



REPUBLIC OF GHANA



## Our Vision

To become a world-class Supreme Audit Institution, delivering professional, excellent, and cost effective auditing Service.

# **REPORT OF THE AUDITOR-GENERAL ON SPECIAL AUDITS CARRIED OUT ON SELECTED STATE INSTITUTIONS IN THE YEAR 2018**

**This report has been prepared under Section 16 of the Audit Service Act, 2000 for presentation to Parliament in accordance with Section 20 of the Act.**

**Daniel Yaw Domelevo  
Auditor-General  
Ghana Audit Service  
31 March 2019**

**This report can be found on the Ghana Audit Service website: [www.ghaudit.org](http://www.ghaudit.org)**

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## TRANSMITTAL LETTER

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31 March 2019

THE RIGHT HON. SPEAKER  
OFFICE OF PARLIAMENT  
PARLIAMENT HOUSE  
ACCRA

Dear Rt. Hon. Speaker,

**REPORT OF THE AUDITOR-GENERAL ON SPECIAL AUDITS  
CARRIED OUT ON SELECTED STATE INSTITUTIONS IN THE  
YEAR 2018**

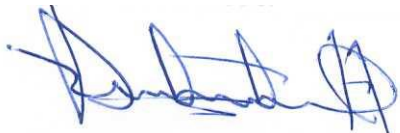
I have the honour to forward my report on Special Audits carried out in 2018 on selected state institutions to you to be tabled in the House of Parliament.

This is in conformity with Section 16 of the Audit Service Act, 2000, (Act 584), which provides that the Auditor-General may in addition to the audit of public accounts, carry out in the public interest such special

audits or reviews as he considers necessary and shall submit reports on the audits or review undertaken by him to Parliament.

I am grateful to the Management and staff of the various entities I audited for their cooperation.

Yours sincerely,



**DANIEL YAW DOMELEVO**  
**AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON SPECIAL AUDITS CARRIED  
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## **PART I**

### **SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS**

#### **CHARTERED INSTITUTE OF TAXATION**

1. Imprest amounts of US\$5,900.00 and GH¢12,900.00 granted to five council members to attend a Tax Conference in Nigeria and to allow the institute organise the 2017 Annual Tax Conference respectively have not been retired. We recommended to Management to ensure that the imprest amounts are duly retired within 10 days from the receipt of the management letter, failing which the amounts due would be disallowed and the affected persons surcharged accordingly.

2. There was no budgetary allocation for staff loans of GH¢20,500.00 granted to staff of the Institute in the review period. We advised Management to restrict its expenditures to its approved budget and should the need arise, prepare and use due process to procure requisite approval for supplementary estimates.

3. Twelve [12] Payments totalling GH¢22,500.00 were not supported with requisite payment retirement documentation. We admonished Management to provide the relevant receipts and signed claim forms to retire the payment transaction within 10 days from the date of our management letter. Failing that, the persons who approved and authorised the transaction, will be surcharged with the amount involved.

#### **GHANA BROADCASTING CORPORATION**

4. The Corporation under-stated revenue realised for the 2014 world cup by GH¢3,464,878.59. We advised Management to update the financial Statements and properly account for the GH¢3,464,878.59, failure of which officers of GBC who were responsible shall be surcharged with the amount.

5. Our review of the contract agreement signed between the Ghana Television Consortium and Optimum Media Prime Limited showed that two major financial clauses were amended without approval by the Consortium. We recommended to management to furnish the source of authority for varying portions of the agreement. We also requested management to avail documentation in support of outstanding VAT remittances sent to the Ghana Revenue Authority (GRA) and advised management to ensure that future agreements are not unilaterally varied by either party.
  
6. Contrary to Regulation 15(1) and (3) of the Financial Administration Regulation 2004, the Corporation did not remit TV License fees collected from 1993 to 2017 totalling GH¢3,637,754.20 into the Consolidated Fund. We recommended to management to pay the GH¢3,637,754.20 into the Consolidated Fund.
  
7. Due to management's non-compliance with financial regulations that govern the opening of bank accounts, an amount of GH¢91,300 out of cash received for the 2014 World Cup, was deposited into an unknown bank account at Zenith Bank. We advised management to provide the account name and other details of the account into which the GH¢91,300.00 was paid and furnish the audit team with copies of the bank statement from its inception to 28<sup>th</sup> February, 2018 for further action.
  
8. Due to weak internal controls on revenue, Transmission Certificates were not issued for some of the activities of the Corporation. We recommended to management to put in place systems to track and record all programmes of the Corporation with Transmission Certificates.
  
9. An invoice issued to the British Broadcasting Corporation (BBC) in respect of co-location was under-invoiced by GH¢93,203.53. We advised Management to recover the difference of GH¢93,203.53 from the BBC.
  
10. Poor stock control resulted in discrepancies between bin card balances and stock taking reports for TV License booklets after a fire outbreak. We advised management to reconcile these differences and also ensure regular update of the bin cards to prevent future discrepancies.



11. The Corporation did not sign rental contracts with 49 of its Clients approved for co-location on GBC masts and Digital Terrestrial Transmission (DTT) platforms. We recommended to management to enter into formal rental agreements with all existing clients with whom it has no contract agreements.

12. We noted that the audit trail module on the Airwatch software for TV and Radio programmes is yet to be activated. We advised management to activate the audit trail module.

13. Logical access control of the GBC's database was managed by the supplier of the Airwatch software. We advised management to discontinue this practice and adhere to its corporate security access policy.

## **GHANA EXPORT PROMOTION AUTHORITY**

14. No approval was obtained from the Controller and Accountant General (CAG) for three [3] operational bank accounts which the Authority opened with the First Atlantic Bank, Accra in 2017.

15. We advised management to procure the concurrence of the CAG on the three operational bank accounts under reference. We also advised management to go through due process before any bank account is opened in future.

16. Between April 2017 and June 2018, the Authority received a total of GH¢32,949,957.57 from the Ghana Export-Import (EXIM) Bank as its 10 percent share of the 0.75 percent Import Levy. However, the Authority was not provided with any evidence such as transactions report or funds release advice from the EXIM Bank or the Commissioner-General of the Customs Division of Ghana Revenue Authority (GRA) to confirm the 0.75 percent Import Levy collected for the period and the Authority's 10 percent share thereof.

17. We recommended that such releases should be supported with evidence of the total 0.75 percent Import Levy received by the Commissioner-General of GRA and EXIM Bank.

18. Between August and December 2017, the Authority made payments totalling GH¢192,400.00, described as honorarium, courtesies & protocols, special and sitting



allowances to all the members and supporting staff of Parliamentary Select Committees on Trade, Industry and Tourism, Finance and the Women's Caucus in Parliament but was unable to substantiate the payments.

19. We requested management to provide justification to substantiate the payments totalling GH¢192,400.00 to the various Committee members, failing which, the former ES and Director of Finance would be jointly held liable to refund the amount.

20. Our review of the Authority's procurements disclosed that management engaged Resource Persons for the provision of various Consultancy services amounting to GH¢269,473.50 & USD\$123,000.00 through single sourcing, but was unable to provide us with correspondence from the Public Procurement Authority (PPA) authorising the use of the single source procurement method.

21. We requested management to provide PPA's approval for the use of single source procurement method on the engagement of consultants amounting to GH¢269,473.50 and USD\$123,000.00; failing which sanctions prescribed by Section 92 (1) of Act 663 of 2003 and Sections 5 (1 and 3) of the Public Procurement Amendment Act, 2016 (Act 914), would be invoked against the former Executive Secretary and Director of Finance who approved the payments.

22. In September 2017 and February 2018, the former ES awarded two separate contracts for consultancy services totalling USD\$123,000.00 (GH¢542,640.00) to Mr. Kwesi Korbor, Kaneshie-Accra, and BLC Investment Consult, Accra, but could not provide documentary approval of the Authority's Entity Tender Committee for the procurement activities. We further noted that the Authority had a functioning Entity Tender Committee but the contracts were not referred to it for approval though the individual contract values were above the ES's approving threshold. We requested the former ES, Ms. Gifty Klenam to provide approval of the Authority's Entity Tender Committee on the contracts valued at USD\$123,000.00, for our review and further action.

23. At its meeting held on 1 February 2018, the Council unilaterally approved and paid members remuneration and allowances totalling GH¢180,886.00 for the period November 2017 to May 2018 but could not provide documentary approval by the Minister of Finance.

24. We requested the Council to provide the authority for the payment of the remuneration and allowances to its members. We further requested that payment of allowances be discontinued until the needed approvals and authorisations are obtained failing which Article 187 (7) (b) of the 1992 Constitution on disallowance and surcharged will be invoked.

25. We noted that clothing allowances amounting to GH¢38,187.50 was undeservedly paid to the former ES, Hon. Gifty Klenam and two former deputy ESs for the period June 2018 to 31 December 2018 even though the President had relieved them of their duties on 7 June 2018. The attention of Hon. Klenam was drawn to the undeserved payment following which she refunded her portion of GH¢14,625.00. The balance of GH¢23,562.50 received by Messrs. Amoako Twum and Akilu Sayibu is yet to be recovered from them. We requested Messrs. Eric Twum Amoako and Akilu Sayibu to refund the unearned clothing allowances paid to them totalling GH¢23,562.50, failing which surcharge procedures would be instituted.

26. We noted during our review of the Authority's payroll records that on 11 July 2017, a total of GH¢54,340.00 was wrongly paid to Mr. Eric Twum Amoako, a former Deputy ES, in respect of soft furnishing. We further noted that this payment was after he had already been paid rent allowance advance of \$60,000.00 on 27 May 2017 for the two-year period July 2017 to June 2018, in lieu of a fully furnished accommodation.

27. We recommended that the former Deputy ES, Mr. Eric Twum Amoako should refund the amount of GH¢54,340.00 which was inappropriately paid to him, or be surcharged in accordance with applicable statutory provisions.

28. Our audit of the payroll of the Authority revealed that between July 2017 and July 2018, unearned salaries totalling GH¢23,597.42 was paid to Miss Jacqueline Aboney who was granted accumulated annual leave, effective 15 November 2016 and was to resume duty on 26 June 2017 but failed to report at the expiration of the leave period.

29. We requested Miss Jacqueline Aboney to refund the unearned salary payments of GH¢23,597.42 to government chest with evidence for audit verification, within thirty days from the date of this report or be surcharged in accordance with statutory provisions.

30. We noted that in May 2017, the Authority procured three Apple Macbook Pro Laptop computers at a total cost of GH¢24,675.00 for the official use of the former ES, Hon. Gifty Klenam and her two Deputies, Messrs. Eric Amoako Twum and Akilu Sayibu.

31. We further noted that all three beneficiaries took along the laptops after they were relieved of their posts in June 2018. Hon. Klenam has returned her laptop after she was informed of the anomaly. At the time of putting together this report, computer equipment valued at GH¢16,450.00 belonging to the Authority were still in the custody of Messrs. Amoako and Akilu even though they had separated from the Authority as far back as June 2018

32. We requested the former deputy ESs to either return the official laptops in their custody to the Authority without further delay or in the alternative, reimburse the Authority with the prevailing market value of the apple computers in their custody or be surcharged with the replacement cost of the laptops.

## **UNIVERSITY OF GHANA**

### ***Absence of funding strategy for ex-gratia payments***

33. The University of Ghana (UG) does not have underlying assets to generate investment income to continue the payment of ex-gratia on retirement of employees as stipulated in the various staff conditions. Again, the total amount of ex-gratia payments is not part of the compensation of employees' budget submitted to GoG under the current subvention arrangement. We recommended that Management should develop funding strategies with the aim of fully funding the ex-gratia payments by creating an asset base to generate investment income instead of the current "pay as you go" model.

34. Management agreed with the finding and stated that the University will make budgetary allocation of a minimum of one million Ghana Cedis into an investment account from next academic year to build a fund for the payment of the ex-gratia.

### ***Long delays in the submission of salary returns***

35. All the requests, except February 2016, submitted by UG to the [National Council for Tertiary Education (NCTE)] National Tertiary Council of Education (NTCE) for the payment of monthly compensation were made after 14 days of the months in which the salaries were

due. Also, it took between 6 and 62 days from the date of request before funds are released by MoF for salary payment to be made. This has resulted in the continuous overdrawn of UG's operational bank accounts, with a cumulative additional interest of GH¢29,584,289.56. We recommended that Management should establish realistic timelines and strengthen its internal reviews to ensure that delays in the processing staff payroll are avoided

36. Management has adopted a new payroll cycle since May 2018 to address delays in the release of emoluments subvention and ensure that emoluments subvention is received latest by the first week of the following month.

#### ***Poor segregation of duties in cheque disbursement authorization***

37. UG does not have a policy and procedure regarding the principal or mandatory category of staff authorized to serve as signatories to cheques during payment processes. Again, the Director of Finance (DoF) and the Deputy Director of Finance of the same Directorate serve as the first two signatories to 30 bank accounts of UG. We recommended that Management develops a mandatory cheque signature policy to include a compulsory two-to-sign (Category A+B) mandate, and the establishment of categories of signatories for different thresholds.

38. Management explained that the volume of the University's transactions makes it difficult for the Vice-Chancellor, Pro Vice-Chancellor and Registrar to regularly sign cheques. However, the University will be setting up a payment from the Enterprise Resource Planning (ERP) to suppliers and other creditors by August, 2019.

#### ***Absence of a Risk Management Strategy***

39. The UG Council had not constituted the Risk Management Committee to ensure that there are appropriate controls for managing key risks, and there is no organization wide Risk Management Strategy (RMS) for a systematic identification of risks and the means for managing risk in the context of the trends, developments and challenges identified in the UG Strategic Plan and the Financial Regulations and Governance.

40. We recommended that Management should liaise with Council to establish a Risk Management Committee to develop the overall RMS for implementation, provide adequate resources for the IAD to enable them effectively monitor the RMS, and ensure potential risks identified are dealt with timely.

41. Management explained that the draft risk management policy has been approved by Senior Management and is awaiting the Academic Board's consideration and University Council's approval.

***Unsupported payment of allowance to staff***

42. We noted from our review of payment vouchers that a total amount of GH¢138,047.73 was paid into the Hospital Accountant's (Mr. Dominic Adjei-Kyereh) personal bank account as theatre allowance to nurses and administrative staff of the Hospital. Any authorization for disbursement for a group of staff should not be solely deposited into one recipient's personal bank account before onward payment to the intended beneficiaries. Again, all payments should be adequately supported with the list of beneficiaries to ensure that the amount is properly due and payable.

43. Management stated that instructions have been issued not to pay funds into personal accounts of individual accounts before disbursements.

***Absence of a procurement unit at UG Hospital operations***

44. The Hospital does not have its own procurement unit and does not liaise with the University's Central Procurement Unit (CPU). Again, all procurement procedures are performed by a select team at the Hospital with the help of the requisition department/unit and other experts, without any clear procedures and procurement ownership. Again, there were long delays in the procurement of essential drugs and other consumables, leaving the Hospital to depend on vendors to set up and sell their products through a community pharmacy sale and return system. We recommended that Management should establish a procurement coordinating unit at the Hospital (considering the nature of its procurement activities) with clear policies and procedures.

45. Management stated that in the short-term, the Procurement Unit will consider having its presence at the Hospital to facilitate prompt response to their procurement needs. Again, the Council has approved the restructuring proposal to transform the Unit to a Directorate.

***Absence of a comprehensive asset register***

46. UG does not have a comprehensive asset register at the various colleges, departments and schools despite the acquisition of the Integrated Tertiary Software (ITS) Asset Module in 2016, at a total cost of US\$100,000.00. Colleges, department and schools maintain an inventory

list which is not comprehensive to reflect required information in an asset register such as: details of asset categories; cost; date of acquisition; location; assignment details; condition; and identification codes. We urged Management to ensure that an effective control system is established and maintained for the proper management of UG assets.

47. Management explained that the University has compiled and value all its assets in a form ready for upload into the ERP (ITS Integrator).

#### ***Weak oversight control in financial borrowing***

48. Contrary to Policy No. 1301(1), the UG does not have any approved borrowing strategy and policies. Again, the UG Financial Regulations and Governance under Policy No. 1301(2) delegated all executive decisions concerning borrowing, to the Director of Finance. (DoF), without specifying guidelines on debt initiations, approval processes, and recourse to an oversight function. We recommend that the University Council should strengthen its oversight functions and ensure that the Finance and General-Purpose Committee develop clear procedures to ensure that all borrowings are adequately justified before approvals.

49. Management explained that the Council has a strong supervisory role over the University's finances, and overdrafts as well as other borrowings were duly approved by Council upon the recommendation of the Finance and General-Purpose Committee (FGPC). The Committee will take steps to establish a Treasury Policy Statement.

50. In our view, there were no feasibility analysis carried out to justify the borrowings. We further urged, Management to provide us with feasibility analysis report and Council's approvals.

#### ***Absence of financial borrowing strategy***

51. UG is saddled with a total amount of GH¢259,912,377.69 as at the end of 2017 in respect of loans and bonds.

52. The University does not have a borrowing strategy which, would outline roles and responsibilities in the arrangements of borrowing, determination of borrowing needs, clear mechanism of servicing loans, and provision of timely report on utilization of the facility to the FGPC. Again, the anticipation of budget deficits to warrant financial borrowing are not shown

in the annual budgets of the University and there is no evidence of how UG mitigates the effect of borrowings denominated in foreign currency.

53. We recommended that Management should liaise with the Council to develop borrowing strategy and policy to ensure that the funding needs of UG are met in a most efficient and transparent manner. Again, Management should liaise with the Minister of Finance to assist in the determination of maximum amount the University can borrow in line with Section 76(1) of the Public Financial Management Act, 2016 (Act 921).

54. Management stated that the Consortium of Banks loan balance arose because GoG did not honour the assurance to repay the initial loan amount. The University plans to mitigate the effects of foreign currency denominated borrowing with fees from foreign students who pay in US dollars.

#### ***Untimely payment of utility bills***

55. The University was indebted to the tune of GH¢96,282,723.19 for the consumption of electricity and water as at the end of 2017. Utility payments was skewed towards GoG releases under Goods and Service vote, meanwhile, a higher provision for the payment of utilities was provided under the Internally Generated Funds (IGF) than GoG subventions for Goods and Service over the period of the audit. We recommended that Management should liaise with MoF to ensure that the outstanding utility bills are paid off and explore the opportunities to use renewable energy to support the provision of electricity to support the operations of the University.

56. Management stated that the University will continue to engage with MoF to ensure the timely release of funds for the payment of utility bills. Again, a Committee, Independent Power Supply Team, has been set up by the Vice-Chancellor to explore other renewable sources of energy for the University whilst utilizing the existing power sources more efficiently to reduce cost.

#### ***Non-establishment of an Investment Committee***

57. We noted that the Council has not set up the Investment Committee and the University does not have any investment policy to guide investment decisions, reporting and management of the investment portfolio. We further noted, the decision to invest was solely taken by the DoF without any evidence of due diligence reports on the investment entities and maximization



of total return from both current income and capital appreciation without excessive risk. We urged the University Council to establish the Investment Committee to ensure the development of an investment policy and procedures to provide adequate security with the optimum investment return while meeting the daily cash flow demands of the University.

58. Management explained that currently, the Council has reconstituted the Investment Committee and the draft Investment Policy for the University which, is undergoing the approval processes.

***Failure to reconcile unidentified student deposits***

59. Our review of students' ledger balances showed that a suspense account referenced as unallocated account was used to record student fees received that were not posted to the student's ledger account, even though these monies were paid into the University Bank Accounts. We recommended that Management should develop timelines for reconciliation of unallocated deposits and investigate any unreconciled items to establish the true position of the student fees receivable. Again, Management should explore the opportunity to enhance and interface the ITS with relevant banks to avoid frequent manual registration.

60. Management stated that the unidentified transactions are currently being resolved with the development of a new interface linked to the students' database through the use of the UG Computing Systems (UGCS). Also, reconciliation of student balances are ongoing and expected to end by the first quarter of 2019.

***Failure to update students account after manual registration***

61. Despite the introduction of the ITS to ensure online registration of University students and facilitate efficiency in the collection of student fees there were instances of manual registration of students without automated generation of student bills and timely update of student ledgers. Also 5 students graduated from the University with balances on their account which, were not settled before clearance letter/statement was issued for their graduation. We recommended that Management should ensure that manual registration is limited to the barest minimum and clear internal control procedures are implemented to ensure automatic update of students' ledgers.

62. Management indicated that UGCS is in collaboration with the School of Medicine and Dentistry to configure the ITS to suit their peculiar situation and trained the academic affairs

staff to ensure these issues are eliminated. In addition, the University will investigate the student balances outstanding and recover any amounts due.

#### ***Overdue indebtedness of UGEL to consortium of banks***

63. The University of Ghana Enterprise Limited (UGEL) and the University as at 19 January, 2016, were indebted to the Syndicated Banks an amount of GH¢211,718,663.00. This was due to their failure to pay loan of GH¢43,00,000.00 used for the construction of seven (7) hostels which was intended to operate as a commercial residence, but Government of Ghana (GoG) requested the University to operate the facilities as traditional halls. We recommended that the University should liaise with the MoF and Attorney General to ensure an out of court settlement is reached to settle the debt. Again, Management should liaise with GoG on major capital expenditure and ensure that business viability studies (value for money audit) is conducted on ventures that is expected to be funded under a debt financing arrangement.

64. Management indicated that the University is in discussion with the parties involved, including the Attorney General and the Ministry of Finance, to reach a settlement. Again, Council has approved the setting-aside of some funds from the hostel's operations to initiate settlement from 2018/19 academic year.

#### ***Avoidable Judgement Debt against the University***

65. The University refused to meet a rightful request for supplementary payments of ex-gratia benefits of GH¢1,512,191.13 of the staff who retired in 2010 and 2011. This eventually led to an award of Judgment Debt of GH¢4,534,255.56 by the Accra High Court. We recommended that Management should consult broadly with all key functional units including, the Legal Directorate, for advice involving settlement of disputes among staff and other third parties.

66. Management explained that the University took the decision to protect the dwindling revenue at the time and to ensure money is available for academic work. Furthermore, the interest rate is being renegotiated at the courts and with the assistance of the Legal Counsel.

#### ***Judgement Debt due to failure to follow due process***

67. The High Court and the Appeals Court ruled in favour of the Plaintiff (Mr. William Jackson Etundi) and awarded a judgement debt of US\$288,488.00 with an additional cost of

GH¢15,000.00 for wrongful demolition of his property by the University. We recommended that Management should circularize a policy instruction to all colleges to liaise with the Legal Directorate on all matters of disputes. The University should liaise with all Government institutions and properly secure documentations for its landed properties. We will activate article 187(7)(b) of the constitution to disallow the total amount of US\$288,488.00, and Mr. Philip Azundow and or any officials responsible may be surcharged accordingly.

68. Management explained that Mr. Philip Azundow was very ill with speech and physically not able to repay the said amount. Again, the University is also working to obtain all documents pertaining to its landed properties, and instructions have been circularized to all colleges to involve the Legal Unit in all discussions.

#### ***Failure to enforce debt collection on rent receivables***

69. We noted that out of the 58 entities, who have rented properties of the University, a number of these entities were indebted to the University to the tune of GH¢4,202,523.84 as at the end of 2017. Again, we did not obtain evidence of termination of tenancy agreements between the University and nine companies, whose last dates of invoice spanned between 2013 and 2015. We therefore recommended that Management should strengthen its oversight functions on rental properties and timely enforce debt collection of all outstanding receivables at an agreed default interest rate to improve the University's cash flow.

70. Management indicated that the Finance Directorate is seeking necessary approvals to upgrade the present Receivables desk into a Unit to work closely with the relevant units to oversee the billing and collection of all receivables in a timely manner. Also, reconciliations will be done to prove the outstanding balances before legal action aimed at recovery and evictions could be instituted.

#### ***Disbursement without supporting documents***

71. Contrary to Regulation 1(1) of the FAR 2014, the DoF (Mr. Richard O. Boapea) authorized transfer and cheques payment of US\$906,579.30 and GH¢1,377,000.00 from 3 bank accounts without supporting documents. We urged Management to ensure that all supporting documents for disbursements are properly maintain for easy accessibility.

72. Management explained that all transfers from the University's bank accounts are done with written authorization and were transfers to other University bank accounts except the transfer to G&J Technical Services which was for payment of services rendered.

73. We urge Management to make available all the supporting documents on the transfers for our further review.

***Introduction of IT systems without prior approval***

74. Contrary to Section 11 of the Audit Service Act, 2000 (Act 584), the University introduced an Integrated Tertiary Software at a cost of US\$100,000.00 and Hospital Information Management System at a cost of GH¢450,000.00 without the approval of the Auditor-General. Again, we noted that the Internal Audit Directorate (IAD) is not consulted in the acquisition or development of 6 systems. We therefore recommended that Management should develop policy and procedures as part of the System Development Life Cycle (SDLC) to involve IAD as well as secure prior approval of the Auditor-General in the introduction of automated systems in the University.

75. Management indicated that IAD will be involved in the introduction and changes to any software acquired by the University and will ensure the Auditor-General's approval is sought on any future upgrades and acquisition.

***Overdraft on credit facility without Council's approval***

76. Contrary to Statute 4(11) of the Statutes of the University of Ghana, the University had overdrawn its maximum limit of overdraft of GH¢16 million with Ecobank to GH¢28,074,186.77 as the end of December 2017 without approval from the Council. This has exposed the University to higher credit risk which, culminates into high interest payments. We recommended that Management should develop a cash forecasting mechanism to determine the required cash requirements to meet expenditures of the University and improve its cash management controls.

77. Management stated that it operates a monthly cash planning mechanism and all borrowings are done with the approval of the University Council with the recommendation of FGPC and Management.

***Limited involvement of the Legal Counsel in contractual agreements***

78. There is no standard operating policy or procedure in UG Financial Regulations and Governance which requires the need for other directorates, colleges and schools to liaise with the Legal Unit for legal services. Also, there was a limited or no involvement of the Legal Unit in providing services to a number of research grants under ORID and financial borrowing agreements with various financial institutions. We therefore recommended that Management should develop a clear policy statement to all colleges of the UG about the need to liaise with the Legal Counsel on all matters which have legal implications and consequences - including disputes and settlements.

79. Management stated that the University's Council has directed that all agreements involving the University must be reviewed by the Office of the Legal Counsel before any action could be taken on them. Also, additional legal staff has been recruited and were expected to assume office in December, 2018.

***Need to restructure UGEL governance and operations***

80. UG does not operate with a functional governance structure and a dedicated office to ensure smooth operations and management of UGEL activities. Also, the registration details of UGEL's directors, still represents directors who have separated from the University. Finally, UGEL's annual audited financial statements from 2008 to 2017 had not been sign by the directors of the company for publication. We therefore recommended that Management should institute policy procedures to guide the establishment and the governance arrangements of UG business enterprises. Also, the annual financial statements of UGEL should be audited and publish as well as filed with the Registrar General annually.

81. Management indicated Council has directed that members of the registered Board of UGEL should be contacted with a view to convene a meeting to deal with the company's business or resign immediately for a new Board to be put in place. In addition, all required statutory matters will be addressed when this is completed.

***Absence of compensation policy on staff implementing sponsored research***

82. We noted that some staff of the University who are permanently assigned to implement and support sponsored grants, received additional salary as contract staff recruited to perform the same function. We urged Management to establish compensation policy through project

time allocation system, and this will ensure that staff of the University, whose time spent is apportioned between project sponsored activities and regular activities is appropriately charged as staff cost.

83. Management stated that the Pro-VC, Office of Research Innovation and Development (ORID) is drafting a policy to address this matter to ensure equity in the research project compensation, and to ensure that the University obtains its fair share of grant overheads.

#### ***Ineffective management of UG bank accounts***

84. UG operates multiple bank accounts with a number of them remaining dormant and with less than GH¢100.00 as the bank balance. We urged Management to reduce the number of multiple bank accounts and adopt a centralization approach to improve efficiency in the management of bank accounts as well as ensure that disbursement process are met in a timely manner.

85. Management stated that the University is working closely with the Accountant-General to roll-out the Treasury Single Account.

#### ***Absence of transaction records to support expenditure***

86. The University advanced an amount of GH¢74,070.70 to a Project Manager (Dr. Thomas N.N. Nortey) on 10/04/2017 for the construction of a poultry research house. However, there were no documents such as procurement records, award of contract, and bills of quantities to substantiate the constructional works. We recommended that Management should ensure LIPREC liaise with the PDMS and Procurement Unit in the execution of all physical developments and procurement process.

87. Management stated that to forestall future occurrences, the College Administration has made it a requirement for all Heads of Units and project investigators to support all requests for accountable imprest with appropriate budget. This is to determine whether or not a request can be processed without recourse to the PDMSD and/or Procurement Unit.

#### ***Delays in depositing cash sales***

88. Contrary to Regulation 15(1) of the FAR 2004, there were delays between 48 and 72 hours in the lodgement of weekly cash receipts beyond the mandatory 24 hours at Livestock

and Poultry Research Centre (LIPREC). We recommended to Management to ensure that funds are timely lodged into the University's dedicated bank account and the LIPREC should be provided with the required logistics to facilitate staff transportation.

89. Management stated that the University will take steps to ensure the smooth operations of the Centre and arrangements have been made to convey the Cashier or the schedule officer to lodge cash takings at the bank as recommended.

***Engagement of private auditing firms without pre-approval from the Auditor-General***

90. Contrary to Section 11(1) of Audit Service Act 2000, Act 584, ORID engaged the services of private audit firms to audit the accounts of research funded grants without seeking consultation and pre-approval from the Auditor-General. We recommended that Management should develop clear policies and procedures that will require that all engagement for auditing service are brought before the Auditor-General for pre-approval irrespective of whether the firm to perform the services is appointed or selected by the donor agency.

91. Management stated that the Audit Committee has advised that all requests for external audit be channelled through it so it will be brought to the attention of the Auditor-General to appoint.

***Ineligible payments of household allowance***

92. An amount of US\$25,565.00 was wrongly paid as quarterly household allowance to five (5) officers, contrary to the approved contract terms of conditions and eligible allowances. Also, the quarterly allocation of household allowance was not approved by the Council as stipulated by Policy Number 1607. We recommended that Council should develop a comprehensive remuneration policy. In accordance with Article 187(7)(b) of the 1992 Constitution, the total amount of US\$25,565.00 may be disallowed, and the affected staff surcharged accordingly.

Management explained that the allowance has been a long-standing payment approved by Council, which goes with the position but not just individuals. Besides, efforts are being made to identify the Council's minutes that approved the allowance.



93. We iterate our audit recommendation that the payment of household allocation allowance was not included in the contract appointment terms as conditions of the affected employees.

***Failure to ensure replacement of faulty items***

94. During our review, we noted that the College of Health Sciences (CHS) procured toners and Uninterrupted Power Supply (UPS) from Sams Firma Limited and IT Market Limited respectively. However, faulty items amounting to GH¢7,900.00 which were returned to the vendors on 28 September, 2017 by Mr. Wisdom Dzikunu (IT Manager) had not been replaced. In accordance with Article 187(7)(b) of the 1992 Constitution, the total amount of GH¢7,900.00 may be disallowed, and the IT Manager (Mr. Wisdom Dzikunu) surcharged accordingly.

95. Management stated that the vendors (SAMS FIRMA LIMITED and IT Market Limited) have agreed to provide a written acknowledgement and replace the faulty toners and the UPS.

***Reacquisition of specialized items imported***

96. We noted that the School of Biomedical and Allied Health Sciences (SBAHS) under CHS failed to clear from Customs, equipment donated by the Hear the World Foundation domiciled in the United Kingdom at a market value of GH¢31,616.68. The Customs Division took possession of the item as un-cleared goods in accordance with Section 52 of the Customs Act, 2015 (Act 891) and auctioned to Tetibeck Enterprise. In accordance with Article 187(7)(b) of the 1992 Constitution, the total amount of GH¢31,616.68 may be disallowed, and Prof. Henry Asare-Anane surcharged accordingly.

97. Management stated that due to the long delays by DHL in providing details of the items and invoices, the items were moved to the State Warehouse and auctioned. However, the issue has been referred to the Office of Legal Counsel for advice as to whether CHS has a cause of action against DHL for the delays in the item being auctioned.

***Insurance payment on disposed vehicles***

98. The University paid a total amount of GH¢75,575.56 as insurance premium for the periods 2016 to 2018 on the vehicles sold to 18 separated staff, without recovering same from

them. In accordance with Article 187(7)(b) of the 1992 Constitution, the total amount of GH¢75,575.56 may be disallowed, and the affected staff surcharged accordingly.

99. Management stated that the vehicles were bought with a loan from Standard Chartered Bank and have been registered in the joint names of UG and Standard Chartered Bank. Also, the University has not fully paid off the loan at the time of sale, hence we could not transfer ownership. However, the issue has been referred to the Office of Legal Counsel with a view to recovering any inappropriate insurance premium paid.

#### ***Failure to account for imprest advances on time***

100. Contrary to Regulation 288(1) of FAR 2004, imprest totalling GH¢108,632.37 granted to staff since 2016 had not been retired by the stipulated year end. We recommended that Management should establish clear timelines for the retirement of imprest and failure should warrant the withholding of the imprest amount from the staff salary. Again, IAD should review all the unliquidated imprest account and ensure that any outstanding amount is reported in the financial statements and recovered from the staff salary.

101. Management stated that the current practice is that imprest is charged against the personal account of the staff making him/her personally indebted to the University. Again, the Finance Directorate is implementing the policy of not advancing any imprest if previous ones have not been retired unless in peculiar situation.

#### ***Unexplained differences in audited transactions and underlying records***

102. In contrast to Regulation 1 of the FAR 2004, there were unexplained differences in the amounts generated from the ITS as compared with the audited financial statements. Again, there was no evidence of any approved off book adjustments with the external auditors. We urged Management to ensure that all audit adjustments recommended by the external auditors are properly documented and timely effected on the ITS. Again, Management should institute clear timelines for month- or year-end closure activities and strengthen the oversight functions of the Central Accounts Unit (CAU) to coordinate the preparation of the financial statements.

103. Management stated that the cumulative audit adjustments were done in the 2015 financial statements since the audit for 2013, 2014 and 2015 were all done at the same time. Also, there is no discrepancy in the 2016 financial statements.

***Ineligible payment of staff fuel allowance***

104. We noted that out of 53 officers entitled to draw fuel from the fuel pump, eight (8) received fuel allowance of (GH¢175,128.36) and drew fuel to the tune of (GH¢236,160.00) from the pump. This has resulted in ineligible payment of GH¢175,128.36. In accordance with Article 187(7)(b) of the 1992 Constitution, the total amount of GH¢175,128.36 may be disallowed, and the affected staff surcharged accordingly.

105. Management stated that staff who drew the fuel, followed the laid-down procedure for application and approval. However, errors were reported in some cases and Messrs Kwasi Odame and Prof. E. Sekyi Dawson disputed the amounts quoted as fuel drawn from the dump.

**NATIONAL COMMUNICATIONS AUTHORITY**

***Payment to Infraloks Development limited for the supply of Cyber Security equipment not supported with requisite documentation US\$4,000,000.00***

106. Bank transfer correspondence between the NCA and Ecobank GH Ltd dated 9 February 2016 requested the transfer of sums totalling US\$4,000,000.00 from NCA's Dollar account to Infralocks Development Limited's Account held at the Ecobank Head Office for the supply of Cyber Security equipment. However, there was no documentation to provide details of the transaction apart from the official correspondence effecting the transfer.

107. To avert recurrence, we recommended adequate resourcing of the NCA's Internal oversight/pre-audit function and also encouraged management to refrain from circumventing established legislation and procedures that underpin the effective conduct of Public financial business. We also requested management to furnish the procurement file and all relevant documentation on the transaction for audit validation.

***Non-Payment of Rent by the National Media Commission (NMC)-Tenant of NCA property at Cantonments-Accra US\$141,648.00***

108. It came to our notice that the National Media Commission (NMC) occupies a floor space of approximately four hundred and fifty-four square metres [454m<sup>2</sup>] of the National Communications Authority's offices at Cantonments in Accra but pays no rent to NCA. Since their occupancy of the property in December of 2016 no attempts have been made to enter into a formal agreement with respect to their tenancy

109. Our checks revealed that rental values for comparable properties within the environs of the NCAs property at cantonments ranges between US\$26.00 (GH¢130) and US\$45.00 (GH¢225) per square metre thus, averaging US\$35.00/m<sup>2</sup>.

110. Using the lower end of the rate per square metre, we estimated the rent payable per month by the NMC @US\$26\*454m<sup>2</sup>=US\$11,804.00 bringing the NMCs estimated rent due for the financial year ended 31 December 2016 to [US\$11,804.00/month\*12] = US\$141,648.00

111. To keep the building in a good and continuous habitable state, we urged management of the NCA to enter into a formal tenancy agreement with the NMC with the view to charging rent, proceeds of which would be used to maintain the property and give it the needed aesthetic appeal befitting an office accommodation and to cater for common area costs.

112. We also recommended to management of the NCA to collect the overdue rent from the NMC and furnish proof of collection for audit certification or risk being sanctioned under the relevant provisions of the Financial Administration Regulations.

***Loss of Rent Revenue - US\$ 15,660.00***

113. We found that on the 1<sup>st</sup> of November, 2016 the NCA entered into a tenancy agreement with Heritage Bank Ghana Limited through their agents Kedge Company Limited to let the rear right and left quadrants of the ground floor, and all of the first floor measuring 2,300 square meters for use as an office facility and a banking hall as well as space at the entrance of the National Communications Authority (NCA) Tower measuring nine (9) square meters for the purpose of installing an Automated Teller Machine(ATM). The total floor space available for the lease was two thousand three hundred and nine (2,309) square meters at a rate of Twenty-Nine Dollars (US\$29.00) per square meter per month.

