Mission Statement

The Ghana Audit Service exists

To promote

- good governance in the areas of transparency, accountability and probity in the public financial management system of Ghana

By auditing

- to recognized international auditing standards the management of public resources

And

- reporting to Parliament
REPORT OF THE AUDITOR-GENERAL ON THE PUBLIC ACCOUNTS OF GHANA – MINISTRIES, DEPARTMENTS AND OTHER AGENCIES (MDAs) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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**PART I**

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**PART III**

DETAILS OF FINDINGS

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<td>Ministry of Employment and Social Welfare</td>
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<td>Ministry of Women &amp; Children Affairs</td>
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<td>Ministry of Tourism and Diasporan Relations</td>
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<td>Other Agencies</td>
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Dear Madam Speaker,

REPORT OF THE AUDITOR-GENERAL ON THE PUBLIC ACCOUNTS OF GHANA – MINISTRIES, DEPARTMENTS AND OTHER AGENCIES (MDAs) FOR THE YEAR ENDED 31 DECEMBER 2010

I have the honour to present my annual report on the Public Accounts of Ghana – Ministries, Departments and Agencies for the 2010 financial year to you, to be tabled in the House in accordance with Article 187 (5) of the 1992 Constitution.

The report highlights significant findings which arose from my audit of the financial operations in the MDAs, in compliance with Section 13 of the Audit Service Act 2000 (Act 584). It draws attention to instances of non-compliance with regulations and errors in transactions including irregularities arising out of the breakdown of
internal controls and provides recommendations, wherever possible, to remedy or mitigate weaknesses identified in the system of internal financial controls.

3 Despite my previous comments regarding MDAs’ failure to comply with the Financial Administration Act with respect to the preparation and submission of financial statements, the problem still persists. Apart from the Ministry of Water Resources, Works and Housing, the Ministry of Food and Agriculture, the Ministry of Education and the Ghana Education Service, Headquarters and its Divisions most MDAs defaulted in the preparation of their financial statements for the year being reported on.

4 Except for the Ministry of Health, it was also found that the financial statements prepared by the four MDAs mentioned had not been complete as they did not include balance sheets, cash flow statements and notes to the financial statements as required by the Act.

5 To be able to overcome the challenges that the MDAs face in the preparation of their financial statements and to improve upon the financial reporting process, it would be appropriate to expeditiously finalise the accounting procedures manual prepared by the Controller and Accountant General.

6 This report is in three Parts. Part I is an introduction to the report, Part II gives the summary of findings according to each
Ministry, Department and Agency whilst Part III provides the details of all the findings.

7 I would like to show my appreciation for the cooperation and assistance that the management of the various MDAs accorded my officers during the audits. I would also like to recognise the dedication and contribution of all members of staff of the Audit Service especially the Central Government Audits Department towards the production of this report.

Yours Sincerely,

RICHARD Q. QUARTEY
AUDITOR-GENERAL

THE RT. HON. SPEAKER
OFFICE OF PARLIAMENT
PARLIAMENT HOUSE
ACCRA
PART I

REPORT OF THE AUDITOR-GENERAL ON THE PUBLIC ACCOUNTS OF GHANA – MINISTRIES, DEPARTMENTS AND OTHER AGENCIES (MDAs) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Introduction

I have audited the accounts of MDAs for the financial year ended 31 December 2010 in accordance with Article 187(2) of the 1992 Constitution. This report thereon presents the results of financial and compliance audit of the MDAs and contains matters of significance that I believe should be brought to the attention of the House.

2. The audit was conducted in conformity with the Financial Administration Act, 2003 (Act 654), the Public Procurement Act, 2003 (Act 663), the Financial Administration Regulations, 2004 and in line with generally accepted auditing standards.

Audit objectives

3. Section 13 of the Audit Service Act, 2000 (Act 584) enjoins the Auditor-General to examine in such manner as he thinks necessary, the financial operations of MDAs and ascertain, among other things, whether in his opinion:
monies have been expended for the purposes for which they were appropriated and expenditures have been made as authorised;

essential records have been maintained and the rules and procedures applied were sufficient to safeguard and control public property; and

all public monies have been fully accounted for and rules and procedures applicable are sufficient to secure an effective check on the assessment, collection and proper allocation of revenue.

4. My officers were guided by the above objectives to ensure and encourage proper and prudent management of public funds. They also reviewed key areas of MDAs’ internal control systems and risk management. Matters raised in this report including recommendations intended to further deepen financial management and controls were discussed with the MDAs.

Significant findings and recommendations

5. As in previous reports, this year’s audit disclosed poor cash management practices resulting in failure to pay revenue collected into the Consolidated Fund, un-authorised payments as well as non-availability of adequate records on revenue collected. We also noted instances of inadequate controls over procurement, payroll and contract irregularities.
6. We discussed our findings with heads of the MDAs and incorporated their responses in management letters that were subsequently issued to them. This ensures that issues reported on and conclusions drawn are accurate and based on facts.

7. The overall financial impact of the weaknesses identified is set out in Table 1 of this report while in Table 2 these have been analysed according to each MDA.

**Table 1: Summary of financial irregularities for 2009 and 2010 fiscal years**

<table>
<thead>
<tr>
<th>Irregularities</th>
<th>%</th>
<th>GH¢</th>
<th>USS</th>
<th>£</th>
<th>FCFA</th>
<th>SFr</th>
<th>CFA</th>
<th>Rand</th>
<th>RMB</th>
<th>GH¢</th>
<th>GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax irregularities</td>
<td>41.82</td>
<td>72,414,244</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>72,414,244</td>
<td>7,392,358</td>
</tr>
<tr>
<td>Cash irregularities</td>
<td>54.60</td>
<td>93,890,541</td>
<td>380,588</td>
<td>18,320</td>
<td>630,000</td>
<td>13,227</td>
<td>4,205,000</td>
<td></td>
<td>94,545,872</td>
<td>14,315,000</td>
<td></td>
</tr>
<tr>
<td>Stores/Procurement</td>
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<td>69,295</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>684,375</td>
<td>1,270,295</td>
</tr>
<tr>
<td>Outstanding loans</td>
<td>2.694</td>
<td>3,981,785</td>
<td>395,690</td>
<td>1,993,010</td>
<td></td>
<td></td>
<td></td>
<td>115,121</td>
<td>4,665,375</td>
<td>28,994,710</td>
<td></td>
</tr>
<tr>
<td>Payroll overpayments</td>
<td>0.288</td>
<td>442,249</td>
<td>34,445</td>
<td>2,507</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>498,259</td>
<td>787,855</td>
<td></td>
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<tr>
<td>Contract irregularities</td>
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<td></td>
<td></td>
<td></td>
<td>229,685</td>
<td></td>
<td></td>
<td>283,578</td>
<td>229,685</td>
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<tr>
<td>Staff rent arrears</td>
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<td>82,838</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>45,083</td>
<td></td>
<td>82,838</td>
<td>40,083</td>
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<td>100</td>
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<td>880,018</td>
<td>21,827</td>
<td>2,623,010</td>
<td>13,227</td>
<td>4,205,000</td>
<td>115,121</td>
<td>173,174,541</td>
<td>53,024,986</td>
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</table>
8. My comments on the irregularities are provided in the ensuing paragraphs while the ruling conversion rates of the various foreign currencies involved, as at 31 December 2010, are set out below:

<table>
<thead>
<tr>
<th>GH¢</th>
<th></th>
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<tbody>
<tr>
<td>1.4613</td>
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<tr>
<td>2.2634</td>
<td>-</td>
<td>£1.00</td>
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<td>1.5582</td>
<td>-</td>
<td>SFr1.00</td>
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<td>0.2203</td>
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<td>Rand 1.00</td>
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<td>0.2212</td>
<td>-</td>
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<td>1.00</td>
<td>-</td>
<td>CFA334.33</td>
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<tr>
<td>1.00</td>
<td>-</td>
<td>FCFA28.30</td>
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</table>

**VAT/IRS/CEPS uncollected taxes and others – GH¢72,414,244**

9. Taxes that remained uncollected at the end of 2010 saw an upsurge of 879.6% from GH¢7,392,358 in 2009 to GH¢72,414,244. The lapse was due to ineffective supervision of Schedule Officers, absence of sustained pursuit of taxpayers and failure by District Tax Offices to apply sanctions for non-payment of taxes as stipulated in the tax laws. To reverse this trend, I recommend that the management of the Ghana Revenue Authority should take tough measures including sanctions to compel the defaulters to pay the taxes outstanding.
Cash irregularities – GH¢94,545,872

10. Cash irregularities were made up of:

- Misappropriation of revenue/other receipts;
- Unacquitted payments;
- Dishonoured cheques;
- Unauthorised expenditure;
- Non-availability of records on revenue collected;
- Outstanding payment vouchers;
- Misapplication of funds; and
- Unpresented value books.

