the threshold of the Head of Finance or the Head of the Assembly.

(6) The Tender Committee shall proceed to make Requests for Quotations after the requisition is approved.

**Preparing Requisition for Category ‘B’ Goods:**

62. The Requisitions for Category ‘B’ goods are prepared and submitted by Departments of the Assembly and sub-districts;

   a. Heads of the User Departments (example: Head of Estates Unit or Head of Transport Unit) shall prepare the request for Category B goods. Each of these requests shall have a strategic plan (objective, output and activity);

   b. The Requests are forwarded to the Heads of Central Procurement Unit for review and recommendation for approval;

   c. The Head of Central Procurement Unit recommends the requisition for approval after ensuring that:

      i) there is proper justification for the request from the user department
ii) the acquisition of the requested quantity of such goods shall not lead to over-stocking

iii) the goods requested are included in the Assembly or sub-district's Annual Procurement Plan

d. The CRF shall be scrutinized by the DFO with reference to the Commitment Ledger to ensure that it is within the available balance (net of the commitments already made) under the quarterly budget ceiling provided for the relevant budget item, and noted in the Commitment Ledger, as detailed separately;

e. The DFO or the DCD approves the Requests within their threshold. The Finance and Administration Sub-Committee of the Assembly approve items beyond the threshold of the DFO or the DCD;

f. The DCD shall apply to the Tender Committee to commence the tendering process; and

g. The Tender Committee then proceeds to make Requests for Quotation (RFQ).

**Requisition for Services**

63. (1) The requisitions for services are activity based as per the approved budget of the Assembly. The request is prepared on the Commitments Requisition Form. Each Service requisition is linked to its strategic plan (Objective, Output and Activities).

(2) The procedures shall be as follows:

a. The Requisitions for Services are prepared and submitted by Department and sub-districts Heads;

b. The Requests shall be forwarded to the Head of the Central Procurement Unit for review and recommendation for approval;

c. The Head of Central Procurement Unit shall recommend the requisition for approval after ensuring that:

   i. there is proper justification for the request from the user department

   ii. the services requested are included in the District Assembly’s or sub-district’s Annual Procurement Plan

d. The CRF shall be scrutinized by the DFO with reference to the Commitment Ledger to ensure that it is within the available balance (net of the commitments already made) under the quarterly budget ceiling provided for the relevant budget item, and noted in the Commitment Ledger, as detailed separately;
e. The DFO or the DCD approves the Requests within their threshold. The Finance and Administration Sub-Committee of the Assembly approves items beyond the threshold of the DFO or the DCD;

f. The DCD gives the final approval for Service Activity requisitions; and

g. The Tender Board of the Assembly then proceeds to make Requests for Quotation.

Requisition for Works or Construction

64. (1) Requisition for Works is activity based as per the approved budget. The request is prepared on the Commitments Requisition Form. Each Works requisition shall be linked to its strategic plans (Objective, Output and Activities).

(2) The procedures shall be as follows:

a) The Departmental Heads (example Head of Engineering Division or Head of Estates Department) for whom these activities were budgeted prepare and submit the requisition for works;

b) The Requests are forwarded to the Head of Central Procurement Unit for review and recommendation for Approval;

c) The Head of the Central Procurement recommends the requisition for approval after ensuring that:

d) there is proper written justification for the request from the user department;

e) the works requested are included in the District Assembly’s or Sub-structure’s Annual Procurement Plan;

f) The CRF shall be scrutinized by the DFO with reference to the Commitment Ledger to ensure that it is within the available balance (net of the commitments already made) under the quarterly budget ceiling provided for the relevant budget item, and noted in the Commitment Ledger, as detailed separately;

g) The DFO or the DCD approves the Requests within their threshold. The Finance and Administration Sub-Committee of the Assembly approves items beyond the threshold of the DFO or the DCD;

h) The DCD gives the final approval for requisitions by issuing Certificate to Commence Work; and

i) The Tender Committee of the Assembly then proceeds to make Requests for Quotation.
Receipt of Goods

65. (1) Goods supplied shall be delivered to the Storekeeper of the Procuring Entity. The store where the goods are to be delivered shall be clearly specified on the Purchase Order or Contract. The supplier’s Waybill or Delivery Note and VAT Invoice shall accompany all goods delivered.

(2) Goods are verified on arrival at the stores against the specifications on the PO to ensure that the correct items have been delivered in the required quantities. The Head of Central Procurement Unit shall constitute the Inspection Team, which shall include Storekeeper, Internal Auditor, representative of the user department or external expert and Security Officer. The size of the team will depend on the complexity and value of the items supplied.

(3) When the goods are found to be satisfactory, the Waybill or Delivery Note and Invoice are stamped and signed by the Leader of the Inspection Team other than the Storekeeper to confirm that:

   a. Goods actually received are in accordance with the Waybill or Delivery Note.

   b. Goods on the Waybill or Delivery Note agree with the Specification on the PO or contract

   c. Goods delivered are neither defective nor sub-standard.

   d. Goods are delivered on schedule.

(4) The Storekeeper shall also sign copies of the Waybill or Delivery Note to confirm receipt of Goods.

(5) The Storekeeper shall then issue and sign a Stores Receipt Advice in triplicate as follows:

   a. Original to the Central Procurement Unit

   b. Duplicate Copy to the Accounts Department

   c. Triplicate Copy to be retained at the Store

(6) The Inspection Team shall reject the order immediately without accepting the items into the store where the goods supplied are found to be defective, not in accordance with specification or variation in prices compared to the PO...

(7) Where quantity of goods delivered is short of the quantity specified on the PO or contract, the Inspection Team may accept partial delivery if:

   a. The PO or Contract made provision for partial delivery;
b. If the team is convinced that the supplier is committed to delivering the difference in an acceptable period, which will not adversely affect the District Assembly's business; and

c. The partial acceptance shall not result in the dissatisfaction of unsuccessful bidders.

(8) In the case of (6) and (7) above, the Inspection Team shall submit a report to be circulated to:

a. DCD

b. Head of Central Procurement Unit

c. DFO

d. Storekeeper

e. Head of User Department

(9) When goods are delivered after the agreed scheduled date and time, the Head of Central Procurement Unit shall decide as to whether it amounts to significant breach of contract and therefore may decide to:

a. Accept the goods with warning letter to the supplier.

b. Reject the goods outright.

c. Apply the delayed delivery clause of the contract.

(10) Services and Works are delivered to the Contract Monitoring Unit, Project Management Unit or User Department. The Services or Works is certified by any of the above entities or a designated Expert Organisation appointed by the Head of Central Procurement Unit in consultation with the DCD.

(11) When receiving imported goods, the Head of Central Procurement Unit and District Assembly's DFO shall apply to the Commissioner for Customs Excise and Preventive Service (CEPS) for Import duty exemptions. It is however the responsibility of the Suppliers to deliver the goods to the specified District Assembly's Procuring Entity destination such as the Store of the Assembly.

(12) After successfully taking the items into store, the Storekeeper shall enter the details into the Store Records: Stock Ledger Register, Bin Card etc.

a. Stock Ledger Registers shall be maintained for each type of store item.

b. Bin Cards attached to each stock item shall show quantities received, issued and balanced.
Delivery of Goods to users

66. The issuance of goods from store to the user divisions is specified under the Inventory Management section of this Manual.

Accounting Records

67. The DFO shall make entries in the Commitment Ledger after the approval of each Request to record the commitment. After the approval of the PO or Contract, the DFO shall update the records in the Commitment Book to reflect the actual amount of the Purchase order or contract. It is important to ensure that the supplier’s quotation is VAT inclusive else the future liability may be higher than the commitment.

For the Assembly that has adopted the Commitment Control System, the DFO shall prepare a “Commitments Control Report” weekly and submit it to the DCD of the Assembly for endorsement to be forwarded to the Treasuries. The DFO shall compile the Commitment Control Report and forward it to CAGD/MOFEP.

The above accounting records are not required by Assemblies using the Computerised Purchase Ordering Software because the system creates the necessary accounting entries after each document has been approved.

General Procedures

Purchase Procedures

68. (1) The following procedures shall apply for all purchases. Until otherwise stated by an Act of Parliament, all purchases shall be made in accordance with the PPA 2003.

(2) An annual purchasing plan shall be drawn from:

a) annual development budget

b) annual operation and maintenance budget

c) annual capital budget

d) stock levels

(3) This plan shall give details of all materials and equipment needed as well as costs in acquiring them and shall break this down into monthly cash flow for management approval.
(4) The Central Purchasing Unit arranges procurement on annual quantity basis and staggers payments and deliveries considering:

a) usage rate
b) lead time
c) cash flow
d) market intelligence
e) cost of ordering stock and
f) cost of storage

(5) The DCD shall determine whether the items should be purchased from local or overseas suppliers. The material records show whether the item can be obtained locally and, if so, whether it is more economical to do so or to purchase from overseas.

(6) A purchase enquiry is then sent to selected suppliers for purchases to be made.
Quotations

69. (1) Where purchases are to be made by the Assembly, enquiries shall be issued to at least five selected suppliers. The minimum offers to enable decision are three. The only exceptions are:-

a) When the materials or service is only available from a specific supplier;

b) When the materials or service are extra to contract originally the subject of competitive bidding

(2) The list of nominated suppliers from whom quotations are requested shall be determined by consulting:-

a) The previous and potential suppliers on the suppliers list;

b) Trade booklets published by:-

(i) Engineering institutions;

(ii) Boards and ministers of trade of different countries which are obtained from the various embassies.

Bidding

70. (1) Formal bids are invited for all orders with value, as set out as per schedule 3 of the Public Procurement Act, 2003 by advertising the required materials or services in:

a) local newspapers

b) international journals (for overseas purchases)

(2) In the case of limited competitive bidding from either:-

a) selected suppliers; or

b) pre – qualified suppliers

(3) All enquiries to bid shall specify:-

a) the closing date and time;

b) the address (or location of tender box) to which the bid shall be posted/deposited;

c) the date, time and location of bid opening.
(4) Each enquiry shall be of a standard nature and provide detailed technical specifications for meaningful bidding. The enquiry shall require bidders to clearly specify FOB and CIF/C&F prices;

   a) delivery;

   b) transport and insurance arrangement;

   c) origin of goods.

(5) The enquiry shall additionally stipulate a minimum validity date of an offer and request confirmation from bidders. The minimum validity date shall take into consideration:

   a) time needed to evaluate offers;

   b) time needed to seek clarification on offers;

   c) time needed to inspect manufacturers premises to ascertain technical competence;

   d) time needed for the Assembly’s approval;

   e) time needed for governmental approval;

   f) time needed for formal order placement.

Control of Tenders and Bid Opening

71. (1) The officer – in – charge of registry shall maintain a register with records of:

   a) date and time bid is submitted;

   b) name and signature of person submitting bid.

(2) On receipt all bids are date stamped and registered by the officer in charge of registry before the bidder deposits bid in the tender box.

(3) Any bid that comes in by post with sufficient indication as stipulated in bid advertisement is registered and deposited by officer in charge of registry. A bid that comes in by post without any indication of bidder’s name is deposited in tender box and remarks to that effect made.

(4) Under no circumstances shall a bid be opened before the scheduled bid – opening date. If a bid is opened accidentally, the attention of the chairman or secretary to the District Tender Board is drawn who investigates, initiates disciplinary action (if necessary), reseals and deposits same in tender box.
(5) Bids are opened on scheduled dates and time and in the presence of the District Tender Board and bidders (if invited). Bids are then read out by chairman of board, registered and signed by each member of the board.

(6) Tenders received by telex or telephone are not acceptable. Tenders received after closing date and time are returned un-opened to bidder.

Bid Evaluation

72. (1) The District Tender Board shall be responsible for the evaluation of bids. The board may request any specialist to assist in the technical evaluation of offers.

(2) The evaluation highlights points on the supplier’s specifications and completed questionnaire that do not comply with the original specifications.

(3) When the evaluation is completed the District Tender Board summarises the offers in order of price with the lowest first and makes recommendations to the appropriate authority on the award of orders.

(4) The recommendation shall be supported with:
   a) the evaluation report;
   b) relevant offers including those rejected and their questionnaires;
   c) copy of bid document.

Purchasing Approval Levels

73. The Executive Committee shall set up and periodically review purchasing approval levels.

Confirmation of Orders

74. (1) The DCD/HOD after obtaining purchasing approval from the appropriate authority shall confirm the order.

   (2) Local purchases are made on Purchase Order forms and approved by the appropriate authority.

Goods Receiving Procedures

75. This is discussed in Chapter 12 under Inventory Management procedures.
Accounting Procedures

Invoices Received

76. (1) Suppliers send their invoices and statements to the DFO for purposes of updating supplier records.

(2) For record purpose the corresponding SRV and rotation number is written against each item on the invoice.

(3) The invoice is entered in the register given a rotation number, which is the number after that of the last invoice registered. The rotation numbers are in two parts, the first starting at 001 at the beginning of the year and the second indicating the year, eg 009/11.

(4) If the materials covered by the invoice have not arrived, the invoice is filed on an “Awaiting SRV” file.

(5) If the materials have arrived and the SRV has been prepared, the invoice is matched with the appropriate SRV on the “Awaiting Invoice” file and checked against:

a) the SRV to ensure that the quantity and description are correct;

b) a copy of the PO to ensure that the materials delivered and their prices are as ordered;

c) the control register to ensure that the invoice has not previously been paid.

(6) If the Invoice is in order, it is certified for processing. If the invoice is not in order, then the DFO returns it to the supplier with a letter explaining the reason for the non – acceptance.

(7) The SRV and copy of the PO are re – filed in their appropriate “awaiting” files.
CHAPTER 9
BASIC ACCOUNTING ROUTINES – CHEQUE AND CASH PAYMENTS

Outline of the system

77. To describe the system and procedures to be followed, and the documentation to be used, in accounting for cheque and cash payments.

Responsibilities

78. (1) The District Assembly is responsible for approving the Expenditure Budget for the district.

(2) The DCD has the responsibility for approving all expenditures of the district.

(3) A bank account shall not be opened for any department except under the authority of the Controller and Accountant-General and a bank shall not open an account for any department without the authority of the Controller and Accountant-General.

Summary of System

79. Every request for payment, supported by the original of a voucher, which contains full particulars of the service for which the payment is being made, are submitted to the Co-ordinating Director for approval.

a. A Payment Voucher is prepared in quadruplicate and authorised by the Finance Officer.

b. The Internal Auditor authenticate the transaction for payment.

c. The Cashier, on receipt of PVs and supporting documents writes cheques and submits to the Finance Officer and Co-ordinating Director for signature.

d. After the cheque has been signed, entries are made in the Cash Book and the cheque register before the cheque is released to the payee.

e. The payee should acknowledge the cheque on the appropriate column on the payment voucher.

f. The payee should provide official receipt.

g. The PVs are batched and submitted to the Expenditure Section for processing.

Overview Flowchart

80. An overview flowchart of these procedures is shown in Figure 11 below.
Figure 11 Overview of GoG Cheque Payment Processes

GoG Process for Cheque Payments

- Supplier
  - Invoice
  - Allotment File
  - Allotments File
  - Cheque Authorized
  - Enter PV details
  - Validate PV
  - Update Allotments
  - PV File
  - Require Encumbrances
  - Yes
  - Update Encumbrances
  - Encumbrance File
  - No
  - PV File

- MDA
  - Enter PV details
  - Validate PV
  - Update Allotments
  - PV File
  - Print and send copy of signed PV to Treasury
  - PV File
  - Update Encumbrances
  - Encumbrance File

- Paying Treasury
  - Enter cheque details
  - Prepare cheque
  - Cheques Register
  - Submit cheque to CTO
  - PV File
  - Cashier validates PV
  - Yes
  - Cashier validates PV
  - Encumbrance File
  - Encumbrance File
  - No
  - PV File
  - Authorises cheque for dispatch
  - CTO validated cheque details
  - PV File
  - Print and file copy of paid voucher
  - Print and send copy of signed PV to Treasury
  - Update General Ledger
  - Update Encumbrance File
  - Update Allotments File
  - Update Payments Transactions file
  - Generate Payment Transaction
  - Generate PV File
  - Print and file copy of paid voucher

- General Ledger

- Update General Ledger
### Table 7  MMDA Cheque Payment Processes

<table>
<thead>
<tr>
<th>Institution</th>
<th>Processes</th>
<th>Description</th>
</tr>
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</table>
| 1. ASSEMBLY | ENTER PAYMENT VOUCHER DATA | A data entry process. Critical information entered into the system at this stage include:  
  i. Encumbrance code  
  ii. PV number and amount, including information on withholding tax (if applicable)  
  iii. Item (sub-item) code |
|             | REQUIREMENT ENCUMBRANCE | This is a system-generated query which specifies the particular validation process for the PV file created by the initial entries. |
|             | PAYMENT VOUCHER VALIDATION | This process is variable and is determined by the response given to the previous query. Where PV relates to a 3 or 2-tier payment type, the PV is compared to an encumbrance file for passing. A 1-tier payment type however requires that the PV amount be checked with the outstanding however requires that the PV amount be checked with the outstanding or unencumbered balance allotted for the item (sub-item) in question. |
| 2. PAYING TREASURY | PAYMENT VOUCHER VALIDATION | The process involves a screen-check of the copy signed PV presented at the treasury to confirm its existence on the system. The relevant files to check (encumbrances or allotments files) shall be determined by whether it is a one-tier payment type or otherwise. |
|             | CHEQUE PREPARATION | In the interim, cheques processing will be done manually. Cheques at this stage shall be signed by the Treasury Cashier and shall be forwarded to the Chief Treasury Officer (CTO) afterwards. Cheques shall be systems generated in the long run. |
Figure 12 Overview of MMDA Treasury Management

- **MAJOR INFORMATION INPUTS**
  - MDAs
    - Payment Vouchers
    - Receipt Vouchers
    - Paying-in-slips
  - Commercial Banks
    - Bank Statements

- **INPUT FILES**
  - Bank Statements (Banks)

- **BUSINESS PROCESSES**
  - CASHIERING
  - RECONCILIATION

- **OUTPUT FILES**
  - Reconciliation Statements (MMDA)

- **ONLINE ENQUIRIES**
  - Daily

- **MAJOR INFORMATION OUTPUTS**
  - MDAs
    - Cheques
    - Treasury Counterfoil Receipts (TCRs)
  - CAGB (HQ)
    - Reconciliation Statements

**ORGANISATION**: MMDA
**SYSTEM**: Treasury
**TITLE**: MANAGEMENT OVERVIEW DIAGRAM

**Date**: 

**Title**: MANAGEMENT OVERVIEW DIAGRAM
Forms Used

81. The documents required for the cheque and cash payment system are listed below and illustrated in Part III of this Manual.

   a) Payment Voucher – Salaries and Wages [D.A. Form 11]
   b) Payment Voucher – Other charges [D.A. Form 12]
   c) Payment Voucher – Travelling & Transport [D.A. Form 13]
   d) Cheque Book
   e) Cash Book [D.A. Form 5]

Description of Procedures

82. Cheque and cash payment procedures are described under the following headings:

   a) Request for an Authorisation of Payment
   b) Preparation of PVs
   c) Cheques Issue Procedures
   d) Batching of PVs and Cheque Stubs Procedures
   e) Cash Control and Security

Authorisation of Payments

Request for Expenditure

83. Request for any expenditure to be made is sent in a memo to either the DCE or the DCD by the various department heads.

Supporting Voucher

84. (1) Every payment made by the district is to be supported with the original of a voucher, which contains full particulars of the service for which the payment is being made.
(2) If the original document i.e. invoice or statement etc. is lost, a duplicate shall be obtained and certified by a responsible official who shall ensure that no payment has already been made.

**Preparation of PVs**

85. (1) A PV shall be prepared in triplicate and approved, before a cheque is drawn. Vouchers shall be prepared from details on bills, invoices or other charging documents by the expenditure clerk.

(2) PVs written in ink or indelible pencil or typewritten are of the following types:

- Form DA II for Salaries and Wages
- Form DA 12 for other charges, and
- Form DA 13 for Travelling and Transport.

(3) The amount payable on each PV is to be expressed in words as well as figures, and care shall be taken not to leave any space for other insertions capable of allowing the alteration of the authorised sum.

(4) The PV shall be reviewed by the DFO to ensure that the correct head, subhead and item or account to which it is to be charged have been inserted.

(5) The PV shall then forwarded to final authorising signatories for their approval and authority for cheques to be issued.
Cheque Preparation

Preparation of cheques

86. (1) All cheques shall be hand written in ink and not typewritten. Words and figures shall be written in such a way that no space is left for subsequent additions on either side of them.

(2) Any alteration shall be confirmed by both the cheque signatories signing in full beside the alteration.

(3) The expenditure accounts clerk for the Sub – District shall submit the payment advice and supporting documents to the District AO through the Sub – District Accounts Clerk for cheque to be issued.

(4) The expenditure clerk, on receipt of Payment Vouchers and supporting documents:

   a) scrutinises the names of payees to ensure that all payments for a single payee are paid by one cheque;

   b) draws the cheques;

   c) stamps the supporting documents with a dated “paid” stamp;

   d) submits to the cheque signatories:

      i. the cheques

      ii. the PVs;

      iii. the supporting documents.

Signing of cheques

87. (1) All cheques shall be signed by not less than two authorised signatories. "District Assembly" shall be written in block capitals beneath the space to be used by the signatories. The DCE shall not be a signatory to any of the Assembly's Bank Account.

(2) The DCE or the DCD shall issue periodic circulars listing the authorised cheque signatories.

(3) When one of the authorised signatories for a district bank account is absent, for example sick or on leave, a temporary signatory can be approved by the DCD.

(4) Only persons on the authorised list of cheque signatories shall sign cheques.

(5) Before signing the cheque, each signatory shall:
(a) ensure that:

(i) the cheque has been properly drawn;

(ii) the payee is the same as that on the Payment Voucher;

(iii) the amount of the cheque agrees with the total of the Payment Vouchers for that payee; and

(iv) the date on the “Paid” stamp is that of the date of presentation or the previous day;

(b) initial the Payment Voucher and supporting documents.

Cheques Payable in Cash

88. Cheques for payment of wages, salaries and petty cash shall be payable to the District in cash.

Payee

89. The payee on cash cheques shall be the District Assembly followed by the name of the station cashing the cheque, for example, “District Assembly – Ahanta West”.

Cheque Crossing

90. Cheques shall either be opened or crossed. Cheques to be cashed shall be crossed but the crossing shall be “opened” before presenting to bank for payment. This shall be done by inserting the words “pay cash” inside the crossing; both cheque signatories shall sign against the insertion.
Cheque Endorsement

91. (1) The cheque shall be endorsed on the reverse before it can be cashed. Persons authorised to endorse cheques shall be determined by the DCD and circularised to the sub-districts.

(2) The banks shall be informed of persons authorised to endorse cheques.

Distribution of Cheques and Supporting Documents

92. (1) After the cheque has been signed and entries made in the Cash Book, the Expenditure Clerk shall distribute the documents as follows:

(a) the cheque, to the Department originating the payment and thence to the payee;

(b) the Payment Vouchers;

i) the original filed in numerical order by the expenditure clerk in charge of the Cash book;

ii) the duplicate, to the Department originating the payment and thence to the payee, to be returned receipted;

iii) the book copy, returned to the Department originating the payment.

(c) the supporting documents, filed by the expenditure clerk in charge of the Cash Book with the original of the PV.

Delivery of Cheques to Payees

93. (1) Where a cheque is to be delivered by hand, the DFO shall instruct the person delivering the cheque to:

(a) obtain the payee’s signature across the appropriate stamp on the back of the duplicate copy of the PV before handing over the cheque;

(b) return the duplicate copy of the PV to the DFO.

(2) Where a cheque is to be sent by post the DFO shall:

(a) register the envelope;

(b) reference the registration slip to the PV.

(3) The DFO shall file the original of the PV, the receipted PV duplicates, and the registration slips.
Limitation on Bank Balances

94. (1) Limits shall be established for the Sub-District’s bank balances. These limits shall be related to the average monthly expenditure incurred by the sub-district and shall be reviewed periodically by the DCD and approved by the DCE.

(2) Any excess over the limit shall be transferred automatically by the Bank to the Main Account.

(3) This shall be done at the end of each month.

Daily Closing Procedures

Batching procedures

95. At the end of each day, the Expenditure Clerk shall record the following details in the expenditure ledger individually:

a) PV Number and date

b) Particulars of Payment

c) Cheque Number and Date

d) Item Head etc
Internal Control Objective

Control over Issues and Usage of Cheques

96. Unissued cheques shall be adequately safeguarded by:

a. using pre-numbered cheques, recording issues in a register and accounting for all numbers of cheques used

b. dealing with spoilt cheques

Preparation of Cheques and Bank Transfers

97. (1) Cheques and bank transfers shall be prepared by persons independent of the functions of accounts payable, accounts receivable and General Ledger recording;

(2) Cheques and bank transfers shall be prepared only on the basis of evidence that the validity of the transactions has been confirmed in accordance with the District Assembly’s procedures, in respect of:

   a. Payments of accounts payable;

   b. Payroll and payroll deductions

   c. Reimbursements of imprest and similar funds;

(3) Cheques and bank transfers relating to transactions outside the normal approval procedures shall be initiated only on the basis of proper documentation supporting the validity of the transactions

(4) The following cheques shall be prohibited:

   a. Cheques payable to “bearer” or “cash” (other than those for cash payrolls or imprest cash reimbursements);

   b. Cheques signed in ‘blank”; and

   c. Altered cheques and bank transfers;

(5) Steps shall be taken to prevent cheques being paid into the bank accounts of persons other than the payees.
CHAPTER 10
BASIC ACCOUNTING ROUTINES – PETTY CASH AND IMPREST

Purpose

98. This section of the accounting manual details the procedures relating to imprest accounting. It describes the system procedures to be followed, and the documentation to be used, in accounting for petty cash transactions which cover minor disbursements for expenses such as postage, transportation and telecommunication.

Definition

99. An imprest is a form of advance used for the running of the District Assembly’s business at all levels. Such money advanced shall be accounted for. There are two types of imprest, Special and General or Standing imprest. Special imprest is a form of imprest that is advanced to an individual or an Assembly for a specific assignment and is to be retired at the end of that assignment. A General/Standing imprest is normally given to an Assembly at the start of a financial year. Recoupments are made as and when the monies are used until the end of the financial year.