114. Documentation composed of official receipts, pay in slips, bank statements reviewed showed that, payment for the transaction by the Heritage Bank GH. Ltd covered 2,300 square meters for the five (5) year tenancy period instead of 2,309 m<sup>2</sup>. The consequence of the above is the loss of US\$15,660.00 in rental revenue as summarised in table 2 of this report.

115. We urged management to recover the unpaid balance of US\$15,660.00 with interest at the prevailing Bank of Ghana treasury bill rate and furnish documentation in support of the recovery for our validation and necessary action by our next audit, and further recommended the tightening of controls over payment processing and the adequate resourcing of the estate /facilities management unit of the NCA to minimise the risk of such avoidable anomalies repeating themselves.

***Non-Judicious Use of Public Funds on Gym Equipment C120,000.00***

116. Our review disclosed that the NCA engaged Messrs. Switch Lane Ventures to supply and install gym equipment to the Authority and paid a total amount of GH¢120,000.00 to the vendors on 23-11-2016 by cheque with number 7925 for the transaction. Two (2) years on, the equipment has not been put to use. We are therefore unable to comprehend why state funds would be committed to ventures for which there is no need for as the instant case suggests.

117. We advised management to ensure the gym is put to its intended use without further delay, and also ensure that government's estate are managed effectively and efficiently.

***Funding of Government/Ghana Broadcasting Corporation projects using NCA'S funds GH C8,636,974.84***

118. We observed that the NCA procured automobile vehicles, furniture and broadcasting equipment totalling Eight million six hundred and thirty-six thousand nine hundred and seventy-four cedis, eighty-four pesewas [GH¢8,636,974.84] for the Ghana Broadcasting Corporation in the review period. Grounds upon which the transaction was entered into was not provided. There has also not been any attempt at payment/recovery by either party.

119. We advised management to speedily recover the amount of GH¢ 8,636,974.84 and furnish proof of recovery for audit attestation.

120. We also recommended to management to ensure that, all amounts owed the authority under transactions of similar nature are retrieved from the beneficiaries with documentary proof for audit verification.

***Use of NCA'S Funds to defray expenditure on MoC ICT Data Centre Initiated Projects & Consultancy Engagements. GH ₵16,583,157.36***

121. In the period under review we noted that the National Communications Authority [NCA] made payments totalling GH₵16,583,157.36 on behalf of the Ministry of Communication even though the NCA was not privy to the contracts and was not part of the processes leading to the award of the contracts. and hold the view that above practice should not be encouraged as it has the likelihood of fostering financial malfeasance and allows for payments which may not offer value to the taxpayer.

122. We also urged management to adequately resource the internal audit function of the NCA with a view to minimizing the risk of recurrence and also recommended to management to formally request the transaction originators to reimburse the NCA for payments made on their behalf.

***Weak controls over payment of fuel for staff vehicles-4,480 Gallons [20,160 litres of petrol]***

123. We found during our review that the NCA supplied fuel totalling 20,160 litres to staff members but failed to ensure that, the beneficiary staff used the vehicles for the purposes intended.

124. We recommend to management to recover the amounts from the affected staff and provide proof of recovery for audit verification otherwise the payments will be disallowed and all affected officers shall be surcharged accordingly.

125. We also entreated management and the NCA board to develop and implement a comprehensive policy on usage of staff vehicles, including the preparation and submission of quarterly/periodic returns by divisional and zonal heads on the usage and roadworthiness of beneficiary staff vehicles. The policy should provide for permissible periods for which staff vehicles could be off road after which payment of fuel and maintenance allowances should be suspended.

***Change of staff vehicles without notification to the NCA & failure to produce vehicles for audit inspection***

126. Regulation 2. of the Financial Administration Regulations 2004 LI 1802 provides among other things that the head of government department shall manage and operate the department's accounting systems, so as to ensure the accountability of all officers transacting such business and facilitate the efficient discharge of such business.

127. We found that certain staff members replaced their vehicles without notifying the Authority of the change. We also noted that, there is no approved policy on transport by the NCA board. In the absence of a transport policy there were no guidelines on the usage of staff vehicles.

128. We recommended to Management and the NCA board to develop and implement a comprehensive policy on use of staff private vehicles.

***Recognition of Rent Income for 2015= GHC 6,441,594.80***

129. The Authority leased part of its Head Office Building, the NCA Tower in Accra to Société Generalé GH. Ltd. and the Cal Bank GH. Ltd on 15<sup>th</sup> August 2015 and 1<sup>st</sup> September, 2015 respectively for a lease period of five (5) years at a rate of \$40.00 or its cedi equivalent per square meter. The Authority inadvertently recognized the total rental income receivable for the entire five-year period in the 2015 financial statement. As a result of the anomaly, income reported for 2015 was overstated, while income for subsequent years would be understated, thereby distorting the true and fair view of the financial statements.

130. We, therefore, recommended to management to pass the necessary adjustments to the financial statements to reflect its true state of affairs.

***Procurements activities outside the procurement process GHC 12,931,594.73***

131. We noted from our review of payment documentation covering the 2016 financial year sampled that, consultancy and other services totalling GH¢12,931,594.73 were paid for without recourse to proper procurement procedures.



132. We, therefore, urged management to discourage the practice and resource the NCAs procurement unit/officers to carry out procurement activities according to the procurement law. We also advised management to ensure that all procurement activities undertaken with public funds on behalf of the NCA are first captured in the entity's procurement plan.

***Payment for VAT with no VAT Invoice In Support GHC26,797.93***

133. We observed that the National Communications Authority (NCA) paid GH¢155,717.65 inclusive of value added tax (VAT) of GH¢ 26,797.93 to twenty [20] vendors for varied services rendered in the review period for which no VAT invoices were issued by the affected vendors.

134. We recommended to management to recover the GH¢26,797.93 paid to the affected vendors for onward remittance to the Ghana Revenue Authority with proof for audit validation, failing which the amount involved would be disallowed and surcharged against all officers responsible for the anomaly. We further recommended that controls over payment processing should be tightened to avert recurrence.

***Un-planned Procurements [Construction of ICT Data Centre] GHC4,408,918.09***

135. We observed that, vendors listed in table 13 of this report, were paid various sums of money allegedly for the construction of ICT data centres at locations which we are yet to ascertain. We did not find information on the procurements in the NCAs procurement plan for the review period. We sought to obtain the procurement files from the NCAs procurement unit but found nothing.

136. We urged management to discontinue the practice of usurping the functions of the procurement unit forthwith and to ensure that all procurement activities are properly captured in the procurement plan of the NCA.

137. We further entreated management to furnish the requisite files/documentation on the procurement activities listed above for our review and action as necessary failing which all related expenditure would be disallowed and responsible officers surcharged accordingly.

***Payment of VAT to Messrs KPMG as NCAs 800MHZ Band Spectrum Auctioneer with no VAT Invoice in support GH¢43,750.00***

138. We noted that Messrs. KPMG were engaged by the National Communications Authority as Auctioneers to auction frequency license in the 800 MHZ Band at a contract price of GH¢578,443.14 inclusive of VAT/NHIL of GH¢78,443.14. Our review disclosed, contrary to Income Tax laws that VAT invoice number 14/3997195 dated 05/01/16 was issued to cover VAT of GH¢34,693.14. The difference of GH¢43,750.00 of the VAT component of the contract sum paid to the auctioneers was not supported with a VAT invoice.

139. We advised management to recover the amount involved from KPMG. pay same to the GRA and furnish proof of recovery and consequent payment to the GRA for audit verification.

## **ELECTORAL COMMISSION**

140. The Commission, in 2016, awarded a contract for construction of 100 District Offices for US\$15,127,362.53, instead of US\$8,250,000 approved by Public Procurement Authority, based on the Commission's own request, leading to unjustified budget overrun of US\$6,877,362.53. Again, the Commission paid an amount of GH¢4,185,688.08(including the cost of consultancy) for partitioning and to fit-out its new Head office block, as against the budgeted amount of GH¢700,000.00, resulting in unjustified expenditure of GH¢3,485,688.53.

141. We advised Management to restrict its expenditures to amounts approved in the budget but not probable inflows, and to employ prescribed procedure to prepare and procure approval for supplementary estimates should the need arise. We also encouraged management to seek retrospective approval from the Minister to regularise the expenditures, failing which section 98 (1) of the Public Financial Management Act, 2016 (Act 921) shall be enforced.

142. We noted during our audit that, the Commission did not withhold tax at the rate of 20% on the allowances paid for electoral activities resulting in a tax liability of GH¢10,424,460.00. We recommended that, Management should seek retrospective waiver from Parliament to cover this amount, failing which the Commission should pay the amount of GH¢10,424,460.00 to the Commissioner General of the Ghana Revenue Authority by 31 December, 2018 and

subsequently recover the amount from the payees, otherwise, the authorising and the paying officers shall be surcharged with the amount involved.

143. The Commission paid a total amount of GH¢3,798,387.31 to INOCON Ltd, for the construction of Fit-out of the new Head Office of the Electoral Commission. The payment included contingency provision of GH¢212,651.91 without any document showing fund approval, utilization and accountability. We urged Management to recover the amount of GH¢212,651.91 from INOCON LTD and pay same into the Commission's accounts within 30 days from the date of the management letter, submit the pay-in-slip to our office for verification, failing which, the approving and the authorizing officers together with the contractor shall be surcharged with the amount involved.

144. Contrary to Government of Ghana directives contained in Ministry of Finance's circular NO. BUD/CON/21/2014, dated 18<sup>th</sup> February, 2014, the Commission awarded various contracts totalling US\$60,304,736.53 during the review period without clearance from the Ministry of Finance. We advised Management to comply with all legislation and Government circulars/directives that govern contract awards in other to avoid the risk of breach.

145. We noted from the review of the Commission's budget for 2016 that, Parliament approved a total amount of GH¢10,849,097.00 for capital expenditure. The Commission however, expended a total amount of GH¢110,947,849.29 on Non-Current Assets (CAPEX), resulting in budget overrun totalling GH¢100,098,752.29 (923% more than the approved budget). This is because the Commission budgeted for Non-Current Assets (CAPEX) under operational activities, contrary to Ministry of Finance budget guidelines. We recommended to Management to prepare realistic budgets for its activities while adhering to approved budget guidelines, and following laid down virement procedures when the need arises.

146. Four suppliers added a total of GH¢248,101.67 as VAT/NHIL to the cost of goods and services supplied to the Commission without issuing VAT invoices to account for the VAT/NHIL charged, contrary to Section 41(1) of the Value Added Tax Act 2013, Act 870. We advised Management to comply with the VAT Act in all future procurement transactions. We advised management to obtain the VAT invoices covering the total amount of GH¢248,101.67 from the suppliers within 30 days after the receipt of the management letter, failing which the

charge shall be disallowed, and the authorising and the approving officers shall be surcharged with the amount involved.

147. Our review of the Commission's non-tax revenue activities revealed that, lodgements of cash revenue to the bank delayed for periods ranging between 2 and 18 days. This was made possible due to lack of segregation of duties. We urged Management to segregate activities on non-tax revenue collections among different accounts officers. We also recommended that the head of Accounts should, effectively supervise the work of the Accounts officers in charge of non-tax revenue collections to ensure that, all moneys collected are banked promptly as required by law.

148. Contrary to Regulation 126 of the FAR 2004 (L.I. 1802), we noted that, 21 service providers of the Commission supplied goods and services to the tune of US\$36,857,701.50 and GH¢89,085,085.35 without evidence of statutory charges such as import duties and VAT/NHIL. Management did not also provide documentation to show that the affected suppliers are exempt from paying the stated taxes. We urged Management to seek retrospective approval from Parliament as early as possible or, recover the amount from the suppliers, failing which the approving and authorising officers shall be surcharged with the amount.

149. Due to weak internal control over expenditure, we noted that US\$45,966,774.00 was spent in the review period without approval/authorization by the Chairperson of the EC. Additionally, a total of GH¢371,099,137.00 was transferred from the Commission's GIFMIS Sub-Consolidated Accounts into the Commission's operations accounts for electoral activities, without the authorisation by the Chairperson. We recommended that, the Chairperson who is the Principal Spending Officer should authorise memo/transaction initiation request, bank transfers and payment vouchers before payments are made.

150. Management delayed in submitting, the financial statements for 2016 and 2017 financial years to the Auditor-General for validation. The 2016 financial statements were presented after an audit observation had been issued, whilst the 2017 one was submitted during the exit conference. As a result, we could not validate the 2017 financial statements to enable us express our opinion. We advised Management to ensure that subsequent year financial

statements are submitted by the end of the second month after the end of each financial year, as required by the Section 80(1) of the Public Financial Management Act, 2016(Act 921).

151. The Commission is yet to occupy the nine-storey office complex, allocated to it by Government in 2016. The continuous neglect of the facility could lead to deterioration of the fixtures and fittings. We urged Management to occupy the office complex or, return the facility to Government.

152. There was no Agreement between the Electoral Commission and Bysystem Limited who obtains Electoral Data from the Commission and offers it to the Financial Institutions for a fee. We further noted that, Bysystem Ltd. failed to remit the 20% commission due the Electoral Commission, in respect of charges for accessing the data, for the 2016 and 2017 financial years. We recommended to management to furnish the Agreement on the existing contract if any, for our review. We also urged management to recover all outstanding commission due the Electoral Commission within 30 days from the date of the management letter; failing which the contract is should be abrogated and the persons who approved and authorised the transaction, surcharged accordingly.

153. We reviewed Contract files and found that, three directors of the Commission who are members of the Entity Tender Committee (ETC) doubled as members of Tender Evaluation Panels and evaluated several tenders, contrary to section 2.6.1 of the Procurement Manual on the Public Procurement Act, 2003 (Act 663). We recommended to the Commission to discontinue the practice and ensure that Tender Evaluation Panels are empanelled in accord with Public Procurement law prescriptions with the view to ensuring transparency in the procurement process.

154. We reviewed 40 contracts awarded by the Commission and noted that 30 of them exceeded the Entity Tender Committee's approval threshold. The Commission did not refer them to the Central Tender Review Board for sanctioning. We urged Management to refer all the affected contracts to the Central Tender Review Board for ratification within 30 days from the date of this management letter, and our office notified, failing which the expenditure may be disallowed and the authorizing and paying officers surcharged.

155. We found obsolete stores such as Computers, Photocopiers, Polaroid Cameras, printers, UPS, Steel Cabinets and other consumables occupying precious space and gathering dust at the Head Office and five Regional office stores. We recommended to Management to dispose of the items, as early as possible to avoid congestion, further deterioration and to minimise the risk of the items losing value.

156. We noted that the general environment of the stores of the Commission (Head Office and Regions) are not conducive for keeping electoral items. We recommended to, the Head of Administration to ensure that, the Commission's stores are, kept clean at all times. We also recommended increased supervision over the store keeping function.

157. There was no Board of Survey to dispose of 82 vehicles, which have become unserviceable and parked in the Regional offices thus, exposing them to the vagaries of the weather and thereby facilitating their deterioration. We recommended that Management convene a Board of Survey to evaluate these vehicles, to ensure early disposal.

158. Contrary to section 52(3a&b) of the Public Financial Management Act, 2016 Act 921, Management did not maintain Asset/Inventory Registers to keep track and ensure proper custody of the Commission's assets. We urged the Head of Accounts to ensure that an officer is assigned the responsibility of recording all the Commission's assets, including the required detailed information in an asset register and provide proof for audit verification.

## PART II

### DETAILS OF FINDINGS AND RECOMMENDATIONS

#### CHARTERED INSTITUTE OF TAXATION, GHANA

##### Failure to account for imprest – US\$5,900.00 and GH¢12,900.00

167. Regulation 288 (1) of the Financial Administration Regulations [FAR], 2004 LI 1802 states, “imprest shall be retired at the close of a Financial year and any imprest not so retired shall be adjusted to a personal advance account in the name of the imprest holder.”

168. We noted that five Council Members did not retire imprest of US\$5,900.00 granted them to represent the Institute at a Tax conference in Nigeria. The amount was to cater for accommodation and contingencies. We further noted that, three officers and the Annual Tax Conference (ATC) Committee of the Institute is yet to retire total imprest of GH¢12,900.00 granted them to organise the Annual Tax Conference (ATC) for the year 2017. Details are shown in the tables below.

**Table: Foreign travel imprest not accounted for**

Date	Description	P.V No.	CHQ. No.	Amount (US\$)	Payee	Remarks
17/02/2017	Cost of per diem and accommodation for 3 members of council to travel to Abuja	33	130485/6/7/8/9	3,000.00	Aryeetey, Afflu & Akpakli	The amount quoted excludes Per diem
11/07/2017	Per diem, accommodation & T&T for the Lagos trip and back	158	527821/2/3	1,800.00	President, Hon. Sec	The amount quoted excludes Per diem
11/07/2017	Per diem, accommodation & T&T for the Lagos trip on 16/07/17 to 18/07/17	162	527828	600.00	Edward Kwasi Akpakli	The amount quoted excludes Per diem
11/07/2017	Contingency expenses in connection with the Lagos trip	163	527829	500.00	Fred Tetteh	
Total				<b>5,900.00</b>		



**Table: ATC and general imprest not accounted for**

Date	Description	P.V No.	CHQ. No.	Amount (GH¢)	Payee
14/02/2017	ATC related expenses ( imprest )	28	1304480	1,800.00	Fred Tetteh
05/01/2017	Imprest request for 2017 ATC	5	130455	3,000.00	Stephen Narh
05/01/2017	General accountable imprest	1	130450	3,000.00	Stephen Narh
16/03/2017	Imprest for ATC errand for Chairman & co for sponsorship	48	968202	1,000.00	ATC Committee
31/03/2017	Imprest for expenses relating to resource persons search for ATC 2017 & new council	61	968218	2,500.00	Fred Tetteh
20/04/2017	ATC related expenses for the chairman	83	968242	1,600.00	Fred Tetteh
<b>Total</b>				<b>12,900.00</b>	

169. The irregularity was due to the Accountant's failure to ensure that, the payees account for the imprest granted them.

170. As a result, we could not confirm whether these expenditures were made for the intended purpose. The practice if not checked, could lead to fictitious claims and engender abuse of the imprest system.

171. We advised management to ensure that all defaulters, properly retire the imprest granted them within 10 days from the date of the management letter; failing which the amount of GH¢12,900.00 may be disallowed and the officials surcharged accordingly. We will disallow the unreturned sum of US\$5,900 and ensure that the council members are surcharged accordingly.

172. Management accepted our observation and explained that, it was an omission.

**Staff loans not budgeted for - GH¢20,500.**

173. Section 30 (1) of the Public Financial Management Act 2016, (Act 921) states that, "a principal spending officer shall plan and manage the activities of a covered entity in accordance with the policy statement and financial estimates of that covered entity."

174. In contravention of the legislation cited above, management granted staff advances amounting to GH¢20,500.00 during the period. The expenditure was however, not provided for in the Institute’s budget for the year.

175. Expenditure outside the Institute’s estimates constitutes financial indiscipline; could lead to budget overrun and distort planned activities.

176. We advised Management to restrict its expenditures to its approved budget and use due process to prepare and obtain approval for supplementary estimates should the need arise.

177. Management responded that, it was an oversight and said the anomaly would be corrected in the 2018 supplementary budget to be submitted to the Council.

**Payment without receipts and signed claim forms - GH¢22,500.00**

178. Regulation 39 (c) of FAR, 2004 (L.I. 1802) states, “The head of the accounts section of a department shall control the disbursements of funds and ensure the transactions are properly authenticated to show that the amounts are due and payable.”

179. Our examination of payment vouchers disclosed that, 12 payments totalling GH¢22,500.00 were made without relevant supporting documents to authenticate them. The vouchers were without receipts and claim forms showing names, amount received and signatures of beneficiaries. Details shown in the table below.

**Table: Payments without receipts and recipient acknowledgement**

Date	Description	P.V No.	CHQ. No.	Amount (GH¢)	Payee
3/31/2017	Transportation allowance for members of special committee for court professional advice	60		1,200.00	Stephen Narh
8/23/2017	Honorarium for ATC presenters	206	527875	3,000.00	Presenters ATC
8/23/2017	Honorarium for ATC chairman	207	527876	3,000.00	ATC Chairman
8/23/2017	Honorarium for media for the discussants	208	527877	1,800.00	Discussant ATC

8/23/2017	Honorarium for media for the opening ceremony	209	527878	3,000.00	Media
8/23/2017	Cost of group photograph	211	527880	1,000.00	Cobby Photo
8/23/2017	Cost of live band performance for 2017 dinner	214	527883	2,000.00	Custom band
8/23/2017	Being honorarium for special guest of honour at Tax conference		527890	600.00	Emma Sarkodie
8/23/2017	Payment for being a rapporteur at the Tax Conference	219	527888	500.00	L. C. T. Zauku
8/23/2017	Payment for being a rapporteur at the Tax Conference	220	527889	500.00	Aisha Gyasi
8/23/2017	GRA assisted drivers (9) honorarium in connection with the busing of foreign delegates	227	527897	3,900.00	GRA Drivers (9)
8/23/2017	Honorarium for office staff	245	527898	2,000.00	Staff
Total				<b>22,500.00</b>	

180. The omission was due to weak supervisory control over payment processing and imprest retirement.

181. We urged Management to provide the relevant receipts and signed claim forms supporting the payments within 10 days after the receipt of the management letter for our review, failing which the authorising and the paying officers shall be surcharged with the amount involved.

182. Management said, it was an omission on behalf of the organisers of the 2017 ATC. The recommendation was however, noted.

### **Non-maintenance of stores records**

183. Regulation 1(1) of FAR, 2004 requires any public officer who is responsible for the receipt, custody and disbursement of public funds and trust monies, to keep proper records of all transactions.

184. Regulation 0502 (a) of the Stores Regulations, 1984 also states that, “when goods are received, it is necessary to ensure that the receipt transaction is immediately recorded on the appropriate ledger and tally cards”.

185. Regulation 0604 of the same Stores Regulations further requires that, issue of stores should be made on a properly signed stores issue voucher (SIV), and upon properly authorised requisition.

186. We noted that, the Institute did not keep Stores records and documentation on stores in the review period, as a result we could not confirm the receipt and efficient use of the store items procured in the period under review.

187. Ineffective supervision exercised by the Registrar over the accounting officer has resulted in this anomaly.

188. The omission could lead to internal control overrides while unsupplied store items could go unnoticed.

189. We recommended to the Registrar to increase supervision over the accounting and stores function and ensure that Store items received are duly recorded in the store ledgers, while corresponding issues are supported with store requisition/issue vouchers.

190. Management noted our recommendation for implementation.

## **GHANA BROADCASTING CORPORATION**

### **Introduction**

191. This report relates to the validation of Internally Generated Funds of the Ghana Broadcasting Corporation (GBC) for the period 1 January 1993 to 31 December 2017.

### **Under disclosure of revenue from 2014 FIFA World Cup- GH¢3,464,878.59**

192. Regulation 19 (1) of the FAR, 2004 requires, “the head of a department to fully disclose All Non-Tax Revenue collected, lodged or retained as part of the monthly report to the Minister.”

193. Regulation 19(2d) further states that, ‘a disclosure under Sub-Regulation (1) shall cover Non-Tax Revenue including Internally Generated Fund due but not collected.

194. We noted during our review that Optimum Media Prime Limited (OMP) who was engaged by the Ghana Television Consortium as its Marketing Agent, submitted a statement in June 2014 which showed total sponsorship of GH¢14,985,000.00 net of VAT for the 2014 FIFA World Cup. However, GBC only disclosed GH¢3,800,000 in its financial statements for the year ended 2014.

195. The then Acting Director of Finance, Elvis Nyaaba Anaba in a memorandum dated 23<sup>rd</sup> March, 2015 addressed to the Director of Internal Audit, identified seven (7) issues in connection with OMP's income and expenditure, and requested for clarification and supporting documents. But there was no response to his request from the members of the Consortium from GBC.

196. Management's failure to comply with Regulation 19(1) of the FAR contributed to the partial disclosure of the revenue.

197. We urged management to account for the shortfall in revenue, and update the 2014 financial statements to reflect the short fall. Failure of which the members who represented GBC on the Ghana Television Consortium meetings shall be surcharged accordingly. Below are the list of the GBC representatives on the Ghana Television Consortium meetings.

**List of GBC representatives for the Television Consortium Meetings**

No.	Name of Officer	Position
1	Major Albert Don-Chebe (Rtd)	Chairman
2	Mr. Berifi A. Apenteng	Chairman
3	Mrs. Francisca Ashietey-Odunton	Member
4	Mr. George Lomotey	Co-ordinator
5	Mr. Peter Opoku Mensah	Member
6	Elvis Anaba	Member

Sources: Minutes of the consortium

198. Management responded that a letter had been written to OMP to provide them the full details of the World Cup activities.

199. We however, stand by our recommendation which is evidenced by documents from OMP to GBC.

### **Variation of Agreement without Approval by the Consortium**

200. Clause 5 (a) of the agreement made on 26<sup>th</sup> June, 2013 and signed between the Consortium and Optimum Media Prime Limited stated that, “All payments by Advertisers shall be made by cheque drawn in favour of GBC without any deductions whatsoever.”

201. Clause 5(c) further states that “ Net revenue shall be distributed as follows:

- i. 12.5% to OMP, and
- ii. 87.5% to the Consortium

202. However, our audit disclosed that, the advertisers’ cheques were not drawn in favour of GBC but OMP. OMP was paid 14% commission inclusive of 1.5% performance fee, on net sales of VAT amounting to GH¢9,130,000 before deduction of expenses contrary to the agreement.

203. There was also no evidence for the remittance of VAT/NHIL of GH¢1,597,750 and the withholding tax of GH¢228,250 paid by OMP.

204. The Corporation’s representatives on the consortium acted negligently in the discharge of their duties.

205. The Corporation’s revenue could be affected negatively as there is no evidence of approval of the variations.

206. We urged management to furnish the team with the approvals for the variation in the contract clauses for our review, and also obtain copies of the bank statement in which advertisers’ cheques were deposited, receipts from GRA for the remittances of VAT/NHIL and 2.5% withholding tax to Ghana Revenue Authority.

207. We also advised management to be more vigilant in future by ensuring that terms of agreements are strictly adhered to by all parties.

208. Management, except for the cheque drawn in favour of the OMP instead of GBC, did not provide evidence to support the variation.

#### **Payment of GH¢91,300.00 into an Unknown Zenith Bank Account**

209. Management of the Corporation failed to provide bank details such as account number, names and specimen of the authorised signatories for a saving account in which an amount of GH¢91,300.00 was deposited for the Ghana Television Consortium of which GBC was entitled to 54%.

210. According to the Director of Internal Audit who was a member of the Consortium Committee, the savings account opened at the Zenith Bank, Diamond House branch had been in existence since the 2010 World Cup. It was reactivated in 2014 but no one could furnish him with the list of authorised signatories and the account number.

211. We urged management to provide the bank details of the savings account along with copies of the bank statement from its inception to 28<sup>th</sup> February, 2018. Failure of which the representatives on the Consortium should be made to refund the GH¢49,302 (54% of GH¢91,300) meant for the Corporation.

212. Below is the list of GBC representatives on the Ghana Television Consortium meetings:

Name of Officer	Position
<b>Major Albert Don-Chebe (Rtd)</b>	Chairman
<b>Mrs. Francisca Ashietey-Odunton</b>	Member
<b>Mr. George Lomotey</b>	Coordinator
<b>Mr. Peter Opoku Mensah</b>	Member
<b>Elvis Anaba</b>	Member
<b>Mr. Ebenezer Botwi</b>	Member

#### **Missing Announcement Log Sheets for 2014 and 2015**

213. Regulation 1 of the Financial Administration Regulations, 2004 (L.I 1802) requires, “any public officer who is responsible for the conduct of financial business on behalf of government to keep proper records for inspection when called upon to do so by the Minister,

the Auditor-General, the Controller and Accountant-General or any officer authorised by them.”

214. We had discussions with the Schedule Officer and the Director of Marketing and noted that there were no log sheets for 2014 and 2015. Our checks revealed that no records were kept by the then Director of Marketing during his tenure as divisional head.

215. We were, therefore, unable to ascertain the completeness and accuracy of the amount of GH¢174,911.68 shown in the ledger details for announcement in 2014.

216. We advised the Director of Marketing to ensure proper custody of value books and urged management to furnish the log sheets for audit review; failing which the Director of Marketing should be sanctioned in accordance with Regulation 8 of the FAR for financial indiscipline.

217. Management did not respond to the observation.

**Under invoicing of properties rented out to British Broadcasting Corporation (BBC) - GH¢93,203.53**

218. Regulation 2 (a) of the Financial Administration Regulations 2004, (L.I 1802) requires any public officer serving as a head of a government department, to manage and operate the department’s accounting systems, so as to ensure the accountability of all officers transacting such business and facilitate the efficient discharge of such business.

219. We noted during our review of invoices that in 2017, BBC co-located at Adjangote and Sekondi at a total cost of US\$55,000.00 per annum. Invoice no. 10097 dated 19/04/2017 with a value of GH¢136,074.97 was however submitted to BBC as rental cost, instead of GH¢229,278.50 (US\$55,000 @ 4.1687). According to the schedule Officer Mr. Vincent Abban, the cost was officially amended but we were not provided with any documents to ascertain the veracity of the claim.



220. Amendment of original contract values without any justification and authorisation could lead to suppression of revenue by GH¢93,203.53 (GH¢229,278.50- GH¢136,074.97) which might lead to a loss to the Corporation.

221. We urged the Acting Director of Finance to provide justification and authorisation for the amended contract values for our review. Should the above fail, surcharge procedures would commence to recover the sum of GH¢93,203.53 and any interest thereon from Mr. Vincent Abban.

222. Management stated in its response that a new agreement was reached between GBC and BBC to bill for co-location and electricity separately at US\$37,989 and US\$16,790.42 respectively, thus amending the cost to US\$54,779.42.

223. Management did not provide the inspecting team with a copy of the new contract neither was there proof of ledger postings/updates to reflect the alleged changes.

224. We still stand by our earlier recommendation.

#### **Absence of Transmission Certificates**

225. The Corporation's accounting manual stipulates that Transmission Certificates (TCs) are to be raised and based upon it an invoice is issued as evidence of services provided to the client.

226. We observed that the Corporation does not raise Transmission Certificates for activities such as crawler messages, news coverages and walk-in clients even though it is able to bill the clients for the cost of the activity transmitted.

227. The absence of a system to track and record such activities accounted for this lapse.

228. In the absence of TCs, effective monitoring of these activities cannot be ensured and total time allocated and billed cannot be ascertained. This may result in under billing and loss of revenue to the Corporation.

229. We urged management to put in a system to track and record these activities to enable the issuance of TCs to make the billing more transparent.

230. Management presented only 70 out of the 155 TCs.

### **Improper record keeping on TV Licence Booklets**

231. Regulation 1202 of the Stores Regulations, 1984 requires regular effective stock taking throughout the year to ensure that records reflect the true position.

232. We noted discrepancies in the quantities of TV Licence Booklets salvaged from the fire outbreak at the GBC stores in 2017. The quantities of TV License Booklets reported after the fire outbreak were different from tally card recordings after the event as shown in the table below:

No.	Date	Denomination GH¢	Tally card (salvaged)	Salvaged from fire outbreak report	Difference
1	Jun-17	36.00	6,000	4,997	1,003
2	Jun-17	60.00	621	616	5
3	Jun-17	240.00	108	113	(5)
4	Jun-17	9.00	419	422	(3)
5	Jun-17	15.00	399	400	(1)
6	Jun-17	20.00	398	300	98

233. We also noted that, there were differences in the closing inventory of TV Licence Booklets for 2017. The tally cards balances were different from the stock count balances.

Below are the details:

#### **Differences in 2017 Closing Inventory of TV License Booklets**

No.	Date	Denomination (GH¢)	Tally card	Stock count	Difference
1	Dec-17	36.00	2,673	2,703	(30)
2	Dec-17	60.00	154	330	(176)
3	Dec-17	240.00	8	42	(34)
4	Dec-17	20.00	111	120	(9)

234. We advised management to update the bin cards and ensure regular reconciliation between physical stock and bin card balances to prevent discrepancies in the future.

235. Management is yet to respond to this observation.

### **Absence of Signed Contract for Rental of Mast and Digital Terrestrial Transmission**

236. Regulation 1 of the Financial Administration Regulations, 2004 (L.I. 1802) requires, “any public officer who is responsible for the conduct of financial business on behalf of government to keep proper records for inspection when called upon to do so by the Minister, the Auditor-General, the Controller and Accountant-General or any officer authorised by them.”

237. The Corporation’s accounting manual also requires that after approval of rental by the Director-General a contract should be signed before granting of permit to the client.

238. During our review of rental income, we observed that out of a total of 53 Clients who were given approval for co-location on GBC mast and Digital Terrestrial Transmission (DTT) platform for the period between 1<sup>st</sup> January 2015 and 31<sup>st</sup> December 2017, forty-nine (49) clients had no signed contract but had been issued with invoices.

239. The failure of the Director-General and the Director of Legal Services to implement the provision as enshrined in the Corporation’s procedure for generating rental revenue per its accounting manual after approval was the cause.

240. We urged the Acting Director-General and the Director of Legal Services to take urgent steps to sign these rental agreements with the tenants to minimise the risk of loss of revenue and avoid unnecessary litigations.

241. Management did not respond to the observation.

### **Invoices not captured in Customer Ledgers – GH¢690,528.03 and US\$2,876.92**

242. Regulation 2 (d) of the FAR, 2004 requires the head of government department to secure the due and proper collection of government revenue collectable by the department.

243. We noted during our review of Adverts and Rental ledgers that 14 invoices amounting to GH¢690,528.03 and US\$2,876.92 were omitted from the customer ledgers. Details are as shown below:

No	Client Name	Classification	Invoice Date	Invoice No.	Income for 2014 GH¢
1	NCA	Adverts	1/9/2016	INV-C6001759	143,580.30
2	NCA	Adverts	1/9/2016	INV-C6001769	203,367.83
3	HTG	Co-location	16/04/2014	GBC/Finance/Revenue/85	17,974.47
4	HTG	Co-location	15/04/2014	GBC/Finance/Revenue/85	17,974.47
5	HTG	Co-location	15/04/2014	GBC/Finance/Revenue/85	9,611.35
6	Airtel	Co-location	10/7/2014	GBC/Finance/Revenue/101	18,480.00
7	GS Telecom	Co-location	14/05/2014	GBC/Finance/Revenue/101	3,060.59
8	GS Telecom	Co-location	17/03/2015	GBC/Finance/Revenue/209	7,586.35
9	NGB	DTT	N/A	N/A	74,344.00
10	NGB	DTT	N/A	N/A	37,172.30
11	NGB	DTT	N/A	N/A	51,173.60
12	NGB	DTT	N/A	N/A	96,000.00
13	Global Village	DTT	21/08/2014	A/9535942	10,212.77
<b>Total</b>					<b>690,538.03</b>

No.	Client	Classification	Invoice Date	Invoice Reference	Income for 2014 US\$
12	K-NET	Co-location	10/1/2014	GBC/DOF/MAST/14/005	2,876.92
<b>Total</b>					<b>2,876.92</b>

244. This could result in the loss of GH¢690,528.03 and US\$2,876.92 to the Corporation.

245. We recommended that the Acting Director-Finance should review and update the client's ledger to reflect the true position.

246. Management stated in its response that the omission of the GH¢346,738.13 from the ledgers of NCA was a system error and so reconciliation was done manually before client

statement was printed for the adverts. We couldn't confirm this reconciliation since the attached statement did not contain the omitted invoices.

### **Late Submission of Financial Statements**

247. Section 41 (1) of the Financial Administration Act, 2003, (Act 654) requires heads of departments to within a period of 3 months or such periods as Parliament may approve after the end of the Financial year prepare and transmit to the Auditor-General, the Minister and the Controller and Accountant-General accounts of the department.

248. Section 80(1) of the Public Financial Management (PFM) Act, 2016 (Act 921) also requires a Principal Spending Officer of a Corporation to submit within a period of two (2) months after the end of the financial year to prepare and submit to the Controller and Accountant-General and the Auditor-General its financial statements.

249. We advised management to adhere strictly to the Act and produce the financial statements for audit purposes on time or be sanctioned for breach of financial discipline as prescribed by regulation 8 of the FAR.

### **Failure to Provide Supporting Documents**

250. We requested for documents and schedules to enable us review transaction samples selected on the Corporation's Internally Generated Funds covering the period 2014 to 2017. As of February 2019, the Acting Director of Finance had not produced the requested documents.

Poor filing and apathy on the part of the schedule officers accounted for the anomaly. The absence of supporting documents culminated in undue delays. We were therefore unable to conclude the audit.

251. We urged management to provide the needed documents to aid speedy completion of the audit.

## GHANA EXPORT PROMOTION AUTHORITY

### Opening and Operation of Bank Accounts without approval from Controller and Accountant-General

252. Section 51 (1) & (2) of the Public Financial Management Act, 2016 (Act 921) stipulates that “A bank account shall not be opened for any covered entity without the written approval of the Controller and Accountant-General. Subject to the written approval of the Controller and Accountant-General, a bank account shall not be opened to receive or spend public funds”.