11. Cash irregularities escalated by 560.5% from GH¢14,315,000 in 2009 to GH¢94,545,872 in 2010. Cash irregularities which accounted for 54.5% of financial irregularities were prominent in the Ministry of Water Resources, Works and Housing (GH¢72,899,015), Ministry of Aviation (GH¢9,533,055), Ministry of Finance and Economic Planning (GH¢7,775,571), Ministry of Youth and Sports (GH¢1,069,750) and Ministry of Food and Agriculture (GH¢932,787). The lapses relate mainly to failure to keep adequate records and lack of supervisory control over transactions leading to misappropriation of funds. I recommend strict adherence to relevant provisions in the FAA 2003 and FAR 2004 and the strengthening of controls over disbursement.
Stores/Procurement irregularities – GH¢684,375
12. Stores and procurement irregularities amounted to GH¢684,375 compared with GH¢1,270,295 in 2009, a decrease of GH¢585,920 or 46.1%. Although some progress has been made, the irregularities continue to relate to purchases not taken on inventory charge, overpayment to suppliers and unaccounted for fuel coupons. Laxity in supervisory control was a principal contributory factor. I recommend that controls should be strengthened and also emphasised on the need to adhere to provisions in the Procurement Act.

Outstanding loans/debts – GH¢4,665,375
13. These irregularities decreased substantially from GH¢28,984,710 in 2009 to GH¢4,665,375, a decrease of GH¢24,319,335 or 83.9%. This significant reduction in outstanding loans can be attributed to the establishment of sound loan recovery procedures by some MDAs. I urge the MDAs to continue to put in place prudent measures that will ensure that all loans and advances are recovered.

Payroll overpayments – GH¢498,259
14. Payroll irregularities decreased from GH¢787,855 in 2009 to GH¢498,259, a decrease of GH¢289,596 or 36.8%. The irregularities relate mainly to the crediting of individual bank accounts of deceased pensioners with various amounts and payment of unearned salaries to separated staff. I recommend that all deceased pensioners should immediately be deleted
from the payroll. I also recommend the strengthening of coordination between Human Resource and Finance Units, whilst all unearned salaries are pursued and recovered.

**Contract irregularities – GH¢283,578**

15. Contract irregularities increased marginally by GH¢53,893 or 23.5% from GH¢229,685 in 2009 to GH¢283,578. Contract management lapses include acceptance of goods supplied in excess of ordered quantities thus committing management beyond budgeted expenditure. I recommend that management should in future seek approval before exceeding approved estimate limits and further consult with their headquarters to solicit for funds from the Ministry of Finance to pay off the debt accumulated.

**Staff rent arrears – GH¢82,838**

16. Staff rent arrears’ figure at the end of the year amounting to GH¢82,838 represents an increase of GH¢37,755 or 83.7% over the 2009 figure of GH¢45,083. Once again, failure by the management of MDAs to ensure that rent is deducted at source from staff salaries accounted for this lapse. I reiterate my earlier recommendation that the management of MDAs should recover the amount from the officers, and submit inputs to the CAGD for deduction of the monthly rents.
Conclusion

17. I am not satisfied with the litany of financial irregularities which are exhibited yearly by MDAs. I therefore strongly recommend that the Ministry of Finance and Economic Planning develops a code of ethic for the Public Service to ensure proper, effective and efficient use of the funds.
<table>
<thead>
<tr>
<th>No.</th>
<th>Ministry</th>
<th>Tax Irregularities</th>
<th>Cash Irregularities</th>
<th>Outstanding Loans</th>
<th>Payroll</th>
<th>Stores/Proc</th>
<th>Contract</th>
<th>Rent Arrears</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>GH¢</td>
<td>GH¢</td>
<td>USD</td>
<td>€</td>
<td>FCFA</td>
<td>SFr</td>
<td>CFA</td>
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<td>Health</td>
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<td>123,745</td>
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<td></td>
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<td>3,677</td>
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<td>Youth &amp; Sports</td>
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<td>1,065,750</td>
<td>1,065,750</td>
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<td>2,884,762</td>
<td>2,884,762</td>
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<td></td>
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<tr>
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<td>MOWAC</td>
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<td>28,400</td>
<td>28,400</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<p>| Total | 72,444,244 | 93,880,541 | 380,588 | 18,320 | 630,000 | 13,227 | 4,205,000 | 3,988,785 | 395,650 | 115,121 | 43,319 | 1,993,010 | 442,249 | 36,445 | 2,507 | 583,114 | 68,235 | 213,978 | 82,838 |</p>
<table>
<thead>
<tr>
<th>No.</th>
<th>Ministry</th>
<th>GH¢</th>
<th>USS</th>
<th>£</th>
<th>FCFA</th>
<th>SFr</th>
<th>CFA</th>
<th>Rand</th>
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Auditor-General’s Report on the Public Accounts of Ghana, MDAs – 31 December 2010
PART II

SUMMARY OF FINDINGS AND RECOMMENDATIONS BY MDAs

MINISTRY OF FINANCE AND ECONOMIC PLANNING

18. The Ministry of Finance and Economic Planning (MOFEP) defaulted in establishing an Audit Reports Implementation Committee (ARIC) as required under Section 30 of the Audit Service, Act 2000 (Act 584). We recommended the establishment of the ARIC as a matter of urgency.

19. The Ministry paid a total of GH¢2,478,422 from the Non-Road Arrears account but could not support the vouchers with receipts
indicating that the disbursements related to a previous year’s outstanding commitments. There was also no policy guideline for the administration of the account. We recommended to management to regularise the transactions and introduce policies and guidelines for the effective administration of the account.

20. Owing to MOFEP’s failure to ensure that the Controller and Accountant-General submits monthly returns on vehicle loans and salary advances, the status of recovery of loans totalling GH¢2,288,860.00 that were granted to public servants covering the period 1 January to 31 December 2009 could not be determined at the Ministry. We recommended that management should ensure that returns on loan recoveries are submitted regularly for accurate financial reporting.

21. Weak supervision over Accounting Officers at the Tema Metropolitan Finance Office resulted in 28 payment vouchers with a total face value of GH¢813,214.00 being omitted from Cash Payment Transcripts that were forwarded to the Regional Co-ordinating Council for the preparation of Government’s financial statement for the period under review. We recommended the strengthening of internal controls over accounting staff and other internal controls to prevent a recurrence of the anomaly.
22. Various MDAs within the Eastern and Brong Ahafo regions failed to return to the Treasury Offices receipted duplicate copies of payment vouchers as evidence of disbursement of the amounts involved. As a result, we could not validate total payments of GH¢2,582,050.00 made on the vouchers. We recommended to the Finance Officers to retrieve the outstanding vouchers in order to confirm the disbursements.

23. Payment vouchers with a total face value of GH¢19,419.00 were not presented for audit at the Tain District Finance Office due to the District Finance Officer’s failure to effectively monitor and supervise work at the office. We recommended strict control over disbursements in accordance with Regulation 39 of the FAR, 2004.

24. Funds totalling GH¢148,286.00 were not promptly transferred from various commercial banks into the Consolidated Fund at the Bank of Ghana due to the failure of Finance Officers to monitor the
operations of such accounts. In order to enhance Government’s cashflow position, we recommended prompt transfer of these and subsequent funds into the Consolidated Fund.

25. An audit disclosed that between October 2008 and June 2010, the Volta Regional Director of the Controller and Accountant-General’s Department, Mr. Christian Sekyi, misappropriated GH₵542,919.00 being unclaimed salaries and pensions which should have been transferred into the Consolidated Fund. We recommended the prosecution of the interdicted officer for the recovery of the amount.

26. Cash irregularities which included un-supported payments and night allowance payments without evidence of claim noted at the District Finance Office, Akropong amounted to GH₵37,201.00. We recommended strict adherence to the relevant provisions of the F.A.A, 2003 and the F.A.R., 2004 and the strengthening of controls over disbursement.

27. Failure to promptly delete the names of deceased pensioners from the payroll resulted in the payment of unearned salaries totalling GH₵210,598.00 into their bank accounts. We recommended recovery of the illegal payments and the prompt deletion of the names of the deceased pensioners from the payroll.
28. Overpayments of gratuity to retired officers as a result of wrong pensions computations totalled GH¢88,374.00 during the period under review. We recommended the recovery of the illegal payments.

29. Due to ineffective supervision, absence of sustained pursuit of taxpayers and failure by District Tax Offices (DTOs) to apply sanctions for non-payment of taxes as stipulated under Section 143 of Act 592, 11 DTOs recorded outstanding corporate taxes totalling GH¢25,814,439.00 during the 2007, 2008 and 2009 years of assessment. We recommended that the management of the Domestic Tax Revenue Division should take tough measures including sanctions to compel the defaulters to pay the taxes.

30. Failure by employers to remit PAYE deductions made from emoluments of employees to the Division, failure to deduct and remit taxes from directors’ fees, non-payment of withholding tax and failure to pay rent taxes totalled GH¢7,772,287 during the 2007 to 2009 years of assessment. The Division’s failure to enforce the provisions of Section 88(1) of Act 592 on the imposition of penalties for default in deducting and remitting taxes to the Division and ineffective supervision of Schedule Officers in the conduct of their tax collection duties resulted in the irregularities. We recommended that the Division should pursue the recovery of the un-paid taxes.
31. Tax payers under five DTO’s issued dud cheques amounting to GH¢480,169.00 for the settlement of their tax liabilities between 2005 and 2009. The action of the companies deprived the Division of timely use of the tax revenue. We recommended to management to recover the amount and strengthen its tax collection enforcement procedures to forestall such acts.

32. The Division failed to collect National Reconstruction levy totalling GH¢8,175.00 due to its inability to notify tax payers of their obligation. We recommended to the Division to collect the outstanding amount and ensure that tax payers are notified of their obligations promptly.