Policies and standards

Legal framework

100. (1)Part XIII of the Financial Administration Regulation, Regulation 281 defines imprest as ‘a sum of cash advanced to a public officer to meet payments which are otherwise inconvenient to disburse from Public Funds, through the normal payment procedures as laid down in Part II of these Regulations.’

(2)Regulation 282 says that ‘A head of department shall apply to the Controller and Accountant –General for an account classification to operate an imprest and the CAG shall approve and assign an Imprest Accounts code and inform the head of department accordingly.

(3)Regulation 283 explains the two types of imprest as follows:

a) Standing imprests, held throughout the financial year and replenished as necessary by presentation of paid PVs to the head of department; and

b) Special imprests, issued for making a particular payment, or group of payments, which shall be fully retired by the date, specified in the approval to operate the imprest.
According to Regulation 284, ‘the procedures for applying, granting, disbursing and retiring of imprest shall be in accordance with the Departmental Accounting Instructions’;

Regulation 285 says that payment may only be made when funds are available under a warrant and payment from the imprest on the authority of a PV prepared, authenticated and signed in accordance with these Regulations;

According to Regulation 286 an imprest holder may issue part of the imprest to a subordinate officer to hold but the former is responsible for its custody and replenishment;

In Regulation 287, misapplication of imprest monies other than for authorised purposes is a breach of the law;

Regulation 288 states that imprest not retired at the end of a financial year becomes a personal advance in the name of the imprest holder in the case of standing imprest while for special imprest it is a breach of the Regulation 8(1). A head of Department shall report details of such imprest holders to the CAG with a copy to the Auditor-General; and

According to Regulation 289, the CAG shall report balances in possession of imprest holders as at 31 December of each financial year.

c. All imprest shall be retired by the person who spent the money.

Standard for unretired Imprest

101. The historical cost and accrual bases shall also apply in stating unretired imprest as at the end of the financial year.

Table 8: Roles and Responsibilities

<table>
<thead>
<tr>
<th>Person</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule Officer</td>
<td>Apply for imprest</td>
</tr>
<tr>
<td>Chief Executive/ Coordinating Director</td>
<td>Approves</td>
</tr>
<tr>
<td>Finance Officer</td>
<td>Prepares payment voucher for disbursement after due processes</td>
</tr>
<tr>
<td>Schedule Officer</td>
<td>Retires imprest by due date. Failure to retire means it will be treated as an advance</td>
</tr>
</tbody>
</table>
B: Standing/General Imprest

<table>
<thead>
<tr>
<th>Person</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Officer</td>
<td>Applies to Chief Executive through Co-ordinating Director</td>
</tr>
<tr>
<td>Chief Executive</td>
<td>Approves imprest</td>
</tr>
<tr>
<td>Finance Officer/Coordinating Director</td>
<td>Disburses</td>
</tr>
</tbody>
</table>

Petty cash

102. (1) The Petty Cash Officer shall be responsible for the petty cash float. In the smaller area council offices, any officer other than a Revenue Collector can be the Petty Cash Officer.

(2) The Petty Cash Officer shall be responsible for keeping the float under lock and key all times when payment is not being made. In particular, he shall ensure that the float is under lock and key whenever he leaves the office.

(3) The DFO in consultation with the DCD shall set or review overall float limits throughout the district by reference to the normal level of monthly expenditure.

Internal Control Objectives

103. The internal control objectives for the Imprest and Petty Cash function shall be as follows:

(a) Imprest Accounts shall only be established by the DCD through a written authorisation to the DFO.

(b) The individual designated by the DCD as the Imprest Account Custodian shall be :

   i. a staff of the Finance Department;

   ii. nominated by the DFO;

(c) The Imprest Account Custodian shall sign a statement of personal responsibility for the proper use and custody of the fund;

(d) The access to and disbursement of funds from petty cash shall be duly delegated to the authorised Imprest Account Custodian;

(e) In the case of temporary absences, the Head of the Finance shall assume the role of Custodian;

(f) The Imprest Account shall be :

   i) maintained at a reasonable balance in relation to the level of expenditure;
ii) periodically verified and reconciled by an independent person.

(g) The Imprest Account shall be:

i. Used to disburse nominal amounts of cash;

ii. Used to pay out expenditure in respect of POs or Travel Requests;

(h) All payments from the Imprest Account shall be supported by:

i. a Departmental Petty Cash Voucher;

ii. a written authorisation from the Head of the department of the Assembly;

iii. the initials/signature of the DFO; and

iv. receipts from vendors or approved substitute receipt.

(i) Replenishments shall be made from the current bank account;

(j) Replenishment shall require the production of the disbursement records and supporting vouchers;

(k) Replenishment shall be approved by a responsible official who is independent of the custodian of the Petty cash;

(l) All entries of petty cash payments in the Departmental Petty Cash Book shall correspond to the amount retired by the cognizant staff member;

(m) Each refund made from Imprest Account shall individually be posted to the Debtors Ledger by the Accounts Staff member in charge of maintaining that ledger.

(n) The total amount of refunds for the month shall also be posted to the Control Section of the Debtors Ledger; and

(o) At the end of the month, all entries in the Departmental Petty Cash Book shall be summarized on a Departmental Journal Voucher (in memorandum format), and posted to the Expenditure Ledger.

104. Segregation of Duties. There shall be an adequate segregation of duties between the petty cash functions and the main treasury functions of the Assembly.
Guidelines for obtaining a new Imprest

Special imprest from the consolidated fund

105. The person or Assembly concerned shall apply to the Minister of Finance stating the amount and reason. The Minister of Finance shall authorise the granting of the imprest. An imprest bank account shall be opened for the individual or Assembly concerned and the details entered on the Accounting Systems. A cheque is issued and BoG transfers the required amount into this account.

Special imprest from the Assembly’s internally generated fund

106. The person or unit shall apply to the sector Minister. Upon approval by the sector Minister, the person or unit shall apply to the CAG for an imprest account code. The Controller and Accountant-General shall assign a code for the Assembly. A voucher shall be raised in the name of the Assembly and the District Treasury shall issue a cheque.

Standing/general imprest from the consolidated fund

107. Before the start of a new financial year an Assembly shall budget for such imprest drawings in its Item II Vote for the next year. The Assembly shall apply to the CAG for an imprest account code. Using the approved code, the Assembly in question shall apply to the sector Minister for the imprest limit. Using the authorisation given, the Assembly shall raise a voucher and take it to the District Treasury. The District Treasury shall issue a cheque to the Assembly concerned.

Re-Imbursement Of Imprest (Renewals, Increases)

108. In respect for an upward adjustment to special imprest, the Minister for Finance shall approve the request or the sector Minister as the case may be. With respect to renewals for standing imprest, the request shall be made to the CAG and the Sector Minister.

Recoupment

109. Since authority for an assignment had been given earlier, an application for recoupment will have to be forwarded to the Minister of Finance or the Sector Minister.

Retirement

110. Special imprests shall be retired the moment the assignment is completed. Standing or general imprest shall be retired on 31st December of each financial year.
### Table 9 Accounting Entries For Imprest

<table>
<thead>
<tr>
<th>Process</th>
<th>Accounting entries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>i) Special Imprest</strong></td>
<td></td>
</tr>
<tr>
<td>On release of imprest</td>
<td>DEBIT IMPREST ACCOUNT</td>
</tr>
<tr>
<td></td>
<td>CREDIT BANK</td>
</tr>
<tr>
<td>On retirement of imprest</td>
<td>DEBIT EXPENDITURES INVOLVED</td>
</tr>
<tr>
<td></td>
<td>CREDIT IMPREST ACCOUNT</td>
</tr>
<tr>
<td><strong>ii) General/Standing Imprest</strong></td>
<td></td>
</tr>
<tr>
<td>On release of imprest</td>
<td>DEBIT IMPREST ACCOUNT</td>
</tr>
<tr>
<td></td>
<td>CREDIT BANK</td>
</tr>
<tr>
<td>When imprest is exhausted/retired</td>
<td>DEBIT EXPENDITURES INVOLVED</td>
</tr>
<tr>
<td></td>
<td>CREDIT IMPREST ACCOUNT</td>
</tr>
<tr>
<td>On replenishment/increase in imprest</td>
<td>DEBIT IMPREST ACCOUNT</td>
</tr>
<tr>
<td></td>
<td>CREDIT BANK</td>
</tr>
<tr>
<td>On recoupment</td>
<td>DEBIT EXPENDITURE INVOLVED</td>
</tr>
<tr>
<td></td>
<td>CREDIT BANK</td>
</tr>
</tbody>
</table>

### Petty Cash

111. (1) The Petty Cash Float shall be maintained on the imprest system whereby an initial sum issued to the Petty Cash Officer concerned shall be debited to an imprest account; and all payments shall be reimbursed to that Petty Cash Officer from the bank account periodically after the submission of an authorised reimbursement claim.

(2) Requests for payment from petty cash, shall be supported by documents relating to the expense, and shall be submitted to the Petty Cash Officer who shall:-

a) prepare a petty cash voucher in duplicate;

b) number the vouchers sequentially;

c) submit the petty cash voucher, together with any supporting documents, to be approved and initialled by the head of the zone or area council; and

d) in the case of district Imprest Accounts the petty cash vouchers shall be approved and initialled by the sectional heads and approved by the DCD.
(3) After approval the Petty Cash Officer shall: -

a. pay the cash;

b. stamp any supporting documents “paid”;

c. initial the petty cash voucher; and

d. obtain the signature of the recipient on the petty cash voucher.

(4) When payment has been made, the copies of the petty cash vouchers shall be distributed as follows:-

a. original - attached together with supporting documents for reimbursement

b. duplicate - retained to support the entry in the petty cash book.

(5) When the petty cash book has been balanced, the Petty Cash Officer shall take the book and the amount of the float remaining to the head of the Zonal or Area Council and in the case of the district to the DFO who shall:

(a) verify that the balance in the book agrees with the cash held;

(b) then sign the petty cash book at the end of the entries for the period.

(6) The documents from the zonal and unit shall be submitted to the DFO weekly with a Payment Advice for the total amount of payments from the imprest account. The DFO shall countersign the petty cash book and shall approve the Payment Advice, on the basis of which a “cash” cheque shall be drawn to reimburse the imprest account.

(7) Payments from the imprest account shall be coded and summarised by the Petty Cash Officer monthly on a petty cash posting summary which shall be submitted to the accountant for his review and approval.

Entries in the Petty Cash Book

112. (1) The Petty Cash Officer shall be responsible for the maintenance of the petty cash book in which he shall enter all payments and all reimbursements of the petty cash float, before the end of the working day.
(2) At the end of each week the Petty Cash Officer shall:-

a) total all columns;

b) check that the analysis column totals cross add to the total payments column;

c) enter to the left of the total payments column the book balance.

(3) At the end of the month the Petty Cash Officer shall rule off the columns and carry down the balance to a fresh sheet and a Petty Cash Posting Summary shall be prepared.
Forms used

113. The documents required to operate the petty cash system are illustrated as follows:

a) Petty Cash Voucher

b) Petty Cash Book

i. IMPREST FORM 1

SPECIAL/GENERAL OR STANDING IMPRESTS DISBURSEMENT FORMS

NAME OF ASSEMBLY

IMPREST ACCOUNT CODE

(ASSIGNED BY C.A.G.D.)…DR.

BANK ACCOUNT CODE…CR.

AMOUNT GH¢

AMOUNT IN WORDS

PURPOSE

NAME OF APPLICANT

RANK OF APPLICANT

SIGNATURE OF APPLICANT

NAME OF AUTHORISING OFFICER

SIGNATURE OF AUTHORIZING OFFICER

NAME OF APPROVING OFFICER

SIGNATURE OF APPROVING OFFICER

DATE IMPREST APPROVED
ii. IMPREST FORM 2

SPECIAL/STANDING OR GENERAL IMPRESTS RETIREMENT FORM

NAME OF ASSEMBLY ..............................................................................................................

NAME OF BENEFICIARY...........................................................................................................

RANK OF BENEFICIARY...........................................................................................................

AMOUNT GH¢ .........................................................................................................................

AMOUNT IN WORDS ..............................................................................................................

CR

IMPREST ACCOUNT CODE (ASSIGNED BY C.A.G.D.) .........................................................

DR

EXPENDITURE ITEM CODES AMOUNT GH¢

.................................................................

.................................................................

.................................................................

TOTAL .........................................................

DATE RETIREMENT MADE ..........................................................
CHAPTER 11
PAYROLL ACCOUNTING (SALARIES)

Introduction

114. (1) This section presents the processes and procedures to be followed, the documentation to be used and the roles and responsibilities to be performed by officials of the Assembly in accounting for and controlling the payment of personnel emoluments.

   (2) The main features of the system shall be as follows:

   a. those whose full (100%) salaries are paid by the Central Government through the CAG;

   b. those who are paid 100% by the Assembly.

Purpose

115. In accordance with Regulation 294 of the FAR 2004, procedures to be followed in payments of salaries, wages and related allowances shall be provided in Departmental Accounting Instructions to be issued by the CAG. The purpose of this section is to provide the policies and procedures relating to the preparation, processing, payment and accounting for payroll expenses or personnel emoluments.

Definition of Personnel Emoluments

116. In accordance with Regulation 290 of FAR 2004, the term “personnel emolument” covers all payments due to public servants as remuneration for employment and include:

   (a) salaries payable to public servants;

   (b) wages payable to public servants employed in daily rated post; and

   (c) allowances and any additional remuneration due to public servants as part of their conditions of service.

Policies and standards

117. (1) The following policies and standards shall guide the preparation of payroll in the public services.

   (2) Salaries shall be paid in accordance with the published pay days. Any changes in published pay days shall be communicated by way of circulars,
(3) No salary payments shall be made except through bank account of the staff or the public servant involved unless otherwise authorised by the CAG.

(4) No entries shall be made on any payroll system without a source document authorising the transaction.

(5) In accordance with Regulation 296 of the FAR 2004, a deduction shall not be made from personal emoluments, except for statutory deductions, disciplinary awards and voluntary deductions authorised by the head of unit upon authority of administrative instructions issued by the head of department.

Responsibilities at the Assembly

118. (1) In accordance with Regulation 304 of FAR 2004, a head of department or a head of management unit shall be responsible for the maintenance of all personnel records, documents and inputs pertaining to their staff and shall maintain nominal rolls. They shall also examine and certify the personal emolument PVs to ensure that:

(a) only staff belonging to the unit are on the PVs;

(b) in the case of staff on posting or transfer out, the name is deleted within three months;

(c) in the case of retirement, resignation, termination, vacation of post, death, Regulation 298 of FAR 2004 is strictly complied with;

(d) any over payment of personal emolument is recovered;

(e) newly employed staff and those posted or transferred to the unit appear on the PV; and

(f) any salary instructions issued by the CAG are complied with.

(2) In accordance with Regulation 304(2) of FAR 2004, a head of department or management unit who fails to comply is liable for disciplinary action including:

(a) stoppage of salary until the anomaly is rectified;

(b) surcharge where the non-compliance has occasioned financial loss to the state; and

(c) any other sanctions applicable that the CAG considers appropriate.

(3) The DCD shall be responsible for notifying the DFO of all engagement, termination, resignation, transfers, and postings, rate of pay, other prerequisites, and deductions to be made from each monthly pay. Departmental heads shall be responsible for ensuring that proper salary changes records are maintained for employees under their control of disbursements. The DFO shall be responsible for the proper implementation of payroll accounting procedures, and for the control of disbursements.
Internal Control Objectives

119. The internal control objectives for the Payroll function shall be as follows:

a. Payments in respect of wages and salaries shall be:

   i) Made only to employees in the District Assembly’s employment and at authorised wage or salary rates;

   ii) Where required, supported by adequate evidence of work performed;

b. IPPD forms shall be used for authorising each of the following movement on the payroll:

   i. Engagement

   ii. Termination

   iii. Promotion

   iv. Compulsory Transfers-Posting Letters

   v. Voluntary Transfers—Letter of Release

   vi. Study Leave without pay

   vii. Leave without pay

   viii. Suspension without pay

   ix. Secondment-Posting Letter

c. All new appointments shall be supported with properly authenticated:

   i. Application Form

   ii. Letter of Appointment

   iii. Letter of Authority

   iv. Financial Clearance

   v. Establishment Warrant

   vi. Posting Letter

   vii. Letter of Assumption

d. All employment termination shall be supported with any of the following (where applicable):
i. Retirement Notice Letter

ii. Voluntary Retirement Letter of Approval

iii. Death Certificate

iv. Application for Retirement on medical grounds

v. Notification Letter on Vacation of Post

vi. Letter of Dismissal

e. The following transaction for active staff shall be supported with authorised:

i. Promotions- Promotion Letters

ii. Compulsory Transfers- Posting Letters

iii. Voluntary Transfers–Letter of Release

iv. Study Leave- Study Leave Application/Acceptance Letter

v. Leave without pay- Study Leave Application/Acceptance Letter

vi. Suspension without pay- Suspension Letter

vii. Suspension with partial pay- Suspension Letter

viii. Secondment- Posting Letter

f. Establishment Warrants shall be prepared for the following transitions in the Active File:

i. Promotions

ii. Leave without pay

g. There shall be adequate controls designed to ensure that the payroll reflects only authorised data.

Management and Independent Controls

120. (1) PVs for payroll documents shall be approved by the DCD.

(2) Management of the Assembly shall periodically review the reconciliation of the payroll voucher to nominal roll.
(3) Actions shall be taken on payroll anomalies.

(4) In respect of extra duty allowances and overtime, employees shall be paid on the basis of time worked which:

   a. Are verified for accuracy by comparison with record of extra duty hours worked;
   
   b. Indicate that the time worked has been properly authorised.

(5) Payroll PVs and payslips shall be distributed to the various sub-districts/departments and payslips subsequently be distributed to the various employees.

(6) The head of the Assembly or sub-districts and departments shall certify on the Payroll PVs and indicate in the appendix “A” of the payroll voucher:

   a. the names,
   
   b. staff numbers etc of separated staff or incorrect payments made on their PVs.

**Procedures / steps to follow**

Description of Procedures

121. The payroll system covers the following procedures:

   a. Engagement of new employees
   
   b. Employee permanent records
   
   c. Payroll preparation/Payment of wages and salaries
   
   d. Unclaimed wages/salaries
   
   e. Overtime work
   
   f. Loans/Advances to employees
   
   g. Employee transfers
   
   h. Dismissal
   
   i. Payment of Commissions
   
   j. Establishment Schedule
General procedures

122. (1) Engagement of New Employees shall be in two categories

Category I – (Salaries fully paid by Central Government)

(2) This category of staff relates principally to staff from other Government agencies that are released to the District Assembly on secondment by their mother organisations. This category of staff have no direct relationship on the payroll system.

Category II – (Salaries fully paid by the District Assembly)

(3) The Finance and Administration sub – committee shall approve the vacancies to be filled and advertisements shall be made for applicants to apply. Applicants shall be shortlisted, interviewed and appointed.

Employee Permanent Records

123. The following information shall be maintained on the personnel file at the District Assembly:

a) employee name, staff number, file code, address;

b) SSF Number, sex and date of birth;

c) employee’s qualification and education;

d) employee’s next of kin;

e) date of engagement;

f) job title and description

g) immediate superiors name and title

h) employee’s current rate of pay, allowances and standard deductions;

i) date of transfer between departments;

j) date of discharge;

k) bank account number;

l) retiring date.
124. (1) The DCD shall inform the DFO each month of the adjustments to be made to the basic payroll. These adjustments shall be in respect of:

   a) changes in basic salary, due to promotions or increment;

   b) changes in deductions;

   c) others changes;

(2) The advice for adjustments to be made shall be submitted to the DFO up to the end of the second week of the month.
<table>
<thead>
<tr>
<th>Routines</th>
<th>Responsibility</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receive copies of letters of engagement, changes in salaries, transfers, terminations, deductions and copies of mechanized vouchers from the Controller and Accountants Department. Approves and submits same to AO.</td>
<td>DFO</td>
<td>Monthly</td>
</tr>
<tr>
<td>Prepares input forms and submits forms to DFO for approval</td>
<td>AO</td>
<td>Monthly</td>
</tr>
<tr>
<td>Approves payroll input forms and pass on to data processing.</td>
<td>DFO</td>
<td>Monthly</td>
</tr>
<tr>
<td>Updates employee files based on input form Submits draft report for proof reading</td>
<td>Data Processor (DP)</td>
<td>Monthly</td>
</tr>
<tr>
<td>Reviews proof list and forwards any changes back to data processing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make any identified adjustments. Run monthly payroll and payroll summary reports. Print salary report, eg.</td>
<td>AO</td>
<td>Monthly</td>
</tr>
<tr>
<td>• cheque list</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• pay slips</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• deductions list</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• bank credit vouchers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconcile gross pay as per gross pay report to prior month’s report.</td>
<td>DFO</td>
<td>Monthly</td>
</tr>
<tr>
<td>Task</td>
<td>Responsible Party</td>
<td>Frequency</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Check that variations are supported by authorised input forms for revisions. Investigate any unexpected variations.</td>
<td>DFO</td>
<td>Monthly</td>
</tr>
<tr>
<td>Agree cheque list with gross pay report. Approve for cheque issuance.</td>
<td>DFO</td>
<td>Monthly</td>
</tr>
<tr>
<td>Receive approved cheque list and write up cheques. Pass cheques to authorised signers together with approved cheque lists for signature.</td>
<td>Cashier</td>
<td>Monthly</td>
</tr>
<tr>
<td>Review cheque lists. Sign salary cheques. Deliver signed cheques to cashier.</td>
<td>Cheque Signatories</td>
<td>Monthly</td>
</tr>
<tr>
<td>Deliver cheques to respective banks.</td>
<td>Cashier</td>
<td>Monthly</td>
</tr>
<tr>
<td>Deliver pay slips to individual employees. Obtain employees signature on copies of cheque list.</td>
<td>Cashier</td>
<td>Monthly</td>
</tr>
<tr>
<td>For employees receiving cash, cash cheque, put cash and pay slips in individual envelopes, pay – out and obtain employees signature on copy of cheque list.</td>
<td>Cashier</td>
<td>Monthly</td>
</tr>
<tr>
<td>Return uncollected pay packets to bank, 7 days after pay – out.</td>
<td>Cashier</td>
<td>Monthly</td>
</tr>
<tr>
<td>Review payroll analysis</td>
<td>DFO</td>
<td>Monthly</td>
</tr>
<tr>
<td>Post payroll to General Ledger through journals.</td>
<td>Data Processor</td>
<td>Monthly</td>
</tr>
<tr>
<td>On due date, raise PV for withholding taxes and other deductions payable to third parties, process in usual way.</td>
<td>DFO</td>
<td>Monthly</td>
</tr>
</tbody>
</table>
Unclaimed Wages/Salaries

125. (1) Wages not disbursed at the appointed time shall be returned immediately to the cashier for safe custody. Payment of these unclaimed wages shall be made only on the authorisation of the DFO. After seven days they shall be banked and the relevant accounting entries made. i.e.

\[
\begin{array}{c|c}
\text{DR} & \text{Bank} \\
\hline
\text{CR} & \text{Unclaimed Wages} \\
\end{array}
\]

(2) The officer responsible for payroll shall maintain a register for the unclaimed wages detailing:

a) date of payroll

b) name of employee and amount unclaimed

c) date when amount was claimed

d) PV number

(3) When an employee arrives to collect his unpaid wages he shall check with the payroll officer who shall verify:

a) the identity of the employee

b) the amount payable

c) the details entered into the unclaimed wages register

(4) The PV shall be approved by the DFO and the employee paid out of petty cash. The unclaimed wages paid shall be debited to unclaimed account at the end of the month by the posting summary raised in respect of the petty cash analysis.
Overtime Work

126. (1) Only few categories of staff shall be paid overtime (eg. Sanitary workers who actually work at week – ends).

(2) Overtime rates shall be fixed by the Finance and Administration sub – committee of the Assembly and shall be payable based on the number of hours worked in the previous month.

(3) Before any employee works overtime, an Overtime Authorisation Form shall be completed by his supervisor and approved by the Departmental Head.

(4) The Supervisor for each department shall record the overtime showing the details of overtime worked by each employee. This shall be submitted for the final approval by the HOD.

(5) At the end of the month, these overtime lists shall be submitted to the DCD for endorsement before it is finally submitted to the DFO for the calculation and eventual payment of the overtime amount to the affected employees.

(6) Postings shall be made from the Cash Book to the General Ledger.

Loans/Advance to Employees

1. (1) The officer responsible for Payroll shall be notified of deductions to be made for advances on the appropriate form.

(2) The Expenditure Accounts Officer who keeps the Advances Ledger shall also notify the Officer responsible for payroll when the deductions are to cease.

Transfers

Employees on Secondment

2. The Controller and Accountant – General shall be informed for a change to be effected on an employee status.

District Assembly’s staff

3. (1) The Controller and Accountant – General shall be informed for a change to be effected on an employee status.
(2) However, a Salary Change Advice form is prepared and furnished to the payroll section for the change to be effected on that month’s payroll. Where this is not possible, and the employee is not at the paying station on payday, the procedures for unclaimed wages are applied.

Dismissal of employees

4. (1) Staff on secondment cannot be dismissed by the Assembly. However, the Assembly can recommend for the withdrawal of the affected employees.

   (2) For the District Assembly’s own staff, the DCD shall communicate the dismissal in writing to the DFO and the Payroll Section as soon as they are effected to ensure that employees are not paid for the periods they have been sacked from the employment of the Assembly.

   (3) The DFO shall ensure that all amounts due from any employee during his dismissal have been deducted from his emolument and the net amount paid to him. Where his emoluments cannot cover the amount due from him, proper arrangements shall be made between the employee and the DFO for the settlement of the amount in due course.

Payment of Commissions

5. (1) Commissions may be payable to commissioned Revenue Collectors of the Assembly.

   (2) Targets shall be set and the commissioned Revenue collectors shall be paid the commission based on the rate of recovery. The amount to be paid shall be determined by the Finance and Administration Sub –Committee. Payment shall follow the same procedure for the processing of PVs.