253. We noted that in 2017, the Authority opened three bank accounts with the First Atlantic Bank, Accra, designated as operational accounts, without prior approval from the CAG as required by financial regulations. Below are the details:

Bank name:	Name of account:	Bank account number:	Date Opened	Category A Signatories	Category B Signatories	Purpose
First Atlantic, Head Office	Main A/C	*****101014	April 2017	Hon. Gifty Klenam & Mr. Eric Twum and Afua Asabea Asare & Samuel Dentu	Kwadwo Adubofour & Bernice Ampofo	For adm. expenses
First Atlantic, Head Office	USD A/C	*****112032	July 2017	Hon. Gifty Klenam & Mr. Eric Twum and Afua Asabea Asare & Samuel Dentu	Kwadwo Adubofour & Bernice Ampofo	For Foreign Travels
First Atlantic, Head Office	Executive A/C	*****101025	July 2017	Hon. Gifty Klenam & Mr. Eric Twum and Afua Asabea Asare & Samuel Dentu	Kwadwo Adubofour & Bernice Ampofo	For payment of Executives' Salaries

254. The former Executive Secretary [ES] and the Director of Finance indicated that the main account was opened several years ago but had remained dormant until reactivated in April 2017 and two other sub accounts created for specific transactions. The bank accounts in question which management alleged had been in operation between 2012 and 2016 were missing from details of the Authority’s bank accounts provided in the 2017 financial statements.

255. The anomaly occurred because management contravened public financial management legislation on opening of bank accounts.

256. We advised management to regularise the anomaly by seeking approval of the C&AG. We further urged management to ensure compliance with legislation prescribed for the effectual conduct of public financial business.

257. Management agreed with our recommendation.

**Insufficient documentation on the 10% of 0.75% Import Levy received from the EXIM Bank – GH¢32,949,957.57**

258. Regulation 2 of the FAR, 2004 (L.I. 1802) provides that “The head of government department shall secure the due and proper collection of government revenue collectable by the department within the terms of any enactment or of instructions issued or approved by the Controller and Accountant-General”.

259. Section 29 (1-4) of the Ghana Export-Import Bank Act, 2016 (Act 911) states “There is imposed by this Act a levy to be paid by importers on the dutiable value of any product imported for commercial purposes except petroleum products. The levy shall be 0.75 percent of the cost, insurance and freight value of the import out of which 90 percent shall form part of the sources of moneys for the Bank and 10 percent shall be paid directly to the Ghana Export Promotion Authority. The levy shall be collected by the Ghana Revenue Authority from the importer at the port of entry. The Commissioner responsible for the Customs Division of the Ghana Revenue Authority shall pay the levy collected under this section into an account specified by the Board and the Ghana Export Promotion Authority respectively”.

260. We noted that between April 2017 and June 2018, the Authority received a total amount of GH¢32,949,957.57 from the EXIM Bank as its 10 percent share of the 0.75 percent Import Levy. We also observed that the Authority, was not provided with documentary evidence such as transactions report or funds release advice from the EXIM Bank or the Commissioner of the Customs Division of GRA to confirm the amount.

261. We further noted that management did not request documentary proof from the GRA or the EXIM Bank to confirm the veracity or otherwise of amounts transferred to the Authority; we also noted that there were no guidelines on the utilization of the levy. See table below for transaction summary.

Date	GCR No./ Ref.	Received From	Amount GH¢	Bank A/C
24/04/2017	7092109	Ghana EXIM Bank	100,000.00	1ST Atlantic Main Project
24/04/2017	7092110	Ghana EXIM Bank	100,000.00	„
24/04/2017	7092111	Ghana EXIM Bank	100,000.00	„
24/04/2017	7092112	Ghana EXIM Bank	100,000.00	„
24/04/2017	7092113	Ghana EXIM Bank	100,000.00	„
18/05/2017	TRANSF 1	Ghana EXIM Bank	4,000,000.00	„
09/06/2017	BS600118	Ghana EXIM Bank	2,772,800.27	Prudential Bank, Project
12/07/2017	BS930022	Ghana EXIM Bank	1,664,171.70	„
26/09/2017	690026	Ghana EXIM Bank	5,096,972.57	„
18/10/2017	-	Ghana EXIM Bank	1,562,809.68	„
08/11/2017	BS20020N	Ghana EXIM Bank	2,235,462.08	„
07/12/2017	410064	Ghana EXIM Bank	1,974,393.60	„
		<b>Sub Total - 2017</b>	<b>19,806,609.90</b>	
08/01/2018	TRANSF	Ghana EXIM Bank	1,037,560.75	„
10/10/2018	TRANSF	Ghana EXIM Bank	2,143,332.14	„
09/02/2018	TRANSF	Ghana EXIM Bank	2,055,382.82	„
07/03/2018	TRANSF	Ghana EXIM Bank	1,942,947.47	„
06/04/2018	TRANSF	Ghana EXIM Bank	1,798,842.49	„
08/05/2018	TRANSF	Ghana EXIM Bank	1,946,447.04	„
07/06/2018	TRANSF	Ghana EXIM Bank	2,218,834.96	„
		<b>Sub Total - 2018</b>	<b>13,143,347.67</b>	
		<b>Grand Total</b>	<b>32,949,957.57</b>	

262. As a result, we could not confirm whether the amounts received during the period, represents the true and appropriate 10 percent share of the Import Levy due the Authority for the period.

263. We recommended that such releases should be supported with evidence of the total 0.75 percent Import Levy received by the Commissioner-General of GRA and EXIM Bank whilst clear guidelines are set for the management and utilization of levies collectable from the EXIM Bank.

264. Management agreed with the recommendation and said processes will commence with the Minister of Trade and Industry through the governing Council for Guidelines on the utilization of the Levy.



**Unsubstantiated/Unjustified Payments to members of Parliamentary Select Committee - GH¢192,400.00**

265. Section 7 (1) of the Public Financial Management Act, 2016 (Act 921) states that “A Principal Spending Officer of a covered entity shall (a) ensure the regularity and proper use of money appropriated in that covered entity”.

266. Regulation 39 (2) (c) of the FAR, 2004, (L.I 1802) also stipulates that “the head of account section of a department shall control the disbursement of funds and ensure that transactions are properly authenticated to show that amounts are due and payable”.

267. We noted to the contrary of the legislation referred to above that, between August and December 2017 the Authority made payments to the tune of GH¢192,400.00 described as honorarium, courtesies & protocols; special and sitting allowances to all the members and supporting staff of Parliamentary Select Committees on Trade, Industry and Tourism; Finance and the Women’s Caucus in Parliament. Ironically, management could not justify the payments.

268. Our review further disclosed that Committee members did not sign the claim sheets to acknowledge receipt of the monies purportedly paid to them. We also found the activities for which payments were made including working visits to the Authority by Committee members, courtesies & protocols before Parliament went on recess, special allowances to organize special programmes and sitting allowances for meeting untenable. Transaction details are provided in the table below:

PV. No.	Date	Payee	Details	Amount GH¢	Remarks
<b>PV060/196</b>	24/8/2017	Fin. & Adm. (Cash)/ Parliamentary Select Committee on Trade, Industry and Tourism	Honorarium to the Parliamentary Select Committee on working visit to GEPA	12,400.00	Payees did not sign to acknowledge receipt of the monies paid.
<b>PV019/242</b>	14/9/2017	Fin. & Adm. (Cash)/ Parliamentary Select Committee on Trade, Industry and Tourism	Honorarium to the Parliamentary Select Committee on working visit to GEPA on 30th August 2017 and 14th September 2017 - (43 members and clerks)	54,000.00	Payees did not sign to acknowledge receipt of the monies paid.

<b>PV84/712</b>	20/12/2017	Fin. & Adm. (Cash)/ Parliamentary Select Committee on Trade, Industry and Tourism	Honorarium (Courtesies & Protocols) to Parliamentary Select Committee before they go on recess on Friday, 22nd December 2017 (20 members & 7 supporting staff)	30,000.00	Payees did not sign to acknowledge receipt of the monies paid. Also, what services were rendered by the Committee to the Authority to warrant such honorarium.
<b>PV86/714</b>	20/12/2017	Women's Caucus in Parliament	Special Allowances to 24 members Women's Caucus in Parliament to organize programmes in their various Constituencies on the "One District, One Exportable Product" Initiative	36,000.00	Payees did not sign as having received the monies. Also, no evidence of activities undertaken by the Parliamentarians.
<b>PV91/719</b>	20/12/2017	Director of Finance/ Parliamentary Finance Committee members	Sitting Allowance for Finance Committee Members iro a meeting to discuss the Export Development Levy for 2018 on 15th December 2017	60,000.00	Payees did not sign as having received the monies.
	<b>Total</b>			<b>192,400.00</b>	

269. We found that, payments of the special allowances for programmes and courtesies & protocols were not supported with documentation on activities undertaken or services rendered.

270. We attributed the cause of this lapse to management's failure to adhere to the above quoted regulations to ensure that the payments were properly substantiated and justified.

271. The payments made to the Committee members which were not signed for could amount to double honoraria for the same activities undertaken; the absence of beneficiary signatures does not provide reasonable assurance and evidence that the monies were actually received by the Parliamentarians.

272. We requested management to provide justification for the payments totalling GH¢192,400.00 to the various Committee members, failing which, the former ES and Director of Finance should refund the amount.

273. Management agreed with our recommendation and said they will provide appropriate justifications with documentation to substantiate the payments.

**Single sourcing of Consultants without approval from PPA - GH¢269,473.50 & USD\$123,000.00**

274. Section 40 (1) of the Public Procurement Act, 2003 (Act 663) and the Fifth Schedule of the Public Procurement Amendment Act, 2016 (Act 914) provide that a procurement entity may engage in single-source procurement and selection subject to the approval of the Board.

275. Our review disclosed to the contrary of the above cited legislation that, management engaged Resource Persons for the provision of varied Consultancy services through the single-sourcing method of procurement for GH¢269,473.50 & USD\$123,000.00 without express approval from the PPA.

Details below:

Ref. No.	Date	Payee	Details	Value	Amt Paid as at July 2018	
<b>ACCOUNT: 1st Atlantic Bank - Cedi A/C</b>						
PV057	24/8/17	Kwame Agyemang Boateng	Pineapple Resource Honorarium	48,168.00	48,168.00	
PV058	24/8/17	Foster Nyamekye & three others	Oil palm Resource Honorarium	48,168.00	48,168.00	
PV002-004	1/8/2017	William Boateng & 2 others	Honorarium for Strategy Program Resource	27,337.50	27,337.50	
PV005-008	1/8/17	William Boateng & 3 others	Cashew Resource Honorarium	48,600.00	48,600.00	
PV009	1/8/17	Salifu Anaab & 3 others	Shea Resource Honorarium	48,600.00	48,600.00	
PV010	1/8/17	Peter Adzowu & 3 others	Yam Resource Honorarium	48,600.00	48,600.00	
				<b>Sub Total GHC</b>	<b>269,473.50</b>	<b>269,473.50</b>
PV047 & PV021	16/11/17 & 4/4/18	BLC Investment Consult	Consultancy fees for the Implementation of GEPA Action Plans	\$75,000.00	\$21,000	
<b>ACCOUNT: 1st Atlantic Bank USD Account</b>						
PV002/283	05/1/2018	Kwesi Korbor, Kaneshie-Accra	Consultancy Service for the Review of National Export Strategy Document & Preparation of Action Plan for Agricultural Products and Technical Support for Implementation of Action Plans	\$48,000.00	\$4,000.00	
				<b>Sub Total US\$</b>	<b>123,000.00</b>	<b>25,000.00</b>

276. The situation was due to management's failure to follow prescribed public procurement procedures and structures in their procurement activities using public funds.

277. We hold the view that the anomaly could deny the Authority the benefits of competitiveness, transparency and value for money.

278. We admonished management to provide correspondence on PPA's approval for the consultancy engagements amounting to GH¢269,473.50 and USD\$123,000.00 for audit validation. Otherwise, we may disallow the items of expenditure contrary to law and surcharge the officials responsible.

279. We urged management to ensure compliance with prescribed procurement procedures to ensure economy, efficiency and effectiveness in the Authority's procurements.

280. Management noted our observation, and informed that, steps would be taken to procure retrospective approval from the PPA.

**Award of Consultancy contracts above Threshold - \$123,000.00 (GH¢542,640.00)**

281. Category C of the Second Schedule of the Public Procurement (Amendment) Act, 2016 (Act 914) requires that any contract sum above GH¢100,000.00 but below GH¢800,000.00 for the procurement of services, must be approved by the Entity Tender Committee.

282. Our review disclosed that in September 2017 and February 2018, the former ES awarded two separate contracts for consultancy services totalling USD\$123,000.00 (GH¢542,640.00) to Mr. Kwesi Korbor, Kaneshie-Accra and BLC Investment Consult, Accra. Management could however, not provide prove that the Authority's Entity Tender Committee approved the transaction. We further noted that the Authority had a functioning Entity Tender Committee but did not refer the contracts to it for approval not -withstanding the fact contract values exceeded the ES's approval threshold. The details are below:

Date	Services	Consultant	Contract value	Amount Paid –
<b>4 Sept. 2017</b>	Consultancy fees for the Implementation of GEPA Action Plans	BLC Investment Consult, Accra	USD\$75,000.00 = 330,000.00 (GHC4.40 to USD\$1.00)	USD\$15,000 = GHC60,750.00
<b>1 Feb. 2018</b>	Consultancy Service for the Review of National Export Strategy Document & Preparation of Action Plan for Agricultural Products and Technical Support for Implementation of Action Plans for a 12-month period February 2018 to January 2019	Mr. Kwesi Korbor, Kaneshie-Accra	USD\$ 48,000.00 = GHC212,640.00 (GHC4.43 to USD\$1.00)	USD\$4,000.00 = GHC17,680.00 (GHC4.42 to USD\$1.00)
	<b>Total</b>		<b>USD\$123,000.00 = GHC542,640.00</b>	<b>USD\$19,000.00 = GHC78,430.00</b>

283. We attributed this lapse to the former ES's non-adherence to the above quoted procurement regulations.

284. Our considered view is that the procurement procedure lacked transparency thereby making the integrity of the transactions doubtful whereas the former ES did not have the authority to award the above contracts thus, making them void.

285. We recommended to the former ES, Ms. Gifty Klenam to provide documentary approval by the Authority's Entity Tender Committee on the two consultancy contracts totalling USD\$123,000.00, failing which, the expenditure would be disallowed and surcharged against her.

286. Management agreed with our recommendation and further stated that, it has forwarded the observation to the former ES for her comments.

#### **Unapproved payment of allowances to Council members- GHC180,886.00**

287. Section 3 (1) of the GEPA Act, 1969 (N.L.C.D 396) states, "A member of the council shall hold office on the terms and conditions, including the payment of remuneration or allowances, determined by the Minister in consultation with the Minister responsible for Finance".

288. In contravention of the legislation referred to above, we noted that the Council, at its meeting held on 1 February 2018, unilaterally approved and paid their remuneration and allowances totalling GH¢180,886.00 for the period November 2017 and May 2018 without seeking the approval from the Sector Minister in consultation with the Minister of Finance. Details are attached as Appendix 'B'.

289. The Chairman of the Council, Mr. Sandy Osei Agyemang in an interview, explained that the anomaly was due to an oversight on the part of the Council and the Minister of Trade and Industry, who was also present at the meeting where the allowances and fees were approved. However, we disagreed with the Chairman's explanation as it runs contrary to the law.

290. We requested that the Council provide the approval of the Minister of Finance on the payment of the remuneration and allowances to its members, failure of which the expenditure would be disallowed.

291. We further requested that payment of the allowances should be stopped. Failure to comply with this, will lead to the activation of the Auditor-General's mandate under Article 187 (7) (b) of the 1992 Constitution to disallow the expenditure.

292. Management agreed with our recommendation and further stated that they have written to the Minister of Finance through the Minister of Trade for the ratification of the payments

#### **Unearned clothing allowances paid to two former Deputy ESs - GH¢23,562.50**

293. Regulation 292 (1) of the FAR, 2004, (L.I 1802) require that every head of department shall keep records of all personnel emolument of staff employed in the department, in a form that ensures that payments are made as and when due.

294. We noted during our review of available records that on 17 January 2018, a total amount of GH¢70,500.00 was paid as a full year's clothing allowance to the former ES, Hon. Gifty Klenam and her two deputy ESs for the period January 2018 to 31 December 2018.

295. Documentation reviewed showed that the President of the Republic relieved the trio of their positions on 7 June 2018; they were thus not entitled to clothing allowance of GH¢38,187.50 for the period June 2018 to December 2018. When Hon. Klenam's attention was drawn to the anomaly she refunded her portion of GH¢14,625.00 paid to her leaving a balance of GH¢23,562.50 to be refunded by Messrs. Amoako Twum and Akilu Sayibu. Below are the details:

<b><i>Payment of unearned clothing allowances</i></b>							
<b>Date</b>	<b>Name</b>	<b>Details</b>	<b>Cheques</b>	<b>Salary</b>	<b>Amount Paid</b>	<b>Amt to be refunded</b>	<b>Remarks</b>
17/01/2018	Gifty Klenam	Payment of 10% clothing allowance from January to December 2018	Bank Transfer	22,500.00	27,000.00	14,625.00	Refunded
17/01/2018	Eric Twum Amoako	Payment of 10% clothing allowance from January to December 2018	Bank Transfer	20,250.00	24,300.00	13,162.50	Not refunded
17/01/2018	Akilu Sayibu	Payment of 10% clothing allowance from January to December 2018	Bank Transfer	16,000.00	19,200.00	10,400.00	Not refunded
<b>Total</b>				<b>58,750.00</b>	<b>70,500.00</b>	<b>38,187.50</b>	

296. We requested the affected former staff Mr. Eric Twum Amoako and Mr. Akilu Sayibu to refund the unearned clothing allowances of GH¢23,562.50 paid to them as detailed above, failure which surcharge proceedings would commence to recover the amounts and any interest accrued thereon.

297. In response, Mr. Eric Twum stated that the payment of the clothing was not determined by him but was calculated as a percentage of his salary. He further indicated that the Council has proceeded to make some pronouncements on the matter which he disagrees with in principle.

**Payment of soft furnishing not accounted for by Mr. Eric Amoako Twum - GH¢54,340.00**

298. We noted during our review of the Authority's payroll records that on 11 July 2017, a total amount of GH¢54,340.00 was wrongfully paid to Mr. Eric Twum Amoako, a former Deputy ES, in respect of soft furnishing. We further noted that this payment was after he had been paid rent allowance advance of \$60,000.00 on 27 May 2017, for the period July 2017 to June 2018, in lieu of a fully furnished accommodation.

299. We recommended that the former Deputy ES Mr. Eric Twum Amoako should refund the amount of GH¢54,340.00 which was wrongly paid to him.

300. In response, Mr. Eric Twum stated that the payment of the furnishing was not determined by him. He further indicated that the Board has proceeded to make some pronouncements on the matter which he disagrees with in principle.

**Unearned salaries paid to Miss Jacqueline Aboney -GH¢23,597.42**

301. Regulations 297 & 298 (1 &2) of the FAR, 2004 (L.I. 1802) require a head of department to cause the immediate stoppage of payment of salary to a public servant when that public servant has been absent from duty without leave or reasonable cause for a period as stipulated in the administrative regulation of the entity; been absent from duty on leave without pay, been convicted of an offence involving theft or fraud, or a sentence of imprisonment, resigned, retired or died. All other payments due to the Public servant must also be stopped in the circumstances provided above.

302. Our audit of the Authority's payroll and related activities revealed that between July 2017 and July 2018, unearned salaries totalling GH¢23,597.42 was paid to Miss Jacqueline Aboney. Miss Jacqueline Aboney had been granted accumulated leave, effective 15 November 2016 and was expected to return to work on 26 June 2017 but failed to resume duty after the expiration of the leave period and yet continued to draw salary up to and including June 2018 for no work done. Details are as shown in the table below:



Payment of unearned salary to Ms. Aboney Jacqueline							
Name	Position	Staff No	Year	Month	Gross Salary	Less Tax	Unearned Salary
Aboney Jacqueline	Assistant.Export Development Officer..GEPC	845121	2018	June	2598.34	408.42	2189.92
Aboney Jacqueline	Assistant.Export Development Officer..GEPC	845121	2018	May	2598.34	408.42	2189.92
Aboney Jacqueline	Assistant.Export Development Officer..GEPC	845121	2018	April	2366.98	367.93	1999.05
Aboney Jacqueline	Assistant.Export Development Officer..GEPC	845121	2018	March	2366.98	367.93	1999.05
Aboney Jacqueline	Assistant.Export Development Officer..GEPC	845121	2018	Feb	2366.98	367.93	1999.05
Aboney Jacqueline	Assistant.Export Development Officer..GEPC	845121	2018	Jan	2366.98	367.93	1999.05
Aboney Jacqueline	Assistant.Export Development O	845121	2017	July	2210.63	340.4	1870.23
Aboney Jacqueline	Assistant.Export Development O	845121	2017	August	2210.63	340.4	1870.23
Aboney Jacqueline	Assistant.Export Development O	845121	2017	Sept	2210.63	340.4	1870.23
Aboney Jacqueline	Assistant.Export Development O	845121	2017	Oct	2210.63	340.4	1870.23
Aboney Jacqueline	Assistant.Export Development O	845121	2017	NOV	2210.63	340.4	1870.23
Aboney Jacqueline	Assistant.Export Development O	845121	2017	Dec	2210.63	340.4	1870.23
<b>Total</b>					<b>27,928.38</b>	<b>4,330.96</b>	<b>23,597.42</b>

303. The anomaly was due to weak control over payroll processing during the monthly validation of the Authority's E-SPV.

304. We recommended that Miss Jacqueline Aboney should be made to refund the unearned salaries totalling GH¢23,597.42 to government chest with evidence for audit verification, or in the alternative, surcharge proceedings would commence against officials involved.

305. According to management, the staff concerned used her accumulated leave for studies in China which was duly granted and was to resume duty in July 2018. Management asserted that the school wrote to request for extension of her stay to enable her complete her thesis. Management further, stated that it has instructed the C&AGD to stop her salary from August 2018 but, failed to provide evidence of the approved accumulated leave.

**Two (2) official Laptops in custody of two former deputy ESs - GHC16,450.00**

306. Regulation 1 of the FAR, 2004 (L.I.1802) require that where a public officer is proceeding on transfer, leave or is for any other reason being relieved of the duties under sub-regulation (1), the officer shall hand over the financial, accounting records and assets to the person taking over from the officer.

307. Our review disclosed that, the Authority, in May 2017 procured three Apple Laptop computers (Macbook Pro) at a total cost of GHC24,675.00 for the official use of the former ES, Hon. Gifty Klenam and her two Deputies, Messrs. Eric Amoako Twum and Akilu Sayibu Authority. We however noted that the officers took along the laptops when they were relieved of their posts in June 2018. Hon. Klenam returned her laptop at the instance of the audit inspection team. Messrs Amoako Twum and Akilu Sayibu have not returned their official laptops, costing GHC16,450 at the close of our audit. The details are below:

Name Officer	Item (Brand)	Date bought/ Issued	Cost GHC	Remarks
Eric Amoako Twum	One (1) Apple Laptop computer (Macbook Pro)	May 2017	8,225.00	Not returned
Akilu Sayibu	One (1) Apple Laptop computer (Macbook Pro)	May 2017	8,225.00	Not returned
<b>Total cost</b>			<b>16,450.00</b>	

308. We attributed the cause of this anomaly to disregard for the above quoted regulation as well as the officers' seeming notion that the laptops were allocated to them as personal properties.

309. The situation has denied the current deputy ESs use of the laptops resulting in the procurement of new computer equipment for their use. The practice could lead to official assets being taken over by other separating officers for private use without trace.

310. When contacted the former officers indicated that the laptops contained some personal information and therefore will either buy new laptops for the Authority or will pay for their cost.

311. We recommended that Messrs Amoako Twum and Akilu Sayibu return or replace their respective laptops to the Authority without further delay.

312. Management accepted our recommendations.

#### **Use of Accounting Software without Auditor-General's approval**

313. Under Section 11 of the Audit Service Act, 2000 (Act 584), the public accounts of Ghana and of all persons and institutions referred to in subsection (1) including computerized financial and accounting systems and electronic transactions shall be kept in such form as the Auditor-General shall approve and shall be subject to review by the Auditor-General. All financial and accounting systems in respect of the accounts provided under subsection (1) shall be subject to prior approval of the Auditor-General and any change in such system shall be notified to the Auditor-General and shall be subject to prior approval before implementation. Any head of a public institution or other body subject to auditing by the Auditor-General who fails to comply with subsection (5) is liable to be surcharged with the cost of any loss occasioned by defective internal controls of auditing.

314. We noted that in 2007, the Authority procured, installed Pastel Accounting Software from MultiSoft Solutions Accra, for the management of its financial and finance related activities as well as the preparation of financial statements; but breached the requirement to obtain prior approval from the Auditor-General.

315. Management explained that the anomaly, which, could lead to defective software's being installed and might not achieve the objectives for which they were procured, was an oversight on the part of management.

316. We requested management to seek for the AG’s approval for the continued use of the Accounting Software, failing which, they would be surcharged with any loss that may arise thereof.

317. Management agreed with our recommendation.

## **UNIVERSITY OF GHANA**

### **Absence of funding strategy for ex-gratia payments**

318. Article 16.02 of the Unified Condition of Service for Unionised Staff of the University of Ghana (UG), provides that ex-gratia of one month’s salary shall be paid for every successful year of service to an employee on retirement who has served for a minimum of 10 years.

319. Our trend analysis of the annual payments of ex-gratia, covering a four-year period from 2014 to 2017, revealed that in 2015 a total amount of GH¢7,102,757.56 was paid indicating an increase of GH¢1,572,050.38 or 28 percent as compared to GH¢5,530,707.18 in 2014. In 2016 however, there was a decrease from GH¢7,102,757.56 recorded in 2015 to GH¢5,843,982.61, a difference of GH¢1,258,774.95 or 18 percent. In 2017, the payment increased to GH¢17,124,479.00, a significant increase of GH¢11,280,496.39 or 193 percent over the previous year.

320. However, UG does not have underlying asset to generate investment income to continue the payment of ex-gratia on retirement of employees as stipulated in the various staff conditions. Again, the total amount of ex-gratia payments are not part of the compensation of employees’ budget submitted to GoG under the current subvention arrangement.

321. In our view, the current “pay as you go” financing model being operated for ex-gratia could expose UG to the risks of escalated costs, arising from increases in approved basic salary by GoG and increase in legal suits by affected staff. This has resulted in an estimated liability of GH¢103.9 million as at the end of 2017.

322. We recommended that Management should develop funding strategies with the aim of fully funding the ex-gratia payments by creating an asset base to generate investment income instead of the current “pay as you go” model. Again, Management should conduct

sustainability studies for the continuous payment of the ex-gratia and negotiate with the various unions for a more feasible arrangement.

### ***Management Response***

- a. Management shares the sentiments of the Auditors. The funding challenge has become more pronounced with the implementation of the Single Spine Salary Structure.
- b. A Committee was setup in January 2015 to propose ways of making the payment of Ex-gratia awards sustainable and less burdensome to the University. The proposals made by the committee are yet to be implemented because a segment of staff objected to it. Management will dialogue with the labour groups to resolve any differences.
- c. The estimated liability of GH¢103.9 million is a recent estimation of the funding gap out of the actuarial valuation as part of the International Public Sector Accounting Standards (IPSAS) implementation which the University will fund with investment property.
- d. The University will make budgetary allocation of a minimum of one million Ghana cedis into an investment account from next academic year to build a fund for the ex-gratia.

### **Long delays in the submission of salary returns**

323. Regulation 2(a) of the Financial Administration Regulations, 2004 (L.I 1802) provides that, the head of government department shall manage and operate the department's accounting systems, so as to ensure the accountability of all officers transacting such business and facilitate the efficient discharge of such business. In addition, Regulation 293(1)(a) states that "Every head of department shall keep records of all personal emolument of staff employed in the department, in a form that ensures that payments are made as and when due."

324. In this regard, it is prudent that sub-vented agencies, including UG, submit their request for salary authorization process within the first 10 days of the month in which salary is due for onward submission to Ministry of Finance (MoF) for a specific warrant to be issued for payment.

325. Our review showed that all the request, except February 2016, submitted by UG to the NTCE for the payment of monthly compensation were made after 14 days of the months in which the salaries were due. We further noted that, it took between 6 and 62 days from the date of request before funds are released by MoF for salary payment to be made. Details of delays

in the request for salary authorization and the number of days salary is released for payment in 2016 and 2017 are provided below.

Salary Month	2016			2017		
	UoG Application Date	NTCE Date of Release of Funds	Time Lagged	UoG Application Date	NTCE Date of Release of Funds	Time Lagged
January	22/1/2016	04/3/2016	40	28/1/2017	24/2/2017	26
February	22/1/2016	24/3/2016	62	28/2/2017	10/4/2017	42
March	01/4/2016	04/5/2016	33	21/3/2017	29/5/2017	38
April	22/4/2016	06/6/2016	44	21/4/2017	29/5/2017	36
May	23/5/2016	05/7/2016	42	22/5/2017	28/6/2017	25
June	23/6/2016	03/8/2016	40	29/8/2017	27/9/2017	28
July	27/7/2016	25/8/2016	28	25/9/2017	31/10/2017	35
August	22/8/2016	19/11/2016	57	23/10/2017	31/10/2017	8
September	19/10/2016	27/10/2016	8	27/11/2017	27/12/2017	30
October	24/10/2016	30/11/2016	36	27/12/2017	03/1/2018	6
November	21/11/2016	21/12/2016	30			
December	15/12/2016	21/1/2017	36			

326. The late submission of salary authorization request by UG, coupled with the bureaucracy in the review and certification process before payment has resulted in the continuous overdrawn of UG's operational bank accounts, with a cumulative additional interest of GH¢29,584,289.56 for the period between 2014 and 2017 as provided below.

UoG Account	Interest Cost (GH¢)				
	2014	2015	2016	2017	Total
<b>Ecobank [01601344 39526701]</b>	802,230.91	2,899,904.69	4,646,310.16	6,725,528.58	15,073,974.34
<b>GCB [10311300 05325]</b>	5,030,545.02	3,442,152.20	2,832,126.62	3,205,491.38	14,510,315.22
	<b>5,832,775.93</b>	<b>6,342,056.89</b>	<b>7,478,436.78</b>	<b>9,931,019.96</b>	<b>29,584,289.56</b>

327. In our view, this cost was avoidable if responsible officers had exercised expedience and diligence.

328. We recommended that Management should establish realistic timelines and strengthen its internal reviews to ensure that delays in the processing staff payroll are avoided. Management should further improve its relationship with NTCE and MoF to minimize the long

delays in certifying and approving the release of funds to avoid the continuous accumulation of overdraft interest. Again, officers whose inexpediency and lack of diligence led to the delay in submitting request for salary authorization, thereby incurring this cost to UG, should be sanctioned.

### ***Management Response***

- a. The University's Management has adopted a new payroll cycle since May 2018 to address delays in the release of emoluments subvention and ensure that emoluments subvention is received latest by the first week of the following month. With the adoption of the new payroll cycle, they now receive emoluments subvention latest the first week of the following month.
- b. As part of Council's financial reforms for the University, a new payroll cycle has been instituted and functioning well as follows:
  - i. Complete or end entries into the Payroll Subsystem (ITS Integrator) by 5th of the month.
  - ii. Finalize payroll run by 7th of the month.
  - iii. Submit claims to Audit Service by 9th of the month.
  - iv. Submit audit certificate to the National Council for Tertiary Education (NCTE) for onward submission to the Controller and Accountant General's Department by 14th of the month.
  - v. Submit bank transfer advice to NCTE by 20th of the month.
- c. It must be put on record that the Vice-Chancellor visited the Auditor General, and the Controller and Accountant General in April 2018 to strengthen the relationship with the two Government Agencies which has eliminated the delays and curtailing the contract of additional overdrafts to pay salaries.

### **Poor segregation of duties in cheque disbursement authorization**







329. Segregation of Duties (SoD) is a key internal control tool intended to minimize the occurrence of errors or fraud by ensuring that no employee has the ability to perpetrate and conceal errors or fraud in the normal course of his or her duties. Generally, the primary incompatible duties that need to be segregated are: authorization or approval; custody of assets; recording transactions; and reconciliation or control activity.

330. During our review of payment transactions, we noted that UG does not have a policy and procedure regarding the principal or mandatory category of staff authorized to serve as signatories to cheques during payment processes. Again, we further noted that the DoF and the Deputy Director of Finance of the same Directorate serves as the first two signatories to 30 bank accounts of UG as provided below.

No.	Account Category	Type of Currency Account	Level of Signatory to the Account					
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>
2	Student Account	Forex	2	2	1	1	2	
4	Student Account	Local Currency	4	4	2	2	3	3
4	Treasury	Local Currency	4	4	4	3	1	
5	Treasury	Local Currency	5	5	5	5	5	5
3	Treasury	Forex	3	3	3			
9	Treasury	Forex - Others	9	9	9	9	9	
1	Treasury Student	Forex	1	1	1	1	1	1
2	Treasury Student	Local	2	2	2	1	1	2
30			30	30				

**Legend:**

- a. The colour represents an officer of UG.
- b. The number in the colour represents the number of accounts the officer is a signatory.

R.O. Boapea (Director of Finance)		Samuel Nkrumah	
Bright Obeng (Dep. Direct of Finance)		Kwasi Odame	
Mercy Haizel (Registrar)		Mushood Abayemi (Snr. Accountant)	
Prof. E. O. Owusu (VC, UG)			

331. The lack of effective separation of responsibilities, and clearly defined policies and procedures governing signatures in accordance with appropriate mandate, delegated authorities resulted in this lapse.

332. The use of ineffective SoD in particular, the units that process payments under the direction of the certifying and disbursing officers could provide opportunities for collusion and



misappropriation of assets, and concealment of intentional misstatements in the financial statements.

333. The utilization of dual signatures establishes an element of segregation of duties for disbursements over a specified threshold in that disbursements would require more than one individual to authorize a transaction.

334. We therefore recommended that Management develops a mandatory cheque signature policy to include a compulsory two-to-sign (Category A+B) mandate, and the establishment of categories of signatories for different thresholds. The following categorization is recommended:

Category	Signatories (depending on threshold)
<b>A. Principal Spending Officers</b>	Vice Chancellor, Pro-Vice Chancellor, Registrar, Provost, Deans and Directors
<b>B. Supplementary</b>	Director of Finance, Deputy Director of Finance, College Accountant/Principal Accountant

*Management Response*

- a. The signatories of the University’s bank accounts are guided by the University of Ghana Financial Regulations policy numbers 1302 and 1303.
- b. The Vice Chancellor and the Registrar are both principal signatories of all University of Ghana accounts.
- c. The Director of Finance does not approve transactions. Transactions originate from the various units and they would have gone through the University’s financial controls. The Director signs the cheques when budget holders have approved these transactions. The Internal Audit Directorate also vets all transactions before payment.
- d. The volume of the University’s transactions makes it difficult for the Vice-Chancellor, Pro Vice-Chancellor and Registrar to regularly sign cheques. However, the University will consider the recommendation by using thresholds.
- e. We have been using online payment for salaries, invigilation and student refunds where valid bank accounts have been provided. We are setting up a payment platform to seamlessly make online payment from the ERP to suppliers and other creditors. We hope to complete this by August, 2019.

### **Absence of a Risk Management Strategy**

335. Section 7(2) of the Public Financial Management Act, 2016 (Act 921) states that “A Principal Spending Officer shall, in the exercise of duties under this Act, establish an effective system of risk management, internal control and internal audit in respect of the resources and transactions of a covered entity.” Also, Paragraph 2.4(f) of UG Financial Regulations and Governance provides that the Council has overall responsibility for ensuring that there is a Risk Management Strategy (RMS) and a common approach to the management of risks throughout the University. This will be done through the development, implementation and embedding within the organization of a formal, structured risk management process

336. However, we noted that UG Council had not constituted the Risk Management Committee (RMC) to ensure that there are appropriate controls for managing key risks, and there is no an organization wide RMS for a systematic identification of risks and the means for managing risk in the context of the trends, developments and challenges identified in the UG Strategic Plan and the Financial Regulations and Governance.

337. We acknowledged the efforts of Management to reorganize the IAD to provide assurance on the adequacy and effectiveness of the internal control system, including risk management. However, this process has not been completed because of limited resources available to the IAD.

338. In our view, operational risk is prevalent and the absence of an effective RMS has exposed the University to high external debts, judgement debts, non-adherence to the legal and governance framework of the University.

339. We therefore recommended that Management should liaise with Council to establish a RMC to develop the overall RMS for implementation, provide adequate resources for the IAD to enable them effectively monitor the RMS, and ensure potential risks identified are dealt with timely.

### ***Management Response***

- a. The Vice-Chancellor constituted a committee in 2018 to assess the various risks and come up with a risk policy and risk manual. The draft risk management policy has been approved by Senior Management. It will be sent to the Academic Board for consideration and to University Council for the approval.

- b. As part of restructuring the Internal Audit Directorate (IAD), the University is currently recruiting the required senior members and senior and junior staff.
- c. The University provides the requisite material resources and equipment to enable the IAD cope with the current and future demands of the institution.

### Unsupported payment of allowance to staff

340. Regulation 43 of the Financial Administrations Regulations, 2004 (L.I 1802) states that “A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly authorized in writing to receive the payment.”

341. Contrary to the above, we noted that an amount GH¢138,047.73 was paid into the Hospital Accountant’s (Mr. Dominic Adjei-Kyereh) personal bank account for subsequent payment to nurses and administrative staff of the Hospital as theatre allowance. A summary is provided below.