33. We noted that 642 companies and self employed businesses under the Kaneshie, Nima, Agbogbloshie and five other DTOs as well as 32 companies in Kumasi failed to file their tax returns for various years of assessment due to the failure of the Schedule Officers to impose penalties on the defaulters. We recommended that management should ensure that tax payers are adequately educated on the tax laws and the prescribed penalties imposed on defaulters.

34. At the Nima and Legon DTOs, we noted that contrary to Section 76 of Act 592, provisional tax assessments for the 2007 and 2008 years of assessment were not raised for 33 companies. Consequently the companies did not make any provisional payments during the years involved. We recommended that the companies
should be assessed to enable them honour their obligations for the 2007 and 2008 years of assessment and also ensure that provisional assessments are delivered to the companies on schedule.

35. The Agbogbloshie and Kaneshie DTOs accepted customers’ receipts that were issued to companies for taxes withheld and used them to offset the companies’ tax liabilities totalling GH¢6,761.00, in violation of Section 7 of the IRS Collection Manual and Administrative Practice on tax liability offsets. The manual prescribes only triplicate copies of taxpayers’ receipts and duplicate copies of TCrCs. Ineffective supervision of Schedule Officers accounted for the lapse. We recommended that Schedule Officers adhere strictly to Section 7 of the IRS Manual and the receipts accepted should be investigated to ensure that monies involved were paid to the Division.

36. The utilisation of fuel purchases totalling GH¢12,610.00 made by the Large Taxpayers’ Unit (LTU) of the Division could not be ascertained because no records were maintained for the receipt and disposal of the fuel purchases. Laxity in supervisory control accounted for the lapse. We recommended that evidence of receipt and disposal of the fuel purchases should be provided and controls be strengthened.

37. The Domestic Tax Revenue (VAT) Division paid an amount of GH¢415,621.00 in February 2008 to the Divestiture Implementation
Committee (DIC) for the purchase of a building at the North Ridge residential area but was unable to acquire the property due to DIC’s failure to honour its side of the bargain. We recommended that the issue should be resolved expeditiously or the amount be recovered to chest.

38. At the Large Taxpayers’ Unit of the VAT Division, the debt stock stood at GH¢1,347,783.00 as at December 2008 due to the failure of the Tax Office to apply the tax collection enforcement regulations regarding monitoring and collection of debts. Also, at the VAT Division office in Sunyani, we noted that taxpayers were indebted to the Division in the sum of GH¢138,517.00 as at 31 December 2010. We recommended that management should intensify its effort at debt recovery, particularly in the enforcement of the relevant sections of the VAT Act (Act 546).
39. The Head of the Adabraka LVO rescheduled the debts of three traders whose indebtedness exceeded his authorised threshold, resulting in the re-scheduling of a debt of GH¢103,708.00 without authority. We recommended that retrospective approval should be obtained from the Commissioner of the Division and operational directives strictly complied with.

40. An examination of Returned Cheques Register at the Osu Ringway LVO disclosed that 124 traders issued dud cheques totalling GH¢373,165.00 for the settlement of their tax liabilities. Similarly, at the Okaishie VSO eight cheques with a total value of GH¢3,693.00 issued by traders were dishonoured. We urged management to recover the debts.

41. Un-acquitted payments amounting to GH¢1,317.00 were noted in the Sunyani office of the VAT Division. We recommended strict adherence to the relevant provisions in the FAR, 2004 and the strengthening of controls over disbursement.

42. Cash irregularity involving the misapplication of funds from a Housing Loan Scheme amounting to GH¢326,882.00 was noted at the Customs Division Headquarters. We recommended to management to strictly adhere to the relevant provisions of the FAR and to refrain from misapplying the Housing Loans fund.
43. Out of a loan of GH¢30,000.00 granted to a former Commissioner of the Division, Major General Richardson Baiden, only GH¢10,000.00 was recovered due to lack of criteria for the loan recovery. Additionally, no recovery was made on a loan facility of GH¢6,400.00 granted to a Principal Collector who was about to retire. To prevent the loans from going bad, we recommended that management should vigorously pursue their recovery.

44. Importers and other customers were indebted to the Division in the sum of GH¢36,577,702.00 covering the period 1999 to 2009. We recommended that management should take the necessary regulatory and legal measures to recover the amounts owed.

45. Payment vouchers amounting to GH¢77,277.00 raised by the Division’s office at Tamale were not supported with receipts and other necessary documentation to authenticate the payments. We requested management to properly acquit the vouchers.

46. Weak supervision over subordinate staff resulted in the theft of an impounded Mercedes Benz bus which was being kept at a state warehouse in Kumasi. We recommended that management sanctions the officers whose dereliction of duty accounted for the loss.

47. As a result of management’s failure to ensure the prompt deletion of names of separated staff from the payroll, GH¢4,801.00 was paid as unearned salaries to five former staff members of the
Ghana Statistical Service, Accra. We advised the management of the Service to recover the un-earned salaries and improve their payroll monitoring.

MINISTRY OF EDUCATION

48. Cash irregularities among which included outstanding advances and loans, unsupported and un-receipted payments, cash transfers not acknowledged, failure to honour debt payments, indebtedness of schools in respect of sports and cultural fees and un-presented payment vouchers all of which totalled GH¢2,008,572.00 were recorded by the Headquarters of the Ministry of Education, Regional and District Offices of the Ghana Education Service and other agencies under the Ministry.
49. Our audits disclosed that payments totalling GH¢353,498.00 were made by six institutions and agencies under the Ministry of Education without providing expenditure supporting documents to justify and substantiate the payments involved. Consequently, our audits could not ascertain and confirm the validity and authenticity of the payments involved. The failure of Schedule Officers and handlers of fund releases to obtain relevant receipts, invoices and statements of accounts in support of expenditure incurred and the failure of Accountants and authorising officers to insist on the submission of expenditure supporting documents in support of the disbursements accounted for the lapses. We recommended that relevant expenditure supporting documents should be obtained to authenticate the payments made or the amounts involved should be recovered from officers who would be found culpable.

50. Four District Education Offices released total capitation grants of GH¢187,182.00 to Headteachers within their districts but failed to obtain official receipts from the recipient Headteachers in acknowledgement of the receipt of the grants. As a result, our audits could not confirm the receipt and utilisation of the grants by the Headteachers. Also, Tano North District Office of the GES refunded a balance of GH¢14,347.00 to the Headquarters of GES in respect of an amount released to it to organise a workshop but the Headquarters failed to acknowledge receipt of the refund. The Kumasi Regional Office also made payments totalling GH¢11,312 to Headquarters in
request of Haiti collections for which no receipt was received in acknowledgement.

51. We recommended that receipts should be obtained for the capitation grants released and the other funds paid to Headquarters. Measures should also be put in place to ensure that fund releases and payments are acknowledged by recipients.

52. Duty advances totalling GH¢75,808.00 released by four District Offices of the GES to officers to undertake official assignments had not been accounted for even though the assignments for which the advances were released had been completed. The irregularities were as a result of managements’ failure to establish monitoring mechanisms to ensure that advances given to officials for specific assignments were promptly and properly accounted for upon completion of such assignments. We recommended that the managements concerned should ensure that the outstanding advances were accounted for.

53. Twenty seven District Directorates of Education and 35 second cycle institutions all in the Ashanti Region defaulted in the payment of sports and cultural fees in the sum of GH¢92,759 for the 2010 academic year. We requested the Regional Office of GES in Kumasi to pursue payment of the outstanding fees and improve strategies for the collection of the fees.
54. The Breman Asikuma and Assin Fosu District Directorates of the GES in the Central Region made credit sales of motor bikes in the sum of GH¢30,600 to staff and teachers in the Directorates but failed to ensure that the cost of the motor-bikes were recovered from the beneficiaries. Ineffective recovery mechanisms resulted in the default. We recommended to management to institute effective recovery measures to ensure that the outstanding credit sales were recovered.

55. An amount of GH¢1,191,543 released to 10 Regional Coordinators of the Non-Formal Education Division (NFED) to organise workshops and undertake other operational activities was not properly accounted for. The inaction violated Regulation 189 of L.I. 1802. We recommended that the Division should insist on the preparation and
submission of expenditure returns to provide details on the utilisation of such releases.

56. The National Co-ordinating Committee for Technical and Vocational Education and Training (NACVET), an affiliate institution of the Ministry of Education was indebted to 10 companies and a staff member in the sum of GH¢41,572.00 in respect of services rendered and staff entitlement. Lack of funds accounted for the inability to honour the commitments. We recommended early settlement of the indebtedness to avoid legal action.

57. Payroll irregularities totalling GH¢5,219,172.00 were recorded by 15 Directorates and institutions under the Ministry during the period under review. Lapses and omissions such as failure by Accountants to promptly delete the names of separated staff from the payroll and illegal payments to student teachers whose study leaves had not been approved resulted in the payments of un-earned salaries of GH¢5,208,454.00 by 11 Directorates and institutions of the Ministry. We recommended that the names of separated staff should promptly be deleted from their respective payrolls whilst their bankers should also be instructed to refund to Government chest any un-earned amounts which would be paid into their account. We further requested that the status of student teachers whose study leaves had not be approved should be regularised or the amounts paid to them should be retrieved to chest.
58. The Council for Technical and Vocational and Training (COTVET) used part of its Service/Administration vote totalling GH¢3,738 to pay for services of casual labourers which it engaged for more than six months, in violation of the labour laws. We recommended to management to regularise the engagement of the casual labourers to cease the misapplication of the Service/Administration votes for Personal Emolument expenditures.