Establishment Schedule

6. (1) The DCD shall prepare a list of all employees in each department giving the following information at the beginning of each year.

   a. date of engagement

   b. the name of the employee

   c. the rate of pay per annum for the year just ended

   d. the new approved rate of pay per annum for the year just began

   e. the rate of pay per month from the first of January that year

   f. the grade of the employee
g. Staff identity number

(2) The Establishment Schedule shall be approved by the DCD. A copy shall be sent to each HOD or office and the Payroll Section of the Finance Department.

(3) The preparation of the payroll each year for the month of January shall be based on the Establishment List. All names on the payroll that cannot be found on the list shall represent new engagements or transfers and shall be explained by the Payroll Reconciliation Statement.

ACCOUNTING FOR PAYROLL

Grants received from Central Government

7. (1) Funds shall be received from the Central Government for the part-payment of salaries and wages of some of the District Assembly’s staff. All such funds received shall be treated as Grants. In the same vein, the statutory deductions viz. SSF and PAYE made on behalf of the Assembly by the CAG shall be treated as part of the Government Grants to the Assembly.

(2) Accounting entries shall be:

\[ \begin{align*}
\text{DR} & \quad \text{Staff Advances} \\
\text{CR} & \quad \text{Government Grants}
\end{align*} \]

with salaries/wages received or transferred to workers bank accounts.

\[ \begin{align*}
\text{DR} & \quad \text{SSF (Employees Contribution)} \\
\text{DR} & \quad \text{SSNIT/IRS} \\
\text{CR} & \quad \text{Government Grants}
\end{align*} \]

With Deductions paid directly by Central Government to related Agencies.

Payroll Deductions

8. (1) Deductions from payroll shall be classified into two groups:

a) those requiring a cash payment to a third party

b) those involving a book transfer between accounts
(2) The first can further be divided into:

   a) statutory deductions such as income tax and social security

   b) Voluntary deductions such as civil servants association dues and contributions towards welfare funds.

(3) The second group shall consist of deductions for such items as housing rents, loans and advances.

ACCOUNTING FOR PAYROLL

9. (1) At the end of the month, the payroll summary is journalised as follows:

   (a) DR gross pay to the appropriate salary account

   (b) CR all deductions to the appropriate deductions account

   (c) CR Staff Advances with the portion of salaries paid by Central Government

   (d) CR net amount payable to salaries control account

(2) The salaries control account shall be cleared by bank/cash payments and any wages/salaries not claimed shall be transferred to unclaimed wages account and shall be entered in detail in an Unclaimed Wages Register.

ACCOUNTING FOR DEDUCTIONS

10. (1) The Data Processing Sections shall produce the monthly Payroll detailing the following:

   (a) SSF schedule

   (b) Income tax schedule

   (c) Civil Servants Association Dues schedule

   (d) Advances schedule, etc
(2) Schedule officer shall check that the detailed schedules and the summary agree, and shall:

a. for advances, enter up the credit side of the advances ledger

b. for income tax, C.S.A. Dues, and SSF Welfare Funds, etc prepare vouchers for the payment to the respective bodies.

Payroll Reconciliation

11. (1) On completing the payroll summary, the schedule officer shall prepare a reconciliation of the current month’s payroll with the previous month’s payroll for approval by the DFO. The reconciliation shall explain any significant variations in:

(a) Employees’ numerical strength

(b) Employees’ gross pay

(2) This reconciliation shall be signed by the DFO as evidence of review.

(3) Each Assembly shall maintain a Salary Abstract Register.
CHAPTER 12
INVENTORY MANAGEMENT PROCEDURES

Introduction

12. (1) This section highlights the processes and procedures for managing the District Assembly’s stores.

(2) The District Assembly’s stores refer to all public supplies and equipment used for the smooth running of District Assembly’s business. The purpose of this section therefore is to describe the stores management system which embraces procedures and documentation used for authorising, processing, paying and accounting for the purchase and usage of public supplies and equipment.

(3) Items described as public supplies and equipment include stationery, spare parts, materials, office furniture and equipment, motor vehicles and other moveable property.

(4) The objective of a system for procurement and usage of public supplies and equipment for government business is to ensure economy, efficiency, transparency, accountability and consistency in the activities of public officials charged with such responsibilities.

Purpose

13. To maintain a system of control over the acquisition, receipt, custody, control issue and disposal of Assembly stores. This shall ensure that:

a. the general systems and procedures for procuring and keeping stores are complied with;

b. the right quantity and quality of goods and materials are made available at the right time;

c. stocks are kept and maintained in safe condition to prevent deterioration, wastage and theft;

d. stocks entering and leaving warehouses and stores are properly authorised and accounted for; and

e. stores are only issued for the purpose of discharging government business.
Responsibilities

14. (1) The Head of Procurement Unit shall be responsible for defining and updating the list of District Assembly's User Units.

(2) The DFO shall then review the list of Inventory User Units and consolidate them per Organisation to agree with the items listed in the District Assembly's Budget. The DFO shall also be responsible for forwarding the District Assembly’s Inventory List to the DCD for review.

(3) The DCD shall review and approve the District Assembly's Inventory List.

(4) The Head of Stores, Supplies and Procurement in sub-districts shall determine the trend of usage of consumable items in their respective Stores and for the establishment of the demand for inventory items.

(5) The Head of Stores, Supplies & Procurement in the Assembly shall use the demand for inventory items as a basis to establish the Minimum (Safety) Stock Level and the Maximum Stock Level.

(6) The Heads of Departments/Units shall be responsible for the recording and safe custody of stores held in their areas of operations.

(7) The DFO shall ensure that detailed ledger records are maintained for all store items.

Internal control objectives

15. The internal control objectives for the Stores Accounting function shall be as follows:

a) The Assembly shall have controls to prevent stocks from:
   
   i. building up to excess;
   
   ii. running out;
   
   iii. becoming damaged, expired, obsolete or otherwise wasted.

b) The District Assembly's stock holding shall be planned to reflect:

   i. projected usage levels;

   ii. expiry dates of consumables and other materials;

   iii. delivery constraints
c) The District Assembly’s store layout shall be designed to reduce:

   i. overcrowding;

   ii. stock movements;

   iii. stock damage;

   iv. other bottlenecks.

d) Accurate inventory records shall be maintained for the District Assembly’s stocks by ensuring that all entries in the inventory records are:

   i. supported by standard accounting documentation which shall be adequately controlled and accounted for;

   ii. properly authorised;

   iii. maintained by persons other than storekeepers

   iv. reconciled at suitable intervals with the control accounts balances.

e) Adequate physical control(s) shall be maintained over inventories. Adequate steps shall be taken to confirm their physical existence by ensuring that:

   i. issues from stores shall be made only on the basis of valid requirement(s);

   ii. stores are protected against access by unauthorised personnel

   iii. inventories are physically verified at least annually, either by cycle or periodic counts by persons other than those who have physical control over inventory;

f) Costs attributed to inventories shall be determined based on the lower of historical cost or net realisable value.
Procedures / steps to follow

Summary of the System

16. (1) Formal receiving and requisitioning procedures shall be prescribed for all materials stores.

(2) Stores control records (tally cards) shall be maintained by the storekeeper in quantity only at the location concerned.

(3) Stores ledger accounts shall be kept by the Finance Section for individual stock items derived from the evaluation of the receipts and issues documents.

(4) Physical checks shall be carried out frequently.

(5) The procedures for accounting for stores are described below under the following headings:

a) Stores Control Records
b) Goods Receiving Procedures
c) Stores Receipt Day Book
d) Goods Issuing Procedures
e) Stores Issues Day Book
f) Stocks Ledger Procedures
g) Physical Stock Checks
Stores control records

17. (1) The objectives of the Stores Control System are to ensure that:

(a) the supplies section has

   i. control over the quantity in stock and total investment;

   ii. the store supplies information which it needs in order to re-order individual stock items in the most economical way;

(b) the individual posting to the record cards when summarised in value control the main postings in the General Ledger.

(2) A system of stock control is essential for the effective and economic operation of stores. Its main object is to minimise the cost of providing the required supply services specifying when and how much to order.

Type of Control System

18. There are a number of techniques which may be used to provide information for controlling inventory. These vary according to the volume, frequency and regularity of the movement of stocks, the value of the items and the economy with which each technique can be operated. The District Assembly’s re-order levels and economic order quantities shall be calculated for each item.

Re-order Levels

19. (1) A replenishment order shall be placed when the sum of the physical stock and the amount already on order falls to a level (called the re-order level) The re-order level has two determinants:

   a) the average demand expected to occur during the lead time;

   b) the safety stock which represents a provision for abnormal demand and longer than average lead time.

(2) To enable the re-order level to be fixed and kept under review, the system of stock control shall have facilities for: -
a) recording and monitoring the lead time, that is the period between the time when the need to place a Purchase Order becomes apparent and the time when the goods are received into stock;

b) forecasting how much stock is required to satisfy demand over the lead time;

c) determining how erratic this demand is likely to be;

d) calculating how much safety stock is required to provide a reserve against the risk of running out of stock through unexpected increases in demand or delays in receiving goods ordered;

e) establishing a re-order level using information obtained at (b) and (d);

f) comparing the re-order level with the available stock in order that a decision may be made as to whether it is necessary to make another order.

Re-Order Quantities

20. The main objective for determining the Re-Order Quantity is to reduce the total costs involved to the barest minimum. These costs include:

   a) the basic cost of the items themselves;

   b) the administrative costs of ordering and receiving the items from a supplier which decreases if larger quantities are ordered less frequently;

   c) holding cost, including provisions for the interest on capital tied up, storage, insurance and obsolescence.

Quantity Discount Buying

21. (1) Suppliers often offer special prices or discounts as incentives to customers to purchase larger quantities. In cases where the quantity at which a discount applies is less than the Economic Order Quantity (EOQ), then the EOQ cost shall be calculated on the basis of the discounted price and the quantity given by the new EOQ calculated shall be ordered. In other cases, it is necessary to calculate the benefits to be obtained from ordering the larger quantities.

   (2) Quantity discount buying can be viewed as an investment of working capital which shall earn a rate of return commensurate with that earned by other investment. The profit earned on
such buying is the discount and the costs are the interest on the additional money required to
buy in larger quantities and the additional expense of holding them.

Records Maintained

22. (1) The central stores shall maintain stock control ledger for each of the items in each of the
stores. This provides:

   a) information about the item including the re–order level;
   b) movement and balances on hand; and
   c) orders outstanding.

(2) The record cards at central stores shall be maintained as follows:

   a) the issues and receipts at central stores shall be recorded in value and quantity from
      the Stores Requisition and Issues Vouchers/ and Stores Receipt Vouchers. When
      stock has fallen below re- order level the card shall be placed aside during
      updating;
   b) a monthly Issues Analysis Form shall be sent from each store to the central stores
      by the 8th day of the following month;
   c) the issues on the analysis sheets from each of the stores shall be recorded on each
      stores own record card in quantity only. The balances of stock shall be calculated
      and if the stock has fallen below the required stock level, the card shall be marked
      at the top with a red tab and replaced in the card rack for a transfer form to be
      prepared by stock control supervisor to replenish the stock to the required level;

Re-ordering – Central Stores

23. (1) When the central stores stock record card is updated and the balance falls to or below the re-
     order level stated on the card, the card shall be marked at the top with a green tab and
     replaced into the card rack. The stock control supervisor shall take the cards from the rack one
     at a time and complete the stock replenishment form. The Stock Replenishment Form shall
     show:-

     a) suppliers details;
     b) material specifications, prices and terms;
     c) consumption forecasts and actual;
     d) review section of the :
        i. present stock and positions of outstanding orders;
        ii. EOQ and the next re- order level;
        iii. Supplies delivery details; and
        iv. Remarks
(2) The Stock Control Supervisor shall:
   a) complete two copies of the stock replenishment form from the details on the records cards;
   b) place the stock record card back into the card rack after writing onto it the replenishment form number and date that it was passed to the Supplies Officer;
   c) pass the replenishment form to the Supplies Officer for action.

(3) The Supplies Officer on receipt of the replenishment form shall:
   a) calculate the reorder quantity if the material is to be ordered
   b) decide whether or not the material shall be re-ordered;
   c) start the purchasing procedure as described in the section under purchases; and
   d) state on the replenishment form the quantity to be ordered and returns the one copy to the stock control supervisor and files the original in the Indent File.

(4) On receipt of the replenishment form, the supervisor shall ensure that the re-order information is entered on to the record card.

(5) When the item balance is nil, the supervisor shall write an out of stock note to the Supplies Officer.

(6) Requisition arriving for items that are out of stock shall be entered at the rear of the record cards and issued as soon as the materials arrive. The entries at the back of the cards shall then be deleted.

Re-ordering – Main Stores

24. (1) When a card is updated at central stores and the balance falls below the required stock level stated on the card, the card shall be marked at the top with a blue tab and replaced into the card rack. The stock control clerk shall take the marked cards one at a time from the rack and write:
   a) out an internal transfer on behalf of the appropriate main stores quoting the quantity required to bring the stock to the required level; and
   b) the Waybill Number on the record.

(2) The required stock levels shall be controlled and updated by the different departmental heads and checked by the Supplies Officer.
Out of stock

25. (1) The supervisor shall examine the cards each month and if an item is out of stock, he shall complete an out of stock note and shall take it by hand to the Supplies Officer for immediate action.

(2) The stock replenishment form and out of stock note shall be given a rotation number starting from 1/ the year, example 1/94. At the end of each week, the Supplies Section shall compare records to ensure that the forms have reached their destinations.

Review of Slow Moving Items

26. (1) The stock cards shall be reviewed at regular intervals and if an item shows unsatisfactory performance over a given period, the card shall be extracted and sent to the Supplies Officer who shall examine it and take appropriate action to remedy the situation. Examples of the action which can be taken are as follows:

   a) delete the item from the range; or

   b) notify all users that the item is in stock and not being used.

(2) The cards shall be reviewed every three months.

Procedures

Goods receiving procedures

27. (1) For all items purchased, the storekeeper who is to receive the goods shall be provided with copies of the relevant PO’s. The goods sent by the supplier shall be accompanied by a Waybill.

(2) The receiving storekeeper shall check that the goods are in accordance with the Waybill, both in quantity and quality and that they conform to the specification on the District Assembly’s order. If necessary, a technical inspector shall be called to verify the specification and quality of the items.

(3) The receiving storekeeper shall raise a Stores Receipt Voucher which shall be distributed as follows:

   Original – Supplier
   Duplicate Copy – Stores Control/Ledger Section
   Triplicate Copy – Book Copy
Stores Receipt Day Book

28. (1) Stores Receipt Vouchers shall be entered in the Stores Receipt Day Book daily and the totals shall be ruled off at the end of the month. A new sheet shall be opened for the following month.

(2) Both the ledger and day books sections shall post and enter vouchers against the same account code in order that the totals can be comparable at the end of the month.

(3) The details to be entered in Stores Receipt Day Book for each item shall be as follows:

   a) date shown on the SRV
   b) name of supplier.
   c) Stores Rotation Number
   d) creditors (credit) entry
   e) stores received (debit) entry

Goods Issuing Procedures

29. (1) All issues from stores shall be covered by stores requisition. The user shall prepare stores requisition giving full details of the items required.

(2) The personnel designated to authorise the requisition shall check the type and details of the materials requested to ensure that they are consistent with the purpose for which they are required and within limits of authority.

(3) The issuing storekeeper shall perform the following main tasks:

   a) Check the stores requisition to ensure they are numbered and authenticated
   
   b) Raise in triplicate
   
   c) Issues materials and enters the date of issue and quantity issued on the stores voucher and initials both the stores requisition and
   
   d) Obtains the signature for the receipt of the goods and issues one copy of the SIV as packing note with the material.
   
   e) The Stores Issues Voucher shall be distributed as follows:

      i. Original – Recipient of the materials
      ii. Duplicate Copy – Stores Control/Ledger
      iii. Triplicate Copy – Book Copy
Stores Issues Day Book

30. (1) Stores Issues Vouchers shall be entered in the Stores Issues Day Book daily and the totals shall be ruled off at the end of the month. A new sheet shall be opened for the following month.

(2) It is important that both the Stores Issues Day Book and the ledger sections post and enter vouchers against the same account code in order that the totals are comparable at the end of the month.

(3) The Stores Issues Day Book shall be used to record issue of:

   a) all types of materials for use
   b) transfers from one store to another
   c) sales to third parties
   d) any goods returned to supplier

(4) The details to be entered for each item shall be as follows:

   a) date shown on the SIV
   b) name of officer/department preparing the requisition;
   c) department to which the goods are being transferred;
   d) the third party to whom the goods are being sold; and
   e) the name of the supplier from whom the goods were received
   f) voucher number

Goods Transfer Procedures

31. In the case of transfer, a requisition shall be raised by the requisitioning store. All other procedures as per stores issues then apply.

Month end procedures

Purpose

32. To describe the system in use to balance stores at the end of each month.

Analysis

33. (1) In order that the main ledger at the Finance Department can be posted and balanced, a schedule shall be prepared for receipts and issues made during the month.

(2) The schedule is divided into four sections:

   a. receipts:
i. analysed by source of supply to the appropriate account code

ii. analysed by stock account codes

b. issues

i. analysed by stock account codes

ii. analysed by the account code of stores to which issues were made.

(3) Detailed supporting schedules of invoices, voucher numbers and values shall be sent with returns.

(5) Adjustment for claims and losses shall be made at the bottom of the analysis sheet. The totals of the four columns shall balance with the current account receipts and returns.

(6) The columns (a) (i) and (a) (ii) above shall balance and columns (b) (i) and (b) (ii) shall also balance. The opening stock shall be added to the total column (a) (i) and closing stock shall be added to column (b) (i) and the two totals shall balance.

(7) At the end of each month, postings and entries made during the month in the different records and ledgers shall be checked against each other to ensure that no clerical or arithmetical mistakes have been made.

(8) The following checks shall be made:

   a) stock control ledger balances with daybook totals by accounts code;

   b) receipts and issues analysis in total with daybook;

   c) receipts from suppliers column in receipts and issues analysis, with totals of:

      i. materials received without invoices

      ii. invoices paid

      iii. invoices unpaid

   d) balance

       i. book totals by item,

       ii. stock control ledger totals by account code in quantity only;
e) expense accounts entries with:

i. invoices paid

ii. invoices unpaid

Physical stocktaking

Purpose

34. To describe the procedures in use by the Assembly for checking the physical existence of stocks.

Responsibilities

35. (1) Every departmental head and at central stores the head of the supplies unit shall be responsible for the safe custody of inventories under his control.

(2) The DFO shall ensure that:

i. accurate accounting records are maintained at the District Assembly's stores;

ii. periodical checks are made of physical stocks; and

iii. the stocks held are in accordance with the records.

(3) The responsibilities of the stocktaking – team leader shall be as follows:

a) to ensure that the stock counters under his direction are performing their work conscientiously and at all times safe – guarding the interest of the Assembly;

b) to ensure that the procedure for continuous stock taking set out in these instructions are followed;

c) to instruct the stock counters to proceed to the appropriate stores at the end of each month, in accordance with the continuous stock taking programme;

d) whiles stock taking is in progress at a store:

i. to ensure that the stores accounting procedures laid down in the accounts manual are being rigidly adhered to;

ii. to inspect the store; and

iii. prepare a report to the DFO
Programme of Continuous Stocktaking

36. (1) For accounting purposes, stores items shall be grouped into separate ledgers or stock record card, each of which covers approximately 350 items. In addition to the ledger stock control accounts, subsidiary controls are maintained for each stores ledger or stock record cards.

(2) The annual continuous stocktaking programme shall be divided into sections corresponding to the stores ledgers. The programme shall be prepared by the DFO.

(3) The programme shall vary from year to year and shall be arranged that each stores section is covered at least once during each year. Sections which include stores that are particularly valuable or liable to pilferage or deterioration, or in which the results of recent stocktaking have been unsatisfactory, shall be covered more often.

(4) At the end of each month, the DFO shall inform the stocktaking team of the sections to be checked during the following month.

Stock taking Procedure

37. (1) Stock shall be taken by counting, weighing, measuring and/or dipping estimate where the other methods are not practicable.

(2) Where for some reason an item of store is not located in accordance with its folio number and the location has not been noted, the storekeeper shall show the stock counters where it shall be found. He shall also provide any assistance required to move heavy items of stores before they can be checked. The stock keeper shall also accompany the stock counters during their work as he shall be required to sign the stocktaking record book and the Stock Difference Report sheets at the conclusion of the stock counters visit.

(3) To ensure that all items are included in the stock take, the stock counter shall place a distinctive coloured chalk mark on each bin or stock as it is counted. After the section count has been completed, the bins and stock shall be examined to ensure that they have all been marked.

Stores Movements during Stocktaking

38. (1) Stores items received during stocktaking shall be held in the receiving bay until the stocktaking has been completed. On no account shall these items be released to the storekeeper during stocktaking.

(2) Stores issues shall be suspended during the stock taking, except to meet urgent requirements. Where such issues have to be made, the stock counters shall be informed. They shall witness the issue(s) and:
a) if the item has already been counted, adjust the quantity found and entered in the Stock Record Book; and

b) ensure that the issue is recorded on the Tally Card and ledger folio, before the balances are entered in the Stock Taking Record Book.

**Stocktaking Record Book**

39. (1) A Stock Taking Record Book shall be maintained for each stores ledger or section. It shall be completed as follows:

   a) the description and folio numbers of all items in the section shall be entered in folio numbers sequence. Some blank lines shall be left at the bottom of each page to enable new items to be inserted;

   b) the stock counters shall check the materials in folio number sequence, one counting and the other writing:

   c) after the section count is completed:

      i. the quantities shown on the Tally Cards shall be entered;

      ii. the last issue dates shown on the Tally Cards shall be re-entered; and

      iii. the quantities shown in the Stores Ledger shall be entered,

   d) the variances or differences between the quantities found on the Tally Cards and Stores Ledger shall be entered

(2) When the count of a section has been completed,

   a. the stock counters shall:

      i. sign and date the last completed page of the stocktaking record book;

      ii. certifying that the entries have been made by themselves and are correct,

   b. the storekeeper shall also sign the stocktaking record book as evidence that he agrees to the quantities counted.
Tally Card and Stores Ledger Entries

40. The Tally Card and Stores Ledger balances shall be entered in the record book. The following shall be noted on the Tally Cards and the ledger folios:

   a) the quantity found;
   
   b) the stock – take date;
   
   c) the words “stock taken” using a rubber stamp

Stock Difference Report Sheets

41. (1) When the work described above has been completed, the stock difference report sheets shall be prepared in triplicate listing the items showing variances between the quantity counted and the Stores Ledger. The following details shall be entered on the Stock Difference Report Sheets:

   a) Stores Ledger folio number;
   
   b) materials description;
   
   c) variance; (shortages and surplus of physical count as compared with Stores Ledger balances (shortages being shown in brackets);
   
   d) latest unit price; or standard price for Central Stores; and
   
   e) value = (c) x (d).losses in brackets.

(2) The value of the Report Sheets shall be totalled, separate totals shall be shown for losses and surpluses.

(3) The Stock Difference Report Sheets shall be:

   a) signed by the stock counter;
   
   b) agreed with and counter signed by the storekeeper
Review by Team Leader

42. (1) After the programme has been completed, the stock counters shall present to the team leader the;

   a) Stock Taking Record Books;
   
   b) Stock Difference Report Sheets;
   
   c) note books.

(2) The team leader shall scrutinize the above records to ensure that they have been properly completed and:

   a) from a review of the Stock Taking Record Books and note books shall prepare a report to the DFO;
      
      i. slow moving items, by reference to the last issues dates;
      
      ii. items whose condition is noted as unsatisfactory.

(3) A copy of this report shall be sent to the Supplies Officer.

Action on items Reported as Slow Moving or Unsatisfactory

43. (1) On receipt of the team leader’s report on items which are slow – moving or whose condition appears to be unsatisfactory, the Supplies Officer shall:

   a) check whether action has already been initiated on any of the items concerned and enters the "Action Required" column of the report accordingly;

   b) review his purchasing programme to see whether any changes are required;

   c) pass the report to the DCD.

(2) On receiving the report, the DCD shall:

   a) instruct an officer to inspect the items on which action is required and decide whether they shall be classified as obsolete or unusable;

   b) when this has been done, inform the DFO.

(3) The DFO shall:

   a) retain his copy until informed by the DCD that any necessary action has been taken;
b) include in his quarterly report, a note of any report sheets outstanding since the date of his last report, which have not been dealt with.

**Action on Stock Variance**

44. (1) On receiving the original and duplicate copies of the Stock Difference Report Sheets, the Supply Officer shall:

   a) review the differences and decide whether any disciplinary action or further investigation is required;

   b) sign the original and pass it to the store keeper concerned to make the necessary correcting entries.

(2) When the signed original from the Supply Officer is received by the store keeper concerned:

   a) a Stores Receipt Voucher (S.R.V) shall be raised for surpluses, which shall be taken on charge at no cost, the average prices being recalculated;

   b) a Stores Issue Voucher (SIV) shall be raised for losses at the latest average price, or standard price for central stores, the SIV shall be passed through Stores Issues Day Book and shall be:

      i. credited to the stores ledger

      ii. debited to the loss ledger
CHAPTER 13
CAPITAL EXPENDITURE CONTROL

Outline of the system

Purpose and responsibilities

45. (1) The purpose of this section is to describe the procedures and documentation for preparing capital budgets and programmes, submitting detailed capital expenditure proposals and reporting on achievement compared to budget. This function shall be delegated to the Assembly's Budget Committee.

(2) The procedures are set out under the following main headings:

- Proposing and authorising capital expenditure
- Approving in principle
- Preparing a detailed proposal
- Recording expenditure
- Reporting on progress
- Auditing results
- Budgeting for capital expenditure

Proposing and authorising capital expenditure

Introduction

46. This section deals only with the submission and authorisation for a proposal to use the District finances to acquire a capital asset. It does not deal with the actual placing of an order or a contract with a third party the rules for which are listed in detail in this Manual. It does not deal with the authorisation of the annual and long term capital budgets.

Proposals for Capital Expenditure

47. (1) A proposal for capital expenditure shall be submitted by the:

- District Works Superintendent – for civil works, motor vehicle, tools and equipment
b) District Administrative Officer – for furniture;

c) DFO – for office machinery and other office equipment;

d) Other Departmental Heads – for miscellaneous projects applicable to their area,

e) DCE – for any capital asset.