Month	Cheque No.	Amount	Amount paid to, and acknowledged by beneficiaries	Amount Unaccounted
<b>2016:</b>				
<b>April</b>	000435	55,645.69	45,091.41	10,554.28
<b>May</b>	000481	124,551.25	108,858.62	15,692.63
<b>June</b>	000521	78,742.65	46,109.74	32,632.91
<b>October</b>	000775	79,149.94	68,864.58	10,285.36
<b>December</b>	000907	97,696.43	87,808.38	9,888.05
<b>Sub Total (GH¢)</b>		<b>435,785.96</b>	<b>356,732.73</b>	<b>79,053.23</b>
<b>2017:</b>				
<b>March</b>	001269	65,615.34	50,515.61	15,099.73
<b>April</b>	001354	55,542.09	41,125.75	14,416.34
<b>May</b>	001412	74,174.37	54,459.37	19,715.00
<b>November</b>	001916	68,246.50	62,972.52	5,273.98
<b>December</b>	002017	64,000.75	59,511.30	4,489.45
<b>Sub Total (GH¢)</b>		<b>327,579.05</b>	<b>268,584.55</b>	<b>58,994.50</b>
<b>Gross Total</b>		<b>763,365.01</b>	<b>625,317.28</b>	<b>138,047.73</b>

342. This was due to poor segregation of duties and failure to adhere to the disbursement procedures of the University.

343. In our view, any authorization for disbursement for a group of staff should not be solely deposited to one recipient before onward payment to the intended beneficiaries. We therefore

recommended that all payments should be adequately supported with the list of beneficiaries to ensure that the amount is properly due and payable.

***Management Response***

344. All future amounts due to staff shall be made directly into the beneficiary's individual accounts.

**Absence of a procurement office at UG Hospital operations**

345. Section 19(1) of the Public Procurement (Amendment) Act, 2016 (Act 914) provides that a procurement entity of each ministry, department and agency and MMDAs, shall establish a procurement unit within the entity which shall be headed and staffed by qualified procurement personnel. In this regard Paragraph 12 of the Policy No. 1502 of the UG Financial Regulations and Governance outlines the roles and responsibilities of UG Procurement Unit as follows:

- a. Plan, control and implement procurement in order to assist in the management of the University's funds by preparing procurement plans and by comparing actual performance against budget and present the results to the Procurement Committee;
- b. Ensure that the procedures stipulated in the Public Procurement Act, 2003 (Act 663), and in these regulations are adhered to and that the University gets full value for money in all procurements;
- c. Control the methods of purchases within the University in order to ensure that purchases are made at the most economical prices; and
- 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.

346. We noted from our review that the Hospital does not have its own procurement office and does not liaise with the University's Central Procurement Unit (CPU). Again, all procurement procedures are performed by a select team at the Hospital with the help of the requisition department/unit and other experts, without any clear procedures and procurement ownership. We further noted long delays in the procurement of essential drugs and other consumables, leaving the Hospital to depend on vendors to set up and sell their products through a community pharmacy sale and return system.

347. The failure by Management to ensure that a procurement office is established at the Hospital and the need to liaise with the University's CPU on procurement activities created this anomaly.

348. We therefore recommended that Management should establish a procurement office at the Hospital (considering the nature of its procurement activities) with clear policies and procedures on the Hospital's procurement.

***Management Response***

- a. A Procurement Coordinator is currently present at all the Colleges and the main procurement office is responsible for the Central Administration of which the Hospital is part.
- b. In the short-term, the Procurement Unit will consider having its presence at the hospital to facilitate prompt response to their procurement needs.
- c. To make the Procurement Unit more responsive to the current demands of the University, Council has approved the restructuring proposal to transform the Unit to a Directorate. An Implementation Committee has started work to appoint the Director of Logistics.

**Absence of a comprehensive asset register**

349. Regulation 2(n) of the Financial Administration Regulations, 2004 (L.I. 1802) states that "The head of government department shall compile and maintain assets register of the department as determined by the Controller and Accountant-General." Again, Section 52 of the Public Financial Management Act, 2016 (Act 921) provides that a Principal Spending Officer of a covered entity shall be responsible for the assets of the institution under the care of the Principal Spending Officer and a proper register shall be maintained to contain a record of the details of all major items of furniture and equipment including issued for either government quarters or offices, large tools for government works, plant, equipment and vehicles.

350. During our review of fixed asset management, we noted that UG does not have a comprehensive asset registers at the various colleges, departments and schools despite the acquisition of the Integrated Tertiary Software (ITS) Asset Module in 2016, at a total cost of US\$100,000.00. We further noted that colleges, department and schools maintain an inventory list which is not comprehensive to reflect required information in an assets register such as:

details of asset categories; cost; date of acquisition; location; assignment details; condition; and identification codes.

351. The non-adherence to Policy No. 1701(5) of the UG Financial Regulation and Governance to maintain an overall asset register system, and establishment of a mechanism to receive information from Provosts, Deans and Directors to ensure continuous update of the register resulted in this anomaly.

352. Whilst we acknowledged the steps initiated by Management to value and maintain a register of lands and buildings under the control or possession of UG, it is important to maintain a comprehensive asset register to include the other property, plant and equipment of UG.

353. Failure to ensure that a comprehensive asset register is maintained and regularly updated shall lead to ineffective safeguarding of UG assets and possible abuse and theft. Again, Management will not be certain about the condition and location of each asset at any given time.

354. We therefore urged Management to ensure that effective control systems is established and maintained for the proper management of UG assets.

#### ***Management Response***

- a. As part of the IPSAS implementation, the University has compiled and valued all its assets across the country. They are being tagged with machine readable barcodes.
- b. The comprehensive assets register is being loaded onto the ITS and it will be completed by December, 2018.

#### **Weak oversight control in financial borrowing**

355. Section 23(6) of the University of Ghana Act, 2010 (Act 806) states that “the University Council may borrow money on behalf of the University and may for this purpose use University property as security.” In this regard, Policy No. 1301(1) of the University of Ghana Financial Regulations states that “The Finance and General Purposes Committee is responsible for approving a Treasury Policy Statement setting out a strategy and policies for cash management, investments and borrowings. The Committee has a responsibility to ensure implementation, monitoring and review of such policies.”

356. However, we noted that the UG does not have any approved borrowing strategy and policies. Again, the UG Financial Regulations and Governance under Policy No. 1301(2) delegated all executive decisions concerning borrowing, to the DoF, without specifying guidelines on debt initiations, approval processes, and recourse to an oversight function. Our financial analysis on UG's equity ratio showed that continuous expansion of UG's Total Assets has not been matched by a corresponding increase in its Total Equity – an indication that the annual increase in Total Assets has been financed by external debt.

Type of Ratio	Analysis	2014	2015	2016
Equity Ratio	Total Equity/Total Assets	<u>54,563,762</u> 248,173,108	<u>55,354,377</u> 313,306,605	<u>55,374,385</u> 387,890,795
	UG's Equity	0.22	0.18	0.14
	Debt	<b>0.78</b>	<b>0.82</b>	<b>0.86</b>

Source: PwC published financial statements from 2014 to 2016

357. Funding of the University's activities was highly dependent on borrowings, and not enough internal funds were generated to meet demands of the operations.

358. Our review of sampled outstanding debts of UG revealed inconsistent decision making exhibited by the DoF, Mr. Richard O. Boapea, in the approval process for borrowings as provided below.

Institution	Borrowing Purpose	Amount	Date	Auditor's Remarks
HFC	US\$5 million University of Ghana Bond	US\$ 5,104,000	2015	Approval not provided.
GCB	Overdraft Facility	GH¢14,000,000	2015, 2016	Approval for renewal of overdraft facility for 2015 and 2016 not provided and the agreement is not signed.
GCB	Term Loan	GH¢12,000,000	2015	Approval to sign the facility not provided and the agreement is not signed.
Ecobank	Advance for operational accounts	GH¢16,000,0000	29/8/17	Approval to sign the facility not provided and agreement was signed by the Director of Finance and Deputy.
SCB	Supplementary agreement for additional short-term loan to purchase vehicles for the University	Various with a maximum amount of GH¢146,000,000	28/8/17	The main agreement not provided but the supplementary agreement was signed by the Director of Finance and Deputy

359. We attributed this anomaly to the failure of the University Council to exercise effective oversight on the borrowing decisions made by the DoF, Mr. Richard O. Boapea, in negotiating and arranging for external debt borrowing.

360. In our view, borrowing is a strategic decision and must involve the VC and the Council. Weak oversight of the Council, and the absence of approval guidelines to ensure transparency in borrowing and its utilization pose a serious solvency/operational risk to UG.

361. To improve oversight control in debt management, we recommend that the University Council should strengthen its oversight functions and ensure that the FGPC develop clear procedures to ensure that all borrowings are adequately justified with a redemption/payment plan and prior approval is granted by the Council. We further urge the Council, to review the UG Financial Regulations and Governance to improve segregation of duties in the functions of the DoF.

#### ***Management Response***

- a. The Council has a strong supervisory role over the University's finances and overdrafts as well as other borrowings were duly approved by Council upon the recommendation of the Finance and General-Purpose Committee.
- b. The Finance and General Purposes Committee will take steps to establish a Treasury Policy Statement which will set out the University's strategy and policy on cash management, investments and borrowing.

#### **Absence of financial borrowing strategy**

362. Section 23(6) of the University of Ghana Act, 2010 (Act 806) states that "The University Council may borrow money on behalf of the University and may for this purpose use University property as security." Also, Policy No. 1301(2) of the University of Ghana Financial Regulations and Governance states that "All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Director of Finance who will prepare procedures including an appropriate reporting system. All borrowing shall be undertaken in the name of the University."



363. During the period of our review, we noted that UG was saddled with a total amount of GH¢259,912,377.69 as at the end of 2017 in respect of loans and bonds. A summary with our remarks is provided below.

Details	Purpose	Balance as at 2017 (GH¢)	Auditor's Remarks
<b>HFC-ISL UG Bonds</b>	US\$5million bond issued in 2015 and used to acquire Science Equipment for the University	16,248,009.63	Loan utilization report not provided
<b>Prudential Bank loan</b>	US\$1.5million term loan received in February 2009, for construction and furnishing of 33-bedroom for Institute of African Studies.	2,527,306.70	Loan utilization report not provided
<b>GCB interest free loan</b>	GH¢3.61 million approved in December 2013 for the Completion of lecture/examination hall.	3,756,601.85	Loan utilization report not provided
<b>SCB-UG Vehicle Loan Facility</b>	Loan facility for the purchase of official vehicles for the University.	1,975,019.51	Loan utilization report not provided
<b>Consortium Loan</b>	UGEL Hostel Projects	235,405,440.00	Loan utilization report not provided
<b>Total (GH¢)</b>		<b>259,912,377.69</b>	

364. We further noted that, the University does not have a borrowing strategy which, would outline roles and responsibilities in the arrangements of borrowing, determination of borrowing needs, clear mechanism of servicing loans, and provision of timely report on utilization of the facility to the FGPC. Again, the anticipation of budget deficits to warrant financial borrowing are not shown in the annual budgets of the University. Furthermore, there is no evidence of how UG mitigates the effect of borrowings denominated in foreign currency.

365. The failure of the FGPC to develop a borrowing strategy, and the weak oversight on financial borrowing contributed to this lapse, which has increased from GH¢25,251,707.00 in 2014 to GH¢259,912,377.69 as at the end of 2017.

366. In our view, a debt management strategy/framework will provide clear debt management goals as a criterion and provide direct linkage for negotiating, contracting, accounting, and servicing in a more coordinated manner.

367. We recommended that Management should liaise with the Council to develop borrowing strategy and policy to ensure that the funding needs of UG are met in a most efficient and transparent manner. Again, Management should liaise with the Minister of Finance to assist in the determination of maximum amount the University can borrow in line with Section 76(1) of the Public Financial Management Act, 2016 (Act 921).

***Management Response***

- a. The Consortium of Banks Loan balance arose because Government of Ghana did not honour the assurance to repay the initial loan.
- b. The University had to abandon its thought-out plan to generate revenue to repay the loan as the Government of Ghana impressed on the University to lower residential fees and to revert the hostels to traditional halls.
- c. The University plans to mitigate the effects of foreign currency denominated borrowing with fees from foreign students who pay in US dollars.

**Untimely payment of utility bills**

368. Regulation 2(e) of the Financial Administration Regulations, 2004 (LI 1802) states that “The head of government department shall requisition, commit, order, receive and make payments for goods and services within the funds appropriated to the department and in accordance with these Regulations and any other enactment.”

369. During our review of the financial position of UG, we noted that the University was indebted to the tune of GH¢96,282,723.19 for the consumption of electricity and water as at the end of 2017 as provided below.

<b>Year</b>	<b>Electricity Bill as at December</b>	<b>Water Bill as at December</b>	<b>Total GH¢</b>
<b>2015</b>	40,652,408.48	19,270,688.97	59,923,097.45
<b>2016</b>	70,621,138.51	32,526,736.08	103,147,874.59
<b>2017</b>	43,762,604.48	52,520,118.71	96,282,723.19

370. We further noted from the University’s annual estimates that higher provision for the payment of utilities is provided under the Internally Generated Funds (IGF) than GoG subventions for Goods and Service. However, our review of utility payments was skewed towards GoG releases under Goods and Service vote. Summary details of the University’s budgetary allocation for utility is provided below.

Years	Budgetary Allocation (GH¢)		Auditor's Remarks
	GoG	IGF	
2014	138,626.00	12,000,000.00	The IGF provision was higher than GoG.
2015	325,648.00	Not provided	No specific provision was made for utility expenditure in the IGF budget.
2016	51,342.00	Not provided	No specific provision was made for utility expenditure in the IGF budget.
2017	25,000.00	3,736,331.00	The IGF provision was higher than GoG.

*Source: GoG annual Appropriation Act published by Ministry of Finance (MoF)*

371. The failure of UG to ensure timely payment of the utility bills and insufficient budgetary under GoG has led to the accumulation of the outstanding bill of GH¢96,282,723.19.

372. In this regard, the continuous untimely payment of outstanding utilities by the University could result in the disconnection by the service providers' which could hinder the smooth running of operations of UG.

373. We recommended that Management should liaise with MoF to ensure that the outstanding utility bills are paid off and further ensure adequate provisions are made under Goods and Service during the budget preparation to cater for the payment of utility bills. Again, Management should explore the opportunities to use renewable energy to support the provision of electricity to support the operations of the University.

#### ***Management Response***

- a. The University has been engaging the relevant stakeholders to address this matter.
- b. As per convention, all bills are sent to NCTE for onward transmission to the Ministry of Education and Ministry of Finance.
- c. University management will continue to engage with Ministry of Finance to ensure the timely release of funds for the payment of utility bills.
- d. There is a Committee, Independent Power Supply Team, set up by the Vice-Chancellor in 2016 to explore other renewable sources of energy for the University whilst utilizing the existing power sources more efficiently to reduce cost.

#### **Non-establishment of an Investment Committee**

374. Paragraph 2.3 (c) of the University of Ghana Regulations and Governance provides that an Investment Committee shall be responsible to the University Council and shall determine an investment policy and oversees the University's investment portfolio.

375. On the contrary, we noted that the Council has not set up the Investment Committee and the University does not have any investment policy to guide investment decisions, reporting and management of the investment portfolio. We further noted, the decision to invest was solely taken by the DoF (Mr. Richard O. Boapea) without any evidence of due diligence reports on the investment entities and maximization of total return from both current income and capital appreciation without excessive risk.

376. Our further analysis on investment at year end, showed that the DoF invested non-earmarked funds without recourse to the University's cash flow requirement/projection and facilitated the arrangements of bank overdraft for salary payment in the month of December when there is enough funds to avoid interest payment on the bank overdraft. Summary of invested and overdraft balances as at year end is provided below.

Period	Investment Balance (GH¢)	Amount required to pay December salary	Overdraft Balance Amount (GH¢)
2015	82,480,664.00	9,348,543.24	20,840,283.00
2016	55,550,427.00	6,882,191.59	21,795,552.00

377. This lapse was as a result of the failure of the UG Council to establish the Investment Committee and ensure the development of an investment policy to provide effective oversight on UG's investment portfolio and liquidity management.

378. The absence of the Investment Committee and an investment policy, has resulted in an ineffective management of the investment portfolio to remain sufficiently liquid to enable it meet operating requirements. This has resulted in the continuous arrangement of overdraft facility with UG's bankers which has contributed to the debt stock of the University.

379. To ensure effective cash management and effective oversight of the University's investment portfolio as well as enhance transparency, we urged the University Council to establish the Investment Committee to ensure the development of an investment policy and procedures to provide adequate security with the optimum investment return while meeting the daily cash flow demands of the University.

***Management Response***

- a. Currently, Council has reconstituted the Investment Committee at its meeting on 22nd June, 2018 and would continue the work of the predecessors.

- b. There is a draft Investment Policy for the University undergoing the approval processes of the University.
- c. The University of Ghana Financial Regulation Policy 1304, Cash Management, indicates “The Director of Finance is responsible for the University’s investment activities carried out in accordance with the policy established by the Investment Committee”. The Finance Director therefore undertakes all investments accordingly.
- d. Funds that are usually available for investments are project funds which cannot be utilized by the University because it will infringe on the grant agreements.

### **Failure to reconcile unidentified student deposits**

380. Paragraph 8 of Policy No. 1305 of the University Financial of Ghana Regulations and Governance states that the “Cash Office must acknowledge each deposit with a written receipt and each Unit must reconcile cash received and deposited to the University Financial Accounting System on monthly basis.” The purpose of reconciliation is to ensure that outstanding from the reconciliations are followed up and addressed.

381. Our review of students’ ledger balances showed that a suspense account referenced as unallocated account was used to record student fees received that were not posted to the student’s ledger account, even though these monies were paid into the University Bank Accounts. Details of the year end balances on the unallocated accounts are provided below.

Description	2014	2015	2016	2017
	GH¢	GH¢	GH¢	GH¢
<b>Unallocated Funds</b>	45,166,519.57	52,911,796.44	33,972,274.21	44,504,925.00
<b>Percentage of increase (%)</b>	n/a	17	-36	31

*Source: Data from ITS cumulative trial balance*

382. We attributed the high unallocated amount to the untimely update of manual registration of student ledgers on the University’s financial system (ITS) and the absence of month end reconciliation guidelines between the Student Accountant’s Office and the Academic Board.

383. The failure to ensure timely investigation and clearing of unidentified deposits may lead to misstatement of student fees receivable in the financial statements and could lead to the

abuse by passing unauthorized journal to facilitate students clearance for graduation and registration without paying the requisite fees.

384. We recommended that Management should develop timelines for reconciliation of unallocated deposits and investigate any unreconciled items to establish the true position of the student fees receivable. Again, Management should explore the opportunity to enhance and interface the ITS with relevant banks to avoid frequent manual registration.

#### ***Management Response***

- a. These are transactions generated by the banks without sufficient student information. The issues are being resolved with the development of a new interface linked to the students' database. This has since been completed.
- b. The University of Ghana Computing Systems (UGCS) has helped in no small way in the development of the new platform.
- c. We have instructed the banks not to receive monies from students into the collection accounts without referencing the students' database.
- d. Reconciliation of student balances are ongoing and expected to end by the first quarter of 2019.
- e. Transactions that are captured without sufficient student details are also referred to the bank for amendment.

#### **Failure to update students account after manual registration**

385. Paragraph 4 of Policy No. 1402 of the University of Ghana Regulations and Governance provides that no person shall be registered as a student of the University until:

- Fees have been paid in full, or arrangements have been made which are acceptable to the University for the payments of such fees for the current academic year by instalments. Unless otherwise sanctioned by the Council, a student shall cease to be a registered student if arrangements for payment by instalments are not fulfilled; and
- If applicable, all other fees and sums due to the University incurred in the previous academic year have been discharged in full.

386. However, we noted that despite the introduction of the ITS to ensure online registration of University students and facilitate efficiency in the collection of students' fees there were instances of manual registration of students without automated generation of student bills and

timely update of student ledgers. For example, we noted from our sample review that two students applied for refund for the payment of excess fees when they actually owe the University as shown below.

Name of Student	Refund Applied GH¢	Unposted Adjustment GH¢	Net Credit/(Debit) GH¢
Nancy C. Qurshie	885.00	812.00	27.00
Richard Koranteng	694.00	949.00	(255.00)

387. We further noted from the sample reviewed that the under-listed students graduated from the University with balances on their account which, was not paid before clearance letter/statement was issued for their graduation as shown below.

Name	Student ID No.	Year of Graduation	Balance on account due UG
Akinpelumi B.J.	10261698	2014	42,121.75
Oduwole M.O.	10261622	2014	34,828.31
Pinsker N.R.	10359900	2014	5,122.38
Ajibade O.D	10359896	2014	116,767.48
<b>Gross Total (GH¢)</b>			<b>198,839.92</b>

*Source: Student Ledger Balances from Student Accountant*

388. The late registration of students after the closure of the online window registration and the untimely reconciliation of student fees receivable resulted in this lapse.

389. This has contributed to the unreliable student fees receivable balances shown in the financial statements and the potential loss of revenue of GH¢198,839.92 to the University.

390. We recommended that Management should ensure that manual registration is limited to the barest minimum and clear internal control procedures are implemented to update students' ledger automatically. Again, any student who has not paid an account for tuition fees owing to the University could be excluded under the terms of the University's credit control and should not receive the certificate for any degree, diploma or other qualification awarded by the University until all outstanding tuition fee debts have been cleared.

### ***Management Response***

- a. Prior to the 2016-2017 academic year, there were significant challenges with student residential registration because it was done manually. The process has now been automated where students undertake both academic and residential registration online. This has significantly reduced the problem of non-residential registration.

- b. Until recently, the School of Medicine and Dentistry had challenges with the academic registration of their students for various reasons. The UGCS in collaboration with the school has configured the ITS to suit their peculiar situation and trained the Academic Affairs staff to ensure these issues are eliminated.
- c. The University will investigate the student balances cited and recover any amounts due.

### **Overdue indebtedness of UGEL to consortium of banks**

391. Section 12(1)(d) of the University of Ghana Act, 2010 (Act 806) states that the “Council shall promote income generating activities for the operations of the University as part of the University’s programme.” Again, Section 23(6) of the University of Ghana Act, 2010 (Act 806) The University Council may borrow money on behalf of the University and may for this purpose use University property as security.

392. Also, Regulation 2(c) of the Financial Administration Regulations, 2004 (LI 1802) states that “The head of government department shall secure the efficient and effective use of appropriations under departmental control within the ambit of government policy and in compliance with any enactment, regulations or instructions issued under the authority of any enactment.”

393. We noted that the University, guaranteed a loan of GH¢43,000,000.00 on behalf of University of Ghana Enterprise Limited (UGEL), a wholly own subsidiary of UG, from a consortium of Banks, with Cal Bank as the lead financier. The loan facility was used for the construction of seven (7) hostels and was intended to operate as a commercial residence to accommodate students until Government requested the University to operate the facilities as traditional halls and Ministry of Finance was instructed per a letter from the Office of the President referenced OPS 147 vol.6/14/1732 and dated 4 December, 2014 to take over the loan facility as part of GoG debt.

394. Our further review showed that UGEL nor the University made any attempt to repay the loan facility and as at 19 January, 2016, the total indebtedness including interest amount to GH¢211,718,663.00, and only GH¢8,010,000.00 was paid as referenced in MoF letter DMD/IRU/SSNIT/UGL/2016-1 and dated 11 April, 2016 to SSNIT.

395. Our review of the financial performance of UGEL showed a net operational surplus, excluding salary and other operational cost, and the University failed to service the loan facility



whilst awaiting GoG decision to absorb the total debt portfolio. Summary of the net cash flow results is provided below.

Description	2014	2015	2016
	GH¢	GH¢	GH¢
Opening Balance	4,408,511.00	7,101,726.00	12,110,143.00
Revenue Inflows	12,786,047.00	13,709,872.00	14,043,758.00
Sub Total	17,194,558.00	20,811,598.00	26,153,901.00
Payments	(10,092,832.00)	(8,701,455.00)	(10,244,340.00)
Closing Balance	<b>7,101,726.00</b>	<b>12,110,143.00</b>	<b>15,909,561.00</b>

Source: PwC audited financial statements of the UG

396. We further noted that on the 6 January, 2015, Cal Bank filed a writ of summons against the University to appear before the Commercial Division of the High Court. In this writ, the consortium banks are claiming the following reliefs from the University and the Attorney General:

- a. Recovery of the Sum of GH¢43,000,000.00
- b. Interest on the sum of GH¢26,000,000.00 at Cal Bank Cedi Base Lending Rate Minus a margin of two percent together with default interest of 4.0% on overdue amount from 7th February 2008 to the date of Final Payment.
- c. Interest on the sum of GH¢12,000,000.00 at Cal Bank cedi base lending Rate plus a margin of three percent together with default interest of 4.0% on overdue amount from 8th March 2010 to the date of Final Payment.
- d. Interest on the sum of GH¢5,000,000.00 at Cal Bank cedi base lending rate plus a margin of one percent together with default interest of 4.0% on overdue amount from 26th August 2010 to the date of Final Payment

397. The laxity on the part of UGEL to revert to the initial plan to ensure the earlier payment of the loans and the failure of GoG to absorb the total debt stock in a timely manner as evident in the numerous correspondence with the University and Cal Bank resulted in the continuous accumulation of the debt stock and continuous legal costs. This has placed the University at a risk of losing its properties used to mortgage the loan pending the final determination of the case which is ongoing at the Commercial Court.

398. We therefore recommended that the University should liaise with the MoF and Attorney General to ensure that an out of court settlement is reach to settle the debt. Again, Management should liaise with GoG on major capital expenditure and ensure that business viability studies

(value for money audit) is conducted on ventures that is expected to be funded under a debt financing arrangement.

**Management Response**

- a. There were commitments by governments in the past to assume this debt but are yet to be actioned.
- b. The University is in discussion with the parties involved, including the Attorney General and the Ministry of Finance, to reach a settlement.
- c. Council has approved the setting-aside of some funds from the hostel’s operations to initiate settlement from 2018/19 academic year.

**Avoidable Judgement Debt against the University**

399. Regulation 226 of the Financial Administration Regulations, 2004 (L.I. 1802) states “A loss shall be considered to have occurred when the government is deprived of the use of any public or trust moneys, public property, stores or any other financial or physical asset otherwise than in the normal course of public business.”

400. We noted following the implementation of the Single Spine Salary Structure Policy (SSSSP) in September 2011, that staff of the University (including separated staff in 2010 and 2011) were paid arrears with retrospective effect from January 2010. However, the University computed staff ex-gratia based on the old salary without considering the SSSSP new level.

401. We further noted that the University refused to meet the request for supplementary payments of ex-gratia benefits of GH¢1,512,191.13 of the staff who retired in 2010 and 2011. This eventual led to an award of Judgment Debt of GH¢4,534,255.56 by the Accra High Court, Commercial Division to the 205 affected staff. Details of the Judgment Debt from the Amended Entry of Judgment is as follows:

Details	Amount (GH¢)
Judgement Debt	1,512,191.13
Interest from Sept 2011 to April 2018	2,985,064.43
Cost awarded by the High Court on 7 Dec, 2016	10,000.00
Cost awarded by the Appeal Court on 2 Nov, 2016	2,000.00
Cost awarded by the Appeal Court on 12 April, 2018	25,000.00
<b>Total Cost of Judgement</b>	<b>4,534,255.56</b>

402. The anomaly was caused by the decision of the Senior Management of the University not to pay them the supplementary of ex-gratia benefits per the letter from the University's Registrar dated 30 January, 2014 and referenced EC.83.

403. The University's decision has resulted in an additional cost of GH¢3,022,064.43 in respect of Interest and Legal Cost of the awards.

404. We therefore recommended that Management should consult broadly with all key functional units including, the Legal Directorate, for advice involving settlement of disputes among staff and other third parties in daily transactions of the University. Again, the Senior Management staff who took the decision not to pay the affected staff the supplementary payments of their ex-gratia benefits would be held liable for causing financial loss to the University.

405. We further recommended that Management should explore the opportunity to renegotiate the basis of interest computation as the Plaintiffs used a compound interest of 30% p.a whilst, CI 52, Court (Award of interest and Post judgment interest) Rules, 2005 requires Judgment debt interest payment to be calculated by using the 91 days Treasury Bill rate as determined by the Bank of Ghana at the date of judgment and at simple interest.

#### ***Management Response***

- a. The University took the decision to protect the dwindling revenues at the time and to ensure funds were available for academic work.
- b. The interest rate is being renegotiated at the courts and with the assistance of the legal counsel.
- c. The Legal Unit of the University has been active in decision makings.

#### **Judgement Debt due to failure to follow due process**

406. Regulation 226 of Financial Administration Regulations, 2004 (L.I 1802) states that "A loss shall be considered to have occurred when the Government is deprived of the use of any public or trust money, public property, store or any other financial or physical asset otherwise than in the normal course of public business."

407. We noted that the High Court and the Appeals Court ruled in favour of the Plaintiff (Mr. William Jackson Etundi) and awarded a judgement debt of US\$288,488.00 with an

additional cost of GH¢15,000.00 for wrongful demolition of his property situated at Borteyman which, the University agreed to pay over a period of 2 years in a settlement agreement at 10 percent on 14 October, 2016. We further noted that out of the total amount of US\$307,735.67 US\$282,782.72 had been paid as at June 2018, leaving a balance of US\$24,952.95. The additional cost of GH¢15,000.00 had been paid by the University.

408. This is attributed to the failure of the Director of Physical Development Municipal Services (Mr. Philip Azundow) to liaise with the Legal Directorate for advice before authorizing the demolition of Mr. Etundi's property on the said land. Again, the University does not have a boundary and layout plans to clearly demarcate its property at the said location.

409. The failure of Mr Philip Azundow to follow due care process led to the award of judgement debt of US\$288,488.00 against the University.

410. In our view, this unlawful act could had been avoided if Mr. Philip Azundow had consulted broadly with the Legal Directorate and followed due process of seeking approval from the Management of the University and the Court before instructing for the demolition.

411. We therefore recommended that Management should:

- a. circularize a policy instruction to all colleges to liaise with the Legal Directorate on all matters of disputes, both internal and with external parties;
- b. the Legal Directorate should be adequately resourced to facilitate timely provision of services;
- c. the University should liaise with all Government institutions and properly secure documentations for its landed properties; and

412. Furthermore, in accordance with Article 187(7)(b) of the 1992 Constitution, the total amount of US\$288,488.00 is disallowed, and the Accountant (Mr. Philip Azundow) shall be surcharged accordingly.

### ***Management Response***

- a. Mr. Philip Azundow is very ill with speech and physical challenges and is therefore not in a position to respond to any queries at this time.
- b. As part of the IPSAS implementation, all immovable properties of the University have been properly demarcated.

- c. Work on the documentation of the University’s landed properties have been substantially completed and expected to be fully completed by the end of the 2018 – 2019 academic year.
- d. Additional officers have been recruited for the Legal Unit and expected to assume office in December, 2018.
- e. Following Council’s decision, Management has circularized instructions to all Colleges to involve the Legal Unit in all discussions. Periodically, it will be reissued.

**Failure to enforce debt collection on rent receivables**

413. Section 12(1)(d) of the University of Ghana Act, 2010 (Act 806) states that “The Council shall promote income generating activities for the operations of the University as part of the University’s programme.” Again, Paragraph 10 of Policy No. 1401 of the University of Ghana Regulations and Governance provides among others that the DoF is responsible for ensuring that appropriate procedures are in operation so that debtors’ invoices are raised promptly on official invoice stationery, in respect of all income due to the University and outstanding debts are monitored as well as reported to Management.

414. On the contrary, we noted that out of the 58 entities, who have rented properties of the University, a number of these entities were indebted to the University at the end of the period as shown in the below.

Period	Affected Tenants	US\$	Affected Tenants	GH¢	*Total Affected Tenants	Total Amount (GH¢)
2017	25	803,159.13	10	580,276.16	35	4,202,523.84
2016	25	727,878.43	7	90,742.72	32	3,133,274.56
2015	32	908,006.02	4	68,522.43	36	3,537,105.43
2014	44	997,382.41	1	9,526.58	45	3,221,097.94
<i>Exchange Rate of US\$ to GH¢- [2017: GH¢4.51; 2016:GH¢4.18; 2015:GH¢3.82; 2014:GH¢3.22]</i>						

*\*Details are provided as appendix ‘A’*

415. Again, we noted no evidence of termination of tenancy agreement between the University and nine companies, whose last date of invoice spanned between 2013 and 2015 as provided below.

No.	Tenant	Amount due as at 31 December, 2017	Last invoice date
1	Afric Xpress	9,431.40	05/03/2013
2	Discovery Tel Ghana	72,000.00	08/06/2015
3	MultiChoice Ghana	9,957.23	07/10/2014
4	National Accreditation Board	42,420.00	25/02/2013

5	Millicom Ghana	40,371.84	10/08/2015
6	Talkfon	3,388.00	Not provided
7	Vodafon Ghana	19,769.88	19/03/2013
8	Procredit Savings	5,433.33	19/03/2013
9	CalBank Ghana Madina Branch	17,640.00	05/11/2015

416. The absence of a dedicated Unit or Office to follow up on invoices issued to tenants under the terms and conditions of the rental agreement and coupled with untimely enforcement of debt collection by the DoF (Mr. Richard Boapea) and the Director of Physical Development and Municipal Services (Mr. Charles Kofinti) resulted in this lapse.

417. The continuous increase of tenants' receivable and the failure to ensure timely debt collection exposed the University to borrow funds to support its operational activities and improve its cash flow management.

418. We therefore recommended that Management should strengthen its oversight functions on rental properties and timely enforce debt collection of all outstanding receivables at an agreed default interest rate to improve the University's cash flow. We further recommended that Management should institute legal action against any tenant who failed to pay the outstanding debt within a stipulated time period agreed with the tenant.

### ***Management Response***

- a. Considering the materiality of the accounts receivable, the Finance Directorate is seeking necessary approvals to upgrade the present Receivables desk into a unit to work closely with the relevant units to oversee the billing and collection of all receivables in a timely manner.
- b. This has become more relevant as some reconciliation is required to be done to prove the outstanding balances before legal action aimed at recovery and evictions could be instituted.

### **Disbursement without supporting documents**

419. Regulation 1(1) of the Financial Administration Regulations, 2004 (L.I. 1802) states that "Any public officer who responsible

- a. for the conduct of financial business on behalf of the Government of Ghana,
- b. the receipt, custody and disbursement of public and trust moneys, or

c. for the custody, care and use of public stores.

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

420. We noted from our review of the bank statements that transfer and cheque payment were authorized by the DoF (Mr. Richard Boapea) from the underlisted bank account without supporting documents.

Description	Account Number	Date	Payee Reference on Bank Statements	US\$
UG GCB 37 FOREX DOLLAR ACCOUNT 2	1261620000513	17-03-16	G&J Tech	198,407.14
		14-06-16	UG Forex Doll	127,582.16
		07-07-16	P.O. Box 25	105,000.00
		16-12-16	P.O. Box 25	160,000.00
<b>Gross Total</b>				<b>590,989.30</b>
UG GCB 31 FOREIGN FUNDED PROJECT DOLLAR ACCOUNT	1271520003774	12-05-16	GCB CHQ 081818 IFO UG	65,590.00
		07-07-16	SWF GHS 970000 Box 25	250,000.00
<b>Gross Total</b>				<b>315,590.00</b>
				<b>GH¢</b>
UG GCB 12 CEDI FOREIGN FUNDED PROJECT ACCOUNT	1031130004220	07-07-16	SWF University of Ghana	1,377,000.00

421. This anomaly is attributed to the failure of the DoF (Mr. Richard O. Boapea) to ensure that supporting documents are properly maintained to substantiate the disbursement and we were unable to provide assurance whether the expenditure was used for its intended purpose.

422. We urged Management to ensure that all supporting documents for disbursements are properly maintain for easy accessibility. Again, Management should provide us with the supporting disbursement documents for our review and failure will result in disallowance and surcharged in accordance with Article 187(7)(b) of the 1992 Constitution.

### ***Management Response***

a. All transfers from University bank accounts are done with written authorization.

- b. All the transfers indicated in the report are transfers to other University bank accounts except the transfer to G&J Technical Services which was for payment of services rendered.
- c. The documents for these transfers have been identified and submitted to your office.

***Audit Position***

423. The written authorization for the aforementioned transfers were not submitted for our review during the audit. We urged Management to make available all the supporting documents on the transfers for our further review.

**Introduction of IT systems without prior approval**

424. Section 11 of the Audit Service Act, 2000 (Act 584) provides among others that all financial and accounting systems in respect of the accounts provided by public entities, including Universities shall be subject to prior approval of the Auditor-General and any change in such system shall be notified to the Auditor-General and shall be subject to prior approval before implementation. Again, Statue 14(3)(a) of the Statues of the University of Ghana states that the Director of Internal Audit shall ensure the establishment and operation of an efficient and effective financial control system.

425. Contrary to the above, we noted that the University introduced an Integrated Tertiary Software at a cost of US\$100,000.00 and Hospital Information Management System at a cost of GH¢450,000.00 without evidence of from the Auditor-General. Again, we noted that the Internal Audit Directorate (IAD) is not consulted in system acquisition or development to provide independent quality assurance before it is deployed. Details of computerized system deployed without the involvement of the IAD are provided below.

No.	Description of IT System	Total Cost	Year of Deployment
1	SAKAI LMS	US\$275,000.00	2013
2	Integrated Tertiary Software including Oracle Database	US\$100,000.00	2015
3	Alfresco Document Management System	US\$350,000.00	2014
4	Hospital Information Management system (HMIS)	GH¢450,000.00	2015
5	Sierra Library System	US\$43,000.00	2014
6	INFOED	US\$150,000.00	2015



426. The absence of an IT policy and procedures to involve IAD in System Development Life Cycle (SDLC) and the failure to secure prior approval for the Auditor-General resulted in this anomaly.

427. The non-involvement of audit, both internal and external, in SDLC may deny the University from ensuring that adequate internal and compliance controls have been included in the system as well as provide independent quality assurance on whether user requirements are fully met before deployment.