59. Overpayment of salaries and allowances in the sum of GH¢3,856.00 were recorded by a District Directorate and an institution of the Ministry; while the Paga District Directorate also recorded outstanding salary advances of GH¢2,600. We recommended to the affected managements to rectify the anomalies.

60. Procurement and store irregularities totalling GH¢227,024.00 which included purchases not recorded in store records, (GH¢113,995.98), uncompetitive procurement (GH¢53,142.97), goods paid for but not supplied (GH¢9,000), procurement outside the procurement plan (GH¢46,060) and shortage of store items (GH¢4,824) were recorded by the Ministry and agencies under it during the period under review. Managements’ failure to comply with the procurement rules, procedures and store regulations accounted for the identified irregularities. We recommended strict compliance with the provisions of the Public Procurement Act as well as Store Regulations 0522 and 0529.
61. Lapses in tax administration which were uncovered during our audits included purchases from non-VAT registered suppliers and service providers, uncollected and unremitted taxes and delays in the payment of tax revenue. We recommended prompt payment to the Domestic Tax Revenue office all withheld taxes and strict compliance with Section 30 of the Financial Administration Act 2003 to enhance revenue generation for the State.

MINISTRY OF YOUTH AND SPORTS

62. Owing to the absence of a governing Legislative Instrument, the National Youth Employment Programme (NYEP) is denied regular releases of funds for its operational activities. Consequently, as at 31 December 2009, the NYEP owed the Agricultural Development Bank a total sum of GH¢21,680,282.00 being loans taken to meet its recurrent expenditure. We recommended to management to urgently lobby the appropriate authorities for the enactment of an enabling Act for the running and funding of the organisation.
63. The management of the NYEP failed to pay to the Domestic Tax Revenue office a total tax of GH¢43,268.00, as at 31 December 2009, due to under-deduction of its staff members’ PAYE. Management explained that the error was caused by the employees’ appointment letters which fixed the percentage of their deductible income tax at 5%. We recommended that, in future, the appropriate percentage of PAYE tax should be deducted from the salaries of the employees.

64. Non-compliance with Sections 87 and 88 of the Internal Revenue Act, 2000 (Act 592) resulted in the non-deduction of tax amounting to GH¢38,948.00. We recommended the recovery of the amount for payment to the Domestic Tax Revenue Division.

65. The National Youth Employment Programme (NYEP) in Damango received funds totalling GH¢119,721.00 but failed to issue
official receipts to cover the amount. We recommended that, in future, there must be evidence of receipt of all lodgements.

66. The NYEP in Damango failed to obtain supporting documents to acquit disbursements worth GH¢43,159.00. We recommended that management should obtain the necessary documents to support the payment vouchers.

67. Un-sold tickets worth GH¢1,001,024.00 were not accounted for when we audited the books of the Ashanti Regional Sports Council office. Management explained that the tickets had been returned to the National Sports Council office in Accra without substantiating the claim with any documentary evidence. We recommended that supporting Store Receipt Vouchers should be obtained from the Headquarters, failing which the amount should be recovered to chest.

68. Thirty payment vouchers with a total face value of GH¢68,726.00 were not acquitted at the Regional Sports Council, Kumasi, due to management’s inadequate control over disbursements. We recommended strict control over disbursements in accordance with Regulation 39 of the FAR, 2004.

MINISTRY OF FOOD AND AGRICULTURE

69. Cash irregularities made up of unpresented vouchers (GH¢864,713.00) corrupt and unreceipted vouchers (GH¢67,314.00) all totalling GH¢932,067.00 were recorded by departments under the
Headquarters and other Regional and District divisions and units of the Ministry of Agriculture. We recommended that the vouchers should be produced for audit inspection and relevant supporting documents obtained to authenticate the payments or the amounts recovered from the officers involved.

70. As a result of failure by management of two Directorates and two Regional Agricultural Development Units to ensure deletion of names of separated staff from the Government payroll, unearned salaries totalling GH¢39,707.00 were paid to staff who had either retired, resigned or died. We recommended that the names be deleted and the amount involved recovered.

71. Failure to enforce terms of repayment resulted in the recovery of only GH¢1,074,798.00 from loans and credit facilities to farmers and motor bike loans to staff totalling GH¢3,969,560.00, leaving an
unrecovered balance of GH₵2,894,762.00. We recommended a more vigorous effort to recover the outstanding amount.

72. The Policy Planning, Monitoring and Evaluation Directorate failed to remit 5% withholding taxes amounting to GH₵8,018.00 to the Domestic Tax Revenue Division in contravention of the Internal Revenue Act. We recommended compliance with the Act.

MINISTRY OF HEALTH

73. Due to inaction demonstrated by management and the Capital Investment and Management Unit, the Ministry stands the risk of losing GH₵46,200 being an amount paid to F.F. Construction Limited in March 2006, for the purchase and maintenance of a vehicle which was not delivered. We recommended that F.F. Construction Limited should refund the amount.
74. Failure of the management of six health institutions to take effective steps to stop payments led to the payment of unearned salaries totalling GH¢103,201. We recommended recovery of the illegal payments and the prompt deletion of the names of the staff involved from the payroll.

75. Misappropriation of revenue totalled GH¢419,472. This condition was attributed to lack of supervision by the responsible authorities. We advised that the culprits should be made to refund the amounts and the Head of institutions involved should improve upon their supervision over the accounts department and also pursue the criminal aspects of the matter.

76. We noted at the Cardio Thoracic Unit, Korle-Bu that VAT was not paid on procurement worth GH¢150,529 made from 37 non-VAT registered suppliers, in contravention of Section 30(2) of FAA, 2003. We advised the authorities to procure from only VAT registered entities.

77. Members of staff of three hospitals who occupy Government buildings did not pay rent amounting to GH¢80,967. We recommended that management should recover the amount from the officers and submit inputs to the Controller and Accountant-General for the deduction of monthly rent from their salaries.
78. Unacquitted payments totalled GH¢46,135. The lapse was attributed to lack of supervision by management and could lead to misappropriation of funds. We urged that the relevant documents be produced to support the payments or the Schedule Officers should be surcharged with the amount.

79. Outstanding debtors which amounted to GH¢123,745 included unrecovered staff advances of GH¢42,254 and GH¢81,491 being non-payment of bills by patients. We advised the authorities to closely monitor the debts and recover the amounts involved.

80. Payments vouchers with a face value of GH¢82,516 were not presented for examination due to inadequate control over disbursements in line with Regulation 39 of FAR, 2004. We urged the Spending Officers and Accountants of the health institutions to produce the vouchers for review or be surcharged with the amount.
MINISTRY OF INTERIOR

81. The Police Administration did not prepare financial statements for the year 2009, in contravention of Section 41(1) of the Financial Administration Act, 2003 (Act 654). We recommended that management should liaise with the Controller and Accountant-General’s Department to prepare the statements.

82. The accounts department could not produce receipts as evidence of school fees of GH¢4,740.00 paid on behalf of two Police officers. We recommended that, in future, all payments be supported with receipts from payees and that the two beneficiaries should provide receipts to cover the payments or be surcharged with the amounts involved.

83. Personnel of the Criminal Investigation Department (CID), Greater Accra Regional Command failed to obtain Court Restitution
Orders in support of their release of GH¢3,700.00 and 2,600 cartons of tinned tomatoes, some clothing and electronic gadgets to their owners. We recommended that the officers involved obtained the Orders or be made to refund the value of the exhibits.

84. The Police Administration failed to dispose of over-aged exhibits in the stores at the Accra Central Police Station resulting in congestion in the stores. We urged the Administration to expedite action to get the stores decongested.

85. The station’s arms are not stored in an armoury and therefore risked being accessed by unauthorised persons. We asked the Administration to expedite action on the construction of an armoury.

86. The Regional Police Headquarters in Sekondi did not maintain a register of its assets. We advised the Regional Headquarters to maintain an assets register.

87. The Divisional Headquarters at Agona Swedru did not possess title deeds to land allocated to it by the Chiefs and elders of the town. We asked the Administration to expedite action on securing title deed to the land.

88. The Offinso Police could not account for one AK 47 rifle in their possession. We recommended that two officers involved in its handling be sanctioned.
89. The dilapidated Police Station building at Tetrem faces imminent collapse. Also a residential building under construction has been abandoned. We advised the Administration to liaise with the Afigya Kwabre District Assembly for resources to renovate the station and also complete the residential property.

90. Two General Counterfoil Receipt (GCR) books issued to an officer at Donkorkrom were not accounted for after his transfer. The District Commander should ensure that the booklets are returned and monies collected properly accounted for.

91. A 50 page receipt book issued to an officer of the Fire Service was not accounted for. We asked management to ensure that monies collected with the booklet be fully accounted for and the officer involved disciplined.
92. Withholding tax of GH¢314.00 was not withheld from GH¢6,285 paid to a supplier from the Fire Service’s Band Account. We recommended recovery of the tax not withheld from the supplier.

93. Payments for goods and services worth a total of GH¢4,211 were not supported by receipts. We asked management to support the transactions with evidence of payment.

94. Total unearned salaries of GH¢31,406.00 were paid to separated staff of Winneba, Suhum, Wa, Tema and Headquarters. We urged management to ensure full recovery of the amount from the affected staff and take disciplinary action against staff at the payroll departments.