(2) The proposal shall be in the form of a request for approval in principle or a formal Capital Expenditure Proposal.

Authorisation of Capital Expenditure

48. (1) The District Assembly shall approve the overall capital expenditure which shall be presented in the form of annual and long term capital budget. The authorisation of the individual Capital Expenditure Proposals shall be the responsibility of the Capital Expenditure Committee.

(2) The Capital Expenditure Committee shall be directly responsible to the DCE. Its membership shall comprise of the following officers or an officer authorised to act in their absence:-

   a) District Works Superintendent
   
   b) DBO
   
   c) DCD
   
   d) DFO

(3) Other officers can be co-opted or called before the Committee as and when necessary. The DFO shall act as a Secretary to the Committee. Meetings shall be arranged in advance and the officers notified accordingly; the notice shall include an agenda of the proposals up for consideration. The proceedings shall be properly minuted. The Projects Controller shall be responsible for ensuring that the proposals have been prepared in a consistent manner and provide sufficient information on which the Committee can base its decision. This shall include requests for approval in principle which shall be on the agenda as a separate issue following all the Capital Expenditure Proposals.

(4) The Committee shall discuss each proposal in the light of the information available relating to the individual proposal and the District overall cash flow position. The DBO shall maintain a running statement for the current and ensuing five years of the funds available for capital expenditure netted down by the capital commitments to date.
(5) Amendments may be suggested to the proposal before a decision is taken, for instance delay in the starting of the project, but if such a suggestion materially affects the information relating to the project, the proposal shall be withdrawn and the data re–worked.

(6) Decisions shall be based on a simple majority vote with the District Works Superintendent having a casting vote where votes are equal.

(7) The main meeting of the Committee shall be four months before the end of the calendar year and before detailed work has started on the capital budgets. The Committee shall work with an approximate total figure informally agreed by its members as that which is likely to be required for Capital Expenditure over the ensuing year.

(8) All the bulk annual work proposals, the detailed proposals and requests for approval in principle shall be prepared and submitted at these meetings. Interim meetings shall be held every three months to discuss the Quarterly Detailed Progress Reports prepared by the Works Superintendent although additional meetings may be held as and when required.

(9) If, after scrutinizing all the facts, the Committee decides the projects are necessary, it shall formally authorise the proposal. The proposal shall then be submitted to the DCE for his final review and approval.

Capital Expenditure Approved In Principle

49. (1) Before work on the Annual Capital Budget is started, projects which are planned to commence, during the following year but which have not been authorised shall first be approved in principle.

(2) Such approval in principle at an early stage helps to prevent a waste of time and money spent on the preparation of detailed plans, drawings and estimates for a project which subsequently proves to be unacceptable.

(3) Approval shall be sought from the Capital Expenditure Committee. The main factors to be considered in approving the project shall be set out on a Capital Expenditure – Approval in Principle Form, detailing:-

   a) appropriate specification and estimates;

   b) provisional programme commencing in the ensuing year;

   c) provisional evaluation of the project;

   d) any other information available to allow a fair decision to be made.
(4) A request for approval in principle shall be executed within a reasonable period of time.

(5) Approval in principle shall not constitute an authority to incur the expenditure. As mentioned above its purpose is to make as early a decision as possible on the relative priorities of alternative capital investment requested for the following year.

(6) When projects are approved in principle, the Capital Expenditure Committee may still determine the timing of the scheme which may be put back after the first year. In such circumstances, the preparation of the detailed Capital Expenditure Proposal may be delayed accordingly. It is possible that during this delay, circumstances may change adversely. Where this occurs the new circumstances shall be brought to the notice of the Capital Expenditure Committee which may, in the light of new information, withdraw its approval by issuing an Interim Rejection which shall prevent any detailed Proposal.

(7) Where there is doubt about an application for approval in principle, it shall be rejected in the first place and if necessary re – submitted during the following year.

(8) Approval in principle shall be sought approximately four months before the year end for the annual purchase of assets over thresholds for review/approval authority as set out in Schedule 3 of the Public Procurement Act, 2003 for the specific categories of :

   a)   tools and equipment;

   b)   furniture;

   c)   office machinery and equipment

   d)   motor vehicle

Note: (a) – (c) are in addition to the bulk proposal for those items below thresholds for review/approval authority as set out in schedule 3 of the Public Procurement Act, 2003 referred in (8) above.

(9) As much detail as possible of the expenditure anticipated shall be given, for instance, motor vehicle may be analysed to show number of jeeps, vans trucks etc, with only the balancing figure being a general provision.

(10) The Capital Expenditure Proposal shall be the means by which management shall ensure that each individual project is consistent with the objectives and technical standards of the District Assembly. A Capital Expenditure Proposal shall be submitted for all projects where the investment is large enough to require formal approval and no capital expenditure shall be incurred on these projects until the proposal has been approved.
(11) The Capital Expenditure Proposal shall, as far as possible be presented in a standard form and any information which cannot be presented in this way shall be presented in a consistent order.

(12) The use of standard forms and a set order for presenting information has the following advantages:

  a) the person who submits the proposal of the project shall be able to ensure that all aspects of the project have been considered;
  b) it shall be possible to develop standard routines for costing and programming the project;
  c) it shall be easier to control project costs when they are incurred;
  d) management shall be able to appraise all projects on the same basis.

(13) The proposal for capital expenditure shall justify the project on financial and technical grounds. The same technique for measuring financial returns shall be applied to all projects.

(14) Standard forms shall be prepared to summarise:

  a) the financial information included on the Capital Expenditure Proposal Form (Form A)
  b) the details of capital expenditure control form (Form B).

(15) Certain adaptations of the Capital Expenditure Proposal forms may be necessary to meet the particular circumstances of individual projects. There shall be no alteration of the principles adopted in the Capital Expenditure Proposal forms and anybody wishing to make changes on the forms shall obtain the approval of the Co-ordinating Director to these changes.
Capital Expenditure Proposal

Summary

50. (1) This first part of the Capital Expenditure Proposal shall be completed for all expenditure that need to be capitalized e.g. furniture, motor vehicles and office machines as well as the major developmental projects.

(2) Total investment shall include basic fixed capital cost of subject matter, for instance motor vehicle chassis (if to be ordered separately);

   a) ancillary fixed costs such as site clearing for office building and body – building for motor vehicle chassis;

   b) design and consulting fees (total or proportion only);

   c) various miscellaneous costs such as third party compensation;

(3) Total costs shall be analysed between foreign and local currency elements when the foreign cost is to be financed by an international loan or credit. The name of the international institution shall be noted in the appropriate section.

Details of Capital Expenditure

51. (1) The purpose of this form is to outline the details of all capital expenditure required for the project, its timing and the allocation to fixed asset categories.

(2) This schedule provides summary of detailed specification supporting the labour and materials value. For instance:-

   a) labour shall be analysed to show:-

      i. grade;
      ii. days required;
      iii. unit rate;
      iv. Value.

   b) Materials shall be analysed to show:-

      i. type;
      ii. quantity;
      iii. when required;
      iv. forecast price
      v. value
The Preparation of the Proposal

52. (1) The detailed preparation of a Capital Proposal shall commence anytime following the receipt of the Approval in Principle.

(2) After the receipt of the Approval in Principle, the Works Superintendent shall:

a) coordinate the work of all departments concerned in the preparation of the proposal;

b) ensure that all aspects of the project are taken into consideration;

c) isolate and to evaluate the effect of critical factors on the project;

d) ensure that the completed proposal is submitted to the Capital Expenditure Committee for approval.

(3) The Works Superintendent's responsibilities for the recording of and reporting on the Projects are covered as above.

(4) The reasons for the Capital Expenditure proposal shall include:

a) expansion of new facilities (to increase revenue)

b) re-enforcing existing facilities (to increase revenue and/or reduce operating cost);

c) replacing existing equipment to maintain current operations;

d) expansion of other property and/or equipment;

e) replacing existing property and/or equipment, and indicate to what extent external finance are likely to flow in.

(5) For a major project, it shall be in phases. For example a construction project may show the following phases:-

a) site clearing cost;

b) equipment cost;

c) installation cost;

d) civil costs, where applicable.

(6) These procedures shall facilitate both the preparation of the proposal and the control of the project through the different stages of construction. A separate programme shall be prepared for each of the projects and these shall be consolidated into a programme for the project as a whole.
(7) The preparation of the proposal shall involve:

a) detailed assessment of the area to be served;

b) detailed specification, design and plans of all equipment necessary for the project, analysed as far as possible as described and set out under the following headings:

   i. buildings

   ii. equipment;

   iii. other accessories

c) detailed estimate of the work and materials required to erect, install and commission the equipment set out in (b) above, again analysed along the lines also showing:

   i. work to be done by own labour which shall therefore be controlled by Works Superintendent;

   ii. work to be done by outside contractors;

   iii. plant and machinery required for erection and installation.

d) analysis of the project equipment to easily identify major parts and analysis of work required to erect, install and commission each part to separate stages;

e) preparation of a programme for the completion of each separate work stage included in the project;

f) preparation of a master programme for the project as a whole;

g) preparation of detailed estimates for the operation cost:

   i. manpower – number; grade and total employment cost;

   ii. repairs and maintenance cost;

   iii. miscellaneous overheads;

h) evaluation of the cost of all capital work and summarization of the costs on the appropriate Capital Expenditure Control Form (Form B):

   i. evaluation of all other pre-operational costs and summarization of these costs on the appropriate Capital Expenditure Control Form (Form B);
i) evaluation of all other capital requirements including working capital and summarization of these requirements on the appropriate capital expenditure control Form (Form B); and

j) completion of the Capital Expenditure Proposal Form (Form A)

**Timing ordering, contracting or tendering**

53. No order or contract for capital expenditure shall be placed nor any invitation to quote or tender made before the Capital Expenditure Proposal is approved.

**Numbering of Proposal**

54. Once approved, the Capital Expenditure Proposal shall be given a serial number by the Works Superintendent and shall be used for all subsequent references to that project.

**Distribution of Proposal**

55. The proposal shall be distributed as follows:

   a) Capital Expenditure Committee;

   b) Works Superintendent;

   c) District Coordinating Director;

   d) Budget Officer;

   e) DCE;

   f) District Finance Officer; and

   g) Person submitting the proposal.

**Additions or Amendments to a Proposal**

56. (1)If an addition or amendment is required to the subject matter of proposal already approved, a second Capital Expenditure Proposal shall be completed giving full details of the addition or amendment, including the reason if the final cost is estimated to exceed 5% of the proposal.

   (2)It shall also be submitted to the Capital Expenditure Committee in the usual way. If approval is given the same serial number shall be used and the second proposal stapled to keep the details of the same project together.
Information Required for Small Projects

57. (1) Only information which is relevant to the appraisal of the project shall be given. The headings on the proposal form shall be regarded as a means for ensuring that vital information is not omitted. For small projects, information shall be limited to the requirements of management to approve the project.

(2) The following information on the project shall be provided:

a) project title;

b) a description of the project;

c) the objectives of the project; and

d) the cost of the project.

Items Less than the thresholds for review/approval authority as set out in schedule 3 of the PPA 2003.

58. (1) If an item of capital expenditure costs less than the thresholds for review/approval authority as set out in schedule 3 of the Public Procurement Act, 2003, then it shall not be capitalized but written off to revenue in the year of acquisition.

(2) Expenditure shall be recorded separately under sub – codes with the approved budget figure appearing at the top of the account to indicate the maximum amount which may be expanded without further reference to the Capital Expenditure Committee. For example, if the budget figure is reached before the end of the year, further purchases shall be authorised by the Capital Expenditure Committee.

Annual Bulk Proposals

59. Certain categories of capital expenditure may be approved on a bulk Capital Expenditure Proposal prepared for the following year where:-

a) items involved are relatively small and are not to be capitalized and overall approval is more appropriate for a determined total;

b) Heads of Departments need a certain degree of flexibility in their day to day operations without continual recourse to the Capital Expenditure Committee.

Proposal for Low Cost Items

60. For low cost items it may be more convenient to budget for such items in total and to write the total value off in the year of acquisition.
Recording capital expenditure

61. (1) Once a Capital Expenditure Proposal has been approved, work shall commence according to the time stipulated. If a third party is involved, the necessary order or contract shall be placed.

(2) The District accounting and costing records shall be arranged to facilitate comparison with and reporting against the proposal. There shall be four main accounting and costing records, namely:

a) District records for project costing;

b) Records for third party contracts;

c) Records for miscellaneous fixed assets; and

d) Projects Controller’s control records.

District Records for Project Costing

62. Each District shall submit its monthly work in progress report for each project at the end of every month and transfer completed capital jobs to the various types of completed job report.

Records for Main Projects and Third Party Contracts

63. (1) A work in progress account shall be maintained to record the costs incurred for each main element in a major development project, for instance civil works. Where necessary main elements shall be sub-divided under location and more detailed headings.

(2) The Budgeting Section shall forward the gross movements for the month for each detailed work in progress account to the Works Superintendent to update his control records at the end of every month.

(3) Assets such as motor vehicles, office machinery, furniture and other self-contained equipment shall be recorded immediately in the appropriate fixed asset account and need not pass through a work in progress account. Fixed asset records shall be maintained at the District Assembly.

(4) The Fixed Asset Register Clerk in the Costing and Budgeting Section shall enter the additions in the fixed asset records. At the end of every quarter, the Clerk shall forward the schedule of additions for the quarter to the Works Superintendent. The Works Superintendent shall extract the necessary details from the schedule to update the control records.
Works Superintendent Control Records

64. (1) The records shall be maintained to summarise actual expenditure, compare with the estimate and submit a progress report to management.

(2) The records shall be held in a loose – leaf binder to facilitate removal of sheets when a project is completed and insertion of sheets for new project.

(3) Each sheet shall be headed with the Capital Expenditure Proposal Number, description of project, location and anticipated total cost. Proposals shall be grouped as follows:-

   a) main development projects financed by the Central Government and foreign grants;

   b) other capital projects financed by the Central Government and foreign Branch (for example motor vehicles and engineering consulting fees);

   c) other development jobs controlled through related third parties; and

   d) other capital asset expenditure.

(4) Information relating to the actual cost incurred and funding received during a month shall be provided by the Costing and Budgeting Department. Information relating to the physical progress of a major development shall be obtained from a standard monthly report prepared by Site Engineers, the Civil and Engineering Consultants and Works Superintendent. The Projects Controller shall liaise with these people and agree on the way the information shall be presented to him.

(5) To support the Costing and Budgeting of the District work in progress account, especially where it is carried out piecemeal, the Works Superintendent shall provide an individual completion certificate or a summary report, listing the work completed project quarterly. The Works Superintendent and Budget Officer shall agree on the information and the form it shall be presented.
Capital Expenditure Progress Reports

Periodic Progress Report on Capital Expenditure

65. (1) The Works Superintendent shall prepare a detailed Periodic Progress Report for each member of the Capital Expenditure Committee and other senior members of management. With this report, the Capital Expenditure Committee may verify:

   a) whether or not the project is proceeding according to programme;

   b) whether or not the project can be completed to date and the estimated value and date of completion; and

   c) the degree by which the project has been completed to date and the estimated value and date of completion.

(2) The report shall also include a statement explaining variances both from the planned programme and cost.

(3) The report shall be presented to facilitate comparison with each of the main stages which are laid down in the proposal wherever applicable.

(4) The stages selected shall be considered to be the main points at which the project may be controlled and the points selected shall be fairly consistent, with estimates being used to apportion over different stages if a contractor happens to be covering and invoicing more than one stage.

(5) Total costs first estimated for a project are likely to remain constant and therefore the report shall include the latest possible information with regards to the completion of the project. This covers:

   a) amendments to the proposal which have already been presented and approved (for example a variation order to a contractor),

   b) amendments known by the Works Superintendent to be pending approval by the Capital Expenditure Committee.

(6) Before the Works Superintendent completes his report, he shall assess the stage of each project, determine whether there has been a change in the planned expenditure and the programme and report on the possible effect.

(7) When an unauthorised expenditure exceeds 5% of the original total cost, the Works Superintendent shall incorporate the total expected increase in the Amendment to the Proposal. The reasons for the increase shall be given and the Proposal shall be accompanied by a revaluation of the project if the additional expenditure shall have a significant effect on the outcome.
(8) Authorisation for such amendment shall be requested as soon as it is clear that there is likely to be an overspending and shall not be postponed until there is an overspending.

(9) The report shall reflect the programme for completion and, where applicable, the percentage and value of partial commissioning to date. This information shall be obtained from the Engineering returns. Reasons for delays shall be included and their effect taken into consideration where significant.

(10) The report shall be presented in order of the Works Superintendent control records showing separately main stages of each major development project.

Summary Sheet

66. (1) The statements summarizing the details in the reports shall be prepared, incorporated in the budgetary control report and submitted to:-

   a) the Presiding Member;

   b) the Budget Officer (Costing and Budgeting with the cash forecasts)

(2) The general information shall be the same as that given in the detailed report. The details for the individual proposals shall be summarized according to the main headings.
Post – Audit of Capital Expenditure

67. (1) In order to control the outcome of the project and to help management improve the planning of income and costs for capital expenditure proposals, a post – audit shall be undertaken for selected capital projects. The objective of the post – audit is to assess actual performance of the project and to recommend improvement where necessary. The post – audit shall be carried out after a reasonable period of time when the project has been fully operational and its success can be assessed but shall not be delayed to prevent corrective action from being taken.

(2) The Works Superintendent shall be responsible for carrying out post – audit and preparing the post – audit reports. The reports shall be prepared for the annual meeting of the Capital Expenditure Committee approximately four months before the year end.

(3) The report shall be prepared for a minimum of five consecutive years until a pattern has emerged. The remaining results shall then be forecasted with reasonable certainty to facilitate appraisal of the project.

(4) At this stage, the final report shall be prepared, after reconciling the original estimates with the actual and reasons for any difference(s) assigned under one of the following headings:-

a) due to circumstances existing but not considered in the original estimate;

b) due to changes in the circumstances which were considered in the original estimate; and

c) unrealistic estimating.

(5) Copies of the Audit Reports shall also be distributed to the staff responsible for preparing the original proposal and implementing the project. The Project Controller shall retain a copy of the Report and file it according to the Proposal Number and in date order.
CHAPTER 14
FIXED ASSETS ACCOUNTING

Purpose
68. The purpose of instituting a Fixed Assets Management instruction in the Metropolitan, Municipal and District Assemblies (MMDAs) accounting and financial management system is to ensure that:

   a) The general systems and procedures for maintaining and keeping fixed assets are complied with;

   b) The right quantity and quality of fixed assets are made available at the right time;

   c) Fixed assets are kept and maintained in safe condition to minimize deterioration, wastage and theft;

   d) There is coordination of movement of fixed assets within the Assembly or between sub-structures; and

   e) Disposals of fixed assets are closely monitored.

Definition and Scope
69. (1) Fixed assets are those assets with a long life (a life that generally extends beyond the fiscal year of acquisition) held by an organisation for either generating revenue or providing services and are not primarily held for resale or for conversion into cash. Any expenditure on an asset with the forgoing qualities therefore qualifies as a fixed asset.

   (2) The cost of fixed assets, therefore, represents capital expenditures, which instead of being charged wholly against the revenue of the period in which it is incurred, is spread over the effective life of the assets, by charging a proportion of cost in the form of depreciation against the revenue of each of the years in which the Assemblies receive benefit from the use of the fixed assets. This is in accordance with IPSAS Statement 1, Presentation of Financial Statements in line with the definition of accounting using the accrual basis.

   (3) This definition is applicable to:
   (a) Fixed Assets held by the Assembly either for their normal operational activity to facilitate the smooth running of District Assemblies’ business or for a special reason;
(b) Capital Work-in-Progress (Construction Works)

(c) Capital Project which involves an expenditure on:
   i. The acquisition and installation of long-term hired or leased fixed assets;
   ii. Major reconstruction or refurbishing of fixed assets;
   iii. Launching a new product or activity (District Assemblies engaged in commercial activities); and
   iv. The acquisition of long-term investments

(d) The Capital expenditure is justified by demonstrating that the associated fixed asset:
   i. Is essential towards the District Assemblies' longer-term plans
   ii. Is necessary to comply with statutory requirements
   iii. Will contribute towards the welfare of stakeholders, and
   iv. Cost will be adequately compensated by additional future incomes or avoidance of future costs or losses, of an amount sufficient to yield an acceptable rate of return on the expenditure.

(4) Fixed assets management involves a number of functions including: the maintenance, transfer, and disposal of fixed assets. Each of these functions has been summarized below:

a) **Fixed assets maintenance**: involves protecting and safeguarding the District Assemblies’ fixed assets to prevent unauthorised usage or loss. Therefore once the asset is released from stores to the District Assemblies, the first activity at the Assembly is for the Finance Officer to classify it using the GIFMIS code classification system. Based on this classification the asset is given identification number and also assigned to a particular location (i.e. Department or Unit under the responsibility of the Departmental or Unit Head). The necessary particulars of the fixed asset including type, cost, year of manufacture, identification number, location etc are then extracted into a Fixed Assets Register.

b) **Fixed assets transfer**: As a further move for safeguarding District Assemblies fixed asset from theft, inappropriate and unauthorised use, internal control of fixed assets movement within an Assembly and between one sub-district level to another has been established. All forms of transfers are preceded by the Institution requesting the transfer submitting a formal request to the issuing Institution. Upon receipt of the formal request, the Co-ordinating Director of the Assembly making the transfer of the fixed asset shall pass on the request to the appropriate approving authority. Thereafter the Estate Managers of both the issuing and receiving entities shall coordinate the actual movement and transfer of the fixed asset.
assets and also make the necessary adjustments in the Fixed Assets Register. The Finance Officers of the two institutions will also accordingly up-date the respective accounting records.

c) **Fixed Assets Disposal:** Disposal of District Assemblies’ fixed assets are also controlled and monitored to prevent abuse of the system. There are well laid down conditions for disposing of fixed assets. In addition, fixed asset disposals must be approved by the General Assembly. The Assembly will also set up an inspection team to inspect the asset and submit a report to the General Assembly for approval. Whatever the case may be, all fixed assets shall be disposed off in accordance with the provision in sections 83 and 84 of Act 663 Public Procurement Act 2003.

**Policies and Standards**

**Legal Framework**

70. (The following policies and standards are to be adhered to in the management of Fixed Assets by the Assembly:

(1) Acquisitions and disposals of fixed assets shall be properly authorised in accordance with the provisions of the Public Procurement Act, 2003 and any regulations or instructions issued by the Minister of Finance and Economic Planning or Public Procurement Board in pursuant of this Act.

(2) Adequate records shall be maintained on Fixed Assets to ensure that the cost, condition and location of these assets are easily determined.

(3) In accordance with section 40(4) of the Financial Administration Act, 2003 (Act 654), the CAG shall maintain a composite record of public property classified as assets. MDAs shall include schedules of their Fixed Assets in the notes to their respective accounts required under section 41 of the Act (i.e. annual statement of accounts).

**Standards**

71. (1) In view of this statutory requirement for the Public Accounts and the Departmental accounts, every Assembly must furnish the CAG with a schedule of Fixed Assets position monthly. This schedule which shall be compiled from the District Assemblies’ Fixed Asset Register shall contain the following information:
(2) Depreciation

In accordance with IPSAS Statement 1, Presentation of Financial Statements, and the application of the accrual basis of accounting, the depreciable costs of fixed assets are to be systematically allocated, or written off, over the asset’s useful life.

a) The rates of depreciation for the major classes of fixed assets as found in the Chart of Accounts are as follows:

   i. Dwellings 5% (20 yrs) GL#3111100
   ii. Non residential Buildings 5% (20 yrs) GL#3111200
   iii. Other Structures 5% (20 yrs) GL#3111300
   iv. Transport Equipment 20% (5 yrs) GL#3112100
   v. Other Machinery and Equipment 10% (10 yrs) GL#3112200
   vi. Infrastructure Assets 7% (14 yrs) GL#3113100

b) The District Assemblies shall apply the Straight Line method of depreciation to all depreciable fixed assets. This method requires three pieces of data: (1) the Asset Cost, (2) the Estimated Residual Value at the end of the asset’s useful life, and (3) the Estimated Useful Life in Years. The Straight Line method determines the amount of annual depreciation and is calculated as follows:

\[
\text{Amount of Annual Depreciation} = \frac{\text{Asset Cost} \times (1 - \frac{\text{Estimated Residual Value}}{100})}{\text{Estimated Useful Years}}
\]

IPSAS Statement 17, Property, Plant and Equipment, requires the District Assemblies to begin depreciating an item of property, plant and equipment when it becomes available for use and to continue depreciating it until it is retired from active use and held for disposal, even if during that period the asset is idle. Further, the standard
states that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

(c) **Asset Revaluations**

IPSAS Statement 17, Property, Plant and Equipment, states that fixed asset revaluations shall be made with sufficient regularity to ensure that the carrying amount of the assets in the General Ledger does not differ materially from that value which would be determined using the fair value of the asset at the reporting date.

**Policies**

**Roles and Responsibilities**

72. The roles and responsibilities of the key officers responsible for the management and control of fixed assets are shown in the table below:

**Table 11 Roles and Responsibilities of Officers in charge of fixed assets management**

<table>
<thead>
<tr>
<th>Officer</th>
<th>Roles and Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presiding Member</td>
<td>Gives final approval for the transfer and disposal of some specific Fixed Assets including Motor Vehicles, Plants and Buildings.</td>
</tr>
<tr>
<td>General Assembly</td>
<td>Makes a formal request on behalf of the Assembly for the transfer of Fixed Assets between Districts and locations within Districts</td>
</tr>
<tr>
<td>Coordinating Director</td>
<td>Conduct preliminary review and approval on a request for the transfer of Fixed Assets within a District Assembly</td>
</tr>
<tr>
<td>Estate Manager</td>
<td>Co-ordinate the physical transfer of Fixed Assets to locations outside of the District as well as within the District.</td>
</tr>
<tr>
<td></td>
<td>Updates the Fixed Asset Register for the Assembly.</td>
</tr>
<tr>
<td></td>
<td>Member of a team of inspectors of Fixed Assets earmarked for disposal.</td>
</tr>
<tr>
<td>Role</td>
<td>Responsibility</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Finance Officer</td>
<td>Assign new GIFMIS Fixed Asset Codes whenever additions are made to the Fixed Assets of the Assembly.</td>
</tr>
<tr>
<td></td>
<td>Member of a team of inspectors of Fixed Assets earmarked for disposal.</td>
</tr>
<tr>
<td></td>
<td>Pass the relevant accounting entries on the disposal of Fixed Assets.</td>
</tr>
<tr>
<td>MMDA Monitoring Team</td>
<td>Member of a team of inspectors of Fixed Assets earmarked for disposal.</td>
</tr>
<tr>
<td>Users</td>
<td>Make formal request for the transfer of Fixed Assets within a District</td>
</tr>
</tbody>
</table>

**Capitalization Policy**

73. (1) Level of expenditure; All costs incurred on Capital items for the District Assemblies’ own use of expenditure above GHS 1,000 will be considered to be a fixed asset and be debited to a fixed assets classification in the General Ledger and tracked in the Fixed Assets Register.