428. In our view, these systems in turn manage critical information of the University and should be considered as an asset that needs to be effectively managed and controlled. Again, heavy reliance on IT can also result in unacceptable levels of disruption if the IT systems do not work as intended.

429. We therefore recommended that Management should develop policy and procedures as part of the SDLC to involve IAD and secure prior approval of the Auditor-General in the introduction of automated systems to support the University functions.

#### ***Management Response***

- a. The University has been using the ITS Integrator system from 1999. It was purchased by Government of Ghana for the three public Universities in Ghana (University of Ghana, Kwame Nkrumah University of Science and Technology, and University of Cape Coast) with support from the World Bank. The use of the ITS Integrator was expanded to all the constituencies of the University upon the recommendation of the Visitation Panel in 2007, which Council began its implementation in 2010.
- b. Except for the ITS, the other software is for non-financial transactions. The University has taken note and will seek the approval of the Auditor-General for all upgrades and acquisitions.
- c. The Internal Audit Directorate (IAD) will be involved in the introduction and changes to software acquired by the University.

### **Overdraft on credit facility without Council’s approval**

430. Statute 4(11) of the Statutes of the University of Ghana states that “The Council shall control the finances of the University and may determine any question of finance arising out of the administration of the University, the execution of its policy or the execution of a trust requiring execution by the University.”

431. During our review, we noted that the University had a maximum limit overdraft facility of GH¢11 million with Ecobank Ghana Limited, which was increased to GH¢16 million per the financial agreement dated 28 August, 2017. However, we noted that the University had overdrawn its maximum limit of overdraft with Ecobank to GH¢28,074,186.77 as the end of December 2017.

432. The failure of the DoF (Mr. Richard O. Boapea) to implement a monthly cash planning mechanism to anticipate the source of funding to meet cash requirement or expenditure at any point of time resulted in this lapse to overdrawn the overdraft facility without recourse to the Council.

433. The non-adherence to the maximum overdraft limit has exposed the University to higher credit risk which, culminates into high interest payments.

434. We recommended that Management should develop a cash forecasting mechanism to determine the required cash requirements to meet expenditures of the University and improve its cash management controls. Again, Management should ensure that financial approval on borrowing is sought with Council to properly establish transparency and ensure effective accountability in the use of the University’s financial resources.

#### ***Management Response***

- a. All borrowings are done with the approval of the University Council with the recommendation of Finance and General-Purpose Committee and Management. Council approved the Ecobank overdraft at its meeting on 14 December, 2017.
- b. The Director of Finance facilitates the process and does not unilaterally contract loans for the University.
- c. The University operates a monthly cash planning mechanism which projects sources and application of funds. Following receipt of government subvention of GH¢10,769,749.67 the balance came down to GH¢17,848,142.70 on 5 January, 2018.

### ***Audit Position***

435. We urged Management to provide us evidence of the approval for the additional overdraft amount of GH¢12,074,186.77 by the University Council in excess of the approved overdraft amount of GH¢16 million.

### **Limited involvement of the Legal Counsel in contractual agreements**

436. The principal mission of a Legal Unit in an entity is to provide high quality legal advisory service to the administration with a paramount objective of protecting and safeguarding the legal interest of the entity through the provision of legal advice, opinions and guidance to Management, and all other subsidiary entities established under the parental control of the entity. Again, the Unit should be involved in the drafting or have peruse role to vet and finalize legal documents and advise on all legal issues pertaining to staff dispute resolution, contractual and non-contractual obligations entered by the entity.

437. The Office of the Legal Counsel is the in-house corporate legal office of the University of Ghana and is responsible for all legal matters of the University. In carrying out that responsibility, the Legal Counsel handles all aspects of the University's legal services including litigation, property, commercial law, employment, legal-policy issues and corporate legal advice to the University administration. However, we noted that there is no standard operating policy or procedure in UG Financial Regulations and Governance which requires the need for other directorates, colleges and schools to liaise with the Legal Unit for legal services.

438. We further noted that there is limited involvement of the Legal Unit in providing services on terms and conditions of research grants agreement signed between donors or the entities and UG under ORID initiative. Summary details are provided below.

<b>Period</b>	<b>Number of ORID Grant Agreements</b>	<b>Number of cases referred to Legal Unit for review</b>
<b>Jan 2014 to July 2015</b>	24	None
<b>August 2015 to July 2016</b>	18	None
<b>August 2016 to Dec 2017</b>	40	None

439. Again, we noted that UG entered into the financial borrowing agreements with various financial institutions and there was no evidence of the involvement of the Legal Unit in the under-listed agreements.

S. N	Institution	Description of Loan	Amount GH¢
1	HFC-ISL UG Bonds	US\$5million bond issued in 2015 and used to acquire Science Equipment for the University	16,248,009.63
2	Prudential Bank Loan	US\$1.5million term loan received in February 2009, for construction and furnishing of 33-bedroom for Institute of African Studies	2,527,306.70
3	GCB interest free loan	GH¢3.61million approved in December 2013 for the Completion of lecture/examination hall.	3,756,601.85
4	SCB-UG Vehicle Loan Facility	Various loans granted for the University to purchase Official Vehicles for Management of the University.	1,975,019.51
8	Consortium of Banks	Construction of UGEL Hostel	43,000,000

440. We further noted that during the engagement of staff on contract basis, the Legal Unit does not provide any assurance on the conditions of contract and tenancy arrangements with third parties operating business activities under lease agreement or vendor agreement for the supply or provision of services are not referred for the Unit to provide legal services in ensuring that the agreements are within tenets of UG policies and procedures.

441. The absence of a standard operating policies and procedures to ensure the involvement of the Legal Counsel during contractual dealings in the name of the University with staff and other agencies resulted in this anomaly.

442. This has created instances where no independent assurance or clearance are obtained from the Legal Counsel from the initial stages of decisions made in the name of UG which, has legal consequences and implications. As at the time of our review, UG is faced with two judgement debts in terms of wrongful demolition of a private property at an amount of US\$307,735.67 and failure to use the corrected staff level to pay separated staff their gratuity at an amount of GH¢4,534,255.56.

443. We therefore recommended that Management should:

- a. Develop a clear policy statement to all colleges of UG about the need to liaise with the Legal Counsel on all matters which have legal implications and consequences including disputes and settlements.
- b. All financial borrowing agreements and contracts should be cleared with Legal to give guidance during the negotiation and completion of agreements.

- c. Research grant contracts should be received and considered on behalf of the University by Legal Counsel which will advise on how to negotiate inclusions of some necessary provisions into UG's contracts and other issues.
- d. The Legal Counsel should be enhanced with additional staff and working tools (such as case analysis software and management) to enhance efficiency in handling case files of the University.

***Management Response***

- a. The Office of the Legal Council was formed in 2010 and this explains why it was not involved in reviewing in agreements preceding this date.
- b. Council has at its meeting in September, 2018 directed that going forward all agreements involving the University must be reviewed by the Office the Legal Counsel before any action could be taken on them.
- c. Additional legal staff has been recruited and are expected to assume office in December, 2018.

**Need to restructure UGEL governance and operations**

444. Section 12(1)(d) of the University of Ghana Act, 2010 (Act 806) states that the “Council shall promote income generating activities for the operations of the University as part of the University’s programme.”

445. In this regard, we noted that the University incorporated the University of Ghana Enterprises Limited (UGEL) under the Companies Code, 1963 in 24 September, 2007 and commenced business in 25 September, 2007. The objects of UGEL is to operate business enterprise in the following areas:

- To provide residential facilities for staff and students of UG.
- To provide hospitality and health services for the University community.
- To carry on all or any of the businesses of publishing, printing and distribution of books and stationery.
- To carry on all or any of the businesses of commercial farming, developing and maintaining agricultural outstations and botanical gardens of the University of Ghana.
- To carry out any other activities deemed necessary for the realization of the above objects.

446. However, we noted that UG does not operate with a functional governance structure and a dedicated office to ensure smooth operations and management of UGEL activities. We further noted the registration details UGEL’s directors, still represents directors who have separated from the University as shown below.

<b>Name</b>	<b>Designation</b>	<b>Documents available on tenure</b>	<b>Date of resignation from UG</b>
<b>Prof. Clifford N.B Tagoe</b>	Vice Chancellor	24 September, 2007 to 20 October, 2010	20 October, 2010
<b>Prof. Ernest Aryeetey</b>	Vice Chancellor	20 October, 2010 to date	No letter of resignation provided to UGEL
<b>Prof. Kwasi Yankah</b>	Pro-Vice Chancellor	24 September, 2007 to date	No letter of resignation provided to UGEL
<b>Akosua Adomako Ampofo</b>	University Professor	24 September, 2007 to date	19 January, 2012
<b>Albert David Osei</b>	Economist/Banker	24 September, 2007 to date	4 July, 2011
<b>Richard O. Boapea</b>	Accountant	24 September, 2007 to date	
<b>Addison &amp; Associates</b>	Solicitors	24 September, 2007 to date	No letter of resignation provided to UGEL
<b>Gillian Sandra Slater</b>	Financial Controller	23 August, 2011 to date	No letter of resignation provided to UGEL

447. Contrary to Section 124(1) of the Companies Act, 1963 (Act 179) which, provides that directors of every company shall, at some date not later than eighteen months after the incorporation of the company and subsequently once at least in every calendar year at intervals. We noted that UGEL’s annual audited financial statements by Osei Kwabena & Associates (from 2008 to 2013) and PwC (from 2014 to 2017) had not been sign by the directors of the company for publication and no annual returns had been submitted to the Registrar as required by Section 122 of the Companies Act.

448. The lack of clarity and policy procedures to guide the running of the business enterprise for the University resulted in this lapse. Hence, the inability of UGEL to repay back the total outstanding debt of GH¢235,405,440 as at the end of 2016 secured from consortium of banks, with Cal Bank as the lead financier.

449. We therefore recommended that Management should institute policy and procedures to guide UGEL activities and the governance arrangements of UG business enterprises. Again,

Management should take the necessary efforts to reconstitute the directorship of UGEL and ensure that annual financial statements are audited and published as well as annual returns are filed to the Registrar General.

***Management Response***

- a. Council considered the governance arrangement of UGEL at its meeting in September, 2018. It directed that the members of the registered Board of UGEL should be contacted with a view to convene a meeting to deal with the company’s business or resign immediately for a new Board to be put in place. Since then the Secretary of the Board has been contacted to follow up with the Members.
  
- b. All required statutory matters will be addressed when this is completed.

**Absence of compensation policy on staff implementing sponsored research**

450. Statute 9(3)(b) of the Statutes of the University of Ghana provides that ORID shall have responsibility for the promotion, facilitation and co-ordination of research activities in the University as a whole. Again, Paragraph 4 of Policy Number 1403 of the University of Ghana Financial Regulations and Governance provides that the Director of Finance should ensure that the full cost of research contracts is established and the research agreement must be in line with the University's policy with regard to indirect costs and other expenses.

451. During our sample review, we noted that some staff of the University who are permanently assigned to implement and support sponsored grants, received additional salary as contract staff recruited to perform the same function. For example, under the West Africa Centre for Cell Biology of Infectious Pathogens (WACBIP), we noted that staff of the University were additionally appointed as contract staff for the same functions without any recourse to the Registrar. Details are provided below.

No.	Name	Role	Engagement as Contract Staff	Contract salary (US\$)
1	Collins Amofah	Finance Manager	01/09/2015	5,960.52
2	Emmanuel O. Ghartey	Project Manager	01/09/2015	2,980.32
3	Constance Kocke	Procurement Officer	01/09/2015	2,980.32
4	Dr. Patrick K. Arthur	Head of Training & Research	01/09/2015	11,921.16
<b>Gross Total</b>				<b>23,842.32</b>

452. This anomaly is attributed to the absence of a clear policy on cost sharing and effort reporting on staff, who dedicate both their time in providing support to implementation of a sponsored project coordinated by ORID and serving as staff of the University.

453. The non-establishment of a clear policy on allocating staff cost between sponsored research awards and regular University activities resulted in the payment of additional allowance to some staff at the University.

454. In our view, since the University's research activities are classified as distinct projects, there is a need to ensure proper cost allocation using time spent by staff working on these projects and other regular activities of the Universities through the use of appropriate budget costing forms.

455. We urged Management to establish compensation policy through project time allocation system, and this will ensure that staff of the University, whose time spent is apportioned between project sponsored activities and regular activities is appropriately charged as staff cost.

### ***Management Response***

- a. The Pro-VC, ORID is drafting a policy to address this matter to ensure equity in the research project compensation, and to ensure that the University obtains its fair share of grant overheads.
- b. Consultations on the draft document policy and relevant approvals are expected to be completed by the end of the academic year.

### **Ineffective management of UG bank accounts**

456. Statue 13(1) of the Statutes of the University of Ghana provides that the Director of Finance, under the Registrar, shall be responsible for the management of the finances of the University and who shall maintain the integrity of the finances of the University. Also, Paragraph 5 of Policy No. 1301 of the UG Financial Regulations provides that the Director of Finance with the authorization of the Vice-Chancellor may open or close bank accounts with the University's bankers.

457. Our review of management of bank accounts showed that UG operates multiple bank accounts with a number of them remaining dormant and less than GH¢100.00 as the bank



balance. We further noted that the Ecobank Students Fees Collection Accounts, with Account Numbers 16101440\*\*\*\*\* and 16207440\*\*\*\*\*, which serves as a dedicated revenue account was used as an expenditure bank accounts at the same time. Summary of the University's multiple bank accounts and balances for the past four years is provided below.

No.	Description	Number of Bank Accounts			
		2014	2015	2016	2017
1	Above GH¢500	28	36	44	39
2	Less than 500 greater GH¢100	32	37	26	37
3	Less than GH¢100 greater than zero	123	126	109	107
4	Less than zero (overdraft)	14	10	16	13
<b>Total</b>		<b>197</b>	<b>209</b>	<b>195</b>	<b>196</b>

458. The continuous operation of multiple bank accounts is not an efficient cash management approach to ensure effective consolidated view of cash availability or UG's cash resources and optimize liquidity management. Again, considering the fact that the University's financial system (Integrated Tertiary Software System) has the capability to separately track all expenses and revenue related to each college with a unique account code, creates the need for dedicated or separate bank account opening redundant and this results in delay in performing bank reconciliation as control tool.

459. In our view, Section 46 of the Public Financial Management Act, 2016 (Act 921) requires the need for Government entities to adopt Treasury Single Account to serve as a unified structure of bank accounts and provide a consolidated view of available cash resources, we urged Management to reduce the number of multiple bank accounts and adopt a centralization approach improve efficiency in the management of bank accounts as well as ensure that disbursement process are met in a timely manner.

### ***Management Response***

- a. The several bank accounts emanate from a long history and practice where units and projects were permitted to operate separate accounts.
- b. The Collegiate system has reduced the number of accounts and steps have been taken to reduce it further.
- c. The University would be working closely with the Accountant-General to roll-out the number of accounts that would be operated.

- d. We normally do not spend from the fees collection accounts. The funds are transferred to operational accounts for disbursement. The two accounts indicated in the memorandum (16101440\*\*\*\*\* and 16207440\*\*\*\*\*) are dollar foreign and forex accounts respectively. They are not solely dedicated for fee collection, but they are also used for fund transfers within and outside Ghana. The volume of activities does not warrant a separate account for operational purposes.

#### **Absence of transaction records to support expenditure**

460. Regulation (1)(1) of the Financial Administration Regulations, 2004 (L.I. 1802) provides that any public officer who is responsible:

- (a) for the conduct of financial business on behalf of the Government of Ghana,
- (b) the receipt, custody and disbursement of public and trust moneys, or
- (c) for the custody, care and use of public stores.

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

461. We noted that the University, through Livestock and Poultry Research Centre (LIPREC), received a financial grant of US\$327,337 in 2016 under the agreement with KANSAS State, USA to support AMPLIFIES Ghana research into the management of feed improvement and efficiency in the Poultry and Layer Industries. In this regard, an amount of GH¢74,070.70 was advanced to Project Manager (Dr Thomas N.N. Nortey) on 10/04/2017 for the construction of a poultry research house. However, there are no documents such as procurement records, award of contract, and bills of quantities to substantiate the constructional works.

462. This was as a result of failure of the Project Manager to adhere to the University's internal controls and keep poor records to support expenditure incurred.

463. This anomaly has resulted in the total payment of GH¢74,070.70 that has not been accounted for.

464. In our view, the Director of Physical Development and Municipal Services should have been consulted to provide the necessary service in the construction works by ensuring that adequate documents of works are done and the necessary procurement processes are followed.

465. We recommended that Management should ensure that LIPREC liaise with the PDMS and Procurement Unit in the execution of all physical developments and procurement process.

466. In accordance with Article 187(7)(b) of the 1992 Constitution, the total amount of GH¢74,070.70 is disallowed, and Dr Thomas N. N. Nortey shall be surcharged accordingly.

***Management Response***

- a. The Principal Investigator Dr Thomas Nortey, has duly retired the accountable imprest he requested for the project activities, and it was after retiring the accountable imprest that it was realized he did not comply with the Public Procurement Act.
- b. To forestall future occurrences, the College Administration has made it a requirement for all Heads of Units and project investigators to support all requests for accountable imprest with appropriate budget. This is to enable us determine whether or not a request can be processed without recourse to the PDMSD and/or Procurement Unit.

**Delays in depositing cash sales**

467. Regulation 15(1) of the Financial Administration Regulations, 2004 (L.I. 1802) states that “Any public officer or revenue collector who collect s or receives public and trust moneys shall issue official receipts for them and pay them into the relevant Public Fund Bank Account within twenty-four hours of receipt except in exceptional circumstances to be identified by the Minister.”

468. During our review of cash sales at Livestock and Poultry Research Centre (LIPREC), we noted instances of delays in the lodgement of weekly cash receipts beyond the mandatory 24 hours as shown in the table below.

No.	Receipt Range	Last date of receipt	Lodgement Date	Delayed Hours	Amount GH¢
1	11066 - 11081	15/9/2016	19/9/2016	48	61,526.45
2	11289 - 11295	10/6/2017	16/6/2017	72	35,356.50

469. The delayed lodgement of cash collections is due to the absence of a dedicated vehicle assigned to the LIPREC to facilitate staff transportation to the bank.

470. The continuous delays in the lodgement of cash receipts could result in risk of misappropriation of funds.

471. We therefore recommended that Management should ensure that funds are timely lodge into the University’s dedicated bank account and the LIPREC should be provided with the required logistics to facilitate staff transportation.

***Management Response***

Arrangements have been made with the head of LIPREC to make available an official vehicle daily to convey the Cashier or the schedule officer for deposit to lodge cash takings at the bank. As an option, we will arrange with a financial institution to pick up the funds at scheduled times.

**Engagement of private auditing firms without pre-approval from the Auditor-General**

472. Section 11(1) of Audit Service Act 2000, Act 584, states that “The public accounts of Ghana and of all public offices, including the courts, the central and local government administrations, of the Universities and public institutions of like nature, of any public corporation or other body or organization established by an Act of Parliament shall be audited and reported on by the Auditor-General.”

473. We noted that the Office of Research Innovation and Development (ORID), engaged the services of private audit firms to audit the accounts of research funded grants without seeking consultation and pre-approval from the Auditor-General. Again, the engagements of PricewaterhouseCoopers (PwC) was not done in accordance with Section 66 of the Public Procurement Act, 2003 (Act 663) and its related amendment which, provides methods and procedures to procure consultants. Summary details on review of 36 sampled research grants is provided below.

Project Year	Ongoing	Closed	Total	Last audited prior 2017	Audit due in 2017	Report issued since last audit	*Audited by PwC
2015	9	4	13	12	9	12	13
2016	5	2	7	5	5	5	7
2017	15	1	16	8	15	8	15

*\*Financial statements audited by PwC as at 2016*

474. The failure of ORID to liaise with the office of the Auditor-General in the engagements of auditing firms and the over dependence of PwC as the sole appointed audit firm of the University resulted in this anomaly.

475. The continuous engagement of the University's appointed auditors without recourse to the Auditor-General could impair PwC independence for over reliance on the University for both auditing and non-auditing services.

476. We therefore recommended that Management should develop clear policies and procedures that will require that all auditing service engagements are brought before the Auditor-General for pre-approval irrespective of whether the firm to perform the services is appointed or selected by the donor agency.

### ***Management Response***

- a. The assurance engagements in question were project related and the principal investigators had received indications from the donors that they could engage the auditors of the University.
- b. The Audit Committee observed this in March 2018, when it held its first meeting after its inauguration in-line with the Public Financial Act, 2016 (Act 921).
- c. The Audit Committee has advised that all requests for external audit be channelled through it so it will be brought to the attention of the Auditor-General to appoint.

### **Ineligible payments of household allowance**

477. Regulation 39(2)(c) states that "The head of the accounts section of a department shall control the disbursements of funds and ensure that transactions are properly authenticated to show that amounts are due and payable." In this regard, Paragraph 2 of Policy Number 1607 of the University of Ghana Financial Regulations and Governance provides that the Council will determine what other benefits, such as housing, allowances, cars, medical, other benefits, are to be made available, and the employees to whom they are to be available.

478. We noted that a total amount of US\$25,565.00 was wrongly paid as quarterly household allowance to the under-listed staff, contrary to the approved contract terms of conditions and eligible allowances.

No.	Staff	Office	Amount is in US\$					Total
			2014	2015	2016	2017	2018	
1	Mercy Haizel-Ashia	Registrar	2,160	2,160	2,160	1,620	0	8,100
2	Richard O. Boapea	Director of Finance	2,100	2,100	2,100	2,100	525	8,925
3	Philip Azundow	Director (PDMSD)	1,680	1,680	0	0	0	3,360
4	Charles Kofinti	Director (PDMSD)	0	0	0	1,260	420	1,680
5	Prof. Perpetua S. Dadzie	Librarian	0	0	875	2,100	525	3,500
<b>Grand Total</b>			<b>5,940</b>	<b>5,940</b>	<b>5,135</b>	<b>7,080</b>	<b>1,470</b>	<b>25,565</b>

479. Again, we noted that the quarterly allocation of household allowance was not approved by the Council as stipulated by Policy Number 1607.

480. The failure by the DoF (Mr. Richard O. Boapea) to ensure that the payment of the allowances conforms to the terms of conditions stipulated in the contract appointment resulted in this anomaly. Also, the absence of an approved comprehensive remuneration policy by the Council contributed to this lapse.

481. This has resulted in the wrongful payment of US\$25,565.00 to staff members who are not entitled for the household allowance.

482. We recommended that Council should develop a comprehensive remuneration policy and in accordance with Article 187(7)(b) of the 1992 Constitution, the total amount of US\$25,565.00 may be isallowed, and the affected staff surcharged accordingly.

### ***Management Response***

- a. The allowance has been a long-standing payment approved by Council, which goes with the position but not just individuals.
- b. We are making efforts to identify the Council minutes that approved the allowance.

### ***Audit Position***

483. We iterate our audit recommendation that the payment of household allocation allowance was not included in the contract appointment terms of conditions of the affected employees.

## Failure to ensure replacement of faulty items

484. Regulation 183((3) of the Financial Administration Regulation 2004 states that “A head of department shall be accountable for the proper care, custody and use of Government stores from the time of acquisition until they have been used or otherwise disposed of in accordance with these Regulations.”

485. During our review, we noted that the College of Health Sciences (CHS) procured toners and Uninterrupted Power Supply (UPS) from Sams Firma Limited and IT Market Limited respectively. However, faulty items amounting to GH¢7,900.00 which were returned to the vendors on 28 September, 2017 by Mr. Wisdom Dzikunu (IT Manager) had not been replaced. Details of items returned are provided below.

Vendor	Item Description	Qty	Unit Price	Amount GH¢
Sams Firma Limited	05A Toners	2	350.00	700.00
	80A Toners	5	420.00	2,100.00
IT Market Limited	UPS	6	850.00	5,100.00
<b>Gross Total</b>				<b>7,900.00</b>

486. This anomaly is attributed to the failure of Mr. Wisdom Dzikunu to communicate with the Procurement Officer to follow up with the vendors for prompt replacement of the faulty items before payments were made.

487. This has resulted in the payment of GH¢7,900.00 for items which have not been supplied by the vendors as at 9 August, 2018.

488. In accordance with Article 187(7)(b) of the 1992 Constitution, the total amount of GH¢7,900.00 may be disallowed, and the IT Manager (Mr. Wisdom Dzikunu) surcharged accordingly.

### *Management Response*

- a. The College of Health Sciences awarded the supply of toners to Messrs SAMS FIRMA OFFICE SUPPLIES and faulty toners 2pcs and 5pcs of 05A and 80A respectively were returned for replacement. Mr. Wisdom Dzikunu, an IT person at the College of Health Sciences, was invited to assess the complaints and return them to the Vendor. The Vendor has admitted receipt of the toners in a recent interaction and has agreed to send

a replacement soon. Again, the Supplier has been asked to send a written acknowledgement of receipt of the faulty toners and the replacement as soon as possible.

- b. Also, Mr. Wisdom Dzikunu returned six faulty UPS to Messrs IT Market Limited due to the high voltage of power fluctuations at the College of Health Sciences. The Vendor has agreed to return the UPS back as soon as the engineers finish working on them.

### **Reacquisition of specialized items imported**

489. Section 7(1) of the Public Financial Management Act, 2016 (Act 921) states that “A Principal Spending Officer of a covered entity shall

- (a) ensure the regularity and proper use of money appropriated in that covered entity;
- (b) authorise commitments for the covered entity within a ceiling set by the Minister under section 25; and
- (c) manage the resources received, held or disposed of by or on account of the covered entity.”

490. We noted that the School of Biomedical and Allied Health Sciences (SBAHS) under College of Health Sciences (CHS) failed to clear from Customs, equipment donated by the Hear the World Foundation domiciled in the United Kingdom at a market value of GH¢31,616.68.

491. We further noted that due to the failure of the school to ensure timely clearance of the imported item, Customs took possession of the item as un-cleared goods in accordance with Section 52 of the Customs Act, 2015 (Act 891) and auctioned to Tetibeck Enterprise.

492. This anomaly was as a result of ineffective coordination between the focal persons and the CHS Procurement Office to ensure that the University is exempted under Section 27 of the University of Ghana Act, 2010 (Act 806) from the payment of taxes and duties.

493. This anomaly has resulted in the reacquisition of the same item at the total cost of GH¢31,616.68 from Tetibeck Enterprise as shown in the table below.

S/N	Focal Person	School	Item	Amount (GH¢)
1	Prof. Henry Asare-Anane	SBAHS	Specialized equipment	31,616.68
<b>Gross Total</b>				<b>31,616.68</b>



494. In accordance with Article 187(7)(b) of the 1992 Constitution, and Section 18(1)(b) of the Audit Service Act 2000, Act 584, the total amount of GH¢31,616.68 may be disallowed, and Prof. Henry Asare-Anane surcharged accordingly.

***Management Response***

- a. Prof. Patrick Ayeh-Kumi was appointed as the Provost of CHS, so at page 8 of his handing-over note to the incoming Ag. Dean, Prof. Henry Asare-Anane, he indicated, *“we have started the process of purchasing the first set of equipment, kindly follow-up with the purchasing officer”*.
- b. The attached is the only information available to the School of Biomedical and Allied Health Sciences. After the Christmas break of 2016 officers from the DHL contacted the Ag. Dean about their difficulty in contacting the telephone number indicated on the shipping document. Even though the telephone number was incorrect, there was sufficient information on the address for delivery than just relying on their difficulty in reaching the telephone number indicated on the documents.
- c. We were surprised that DHL, a reliable partner of the College of Health Sciences, would be relying on incorrect telephone number and kept the items since the shipping date of March 31, 2016 until after the Christmas break before an official from DHL finally got in touch with the school authorities.
- d. We took swift action upon receiving the information about the equipment to get exemptions for the clearing.
- e. An officer from DHL office called Okyere, was contacted thereafter who gave details of the items and invoice by email which we forwarded to the School’s clearing agent, Ghana Supply Commission.
- f. One Mr. Allotey of the Ghana Supply Commission went to DHL office to inspect and get the value when he was informed that items had been moved to the State Warehouse and had been auctioned the previous week.
- g. We wish to state that the school did all the necessary work to clear the items but were disappointed to be informed at last minute that the said package had been auctioned.
- h. The matter has been referred to the Office of Legal Counsel for advice as to whether CHS has a cause of action against DHL for the delays in the item being auctioned.

## Insurance payment on disposed vehicles

495. Section 7(1a) of Public Financial Management Act 2016, Act 921 provides that a Principal Spending Officer of covered entity shall ensure the regularity and proper use of moneys appropriated in that covered entity.

496. In this regard, we noted that the University of Ghana Transport Management Policy stipulates that saloon cars which are two years old are eligible for disposal to the beneficiaries' users. Again, four-wheel vehicles which are four years qualify for auction and retired staff of the University are given first instance to buy the vehicles.

497. However, we noted that the University paid a total amount of GH¢75, 575.56 as insurance premium for the periods 2016 to 2018 on the vehicles sold to the under-listed separated staff.

Vehicle Number	Vehicle Type	Retired Staff	Date of Sale	Insurance Premium Paid (GH¢)
GR 4487 – 11	Toyota Avensis	Prof. Naa Ayikailey Adamafio	Not provided	4,766.34
GR 4486 – 11	Toyota Avensis	Prof. Daniel Kwadwo Asiedu	Not provided	4,766.34
GT 3510 – Y		Dr. Gordon S.K. Adika	27/11/2015	700.00
GR 4489-11	Toyota Avensis	Dr. James K Adomako	Not provided	4,766.34
GT 1858 – 10	Toyota Avensis	Prof. Edward K Quashigah	Not provided	4,766.34
GW 3486 – 12	Honda Civic	Mr. Peter B. Yarquah	Not provided	4,524.00
ER 5805 – X	Toyota Corolla	Prof. George K Aning	Not provided	398.12
GT 1087 – 11	Toyota Avensis	Mr. Philip Azundow	15/8/2016	4,766.34
GT 2908 – 11	Toyota Avensis	Mr. Enoch Amartey	15/8/2016	4,766.34
GN 1481 -10	Mercedes Benz	Prof. Ernest Aryeetey	15/8/2016	9,691.40
GW 3478 – 12	Honda Civic	Mrs. Stella Amoa	15/8/2016	4,524.00
ER 3614 – 11	Toyota Camry	Prof. K.A Domfeh	Not provided	4,524.00
GW 3482 – 12	Honda Civic	Prof. Oheneba Sakyi	7/12/2015	4,524.00
GW 3483 – 12	Honda Civic	Prof. Sefa Dede	Not provided	4,524.00
GW 3484 – 12	Honda Civic	Prof. Chris Gordon	2/11/2015	4,524.00
GW 3631 – 12	Honda Civic	Prof. Cephas Omenyo	27/1/2015	4,524.00
GW 3632 – 12	Honda Civic	Prof. Ellis Badu	26/10/2016	4,524.00
GW 3742 - 12	Honda Civic	Prof. John Gyapong	27/1/2017	4,524.00
<b>Gross Total</b>				<b>75,575.56</b>

498. We further noted that the Transport Manager was not involved in the disposal process and the initiation of the insurance renewal process on the disposed vehicles.

499. The delay to transfer ownership of the auctioned vehicles resulted in the continuous payment of the insurance premiums of GH¢75,575.56 on vehicles which are no longer in the custody of the University.

500. In our view, since the vehicles had been sold as part of the retirement packaged to the separated staff, the University does not have any responsibility to continue to pay the annual insurance premium on behalf of the retirees.

501. In accordance with Article 187(7)(b) of the 1992 Constitution, the total amount of GH¢75,575.56 may be disallowed, and the affected staff surcharged accordingly.

### ***Management Response***

- a. The vehicles were bought with a loan from Standard Chartered Bank and were therefore registered in the joint names of UG and Standard Chartered Bank. The loan agreement stipulated that the vehicles should have a comprehensive insurance. We had not fully paid off the loan at the time of sale; hence we could not transfer ownership. The University had to continue to buy the insurance for the said vehicles.
- b. The matter has been referred to the Office of Legal Counsel with a view of recovering any inappropriate insurance premium paid.

### **Failure to retire imprest advances**

502. Regulation 288(1) of the Financial Administration Regulations, 2004 LI 1802 states that “Imprest shall be retired at the close of a financial year and any imprest not so retired shall be adjusted to a personal advance account in the name of the imprest holder.”

503. During our review of sampled transactions, we noted that imprest granted to staff since 2016 had not been retired within the stipulated year end period and payment vouchers supporting the imprest were not pre-audited by the Internal Audit Directorate (IAD). We further noted that balances on staff advances was not disclosed in the financial statements at year end. Summary of the unliquidated imprest is provided below.

Date	Name	Cheque No	Description	GH¢
12/12/16	Charles Kofinti	744675	ICDE Centres visit	5,000.00
04/10/16	Mrs Stellar Amoa	020838	Repair/replacement of public address system and master audio speakers at the Great Hall	8,000.00
19/09/16	Mrs Regina Deyegbe	020525	Imprest for newspaper	840.00
23/09/16	Evelyn Emefa Lartey	020573	Snacks for visitors from GES, WAEC and other corporate institutions	1,500.00
02/03/17	Mrs Justina Tsagli-Anomanyo	746009	Imprest to undertake affiliation audit	11,334.87
27/04/17	Regina Afari-Boateng	032885	Imprest for 110 <sup>th</sup> GUSA General Meeting	10,112.50
22/11/17	Benedict Fosu Adjei	021501	Servicing and repairs of GT8864Z	1,500.00
18/01/16	Prof John Ofosu-Anim	026259	Undergraduate Admissions outreach programme	22,890.00
18/01/16	Prof. Yao Tettey	026260	Undergraduate Admissions outreach programme	13,945.00
18/01/16	Prof Daniel Asiedu	026261	Undergraduate Admissions outreach programme	17,270.00
18/01/16	Dr S. Abenney-Mickson	026262	Undergraduate Admissions outreach programme	16,240.00

504. We attributed this anomaly to lack of effective supervision by the Director of Finance to ensure that staff fully liquidate the imprest advanced within a stipulated timeframe. Also, the failure to involve the IAD during the approval process of advancing the imprest to staff and non-maintenance of individual account for imprest holders.

505. The untimely liquidation of imprest advanced to staff and non-involvement of the IAD to follow up on any outstanding imprest, limited our ability to substantiate whether these expenditures were incurred for the intended purpose.

506. We therefore recommended that Management should establish clear timelines for the retirement of imprest and failure should warrant the withholding of the imprest amount from the staff salary. Again, Management should ensure that IAD pre-audit all accountable imprest before payments are made and IAD should review all the unretired imprest account and ensure that any outstanding amount is reported in the financial statements and recovered from the staff salary.

### ***Management Response***

- a. Currently, imprest is charged against the personal account of the staff making him/her personally indebted to the University. This has brought significant improvement in the retirement of imprest.
- b. The Finance Directorate is implementing the policy of not advancing any imprest if previous ones have not been retired unless in a peculiar situation.
- c. The Internal Audit Directorate is currently involved in the imprest disbursement process.

### **Unexplained differences in audited transactions and underlying records**

507. Regulation 1 of the Financial Administration Regulations, 2004 (LI 1802) provides among others that public officers shall keep proper records of all transactions and shall produce records of the transactions for inspection when called upon to do so by the Minister, the Auditor-General, the Controller and Accountant-General or any officers authorized by them. In this regard, the University's financial accounting system (ITS) and the related sub-systems are the source for preparation of all required financial reports.

508. Our sample review of the underlying records in the ITS and comparison with the audited financial statements showed unexplained differences. Again, there was no evidence of any approved off book adjustments with the external auditors. Below is the differences in some of the account balances identified during the review

Description	Year	ITS Ledger	Audited	Unexplained
		Balance	Accounts	Difference
		GH¢	GH¢	GH¢
Bank	2014	65,924,003	66,039,162	(115,159)
Bank	2015	105,039,523	121,552,015	(16,512,492)
Bank	2016	87,935,516	82,875,573	5,059,943
Bank Overdraft	2014	(26,735,419)	(50,223,000)	23,487,581
Bank Overdraft	2015	(25,228,397)	(37,352,775)	12,124,378
Bank Overdraft	2016	(27,558,387)	(26,199,105)	1,359,282
Cash on Hand	2014	56,453	34,584	21,869
Cash on Hand	2016	56,453	52,954	3,499
Short Term Investment	2014	77,792,731	70,303,872	7,488,859

<b>Short Term Investment</b>	2015	96,620,814	90,596,797	6,024,017
<b>Short Term Investment</b>	2016	96,777,624	92,350,645	4,426,979
<b>Gross Student Fees</b>	2016	(30,565,409)	19,807,593	(50,373,002)

509. We further noted that the investment schedule received from the Central Accounts Unit (CAU) did not agree with the ledger balances as provided below.

<b>Year</b>	<b>Per Schedule</b>	<b>Per Ledger</b>	<b>Unexplained Difference</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>2015</b>	91,801,212.00	96,620,814.00	4,819,602.00
<b>2016</b>	88,639,913.00	96,777,624.00	8,137,711.00

510. The absence of clear procedures for monthly accounting closing activities and weak oversight function of the CAU to ensure effective coordination of financial data input contributed to this lapse. Again, lack of adequate documentation and timely posting of off book adjustments recommended by the external auditors resulted in this anomaly.

511. The continuous unexplained differences may lead to misstatement of reported account balances and the underlying records resulting in misleading information as well as wrong decision making by the users of the University's financial statements.

512. We recommended that Management should ensure that all audit adjustments recommended by the external auditors are properly documented and timely effected on the ITS. Again, Management should institute clear timelines for month or year-end closure activities and strengthen the oversight functions of the CAU to coordinate the preparation of the financial statements.

### ***Management Response***

- a. The audit for 2013, 2014 and 2015 were all done at the same time.
- b. The cumulative audit adjustments were done in the 2015 financial statements.
- c. Our records indicate there is no discrepancy in the 2016 financial statements.