95. The Takoradi Regional Fire Service office did not prepare a Procurement Plan for the year 2010. We recommended that, in future, a plan be prepared and approval obtained from the sector Ministry.

96. Purchases worth GH¢520.00 at Prestea Fire Service Station were not passed through stores. We asked management to produce documentary evidence of receipt of the goods and their issuance to users.

97. Ten unserviceable vehicles were found still in the possession of the Prestea office. We recommended to management to constitute a Board of Survey to dispose of the vehicles.
98. Firefighting equipment valued at GH¢320 was stolen from the store of the Prestea station. We recommended that the cost of the equipment be surcharged to the Head of the station.

99. Officers of the Immigration Service, Tarkwa failed to produce bank lodgment slips for various fees collected amounting to GH¢16,670. We requested the District Commander to produce the records for audit or be surcharged with the amount.

100. Four GCRs used to collect $20,660 and GH¢4,820 at the Aflao Immigration Station were not produced for audit. We requested the Commander of the station to produce the records for audit.

101. The Tamale office of the Prisons Service made disbursements to the tune of GH¢2,420 without supporting documentation. We
urged the officer in charge of the station to substantiate the payments or refund the amount paid.

102. We noted that goods purchased worth GH¢498 were not passed through the stores. We urged management to record the purchases in the store records.

103. A total salary of GH¢9,337.00 was paid to various staff at Tamale, Akuse and Nsawam for work not done. We urged management to recover these monies or the various Heads be surcharged with the amount.

104. Payments totalling GH¢55,203.00 made at the Medium Security Prison, Nsawam were not supported with receipts from third parties who received the monies. We requested management to produce receipts as evidence of the payments made.

105. An officer of the Service at Nsawam withdrew monies from the Reception Account of the Service for his personal use without authority. Part of the money was recovered leaving an amount of GH¢6,076.00. We urged management to recover the amount from him at once.

106. The Eastern Regional Commander made additional procurement of food amounting to GH¢144,972.00 to be able to feed prison inmates resulting in a debt. We recommended that, in future
approval should be sought from Headquarters for all excess procurement made.

107. The authorities made procurement of GH¢2,395.00 from their imprest account without due process. We recommended that, in future, procurement must be made from the main cash account to ensure that due process is followed.

108. An amount of GH¢7,241.00 spent on fuel and other lubricants were not properly accounted for. We advised management to ensure that all future fuel and lubricant purchases are properly accounted for.

**MINISTRY OF LANDS, FORESTRY AND MINES**

109. As a result of managements’ failure to ensure prompt deletion of names of separated staff from the payroll, GH¢ 8,472.00 was paid into the bank account of four separated staff of the Town and Country Planning Department and a staff of the Forestry Services Division, Cape Coast. We urged the Heads of Department to pursue recovery and to have the names deleted from the payroll.
110. Stores irregularities such as failure to route stores through store records and the loss of store items totalled GH¢84,152.00 for the year. Non-compliance with store regulations and lack of adequate supervisory controls accounted for the identified irregularities. We advised the management of various MDAs to comply with existing store regulations and the strengthening of supervisory controls in order to enhance accountability in store keeping functions in the Departments.

111. The management of the Survey Department, Sunyani failed to adhere to the provisions in Section 183(4) of the FAR, 2004 resulting in purchases from non- VAT registered vendors in a total sum of GH¢ 1,150.00. We recommended strict adherence to the tax laws.

112. Fourteen payment vouchers with face value of GH¢1,562.00 were not presented for audit at the Town and Country Planning...
Department office at Wa due to management’s inadequate control over disbursements. We recommended very tight controls over the disbursement function.

MINISTRY OF ENVIRONMENT, SCIENCE AND TECHNOLOGY

113. Cash irregularities which included un-accounted for expenditure and mis-appropriation of cash totalling GH¢4,400.00 were reported against Mr. R.S. Kuuzegh, the Director of Finance and Administration at the Ministry. We recommended a recovery of an amount of GH¢1,400.00 misappropriated and a strict control over disbursements.

114. The Ministry defaulted in refunding an amount of US$3,677.00 borrowed from its Bio-Diversity US dollar account to enable the Director of Finance and Administration travel to the United States for
a workshop. Additionally, an amount of US$2,700.00 given out of the
US$3,677.00 to the Director as accountable imprest remained
unaccounted for due to the intransigence of the imprest holder. We
recommended that the imprest should be accounted for and the total
amount of US$3,667.00 paid back into the Bio-Diversity account.

MINISTRY OF FOREIGN AFFAIRS AND REGIONAL
INTEGRATION

115. Four officers in Harare, Malabo, New Delhi and Bamako failed
to account for consular fees of US$1,410, FCFA 630,000, SFr13,227
and CFA4,205,000 respectively. We urged management to recover
the various amounts from the affected officers.

116. Twelve officers failed to refund excess utility bills totalling
FCFA1,993,010, RMB43,319.36 and US$12,549.00 paid on their
behalf at the Malabo, Beijing and Kuala Lumpur Missions. We urged
management to recover the various amounts from the officers
concerned.
117. Four officers of the New Delhi Mission and one at the Luanda Mission were paid a total excess freight allowance of US$34,445. We urged management to recover the excess payments.

118. An officer at the London Mission was wrongfully paid £2,507.00 child allowance. We urged management to recover the amount from him.

119. The Harare Mission could not recover a “Security Deposit” amount of US$2,850 from its landlord after the termination of their tenancy agreement. We urged management to recover the amount from the landlord.

120. The Pretoria Mission failed to recover R115,121 it spent on behalf of other Ministries and US$5,215.00 it paid on behalf of the
Scholarships Secretariat to students. We urged management to pursue recovery of the total amount.

121. An officer of the Mission failed to retire a total imprest of US$9,850 collected between July 2008 and January 2009. We urged management to recover the amount from him.

122. The Riyadh Mission could not collect an amount of US$293,000 representing amount due from the proprietor of an affiliate school. We urged the Mission to do everything possible to collect the debt.

**MINISTRY OF WATER RESOURCES, WORKS & HOUSING**

123. The Ministry failed to keep adequate records on lands sold to individuals totalling GH¢72,586,705.00. We recommended that management should produce its records on the sale for scrutiny.

124. Three suppliers failed to issue VAT/NHIL invoices to cover GH¢18,402.00 paid to them. We recommended that management should obtain the relevant VAT invoices from the suppliers to cover the amount.

125. Seven occupants of UNDP flats failed to pay their rent which had accumulated between May 2008 and January 2010, amounting to US$78,400.00 to the Ministry. We recommended that management should recover the amount owed by the occupants.
126. A total amount of GH¢22,039.00 was paid to five contractors between June 2009 and May 2010 without supporting documents. We recommended that management should provide the necessary documents supporting the payments or be held responsible for justifying the payments.

127. A Cashier at the Ejura Water Supply office collected revenue amounting to GH¢39,903.00 between February 2008 and March 2010 but could not account for it. We recommended the arrest of the Cashier and sanctions against the supervisor.

128. A Cashier failed to produce a receipt book (number 0051700 to 0051000) for audit. We recommended that management should retrieve the value book from the Cashier and monies collected retrieved.
129. Seventy occupants of PWD bungalows in Kumasi failed to pay their rent amounting to GH¢173,081. We recommended that management should recover the total amount outstanding.

130. Rent deducted at source amounting to GH¢250,014 from staff members of various departments under the Ministry were not lodged into the Consolidated Fund but retained by the departments. We recommended that management should recover the total amount of GH¢250,014 from the departments and organisations concerned.

131. An amount of GH¢3,999.00 was paid to a deceased employee in Kumasi and one who had retired in Sekondi. We recommended that management should make a follow up to their bankers to recover the monies.

132. Five payments made by the Department of Rural Housing, Sekondi for travelling and transport expenses totalling GH¢354.00 were without the necessary expenditure details. We recommended that management should support the payments with the necessary supporting documents.

133. An amount of GH¢2,271.00 was paid to an officer who had retired. We recommended that management should recover the amount from the officer concerned.
134. A total amount of GH¢8,227.00 was given to officers of Rural Housing and Cottage Industries as loans that had still not been repaid. We recommended that management should institute measures including court action to recover the outstanding amount.

135. Commercial and domestic consumers of Kintampo water supply system were indebted to the tune of GH¢165,513.00 as at 30 June 2010. We recommended that the District Manager should adopt a suitable debt collection strategy to recover the total amount.

**MINISTRY OF INFORMATION**

136. Imprests totalling GH¢19,604.00 were given to officials of the Ministry of Information but were not accounted for. We recommended that management should ensure that officers who were given the imprests account for them.

137. A total amount of GH¢16,250.00 released to the Ministry of Information for budget campaign was used for administration expenses. We recommended that management should seek retrospective approval from MOFEP or refund the amount misapplied.
138. A total revenue of GH¢538 collected from the sale of the Ministry’s cloth was not paid into the Consolidated Fund. We recommended that management should exercise effective supervision and ensure that the Cashier pays the outstanding balance into the Consolidated Fund.

139. Ninety-four staff members of the Information Services Department (ISD) are being paid by the Ministry of Information. We urged management to transfer their names to the ISD payroll.