(2) Nature of the Asset; All cost incurred on capital items that are sensitive, easily lost or misplaced or otherwise of interest for management control (e.g. external drive, camera, laptops) no matter the level of expenditure, will be considered to be a fixed asset and be debited to a fixed assets classification in the General Ledger and tracked in the Fixed Assets Register.

74. Other Responsibilities

- As the acquisition or construction of each asset is completed, the total cost will be transferred into a fixed assets register.

- Depreciation will be charged to expenditure at the rates appropriate to the classification of the asset in use.

- Annual physical verification of all assets is to be carried out to determine whether all assets in the records actually exist. To enable proper identification to be made of the various items of fixed assets, fixed asset record numbers are assigned and boldly marked on all items. Such identification marks are also to be recorded in the assets register.

- The Estates Officer bears responsibility for safe custody of fixed asset items assigned or in use in their various Assemblies, and are required to report losses, disposals and retirements to the District Finance Officer to permit the updating of related financial records.
- Fixed assets control procedures are applicable to equipment and other purchases made from all fund sources including special funds and donations.

**Coding Fixed Assets in the Fixed Assets Register**

Under GIFMIS, the GoG Fixed Asset Register will capture several new data elements. Of significance for management control and reporting are the new Property Type and Property Class codes. These codes work in concert to provide an overview of the assets that are owned by the Assembly.

**Property Type Codes**

75. (1) The Fixed Asset Register categorizes fixed assets into 5 Property Type codes, as follows:

a. **Infrastructure Assets**
   Any asset that is part of a network of similar assets. Examples are Roads, Water Systems, and Reticulation Schemes.

b. **Community Assets**
   Any asset that promotes and contributes to the community’s well being. Examples are Libraries, Police Stations and Museums.

c. **Plant and Equipment**
   Assets utilized in normal operations. Examples are motor vehicles, computers and furniture/fixtures.

d. **Investment Assets**
   Properties acquired for economic and capital gains. Examples are Office Centers, Shopping Centers and Unimproved Land.

e. **Heritage Assets**
   Culturally rich resources. Examples are works of art, historically significant buildings and museum displays.

(2) **Property Class Codes**

The Fixed Asset Register records Property Class codes within the 5 Property Type codes. These class codes are many and are found in the table below:
Table 12  Item Identification Codes

<table>
<thead>
<tr>
<th>Type Code</th>
<th>Property Type</th>
<th>Class Code</th>
<th>Property Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>INFRASTRUCTURE</td>
<td>01</td>
<td>Work In Progress</td>
</tr>
<tr>
<td></td>
<td>Electrical Utility</td>
<td>1001</td>
<td>All Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>Roads/Streets/Highways</td>
<td>02</td>
<td>Work In Progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2001</td>
<td>All Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td></td>
</tr>
<tr>
<td>03</td>
<td>Transport</td>
<td>03</td>
<td>Work In Progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3001</td>
<td>All Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td></td>
</tr>
<tr>
<td>04</td>
<td>Water Utility</td>
<td>04</td>
<td>Work In Progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4001</td>
<td>All Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td></td>
</tr>
<tr>
<td>05</td>
<td>Natural Gas Utility</td>
<td>05</td>
<td>Work In Progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5001</td>
<td>All Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td></td>
</tr>
<tr>
<td>06</td>
<td>Stormwater/Wastewater Utility</td>
<td>06</td>
<td>Work In Progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6001</td>
<td>All Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td></td>
</tr>
<tr>
<td>07</td>
<td>Defense</td>
<td>07</td>
<td>Work In Progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7001</td>
<td>All Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type Code</th>
<th>Property Type</th>
<th>Class Code</th>
<th>Property Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>02</td>
<td>COMMUNITY</td>
<td>01</td>
<td>Work In Progress</td>
</tr>
<tr>
<td></td>
<td>Safety</td>
<td>1001</td>
<td>All Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Health</td>
<td>02</td>
<td>Work In Progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1001</td>
<td>All Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td></td>
</tr>
<tr>
<td>03</td>
<td>Cultural</td>
<td>03</td>
<td>Work In Progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1001</td>
<td>All Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td></td>
</tr>
<tr>
<td>04</td>
<td>Recreation</td>
<td>04</td>
<td>Work In Progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1001</td>
<td>All Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td></td>
</tr>
<tr>
<td>Type Code</td>
<td>Property Type</td>
<td>Class Code</td>
<td>Property Classification</td>
</tr>
<tr>
<td>-----------</td>
<td>------------------</td>
<td>------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>03</td>
<td>PLANT/EQUIPMENT</td>
<td>01</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Vehicles</td>
<td>1001</td>
<td>SALOON CARS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1002</td>
<td>PICKUP TRUCK 4WD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1003</td>
<td>PICKUP TRUCK 2WD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1004</td>
<td>DELIVERY/PASSENGER VAN</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1005</td>
<td>SPORT UTILITY VEHICLE</td>
</tr>
<tr>
<td></td>
<td>Computers - ICT</td>
<td>02</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2001</td>
<td>PDA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2002</td>
<td>Laptop/Netbook</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2003</td>
<td>Desktop PC</td>
</tr>
<tr>
<td></td>
<td>Special Purpose – Defense</td>
<td>03</td>
<td>MILITARY FIXED WING AIRCRAFT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3002</td>
<td>MILITARY ROTORARY WING AIRCRAFT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3003</td>
<td>MILITARY TROOP TRANSPORT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3004</td>
<td>NAVY FLOATING VESSELS</td>
</tr>
<tr>
<td></td>
<td>Special Purpose – Transport</td>
<td>04</td>
<td>PASSENGER TRAIN ENGINE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4002</td>
<td>PASSENGER CARRIAGES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4003</td>
<td>FREIGHT TRAIN ENGINE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4004</td>
<td>FREIGHT TRAIN CARRIAGES</td>
</tr>
<tr>
<td></td>
<td>Special Purpose – Health &amp; Safety</td>
<td>05</td>
<td>FIRE SUPPRESSION VEHICLES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5002</td>
<td>PATIENT TRANSPORT/EMERGENCY VEHICLES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5003</td>
<td>POLICE VEHICLES 4 OR MORE WHEELS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5004</td>
<td>OTHER POLICE VEHICLES</td>
</tr>
</tbody>
</table>
Additions to Fixed Assets

Accounting for Additions

76. (1) Additions to fixed assets may be by several methods and from several sources as noted in the table below:

<table>
<thead>
<tr>
<th>Type Code</th>
<th>Property Type</th>
<th>Class Code</th>
<th>Property Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>04</td>
<td>INVESTMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Investment</td>
<td>01</td>
<td></td>
</tr>
<tr>
<td>05</td>
<td>HERITAGE</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Heritage &amp; Cultural</td>
<td>01</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>9999</td>
<td>All Other</td>
</tr>
</tbody>
</table>

i. Purchase – New

This method of acquisition applies to purchases of fixed assets that have no previous owner and that are in new condition from the manufacturer or retailer. Generally, these assets will be delivered in the original packaging and will be accompanied by a manufacturer’s warranty.
ii. Purchase – Used

This method of acquisition applies to purchases of fixed assets that are not in new condition and that have had a previous owner or that have had use by a previous user. Original packaging is most often not available and, generally, neither is a manufacturer’s warranty.

iii. Donated

Donated assets, or gifts, are presented to the Government with no expectation of payment or remuneration by the government to the giver. The condition of these assets can be either ‘new’ or ‘used’ as noted above.

iv. Trade-In/Exchange

Assets acquired through a trade arrangement fall into this category. While this method will most likely be a rare occurrence, it does provide for the acquisition of assets when swapping, exchanging or trading other assets for them. Assets traded out for the assets acquired in this method must be so accounted for in the disposition methods noted below.

v. Constructed

Constructed assets are not purchased, but are built or assembled by the government. The progress of these assets will be tracked through the General Ledger in the Work In Progress accounts and, generally, through special project coding. The Property Types that can be constructed are ‘Infrastructure’ and ‘Community’ types.

vi. Abandoned/Escheat

Fixed Assets may be acquired by the government when the owners abandon them. Also, escheat can occur when a financial institution or a private business holds money or property for another and the property goes unclaimed for a lengthy amount of time. If the owner cannot be located, such property is usually revocably escheated to the government. Escheating may also occur in instances of personal bankruptcy and intestate death.

vii. In Lieu

The owner of an asset may forfeit ownership rights to the government in lieu of amounts owed to the government by the owner. For instance, an imported shipment may be forfeited should the owner be unable to pay customs duties on the shipment.
viii. Eminent Domain

Assets that are acquired through the legal process of eminent domain by the government are recorded by this method of acquisition.

ix. Seizure

Assets that are seized by official acts of the government are recorded by this method of acquisition. Assets may be seized as a result of being involved in the commission of a criminal act. Generally seized assets are held in inventory for eventual sale at a public auction but if a seized asset is used by the government in its operations, it will be considered acquired by ‘seizure’ and falls into this method of acquisition.

x. Other

If a fixed asset is acquired by any other method not provided for here, then the ‘Other’ method of acquisition is to be used for it.

2) Business Processes for Fixed Asset Additions

The standard business processes for recording the addition of fixed assets follows below:

i. All non-constructed fixed assets, without regard to the method of acquisition, are to be first received into stores and then issued out of stores to the using location. These issues are to be recorded correctly in the stores issues day book. A copy of the supporting stores issue voucher is to be filed with the District Budget Officer.

ii. By the end of each month, the stores clerk appropriately notifies the Estates Office responsible for fixed assets refers to the issues vouchers and records the appropriate entries into the Fixed Asset Register that will support the District’s responsibilities of monthly reporting on the fixed assets. The Fixed Asset register must be reconciled to the entries in the General Ledger fixed asset accounts each month.
Table 13  Roles and Responsibilities of Officers in charge of additions to fixed assets

<table>
<thead>
<tr>
<th>Officer</th>
<th>Roles and Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storekeeper</td>
<td>I. Prepares SRA when goods are taken into stores</td>
</tr>
<tr>
<td></td>
<td>II. Upon receipt of duly authorised requisition form, prepares an issue voucher (SIV) and issue the fixed assets to the user department</td>
</tr>
<tr>
<td>Estate Manager</td>
<td>Physically label the asset with the asset identification code and record details in the fixed asset register</td>
</tr>
<tr>
<td>Storekeeper</td>
<td>Submit the SRA to the DFO.</td>
</tr>
<tr>
<td></td>
<td>Prepare/update fixed assets register.</td>
</tr>
<tr>
<td>Internal Auditor</td>
<td>Analyses all fixed assets codes for purchase made during the previous month. Extract codes and detail descriptions from the relevant payment voucher documentation.</td>
</tr>
<tr>
<td></td>
<td>Monthly reconcile fixed assets register to General Ledger.</td>
</tr>
<tr>
<td>DFO</td>
<td>Periodic review of the fixed asset register.</td>
</tr>
<tr>
<td>Co-ordinating Director</td>
<td>Approves the fixed assets register.</td>
</tr>
</tbody>
</table>
Disposal of Fixed Assets

Purpose

77. To establish the system for controlling the physical removal of installed capital assets from the Assembly and the corresponding removal of the capital value from the asset account.

Responsibility

78. The overall responsibility for disposal of fixed assets is centralized to the Assembly’s finance and administration sub – committee that will submit a report to the General Assembly for approval. Whatever the case may be, all fixed assets shall be disposed off in accordance with the provision in sections 83 and 84 of Act 663 Public Procurement Act 2003.

Types of Disposals

79 (1) Disposals covers the elimination of a fixed asset from the records of the District Assembly by any of the following methods:

<table>
<thead>
<tr>
<th>Code</th>
<th>Method Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Sold – Public Auction</td>
</tr>
<tr>
<td>02</td>
<td>Sold – Cash Sale</td>
</tr>
<tr>
<td>03</td>
<td>Salvaged/Destroyed</td>
</tr>
<tr>
<td>04</td>
<td>Donated</td>
</tr>
<tr>
<td>05</td>
<td>Lost/Stolen</td>
</tr>
<tr>
<td>06</td>
<td>Trade-In/Exchange</td>
</tr>
<tr>
<td>07</td>
<td>Recycled to Stores/Reclaimed</td>
</tr>
<tr>
<td>99</td>
<td>Other</td>
</tr>
</tbody>
</table>

Business Processes for Fixed Asset Disposal

Destroying or Scrapping an Asset

80. (1) Where an officer believes an asset is useless and should be destroyed or sold for scrap, he will advise the District Chief Executive who will request the Board of Survey or a committee appointed by it to examine the item and to recommend the means of disposal.

a) Total Installed Volume

b) Amount of Retirement (Scrap Value)

c) Cost of dismantling
(2) The District Chief Executive will approve the authorization for retirement of assets, copies of which will be sent to the following:

   a) Board of Survey

   b) Relevant Department Head

   c) District Finance Officer

(3) The District Finance Officer will inform the relevant officer for him to note the details in the fixed asset register.

(4) The procedures described above in this sub-section relate to where an asset has come to the end of its useful working life and is being voluntarily put out of service by involuntary action such as a motor vehicle being involved in an accident or a building or item of plant being damaged by fire.

(5) In these circumstances it is normal for the Assembly, to be covered by an insurance policy. The destroyed or damaged asset is still the subject of the Board of Survey. The District Assemblies insurers are notified and agreement is reached as to the insurance proceeds. The accounting treatment depends on whether the asset is written off or is damaged and is to be repaired.

   a) If the asset is completely destroyed, the detail is entered on a disposal schedule to remove from the asset register. The insurance proceeds are to be credited to the accounts as "Proceeds from Disposals of Fixed Asset".

   b) If the asset is only damaged and is to be repaired and kept in use when the details (date, description of damage and insurance proceeds received) are entered in the fixed assets register. The asset is not treated as disposal. The insurance proceeds are credited to the cost of repairs and maintenance.

Dismantling an Asset

81. (1) It is possible for an asset to be dismantled to obtain useful spare parts which are taken into stock, the remaining framework or pieces being discarded. In such instances the procedures are similar to both destroying and selling assets referred to in the paragraphs above.

(2) The Board of Survey report must first be submitted and approved in the normal way. After the asset has been dismantled, details are submitted to the District Finance Officer to indicate the value at which the parts have been taken into general stock, the Stores Receipt Voucher number, and any other relevant information for the necessary entries to be made in the fixed assets register.
Sale of Good Asset
82. (1) The Assembly may decide to sell an asset which is full in good condition but which, owing to circumstances, is no longer useful. This may be because events have made such asset redundant.

(2) The authorization of the sale of any fixed asset follows rules similar to those above.

(3) Sale of fixed assets can only be carried out after tenders have been invited. At the same time as authority to sell is given, a reserve price should always be stated. If the reserve price is not met by the highest tenderer the final approval for sale must be passed to the General Assembly.

(4) The District Finance Officer then authorises the entering of the detail on his Disposal Schedule which is used to update the fixed assets register.

Loss of Asset
83. (1) This applies only to movable fixed assets where a loss is determined either as a result of the physical verification carried out from time to time or other information received.

(2) Generally, the interim information is applicable where an asset has been stolen, e.g. a motor vehicle. The Co-ordinating Director must inform the police and pass on the full details to the District Finance Officer who would enter it on the Disposals Schedule if the asset is not insured or, if it is insured, then as soon as the liability is determined and the proceeds agreed.

(3) The physical verification, generally carried out by the staff of Internal Audit Unit, is almost certainly bound to indicate that a number of assets cannot be traced. The head of internal audit unit will then arrange for a special investigation to be carried out where he believes it is warranted.

(4) Details of the assets which have been disappeared will be entered on the Disposal Schedule in the normal way and the fixed assets register updated.

Accounting for Transfers

Purpose
84. (1) To establish the system for accounting for transfer of fixed assets from one office to another.

(2) For the following reasons, all transfers have to be accounted for:

a. The Fixed Assets Register must be updated for the new location;

b. Physical control must be maintained and therefore transfers can only be made when properly authorized
Authority for Transfers

85. (1) Every transfer must be supported in writing by the District Coordinating Director.

(2) The authority must include:

   a. The description of the asset
   b. The fixed asset identification code to allow the District Finance Officer to identify the asset involved
   c. The office from and the office where the asset is being transferred to.

Fixed Assets Register

Purpose

86. To establish the system for the preparation and maintenance of the Fixed Assets Register for the Assembly.

Responsibility

87. The overall responsibility for the preparation and maintenance of the Fixed Assets Register lies with the Estates Manager.
Fundamental Principles

88. (1) Upon the acquisition of a fixed asset by any of the acquisition methods noted above the Estates manager shall prepare a Fixed Asset Register showing the following details:

<table>
<thead>
<tr>
<th>No.</th>
<th>Field Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Asset Number</td>
<td>Automatically Assigned</td>
</tr>
<tr>
<td>2</td>
<td>Fixed Asset Record Number</td>
<td>The locally assigned number such as a decal or a sticker</td>
</tr>
<tr>
<td>3</td>
<td>Asset Serial Number</td>
<td>Vehicles: Chassis Number</td>
</tr>
<tr>
<td>4</td>
<td>Asset Description</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Supplier Name</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Supplier Invoice Number</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Purchase Order Number</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Payment Voucher Number</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Cost of Acquisition</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Date of Acquisition or Receipt</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Location</td>
<td>Ministry, Department, Agency, Metropolitan, Municipal, or District Assembly</td>
</tr>
<tr>
<td>12</td>
<td>Asset Manufacturer</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Asset Model</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Asset Model Description</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Manufacturer's Warranty Number</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Type of Ownership</td>
<td>Values are “Owned” or “Leased”</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Notes</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>17</td>
<td>Lease Number</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Leased From (Lessor)</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Property Type</td>
<td>See Table Section 13.1</td>
</tr>
<tr>
<td>20</td>
<td>Property Class</td>
<td>See Table Section 13.1</td>
</tr>
<tr>
<td>21</td>
<td>Method of Acquisition</td>
<td>See Table Section 13.2</td>
</tr>
<tr>
<td>22</td>
<td>Date of Disposal</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Disposal Method</td>
<td>See Table Section 13.3</td>
</tr>
<tr>
<td>24</td>
<td>Disposal Value</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Registration Number</td>
<td>Vehicles: DVLA Number</td>
</tr>
<tr>
<td>26</td>
<td>Physical Location</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Occupant/Assigned To</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Date Occupied/Assigned</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Date Vacated/Released</td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 15
REPORTING REQUIREMENTS

Purpose

89. To summarise the District Assembly’s reporting requirements as laid down in the FAR, 2004 and FAA, 2003.

Reporting responsibilities

90. (1) It is the responsibility of the Controller and Accountant-General to prepare the Public Accounts for the Government of Ghana. The Accounts shall cover all transactions and events of MDAs and MMDAs that utilize budgetary allocations from the Consolidated Fund.

(2) The MMDAs are separate legal entities and therefore have to prepare their individual accounts; their budgets are however prepared at their various headquarters.

(3) The specific reporting responsibilities of the Assembly shall be to prepare monthly and annual financial statements which shall reflect Internally Generated Funds, the Consolidated Fund, donor funds and all other sources of funds available to the Assembly. The Assembly shall also submit returns to the CAGD for the preparation of the Public Accounts. The annual financial statements shall be audited by the Auditor-General.

Reporting Period

91. (1) The financial year of the Assembly shall extend from the 1st January to the 31st December each year. The Annual Consolidated Accounts prepared by the Assembly shall be completed and submitted on or before the 31st of March to the Auditor-General.

(2) The Monthly Assembly’s Accounts shall be prepared and submitted to MoFEP and copies to AG, MLRD, and CAGD not exceeding fifteen days after the end of each month, or such other period as Parliament may by resolution determine.

Reporting Currency

92. The accounts of the Assembly shall be prepared in Ghana cedis.

Disclosure of Accounting Policies

93. The policies used in the preparation of the accounts shall be the Generally Accepted Accounting Principles (GAAP) and in accordance with section 38(1) of the FAA, 2003. The policies used for the preparation of the accounts as well as any significant departures from the policies and the reasons shall be disclosed in the notes to the accounts.
General presentation and disclosure

94. (1) FAA Section 40(2) stipulates that financial statements shall be prepared in accordance with generally accepted accounting principles and in accordance with any instructions issued by the CAG in consultation with the Auditor-General.

(2) The Public Accounts and accounts submitted by the Assemblies shall be in accordance with policies stated in this manual. If the basis has not been stated in this manual the Assembly shall in consultation with the CAG state the basis of accounting used in the preparation of the accounts and identify any significant departures and the reasons for the departures from provisions in the manual.

Assemblies Accounts

95. (1) In the case of the Accounts prepared by the Assembly, the financial statement shall include:

a. A balance sheet showing the assets and liabilities of the Assembly as at the end of the period (year/month);

b. A statement of receipt and payments of the Assembly for the period (year/month);

c. A statement of revenue and expenditure of the Assembly for the period (year/month);

d. A cashflow statement of the Assembly for the year; and

e. Accounting policies and explanatory notes including:

   i. A comparative statement of revenue and expenditure in relation to the budget and all additional or revised approved budget;

   ii. An analysis of advance accounts outstanding as at 31st December;

   iii. A statement of unredeemed loans; and

   iv. A statement showing the receipts, disbursement and unspent balance in respect of all grants and loans for specific purposes.

(2) A statement of total arrears of revenues (including rates) uncollected at 31st December and subdivided in accordance with the sub-heads of the revenue estimates.
Balance sheet (Statement of Financial Position)

Format

96. The balance sheet presents the District Assembly's financial position at a specific point in time. The vertical format of presentation shall be used in the preparation of the accounts.

Items to be presented on the face of the Balance Sheet

97. The following items, as a minimum, shall be presented on the face of the balance sheet:

a. Assets
b. Liabilities
c. Equity/Net Worth
d. Accumulated Surplus
e. General Reserves
f. Assets Revaluation Reserves
g. Foreign Currency Reserves

Assets

Definition and Recognition

98. (1) Assets are resources controlled by the Assembly as a result of past events and from which future economic benefits or service potential are expected to flow to the Assembly.

(2) Assets shall be recognised by the Assembly when they are procured instead of when payment is made except for cash transactions where the two may occur at the same time. The transactions and events shall be recorded in the accounting records and recognised in the financial statements for the periods to which they relate.

Current and non-current distinction

99. (1) Current and non-current assets shall be presented as separate classifications on the face of the balance sheet, unless presentation based on liquidity provides information that is reliable and more relevant.
(2) An asset shall be classified as current if it is expected to be:

a) realised, sold or consumed in the District Assembly’s normal operating cycle (irrespective of length);

b) primarily held for the purpose of being traded;

c) realised within 12 months after the balance sheet date;

d) or cash and cash equivalent (unless restrictions apply).

Classification of Assets

100. The following classifications shall be adopted under Assets:

a) Cash in Hand and at Bank

b) Short Term Investments

c) Accounts Receivable and Accrued Revenue (by type)

d) Inventories (by type)

e) Prepayments

f) Financial Investments

g) Investment Property

h) Property, Plant and Equipment (by type)

i) Vehicles (by type)

j) Leased Assets/Sale and Leaseback Transactions

k) Information Technology Assets (Hardware and Software)

l) Biological Assets

m) Heritage Assets
Cash in Hand and at Bank-

Definition of Cash

101. Cash includes cash in hand and at Bank and includes deposits denominated in foreign currencies. Cash in bank are deposits repayable on demand with any bank or other financial institutions.

Short Term Investments

102. (1) This comprises cash on hand and demand deposits. With respect to the Assembly, Cash represents all District Assemblies balances with the Bank of Ghana (BOG) and commercial banks. This comprises the Treasury Main Cash Account, the District Assembly’s Operational Accounts and other Accounts held by the Assembly.

(2) Cash equivalent represents short term investments represent short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Accounts Receivable and Accrued Revenue

103. Accounts Receivable and Accrued Revenue consist of amounts owed to the Assembly by others, including government entities and the public. The Assembly’s receivables shall include:

a) amounts due in relation to goods and services provided to third parties;

b) amounts due in relation to revenue including fines and penalties levied; and

c) inventories.

Definition of Inventories

104. (1) These are assets in the form of materials or supplies to be consumed in the Assembly’s operations or production process, or distributed in the rendering of services; held for sale or distribution in the ordinary course of operations; or in the process of production for sale or distribution.

(2) In the case of a service provided, inventories include the costs of the service, for which the Assembly has not yet recognised the related revenue. Inventories shall be measured at the lower of cost and net realizable value, except where net realizable value is the price at which the item can be sold less any related expenses. Inventories shall be measured at the lower of cost and current replacement cost where they are held for:

a) distribution at no charge or for a nominal charge; or
b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

(3) The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. For the purpose of the District Assembly's Accounts, the cost of inventories shall include only the cost of purchases or production.

Prepayments

**Definition Prepayments**

105. (1) These are payments relating to expenses of a future period. That is assets, the benefits of which have not been enjoyed at the present period but payments have already been made in the period.

(2) Prepayments are not receivables however, unless they are material they are often presented together with receivables. At the end of the reporting period the Assembly may have paid for some services in advance of receiving or using the services (for example, rent may be paid one month in advance).

Financial Investment

**Definition of Financial Investment**

106. (1) Marketable securities held for trading purposes. Investments are recorded at cost but the fair value shall be shown in the notes to the accounts. Where the value falls below the cost, the fall in value shall be treated as an expense in the statement of revenue and expenditure.

(2) Other investments, including marketable securities held for investment purposes, shall be recorded at the lower of cost and net realisable value, but provision shall be made for any loss in value in the statement of revenue and expenditure.