### **Ineligible payment of staff fuel allowance**

513. Paragraph 30 of Policy No. 0403 of the University of Ghana Human Resource Policy provides that fuel allowance shall be payable to Deans/Directors/Heads of Departments and

designated senior members who are entitled to, but do not have official vehicles at their disposal and therefore use their personal vehicles for University business. The mode of payment may be in cash or kind depending on the preference of the beneficiary through the use of coupon or card system of providing fuel to eligible employees instead of operating a pump.

514. During our review, we noted that out of 53 officers entitled to draw fuel from the fuel pump, the following under-listed eight (8) officers received fuel allowance of (GH¢175,128.36) and also drew fuel to the tune of (GH¢236,160.00) from the pump as shown below.

*a. Total amount of fuel allowance paid to affected staff*

Staff Name	2014	2015	2016	2017	Total
Bright Obeng	7,123.20	7,123.20	7,123.20	8,631.84	30,001.44
Kwasi Odame	3,561.60	3,561.60	5,354.40	6,474.00	18,951.60
Solomon Asante Dartey	-	3,561.60	3,561.60	4,315.68	11,438.88
Francis Boachie	3,561.60	3,561.60	3,561.60	4,315.68	15,000.48
Vincent Acheampong	3,561.60	3,561.60	3,561.60	4,315.68	15,000.48
Dr. C. K. Amenuveve	10,785.60	10,785.60	-	6,723.00	28,294.20
Dr. Asiedu Gyekye	5,342.40	5,342.40	7,123.20	8,631.84	26,439.84
Prof. E Sekyi Dawson	7,123.20	7,123.20	7,123.20	8,631.84	30,001.44
<b>Total (GH¢)</b>	<b>30,374.40</b>	<b>44,620.80</b>	<b>14,246.40</b>	<b>52,039.56</b>	<b>175,128.36</b>

*b. Total amount of fuel drew from the pump by affected staff*

Staff Name	2014	2015	2016	2017	Total
Bright Obeng	6,000.00	6,000.00	6,000.00	6,000.00	<b>24,000</b>
Kwasi Odame	9,840.00	9,840.00	9,840.00	9,840.00	<b>39,360</b>
Solomon Asante Dartey	5,400.00	5,400.00	5,400.00	5,400.00	<b>21,600</b>
Francis Boachie	5,400.00	5,400.00	5,400.00	5,400.00	<b>21,600</b>
Vincent Acheampong	5,400.00	5,400.00	5,400.00	5,400.00	<b>21,600</b>
Dr. C. K. Amenuveve	9,000.00	9,000.00	9,000.00	9,000.00	<b>36,000</b>
Dr. Asiedu Gyekye	9,000.00	9,000.00	9,000.00	9,000.00	<b>36,000</b>
Prof. E Sekyi Dawson	9,000.00	9,000.00	9,000.00	9,000.00	<b>36,000</b>
<b>Total (GH¢)</b>	<b>59,040.00</b>	<b>59,040.00</b>	<b>59,040.00</b>	<b>59,040.00</b>	<b>236,160</b>

515. The inadequate due diligence in the review of staff entitlements and the lack of coordination as well as reconciliation between the Payroll Processing Unit and the Internal Generated Funds Office resulted in the double payment of the fuel allowance.

516. This has resulted in ineligible payment of fuel allowance to eight (8) staff at a total amount of GH¢175,128.36 between the period 2014 and 2017.

517. In accordance with Article 187(7)(b) of the 1992 Constitution, the total amount of GH¢175,128.36 may be disallowed, and the affected staff surcharged accordingly.

### ***Management Response***

- a. The University gives additional fuel to officers whose work require a lot of movement. One clear example was those on the implementation of ITS Integrator who had to tour the entire campuses to setup or train staff. The fuel from the dump was meant to facilitate such movements. The fuel allowances such staff received through payroll was inadequate for the assigned tasks.
- b. Those who drew the fuel, followed the laid-down procedure for application and approval. However, errors were reported in some cases and the following staff disputed the amounts quoted as fuel drawn from the dump.
  - Mr. Kwasi Odame started drawing fuel from the dump in the last week of January 2018 but he was cited from 2014.
  - Prof. E. Sekyi Dawson took office in Oct 2014 so did not draw that much of fuel in 2014.

### **Audit Position**

Records available to us showed that Mr Kwasi Odame drew fuel between 2014 and 2017. At the time of exiting our audit, no evidence had been produced to the contrary.

## **NATIONAL COMMUNICATIONS AUTHORITY**

### **Payment to Infraloks Development limited for the supply of Cyber Security equipment not supported with requisite documentation US\$4,000,000.00**

518. Regulation 1(1) of the Financial Administration Regulations, 2004 LI 1802 requires among others that, the financial responsibility of a public officer shall include the proper



keeping of records of all transactions including quotations, invoices, receipts etc. and shall produce them for inspection when called upon to do so by the Auditor-General. Under Article 176 (1) of the 1992 Constitution, all revenue and money raised or received for purposes of, or on behalf of Government must be paid into the Consolidated Fund.

519. Article 176 (2) provides for exceptions and this covers two situations:

(a) where an Act of Parliament allows revenue to be paid into a fund established for a specific purpose; and

(b) where an Act of Parliament allows a department of government to retain revenue or money received by them for the purpose of defraying the expense of that department.

520. According to section 20 (2) of National Communications Authority Act, 2008 (Act 769), moneys received by the NCA or on behalf of NCA must be paid into a bank account of the NCA opened by the Board with the approval of the Controller and Accountant-General. Section 21 (2) of the NCA Act 769, provides that where after having defrayed the outstanding expenses, the Authority has an excess amount, the Board shall transfer that amount to the Consolidated Fund unless the Minister for Finance in consultation with the Communication Minister approves the retention by the Authority of a part or the whole of that excess amount.

521. Correspondence between the NCA and Ecobank GH Ltd dated 9 February 2016 requested the transfer of sums totalling US\$4,000,000.00 from NCAs Dollar account with number \*\*\*\*\*02549901 to Infralocks Development Limited's Account number \*\*\*\*\*8966002 held at the Ecobank Head Office for the supply of Cyber Security equipment.

522. There was however no documentation to provide details for the transaction apart from the official correspondence effecting the transfer.

523. Above was made possible through weak controls over the NCAs payment processing and pre-audit function not excepting the sidestepping of prescriptions that govern the conduct of government business. As a consequence, value for the taxpayers' money totalling US\$4,000,000.00 could be compromised if nothing is done to check the anomaly.

524. We entreated management to increase supervision and tighten controls over payment processing. We also recommended to management to make available the procurement and other related documentation in support of the transaction for audit accreditation and action as necessary.

#### **MANAGEMENT'S RESPONSE**

525. Above payment which was approved by the NCA board was to support the National Security Council Secretariat (NSCS) towards the building and development of infrastructure to protect Ghana's cyberspace following a request received from the NSCS per letter referenced NSCS.338/vol.14/4241 of 24 February 2016.

526. Management further averred that, details of the processes leading to the procurement activity and payments which is currently the subject of a court action is being handled by the Attorney-General's Department.

#### **Audit Position**

527. The action of the Board is contrary to Article 178(2) and Section 21 of Act 769 and the expenditure may be disallowed and officials surcharged accordingly.

#### **Non-Payment of Rent by the National Media Commission (NMC)-Tenancy for old NCA property at Cantonments-Accra US\$141,648.00**

528. Regulations 2(c & d) of the Financial Administration Regulations [ FAR] 2004 LI 1802 legislates on the Financial duties of a head of department as follows:

(c) secure the efficient and effective use of appropriations under departmental control within the ambit of government policy and in compliance with any enactment, regulations or instructions issued under the authority of any enactment;

(d) secure the due and proper collection of government revenue collectable by the department within the terms of any enactment or of instructions issued or approved by the Controller and Accountant-General;

529. Sections 1 (1,2&3) of The National Media Commission ACT, 1993, Act 449 enacts that,

(1) There is established by this Act a body to be known as the National Media Commission referred to in this Act as "the Commission".

(2) The Commission shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.

(3) The Commission may for and in connection with the discharge of its functions purchase, hold, manage or dispose of any movable or immovable property and may enter into such contracts and transactions as may be reasonably related to its functions.

530. Contrary to the provisos of the legislations referred to above we found that the National Media Commission a body corporate with perpetual succession clothed with independence under legislative authority with a legal mandate to sue and be sued in its corporate name, occupies a floor space of approximately four hundred and fifty-four square metres [454m<sup>2</sup>] of the National Communications Authority's offices at Cantonments in Accra.

531. Since their occupancy of the property in December of 2016 no attempts have been made to enter into a formal agreement with respect to their tenancy. As part of our audit, we undertook an inspection of the facility and made the following observations;

- i. Portions of the ceilings of the property occupied by the NMC are coming off;
- ii. Electrical connections from the main grid to the NMCs section of the property poses a great threat to the property as there are no circuit breakers;
- iii. Non-contribution by the NMC towards common area costs, like grounds maintenance, waste disposal and cesspit dislodgement;

532. Our checks revealed that rental values for comparable properties within the environs of the NCAs property at cantonments ranges between US\$26.00 (GH¢130) and US\$45.00 (GH¢225) per square metre thus, averaging US\$35.00/m<sup>2</sup>. Using the lower end of the rate per square metre we estimated the rent payable per month by the NMC @US\$26\*454m<sup>2</sup>=US\$11,804.00. This brings the NMCs estimated rent due for the financial year ended 31 December 2016 to [US\$11,804.00/month\*12] = US\$141,648.00.

533. To keep the building in a good and continuous habitable state, we urged management of the NCA to enter into a formal tenancy agreement with the NMC with the view to charging rent, proceeds of which would be used to maintain the property and give it the needed aesthetic appeal befitting an office accommodation and to cater for common area costs.

534. We also recommended to management of the NCA to collect the overdue rent from the NMC and furnish proof of collection for audit certification or risk being sanctioned under the relevant provisions of the Financial Administration Regulations.

### **MANAGEMENT'S RESPONSE**

535. “The allocation of the NCA Office space to the National Media Commission (NMC) was not done on commercial terms. (Alms length bases) A request for office space was made to the Board of Directors who tasked management to discuss and present a proposal for consideration. Management had already proposed a tenancy agreement for the payment of a peppercorn rent to the then Board of Directors which was approved by the Management and Project Committee (MAPCOM) of the Board and sent to the NMC for execution in August, 2015. The NMC was also to take care of its utility expenses, contribute to common area maintenance as well as maintenance of the facility.

536. In spite of several requests, the NMC is yet to execute the agreement, though they take care of their utility expenses. In view of the time lapse, the current Board of Directors is looking at the whole arrangement for necessary action.

### **Loss of Rent Revenue - US\$ 15,660.00**

537. Section 91(1) of the Public Financial Management Act requires that ‘the Board of Directors of a public corporation governed by the Act shall ensure the efficient management of the financial resources of the public corporation including the collection and receipt of moneys due to that public corporation’.

538. We observed that on the 1<sup>st</sup> of November, 2016 the NCA entered into a tenancy agreement with Heritage Bank Ghana Limited through their agents Kedge Company Limited to let the rear right and left quadrants of the ground floor, and all of the first floor measuring

2,300 square meters for use as an office facility and a banking hall as well as space at the entrance of the National Communications Authority (NCA) Tower measuring nine (9) square meters for the purpose of installing an Automated Teller Machine(ATM). The total floor space available for the lease was two thousand three hundred and nine (2,309) square meters at a rate of Twenty-Nine Dollars (US\$29.00) per square meter per month.

539. Documentation composed of official receipts, pay in slips, bank statements reviewed showed that, payment for the transaction by the Heritage Bank GH. Ltd covered 2,300 square meters for the five (5) year tenancy period instead of 2,309 m<sup>2</sup>. The consequence of the above is the loss of US\$15,660.00 in rental revenue. We have provided a summary of the transaction details in the table below please.

540. We blame the anomaly on poor supervision over facilities/estate management at the NCA along with inadequacies in the accounting and finance processing function as well as weaknesses in internal oversight /pre-audit

We provide a summary of the transaction in the table below;

**Table: Details of Rental payments by the Heritage Bank.**

YEAR/PERIOD	Rate per m <sup>2</sup> /Month US\$	Total Space Occupied in m <sup>2</sup> paid for	No. of Years	AMOUNT US\$	Total Space to be Paid for.	Amount due US\$	Under-charged US\$
1 <sup>st</sup> Year 1 <sup>ST</sup> Nov 2016 – 31 <sup>ST</sup> Oct. 2017	29.00	2,300	1	800,400	2,309	803,532	3,132
2 <sup>nd</sup> Year 1 <sup>ST</sup> Nov 2017 – 31 <sup>ST</sup> Oct 2018	29.00	2,300	1	800,400	2,309	803,532	3,132
3 <sup>rd</sup> Year 1 <sup>ST</sup> Nov 2018 – 31 <sup>ST</sup> Oct 2019	29.00	2,300	1	800,400	2,309	803,532	3,132
4 <sup>th</sup> Year 1 <sup>ST</sup> Nov 2019 – 31 <sup>ST</sup> Oct 2020	29.00	2,300	1	800,400	2,309	803,532	3,132
5 <sup>th</sup> Year 1 <sup>ST</sup> Nov 2020 – 31 <sup>ST</sup> Oct 2021	29.00	2,300	1	800,400	2,309	803,532	3,132
<b>TOTAL</b>							<b>15,660</b>

541. We recommended to management to remedy the anomaly with promptness to avert any further losses. We also urged management to recover the unpaid balance of US\$15,660.00 with interest at the prevailing Bank of Ghana treasury bill rate and furnish documentation in support of the recovery for our validation and necessary action by the 1<sup>st</sup> of November 2018. We further recommended the tightening of controls over payment processing and the adequate resourcing of the estate /facilities management unit of the NCA to minimise the risk of such avoidable anomalies repeating themselves.

#### **Non-Judicious Use of Public Funds on Gym Equipment C120,000.00**

542. Section 13 of the Audit Service Act 2000 Act 584 provides that “The Auditor-General shall examine in such manner as he thinks necessary the public and other government accounts and shall ascertain whether in his opinion —

- (a) the accounts have been properly kept;
- (c) monies have been expended for the purposes for which they were appropriated and the expenditures have been made as authorised;
- (d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public property; and
- (e) programmes and activities have been undertaken with due regard to economy, efficiency and effectiveness in relation to the resources utilised and results achieved.

543. Similarly, Regulations 2 (c) of the FAR 2004, LI 1802 require a head of government department to secure the efficient and effective use of appropriations under departmental control within the ambit of government policy and in compliance with any enactment, regulations or instructions issued under the authority of any enactment.

544. Our review disclosed that the NCA engaged Messrs. Switch Lane Ventures to supply and install gym equipment for the Authority and paid sums totalling GH¢120,000.00 to the vendors on 23-11-2016 by cheque with number 7925 for the transaction. Almost two (2) years on the equipment have not been put to use.

545. We advised management to ensure the gym is put to its intended use without further delay, and also ensure that government’s estates are managed effectively and efficiently.

## MANAGEMENT'S RESPONSE

546. After handing over and occupancy of the NCA Tower, the Board and Management adhered to several demands by staff for an in-house gym in fulfilment of the Authority's Health and Wellness Programme, for which the rear Right Wing of the Second Floor was allocated for the siting of the gym. Since the floor plan was not designed for that purpose, the Authority commenced the procurement process for the engagement of a contractor to construct shower cubicles and changing rooms, which are prerequisites for the operation of all gyms. The shower cubicles and changing rooms have subsequently been completed and handed over by the contractor. Management has noted the Audit Team's recommendations and wish to report that plans are currently in place for the engagement of a professional instructor to manage the gym before year-end 2018.

### **Funding of Government/Ghana Broadcasting Corporation projects using NCA'S funds GH ₵8,636,974.84**

547. Paragraph one (1) of the GHANA BROADCASTING CORPORATION DECREE, 1968 (NLCD 226) As amended states that,

“1) There is hereby established a body corporate to be known as the Ghana Broadcasting Corporation, in this Decree referred to as "the Corporation".

(2) The Corporation shall have perpetual succession and a common seal and may sue and be sued in the name assigned to it by sub-paragraph (1) of this paragraph.

(3) The Corporation shall have power, for the discharge of any of its functions, to acquire and hold any movable or immovable property and to dispose of such property, and to enter into any contract or other transaction.

(4) Where there is any hindrance to the acquisition of any property under sub-paragraph (3) of this paragraph, the property may be acquired for the Corporation under the State Property and Contracts Act, 1960 (CA 6) or as the case may be, under the State Lands Act, 1962 (Act 125), and each such Act shall, as the case may be, apply with respect to any such acquisition with such modifications as may be necessary to provide for the vesting of the property acquired thereunder in the Corporation and for the cost of acquisition to be defrayed by the Corporation.”

548. Regulation 2 (a & c) Of the Financial Administration Regulations (FAR) 2004 LI 1802 also states that “The head of government department shall

(a) manage and operate the department’s accounting systems, so as to ensure the accountability of all officers transacting such business and facilitate the efficient discharge of such business;

(c) secure the efficient and effective use of appropriations under departmental control within the ambit of government policy and in compliance with any enactment, regulations or instructions issued under the authority of any enactment;”

549. We observed that the NCA procured automobile vehicles, furniture and broadcasting equipment totalling Eight million six hundred and thirty-six thousand nine hundred and seventy-four cedis eighty-four pesewas [GH¢8,636,974.84] for the Ghana Broadcasting Corporation in the review period.

The table below provides a summary of the transaction details;

DATE	REF	DESCRIPTION	AMT [GH¢]
19-Aug-16	7716	Sollatek Electronic - Supply & Installation of AVSc & UPS for GBC	307,474.20
19-Aug-16	7718	Hyundai Motors - Part payment for delivery of 5 Hyundai i10	54,000.00
19-Aug-16	7719	1st African Page Ltd - 50% part- payment for delivery office furniture	28,200.00
19-Aug-16	7720	True Power Electrical - Installation of 2 Diesel sound proof genset	234,823.75
22-Sep-16	B/S	50% payment - HECTECH Trading -intercom	1,168,948.81
22-Sep-16	B/S	75% payment -delivery of thirty Video Transmitters & Services	523,369.13
27-Sep-16	7759	Forms Broadcast solutions - cameras/recorders for GBC - 50% payment	1,511,199.43
27-Sep-16	267695	1st African Page - conference chair for GCB	54,960.00
3-Oct-16	7762	Hyundai Motors - Cost of vehicles for GBC	270,000.00
10-Oct-16	Oct B/s	Rohde & Schwarz - Supply of broadcasting equipment for GBC	120,518.49
12-Oct-16	7777	PPMC Ltd	26,250.00
12-Oct-16	7777	1st African Page	1,440.00
12-Oct-16	Oct B/s	DB Electronica - Supply of broadcasting equipment for GBC	120,650.80
12-Oct-16	Oct B/s	Plisch - Supply of broadcasting equipment for GBC	108,608.63
14-Oct-16	7778	True Power Electrical - Supply of 2 Genset for GBC	92,073.75
14-Oct-16	7779	1st African Page Ltd - Supply & installation of furniture for GBC	26,760.00
14-Oct-16	7780	Ultimate Supplies Ltd - Supply & installation of copier machine	8,238.60
2-Nov-16	B/S	Supply and Delivery of intercoms/Interfaces	1,150,383.48



<b>2-Nov-16</b>	315063	WHT-True Power Electrical	8,565.00
<b>2-Nov-16</b>	315063	WHT-1ST African Page	2,304.00
<b>18-Nov-16</b>	315118	Hamsam Maritime Services - Custom duties on Broadcasting equipment	488,487.55
<b>24-Nov-16</b>	315135	Sollatek Electronic Ltd - Final payment for the supply of AVS and Ups for GBC	120,559.81
<b>24-Nov-16</b>	315137	Nel Supplies Ltd - Cost for supply of transmitter for GBC	500,521.75
<b>14-Dec-16</b>	315203	Forms Broadcasting - Cameras & recorder accessories for GBC	1,353,916.10
<b>1-Dec-16</b>	315157	Hamsam Maritime Services - Custom duties on Broadcasting equipment	317,163.45
<b>1-Dec-16</b>	315143	Nel Supplies Ltd	26,343.25
<b>1-Dec-16</b>	315143	Sollatek Electronic Ltd	11,214.86
		<b>TOTAL</b>	<b>8,636,974.84</b>

550. We however did not obtain any evidence of correspondence between the Ghana Broadcasting corporation and the National Communications Authority relating to the acquisition, and are therefore unable to tell the grounds and terms for the purchase.

551. We recommended to management to ensure that, all amounts owed the authority under transactions of similar nature are retrieved from the beneficiaries with documentary proof for audit verification, tighten controls over the Authority's, finance and accounting processes, and that all future transactions of similar nature should be properly documented with terms of engagement clearly spelt out and sanctioned by the competent Ghanaian authorities.

#### **MANAGEMENT'S RESPONSE**

552. The above payments were a directive from the Ministry of Communications and was approved by the Board. The procurement processes for awarding of contracts for supply was done by the Ghana Broadcasting Corporation. The payments were only made as and when the supplies were delivered and accepted by the GBC and evidence of delivery was submitted to the Authority as approved by the board.

#### **Audit Position**

553. The directive of the Ministry of Communication and the approval by the Board are contrary to Article 178(2) and Act 769 and the expenditure may be disallowed and officials surcharged accordingly.

**Use of NCA’S Funds to defray expenditure on MoC ICT Data Centre Initiated Projects & Consultancy Engagements. GH ₵16,583,157.36**

554. Under Article 176 (1) of the 1992 Constitution, all revenue and money raised or received for purposes of, or on behalf of Government must be paid into the Consolidated Fund. Article 176 (2) provides for exceptions and this covers two situations:

(a) where an Act of Parliament allows revenue to be paid into a fund established for a specific purpose; and

(b) where an Act of Parliament allows a department of government to retain revenue or money received by them for the purpose of defraying the expense of that department

Sections 20 (2) and 21 of the NCA Act clearly states in mandatory terms what the NCA does with money received by it.

555. Under section 20 (2), money received by the NCA must be paid into a bank account of the NCA opened by the Board with the approval of the Controller and Accountant-General. Under section 21 (2) of the NCA Act of 2008, after the NCA defrays its outstanding expenses, the Board of the NCA has an obligation to transfer any excess amounts to the Consolidated Fund. The retention of funds by the NCA has to be with explicit approval of the Minister of Finance in consultation with the Minister of Communications.

556. Regulation 1(1) of the Financial Administration Regulations, 2004 LI 1802 requires among others that, the financial responsibility of a public officer shall include the proper keeping of records of all transactions including quotations, invoices, receipts etc. and shall produce them for inspection when called upon to do so by the Auditor-General.

557. In the period under review we noted that the National Communications Authority [NCA] made payments totalling GH₵16,583,157.36 on behalf the government of Ghana/Ministry of Communication even though the NCA was not privy to the contracts and was not part of the processes leading to the award of the contracts.

558. We also observed that the procurements were not captured in the NCAs procurement plan for the 2016 fiscal year and further noted that, apart from the NCA not being a part of the processes leading to the award of the contracts, documentation to acquit the payments were

either absent or scanty - a situation which we attribute to weak internal control over payment processing coupled with poor public financial management practices.

**Table**

DATE	REF	PAYMENTS ON BEHALF OF GOVERNMENT THROUGH MOC	AMOUNT [GHC]
13-Sep-16	7741	Hardrock construction - Advance mobilization - e-CICS lot: 03	521,248.07
13-Sep-16	7742	Jacnam Co, Ltd - mobilization - lot: 01	523,467.92
13-Sep-16	7744	Ultimate impression one Ltd - adv payment - construction of comm. info.	518,701.81
13-Sep-16	7745	Royal Abotineriba ltd – Advance payment - Construction of Comm. info. lot 09	517,599.31
13-Sep-16	7746	Hardrock construction ltd - adv payment - construction of comm. info. lot 07	521,248.07
13-Sep-16	7747	Jacnan Co Ltd - adv payment - construction of comm info lot 04	523,467.92
13-Sep-16	7748	Ultimate impress - adv payment - construction of comm info lot 08	518,701.81
13-Sep-16	267605	Royal Abotineriba ltd - adv payment - construction of comm. info.	517,599.31
13-Sep-16	267606	Jacnan Co. Ltd - adv payment - construction of enhanced community info.	523,467.92
15-Sep-16	267633	Procurement project Mgt - consultancy fee	376,250.00
18-Nov-16	315107	Ultimate Impressions - Construction of ICT data centre	693,219.02
18-Nov-16	315108	Hardrock Construction - Construction of ICT data centre	885,477.73
18-Nov-16	315109	Royal Abotineriba Ltd - Construction of ICT data centre	867,048.68
18-Nov-16	315110	Jacnan Company Ltd - Construction of ICT data centre	910,378.22
18-Nov-16	315111	Procurement & Project Mgt - Consultancy services	647,500.00
1-Dec-16	315143	Jacnan Co Ltd	47,914.64
1-Dec-16	315143	Hardrock Construction	46,604.09
1-Dec-16	315143	Ultimate Impression	36,485.21
1-Dec-16	315143	Royal Abotineriba	45,634.14
20-Dec-16	315230	Royal Abotineriba - Construction of ICT data centre	541,416.97
20-Dec-16	315231	Jacnan Co Ltd - Construction of ICT data centre	743,182.08
20-Dec-16	315232	Hardrock Construction Ltd - Construction of ICT data centre	375,931.61
20-Dec-16	315233	Ultimate Impressions Ltd - Construction of ICT data centre	676,862.83
20-Dec-16	315235	PP Mgt Consultancy - Consultancy services	323,750.00
9-Nov-16	315078	Funding support to support Optic fibre- NITA	2,180,000.00
25-Oct-16	279719	MOC - Payment for construction of data centre	2,500,000.00
		<b>TOTAL</b>	<b>16,583,157.36</b>

559. We recommended full compliance with legislations that underpin the effective and efficient conduct of government business and to ensure that all future financial support to other government ministries departments and agencies are sanctioned by the ministry of finance in

consultation with the communications ministry as prescribed by Act 769. We also urged Management to provide the audit team with full documentation for our review.

## **MANAGEMENT'S RESPONSE**

560. The above payments were for the construction of Enhance Community ICT Centres for the teaching of ICT in line with government policy on ICT education for all. It is also in line with the mandate of the NCA to provide the necessary industry support and development. The payments were a directive from the Ministry of Communication and was approved by the Board. The procurement process for the selection of contractors as well as engineering consultancy and supervision were all carried out by the Ministry of Communication. The activity is not part of NCA procurement activity for the year under review.

### **Audit Position**

561. Management's response is contrary to Article 178(2) and Act 769. The expenditure may be disallowed and officials surcharged accordingly.

### **Weak controls over payment of fuel for staff vehicles-4,480 Gallons [20,160 litres of petrol]**

562. 558. Regulation 2 (a) & (c) of the FAR stipulates that the head of government department shall

(a) manage and operate the department's accounting systems, so as to ensure the accountability of all officers transacting such business and facilitate the efficient discharge of such business;

(c) secure the efficient and effective use of appropriations under departmental control within the ambit of government policy and in compliance with any enactment, regulations or instructions issued under the authority of any enactment

563. Regulation 39(1) of the FAR, 2004, LI 1802 further requires a head of department to ensure that moneys are utilised in a manner that secures optimum value for money.

Paragraph 5.4.2(g) of the National Communications Authority (NCA) Human Resource Policy Manual states that "the Authority shall provide fuel or cash equivalent, per month to employees who use their personal vehicles to commute to work at the following rate:

- i. Junior staff – 16 gallons per month
- ii. Senior staff - 40 gallons per month

564. We discovered during our review that the NCA supplied fuel totalling 20,160 litres to staff members listed in table below but failed to ensure that the beneficiary staff used the vehicles for the purposes intended.

**Table**

N0	NAME	GRADE	PRESENT STATION	VEHICLE No.	NO. OF GALLONS	REMARKS
1	Ms. Rachel Austin	Officer	Takoradi	GT 146 -16	34 Months*40 gals=1,360	Vehicle has not been used since 2016
2	Mr. Norbert Kwankye	Regional Manager	Sunyani	GR2906 U	34 Months*40 gals=1,360	Vehicle has not been used since 2016
3	Mr. Isaac Kwarko	Zonal Manager	Takoradi	GC 4925 - 11	34 Months*40 gals=1,360	Vehicle has not been used since 2016
4	Mr. Ahmed A. Bibilazu	Assist. Manager	Bolgatanga	GW 3091 – 17	10 Months*40gals=400	Vehicle allegedly Sent for repairs since January 2018
<b>TOTAL No. of Gallons</b>					<b>4,480</b> <b>[20,160 litres]</b>	

565. 561. Weak internal oversight control and the absence thereof of a clear-cut policy on staff vehicle usage accounted for the anomaly.

566. We recommended to management to recover the amounts from the affected staff and provide proof of recovery for audit verification otherwise the expenditures will be disallowed and all affected officers accordingly surcharged. Management and the NCA Board should develop and implement a comprehensive policy on usage of staff vehicles including the preparation and submission of quarterly/periodic returns by divisional and zonal heads on the usage and roadworthiness of beneficiary staff vehicles. The policy should provide for permissible periods for which staff vehicles could be off road after which payment of fuel and maintenance should be suspended.

567. Staff who procure new vehicles must be made to furnish copies of ownership documents; roadworthy and insurance certificates to the NCA to enable the Authority verify and corroborate ownership from the DVLA. Divisional Heads, Regional/Zonal Managers

should be tasked to provide monthly certification on the status and usage of staff vehicles, copies of which must be forwarded to Payroll /salary processing and or the appropriate authority responsible for the issuance of fuel coupons to minimise the risk of recurrence.

## MANAGEMENT’S RESPONSE

568. The Authority has an approved Transport Policy which is currently undergoing review to incorporate the Vehicle Usage Policy which is also a separate document. Management has noted the Audit Team’s recommendations for which steps are being taken to incorporate same in the Transport Policy. Necessary action will also be taken and report appropriate.

### **Change of staff vehicles without notification to the NCA & failure to produce vehicles for audit inspection**

569. Regulation 2. of the Financial Administration Regulations 2004 LI 1802 provides that “the head of government department shall

(a) manage and operate the department’s accounting systems, so as to ensure the accountability of all officers transacting such business and facilitate the efficient discharge of such business;

(b) ensure that the department’s accounting system has been approved by the Controller and Accountant-General in consultation with the Auditor- General;

(c) secure the efficient and effective use of appropriations under departmental control within the ambit of government policy and in compliance with any enactment, regulations or instructions issued under the authority of any enactment

570. We noted that, there is no approved policy on transport by the NCA board. In the absence of a transport policy there were no guidelines on the usage of staff vehicles. We also found that some staff members whose details appear in the table below have replaced their vehicles but failed to notify the Authority of the change.

### **Table**

No	NAME OF STAFF	GRADE	PRESENT STATION	VEHICLE No.	REMARKS
1	Mr. Ignatius Arthur	Chief Manager	Head Office	GE 480 Z	Not produced for audit inspection
2	Mr. Prince Ankrah	Principal Manager	Head Office	GE 2717 – 12	Changed vehicle to GE 2717 -17 without notifying the Authority

3	Mr. Gordon Wiru	Principal Manager	Head Office	GS 430-14	Not produced for audit inspection
4	Mr. W. Mensah-Doodoo	Principal Manager	Head Office	ER 7721 X	Changed vehicle to GE 8732-16 without notifying the Authority
5	Mr. Robert Apaya	Principal Manager	Head Office	GT 3844 V	Not produced for audit inspection
6	Mr. Abed Bandim	Principal Manager	Head Office	GC 2855 - 09	Not produced for audit inspection
7	Mr. Alfred Gaisie	Principal Manager	Head Office	GW 6335 R	Not produced for audit inspection
8	Ms. Joyce Abbey	Senior Manager	Head Office	GT 6842 S	Changed vehicle without notifying the Authority
9	Mr. Yaw Baafi	Senior Manager	Head Office	GS 1161 – 13	Not produced for our inspection
10	Mr. Fred Asumanu	Senior Manager	Head Office	GR 7205 H	Changed vehicle to GG 3605 - 17 without notifying the Authority
11	Mr. John Essamuah	Senior Manager	Head Office	GN 2662 – 14	Not produced for our inspection
12	Mrs. M. Abba-Donkor	Manager	Head Office	GW 8379 U	Changed vehicle to GR 8868 - 12 without notifying the Authority
13	Mr. Isaac Kwarko	Zonal Manager	Takoradi	GC 4925 - 11	Not in use since February 2016
14	Mr. George Asare	Manager	Head Office	GT 3900 – 13	Changed vehicle to GE 7171 - 16 without notifying the Authority
17	Mr. Issah Amadu	Manager	Head Office	GT 2244 – 12	Not produced for our inspection
18	Mr. Kofi Ntim Y. Kodieh	Manager	Head Office	GW 4711 P	Not produced for audit inspection
19	Mr. Frank Mensah	Deputy Manager	Head Office	GS 1350 – 13	Changed vehicle to GT 412 -18 without notifying the Authority
20	Mr. George Agbozo	Deputy Manager	Head Office	GT 1265 B	Not produced for audit inspection
21	Ms. Joycelyn Boamah	Deputy Manager	Head Office	GR 5369 X	Not produced for audit inspection
22	Mr. Charles Acheampong	Deputy Manager	Head Office	GR 1991 X	Not produced for audit inspection
23	Mrs. Phyllis Asampong	Deputy Manager	Head Office	GT 6729 A	Changed vehicle without informing the Authority
24	Mr. Gabriel Bondzie	Deputy Manager	Head Office	GB 1144 – 12	Changed vehicle to GW2139 - 17 without informing the Authority
25	Mr. Emmanuel L. Offei	Deputy Manager	Head Office	GE 4647 – 14	Changed vehicle to GT 412 -18 without notifying the Authority
26	Alhaji Osman Alhassan	Assist. Manager	Head Office	GX 1440-13	Not produced for our inspection
27	Isaac Koduah	Assist. Manager	Head Office	AS 5345 X	Changed vehicle to GT 1422 without informing the Authority
28	Mrs. Henrietta Acquaye	Assist. Manager	Head Office	GS 1984 – Y	Not produced for audit inspection
29	Mr. Norbert Kwankye	Regional Manager	Sunyani	GR2906 U	Not in use since 2016
30	Mr. Timothy Ashong	Assist. Manager	Head Office	GE 4589 V	Changed vehicle to GR 3911 -17 without informing the Authority



31	Mrs. Ama Boateng	Assist. Manager	Head Office	GW 187 - 10	Changed vehicle to GS146 -17 without informing the Authority
32	Mrs Jenniffer Mensah	Assist. Manager	Head Office	GR 9369 – 11	Not produced for audit inspection
33	Ms. Lena Ampadu	Assist. Manager	Head Office	GS 430-14	Not produced for audit inspection
34	Mr. Clement Akasoba	Assist. Manager	Head Office	GW 5955 Y	Not produced for audit inspection
35	Ms. Sylvia Okrah	Assist. Manager	Head Office	GE 9340 – 13	Not produced for audit inspection
36	Mr. Peter Djakwa	Deputy Manager	Head Office	AS 994 Y	Not produced for audit inspection
37	Mr. Emmanuel Adubah	Assist. Manager	Head Office	AS 2529 D	Not produced for audit inspection
38	Ms. Diana Owusu Ansah	Assist. Manager	Head Office	AS 2290 – 09	Not produced for audit inspection
39	Mr. Micheal Ansah	Assist. Manager	Head Office	GT 1277 – 10	Changed vehicle to GR 433-18 without informing the Authority
40	Mrs. Mavis Atukwei-Quaye	Assist. Manager	Head Office	GB 2412 – 12	Changed vehicle to GR 2672 -18 without informing the Authority
41	Mrs. Beatrice Laryea	Assist. Manager	Head Office	GT 2367 - 10	Changed vehicle to GR 9252 - 15 without informing the Authority
42	Mr. George Amofah	Assist. Manager	Head Office	GX 7880 X	Changed vehicle to DV 8245 without informing the Authority
43	Mrs. Ophelia Ofori Yeboah	Officer	Head Office	GT4313 X	Changed vehicle to DV 1318 without informing the Authority
44	Mr. Ahmed A. Bibilazu	Asst. Manager	Bolgatanga	GW 3091 - 17	Broken down since January of 2018
45	Ms. Rachel Austin	Officer	Takoradi	GT 146 - 16	Not in use since January 2016
46	Mr. Jamal Abu Mohamed	Officer	Bolgatanga	GE 8800 X	Change vehicle without informing the Authority
47	Ms. Joyce Pobi	Officer	Head Office	GT 769 – 09	Changed vehicle to GG 3222 - 18 without informing the Authority
48	Mrs. Ivy Hoetu	Officer	Head Office	GN 3359 Z	Changed vehicle to GE 9114 - 17 without informing the Authority
49	Mr. Mohammed Amin Suleman	Assist. Manager	Head Office	GR 542 – 13	Changed vehicle to CR 1016 - 13 without informing the Authority
50	Mr. Solomon O. Baah	Officer	Head Office	ER 553 Y	Changed vehicle to GS 1147 - 17 without informing the Authority

571. Above anomaly was made possible as a result of management inaction coupled with the absence of guidelines and policy on transport at the NCA.

572. We recommended to management to develop and implement a comprehensive policy on usage of staff vehicles including the preparation and submission of quarterly/periodic returns by divisional and zonal heads on the usage and roadworthiness of beneficiary staff vehicles. Staff who procure new vehicles must be made to furnish copies of ownership



documents; roadworthy and insurance certificates to the NCA to enable the Authority verify and corroborate ownership from the DVLA.