140. The ISD failed to deduct income tax of GH¢1,773.00 from employees’ overtime earnings. We recommended that management should pay the income tax to the Ghana Revenue Authority (Domestic Tax Revenue Division) and recover it from the payees.
141. The ARIC of the Ministry failed to ensure that the Chief Director prepared a statement showing the status of action taken on audit recommendations. We recommended that management should ensure regular preparation and submission of the report.

142. The debtors’ ledger of Ghana Broadcasting Corporation, Sunyani revealed that 54 companies, individuals and religious bodies owed the Corporation to the tune of GH¢163,087.00. We recommended that the Regional Director adopts pragmatic measures to recover the debt.

143. The Brong Ahafo Regional Accountant of the Corporation failed to obtain a receipt for GH¢186,943.00 remitted to Headquarters. We urged the Regional Accountant to obtain the relevant official receipt from the Headquarters to authenticate the remittance.

144. Fifty-six individuals and companies owed GBC’s Radio Savanna, Tamale a debt of GH¢376,598.00 in respect of advertisements and announcements. We recommended that management should institute stringent measures to recover the overdue debt.

145. The Northern Region Rural Integrated Programme failed to collect overdue rents of GH¢6,620 from its tenants. We recommended that management should institute legal action to recover the outstanding debt.
MINISTRY OF TRADE AND INDUSTRIES

146. As a result of an Assistant Accountant’s lack of proper documentation and a good filing system, five payments totalling GH¢3,670.00 were not supported by official receipts at the National Board for Small Scale Industries (NBSSI), Kumasi. We recommended that receipts be obtained to authenticate the payments.

147. The Regional Trade Officer, Kumasi failed to ensure that fuel coupons amounting to GH¢4,640.00 purchased and issued to him for official use were recorded in the vehicle log book. We requested management to account for the coupons.

148. Due to lack of interest on the part of management to protect assets of NBSSI, Cape Coast, two companies which had been granted loans with interest totalling GH¢22,896.00 failed to repay more than half of the amount at the end of the expiry period. We advised management to recover the outstanding balance of GH¢38,725.00.
149. Four beneficiaries of MASLOC loans granted by NBSSI, Kumasi failed to pay the balance of GH¢9,509.00 on loans totalling GH¢38,725.00. We advised management to seek the assistance of the Police in the recovery effort, if the defaulters proved difficult.

**OFFICE OF GOVERNMENT MACHINERY**

150. The Government Secretarial School collected rent income and lodged it in its Operational Account instead of the Consolidated Fund. Similarly, the Office of the Head of Civil Service (OHCS) also lodged GH¢1,500 being proceeds from the sale of tender documents into its Operational Account. We recommended that the amounts be transferred into the Non Tax Revenue Accounts at the Bank of Ghana.

151. The OHCS made payments totalling GH¢798.00 as VAT to two companies without VAT invoices. We recommended that the Accountant should collect the VAT invoices from the companies or refund the amount paid.

152. An officer who was advanced an imprest for the organisation of a banquet did not account for GH¢1,640 of the money. We urged management to ensure that the amount is accounted for immediately.

153. The National Identification Authority lodged GH¢94,913.00 income that it generated into an Operational Account which it spent without Parliamentary approval. We recommended to management to
refund the amount into the Non Tax Revenue Account at the Bank of Ghana.

154. The Office of State Protocol failed to delete the name of a separated staff from the payroll resulting in the illegal payment of GH₵833.00 to him. We urged management to ensure that his name is deleted from the payroll and the amount paid retrieved from him.

155. The Office of Parliament disbursed US$63,446, £19,320 and GH₵375 on conferences but did not support the transactions with receipts. We recommended that officers who received the amounts be compelled to account for the expenditure with receipts.

156. An officer had his accumulated leave commuted to a cash amount of GH₵8,834.00 and paid to him without approval of the Parliamentary Service Board. We urged the Spending Officer to
obtain ex-post facto approval of the Board or the receiving officer be made to refund the amount.

157. A total payment of GH¢11,164.00 was made to third parties without authority notes from the original claimants. We recommended that the recipients produced authority notes from the claimants or the Accounting Officers who made the payments be held liable and the practice be made to cease immediately.

**MINISTRY OF DEFENCE**

158. The management of the Directorate of Engineering Services (DES) failed to pay to chest GH¢29,390.00 being revenue generated through the sale of tender documents, drawings et cetera, in contravention of Section 22(1 &2) of FAR, 2004. We recommended that all revenue collected by the DES should be paid to chest as directed by the regulation.
159. Items valued at US$69,295.00 which were paid for by the Directorate of Ordinance Services in August 2007 had still not been delivered. The order given by the Chief of Defence Staff (CDS) to get the items supplied or the money refunded on or before 29 September 2009 was not heeded. We recommended that management should refer the matter to the Police for the recovery of the amount or have Messrs Akuadu Enterprise prosecuted.

**MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT**

160. Contrary to best financial practice, the management of the Ghana School Feeding Programme, Tepa failed to collect official receipts for GH¢178,562.00 paid to Caterers between February 2009 and September 2010. This lapse may result in moneys being diverted to the detriment of the programme. We advised management to impress upon the Caterers to print official receipts bearing their registered catering names which should be issued upon the payment of moneys to them.
161. Eight payments made to two illiterate Caterers between February 2010 and September 2010 totalling GH¢50,487.00 were not witnessed by literate persons, contrary to best practices. We could, therefore not authenticate the genuineness of the payments. This condition could result in misappropriation of funds. Management agreed to ensure that, in future, payments made to illiterates would be witnessed by a literate third party.

MINISTRY OF CHIEFTAINCY AND CULTURE
162. An amount of GH¢5,150.00 being proceeds from the purchase of auctioned vehicles of the National House of Chiefs, Kumasi was wrongly paid to the Auctioneer, Shargaw Mar instead of the Bank of Ghana. We asked management to contact the Ministry to confirm the payment of the amount to the required accounts with Bank of Ghana and provide documentary evidence.
MINISTRY OF AVIATION

163. Contrary to Regulation 1(a-b) of FAR, 2004, the Accountant of the Ministry failed to produce for our examination 21 payment vouchers with a face value of GH¢29,804.00. We could therefore, not ascertain the genuineness of the payments. This anomaly was caused by poor preservation of vital documents and failure to record them in the payment vouchers’ register for control purposes. We advised management to ensure proper record keeping of all transactions. Management was also urged to locate and present the payment vouchers for audit, failing which the amount should be recovered from the Accountant.

164. Although a total sum of US$65,348,673 was released to the Ghana International Airline Limited (GIAL), we did not see any loan agreement between the Government of Ghana and GIAL.
Furthermore, there was no sign of the recovery of these advances. The amount was neither acknowledged with official receipts nor a written document, contrary to Regulation 15(4) of FAR, 2004. We recommended that management should pursue the recovery of the amount, ensure that official receipts are issued to acknowledge all funds received and that the loan agreement on all funds received should be made available for audit.

165. A Liquidator failed to issue receipts in acknowledgement of a total sum of GH¢9,456,761 being money he received on behalf of ex-employees of the Ghana Airways as compensation or retirement benefits, contrary to Regulation 28 of FAR, 2004. In addition, the list of beneficiaries was not attached to the payment vouchers for scrutiny before funds were released. We urged management to ensure that receipts are obtained to cover all Government funds released from the Ministry of Aviation (MOA) to other institutions.
166. Contrary to Regulation 39(2c) of FAR, 2004 we noted that GH¢10,971.00 was withdrawn from the Ministry’s bank account number 1018431619016 at the Bank of Ghana without payment vouchers to support the withdrawals. We could not establish the types of expenditure the amount was used for because it was neither entered in the Expenditure Cash Book nor in any financial records. We recommended that all bank withdrawals should be supported by approved payment vouchers. We also urged management to investigate the withdrawals of the amount of GH¢10,971.00 from the bank and furnish us with the details.

167. We noticed that 8 vehicles out of the 14 bought between 2006 and 2007 were still in the name of the vendors, in contravention of Section 6 of Road Traffic Regulations, 1974. Furthermore, 20 vehicles purchased since June 2006 to date had not been recorded in the fixed assets register or the store ledger to enable the Ministry monitor and track their movements. We advised management to have all the vehicles marked with the Ministry’s identification marks. Furthermore, a vehicle register should be introduced to record all vehicles acquired by the Ministry.

168. We could not establish the authenticity of the transfer of a total amount of GH¢36,315 made from MOA’s Operational Account into Aviation and Allied Leadership Conference Account because MOA failed to furnish us with the approval letter for the amount from
Additionally, the Schedule Officer also failed to acknowledge receipt of the amount, contrary to Regulation 15(4) of FAR, 2004. We recommended that the approval and the authority for the transfer should be submitted to our office for verification.

169. Management failed to prepare and submit to audit the financial statements for the year under review, contrary to Regulation 192(2) of FAR, 2004. We, therefore, recommended that management should comply with the Regulation in future and ensure that the financial statements for the 2008 and 2009 fiscal years are prepared and submitted for review without delay.

MINISTRY OF COMMUNICATIONS

170. Due to weak supervisory control over revenue collection, the Revenue Collector at the Headquarters of the Ghana Meteorological Agency failed to issue official receipts to clients who paid cheques totalling US$275,082.00 to the Agency, in contravention of Section 28(1) of the FAR, 2004. We urged management to ensure that GCRs are issued to all payees at all times.