Investment Property

**Definition of Investment Property**

107. Property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

a) use in the production or supply of goods or services or for administrative purposes; or

b) for sale in the ordinary course of operations
Property, plant and equipment and Others

108. (1) Property, plant and equipment are tangible assets that:

a) Are held by an entity for use in the production or supply of goods or services, or for administrative purposes; and

b) Are expected to be used during more than one reporting period.

(2) The net book value or carrying amount in the books shall be the purchase amount less depreciation thereon. In other words when the Assembly procures an asset it shall be recognised as soon as delivery is taken of the goods or works and the liability acknowledged by approving the PV.

Leased Assets/Sale and Leaseback Transactions

Definition of Leased Assets/Sale and Leaseback Transaction

109. (1) A sale and leaseback transaction involves the sale of an asset by the vendor and the leasing of the same asset back to the vendor. The lease payment and the sale price are usually interdependent as they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved.

(2) If the leaseback is a finance lease, the transaction is a means whereby the lessor provides finance to the lessee, with the asset as security. For this reason it is not appropriate to regard an excess of sales proceeds over the carrying amount as revenue. Such excess is deferred and amortized over the lease term.

(3) If the leaseback is an operating lease, and the lease payments and the sale price are established at fair value, there has, in effect, been a normal sale transaction and any gain or loss is recognised immediately.

Information Technology Assets

Definition of Information Technology Assets

110. Information Technology Assets include Information and Data, Hardware, and Software. Some assets, such as computer software, may have both tangible and intangible elements. For purpose of the District Assembly’s accounts, an application software is an intangible asset. That is recognising that the software represents expenditure that is of continuing use to the Assembly and which supports the generation of future economic benefits. Example the Oracle Human Resource Management System application software. The operating system software shall be considered as part of the hardwares hence tangible assets. The tangibility of software derives from the fact that it is an integral part of the
hardware to which it is attached. The cost of Computer Software shall be written off over the period of the licence. The economic life of Computer Hardware shall also be expensed over three years of purchase.

**Intangible Assets**

*Definition of Intangible Assets*

111. (1) These are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

(2) Intangible assets include: goodwill, patents, copyrights, brand names, subscription lists, trade secrets/intellectual property, trademarks, franchises, computer software, concessions, operating rights or rights of use, such as rights/licenses to extract mineral ore, access rights, rights to operate a radio spectrum, and capitalized research and development costs.

(3) Intangible Assets shall be recognised when it is probable that the future economic benefits attributable to that asset shall flow to the entity and the cost of the asset can be measured reliably. Where the cost of an acquired intangible asset is not available at the time of first recognition; the asset shall be recognised at its fair value at the date it is first recognised as an asset in the financial statements. This value shall be determined by reference to an active market, or in the absence of an active market, by a professional valuer.

**Biological Assets**

*Definition of Biological Assets*

112. These are living animals and plants. Biological assets shall be measured on initial recognition and at subsequent reporting dates at fair value less estimated point-of-sale costs, unless fair value cannot be reliably measured.

**Heritage Assets**

*Definition of Heritage Assets*

113. (1) These are assets, which the Assembly intends to preserve indefinitely because they have unique historic, cultural, educational, artistic, or architectural significance. Examples of heritage assets include historical buildings and monuments, archaeological sites, conservation areas and nature reserves, and works of art.

(2) Heritage assets shall be recognised and reported in the Assembly’s accounts as a note to the accounts.
Contingent Assets

Definition of Contingent Assets

114. A contingent asset is a possible asset that arises from past events and whose existence can be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Assembly.

Liabilities

Definition and Recognition of Liabilities

115. (1) Liabilities are present obligations of the Assembly arising from past events, the settlement of which is expected to result in an outflow from the District Assembly's resources embodying economic benefits or service potential.

(2) Where it is not clear that there is a present obligation, a past event shall be deemed to give rise to a present obligation. After taking account of all available evidence, it is more likely than not that a present obligation exists at the reporting date.

(3) The amount of work required to recognise liabilities depends on the extent to which the Assembly has information available on those liabilities. General steps in the recognition of liabilities include:

a) compiling a list of all types of liabilities incurred by the Assembly;

b) determining the categories of liabilities that shall be used in the chart of accounts and the financial statements;

c) preparing accounting policies for each category;

d) assessing the accuracy and completeness of existing information on each category;

e) compiling accurate opening balances for each category (identification, application of the definition of a liability, and measurement); and

f) establishing systems to support the ongoing requirements of accrual accounting.
Current and Non-Current Liabilities

116. (1) Current and non-current liabilities shall be presented as separate classifications on the face of the balance sheet, unless presentation based on liquidity provides information that is reliable and more relevant.

(2) A liability is classified as current if it is:

   a) expected to be settled in the entity’s normal operating cycle;

   b) primarily held for the purpose of being traded;

   c) expected to be settled within 12 months after the balance sheet date;

(3) The Assembly does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date (even if the original term was for a period of longer than 12 months and an agreement to refinance is completed after the balance sheet date).

(4) Classifications adopted under liabilities include:

   a) Borrowings, Stock/Bonds

   b) Suppliers Invoice Payable and Accrued Expenses

   c) Trust Funds

   d) Retention

   e) Finance Lease Liabilities

   f) Provisions for Employee Entitlements

   g) Other Provisions

   h) Payroll and Pension Liability

      i. Currency Issued

      ii. Social Policy Obligations (by type)

      iii. Contingent Liabilities
Borrowing, Stock/Bonds

117. (1) The District Assembly's borrowings consist of two kinds, domestic and foreign. Domestic borrowings take the form of Treasury Notes, Bank Loans, Stocks and Bonds.

(2) Foreign borrowings are funds received by the Assembly from external lenders including financial institutions, foreign companies and governments. These include Bilateral Loans, Multilateral Loans, loans from Commercial Institutions and Export Credit Institutions.

Suppliers Invoices and Contract Certificates Payable and Accrued Expenses

118. Suppliers Invoice and Contract Certificates payable are obligations owed by the Assembly at the end of a period. Accrued expenses are amounts relating to the financial period which have not been paid for by the end of that period but the benefits thereon have already been enjoyed by the Assembly.

Payroll Deductions

119. These are statutory deductions and staff contributions to various welfare schemes and amounts due from public servants to third parties held by the Assembly to be paid at a later date. These include: Dues, Credit Union and Welfare Fund, Rent and Rates, Deductions, Hire Purchase, Income Tax, SSNIT deductions.

Retention

120. These are funds retained by the Assembly out of contract fees due to contractors. The Assembly shall retain a percentage of the total fee payable to contractors when making payments to the Contractors.

Finance Lease Liabilities

121. Finance lease liabilities are obligations owed by the Assembly from a lease that transfers substantially all the risks and rewards incident to ownership of an asset. Title to financial lease may or may not be eventually transferred. The liabilities shall be recognised as amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Provision for Employee Entitlements

122. These are amounts set aside to cover employee entitlements resulting from collective bargaining agreements and conditions of service. These include: Salaries and Wages (including overtime and allowances), Annual leave, Sick leave, Long Service leave, Pension and Superannuation entitlements, Redundancy payments and other post-employment benefits.
Other Provisions

123. (1) These are amounts set aside to cover losses or other known liabilities the amount of which cannot be established with substantial accuracy.

(2) A provision shall be recognised when:

a) the Assembly has a present obligation (legal or constructive) as a result of a past event;

b) it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

c) a reliable estimate can be made of the amount of the obligation.

Payroll and Pension Liability

124. These are the District Assembly’s obligations to Public Servants, Pension Liability, Gratuity not paid and pension payable and wrongful deletions which also includes GoG portion of Social Security and National Insurance Trust (SSNIT) contributions for a period.

Unearned Revenue

125. These are revenue received by the Assembly in the current period but pertain to the next or future period. This shall be a liability to the Assembly.

Commitment

126. These are the District Assembly’s requests to suppliers, backed by legal documents, such as Purchase Orders. Once these requests have been accepted by suppliers and the goods or services delivered by them, the commitments become the District Assembly’s liabilities.

Contingent Liabilities

127. A contingent liability is:

a) a possible obligation that arises from past events and whose existence shall be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Assembly; or

b) a present obligation that arises from past events but is not recognised because:

i. It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
ii. The amount of the obligation cannot be measured with sufficient reliability.

Equity/Net Worth

128. (1) Net worth is the difference between the total value of all assets and the total value of all liabilities.

(2) Net financial worth is equal to the total value of all financial assets less the total value of all liabilities

Accumulated Surplus and Deficit (Income Surplus)

129. (1) Surplus/deficit from ordinary activities is the residual amount that remains after expenses arising from ordinary activities have been deducted from their corresponding revenue. The net surplus/deficit is accumulated over subsequent reporting periods.

(2) All items of revenue and expense recognised in a period shall be included in the determination of the net surplus or deficit for the period.

General Reserves

130. General Reserves consist of accumulated deficit/surplus on revenue and expenditure, non-cash loan disbursements and the net effect of foreign exchange translation of debts balances and remittances over the years and prior year adjustment.

Assets Revaluation Reserve (Capital Surplus)

131. This is GoG capital reserve which arises from the revaluation of Fixed Assets

Foreign Currency Reserve

132. Foreign Currency Reserve consists of currency, deposits, and securities denominated in foreign currencies, monetary gold and Special Drawing Rights (SDRs). The BOG and its agents shall hold foreign Currency Reserves on behalf of the Assembly.

Events after reporting date

133. (1) These are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified Adjustable and Non-Adjustable events.
Adjustable Events

(2) Those that provide evidence of conditions that existed at the reporting date. These are adjusting events after the reporting date. The adjustment shall be made in the General Reserve (Income Surplus Account) after the balance brought forward.

Non Adjustable Events

(3) Those that are indicative of conditions that arose after the reporting date and do not require any adjustment.

Comparatives Information

134. (1) The Balance Sheet, the Statement of Revenue and Expenditure and the Cash flow Statement shall have the comparative figures for the previous period. Comparative information shall be included in narrative and descriptive form when it is relevant to an understanding of the current period’s financial statements.

(2) In some cases narrative information provided in the financial statements for the previous period(s) continues to be relevant in the current period. For example, details of a legal dispute, the outcome of which was uncertain at the last reporting date and is yet to be resolved, are disclosed in the current period. Users benefit from knowing that the uncertainty existed at the last reporting date, and the steps that have been taken during the period to resolve the uncertainty.
Revenue and expenditure

Statement of Revenue and Expenditure (Statement of Financial Performance)

135. (1) The Revenue and Expenditure Statement presents the District Assembly's financial performance over a specific period of time.

(2) The Revenue and Expenditure Statement shall present the following for each reporting period:

a) Total Revenue of the Assembly showing separately a sub-classification of total revenue using a classification basis as spelt out in the Chart of Accounts;

b) Total expenditure of the Assembly showing separately a sub-classification of total expenditure using a classification basis as spelt out in the Chart of Accounts;

c) Revenue and Expenditure for each Class and sub-classification shall be reported gross in the Revenue and Expenditure Statement; and

d) Revenue and Expenditure may be reported on a net basis when they arise from transactions which the Assembly administers on behalf of other parties and which are recognised in the Revenue and Expenditure Statement.

Classification of Revenue

(3) The following items, as a minimum, shall be presented on the face of the Revenue and Expenditure Statement.

a) Assembly Revenue
b) Non-Tax Revenue—These are revenues generated from the activities of the Assembly from its operations. The classification of Heads in respect of revenue shall be as follows
Table 13 Revenue Classifications

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<th>Revenue Classification</th>
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Rates and levies

136. Rates and Levies shall include separate items for basic rates, property rate, rate on possession and in respect of arrears of each of these. Special rates shall also be a separate item.

Lands

137. Lands shall include the Assembly’s share of revenue from stool lands and royalties.

Fees, Fines and Forfeitures

138. (1) Fees and Fines shall include separate items as required by the services for which the Assembly is responsible; for example market, slaughter houses, dressing stations, lorry parks, conservancy, cattle kraals, marriage and divorce, births and deaths, building permits, court fines etc.
(2) Fines and penalties are compulsory charges imposed on individuals or legal entities by courts of law or quasi-judicial bodies for violations of laws or administrative rules. Forfeitures are amounts that were deposited with the Assembly pending a legal or administrative proceeding and that have been transferred to the Assembly as part of the resolution of that proceeding.

Licence

139. Licence shall include separate items as required; for example palm wine sellers, herbalist, hawkers, chop bars, charcoal dealers, etc.

Rent

140. Rent shall include rent from market stores, rent from Assembly property, subsoil assets, other naturally occurring assets, recoveries of overpayments made in previous years, etc.

Grants

141. (1) Grants shall include separate items for transfers to revenue from government in respect of the Assembly’s Common Fund, Ceded Revenue, and other Donor Support transfers.

(2) Grants shall be classified first by the type of unit paying the grant and then by whether the grant is for programme support (personal emolument, administrative expenses or services) or project support (investment).

Investments

142. Investments shall include service such as hiring of equipment, tractor services, interest on deposits, loans and other businesses.

Rent of the District Assemblies Land and Buildings

143. (1) This is when the Assembly receives property income from certain leases of land, subsoil assets, other naturally occurring assets and rents on the District Assemblies buildings.

   a) Administrative Fees and Charges

   b) School fees

   c) Hospital Fees

   d) Investment Income

   e) Licenses

   f) Interests and Profits
(2) Interest is received by the Assembly on financial assets such as deposits, securities other than shares, loans, and accounts receivable. The rate at which interest accrues shall be stated as a percentage of the outstanding principal, a predetermined sum of money, or both. Interest earned but not received is to be accounted for as accrued revenue.

Miscellaneous

144. Miscellaneous shall include items for unspecified receipts

Donations

145. These are gifts in cash and/or in kind received by the Assembly from other governments, international organisations or non-governmental institutions within the country.

Other Revenue

146. Other revenue includes all revenue transactions not classified as social contributions, or grants. The major items are sales of goods and services, interest and other types of property income, voluntary transfers in cash or in kind other than grants, and fines and penalties. Other Revenue include items such as receipts from Public Auction, and other sundry receipts.

Expenditure

Definition and Recognition of Expenses

147. (1) These are decreases in economic benefits or service potential of the Assembly during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity, other than those relating to distributions to the Assembly.

(2) The following items shall be the classification of expenditure presented on the face of the Revenue and expenditure statement as a minimum:

Sub-Head I - Compensation of Employees

a) FAR 290, states that the term "personal emolument" covers all payments due to public servants as remuneration for employment and include:

i. Salaries Post (Established and Non-Established);

ii. District Assembly’s Direct Employees

iii. Employees Social Security Fund contribution by the Assembly

iv. Assembly members Allowances

v. Other Allowances
Sub-Head II - Goods and Services

b) These are the Assembly’s payments for:

i. Utilities,

ii. General Cleaning,

iii. Office Consumables,

iv. Printing and Publications,

v. Rent,

vi. Travel and Transport

vii. Maintenance

viii. Finance Charges

ix. Maintenance Allowance

x. Miscellaneous general expenses

xi. Training and conferences costs,

xii. Consultancy,

xiii. Materials and Consumables,

xiv. Printing and Publications

xv. Rent of Plant and Equipment;

xvi. Travel and Transport and

xvii. General Activities

Sub-Head IV– Assets

c) These are payments for:

i. Dwellings

ii. Non residential Buildings

iii. Other Structures

iv. Transport Equipment
v. Other Machinery and Equipment
vi. Infrastructure Assets

(3) The cost incurred on investment shall be treated as expenses over the economic life of the Asset.

Statutory Payments

148. These payments are of two kinds: Domestic and External.

a) Domestic Statutory Payments are payments made by the Assembly to Sub-District structures and Members of Parliament from the Assembly's Common Fund, Pensions as well as Interest on domestic debt payments.

b) External Statutory Payments - These are interest payments of Bilateral loans, Multilateral loans and payments to Commercial and Export Credit Institutions.

Depreciation

149. (1) This is the measure of the wearing out, consumption or other reduction in the useful life of an asset arising from use, the passage of time, or obsolescence.

(2) The straight-line method of depreciation shall be used in determining the depreciation figure for the year. A full year's depreciation shall be charged in the year of purchase and no depreciation in the year of disposal.

Amortization of Intangible Assets

150. This is a means of matching the cost or value of Intangible Fixed Assets with the accounting periods expected to benefit from their existence. The straight-line method of amortization shall be used in determining the amortization figure for the year. In other words, the cost of the asset/value shall be divided over the economic useful life.

Bad Debt

151. Bad debts are debts that are owed to the Assembly but which are known with reasonable certainty to be unrecoverable. These shall be written off to the Revenue and Expenditure Statement in the year so determined by the Assembly and approved by MoFEP in accordance with Section 12 of the FAA 2003.

Provision for Bad Debt

152. When the recovery of debts owing to the Assembly is considered doubtful or uncertain provision shall be made for doubtful debt and charged against the Revenue and Expenditure Statement. The provision for the year shall be added to the balance brought forward at the beginning of the period to arrive at the balance carried forward. The balance carried forward shall be deducted from the Debtors figure in the Balance Sheet.
Transfer Payments/Grants and Donations (by type)

153. These include transfers and grants to NGOs, government corporations and other governments.

Interest

154. (1) Interest is payable by the Assembly on loans, deposits received, securities, accounts payable, etc. These liabilities are created when the Assembly borrows funds from another unit or the public. Interest is the expense that the Assembly (the debtor) incurs on the amount outstanding to the creditor. Interest expense shall accrue continuously over the period that the liability exists.

(2) The total liability at the end of the period shall include some amount of interest incurred but not yet paid unless the end of the accounting period coincides with a periodic payment.

Others

155. The Others include the following:

a) finance costs; share of the surplus or deficit of associates and joint ventures shall be accounted for, using the equity method;

b) tax expense; post-tax surplus or deficit of discontinued operations and post-tax gain or loss recognised on the measurement of fair value less costs of sale (or on the disposal of the assets or disposal group(s) constituting the discontinued operation);

and

c) surplus or deficit for the period.

Surplus or deficit

156. (1) Surplus or deficit for the period shall be allocated on the face of the income statement to the amount attributable to minority interest and to the parent’s equity holders. Additional line items or subheadings shall be presented on the face of the income statement when such presentation is relevant to an understanding of the District Assembly’s financial performance.

(2) An analysis of total expenses shall be presented either on the face of the revenue and expenditure statement or in the notes, using a classification based on either the nature or function of the expense.

Exceptional items

157. Disclosure may be on the face of the income statement or in the notes. Such revenue/expenditure may include:

a) restructuring costs;

b) write-downs of inventories or property, plant and equipment (PPE);

c) discontinued operations;

d) litigation settlements;

e) reversals of provisions; and
f) gains or losses on disposals of PPE and investments.

g) Extraordinary items

Management Information

158. (1) The information required by the Assembly can be broadly classified as follows:

a) General Ledger Information allows the preparation of balance sheets, statements of revenues and expenditures and cash flow information that are in accordance with the accrual concept, which reflect the funds under the District Assembly’s control and which support the preparation of the Departmental Accounts.

b) Expenditure Management Information allows both capital and recurrent expenditures to be budgeted (and vired), purchase orders to be authorised and captured, expenditures to be committed, and when incurred, reported against budget and relieved from commitment. Expenditures are to be classified according to the objectives and activities, which they support the organisational unit responsible for managing the expenditure, the sector to which the expenditure relates and the type of expenditure incurred. The Assembly needs expenditure information distinguishing between the various sources of funds available to them: These are IGF, transfers, Central Government and donor funds.

c) Receipts and Revenue Information related to revenues generated directly by the Assembly (property, business and other types of taxes and various categories of fees) and transfers from the Central Government (whether from the Common Fund or received by way of conditional or unconditional granted ceded revenues or other mechanisms).

d) Project Expenditures to be tracked by recording expenditures in relation to budget over the life of the projects.

e) Project accounts, that is receipts, disbursements and balances related to funds restricted for specific purposes.

f) Non-financial Information including but not necessarily limited to the expected and actual outputs, and performance measures related to the District Assembly’s plans.

g) Approval processes – Expenditures are incurred at the Assembly level that do not need to be approved by any party outside the District (e.g. Expenditures funded from a District’s internally generated funds)

h) Rates, Fees etc Billing – Revenues are generated from property, business and other sources and accordingly information to support the detailed billing and tracking of these revenue are required at the District level.

i) Condition Grants – Special reporting may be required to fulfil the conditions under which conditional grants might be made from the Central Government.
j) Sub-Districts – The Assembly needs information at the sub-district or Assembly level, which is not currently provided for in the chart of accounts. The chart of accounts however has been revised to integrate with the District Assembly’s accounting needs.

k) Regional Information – Regional consolidations of the total spending of the Assemblies to support the co-ordination and tracking of the plans and development is needed.

l) Sectoral Reporting – Reporting must recognise the sectoral definitions used in the Districts which are not directly aligned to the sectoral Ministries.

m) Non-financial Information - This should include but not necessary be limited to the expected and actual outputs, and performance measures related to the District’s plans.

(2) A matrix suggesting the type of management information needed by the various stakeholders is shown in Table 14 below:

### Table 14  Matrix of Management Information

<table>
<thead>
<tr>
<th>Reporting Subjects</th>
<th>MMDA Reports To be provided to</th>
<th>District Assembly</th>
<th>RCO</th>
<th>Sector Ministry</th>
<th>MLGRD</th>
<th>MOF</th>
<th>NDPO</th>
<th>CAGD</th>
<th>AS</th>
<th>DACF Administrator</th>
<th>Statistical Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan</td>
<td>Objectives</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outputs</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indicators</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Performance</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td>Budget</td>
<td>Budget</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commitments</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disbursed</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Available</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td>Trial Balance</td>
<td>Trial Balance</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bank Records</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td>Financial Statements</td>
<td>Rev. &amp; Exp.</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Balance Sheets</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (CF)</td>
<td></td>
</tr>
<tr>
<td>Annual Accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MMDA ACCOUNTING MANUAL  Page 209
Reports

159. The standard reports shall include:

   a) Account Analysis – It lists the accumulated balances of a range of accounts and all journal entry lines that affect that range.

   b) Account Analysis with Sub Ledger details lists the details of sub-ledger activity that have been posted to the General Ledger Accounts.

   c) Funds Available Analysis - It shows budget allocations against expenditures and encumbrances to determine the balance of funds available for future expenditures.

   d) General Journals - This report is available in different formats. It can be used to review posted, un-posted or error journal batches.

   e) Detailed Trial Balance - Reviews the General Ledger actual account balances and activity in detail.

   f) Summary Trial Balance - Review General Ledger actual account balances and activity summarized by account segment value.

Forms Used

160. The specimens of the reports required to support the GoG accounting and financial management system are illustrated below:
<table>
<thead>
<tr>
<th>ASSETS</th>
<th>20X2</th>
<th>20X1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Bank</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Short Term Investments</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Advances</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Prepayments</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Other current assets*</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Other financial assets*</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Infrastructure, plants and equipment</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Land and buildings</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Other non-financial assets*</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Current portion of long-term borrowings</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Short-term provisions</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Long-term Borrowings</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Long-term provisions</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>25</td>
<td></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS/EQUITY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital contributed by other government entities</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Accumulated surpluses/(deficits)</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td><strong>Total net assets/equity</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Details must be fully disclosed in the notes to the accounts*
SPECIMEN II
NAME OF MMDA – STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED
31 DECEMBER 20X2
(Classification of Expenses by function)

<table>
<thead>
<tr>
<th></th>
<th>NOTES</th>
<th>20X2</th>
<th>20X1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rates</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Fees, Charges &amp; Fines</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Licences</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Rents</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Revenue from exchange transactions</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Transfers from other government entities</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General public services</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Defense</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Public order and safety</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Social protection</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Housing and community amenities</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Recreational, cultural and religion</td>
<td>(X)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Economic Affairs</td>
<td>(X)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>(X)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(X)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(X)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>(X)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Share of surplus of associates*</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Surplus/(deficit) for the period</strong></td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Attributable to:

- Owners of the controlling entity* | X | X |
- Non-Controlling Interest* | X | X |

* This means the share of associates' surplus attributable to owners of the associates, i.e. it is after tax and non-controlling Interest in the associates.

**Controlling Entity Interest**
In percentage terms and barring all others an MMDA has a controlling interest if it has greater than 50% but less than 100% equity interest in a Public Corporation and consolidates the subsidiary’s financial results with its own.