### **MANAGEMENT'S RESPONSE**

573. Management have noted the observation and as an immediate measure has tasked the Internal Audit Division to, as a matter of urgency, inspect vehicles of staff who did not produce their vehicles for inspection by the Audit Team and submit their findings and/or recommendations to Management for action.

574. With regard to staff whose vehicles break down for two months and over, the practice has been that they are taken off the fuel list until the vehicles are restored. Management has noted with concern the anomalies detected regarding staff who have not used their vehicles for several months.

### **Recognition of Rent Income for 2015= GHC 6,441,594.80**

575. International Accounting Standard (IAS) number 17 – Leases; prescribes that income (rentals) from operating lease excluding charges for services such as insurance and maintenance should be recognized on a straight-line basis over a period of the lease unless another systematic and rational basis is more representative of the time pattern in which the benefit from the leased asset is receivable.

576. Section 13(a) and (b) of the Audit Service Act 2000 (Act 584) stipulates that “The Auditor-General shall examine in such manner as he thinks necessary the public and other government accounts and shall ascertain whether in his opinion —

(a) the accounts have been properly kept;

(b) all public monies have been fully accounted for, and rules and procedures applicable are sufficient to ensure an effective check on the assessment, collection and proper allocation of the revenue”

577. The Authority leased part of its Head Office Building, the NCA Tower in Accra to Société Générale (SG) GH. Ltd. and the Cal Bank GH. Ltd on 15<sup>th</sup> August 2015 and 1<sup>st</sup> September, 2015 respectively for a lease period of five (5) years at a rate of \$40.00 or its cedi equivalent per square meter. However, the Authority, inadvertently, recognized the total rental income received for the entire five-year period in the 2015 financial statement. The anomaly

was as a result of non-compliance with generally accepted accounting standards coupled with weak internal oversight control as well as weak supervisory control over the finance function.

**Table**

TENANT	Tenancy Period	No. of Months in the Fin. Yr.	Total Advance Received (Net of 15% Rent tax) GHC	Pro-Rated Amount	Portion of rent income to be deferred GHC
<b>SG GH. LTD.</b>	15-08-2015 TO 14-08-2020 (5yrs)	Aug 2015 – Dec 2015 (5 months)	3,211,225.20	267,602.10	2,943,623.10
		Jan. – Dec 2016 (12 months)		642,245.04	2,301,378.06
		Jan – Dec 2017 (12 months)		642,245.04	1,659,133.02
<b>Cal Bank Ltd.</b>	01-09-2015 To 31-08-2020 (5yrs)	Sept – Dec 2015 (4 months)	3,747,826.80	249,855.12	<b>3,497,971.68</b>
		Jan. – Dec 2016 (12 months)		749,565.36	<b>2,748,406.32</b>
		Jan – Dec 2017 (12 months)		749,565.36	<b>1,998,840.96</b>

578. As a result of the anomaly, income reported for 2015 was overstated, while income for subsequent years would be understated, thereby distorting the true and fair view of the financial statements.

579. We recommended to management to pass the necessary adjustments to the financial statements to reflect its true state of affairs. We also recommended improvement in capacity of the finance and internal audit functions of the NCA to ameliorate the risk of recurrence.

### **Procurements activities outside the procurement process GHC 12,931,594.73**

580. Section 14 (12) (a) of the Public Procurement Act, 2003 (Act 663) provides that “The Head of the Procurement Unit (and his /her team) shall be responsible for undertaking and coordinating all detailed procurement activity within the procurement entity. This shall include receiving procurement requests from originating officers, checking that the proposed procurement is within the approved procurement plan, and that budgeted funds are available prior to commencement of procurement proceedings”

581. We noted from our review of payment documents covering the 2016 financial year that, item of expenditure totalling GH¢12,931,594.73 as depicted in table 10 below were paid for without recourse to the Public Procurement Law cited above. We further observed that the

procurement activities were not captured in the entity's procurement plan and there were no files at the NCAs procurement unit to corroborate the legitimacy of the procurements.

582. We, therefore, urged management to discourage the practice and resource the NCAs procurement unit/officers to carry out procurement activities according to the procurement law. We also advised management to ensure that all procurement activities undertaken with public funds on behalf of the NCA are first captured in the entity's procurement plan.

**Table**

<u>Date</u>	<u>Reference</u>	<u>Batch Ref</u>	<u>Description</u>	<u>AMT (GHC)</u>
19/01/2016	B/S	CBR01277	30% consultancy fee	154,440.00
19/01/2016	B/S	CBR01277	Numbering	346,020.00
01/03/2016	174129	CBR01407	30% Consultancy-GLO-Deloitte	622,554.55
01/03/2016	174130	CBR01407	DTT- Consultancy fee - TV Advert	57,428.13
05/04/2016	174337	CBR01432	Strategic communications Africa Ltd - expenditure on 20th anniversary	271,150.00
13/04/2016	174384	CBR01432	Stratcom - 20 <sup>th</sup> anniversary launch budget	68,200.00
13/04/2016	174386	CBR01432	GIPC - production of country sector documentary on Ghana's ICT sector	40,000.00
21/04/2016	b/s	CBR01472	Spectrum equipment	425,282.55
13/04/2016	174372	CBR01432	Occupational Mgmt. Ltd – 2 <sup>nd</sup> instalment for HR policy dev project	18,336.67
13/04/2016	174384	CBR01432	Stratcom – 20 <sup>th</sup> anniversary launch budget	68,200.00
23/08/2016	267558	CBR01681	Inception of report - Atuguba & Associates	139,657.69
15/09/2016	267633	CBR01745	Procurement project Mgmt. - consultancy fee	376,250.00
27/09/2016	267682	CBR01745	Stratcom Africa - Comm. support service	21,711.80
13/09/2016	b/s	CBR01755	Consultancy services for unified license	119,670.00
13/09/2016	b/s	CBR01755	Consultancy services for Significant Market Power	161,895.60
18/11/2016	315111	CBR01859	Procurement & Project Mgt - Consultancy services	647,500.00
24/11/2016	315138	CBR01859	Stratcom - Logistics supply for	49,872.01

			commissioning NCA Tower	
05/12/2016	315174	CBR01911	Stratcom -Planning & cordinating event activities	41,938.01
09/12/2016	315179	CBR01911	Stratcom - Provision of communication support service	21,813.55
20/12/2016	315235	CBR01911	PP Mgt Consultancy - Consultancy services	323,750.00
17/11/2016	B/S	CBR01927	Consultany- Unified License	140,711.17
15/12/2016	b/s	CBR01952	Consultancy- Valuation of shares- MTN- Edison invest	165,360.00
24/11/2016	7930	CBR01869	Musa B Adam – Consultancy	6,475.00
24/11/2016	7931	CBR01869	Randolf Ambala – Consultancy	5,550.00
24/11/2016	7932	CBR01869	Tommy Annan-Forson – Consultancy	5,550.00
24/11/2016	7933	CBR01869	Fortunate K B Fio – Consultancy	5,550.00
24/11/2016	7934	CBR01869	Toyiba Abdul-Hamid – Consultancy	5,550.00
<b>SUB TOTAL</b>				<b>4,310,416.73</b>
18/02/2016	174095	CBR01317	F J Travel & Tours – airfares	130,927.00
14/04/2016	174392	CBR01432	Westside Travel Services	393,541.00
12/05/2016	174505	CBR01470	Westside Travel – airfares	315,931.00
01/06/2016	174550	CBR01556	FJ Travel & Tour – airfares	104,164.00
22/06/2016	174666	CBR01556	FJ Travel & Tour – airfares	54,967.00
24/06/2016	174673	CBR01556	Westside Travel services – airfares	216,269.00
24/06/2016	174674	CBR01556	Westside Travel services – airfares	290,867.00
14/07/2016	267342	CBR01607	Westside Travel Services – airfares	372,360.00
14/07/2016	267343	CBR01607	Westside Travel Services – airfares	296,903.00
11/08/2016	267516	CBR01681	Cost of Airfare- Dr Ensaw & Others	327,105.00
11/08/2016	267518	CBR01681	Westside Travel Services-Ticket	306,361.00
01/08/2016	267454	CBR01652	F J Travel – airfares	162,991.00
09/11/2016	315085	CBR01859	Airfare- Westside Travel Services	250,585.00
02/11/2016	315061	CBR01859	Airfare- FJ Travel & Tour	88,119.00
16/11/2016	315104	CBR01859	Westside Travel Services- Airfare	316,326.00
21/11/2016	315119	CBR01859	FJ Travel & Tour - Cost of airfare	68,076.00

01/12/2016	315159	CBR01911	Westside Travel - Cost of Airfare	156,900.00
10/05/2016	212580	CBR01507	Westside Travel Services	363,208.00
10/05/2016	212581	CBR01507	Westside Travel Services	231,782.00
20/05/2016	7634	CBR01471	Westside Travel – airfares	298,872.00
15/04/2016	7580	CBR01439	Westside Travel Service – airfares	221,079.00
22/03/2016	7578	CBR01375	Westside Travel Services	280,540.00
02/02/2016	7525	CBR01335	Westside Travel Services – airfares	202,749.00
01/06/2016	7646	CBR01561	Westside Travel Services – airfares	119,903.00
14/12/2016	315202	CBR01911	FJ Travel & Tour - Cost of airfare	18,703.00
22/07/2016	7666	CBR01608	Westside Travel Services	276,741.00
22/07/2016	7667	CBR01608	Westside Travel Services- Airfare	265,867.00
11/08/2016	7688	CBR01683	Westside Travel Services - Cost of Airfare	320,462.00
11/08/2016	7689	CBR01683	Westside Travel Services - Cost of Airfare	185,168.00
27/09/2016	7761	CBR01747	Westside Travel – airfares	520,662.00
27/09/2016	7762	CBR01747	Westside Travel services – airfares	349,318.00
14/10/2016	7781	CBR01802	Westside Travel Services – Airfare	307,728.00
14/10/2016	7782	CBR01802	Westside Travel Services – Airfare	337,866.00
26/10/2016	7799	CBR01806	Westside Travel Services - Cost of Airfares	244,400.00
26/10/2016	7800	CBR01806	Westside Travel Services - Cost of Airfares	223,738.00
<b>SUB TOTAL</b>				<b>8,621,178.00</b>
<b>GRAND TOTAL</b>				<b>12,931,594.73</b>

### Payment for VAT with no VAT Invoice in Support GHC26,797.93

583. Section 41 of the VALUE ADDED TAX ACT, 2013 Act 870 provides that

(1) A taxable person shall, on making a taxable supply of goods or services, issue to the recipient, a tax invoice in the form and with the details that are prescribed by the Commissioner-General.

(2) A taxable person on issuing a tax invoice shall retain a copy of the invoice in a sequential identifying number order.

584. We observed that the National Communications Authority (NCA) paid GH¢155,717.65 inclusive of value added tax (VAT) of GH¢ **26,797.93** to twenty [20] vendors sampled as per the summarised details in table 11 below for varied services rendered in the review period for which no VAT invoices were issued by the affected vendors.

**Table**

NO	DATE	PV NO.	CHEQUE NO.	DESCRIPTION	VENDOR /SUPPLIER	AMOUNT GH¢	VAT AMOUNT PAID GH¢
1.	3/3/16	B0004282	174155	Payment for Vehicle Tyres	Ben Dua Ltd	11,108.91	1,697.86
2.	8/3/16	B0004368	174185	Payment for fire proof Cabinet	Kingdom Books & Stationery	4,760.00	708.94
3.	8/3/16	B0004373	174191	Branding of 8th floor NCA Tower	Blu Blaze	19,867.80	3,132.15
4.	8/3/16	B0004362	174192	Office equipment to Kumasi Office	Kingdom Books & Stationery	2,930.00	436.38
5.	8/3/16	B0003950	174020	80% Advance Payment for USTTI Conference	La Palm Royal Beach Hotel	42,000.00	9,278.72
6.	25-2-16	B0004311	174133	Repair and Servicing of GV615	Silver Star Auto Ltd	7,054.10	1,098.00
7.	10/5/16	B0004878	174495	Sim Box Forensic Examination	E-Crime Bureau	15,180.00	2,415.00
8.	23-05-16	B0004833	174541	HR POLICY Review	Aqua Safari	10,577.06	1,762.84
9.	26-05-16	B0004842	174538	Toiletries for office	Estee Logistics	4,520	135.60
10.	26-05-16	B0004836	174534	A4 copier papers	Multi Waters	4,800.00	144.00
11.	17-6-16	B0007109	174626	Restoration of Gen. set at Cantonments	G&J Technical Services	6,342.28	919.28
12.	17-6-16	B0007108	174625	Servicing of GT 6437-16	SNEDA Motors	472.93	70.44
13.	17-16-16	B0007107	174624	Repair and replacement of parts GM 1145-15	AUTO PARTS	1,526.27	227.32
14.	17-6-16	B0007106	174623	Servicing o- GM 8850-13-&GN 7958-12	Toyota GH.C0. Ltd	1,979.37	294.80
16.	16-06-16	B0007081	174615	Rental of TV Sets and Sit Top Boxes for exhibition	Art Excel	3,151.98	507.50
17.	16-06-16	B0007084	174613	Adverts LPMs	Multi Media Group (LuvFm)	1,374.75	204.75
18.	16-06-16	B0007085	174612	Advert on LPM Awareness	EIB Network GH Ltd	477.00	71.04

19.	16-06-16	B0007087	174610	2 Coffee Breaks and Lunch for Course Participants	The Gold Coast Restaurant	15,715.20	3,413.20
20.	16-06-16	B0007089	174608	Video Coverage	Buachie Multi Media Ltd	1,880.00	280.00
<b>TOTAL</b>						<b>155,717.65</b>	<b>26,797.93</b>

This occurred because of control weakness in the NCAs financial management system as well as weak internal oversight control.

585. We recommended to management to recover the GH¢26,797.93 paid to the affected vendors for onward remittance to the Ghana Revenue Authority with proof for audit validation, failing which the amount would be disallowed and all affected officers surcharged accordingly. We further recommended that controls over payment processing should be tightened to avert recurrence

#### **MANAGEMENT’S RESPONSE**

586. Management have noted the observations. However, some of the companies as listed above are companies that have been allowed by the Ghana Revenue Authority (GRA) to issue their own system generated VAT invoice. (Kingdom Books and Stationery Limited, Toyota Ghana Limited and La Palm Royal Beach Hotel). The rest of the companies that did not submit their VAT invoices at the point of collecting their pay cheques have been contacted to submit their VAT invoices

#### **Unplanned Procurements [Construction of ICT Data Centre] GH¢4,408,918.09**

587. Section 14 (12) (a) of the Public Procurement Act, 2003 (Act 663) states that the Head of the Procurement Unit (and his /her team) shall be responsible for undertaking and coordinating all detailed procurement activity within the procurement entity. This shall include receiving procurement requests from originating officers, checking that the proposed procurement is within the approved procurement plan, and that budgeted funds are available prior to commencement of procurement proceedings.

588. Section 15 (2) of Act 663 states that” The head of an entity and any officer to whom responsibility is delegated is responsible and accountable for action taken and for any instructions with regard to the implementation of this Act that may be issued by the Minister

acting in consultation with the Board. Section 21 (1) also enjoins a procurement entity to prepare a procurement plan to support its approved programme.

589. We observed that, vendors listed in the table below, were paid various sums of money allegedly for the construction of ICT data centres at locations which we are yet to ascertain. We did not find information on the procurements in the NCAs procurement plan for the review period. We sought to obtain the procurement files from the NCAs procurement unit but found nothing.

**Table**

DATE	CHQ NO.	BATCH REF.	DESCRIPTON	AMT GHC
18/11/2016	315107	CBR01859	Ultimate Impressions - Construction of ICT data centre	693,219.02
18/11/2016	315108	CBR01859	Hardrock Construction - Construction of ICT data centre	885,477.73
18/11/2016	315109	CBR01859	Royal Abotineriba Ltd - Construction of ICT data centre	867,048.68
18/11/2016	315110	CBR01859	Jacnan Company Ltd - Construction of ICT data centre	910,378.22
20/12/2016	315232	CBR01911	Hardrock Construction Ltd - Construction of ICT data centre	375,931.61
20/12/2016	315233	CBR01911	Ultimate Impressions Ltd - Construction of ICT data centre	676,862.83
<b>TOTAL</b>				<b>4,408,918.09</b>

590. The anomaly was made possible through the sidestepping of the NCAs procurement unit in the process of the award of contracts. As a result, value for the taxpayers' money could be compromised whereas transparency, accountability and probity in the procurement could not be guaranteed.

591. We admonished management to discontinue the practice of usurping the functions of the procurement unit and to ensure that all procurement activities are properly captured in the procurement plan of the NCA. We further entreated management to furnish the requisite files/documentation on the procurement activities listed above for our review and action as necessary.



## MANAGEMENT'S RESPONSE

592. The above payment was for the construction of Enhance Community ICT Centres for the teaching of ICT in line with government policy on ICT education for all. It is also in line with the mandate of the NCA to provide the necessary industry support and development. The payments were a directive from the Ministry of Communication and was approved by the Board.

593. The procurement process for the selection of contractors as well as engineering consultancy and supervision were all carried out by the Ministry of Communication. The activity is not part of NCA procurement activity for the year under review.

### **Functionality of NCAs Budget Committee**

594. Regulation 150 of the Financial Administration Regulations [FAR] 2001] LI 1802 stipulates that” Every head of department shall establish a budget committee which shall be made up of

- (a) The head of department, who shall be the chairperson; and
- (b) Heads of Budget Management Centres or Cost Centres

(A Budget Management Centre is a unit responsible for budget formulation, implementation, monitoring and evaluation).

595. Regulation 151 of the FAR provides that the Responsibilities of Budget Committees shall include;

- (a) review and formulate the strategic plans based on the policies of government;
- (b) review department’s revenue collecting activities;
- (c) allocate resources based on objectives, outputs and activities;
- (d) coordinate, and consolidate the budget;
- (e) monitor, and evaluate budget performance; and
- (f) report in accordance with these regulations.

596. Regulation 168 of the FAR further instructs that a head of department shall exercise budgetary control over the activities of the department in accordance with these Regulations

and the procedures for budgetary control shall be stated in the Departmental Accounting Instructions for each department.

597. Our review disclosed the following with the NCAs budget preparation, control and monitoring processes;

- that the budget committee was ad hoc;
- there is no budget management centre within the NCA set-up;
- there were no files on budget committee activities for the period reviewed;
- there was no evidence of communication of approved expenditure budgets to budget management centres or cost centres.

We attribute the situation to management inaction and weak control over budget activities.

598. We advised management to;

- i. Constitute the NCAs budget committee in accordance with FAR provisions with dispatch;
- ii. Establish a compliance and monitoring framework to regularly apprise the committee on revenue and expenditure status;
- iii. Adequately resource the budget committee to ensure functionality and proper discharge of mandate;
- iv. Inform cost centre managers including zonal managers/offices in writing of amounts approved for all aspects of their operations in each fiscal year to allow for proper budget monitoring and evaluation.
- v. Provide periodic quarterly/half yearly reports and annual budget reports highlighting variances recorded as well as ensuring strict compliance with the FAR provisions on budget committee operations;
- vi. Appoint a responsible officer to be designated as the budget officer.

## ELECTORAL COMMISSION

### Award of Contracts Above Available Funding - US\$6,877,362.53 and GH¢3,485,688.08

599. Section 30(1) of the Public Financial Management Act 2016, Act 921, states, “A Principal Spending Officer shall, plan and manage the activities of a covered entity in accordance with the policy statement and financial estimates of that covered entity.”

600. A review of a request letter with reference no. C/EC/PROC/01/SF.24/V.3/8 dated 21<sup>st</sup> July, 2016 to the Public Procurement Authority (PPA) indicated that, the Commission requested to use restricted tendering for the construction of the 100 District offices as well as engagement of Consultants at a cost of US\$7,500,000.00 and US\$750,000.00 respectively.

601. We noted that the contracts, were awarded for US\$ 15,127,362.53 instead of the Commission’s own estimated amounts of US\$ 8,250,000 approved by the PPA and further observed that the Commission did not seek approval from the Minister of Finance for the additional contract sum; thereby leading to an unjustified excess expenditure of US\$ 6,877,362.53 as detailed in the table below.

**Table: Award of Contracts Above Available Funding**

DETAILS (PROJECTS)	APPROVED PROCUREMENT PLAN AMOUNT(GH ¢)	AMOUNT SUMMIT TO PPA FOR APPROVAL	CONTRACT AMOUNT AWARDED	VARIANCE
	GHC	US\$	US\$	US\$
Consultancy for the construction of (100) Pre-fab offices	2,400,000.00	750,000.00	789,400	(39,400.00)
Contractors for the construction of (100) Pre-fab District offices		7,500,000.00	14,337,981.27	(6,837,981.27)
<b>TOTAL</b>	<b>2,400,000.00</b>	<b>8,250,000.00</b>	<b>15,127,381</b>	<b>(6,877,381.27)</b>

602. In another development, the Commission paid a total amount of GH¢4,185,688.08(including the cost of consultancy) for partitioning and fitting-out the new

Head office, as against the budgeted amount of GH¢700,000.00. The Commission again, did not seek approval from the Minister of Finance for the extra cost. This also, led to an excess unjustified expenditure of GH¢3,485,688.53 as detailed in the table below.

**Table: Award of Contracts Above Available Funding**

	<b>Details (Projects)</b>	<b>Budgeted Amount</b>	<b>Contract Amount Paid</b>	<b>Variance Variance</b>
		<b>GHC</b>	<b>GHC</b>	<b>GHC</b>
	Consultancy	700,000.00	209,443.75	3,485,688.53
	Cost of partitions and fit-out of a new Head office		3,976,244.33	
	<b>Total</b>	<b>700,000.00</b>	<b>4,185,688.08</b>	<b>3,485,688.53</b>

603. The Procurement officer explained that the excess expenditure incurred was not initially factored into the procurement plan, to enable the Commission request for approval from the Ministry of Finance.

604. Expenditures outside the Commission’s estimates constitute financial indiscipline, which has led to budget overrun. The act could also, distort planned activities.

605. We advised Management to restrict its expenditures to the provisions in the budget but not probable inflows, and use due procedure to prepare and procure approval for supplementary budget should the need arise. We advised management to seek retrospective approval from the Minister to regularise the expenditures, failing which section 98(1) of the Public Financial Management Act, 2016 (Act 921) shall be enforced.

606. Management responded that, ‘in 2016, the Commission received additional funds and decided to channel it to the implementation of these projects. Failure to update the procurement plan when the supplementary funds were made available for the said projects, accounted for this anomaly. Management further stated that, procurement plans will be updated regularly to reflect changes in decision on quantities of goods, scope of services and works and their related

cost. Provisions will be made in the Commission's subsequent budgets to accommodate the funding gaps.

### **Audit Comment**

607. We did not receive any document showing, approval of additional funds from the Minister of Finance. The estimated cost for the construction of the 100 District offices which the Commission requested the PPA to approve was US\$ 8,250,000. We therefore urged Management to provide correspondence on the approval of the excess funds from the Minister of Finance, failing which we reiterate our recommendation for compliance.

### **Withholding Tax on Allowances not deducted - GH¢10,424,460.00**

608. Section 116 (1)(a) of the Income Tax Act, 2015 (Act 896) states 'Subject to subsection (3), a resident person shall withhold tax at the rate provided for in the paragraph 8 of the First Schedule where that person; pays a service fee with a source in the country to a resident individual as fees or allowances, to a resident director, manager, trustee or board member of a company or trust'.

609. Paragraph 8(1)(c)(i), requires that, the service fees or allowances referred above are to be taxed or withheld at the rate of twenty percent (20%).

610. Contrary to the income tax laws cited above, we noted that, the Commission did not withhold tax at the rate of 20% on allowances paid for electoral activities resulting in a tax liability of GH¢10,424,460.00 as detailed the table below.

**Table: Failure to Withhold Tax on Allowances**

S/N	Date	Description	Batch No.	Amount GHc	Payee	20% withholding Tax GHc
1	1/12/2016	Allowances to polling official	batch 285-7	51,000.00	Regional Director EC-Sunyani	5,100.00
2	1/12/2016	Allowances to polling official	batch 285-8	54,440.00	Regional Director EC-Tamale	5,440.00
3	1/12/2016	Allowances to polling official	batch 285-9	27,200.00	Regional Director EC-Bolgatanga	2,720.00

<b>4</b>	1/12/2016	Allowances to polling official	batch 285-10	18,700.00	Regional Director EC-WA	1,870.00
<b>5</b>	1/12/2016	Allowances to polling official	batch 285-3	64,600.00	Regional Director EC-Accra	6,460.00
<b>6</b>	1/12/2016	Allowance for field operations	batch 286-2	23,350.00	Regional Director EC-Cape Coast	2,335.00
<b>7</b>	1/12/2016	Allowance for field operations	batch 286-5	31,450.00	Regional Director EC-Koforidua	3,145.00
<b>8</b>	1/12/2016	Allowance for field operations	batch 286-4	27,550.00	Regional Director EC-Volta	2,755.00
<b>9</b>	1/12/2016	Allowance for field operations	batch 286-6	43,450.00	Regional Director EC-KUMASI	4,345.00
<b>10</b>	1/12/2016	Allowance for field operations	batch 286-7	31,450.00	Regional Director EC-Sunyani	3,145.00
<b>11</b>	1/12/2016	Allowance for field operations	batch 286-8	30,450.00	Regional Director EC-Tamale	3,045.00
<b>12</b>	1/12/2016	Allowances	batch 285-2	39,100.00	Regional Director EC-Cape Coast	3,910.00
<b>13</b>	1/12/2016	Allowances	batch 285-1	44,200.00	Regional Director EC-Sekondi	4,420.00
<b>14</b>	1/12/2016	Allowances	batch 285-5	57,800.00	Regional Director EC-Koforidua	5,780.00
<b>15</b>	1/12/2016	Allowance for field operations	batch 286-1	29,450.00	Regional Director EC-Sekondi	2,945.00
<b>16</b>	1/12/2016	Allowance for field operations	batch 286-3	24,450.00	Regional Director EC-Accra	2,445.00
<b>17</b>	1/12/2016	Allowance for field operations	batch 286-9	16,350.00	Regional Director EC-Bolgatanga	1,635.00
<b>18</b>	1/12/2016	Allowance for field operations	batch 286-10	14,350.00	Regional Director EC-WA	1,435.00
<b>19</b>	30/12/2017	Allowances to polling official	batch 303-10	1,790,800.00	Regional Director EC-WA	358,160.00
<b>20</b>	30/12/2017	Allowances to polling official	batch 303-9	2,219,100.00	Regional Director EC-Bolgatanga	443,820.00
<b>21</b>	30/12/2017	Allowances to polling official	batch 303-8	4,842,600.00	Regional Director EC-Tamale	968,520.00
<b>22</b>	30/12/2017	Allowances to polling official	batch 303-7	5,303,600.00	Regional Director EC-Sunyani	1,060,720.00

23	30/12/2017	Allowances to polling official	batch 303-6	9,253,100.00	Regional Director EC-Kumasi	1,850,620.00
24	30/12/2017	Allowances to polling official	batch 303-5	5,808,800.00	Regional Director EC-KOFRIDUA	1,161,760.00
25	30/12/2017	Allowances to polling official	batch 303-10	4,495,600.00	Regional Director EC-Volta	899,120.00
26	30/12/2017	Allowances to polling official	batch 303-10	8,417,400.00	Regional Director EC-Accra	1,683,480.00
27	30/12/2017	Allowances to polling official	batch 303-10	4,436,250.00	Regional Director EC-Cape Coast	887,250.00
28	30/12/2017	Allowances to polling official	batch 303-10	5,240,400.00	Regional Director EC-Sekondi	1,048,080.00
		<b>Total</b>		<b>52,436,990.00</b>		<b>10,424,460.00</b>

611. Management explained that, the practice has been that, allowances to polling and field operation officials are not subjected to tax.

612. Management's inability to comply with the relevant provisions of the tax law caused the irregularity.

613. The Commission has denied the government of a tax revenue of GH¢10,424,460.00 which could have been used to support developmental projects.

614. We recommended that, Management should seek retrospective waiver from Parliament to cover this amount, failing which the Commission should pay the amount of GH¢10,424,460.00 to the Commissioner General of the Ghana Revenue Authority by 31 December, 2018 but could subsequently recover the amount from the payees as prescribed by law. We will institute surcharge proceedings against the management team if our recommendations are not obliged.

615. Management responded that, the Commission is in discussions with Ghana Revenue Authority (GRA) and Ministry of Finance for a retrospective waiver of this amount in the form of tax amnesty. This notwithstanding, because of the Tax audit by GRA, provision has been

made in the Commission's budget for the tax component of all allowances and amount due officers have been taxed.

### **Inability to Account for Contingency Provision - GH¢212,651.91**

616. We noted that, total contract amount of GH¢3,976,264.33 for the construction of Fit-Out of the Electoral Commission's office included 10% contingency of GH¢307,639.48 and 17.5% VAT of GH¢592,206.90. We further noted that the Commission had paid a total amount of GH¢3,798,387.31 (VAT inclusive) to the contractor, INCON Ltd, leaving a balance of GH¢94,988.04 yet to be paid. This indicates that, contingency provision totalling **GH¢212,651.91** had been paid. However, there was no document to show the request and approval for the utilization of the contingency fund.

617. The Bill of Quantities (BOQ) for the construction and analysis of the payments are detailed in tables below.

**Table: Bill of Quantities (BOQ) for the Construction**

No.	Details	GH¢
1	Preliminaries	161,500.00
2	Demolition works	17,000.00
3	Partitioning works	1,176,779.66
4	MEP works-pc Sums	1,721,119.82
	Sub- total	3,076,399.48
	ADD Contingency @ 10%	307,639.95
	Total	3,384, 039.43
	ADD VAT/NHIL @ 17.5%	592,206.90
	GRAND TOTAL	3,976,264.33

**NB. This suggest that the total cost without Contingency and VAT/NHIL is GH¢ 3,076,399.48**



**Table: Analysis of the Payments**

<b>Date</b>	<b>PV No.</b>	<b>Description</b>	<b>Certificate No.</b>	<b>AMOUNT paid (VAT/NHIL inclusive) GH¢</b>	<b>Payee</b>
24/11/2016	1404-3	Part payment for partitions of New office for Electoral Commission	Interim Payment Certificate No. 1	1,980,930.29	INOCON Ltd
30/12/2016	1568-2	Construction of Fit out partitions for new offices	Interim Payment Certificate No. 2	621,601.51	INOCON Ltd
26/4/2017	1725-1	Construction of fit out partitions	Interim Payment Certificate No. 3	1,195,855.51	INOCON Ltd
		<b>TOTAL paid</b>		<b>3,798,387.31</b>	
		<i>Add retention due</i>		<i>82,888.98</i>	
		<i>Total payment plus retention due</i>		<i>3,881,276.29</i>	
		<b>Contract Sum</b>		<b>3,976,264.33</b>	
		<b>Balance unpaid</b>		<b>94,988.04</b>	
		<b>less Contingency @ 10%</b>		<b>(307,639.95)</b>	
		<b>unaccounted contingency amount</b>		<b>212,651.91</b>	

***NB. The contract sum paid excludes a retention fee of GH¢82,888.98***

618. We attributed this irregularity to the schedule officer's inability to reconcile the paid certificate with the subsequent ones before making the payment.

619. There were no supporting documents to explain how the contingency provision by INOCON Ltd was utilised.

620. We urged Management to recover the amount of GH¢212,651.91 from INOCON LTD and pay same into the Commission's accounts within 30 days from the date of the management letter, and submit the pay-in-slip for audit verification, failing which, the approving and the authorizing officers together with the contractor shall be surcharged with the amount involved.

621. Even though management later provided documentation to account for the utilisation of the Contingency amount, documentation showing the request and the approval that indicate the need for utilizing the fund were, however, not provided. We therefore stand by our earlier recommendation.

**Award of Contracts in Foreign Currency without clearance from the Ministry of Finance US\$60,304,736.53**

622. Government of Ghana through the Ministry of Finance in a circular dated 18<sup>th</sup> February, 2014 with Ref. No. BUD/CON/21/2014, states in paragraph 1 that: “Government has directed that with immediate effect, no contract should be awarded in foreign currency.

623. Paragraph 2 of the Circular further states, ‘In the case of a special need to award a contract in foreign currency, clearance should be sort from the Ministry of Finance prior to entry into the contract’.

624. Contrary to the above directives, we noted that the Commission awarded various contracts totalling US\$60,304,736.53 in foreign currency during the period under review without clearance from the Ministry of Finance. We further noted that most of the contracts were budgeted and included in the Commission’s procurement plan in Ghana cedis, yet the actual contracts were awarded in dollars.

**Table: Award of Contracts in Foreign Currency without clearance from the Ministry of Finance**

NO.	DETAILS	AMOUNT (US\$)
8/2/2016	Supply of Biometric Voter Registration kits components & ancillary services	4,375,330.00
4/7/2016	Voter Management system Upgrade & rollout Training	1,153,174.00
5/7/2016	Preparation of BVD and Ancillary services	14,321,727.00
5/7/2016	Construction of pre-fab district offices (lot 1 & 2)	8,459,445.59
5/7/2016	Construction of pre-fab district offices (lot 2 & 4)	5,878,516.94
26/7/2016	50units Toyota Hilux 4WD double cabin	1,495,901.00
19/5/2016	Advance payment for the supply of XEROX printers for the printing of the Voters Register	137,496.00
25/5/2016	Payment of Voting Screens for the 2016 General Election	12,000,000.00

19/5/2016	Final Payment of the Biometric Voter Registration Kits Components and Ancillary Services	2,187,665.00
6/10/2016	Payment of supply of Biometric Equipment and other Ancillary Services	10,295,481.00
	<b>Total</b>	<b>60,304,736.53</b>

625. The irregularity was due to Management’s inability to adhere to Government directives. The Commission was therefore, exposed to foreign currency risk. The situation defeats the purpose for which the directives were issued and could impact negatively on the Commission’s finances.

626. We advised Management to comply with all Government circulars in awarding contracts in order to avoid the consequences of breach of directives.

627. In response, Management stated that, the Commission agreed with Ministry of Finance and the Special Budget Committee of Parliament on the contracts for procuring offshore items in foreign currencies, and subsequently wrote a letter to Bank of Ghana to that effect.

### **Audit Position**

628. We have reviewed the Bank of Ghana Letter under reference in the Management response and noted that, the letter approved payment in foreign exchange for election related offshore materials and vehicles, but not for the award of the above contract. We therefore, reiterate our earlier recommendation.

### **Over Expenditure on Capital Assets (CAPEX) - GH¢100,098,752.29**

629. Section 7 (1) (b) of the Public Financial Management Act, 2016 (Act 921) states, ‘Principal Spending Officer of a covered entity shall authorise commitments for the covered entity within a ceiling set by the Minister under section 25 of the Act.

630. Section 25(9)(b) further states, ‘A Principal Spending Officer shall ensure that each commitment or expenditure is in accordance with the commitment control system prescribed under the Regulations’.

631. We noted from the review of the Commission's budget for 2016 that, Parliament approved a total amount of GH¢10,849,097.00 for capital expenditure. The Commission however, expended a total amount of GH¢110,947,849.29 on Non-Current Assets (CAPEX), resulting in budget overrun totalling GH¢100,098,752.29 (923% more than the approved budget).

632. The Commission budgeted for Non-Current Assets (CAPEX) under operational activities, contrary to Ministry of Finance budget guidelines thus culminating in the budget overrun.

633. We recommended that Management should prepare realistic budgets for its expenditure under the correct budget guidelines, and follow proper virement procedures when the need arises.

634. Management explained that, the extreme nature of the CAPEX items could not function independently without the acquisition of specialized support services. As a result, the Commission budgeted for these CAPEX items under goods and services budget approved by Parliament and indicated that the Commission has taken note of the concerns raised and will adhere to following proper virement procedures when the need arises.

**Failure to Issue Vat Invoice - GH¢248,101.67**

635. Section 41(1) of Value Added Tax Act 2013, Act 870, as amended states, 'A taxable person shall, on making a taxable supply of goods or services, issue to the recipient, a tax invoice in the form and with the details that are prescribed by the Commissioner.'

636. Contrary to the provisions of the legislation cited above, we noted that four suppliers added a total of GH¢248,101.67 as VAT/NHIL to the cost of goods and services supplied to the Commission but failed to issue VAT invoices to account for the VAT/NHIL charged as provided in the table below.

**Table 7: Failure to Issue Vat Invoice**

<b>Date</b>	<b>Description</b>	<b>Batch NO.</b>	<b>Amount GHc</b>	<b>Payee</b>	<b>VAT/NHIL GHc</b>
14/3/2016	40% payment - Provision of ICT consulting services	746-5	75,780.00	NEXGEN LTD	11,788.00
11/3/2016	50% Final payment Ballots papers for DLE 2015	743-3	681,776.27	INNOLINK	101,541.13
11/3/2016	Final 50 % payment- Printing of ballots papers	743-4	681,776.27	INNOLINK	101,541.13
14/4/2016	contract printing -Notice of poll and Educational poster	827-2	41,234.98	ACTS COMMERCIALS LTD	6,141.98
14/4/2016	Payment for Final 40% for Provision of ICT Cons. Ser.	824-3	79,148.00	NEXGEN LTD	11,788.00
18/7/2016	Publication of NHIS registrants	API 1076	102,738.19	GRAPHIC COMMUNICATION GROUP LTD	15,301.43
	<b>Total</b>		<b>1,662,453.71</b>		<b>248,101.67</b>

637. The anomaly was due to weak supervision over the finance and payment processing function coupled with weak Internal oversight control.

638. Management's non-compliance with the provision in the VAT Act could result in a loss of VAT/NHIL revenue of GH¢248,101.67 to the State, if the VAT invoices are not obtained.