MINISTRY OF EMPLOYMENT AND SOCIAL WELFARE

171. Withholding tax amounting to GH¢11,006.00 deducted for the period April to June 2008 was not paid to the Domestic Tax Revenue
office. We urged management to pay the amount deducted without further delay.

172. The District Labour Office at Prestea made 14 payments totalling GH¢285.31 without supporting documents. We recommended that management should provide the relevant supporting documents or refund the amount involved to chest.

173. The records of the Social Welfare School, Cape Coast disclosed that there were purchases made without sourcing for alternative price quotations. We recommended that all purchases should be made in line with the provisions of the Public Procurement Act.
MINISTRY OF TRANSPORT

174. An official vehicle with registration number GH 4750 X purchased at the cost of GH¢18,559.00 was not available for physical verification. We recommended that the issue be referred to the National Security Authority for further action or the former Minister of the Ministry be surcharged with the purchase price.

175. Six officers who separated from the Ministry were paid a total sum of GH¢5,192.00 between January 2009 and September 2009. We recommended that management should recover the unearned salaries and pay same to the Controller and Accountant-General’s Suspense Account at the Bank of Ghana.

176. An officer of the Urban Roads, Kumasi who went on leave without pay was paid GH¢3,081.00. We recommended that the
officer should refund the unearned salary and the Head of Department should also face disciplinary action for failure to delete the name of the officer on time.

177. The Department of Feeder Roads failed to obtain supporting documents for payments made amounting to GH¢4,700.00. We recommended that management should provide the necessary supporting documents.

178. Items costing GH¢5,659.00 purchased were not taken through stores. We recommended to management to take the necessary steps to record the items in the store ledger.

**MINISTRY OF WOMEN AND CHILDREN’S AFFAIRS**

179. Contrary to FAR 283(b), out of a total special imprest of GH¢223,837.00 granted to officers to enable them to carry out
programmes and activities of the Ministry, only GH¢68,179.00 had been accounted for, leaving a balance of GH¢155,119.00. Also, five officials of the Ministry who travelled outside the country did not account for a total imprest amount of US$25,100.00 paid to them between September 2009 and November 2009. We urged management to serve reminders on the officers concerned to retire the outstanding imprest or reclassify the amounts involved as advances in their names.

180. The accounts section of the Ministry was unable to present for audit review 12 payment vouchers totalling GH¢76,539.00 which were charged to the HIPC Account between November 2008 and July 2009. We requested management to ensure that the vouchers were made available or the amount is recovered and paid to chest.

MINISTRY OF TOURISM AND DIASPORAN RELATIONS

181. The Ministry of Tourism and Diasporan Relations paid unearned salaries of GH¢1,938.00 into the account of a separated staff. We urged the Ministry to recover the amount and stop future payments to the staff.

182. A member of staff of the Ghana Museums and Monuments Board, Cape Coast, embezzled GH¢4,055.00 being revenue he collected on behalf of the Board. We asked management to recover the amount from him, take disciplinary action against him including prosecution and to strengthen its supervisory controls.
183. A member of staff of the Board failed to account for GH¢2,907.00 being revenue she received on behalf of Government. We recommended that the amount be recovered from the staff and disciplinary action taken against her and her supervisor.

184. The Administrator of the Museums failed to collect total rent of GH¢6,340 due to the Board from its tenants. We advised the Administrator to collect the rent due immediately.

185. Purchases worth GH¢9,408.00 were made without competitive price quotations. We advised management to sanction the defaulting Procurement Officer and to comply with the requirement to obtain competitive quotations in future.
186. Purchases worth GH¢14,990.60 were made from non-VAT registered suppliers. We advised the Finance Officer to buy from VAT registered suppliers only.

MINISTRY OF JUSTICE AND ATTORNEY-GENERAL’S DEPARTMENT

187. The Registrar-General’s Department, the Judicial Service, the Public Records & Archives Administration Department and the Ministry of Justice did not prepare financial statements for audit. We recommended that the financial statements of the institutions be made available for audit.
188. Six officers who were no longer with the Department of Public Records and Archives Administration were paid salaries totalling GH¢8,862.00. We recommended that the various banks be informed to transfer the amounts back into Government chest and the Controller and Accountant-General notified to delete the names from its payroll.

189. Goods worth GH¢33,327.00 purchased through petty cash were not accounted for in the store records. We urged management to ensure that the goods are accounted for or the Procurement Officers be surcharged with the amount spent.

190. Management failed to establish an ARIC. We urged management to establish one immediately.

191. Fuel and lubricants purchased by the Kofi Annan Centre for Excellence for its official vehicles amounting to GH¢6,280 were not accounted for. We recommended that the Drivers involved be made to account for the purchases.

OTHER AGENCIES

192. The Tamale and Donkorkrom District Offices of NADMO made total disbursements of GH¢3,889.00 without obtaining the necessary expenditure supporting documents to properly acquit and justify the payments. We recommended to the managements to justify
the payments by providing the relevant expenditure supporting documents or refund the amount involved to chest.

193. Store irregularities which included management’s failure to record purchases in store ledgers before disposal and failure to account for fuel purchases all totalling GH¢2,403.00 were recorded by the National Commission for Civic Education offices in Tamale and Tumu. We recommended to the managements to provide both documentary and physical evidence of the receipt and disposal of the purchases involved.

194. The District Co-ordinator of the NADMO office at Donkorkrom could not provide evidence of recipient of relief items worth GH¢9,399.00 released to the District office for distribution to
communities in the District. We recommended that the District Co-
ordinator should produce the allocation and beneficiary list or be
surcharged with the cost of the relief items. The District Co-ordinator
could also not account for six bicycles for which we recommended
that he should be held liable.

195. A motor-bike valued at GH₵850 allocated to a former District
Chief Executive of the Kwabre District Assembly in Ashanti for
official use was not handed over to the Assembly when the DCE left
office. We recommended to management to prevail on the DCE to
return the motor bike.

196. The failure of the Accountants of three District offices of
NADMO to promptly delete the names of four separated staff from
their payrolls resulted in the payment of un-earned salaries totalling
GH₵2,798.00. We recommended recovery of the illegal payments
and the prompt deletion of the names of the separated staff from the
payroll.

197. The NADMO and NCCE offices in Tamale made purchases of
GH₵1,052.00 and GH₵3,549 respectively from Non VAT registered
entities, in violation of Regulation 183 of FAR 2004. The lapse
resulted in the loss of tax revenue to the State. We recommended
strict compliance with the VAT law to forestall future loss of revenue
to the State.
198. Payments totalling GH₵465,736.00 were made by four Metropolitan, Sub-metropolitan and District offices of the Mutual Health Insurance Scheme without providing documents to substantiate the payments. The Dangme West District Mutual Health Insurance Scheme also failed to obtain receipts from 33 service providers to cover an amount of GH₵672,202.00 paid to them for services rendered. We urged management to obtain the supporting documents and receipts to authenticate the payments.

199. We blamed the management of Konongo Mutual Health Insurance Scheme for their negligence in not ensuring that 30 payment vouchers amounting to GH₵42,619.00 were authorised and approved, an indication of the serious weakness in the Scheme’s
internal control systems. We urged the Accountant to ensure that all the vouchers are authorised.

200. In the absence of stores documentation, we were unable to ascertain the receipt and utilisation of store purchases totalling GH¢31,356.00 made by the Bantama Sub-metropolitan Health Insurance Scheme, Kumasi. The anomaly was due to the absence of a trained Storekeeper. We requested management to provide the details of the final disposal of the items or recover the amount from the authorising officer.

201. Two District National Health Insurance Schemes in the Ashanti Region failed to obtain alternative quotations from prospective suppliers for purchases totalling GH¢31,590.00, contrary to the Public Procurement Act. To ensure transparency in the procurement process we urged the managements to comply with the Public Procurement Act.

202. The Konongo District Mutual Health Insurance Scheme was unable to pay claims amounting to GH¢232,098.00 submitted by 13 health institutions between July and October 2010. The situation is a contravention of the National Health Insurance Regulations which require the processing of claims to be completed within four weeks. The management of the Scheme blamed the anomaly on the heavy work load on the Claims Manager. We urged management to speed up the processing and payment of the claims.
203. Two Mutual Health Schemes in the Ashanti Region failed to remit 5% withholding taxes totalling GH¢4,176.00 to the Domestic Tax Revenue office due to inadequate supervision on the part of management of the Schedule Officers. We recommended that the amounts be remitted without delay.
PART III

DETAILS OF FINDINGS

MINISTRY OF FINANCE AND ECONOMIC PLANNING - HEADQUARTERS

Failure to establish Audit Reports Implementation Committee

204. Section 30 of the Audit Service Act, 2000 (Act 584) requires all MDAs to establish Audit Reports Implementation Committees (ARICs) in order to ensure that recommendations contained in all audit reports are implemented. Also, the committees are required to prepare annual statements showing the status of remedial actions taken or proposed to be taken to avoid or minimize the recurrence of undesirable features in the accounts and operations of the MDAs.

205. We noted that the Ministry of Finance and Economic Planning (MOFEP) has in place a Ministerial Audit Reports Implementation Committee made up of representatives from the VAT Service, the Domestic Revenue and Customs Division of the Ghana Revenue Authority, the Ghana Statistical Service and the Controller and Accountant-General’s Department.