*Non-controlling Interest*

Non-controlling interest (NCI) is the portion of equity ownership in a subsidiary not attributable to the parent company (MMDA)
SPECIMEN III

NAME OF MMDA – STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 20X2

(Classification of Expenses by nature)

<table>
<thead>
<tr>
<th></th>
<th>20X2</th>
<th>20X1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rates</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Fees, fines, penalties and licenses</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Revenue from exchange transactions</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Transfers from other government entities</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Other revenues</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

| **Expenses**         |      |      |
| Compensation of Employees (Wages, salaries and employee benefits) | (X) | (X) |
| Grants               | (X)  | (X)  |
| Other transfer payments | (X) | |
| Supplies and consumables used | (X) | |
| Depreciation and amortization expenses | (X) | |
| Impairment of property, plant and equipment* | (X) | |

| **Total Expenses**   | (X)  | (X)  |
|                      |      |      |
| Surplus of surplus of associates | X | X |
| **Surplus /(deficit) for the period** | X | X |

Attributable to:

|                        |      |      |
| Owners of the controlling entity | X | X |
| Non-controlling interest   | X    | X    |

*In a statement of financial performance in which expenses are classified by nature, an impairment of property, plant and equipment is shown as a separate line item. By contrast, if expenses are classified by function, the impairment is included in the function(s) to which it relates.
**SPECIMEN IV**
**NAME OF MMDA – STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 20X2**
*(Classification of Expenditure by Cost Centre)*

<table>
<thead>
<tr>
<th>NOTES</th>
<th>20X2</th>
<th>20X1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rates</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Fees, Charges &amp; Fines</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Licences</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Rents</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Investment Income</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Revenue from exchange transactions</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Transfers from other government entities</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Other revenue</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Administration Department</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Finance Department</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Education, Youth and Sports Department</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Health Department</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Waste Management Department</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Agriculture Department</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Physical Planning Department</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Social Welfare and Community Development Department</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Natural Resources Conservation Department Forestry, Game and Wildlife Division</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Works Department</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Industry and Trade Department</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Budget and Rating</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Legal Department</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Transport Department</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disaster Prevention Department</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban Roads Department</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Share of surplus of associates*</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Surplus/(deficit) for the period</strong></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Owners of the controlling entity*</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Non-Controlling Interest</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>(Minority interests)*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* This means the share of associates’ surplus attributable to owners of the associates, i.e. it is after tax and minority in the associates.
### SPECIMEN V

**NAME OF MMDA – STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 20X2**

<table>
<thead>
<tr>
<th>Attributable to owners of the controlling entity</th>
<th>Total</th>
<th>Non-Controlling interest</th>
<th>Total net assets/equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Reserves ¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation Reserve</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Surpluses/(Deficit)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GHC</strong></td>
<td><strong>GHC</strong></td>
<td><strong>GHC</strong></td>
<td><strong>GHC</strong></td>
</tr>
<tr>
<td>X</td>
<td>X</td>
<td>(X)</td>
<td>X</td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td><strong>X</strong></td>
<td><strong>(X)</strong></td>
<td><strong>X</strong></td>
</tr>
<tr>
<td><strong>Changes in net assets/equity for 20x1</strong></td>
<td><strong>X</strong></td>
<td><strong>(X)</strong></td>
<td><strong>X</strong></td>
</tr>
<tr>
<td>Gain on property revaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on revaluation of investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translating foreign operations (+/-)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenue recognised directly in net assets/equity</td>
<td>X</td>
<td>(X)</td>
<td>X</td>
</tr>
<tr>
<td>Surplus/deficit for the period</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total recognised directly in net assets/equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as at 31 December 20X1 carried forward</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as at 31 December 20X1 brought forward</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Changes in net assets/equity for 20X2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on property revaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on revaluation of investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translating foreign operations (+/-)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenue recognised directly in net assets/equity</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Surplus/Deficit for the period</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total recognised revenue and expense for the period</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as at 31 December 20X2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ other reserves are analyzed into their components, if material.
SPECIMEN VI

CASHFLOW STATEMENTS

Cashflow Statement (NAME OF MMDA)

Direct Method Cash Flow Statement

NAME OF MMDA – Cash Flow Statement for the Year Ended 31 December 20X2

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>20X2</th>
<th>20X1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Rates</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Sales of goods and services</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Grants</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Interest received</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Fees, Charges and Fines</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Licences, Rents &amp; Investment Income</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Other receipts</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee costs</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Suppliers</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Other payments</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Net Cash flows from operating activities</td>
<td>(X)</td>
<td>(X)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th>20X2</th>
<th>20X1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of plant and equipment</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Proceeds from sale of plant and equipment</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Purchase of foreign currency securities</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Net cash flows from investing activities</td>
<td>(X) (+/-)</td>
<td>(X) (+/-)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM FINANCING ACTIVITIES</th>
<th>20X2</th>
<th>20X1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from borrowings</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Distribution/dividend to government</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Net cash flows from financing activities</td>
<td>X (+/-)</td>
<td>X (+/-)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>X (+/-)</td>
<td>X (+/-)</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
Notes to the Cash Flow Statement

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investment in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

<table>
<thead>
<tr>
<th></th>
<th>20X2</th>
<th>20X1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand and balances with banks</td>
<td>GH¢</td>
<td>GH¢</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

b) Property, Plants and Equipment

During the period, the economic entity acquired property, plant and equipment with an aggregate cost of GH¢xx, of which GH¢xx was acquired by means of capital grants by the national government. IGF of GH¢xx were made to purchase property and equipment. This is illustrated below as follows:

<table>
<thead>
<tr>
<th></th>
<th>GH¢</th>
<th>GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cost</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Government Grant</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td></td>
<td></td>
<td>xx</td>
</tr>
</tbody>
</table>

IGF reflected in the Cash Flow Statement
c) **Reconciliation of Net Cash Flows from Operating Activities to Net Surplus/(Deficit) from Ordinary Activities**

<table>
<thead>
<tr>
<th>Surplus or deficit</th>
<th>20X2</th>
<th>20X1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Cash movements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Amortization</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Increase in provision for doubtful debts</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Increase in payables</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Increase in borrowings</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Increase in provisions relating to employee costs</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>(Gains)/losses on sale of property, plants and equipment</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>(Gains)/losses on sale of investments</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Increase in other current assets</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Increase in investments due to revaluation</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Increase in receivables</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td><strong>Net cash flows operating activities</strong></td>
<td>(X)</td>
<td>(X)</td>
</tr>
</tbody>
</table>
**SPECIMEN VII**

**FINANCIAL INSTRUMENTS: DISCLOSURE AND PRESENTATION**

The carrying amount and net fair values of financial assets and financial liabilities at the reporting date are:

<table>
<thead>
<tr>
<th>On-balance-sheet financial instruments</th>
<th>20X2 Carrying amount Gh¢'000</th>
<th>20X2 Net fair value Gh¢'000</th>
<th>20X1 Carrying amount Gh¢'000</th>
<th>20X1 Net fair value Gh¢'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Deposits</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Bills of exchange</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Loans to directors</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Other debtors</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Loans to related parties</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Shares in other related parties</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Shares in other corporations</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Zero coupon bonds</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Non-traded financial assets</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Traded investments</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Shares in non-government corporations</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Debentures</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade creditors</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Other creditors</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Bank loans</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Bills payables</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Convertible notes</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Redeemable preferences shares</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Other loans</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-traded financial liabilities</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Off-balance-sheet financial instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
CHAPTER 16
PREPARATION OF PERIODIC ACCOUNTS

Outline of the system

Purpose

161. To describe the systems and procedures to be followed and the forms to be used in preparation of the Financial Statements.

Responsibilities

162. (1) The DFO shall be responsible for ensuring that the financial accounting records for the month are complete and balanced.

(2) The DFO shall also be responsible for the preparation of Management Reports to the DCD derived from the financial records.

(3) The DCD shall present to the Assembly monthly management reports.

Summary of the System

163. (1) The DFO shall ensure that the following returns are prepared on:

**Frequency**

- a. Receipts Monthly
- b. Payments Monthly
- c. Stores Issues Monthly
- d. Stores Receipts Monthly

(2) After the preparation of the returns the DFO shall check and ensure that posting summaries and other journals are prepared to cover the various returns.

(3) These posting summaries and journals shall be posted into the General Ledger and subsidiary ledgers.

(4) The balances on control accounts shall be reconciled with the balances in the relevant subsidiary ledgers.

(5) Management or Handling of Sub –District Office Returns at the Assembly

a) The DFO shall be responsible for ensuring that:
i. all returns required from the sub–District office have been received

ii. all supporting schedules have been received

b) Where these checks disclose any inadequacies in the returns submitted, immediate action shall be taken by contacting the sub – District to ensure that corrected or missing information is made available.

c) Relevant posting summaries and journals vouchers shall be prepared from the day books or other information.

d) These posting summaries shall then be checked arithmetically and reconciled for all Balance Sheets prepared.

e) Reports shall be produced.
Sub –District Offices

Purpose

164. To describe the systems and procedures to be followed in the submission of monthly returns to District Assembly.

Responsibilities

165. The Sub-DFO shall be responsible for ensuring that the monthly returns submitted are complete and balanced, and are in accordance with the procedures outlined below.

Summary of Procedures

166. (1)The Sub-District Finance Officer shall complete the daybooks or other information as detailed in the appropriate section of the manual.
   a) Cash Receipts
   b) Cash Payments
   c) Petty Cash Payments and Other Imprests
   d) Stores Receipts
   e) Stores Issues
   f) Debit and Credit Notes Received
   g) Debit and Credit Notes Issued
   h) Others

(2)The books and other information shall be submitted monthly to the District Assembly together with all supporting documents. All returns submitted shall be prepared in duplicate, with a copy retained and filed at the District Assembly
District Assembly Procedures

Month End Procedures

167. ...(1) At the end of every month the DFO shall ensure that posting summaries and JVs from day-books or other sources are prepared for;
   a) Cash Receipts
   b) Cash Payments
   c) Petty Cash Payments
   d) Stores Receipts
   e) Stores Issues
   f) Wages and Salaries
   g) Prepayments/Deposits
   h) Commissioning of Fixed Assets from Work-in-Progress
   i) Charging Depreciation on Fixed Assets
   j) Contract Creditors PVs and Invoices Received
   k) Any other Items which may arise.

(2) The posting summaries and JVs shall be authorised by the DFO before posting to the ledgers.

(3) All asset and liability accounts in the ledger shall be supported by and agreed with lists of specific individual items.

(4) The following shall be supported at the end:
<table>
<thead>
<tr>
<th>Account</th>
<th>Verification Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>by a bank reconciliation statement.</td>
</tr>
<tr>
<td>Petty Cash</td>
<td>by a balance on the petty cash book itself supported by a cash reconciliation statement and a cash certificate.</td>
</tr>
<tr>
<td>Stocks</td>
<td>by a list of control totals from the stores ledger cards, which in turn would have been agreed to individual stock items as part of the stores ledger section’s monthly procedures.</td>
</tr>
<tr>
<td></td>
<td>by a list of individual items.</td>
</tr>
<tr>
<td>Debtors</td>
<td>by a list of individual contracts.</td>
</tr>
<tr>
<td>Work – in – Progress</td>
<td>by a listing under each category showing the prior period balance and individual movements in the month.</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>by lists of balances on the creditors ledgers.</td>
</tr>
<tr>
<td>Provision for debtors, stock, depreciation</td>
<td>as appropriate for the nature of the item.</td>
</tr>
</tbody>
</table>

(5) When all postings have been made and ledger balances are supported as required, a trial balance shall be extracted to ensure that the entries in the ledger have been correctly posted.
Monthly Accounts – Trial Balance

Purpose

168. (1) A Trial Balance is a listing of all the debit and credit balances on accounts in the General Ledger.

(2) This report shall be produced to ensure that the total of debit balances is equal to the total of the credit balances, i.e. that postings in the General Ledger are arithmetically correct.

Summary of Procedures

169. (1) When all postings for the month have been made from the day books, posting summaries and journal vouchers, a trial balance shall be extracted.

(2) The DFO shall ensure that:

   a) balances on control accounts in the General Ledger are in agreement with lists of balances extracted from the supporting ledgers.

   b) the balances on the various accounts appear reasonable in relation to corresponding balances in the previous month and his knowledge of the transactions undertaken during the month.

   c) Revenue and Expenditure Account and Receipts and Payments Accounts with supporting schedules are prepared.

   d) Balance Sheet with supporting schedules are prepared.

(3) The DFO shall also ensure that the draft accounts disclose:

   a) all known assets and liabilities;

   b) all revenue receivable and expenses incurred for the period have been taken into account.

   c) the accounts were prepared on a basis consistent with those of the previous period

   d) all prior year and prior – period adjustments have been appropriately treated in the accounts.

(4) The DFO shall then ensure that the accounts presented show a true and fair view of the results for the period and the state of affairs of the Assembly at the Balance Sheet date.
Submission to the Executive Committee

170. The accounts for the period shall be signed by the Chairman of the Finance and Administration Sub – Committee and DFO. The accounts together with other relevant schedules prepared for management shall be submitted to the Assembly on the first meeting day following the date of completion of the accounts.

Annual Accounts

Purpose

171. To describe procedures for the preparation of annual accounts.

Responsibilities

172. The DFO shall be responsible for the preparation of the annual accounts for review by the Finance and Administration Sub – Committee and approved by the Assembly.

Contents of Annual Accounts

173. The annual financial statement comprise:-

   a) A Balance Sheet at the end of the year
   b) A statement of Revenue and Expenditure
   c) A Statement of Receipt and Payment
   d) A Cashflow statement
   e) Notes to the accounts
   f) A report on the above accounts by the Auditor–General

Time Table

174. (1)The DFO shall prepare accounting instructions setting out the time table for the submission of accounting returns prior to the District Assembly's financial year end.

   (2)The annual accounts shall be completed by the end of third month and audited by the end of the sixth month following the financial year end. This means that the draft accounts shall be submitted to the auditors not later than the end of third month after the year – end.
(3) The day books and registers shall be kept open until the end of the sixth week after the year-end to ensure that all relevant items are included as accurately as possible. After those records are closed, any further adjustments shall be made only on adjustment journal vouchers authorised by the Head of Accounts.

Year-End Accounting Routines

175. (1) Most of the year end accounting routines shall be the same as those performed each month. However, there are specific tasks to be completed at the end of the year which include:
   a) provisions for slow-moving or obsolete or deteriorated stock.

176. Management shall be submitted to the CAG after approval of the account the certification of cash in the hands of officers.
   b) the provision for bad or doubtful debts.
   c) the assessment of prepayments and accruals

(2) The following additional matters shall be considered:
   a) additional review of balance sheet items.
   b) notes on the accounts.
   c) compliance with relevant legislation.
   d) external auditors.
   e) publication of accounts
Review of the Balance Sheet Items

177. (1) At the end of the financial year it shall be necessary for the following additional information to be provided and made available as required by the Auditor-General.
   a) certificates from the District Assembly’s bankers confirming the balances on the Assembly’s various accounts.
   b) certificates from a Board of Survey of all funds held in cash, confirming that they have been counted at the year end.
   c) a schedule of fixed assets to agree with the Fixed Assets figure in the Balance Sheet.
   d) written confirmation of the balances outstanding on any current liabilities which are material in value.

(2) In addition, the DFO shall ensure that:
   a) a review of the programme for continuous stocktaking has been carried out and that the results of the counts indicate that book figures can be relied upon.
   b) adequate provision has been made in the accounts for obsolete stocks.
   c) where any item on the balance sheet or included in an amount shown on the balance sheet cannot be determined with accuracy, an estimated amount is included, adequately described on the face of the balance sheet or by way of note.
   d) the assets and liabilities are classified under appropriate headings, distinguishing between current assets and current liabilities, with each class described adequately. Any item of no material significance need not to be shown separately.

(3) The DFO shall review the General Ledger to identify those expenses which have been prepaid. He shall also assess the nature and value of accruals for which provisions have been made.

(4) All source documents during the first six weeks of the new year shall be scrutinized carefully at the time of the approval, and any transactions relating to the past year’s account shall be marked and posted as such.

(5) The DFO shall review the Trial Balance and prepare the Financial Statements. He shall ensure that the Financial Statements are completed and ready for audit.
(6) The audited balances on the assets and liabilities in the General Ledger shall be carried forward to form the opening balances for the next financial year.

(7) The books of the account for the new year shall be opened on the first day of the year.

Summary of Procedures

178. Notes to the accounts shall be prepared and appended to the Balance Sheet, Revenue and Expenditure Statement, Statement of Rate Funds and shall disclose;

   a) any item for which disclosure is required per the Local Government Act 1993, Act 462

   b) any other items deemed to be disclosed by note.
CHAPTER 17
MANAGEMENT INFORMATION SYSTEM

General outline

Purpose

179. To describe the principal management information reports issued monthly to management and to the District Assembly.

Objectives

180. (1) The objective of these management reports is to enable the District Assembly to obtain a general view of the financial position of the Assembly and of the results achieved; for comparison with budgeted or planned figures and as the basis for more detailed investigation where necessary.

(2) The objective of management reports is to provide managers with the information required to control activities within their area of responsibility.

Responsibility

181. (1) The DBO shall be responsible for the preparation of the management information reports for Districts and sub-districts.

(2) The Sub – District Budget Officer shall be responsible for ensuring that the zonal or sub – district prepare management information report.

(3) The DCD shall be responsible for:

a) the design of management information reports;

b) ensuring that management information reports are prepared correctly and promptly;

c) submitting reports to the District Assembly through the DCE accompanied by his review.

(4) Monthly and quarterly reports shall be issued by the tenth working day following the end of the period which they relate.

(5) The routine reports currently in use are listed below.

District Coordinating Director’s Review

182. (1) The DCD shall liaise with the DBO and the DFO to review the monthly reports of the District Assembly, summarising the main variations from expected performance and examining the reasons for these variations. In the case of significant variances, the DCD shall make recommendations for future action.
(2) On completion of the first half-year’s results, and each period thereafter, the DCD shall assess the likely impact of variations on the year end results.

## Major reports

### Table 15 Major Routine Reports

<table>
<thead>
<tr>
<th>Report/Department</th>
<th>Originating Department</th>
<th>Frequency</th>
<th>Description of Report</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
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<td>1. Daily Revenue Collection Report</td>
<td>Revenue Offices</td>
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<td>Provides detail collection for each Revenue collector analysed into:</td>
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<td>• Revenue class;</td>
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<td>2. Weekly Revenue Collection Report</td>
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<td>Report summarizes detail of Daily Revenue collection. Provides detail collection for each Revenue Collection area or Zone analysed into:</td>
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<td>4. Filed by Revenue Inspector</td>
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<td>• Revenue area/zone office</td>
<td>2. Budget Officer</td>
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<td>• Revenue Class</td>
<td>3. Filed by Cashier</td>
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<td>Status report on Revenue Collection showing:</td>
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<td>• Programme Collection</td>
<td>2. District Coordinating Director</td>
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<td>Central Stores</td>
<td>Monthly</td>
<td>Overall Stores Reconciliation by State location and code</td>
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<td>2. Summary or Receipt, Issued and Stock Balances</td>
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<td>4. Monthly Status Reports trading stocks</td>
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<td>Stock position of trading items</td>
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<td><strong>Budget section</strong></td>
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| 1. Monthly Expenditure Variance Report    | District Office        | Monthly   | Comparison of actual expenditure levels with budgeted figures | 1. To district Coordination Director  
2. Finance Officer  
3. DCE  
4. Retained by Budget Officer          |
| **Expenditure section**                   |                        |           |                                                           |                                                   |
| 1. Bank Reconciliation Statement          | Regional Office for all the districts | Monthly | Reconcile bank balances with cash book balances          | 1. District Coordinating Director  
2. DFO                                           |
| **Final accounts**                        |                        |           |                                                           |                                                   |
| 1. Quarterly Financial Accounts           | Final Accounts         | Quarterly | Revenue Account and Balance Sheet                         | 1. DCE  
2. District Coordinating Director  
3. DFO                                           |
| **Administration**                        |                        |           |                                                           |                                                   |
| Staff Statistical Returns                 | Administration        | Monthly/Quarterly | Total strength by grade and departments. Explanation for difference with month/quarter | 1. DCE  
2. District Coordination Officer  
3. District Administrative Officer          |
| **Works department**                      |                        |           |                                                           |                                                   |
| 1. Progress Report on Projects            | Works Superintendent   | Monthly/Quarterly | Reports on projects both in progress and completed during the quarter. Setting out  
- Nature of Job  
- Job No.  
- Date of Approval  
- Target Date for completion  
- Mode of Execution  
- Estimated Cost  
- % Completed  
- Remarks | 1. DCE  
2. District Coordinating Director     |
CHAPTER 18
CASH MANAGEMENT

Cash flow forecast

Purpose

1. To describe procedures to be followed and the documentation to be used in preparing weekly and monthly cash flow forecast.

Definition

2. Cash forecasting is the estimation of cash receipts and payments for a future period. A cash forecast is concerned with the cash flows expected to occur in consequence of actions proposed or planned. The net forecast flows may be favourable or adverse, and the purpose of the forecast is to reveal these probabilities so that action can be taken to improve cash management or arrange for additional funds to be made available.

Responsibilities

3. (1) The DFO shall be responsible for submitting cash forecast through the DCD to the DCE and the District Assembly. He shall also be responsible for analysing and reporting on actual cash flows.

(2) The schedule Accounting Officer shall be responsible for preparing cash forecasts and submitting them to the DFO.

(3) All Departmental Heads shall be responsible for providing information necessary for the preparation of cash forecasts.

Cash Forecasts

4. A Cash forecast is a forecast of the summary of Receipt and Payment transactions expected to be recorded in the cash account of the Assembly during the forecast period. The items on the forecast normally represent summaries of transactions by nature or purpose (e.g. purchases, salaries), and thus reflect the types of heading commonly found in an analysed cashbook. This method is used for control purposes, since the amount of actual cash flows are readily available from the accounting records under the same headings, for comparison against the forecast. Updated forecasts of this nature shall be prepared monthly by the DFO as a control measure. The forms of Cashflow Forecast are illustrated by Specimen VIII.
Preparation of Cashflow Forecast

5. The preparation of Cashflow forecast shall be explained under four headings:
   a) Revenue Collections
   b) Payment for Expenditure
   c) Other items
   d) The Forecast Summary

Revenue Collection

6. (1) The forecast of cash collections in respect of rating shall start with the total of debtors outstanding at the date the forecast was prepared and this shall be analysed by sub-districts or zones.

   (2) The Revenue Superintendent shall provide forecasts or future rating month by month for consolidation at the Assembly's Head Office. In the case of new developments in the Assembly, there may be outstanding permits etc which shall help in forecasting. For other rating, it is possible that only an extrapolation of past trends shall be available. The Revenue Superintendent shall then estimate when cash collections are to be made.

   (3) Other factors which are likely to affect the Assembly cash position for receipts are as follows:-

      a) Assembly consolidated budgeted surplus adjusted where:
         i. Levels of debtors and stock are expected to increase or decrease;
         ii. Bad and doubtful debts and obsolete stock provisions are to be adjusted;
         iii. Depreciation taken as a charge against the surplus.

      b) Government capital contribution budgeted for in the Annual Capital Budget

      c) Government subsidies for the Assembly's operational cost e.g. staff cost;

   (4) From this information the DFO shall enter forecast collections under the appropriate periods in his forecast.

Payment for Expenditure

7. (1) The Officer in charge of purchases in the Assembly shall be responsible for forecasting the value of goods to be purchased.
(2) The DFO shall estimate any delays between delivery of goods, receipts of purchase invoices and payments by the Assembly.

(3) In the case of imported goods, the current standard rate of exchange shall be used to convert foreign invoices into Ghana Cedis.

(4) Other factors which are likely to affect the Assembly cash position are as follows:
   
   a) Planned capital expenditure from the Annual Capital Budget
   
   b) Expected contract prepayment;
   
   c) Loan and credit principal payment;
   
   d) Expected adjustment in normal creditors.

Other Items in the Cashflow Forecast

8. (1) Where the Assembly has short–term investment they shall be included as part of the opening cash balance, being shown separately, and the resultant closing balance is similarly analysed to reflect any budgeted adjustment to the level of these investments.

   (2) The budgeted cash and investment position shall be incorporated into the Balance Sheet, with the various movements agreeing with those already in the Balance Sheet.

   (3) The forecast of other income and expenditure shall include items occurring weekly, monthly, quarterly and at other intervals of time. Detailed investigation shall be required in calculating the forecast. If the total amount is insignificant in relation to the total of cash payment, the total figures based on past experience may be adequate.

   (4) DFO shall be responsible for ensuring that related expenses which pass through the purchasing ledger are not omitted from the total payments forecast.

The Cashflow Forecast Summary

9. (1) After forecasting the total inward and outward cash flows, the DFO shall calculate the net cash flow for the period covered by the forecast. By entering the bank balance or overdraft at the beginning of the forecast period, the DFO shall arrive at the closing balance.

   (2) The Assembly’s cash budget shall be prepared by the DBO in the standard form which includes:

      a) a detailed statement of cash obtained or provided by operating activities

      b) a detailed statement of cash obtained from or provided by financing activities

      c) a detailed statement of cash obtained or provided by investing activities
d) a summary statement reconciling the budget surplus with the cash from operating activities.

Statement of Cashflows

Definition

10. The statement of cash flows is a primary financial statement that reports the cash receipts, cash payments and net change in cash resulting from the operating, investing and financing activities of the Assembly during a period in a format that reconciles the beginning and ending cash balances.

Purpose of the Statement of Cash Flow

11. The primary purpose of the statement of cash flows is to provide information about the cash receipt and cash payments of the Assembly during a period. The information provided in a statement of cash flows, if used with related disclosures and information in other financial statement, shall help to assess the:
   a) Assembly’s ability to generate positive future net cash flows;
   b) Assembly’s ability to meet its:
      i. obligations,
      ii. developmental role and
      iii. need for external financing;
   c) reasons for differences between net income and associated cash receipts and payments; and
   d) effects on the Assembly’s financial position of both its cash and non – cash investing, and financing transactions during the period.

Classification of Cash Flows

12. The statement of cash flows classifies cash receipts and cash payments by operating, investing and financing activities. The transactions and other events characteristic of each kind of activity are as follows:

   a) Operating activities include all transactions and events that are not investing and financing activities. Operating activities involve the cash effects of transactions that enter into the determination of net income, such as rate collections sale of goods and services and cash payments to suppliers and employees and cash payments for acquisition of inventory and expenses.

   b) Investing activities include:
i. making and collecting loans, and

ii. acquiring and disposing of investments and long – lived assets.

c) **Financing activities** involve liability and funding and include:

i. Obtaining cash from creditors and repaying the amount borrowed, and

ii. Obtaining funding from the Government and other donors and providing them with a return on, and a return of, their investment.
13. The following schedule lists the typical cash receipts and payment of the Assembly that are classified according to operating, investing and financing activity classifications:

   a) Operating

      i. Cash inflows

         From rate collection

         From sales of goods or services

         From returns on loans (interest) and on equity securities (dividend)

      ii. Cash outflows

         To suppliers for inventory

         To employees for services

         To lenders for interest

         To others for expenses

   b) Investing

      i. Cash inflows

         From the sale of property, plant and equipment

         From the sale of debt or equity securities of other activities

         From collection of principal or loans to other entities

      ii. Cash outflows

         To purchase property, plant and equipment

         To purchase debt or equity securities of other entities

         To make loans to other entities
c) Financing

i. Cash inflows

From sale of equity securities

From issuance of debt (debentures and promissory notes)

ii. Cash outflows

To redeem long – term debt or reacquire capital stock

14. The following points are to be noted in the preparation of Cash Flow:

   a) Operating activities involve income determination (revenue and expenditure account) items;

   b) Investing activities involve cash flows generally resulting from changes in long – term asset item; and

   c) Financing activities involve cash flows generally resulting from changes in long – term liability and funding items.

15. (1) Some cash flows relating to investing or financing activities are classified as operating activities. For example, receipt of investment income (interest and dividends) and payments of interest to lenders are classified as operating activities.