639. We advised Management to comply with the VAT Act in all future procurement transactions. We recommended to management to obtain the VAT invoices covering the total amount of GH¢248,101.67 from the suppliers within 30 days from the receipt of the management letter, failing which the VAT portion of the payment shall be disallowed, and the authorising and approving officers shall be surcharged with the amount involved.

#### **Delay in Lodgement of Non-Tax Revenue**

640. Regulation 15(1) of the Financial Administration Regulation (FAR) 2004 Stipulates, 'any public officer or revenue collector who collects or receives public and trust moneys shall

issue official receipts for them and shall pay them into the relevant Public Funds Bank Account within twenty-four hours of receipt except in exceptional circumstances to be identified by the Minister.’

641. Our review of the Commission’s non-tax revenue documentation revealed that, lodgements of cash revenue to bank delayed for periods ranging from 2 to 18 days during the period under review, contrary to the aforementioned Regulation as per the details shown in the table below.

**Table: Delay in Lodgement of Non-Tax Revenue**

Receipt Nos.	Date of Collection	Date Banked	Days Delayed	Amount Collected Ghc	Amount Banked Ghc	Variance Ghc
2016						
14/2758201 - 14/2758229	16/3/16	22/3/16	5	7,250.00	18,055.00	-10,805.00
		1/4/2016		0.00	4,270.00	-4,270.00
14/2758230 - 14/2758253	6/4/16 - 11/4/16	12/4/2016	5	2,400.00	2,100.00	300.00
14/2758254 - 14/2758267	26/4/16 - 27/4/16	27/4/2016	2	15,858.00	1,350.00	14,508.00
14/2758268 - 14/2758269	28/4/16 - 29/4/16			2,644.00	0.00	2,644.00
14/2758270- 14/2758305	4/5/16 - 6/5/16	6/5/2016	3	2,470.00	2,500.00	-30.00
14/2758306- 14/2758311	9/5/16 - 9/5/16		1	350.00	0.00	350.00
14/2758312 - 14/2758334	13/5/16 - 2/6/16	2/6/2016	15	6,210.00	6,210.00	0.00
14/2758335 - 14/2758344	6/6/16 - 10/6/16	13/6/16	6	610.00	610.00	0.00
14/2758345 - 14/2758363	15/6/16 - 7/7/16	8/7/2016	18	6,698.00	6,698.00	0.00
14/2758364 - 14/2758365	11/7/16 - 13/7/16	15/7/16	5	6,010.00	6,000.00	10.00
14/2758367 - 14/2758368	18/7/16 - 19/7/16	20/7/16	3	44,011.00	44,021.00	-10.00

14/2758369 - 14/2758378	22/7/16 - 1/8/16	4/8/2016	7	2,410.00	2,410.00	0.00
14/2758379 - 14/2758394	8/8/16 - 12/8/16	17/8/16	8	5,050.00	5,050.00	0.00
14/2758395 - 14/27583451	6/9/16 - 14/9/16	14/9/16	7	18,100.00	15,800.00	2,300.00
14/2758452 - 14/2758458	15/9/16	20/9/16	4	1,500.00	3,800.00	-2,300.00
14/2758459 - 14/2758480	23/9/16 - 27/9/16	27/9/16	3	14,500.00	24,600.00	-10,100.00
14/2758481 - 14/2758500	28/9/16 - 30/9/16	30/9/16	3	16,700.00	5,400.00	11,300.00
14/2758501 - 14/2758512	3/10/16 - 3/10/16	3/10/2016	1	11,000.00	24,500.00	-13,500.00
14/2758513 - 14/2758536	4- 6/10/2016	7/10/2016	4	10,500.00	10,500.00	0.00
14/2758562 - 14/2758573	10 - 13/10/16	14/10/16	5	3,200.00	3,200.00	0.00
14/2758579 - 14/2758581	18/10/16	31/10/16	10	300.00	300.00	0.00
14/27585674- 14/2758675	9/11/2016			200.00	0.00	200.00
14/2758676 - 14/2758683	1/11/16 - 21/11/16	22/11/16	16	35,560.00	35,860.00	-300.00
14/2758684 - 14/2758699	23/11/16- 30/11/16	30/11/16	6	52,840.00	38,660.00	14,180.00
14/2758700 - 14/2758728	1/12/16 - 6/12/16	6/12/2016	4	42,760.00	21,800.00	20,960.00
		7/12/2016			35,140.00	-35,140.00
14/27585729 - 14/2758737	12/12/16 - 21/12/16	21/12/16	8	5,090.00	160.00	4,930.00
		28/12/16			3,930.00	-3,930.00
<b>TOTALS</b>				<b>314,221.00</b>	<b>322,924.00</b>	<b>-8,703.00</b>
2017						
14/27585738 - 14/2758739	10/1/2017			1,500.00	0.00	1,500.00
14/27585741- 14/2758742	28/2/17 - 16/3/17	17/3/17	3	310.00	310.00	0.00

14/27585743- 14/2758747	5/4/17 - 6/4/17	7/4/2017	3	2,000.00	2,000.00	0.00
14/27585749- 14/2758752	26/4/17 - 27/4/17		2	40.00	0.00	40.00
14/27585753	27/4/17	2/5/2017	4	300.00	340.00	-40.00
14/27585754- 14/2758757	4/5/17 - 10/5/17	10/5/2017	5	946.00	936.00	10.00
		16/5/17			10.00	-10.00
14/27585758- 14/2758762	19/5/17 - 7/6/17	14/6/17	14	430.00	20.00	410.00
		27/6/17			620.00	-620.00
14/27585763 - 14/27585764	28/6/17 - 4/7/17	4/7/2017	5	500.00	600.00	-100.00
		10/7/2017			200.00	-200.00
14/27585769- 14/27585774	5/11/17 - 9/11/17	10/11/2017	6	11,094.00	490.00	10,604.00
		15/11/17			3,000.00	-3,000.00
<b>TOTALS</b>				<b>16,770.00</b>	<b>8,526.00</b>	<b>8,244.00</b>

642. Non-segregation of duties resulted in the anomaly. We found that the Accounts officer is the one who collects revenue, records and makes lodgement to bank. Should the practice be allowed to go unchecked, it could lead to financial malfeasance

643. We urged management to ensure proper segregation of duties for its non-tax revenue function. We also entreat the head of accounts to effectively supervise the work of the Account officers in charge of non-tax revenue collections to ensure that, all moneys collected are banked promptly as required by the law.

644. Management accepted our recommendation.

### **Failure to Pay VAT/NHIL by Service Providers - US\$36,857,701.50 and GH¢89,085,085.35**

645. Regulation 126 of the Financial Administration Regulation 2004, L.I. 1802 states, “In all cases of contract payments, unless otherwise stated in the contract agreement, taxes shall be deducted in accordance with the relevant enactments on taxes.”



646. We noted that, 21 vendors the Commission dealt with supplied goods and services totalling US\$36,857,701.50 and GhC89,085,085.35 without the statutory charges such as import duties and VAT/NHIL. Our review disclosed that, the taxes were not charged because the Commission applied to the Commissioner-General of the Ghana Revenue Authority (GRA) for tax exemption on the transactions.

647. The GRA instead, requested the Commission to apply for Parliamentary approval through the Attorney General for the exemption, failing which the Electoral Commission would be required to pay the taxes involved. Our checks further revealed that the Commission failed to apply for the Parliamentary approval as proffered by the GRA. Details of the transaction shown in table.

**Table: Failure to Pay VAT/NHIL by Service Providers**

DATE	DESCRIPTION	CHQ. NO./TRANS FER LETTER NO.	AMOUNT (US\$)	AMOUNT GH¢	SUPPLIE R
25/10/2016	Payment of 50 TOYOTA 4X4 IMV double Cabin Pick-Ups	C/EC/PROC/ 01/SF.20/V.3 0/59	1,495,901.00		Toyota Ghana Company limited (Exempted from 5% withholding)
19/5/2016	Advance payment for the supply of XEROX printers for the printing of the Voters Register	C/EC/PROC/ 01/SF.20/V.2 9/44	137,496.00		SUPER TECH (STL) Ltd (Exempted from 5% withholding)
25/5/2016	Payment of Voting Screens for the 2016 General Election	C/EC/PROC/ 01/SF.20/V.3 0/60	12,000,000.00		ENUS Company Ltd
19/5/2016	Final Payment of the Biometric Voter Registration Kits	C/EC/PROC/ 01/SF. 20/V.29/45	2,187,665.00		SUPER TECH (STL) Ltd (Exempted

	Components and Ancillary Services				from 5% withholding)
6/10/2016	Payment of supply of Biometric Equipment and other Ancillary Services	C/EC/01/SF.2 /1/V.10/36	10,295,481		SUPER TECH (STL) Ltd (Exempted from 5% withholding)
30/12/2016	Final payment of Biometric Verification Machine preparation, update and training for the Exhibition exercise and the General Elections	C/EC/01/SF.2 0/V.31/31	10,776,647.00		SUPER TECH (STL) Ltd (Exempted from 5% withholding)
17/5/2016	50% payment -Contract for the Design and detailing of internal Partitions Electoral Commission New Office Complex	902-6		104,721.88	CPM AFRICA LTD
28/6/2016	Purchase of vehicles (7) -Honda Accord	1001-1		1,142,400.00	The Honda Place (Ghana) Limited
6/6/2016	Advance payment - supply of toner cartridges	953-1		300,000.00	TOPGUIDE Enterprise
20/6/2016	50% Payment-Purchase of vehicles (5 Haulage trucks)	984-4		1,249,950.00	Silver Star Auto ltd
3/8/2016	Advertisement - Development of Design, Layout and Reproduction	1071-1		19,800.00	Ideyas Design Agency
13/9/2016	Payment for the supply of Ballot boxes and pull tight seals	EC/OPS/919/ 9/16		6,325,920.00	BAYNET LIMITED
13/9/2016	Supply of Demarcation Tapes	CB/1002- 34/35		1,618,262.10	SEER LIMITED

12/9/2016	Mobilization for the renovation of bungalow	1197-4		68,993.76	GENOCH(GH ANA) LIMITED
10/10/2016	Contract printing-edu poster	API 1274-2		2,340,000.00	INNOLINK LTD
10/10/2001	Contract printing-edu poster	BATCH 1273-2		2,340,000.00	CITY ARROW
10/10/2016	Contract printing-edu poster	BATCH 1273-3		2,340,000.00	JUSTDAN PRINTING PRESS
10/10/2016	Contract printing-edu poster	APT 1272-2		2,340,000.00	CHECK POINT
10/10/2016	Contract printing-edu poster	APT 1272-1		2,340,000.00	ACTS COMMERCIAL LIMITED
10/10/2016	Contract printing-edu poster	BATCH 1267-2		476,832.00	CROWN PALACE HERITAGE VENTURE
20/6/2016	Payment for (WAN) using VSAT systems	980-5		3,866,502.24	Super Tech Ltd
20/6/2016	Payment for maintenance and support fees 2015	980-3		15,425,048.97	Super Tech Ltd118
26/5/2016	Final payment –BVR kits and ancillary services	1916-2		8,334,566.11	Super Tech Ltd
26/5/2016	50% payment –Xerox printers for the register	926-2		523,832.26	Super Tech Ltd
18/5/2016	Consumable _Thumb print pads	1140-1		7,034,088.60	VOLTA IMPEX LTD
9/5/16	other material and consumables	1894-1		748,899.80	VOLTA IMPEX LTD
2/6/2016	Advance payment for the supply of indelible ink	943-1		1,534,240.00	DITRAC LIMITED
2/9/2016	Consultancy Service	1179-1		118,848.96	DUNIA RAMAZANI
10/11/2016	Payment for Printer	1356-2		181,053.88	Super Tech Ltd

10/11/2016	Advance payment for Data Processing	1356-5		2,895,751.32	Super Tech Ltd
25/11/2016	Payment of consultancy fees –ERMS	1412-2		82,707.13	DUNIA RAMAZANI
18/11/2016	Payment of Consultancy fees for ERMS	1394-1		70,465.34	DUNIA RAMAZANI
26/7/2017	Payment for the supply of Rechargeable lamps	005888		6,474,112.00	VOLTA IMPEX Exempted from 5% withholding)
10/11/2016	Advance payment for Data Centre	1356-4		731,532.70	Super Tech Ltd
12/7/2017	Final payment for the supply of indelible ink	1035-1		18,056,556.30	DITRAC LIMITED
	<b>TOTAL</b>		36,893,190.00	<b>89,085,085.35</b>	
	17.5% VAT/NHIL to be added		6,450,097.76	15,589,889.94	

648. Management’s inability to inform GRA of their challenges in obtaining Parliamentary approval resulted in the loss of VAT/NHIL revenue totalling US\$6,450,097.76 and GH¢15,589,889.94 and uncalculated import duty to the State.

649. We urged Management to seek retrospective approval from Parliament as early as possible or, recover the amount from the suppliers, failing which the approving and authorising officers shall be surcharged with the amount.

650. In response Management stated that, at the beginning of every election year, the Commission writes to the Ministry of Finance for exemption and permit to clear the procurement of offshore items without taxes and duties. The Ministry of Finance and the Ghana Revenue Authority granted the necessary permit and exemption to the Commission to clear the items without VAT/NHIL.

## Audit Position

651. We reviewed the Ministry of Finance Letter No. TPU/MOF/GRA/015 dated 25<sup>th</sup> January 2016 referred to by Management in their response. Paragraph 5 of the letter states, ‘In the approval by parliament of tax exemption for election related material for 2004 was indicated that, the Electoral Commission Act, Act 451 will be amended to provide for these reliefs. Therefore, Attorney General initiated the process of obtaining the required amendment which will cover all these clearances. The Electoral Commission will be required to pay the taxes involve if Parliamentary approval is not obtained.’

652. We therefore stand by our earlier recommendation.

## Expenditure Not Authorised by Head of Entity

653. A total of GH¢371,099,137.00 was transferred from the Commission’s GIFMIS Sub-Consolidated Accounts into the Commission’s operations accounts for electoral activities, without the authorisation by the Chairperson. Details of the transfer shown in the table.

**Table: Expenditure Not Authorised by Head of Entity**

Date	Amount transfer GHC
24/3/2016	30,000,000.00
24/3/2016	20,000,000.00
24/3/2016	13,000,000.00
24/3/2016	23,000,000.00
11/4/2016	20,978,000.00
11/4/2016	15,500,000.00
11/4/2016	25,000,000.00
26/4/2016	10,000,000.00
3/5/2016	6,000,000.00
3/5/2016	20,984,920.00
3/3/2016	20,000,000.00
3/5/2016	10,000,000.00
3/5/2016	6,000,000.00
3/5/2016	35,000,000.00
3/5/2016	13,000,000.00
3/5/2016	32,636,217.00
19/1/2017	70,000,000.00
<b>Total</b>	<b>371,099,137.00</b>

654. Absence of a policy, that spells out expenditure authorisation limits for the responsible Managers of the Commission has caused the irregularity.

655. The situation if not checked could lead to unapproved expenditures.

656. We recommended and Management agreed that, it is the prerogative of the Chairperson who is the Principal Spending Officer to approve or authorise requisitions, bank transfers as well as payment vouchers before payments are made.

657. Management again, agreed to our recommendation of setting up expenditure authorization limit for all levels of Managers who are signatories to the Commission's Accounts to avoid unapproved expenditures.

### **Delay in submitting Financial Statements**

658. Section 80(1) of the Public Financial Management Act, 2016 (Act 921) states "A Principal Spending Officer of a covered entity shall, within two months after the end of each financial year, prepare and submit to the Auditor-General and Controller and Accountant-General, the accounts and information set out in the Schedule."

659. Section 98(1) (a) further states "a person who refuses or fails to produce or submit any information required under this Act, commits an offence and where no penalty is provided for the offence, is liable on summary conviction to a fine of not less than one hundred and fifty penalty units and not more than two hundred and fifty penalty units or to a term of imprisonment of not less than six months and not more than two years or to both."

660. Contrary to the above quoted Act, Management delayed in submitting, the financial statements for 2016 and 2017 financial years to the Auditor-General for validation. The 2016 financial statements were presented after our audit observations, whilst the 2017 accounts was submitted during the exit conference.

661. We could therefore not validate the 2017 financial statements to enable us express our opinion as required by law. Failure to prepare the financial statements on time has also denied the stakeholders the reliable information for decision making.

662. The absence of the Director of Finance, and Head of Accounts who were on indefinite leave, caused the anomaly.

663. We advised Management to ensure that the subsequent year's financial statements are submitted within two months after the end of each financial year, as required by the PFM Act, to enable us validate them accordingly.

**A Renovated Facility Not Occupied - GH¢4,090,720.01**

664. Regulation 39 (1) of Financial Administration, 2004, L.I. 1804 states, "a head of department shall ensure that moneys are utilised in a manner that secures both optimum value for money and the intention of Parliament."

665. We noted that the Commission was, allocated a nine-storey office complex by the government of Ghana to ensure effective delivery of its mandate. The Office Complex was demarcated into departments, and fixtures and fittings installed at the cost of GH¢4,090,720.00. The Commission has however, left the facility unoccupied since 2017, after completing the renovation.

666. Management could not provide any significant reason for neglecting the Office complex.

667. The continuous abandoning of the facility will lead to deterioration and extra maintenance cost. Value for money has also not been attained.

668. We urged management to occupy the office complex within 60 days from the receipt of the management letter, or, return the facility to Government, failing which any amount incurred on subsequent renovation shall be surcharged against Management of the Commission in accordance with section 18(b) of the Audit Service Act 2000, Act 584.

669. Management stated that, "the matter of expenditure on the new office complex was one of the matters before the Chief Justice Committee that investigated the petition against the former Chairperson of the Commission."

### **Use of Electoral Data by Bysystem Ltd without Service Level Agreement**

670. Section 28 of the Public Procurement Act 2003 (PPA), Act 663, states that, a procurement entity shall maintain a record of the procurement proceedings containing the following information:

- (a) a brief description of the goods, works or services to be procured,
- (b) the names and addresses of suppliers or contractors,
- (c) the price, or the basis for determining the price and a summary of the other principal terms and conditions.

671. We noted during our audit that, Bysystem Limited entered into an agreement with Management to have access to Electoral Data, for the Company to subsequently provide the Electoral Data to the financial Service providers for a fee. Bysystem Limited was to pay 20% of the fees collected on quarterly basis to the Commission. Management could, however, not provide the Service Level Agreement between the Electoral Commission and Bysystem Ltd for our review. We further noted that, Bysystem Ltd failed to remit the 20% commission due the Electoral Commission for the 2016 and 2017 financial years.

672. Our inability to review the principal terms and conditions contained in the contract made it difficult to assure ourselves that all the terms have been adhered to.

673. We recommended that management should make available the Contract Agreement on the arrangement if any and recover all outstanding commission due the Electoral Commission within 30 days from the receipt of the management letter, failing which the contract shall be abrogated and the approving and authorising officers surcharged.

674. In response, Management stated that, “there exist a Memorandum of Understanding signed between the Commission and Bysystem. The Commission suspended the MOU in the third quarter of 2016. However, prior to the suspension, the vendor had made a payment for first and second quarter in 2016. Going forward, we will review the existing service agreement in line with Public Procurement Law.”

### **Audit Position**

675. We reviewed the MOU presented and noted the following;

- i. The MOU does not constitute a Service Level Agreement



- ii. The basis of the 20% commission is not stated.
- iii. There was also, no evidence of the suspension of the MOU as stated by Management in their response.

676. We therefore reiterate our earlier recommendation for compliance.

**Wrong Composition of Tender Evaluation Panels**

677. Section 2.6.1 of the Public Procurement Manual of the Public Procurement Act, 2003 (Act 663) states, “Members appointed to the Panel may be staff of the Procurement Unit but no Member of the Entity Tender Committee shall act as a member of the Tender Evaluation Panel, except in an advisory capacity. To ensure transparency, members of the Tender Evaluation Panel shall not be directly involved in the approval of any award of contract”.

678. We noted during the review of Contract files that, three directors of the Commission who are members of the Entity Tender Committee (ETC) also acted as Tender Evaluation Panel members and evaluated several tenders, contrary to the above-mentioned law. The names of the Directors are;

<u><b>NAME</b></u>	<u><b>DESIGNATION</b></u>
Mr. Samuel D. Boadi	Director of Human Resource
Mr. Samuel Tettey	Director of Electoral Services
Mr. Joseph Kwaku Asamoah	Director of Finance

679. Management’s inability to adhere to the provisions of the law has resulted in this anomaly.

680. The practice undermined the transparency of the procurement process because the officers were directly involved in the approval of the contracts awarded.

681. We recommended and Management agreed to constitute the Tender Evaluation Panels to conform to the provision of the Public Procurement manual.

**Award of Contract without approval from Central Tender Review Committee-  
US\$35,684,094.53 & GH¢65,481,919**

682. Section 20A (1)(d) of the Public Procurement (Amendment) Act, 2016 (Act 914) states “An entity tender committee (ETC) shall review and refer to the Central Tender Review Committee for concurrent approval, procurement above the Entity Tender Committee’s threshold, that has been duly;

- i. Processed by the procurement unit: and
- ii. Evaluated by the appropriate evaluation panel constituted by the head of the entity.

683. The Second schedule of the Public Procurement (Amendment) Act, 2016 (Act 914) set out the approving authority threshold as detailed in table below.

**Table: Approving Authority threshold**

<i>Approving Authority</i>	<i>Category A and B</i>		
	<b>Goods GH¢</b>	<b>Works GH¢</b>	<b>Services GH¢</b>
Central Tender Review Committee	Above 1,000,000	Above 15,000,000	Above 1,000,000
Entity Tender Committee	Above 100,000- 1,000,000	Above 500,000 to 15,000,000	Above 100,000 to 1,000,000
Entity Head	Up to 100,000	Up to 500,000	Up to 100,000

684. We reviewed 40 contracts awarded by the Commission and noted that 30 of them exceeded the Entity Tender Committee’s threshold as spelt out in the second schedule of the Public Procurement (Amendment) Act, 2016. However, there were no correspondence or approval from the Central Tender Review Committee (CTRC) to indicate that, these contracts were reviewed or approved by them.

**Table: Awarding of Contract without seeking approval from Central Tender Review Committee**

NO.	DETAILS	AMOUNT (US\$)	AMOUNT (GH¢)
1	Supply of Biometric Voter Registration kits components & ancillary services	4,375,330	
2	Voter Management system Upgrade & rollout Training	1,153,174	
3	Preparation of BVD and Ancillary services	14,321,727	
	Construction of pre-fab district offices (lot 1 & 2)	8,459,445.59	
	Construction of pre-fab district offices (lot 2 & 4)	5,878,516.94	
	50units Toyota Hilux 4WD double cabin	1,495,901	
4	Contract for supply of Exhibition of form 12		4,950,000
5	Contract for supply of Exhibition of form 10		1,650,000
6	Printing of Ballot Papers (GT. Accra & Volta)		2,567,926
7	Printing of Ballot Papers (Ashanti & Northern)		2,560,511
8	Printing of Ballot Papers (Western & Upper west)		1,194,962
9	Printing of educational poster 1		1,155,000
10	Printing of educational poster 2		1,155,000
11	Printing of educational poster 3		1,155,000
12	Printing of educational poster 3		1,890,000
13	Printing of educational poster 1		2,340,000
14	Printing of educational poster 2		2,340,000
15	Printing of educational poster 3		2,340,000
16	Printing of educational poster 4		2,340,000
17	Printing of educational poster 5		2,340,000
18	Printing of educational poster 6		2,340,000
19	Printing notice of poll (GT. Accra & Volta)		1,526,280
20	Printing notice of poll (Ashanti & Northern)		1,654,380
21	Media buying of radio adverts		2,999,636.64
22	Placement of radio jingle for the revision of the voter register		3,004,365
23	Media buying of radio adverts –exhibition exercise		7,096,375
24	Placement of radio jingle for the 2016 Gen. election		6,831,864
25	Placement of TV promo for the 2016 Gen. election		1,366,992
26	Media buying of radio adverts- election 2016		8,198,236.80
27	Media buying of TV promo- election 2016		1,640,390.80
	<b>TOTAL</b>	<b>35,684,094.53</b>	<b>66,636,919.00</b>

685. The exigency of these contracts and Management’s quest to meet the tight election timetable in 2016 election year caused the irregularity.

686. The practice, if not checked, can lead to unapproved expenditures, apart from breaching of the Public Procurement (Amendment) Act, 2016 (Act 914).

687. We advised Management to comply with the Provisions of the Public Procurement Act in awarding future contracts. We urged Management to seek retrospective approval from the Central Tender Review Committee to ratify all the aforementioned contracts.

688. Management promised to comply with our recommendation.

### **Failure to Dispose of Obsolete Items**

689. Section 83(1) of Part V111 of the Public Procurement Act 2003 (Act 663) states that “The head of a procurement entity shall convene a Board of Survey comprising representatives of departments with unserviceable, obsolete or surplus stores, plant and equipment which shall report on the items and subject to a technical report on them, recommend the best method of disposal after the officer in charge has completed a Board of Survey Form.”

690. We observed from five Regional offices and the Head Office that, the Stores are occupied with obsolete items such as Computers, Photocopiers, Polaroid Cameras, printers, UPS, Steel Cabinets and other consumables. The Regions include, the Greater Accra, Western, Central, Eastern and Volta. We further noted from Western Region that, five items numbering 222 listed in the table below became obsolete since 1971.

**Table: Obsolete Items**

<b>Items</b>	<b>Quantity</b>
Horn Speakers	19
Laminator	22
Seal Clamps	120
Timer	30
Die Cutter	31
<b>Total</b>	<b>222</b>

691. The obsolete items which have not been segregated from the general stocks are occupying space and deteriorating, making the various store rooms congested.

692. Though the items became obsolete through wear and tear in their normal usage, Management's failure to convene a Board of Survey to dispose of them is resulting in further deterioration of the items.

693. We recommended and Management agreed to dispose of the unserviceable/obsolete store items as early as possible.

### **Poor Condition of Stores**

694. Chapter 1402 of the Stores Regulations 1984 stipulates that, the first requisite in any store is cleanliness. Storehouses and stocks held in them shall therefore be kept clean at all times.

695. We inspected the stores at the Head office and five Regional Offices namely, Greater Accra, Central, Western, Eastern and Volta and noted the following;

- i. the general environment under which stores items are kept are not conducive. Expendable items are mixed up with non-expendable items
- ii. The rooms are untidy, and the items not orderly arranged but left on bare floor, making the rooms congested
- iii. Leaking roofs
- iv. The fire extinguishers were either expired or not in existence
- v. Serviceable store items were mixed up with obsolete and unserviceable stores
- vi. There were surplus items in stock in excess of ledger balances declared.

696. We further noted that, the same unconducive store facilities are used to store the electoral materials for elections.

697. The poor condition of the stores resulted from the storekeepers' laxity in managing the stores. The situation could also be attributed to lack of effective supervision by Management on the duties of the Storekeepers.

698. The congestion and improper arrangement in the store could lead to deterioration of stores items, and ineffective annual stock taking.

699. We recommended that, the Head of Administration should expedite action in ensuring that, the Storekeepers clean up the various stores. Additionally, the activities of the storekeepers must be effectively supervised.

700. Management accepted our recommendations.

### **Unserviceable Vehicles**

701. Section 83 (1) of the Public Procurement Act 2003, Act 663 as amended states, "The head of a procurement entity shall convene a Board of Survey comprising representatives of departments with unserviceable, obsolete or surplus stores, plant and equipment which shall report on the items and subject to a technical report on them, recommend the best method of disposal after the officer in charge has completed a Board of Survey form."

702. Our audit of the Commission's Transport Section revealed that, Management did not to convene a board of survey to dispose of 82 unserviceable vehicles which were parked at the various Regional offices including the Head Office of the Commission. Details shown in the table below.

**Table: Unserviceable Vehicles**

NO.	MAKE	NUMBER	LOCATION
1	Toyota Hulix	GV 127 Z	HQ
2	Toyota Hulix	GV 129 Z	HQ
3	Toyota Hulix	GV 131 Z	HQ
4	Toyota Hulix	GN 3174 Z	HQ
5	Toyota Hulix	GV 430-10	HQ
6	Toyota Hulix	GV 290-12	HQ
7	Toyota 4X4	ER 3962-11	HQ
8	Toyota Coaster Bus	GV 82 Z	HQ
9	Nissan D/C4X4 Pick UP	GV 1663 X	HQ
10	Nissan D/C4X4 Pick UP	GV 1703 X	HQ

11	Nissan URVAN BUS	GV 67 X	HQ
12	Ford Ranger Pick Up	GV 500-11	HQ
13	Ford Explorer Station Wagon	GT 2789-12	HQ
14	Toyota Hulix	GV 497 Z	GREATER ACCRA
15	Toyota Hulix	GV 123 Z	GREATER ACCRA
16	Nissan 4X4 pick Up	GV 36 Y	GREATER ACCRA
17	Nissan 4X4 pick Up	GV 73 Y	GREATER ACCRA
18	Peugeot Boxer Van	GV 102Y	GREATER ACCRA
19	Nissan URVAN BUS	GV 140 Z	GREATER ACCRA
20	Peugeot Boxer Van	GV 23 Y	CENTRAL
21	Peugeot Boxer Van	GV 106 Y	CENTRAL
22	Nissan 4X4 pick Up	GV 1669 X	CENTRAL
23	Nissan 4X4 pick Up	GV 1674 X	CENTRAL
24	Nissan 4X4 pick Up	GV 1666 X	VOLTA
25	Nissan 4X4 pick Up	GV 1675 X	VOLTA
26	Nissan 4X4 pick Up	GV 1704 X	VOLTA
27	Nissan 4X4 pick Up	GV 37 Y	VOLTA
28	Nissan 4X4 pick Up	GV 82 Y	VOLTA
29	Nissan 4X4 pick Up	GV 69 Y	VOLTA
30	Nissan 4X4 pick Up	GV 83 Y	VOLTA
31	Peugeot Boxer Van	GV 96 Y	VOLTA
32	Peugeot Boxer Van	GV 105 Y	VOLTA
33	Nissan 4X4 pick Up	GV 84 Y	EASTERN
34	Nissan 4X4 pick Up	GV 39 Y	EASTERN
35	Nissan 4X4 pick Up	GV 124 Z	EASTERN
36	Nissan 4X4 pick Up	GV 137 Z	EASTERN
37	Nissan 4X4 pick Up	GV 72 Y	EASTERN
38	Peugeot Boxer Van	GV 94 Y	EASTERN
39	Peugeot Boxer Van	GV108	EASTERN
40	Nissan 4X4 pick Up	GV 68 Y	ASHANTI
41	Nissan 4X4 pick Up	GV 38 Y	ASHANTI
42	Nissan 4X4 pick Up	GV 86 Y	ASHANTI
43	Nissan 4X4 pick Up	GV 1665 X	ASHANTI
44	Nissan 4X4 pick Up	GV 1667 X	ASHANTI
45	Nissan 4X4 pick Up	GV 1706 X	ASHANTI
46	Peugeot Boxer Van	GV 22 Y	ASHANTI
47	Nissan 4X4 pick Up	GV 88 Y	BRONG AHAFO

48	Nissan 4X4 pick Up	GV 75 Y	BRONG AHAFO
49	Nissan 4X4 pick Up	GV 89 Y	BRONG AHAFO
50	Nissan 4X4 pick Up	GV 87 Y	BRONG AHAFO
51	Nissan 4X4 pick Up	GV 28 Y	BRONG AHAFO
52	Nissan 4X4 pick Up	GV 1664 X	BRONG AHAFO
53	Peugeot Boxer Van	GV 98 Y	BRONG AHAFO
54	Tata Haulage Truck	GV 1097 Z	BRONG AHAFO
55	Nissan 4X4 pick Up	GV 1707 X	NORTHERN
56	Nissan 4X4 pick Up	GV 81 Y	NORTHERN
57	Nissan 4X4 pick Up	GV 1672 X	NORTHERN
58	Nissan 4X4 pick Up	GV1671 X	NORTHERN
59	Nissan 4X4 pick Up	GV 91 Y	NORTHERN
60	Nissan 4X4 pick Up	GV 77 Y	NORTHERN
61	Nissan 4X4 pick Up	GV 80 Y	NORTHERN
62	Nissan 4X4 pick Up	GV 21 Y	NORTHERN
63	Peugeot Boxer Van	GV 103 Y	NORTHERN
64	Tata Haulage Truck	GV 1096 Z	NORTHERN
65	Nissan 4X4 pick Up	GV 33 Y	UPPER EAST
66	Nissan 4X4 pick Up	GV 70 Y	UPPER EAST
67	Nissan 4X4 pick Up	GV 1708 X	UPPER EAST
68	Nissan 4X4 pick Up	GV 1673 X	UPPER EAST
69	Peugeot Boxer Van	GV 100 Y	UPPER EAST
70	Tata Haulage Truck	GV 1100 Z	UPPER EAST
71	Nissan 4X4 pick Up	GV 76 Y	UPPER WEST
72	Nissan 4X4 pick Up	GV 92 Y	UPPER WEST
73	Nissan 4X4 pick Up	GV 1670 X	UPPER WEST
74	Peugeot Boxer Van	GV 99 Y	UPPER WEST
75	Tata Haulage Truck	GV 1099Z	UPPER WEST
76	Nissan 4X4 pick Up	GV 1705 X	WESTERN
77	Nissan 4X4 pick Up	GV 26 Y	WESTERN
78	Nissan 4X4 pick Up	GV 27 Y	WESTERN
79	Nissan 4X4 pick Up	GV 71 Y	WESTERN
80	Peugeot Boxer Van	GV 24 Y	WESTERN
81	Peugeot Boxer Van	GV 104 Y	WESTERN
82	Tata Haulage Truck	GV 1098 Z	WESTERN

703. Management's inability to convene a Board of Survey to dispose of these vehicles has resulted in this anomaly.



704. Continuous exposure of the vehicles to the vagaries of the weather could lead to further deterioration.

705. We recommended and Management accepted to constitute a Board of Survey to evaluate these vehicles to ensure their early disposal and avoid further deterioration.

### **Vehicles Not Insured**

706. Section 1(1) of the Motor Vehicle (Third Party Insurance Act) Act 1958 states that "subject to this act, a person shall not use or cause or permit any person to use, a motor vehicle unless there is in force in relation to the user of the motor vehicle by that person or other person, a policy of insurance or security in respect of third party risks which compile with this Act". Subsection (2) also indicates that a person who act in contravention of subsection (1) commits an offence and is liable to conviction a fine not exceeding two hundred and fifty penalty unit or a term of imprisonment for one year or both.

707. Contrary to the above stated Act, we noted during our review that 390 vehicles of the Commission located in all the ten Regions have not been insured. Details shown in table below.

**Table: Uninsured Vehicles**

Location of Vehicles	No. of Vehicles <b>Not Insured</b>
Head office	65
Western Region	35
Upper West Region	17
Upper East Region	19
Northern Region	35
Brong Ahafo	37
Ashanti Region	46
Eastern Region	37
Volta Region	44
Central Region	26
Greater Accra Region	29
	390

708. The anomaly was caused by Management misconception that Government vehicles are not insured.

709. The omission exposes the users of the vehicles and other road users (third parties) to risk of not being compensated in the event of accidents.

710. We recommended that, Management should insure the vehicles within 30 days after the receipt of the management letter, and our office informed for verification, failing which, the Section 3(2) of the Motor Vehicle (Third Party Insurance Act) Act 1958 shall be enforced.

711. Management accepted our recommendation.

### **Absence of Asset and Inventory Registers**

712. Section 52 (3)(a) and (b) of the Public Financial Management Act, Act 921, 2016 enjoins heads of Organisations and Principal Spending Officers to maintain a register of lands and buildings and all other assets under the control or possession of that Spending Officer.

713. Section 52(5) further states that, the register referred to in Subsection (3)(b) shall contain a record of the details of each parcel of land and building and the terms on which the lands or building is held, the details of all major items of furniture and equipment including furniture and equipment issued for either government quarters or offices, large tools for government works, plant, equipment and vehicles.

714. Inventory Register also contains the details of institution assets, including the specific offices they are located. It also effectively tracks unserviceable items within an institution.

715. We noted during our review that, the Commission did not maintain an Asset register and Inventory Register to allow for monitoring, control and custody of the assets.

716. The omission resulted from management's laxity in assigning the responsibility of maintaining an asset register to an officer whilst the head of administration also reneged on his responsibility to supervise the Estate Management and Inventory Register function.

717. The situation could result in pilfering and mishandling of assets belonging to the Commission, as well as misstatement of assets figures in the Financial Statements.

718. We urged the Head of Accounts to ensure that an officer is assigned the responsibility of recording all the Commission's assets, including the required detailed information in an asset register within 30 days after the receipt of the management letter. The Head of Administration should also ensure that, the Estate officer prepares an inventory register and share it with all the Regional and the District offices, and our office informed for verification, failing which section 98(1) of the PFM Act, 2016 (Act 921) shall be enforced.

719. In response, Management stated that, the Commission has taken note of the observation and has directed the Chief Accountant to take the necessary steps to complete the process. Management further stated that, the Commission has budgeted to acquire a new fixed Assets software to maintain a database of all assets of the Commission. Management added that, they have initiated steps to ensure that a proper inventory register is maintained.

**Acknowledgement**

I acknowledge the cooperation of Management and staff of the entities audited with gratitude.



**DANIEL YAW DOMELEVO**  
**AUDITOR-GENERAL**



# **Mission Statement**

**The Ghana Audit Service exists**

## **To promote**

- **good governance in the areas of transparency, accountability and probity in Ghana's public financial management system**

## **By auditing**

- **to recognized international standards, and reporting our audit results**

## **And**

- **reporting to Parliament**