(2) Conversely, some cash flows relating to operating activities are classified as investing or financing activities. For example cash received from the sale of property, plant and equipment at a gain, although reported in the income statement, is classified as an investing activity, and the effect of the related gain would not be included in net cash flow from operating activities. Likewise, a gain or loss on the payment (extinguishments) of debt would generally be part of the cash outflow related to the repayment of the amount borrowed and therefore is financing activity.
Sources of Information for Statement of Cash Flow

16. (1) The following are the various sources of information for the preparation of statement of cash flows:
   a) Comparative balance sheets provide the basic information from which the report is prepared. Additional information obtained from analysis of specific accounts is also included.

   b) An analysis of the Rate Fund (Accumulated excess of income over expenditure) accounts is necessary.

(2) The statement includes all changes that have passed through cash or have resulted in an increase or decrease in cash.

(3) Write-downs, amortisations charges, and similar “book” entries, such as depreciation of plant asset, are considered as neither inflows nor outflows of cash because they have no effect on cash. To the extent that they have entered into the determination of net income, they shall be added back to or subtracted from net income to arrive at net cash flow from operating activities.

Format of statement of Cash Flow

17. (1) The three activities discussed in the preceding paragraphs constitute the general format of the statement of cash flows.

(2) The cash flows from operating activities section shall appear first, followed by the investing activities and the financing activities section.

(3) The individual inflows and outflows from investing and financing activities are reported separately. Thus cash outflows from the purchase of property, plant and equipment is reported separately from the sale of property, plant and equipment.

(4) The cash inflow from the issuance of debt securities is reported separately from the cash outflow from the retirement of debt.

(5) The net increase or decrease in cash reported during the period shall be reconciled with the beginning and ending cash balances as reported in the comparative balance sheets.
## NAME OF MMDA
### CASHFLOW FORECAST 20XX

#### SPECIMEN VIII

**AMOUNT IN GH¢**

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Cash Flow Analysis and Reporting

Purpose

18. To describe the purpose to be followed and the documentation to be used in preparing reports on actual cash flows.

Objectives

19. (1) The preparation of cash flow forecast, as described in SPI, is to enable the DFO to ensure that the Assembly shall:

   a) have sufficient funds at all items to meet its liabilities;

   b) be able to plan the profitable use of surplus cash flows

(2) The objective of preparing periodic summaries of actual cash flow inwards and outwards is to compare against forecast flow. On the basis of this comparison the DFO shall be able to:

   a) identify which items show significant deviations;

   b) investigate the cause of those deviations;

   c) decide what actions to take.

Action resulting from comparison of actual and forecast cash flows

20. A difference between forecast and actual cash flows during the period under review may be attributable to one of three factors:

   a) a particular collection or payment has occurred earlier; or shall occur later, than forecast; without any change in the eventual total flow,

   b) there was some error in, or omission from, the forecast

   c) circumstances have changed, resulting in changes in cash flow that could not have been foreseen.

21. (1) The DFO shall ensure that the balance between cash inflows and outflows is preserved, for example by making changes in:

   a) short or long –term borrowings;

   b) cash investment plans;

   c) credit terms taken or given; or

   d) recommending modifications to stockholdings, capital expenditure plans or rate reviews.
(2) The investigation and the actions taken shall be reflected in the next cash forecast prepared.

Form or Cash Flow Analysis

22. The analysis of actual cash flow shall be prepared in similar form to the Cashflow Forecast. Both forms are linked directly to the books of account; and this facilitates the investigation of discrepancies.

Form of Cash Flow Report

23. (1) A Quarterly Report shall be submitted by the DFO in the form of a statement of cash flows.

(2) The DFO’s commentary on the Revenue and Expenditure account and the balance sheet shall make reference to any cash flow implications of the reported results and position of the Assembly.
D. A. Form 3
Original

No..............

LICENCE (FORM)

..............................................................Assembly

Licence is hereby granted to .................................................................of
..............................................................................................to...................................................
..............................................................................................
within the area of the ..............................................................Assembly until the
day of .................................................................20..................
Dated at ........................................this ..............day of ........20..................
Fee paid for (in words).................................................................

GH¢.................................................................

Signature.................................................................

On behalf of the ........................................Assembly

NOTE: INDELIBLE PENCIL TO BE USED. ORIGINAL TO BE GIVEN TO PAYER. DUPLICATE TO REMAIN IN THE BOOK FOR AUDIT.
D. A. Form 4

STOCK REGISTER (Books)

<table>
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<tr>
<td></td>
<td>Date</td>
<td>Issue Voucher</td>
<td>From No.</td>
<td>To No.</td>
<td>Date of Issue</td>
<td>To Whom Issued (Title of Officer)</td>
<td>Signature of Recipient or of whom to witness mark</td>
<td>Date Returned</td>
<td>Audit</td>
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## PAYMENTS

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<th>Particulars of Payment</th>
<th>P.V. No.</th>
<th>Cheque No.</th>
<th>Ledger Folio</th>
<th>CASH GH¢</th>
<th>BANK GH¢</th>
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D. A. Form 6

2. ...........................................  

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<td>Payment or Adjustment Voucher No</td>
<td>Cash Book Page</td>
<td>Amount GH¢</td>
<td>Date</td>
<td>Receipt or Adjustment Voucher No.</td>
<td>Cash Book Page</td>
<td>Amount GH¢</td>
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</tbody>
</table>
D.A Form 7

Original

GENERAL COUNTERFOIL RECEIPT

ASSEMBLY.................................................................................................................................

Date ...........................................................................................................................................

Received from............................................................................................................................... 

the sum of GH¢ .................................................................................................................. Ghana cedis 

........................................................................................................................................

Head and Sub-Head or Account Credited......................................................................................

........................................................................................................................................

Details and Reference...................................................................................................................

........................................................................................................................................

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Signature.................................................................................................................................

Designation............................................................................................................................

NOTE - INDELIBLE PENCIL TO BE USED.

ORIGINAL TO BE GIVEN TO PAYER

DUPLICATE FORMS TO REMAIN IN THE BOOK FOR AUDIT
D.A Form 8
RATE RECEIPT

............................................................................................................ ASSEMBLY

Town or Village .................................................................................................

Date: ......................................................................................................................

Received from ........................................................................................................

The sum of ............................................................................................................

Head and Sub-Head or Account Credited ............................................................

Year of Assessment .............................................................................................. Male/Female

Reference Number in Nominal Roll .................................................................

Purpose: Basic/Special for ...................................................................................

..............................................................................................................................

GH¢ ....................................................................................................................... Signature of Collector

NOTE: INDELIBLE PENCIL TO BE USED. ORIGINAL TO BE GIVEN TO PAYER
DUPLICATE FORMS TO REMAIN IN THE BOOKED FOR AUDIT
D.A Form 9

BALANCE SHEET AS AT

<table>
<thead>
<tr>
<th>LOANS CASH</th>
<th>GĦ¢</th>
<th>CASH</th>
<th>GĦ¢</th>
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<tbody>
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<td>(Details)</td>
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<td>In Hand</td>
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<thead>
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<th>LIABILITIES</th>
<th>ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>INVESTMENTS</td>
<td></td>
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<tr>
<td>SAVINGS BANK</td>
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</tr>
</tbody>
</table>

DEPOSITS

Capital Grant

Capital Grant

Special Rates

SSF Contributions

Miscellaneous

ACCUMULATED SURPLUS

ADVANCES

Surplus at 1st Jan

Staff (vehicles)

Revenue for Year

Losses and

Surcharges

Miscellaneous

Imprest

Expenditure for Year

Surplus at 31st Dec
No………………………………........       D.A. Form 10

ORIGINAL
DUPLICATE
TRIPlicate
QUADRUPlicate

........................................ASSEMBLY

PURCHASE ORDER

Name of Supplier...........................................................................................................

<table>
<thead>
<tr>
<th>Date</th>
<th>Articles</th>
<th>Number in Words</th>
<th>Rate</th>
<th>Rate Quoted</th>
<th>Amount</th>
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Quoted cost in words..........................................................................................

This does not cause an excess on Head........................Sub-Head...........Items

.................................................................

Finance Officer

I certify that the above-mentioned stores have been received, and taken on charge

.................................................................

Signature of Storekeeper
D.A. Form 11

....................................................ASSEMBLY

Station.............................................

Sub-Head Estimate..................................Item No.

Salary for the Month..............................

<table>
<thead>
<tr>
<th>Name</th>
<th>Grade</th>
<th>Basic Salary</th>
<th>Deductions</th>
<th>Net Amt. Payable</th>
<th>Signature</th>
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</table>

II hereby certify that the above is a correct statement of the amounts payable to the persons named in respect of their services for the period stated.

Signature of Authorising Officer............... Passed for Payment for .............. Witness to Mark
Title.............................................. ...................... .................
Date.............................................. (D.F.O) (Internal Auditor)
D.A. Form 12

..................................................................ASSEMBLY

Station........................................................................

Sub-Head Estimate..................................................Item No. No.............................

Salary for the Month..............................................

Dr.to...........................................................................

<table>
<thead>
<tr>
<th>Date</th>
<th>Detailed Description of Service or Article</th>
<th>Rate</th>
<th>Amount GH¢</th>
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Passed for payment for Purchase Order No.

¢........................................................................

Finance Officer

Amount GH¢.............................................................. p..............................................

I certify that the amount is correct, and incurred under authority and that the rate/price charged is/are according to regulation/contract fair and reasonable.

........................................................................

Signature of Authorising Officer

Received this .................day of
..............................................20..............

in payment of above account the sum of

........................................................................

Title and Date

Entered in Cash Book page No.....

Initials.........................................................

Entered in ledger folio number

Initials

........................................

Signature of Receiver

Witness to Marks and Payment............... 

Date...............................................................

MMDA ACCOUNTING MANUAL Page 255
D.A. Form 13

<table>
<thead>
<tr>
<th>Allowance for month of ………20..</th>
<th>Rate</th>
<th>GH¢</th>
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<tbody>
<tr>
<td>a) Transport Allowance (Maintenance)….</td>
<td></td>
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</tr>
<tr>
<td>b) Transport Allowance (Maintenance)….</td>
<td></td>
<td></td>
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<tr>
<td>c) Travelling Allowance (Subsistence as reverse)…</td>
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<td><strong>Total</strong></td>
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</tbody>
</table>

I CERTIFY that I own and have used on duty a ………………..motor-car/motorcycle which has been in use during the period covered by the claim and that I claim maintenance allowance under category……………………………………………….  

…………………………………………
Signature of Claimant

I CERTIFY that the type of vehicle for which allowance is claimed by this office is suitable for his post and that the claim is in under the existing regulations.

PASSED FOR PAYMENT FOR
GH¢………………………………..  
……………………………
Signature of Authorising Officer

Received this …day of …20….the sum of ………………………………………. cedis
Witness to Mark and Payment  
…………………………………………
Signature of Receiver

……………………………..2002……..
## ITINERARY FOR TRAVELLING AND MILEAGE CLAIM

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<thead>
<tr>
<th>DEPARTURE FROM FIXED RESIDENCE OR STOPING PLACE</th>
<th>ARRIVAL AT</th>
<th>MILEAGE</th>
<th>MEANS OF CONVENIENCE</th>
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<tbody>
<tr>
<td>Place</td>
<td>Date</td>
<td>Hour</td>
<td>Place</td>
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I HEREBY CERTIFY that the journey was performed without delay and that the mileage allowance claimed hereon is in respect of journeys travelled by me on duty and in the manner described.

Claim Officer Submitting

I CERTIFY that Mr………………………….whose headquarters are at …………………was travelling on duty. The mileage claimed is not excessive. I am satisfied that the allowance claimed is in accordance with rates approved by that Assembly.

……………………………..days at full allowance@.............................................GH¢

Net mileage (a) Standard ……………………@........................................... GH¢

(b) Sub-Standard………………………@..............................................GH¢

-----------------------------------------------
Signature Authorising Officer
ESTABLISHMENT SCHEDULE

Cost Centre........................................................................................................

110 ESTABLISHED POSTS

120 Non-Established Posts

   121 Contract Appointment
   123 Daily Rated
   124 Recruitment
   125 Secondment
   126 Others (Specify)

130 S.S.F

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<tr>
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<th>Sub-Item Name</th>
<th>Grade</th>
<th>Year..............................</th>
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Total
D.A. Form 14 (B)

NOMINAL ROLL AND EXPENDITURE ON SALARY WAGES

Cost Centre.................................................................

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<th>Name</th>
<th>Grade</th>
<th>Staff No.</th>
<th>Source of Funding</th>
<th>Salary Range</th>
<th>Present Annual Salary</th>
<th>Annual Provision</th>
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Total
D.A. Form 15

NOMINAL ROLL OF RATE PAYERS

ASSEMBLY……………………………………

UNIT/ELECTORAL AREA……………………………………………………………………

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**LOAN REGISTER**

Serial No. of Loan.................................................................

Amount of Loan.................................................................

Title.................................................................

Date of Receipt.................................................................

Method of Repayment – EQUATED ANNUAL/MONTHLY

Instalment of GH¢.................................................................

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<th>Col.2</th>
<th>Col.3</th>
<th>Col.4</th>
<th>Col .5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instalment No. and Date</td>
<td>AMOUNT</td>
<td>Total of 2 and 3 (Equated Instalment)</td>
<td>Balance (Deduct Col.2 only)</td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>Interest</td>
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</table>
### SALARY REGISTER

<table>
<thead>
<tr>
<th>Name</th>
<th>Grade</th>
<th>Salary</th>
<th>P.V.No.</th>
<th>AMOUNT</th>
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</thead>
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<td>Dec</td>
</tr>
</tbody>
</table>
JOURNAL VOUCHER


Date ............... 2002

DEBIT
Head .................
Sub – Head ............ Folio ..................................
Item ................... Amount GH¢ ............................

CREDIT
Head
Sub – Head ............
Item ................... Folio .................................

Reasons for Adjustment:

..............................................................

Finance Officer
D. A. Form 19

SECURITY BOND

KNOW ALL MEN BY THESE PRESENTS that we………………………………….of ………………….
……………………………………………….and ………………………………………..of ………………
are jointly and severely bond unto the …………………………………….Assembly and its
Successors in the sum of…………………………………………………of good and lawful money of
Ghana to be paid to the said Assembly and its successors for which payment well and truly to be
made we jointly and severally and for and in the whole bind ourselves and each of us and the heirs
executors administrators and successors according to native customary law of ourselves and each
of us firmly by these presents.

Sealed with our seals dated this ………………………..day of ………………………..in the year of
our Lord Two thousand and …………………………………...

WHEREAS the said first above-named obligor has been duly appointed to an office under the
Assembly namely ………………………………………at …………………………………..subject to the
condition that he shall give security by bond approved by the Assembly for the due and faithful
discharge of the duties of such office and subject to the further condition that he shall at any time
when so required by the Assembly give further or better security as aforesaid.

AND WHEREAS each and every one of the above-named obligors agrees to be jointly and
severally bound in the sum of ……………………………………and the said Assembly has approved
of the said first above-named obligor of his duties as ……………………………at ……………………

Now the condition of the above obligation is such that if the said first above-named obligor shall
from time to time and at all times hereafter so long as he shall hold the said office under the said
Assembly duly and regularly account for and pay to the Treasure of the said Assembly or to any
person or persons who may be appointed for this purpose all moneys which shall come to his hand,
either by virtue of his office for the time being or by any other means on account of the said
Assembly and in every other respect shall fully and faithfully perform and discharge the duties and
obligations which from time to time shall devolve on him as such employee in the service of the
said Assembly as aforesaid, then the above-written bond or obligation shall be utterly be void;
otherwise and in the event of a breach of any or either of the above-written conditions the same
shall remain in full force and virtue and the said sum of ……………………………………..shall
forthwith be payable to the said Assembly in respect of such breach by way of liquidated damages
and not as a penalty.
Signed, sealed and delivered by…………………………………………………………the first
above-named obligor, in the presence of…………………………………………………of………………………………………………………………………………………………………

Signed, sealed and delivered by …………………………………………………………the second
above-named obligor, in the presence of …………………………………………………

Signed, sealed and delivered by…………………………………………………………the third
above-named obligor, in the presence………………………………………………of
………………………………………………………………………………………………...
### ASSEMBLY

#### TRIAL BALANCE

<table>
<thead>
<tr>
<th>DEBIT</th>
<th>CREDIT BALANCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure Head, Sub-head and Item (Include Number and Name)</td>
<td>Approved Estimates GH¢</td>
</tr>
<tr>
<td>Carried forward</td>
<td>Carried forward</td>
</tr>
</tbody>
</table>

Carried forward
<table>
<thead>
<tr>
<th>DEBIT</th>
<th>CREDIT BALANCES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approved Estimates GH¢</td>
</tr>
<tr>
<td></td>
<td>Expenditure Brought Forward GH¢</td>
</tr>
<tr>
<td>Below the line Accounts…</td>
<td>Below the line Accounts…..</td>
</tr>
</tbody>
</table>
D.A. Form 21

**CONTRACT REGISTER**

**Folio No.**

1. **Contract No.**
2. **Amount of Contract.**
3. **Work to be Done.**
4. **Name of Contractor.**
5. **Head, Sub-Head and Item of Expenditure.**
6. **Date Commenced.**
7. **Location.**
8. **Date Completed.**

**PAYMENTS**

<table>
<thead>
<tr>
<th>Certificate</th>
<th>VOUCHER REFERENCE</th>
<th>Retention Money GH¢</th>
<th>Total Amount GH¢</th>
<th>Running Total</th>
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</thead>
<tbody>
<tr>
<td>Number</td>
<td>Date</td>
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</table>
D.A. Form 22A

**CONTRACT PAYMENT CERTIFICATE**

Name of Contractor

Number of Contractor

Description of Contract

Expenditure Head and Sub-Head and Item

Value

Date Due for Completion

Date of Inspection

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Total Value of Work Completed to Date... GH¢...</td>
</tr>
<tr>
<td>2.</td>
<td>Deduct: 10percent Retention Money... GH¢...</td>
</tr>
<tr>
<td>3.</td>
<td>Deduct: Total of Instalments Already Paid... GH¢...</td>
</tr>
<tr>
<td>4.</td>
<td>Instalment now Recommend... GH¢...</td>
</tr>
</tbody>
</table>

REPORT FOR INSPECTING OFFICER

I,..............................................................certify that:

5. I have inspected the work done;

6. The work has been satisfactorily done in accordance with the terms of the contract, subject to

7. Payment of GH¢... is now recommended.

..............................................................

Signature

Title and Date

Note: PV shall be made out for the sum recorded at item 7 above.
RETENTION MONEY PAYMENT CERTIFICATE

Name of Contractor

Number of Contractor

Description of Contract

Expenditure Head and Sub-Head and Item

Value

Date due for Completion

Actual Date of Completion

Date of Inspection

CERTIFICATE

I, ........................................................................................................certify that :

1. I have inspected the work done;

2. The work has been satisfactorily done in accordance with the terms of the contract, subject to

3. The period of .................................................................months has elapsed since the work was completed;

4. Payment of Retention Money GH¢.........................................................is recommended.

........................................................................
Signature

Title and date

........................................................................................................
REPORT OF LOSS: CASH/STORES

1. Assembly

2. Place where loss occurred

3. (a) Date loss occurred
   (b) Date it was discovered
   (c) Reasons for any delay in discovery and who responsible

4. (a) Article lost

   Cash ................................................................................. GH¢
   Store ................................................................................. GH¢
   (b) Details of any recovery................................................. GH¢

5. (a) Name and Designation of Officer in direct

   Charge of Cash/Stores
   (b) Arrangements in existence for safe-guarding Cash/Stores
   (c) Whether loss
D.A Form 24

DEED OF ASSIGNMENT

THIS DEED made on the ………………….day of …………………between …………………on behalf of the …………………Assembly of the one part, hereinafter referred to as the Assembly, and …………………of the other part, thereinafter referred to as the officer witnessed that in consideration of an advance of GH¢ …………………made by the officer hereby assigns at his request receipt of which the officer hereby acknowledges, the officer hereby assigns to the Assembly the vehicle described in the Schedule hereto by way of security for the repayment of the aforesaid advance.

In consideration as aforesaid the officer undertakes and agrees as follows:

1. That he shall supply evidence within one month of receipt of the advance that he has purchased the said vehicle,

2. That he shall maintain at his own expense the said vehicle in good serviceable condition;

3. That he shall in sure the said vehicle within one month of purchasing it and shall keep it insured until the advance aforesaid has been repaid for an amount equal to or greater than the amount of the advance outstanding’

4. That he shall repay to the Assembly the said advance by equal consecutive monthly instalments of GH¢ …………………beginning on …………………such instalment to be deducted at source from the officer’s salary by the Treasurer of the Assembly’,

5. That if

   a) the officer fails to supply evidence that he has purchased the said vehicle in accordance with the provisions of paragraph (1) of this clause; or

   b) default is made in the payment of any of the said instalments; or

   c) before the said advance is repaid in full the officer dies or leaves the service of the Assembly; or

   d) the said vehicle is destroyed or so damaged that it cannot be repaired except at a cost exceeding the amount of the said advance then outstanding or the vehicle ceases to be in good serviceable condition and the officer on being so required in writing by the District Director of the Assembly fails or neglects to restore the vehicle to that conditions as soon as is reasonably possible; or
e) the officer fails or neglects to insure or keep insured the said vehicle in accordance with the provisions of paragraph (3) of this clause;

then and in any such events as aforesaid the whole of the balance of the said advance then outstanding shall become due and payable forthwith.

6. That if at or after the time when any part of the said advance becomes payable under the provisions of paragraph (5) of this clause any money is or become due by Assembly to the officer by way of salary, allowances or otherwise, the Assembly may retain the said money in repayment or part repayment of the said advance or if the said money exceeds the amount of the advance then outstanding, may retain so much of the said money as is equal to that amount.

The Assembly further agrees as follows:

i. The Assembly shall not seize or take possession of the said vehicle for any other than the following causes:

a) if the officer makes default in repayment of the said advance or any instalment thereof;

b) if the officer suffers the vehicle to be taken in execution;

c) if the officer attempts to sell or part with the possession of the vehicle;

d) if the officer fails to insure the vehicle to keep it insured as hereinbefore provided or does or omits to do any act whereby the whole of the balance of the said advance outstanding at the time of such act or omission becomes due and payable forthwith.

ii. When the DCDto the Assembly shall certify that repayment of the whole of the said advance by the officer has been completed the vehicle shall cease to be the property of the Assembly and shall revert to the officer.

The Assembly and the officer further mutually agree that if the Assembly seizes or takes possession of the vehicle in pursuance of these presents the Assembly may unless the whole of the balance of the said advance then outstanding is sooner paid, sell the vehicle and retain the proceeds of the sale or so much thereof as may be equal to the amount of the advance outstanding together with expenses of the seizure to taking possession and sale.
In witness whereof the parties have hereunto set their hands
And seals this day of
Signed, sealed and delivered by within-named parties in the
Presence of
**D. A. Form 25**

.......................................................ASSEMBLY

Date..............................................

**STORES ISSUES VOUCHER**

The under-mentioned have been issued to

........................................................

<table>
<thead>
<tr>
<th>Date of Issue</th>
<th>Requisition No.</th>
<th>Description of Item</th>
<th>Unit of Issue</th>
<th>Quantity Issued</th>
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Signature of Issuing Officer .......................................... Signature of Officer

**TRIPlicate**
D.A. Form 26

..........................................................ASSEMBLY

SHEET No...........................................

STOCK – TAKING RECORD

<table>
<thead>
<tr>
<th>Date of Check</th>
<th>Description of Item</th>
<th>PHYSICAL STOCK BALANCE</th>
<th>Ledger Balance</th>
<th>Deficient</th>
<th>Surplus</th>
<th>Adjustment Document Reference</th>
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<td>Unserviceable</td>
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</table>
D.A Form 27

……………………………………………………… ASSEMBLY

Date………………………………………………

STORES RECEIPT VOUCHER

I certify that I have received into stores the following items/goods from…………………………………”

………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

Date of Receipt | Description of Item | Unit of Issue | Quantity Received | Amount |
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</table>

Received by ………………………………………..

Officer – in – Charge of Stores

IN DUPLICATE
D. A. Form 28

<table>
<thead>
<tr>
<th>Date of Receipt</th>
<th>Description of Item</th>
<th>Unit of Issue</th>
<th>Quantity Received</th>
<th>Remarks</th>
</tr>
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</table>

Authorized by

Title

IN DUPLICATE
## D. A. Form 29

<table>
<thead>
<tr>
<th>Date</th>
<th>S. R.V. No.</th>
<th>S.I.V. No.</th>
<th>From Whom Received To Whom Issued</th>
<th>Purpose of Issue</th>
<th>Quantity</th>
<th>Balance</th>
<th>Signature</th>
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</table>
D. A. Form 30

.................................................. ASSEMBLY
REVENUE AND EXPENDITURE STATEMENT FOR THE PERIOD........................................

Accumulated Surplus - Brought

<table>
<thead>
<tr>
<th>GH¢</th>
<th>GH¢</th>
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Expenditure Head ................................... Revenue Head ..................................................

Expenditure Head ................................... Revenue Head ..................................................

Expenditure Head ................................... Revenue Head ..................................................

Expenditure Head ................................... Revenue Head ..................................................

Expenditure Head ................................... Revenue Head ..................................................

Expenditure Head ................................... Revenue Head ..................................................

Accumulated Surplus – Carried Forward

Total .................................................. Total ..................................................
D. A. Form 31

............................................................Assembly

REGISTER OF FIXED ASSETS

<table>
<thead>
<tr>
<th>Date of Acquisition</th>
<th>Location</th>
<th>Vendor/Contractor</th>
<th>Cost Price</th>
<th>Disposal Date</th>
<th>Amount</th>
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<table>
<thead>
<tr>
<th>PROJECT NO</th>
<th>PROJECT NAME</th>
<th>LOCATION</th>
<th>TYPE</th>
<th>NAME OF CONTRACTOR (IF AWARDED)</th>
<th>SOURCE OF FUNDING</th>
<th>TOTAL ESTIMATED COST</th>
<th>COMMENCEMENT DATE</th>
<th>COMPLETION DATE</th>
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APPROVALS

CHIEF EXECUTIVE

FINANCE & ADMINISTRATION SUB-COMMITTEE

DATE

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