206. However, an ARIC which should have been responsible for dealing with issues relating exclusively to the Ministry itself has not
been established. Consequently, remedial action had not been taken on some of the recommendations made in our previous audit reports. We, therefore, recommended and management agreed that an Audit Reports Implementation Committee solely responsible for the Ministry should be established as required by Act 584.

**Payment from Non-Road Arrears account – GH¢2,478,422.00**

207. Our review disclosed that a Non-Road Arrears account had since 2001 been opened at MOFEP for the settlement of all outstanding claims (except road projects) that have been budgeted for by MDAs and MMDAs, but for which funds were not made available during a particular financial year.

208. It was noted that various payments totalling GH¢2,478,422.00 were made to nine service providers in respect of the printing cost of mainly biometric passport application forms, GCR booklets, visa stickers and installation and configuration of server and storage unit for the Ministry’s IPPD infrastructure during the year under review.

209. However, management could not produce any documentary evidence to prove that the payments were in respect of the previous year’s commitments. All the relevant documents supporting the payments related to 2009, the very year in which the contracts were awarded. Additionally, management could not provide us with policy guidelines for the administration of the account.
210. We indicated that the payment of the current year’s transactions from the account would defeat the purpose for which it was opened as it could lead to the payment of bills not budgeted for. Consequently, we requested management to produce the relevant documents indicating that the payments related to the previous year’s transactions to regularise the payments, failing which the total payment of GH¢2,478,422.00 should be deemed unauthorised and recovered to chest. We further urged management to formulate clearly defined and documented policy guidelines for the effective and transparent administration of the account.

211. In response, management promised to locate the appropriate documents that would indicate that the payments related to the previous year’s transactions for review. With regard to the guidelines on the utilisation of funds under the Non-Road Arrears vote, management indicated that the on-going Public Financial Management Reforms would address the issue when fully implemented.

**Non-submission of returns on recoveries of vehicle loans and special/salary advances**

212. Financial Administration Regulation (FAR)111 of 2004 (LI 1802) states that “A head of department, who is an administering authority for any class of advances, shall keep accounts at the
departmental headquarters that show all advances and recoveries made.”

213. Our scrutiny of vehicle advances as well as special and salary advances’ records revealed that over the years, MOFEP had failed to ensure that the Controller and Accountant-General’s Department (CAGD) submits monthly returns to the Ministry in respect of recoveries made under the above mentioned advances granted to public officials who are paid through the Government payroll system. Similarly, subvented organisations, whose staff benefit from the facility, defaulted in submitting returns on recoveries of the loans.

214. Consequently, the Ministry had no information on the status of recovery or non-recovery of loans totalling GH¢2,288,860 granted to public servants during the period 1 January to 31 December 2009. In view of the significant amount that the Government grants as vehicle loans, special and salary advances, proper accountability by MOFEP is required to ensure that the facility is sustainable.

215. To ensure proper and effective monitoring of all loans disbursed, we recommended that management should ensure that returns on loan recoveries are submitted on regular basis to facilitate the preparation of accurate financial reports. Management agreed with the recommendation and promised to appoint a Desk Officer to ensure that CAGD fully complies with the regulation.
Unrecorded paid vouchers - GH¢813,214.00

216. Twenty-eight payment vouchers with a total face value of GH¢813,214.48 paid between December 2009 and November 2010 were not recorded in Cash Payment Transcripts for the period.

217. Negligence on the part of the Cashier, the Head of Treasury and the Municipal Finance Officer who failed to supervise the work of the staff of the Metropolitan Treasury accounted for the anomaly which resulted in incomplete data in the copies of the transcripts sent to the Regional Coordinating Council for inclusion in the Government expenditure totals for the 12 month period.

218. We, therefore, recommended increased supervision over the recording of financial information into the Cash Transcripts book. Furthermore, we requested management to identify the beneficiaries of the payments and ensure that the total amount involved was received by them, failing which it should be recovered from the Schedule Officer.
WENCHI MUNICIPAL/TAIN DISTRICT FINANCE OFFICES

Unreturned paid duplicate vouchers – GH¢2,159,871.00

219. Nineteen organisations failed to return to the above Treasury Offices 207 receipted copies of payment vouchers covering GH¢2,159,871.11 as evidence of disbursement of the amounts involved. The details are shown below.

<table>
<thead>
<tr>
<th>Treasury</th>
<th>MDAs</th>
<th>No. of PVs</th>
<th>Total Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wenchi Municipal</td>
<td>16</td>
<td>142</td>
<td>2,125,476.80</td>
</tr>
<tr>
<td>Tain District</td>
<td>3</td>
<td>65</td>
<td>34,394.31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>2,159,871.11</strong></td>
</tr>
</tbody>
</table>

220. We observed that the Finance Officers of both Treasuries placed no premium on the need to compel the MDAs to return the duplicate vouchers, in compliance with official directives which state that paid duplicate PVs should be returned to the Treasuries within 48 hours after payments have been made and certified by the heads of the MDAs that the names on the vouchers are genuine.

221. In the absence of the duplicate vouchers we could not ascertain and confirm the authenticity of the payments. Accordingly, we urged the District Finance Officers to withhold further payments to the defaulting MDAs till such time that the vouchers are retrieved to confirm the payments.
TAIN DISTRICT FINANCE OFFICE

Un-presented paid vouchers – GH¢19,419.00

222. The Tain District Finance Officer failed to present for audit 12 vouchers valued at GH¢19,418.66 which were returned to the office by the District Director of the Ghana Education Service, in violation of Regulation 1 (1b) of FAR 2004 (LI 1802) which enjoins any public officer who is responsible for the receipt, custody and disbursement of public and trust moneys to keep records of all transactions and to produce records of the transactions for inspection when called upon to do so by the Auditor-General or any officer authorised by him.

223. The lapse resulted from the District Finance Officer’s failure to effectively monitor and supervise work at the Treasury office. In the absence of the vouchers we could not confirm the payments made by the GES district office. We urged the DFO to trace and submit the vouchers for our verification or the amount of GH¢19,418.66 be recovered to chest.

CONTROLLER AND ACCOUNTANT-GENERAL’S DEPARTMENT

ASHANTI REGIONAL DIRECTORATE-KUMASI

Failure to transfer unclaimed pensions and salaries – GH¢9,784.00

224. Our audit disclosed that during the financial year 2010, a total amount of GH¢1,316,993.49 being unclaimed pensions and salaries
was paid into the Suspense Account with the Bank of Ghana, Kumasi. A review of records available showed that out of this amount, a total amount of GH¢1,307,209.61 was transferred into the Consolidated Fund leaving a difference of GH¢9,783.88 yet to be transferred.

225. We recommended to the Regional Director that he should ensure that the bank transfers the remaining balance of GH¢9,783.88 into the Consolidated Fund without delay.

**MUNICIPAL/DISTRICT FINANCE OFFICES – ASHANTI REGION**

**Suspense Account balances not transferred – GH¢131,344.00**

226. A review of the Suspense Account of Finance offices in the Ashanti Region disclosed that in four districts a total amount of GH¢131,344.10 was withheld, as at the close of the 2010 financial year, by various commercial banks in respect of unclaimed salaries and wages lodged into the Suspense Accounts by the Finance Officers, instead of the banks transferring them into the Controller and Accountant-General’s Suspense Account in Accra for onward remittance into the Consolidated Fund. The details are as follows:

<table>
<thead>
<tr>
<th>Finance Office</th>
<th>Bank</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effiduase</td>
<td>Asokore Rural Bank</td>
<td>21,704.93</td>
</tr>
<tr>
<td></td>
<td>Kumawuman Rural Bank</td>
<td>9,344.75</td>
</tr>
<tr>
<td></td>
<td>Ghana Commercial Bank - Effiduase</td>
<td>7,947.00</td>
</tr>
<tr>
<td>Location</td>
<td>Bank</td>
<td>Amount</td>
</tr>
<tr>
<td>------------</td>
<td>----------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Ejisu</td>
<td>Ghana Commercial Bank</td>
<td>8,105.54</td>
</tr>
<tr>
<td>Nkawie</td>
<td>Ghana Commercial Bank</td>
<td>4,039.48</td>
</tr>
<tr>
<td></td>
<td>Atwima Mponua Rural Bank</td>
<td>61,068.59</td>
</tr>
<tr>
<td>Kuntenanse</td>
<td>Bosomtwe Rural Bank</td>
<td>19,133.81</td>
</tr>
</tbody>
</table>

227. The situation was as a result of the failure of the Finance Officers to monitor the operations of the Suspense Accounts with the banks. We recommended the immediate transfer of the total amount of GH₵131,344.10 into the Consolidated Fund and an improved monitoring of the operations of the Suspense Accounts to ensure that moneys due to the state are promptly transferred into the Consolidated Fund.

**MUNICIPAL FINANCE OFFICE - NSAWAM**

**Un-transferred balances – GH₵655.00**

228. The Ghana Police Service and the Department of Parks and Gardens at Nsawam collected revenues which were lodged into an account at the Ghana Commercial Bank, Nsawam. The total balance in the account as at 31 December 2010 was GH₵25,588.40. We noted that out of this amount GH₵24,933.40 was transferred into the Consolidated Fund leaving a balance of GH₵655.00 un-transferred. We advised the Municipal Finance Officer to instruct the bank to urgently transfer the balance into the Consolidated Fund.
Failure to obtain bank statements

229. We noted that the Akuapem South Municipal Finance Officer failed to obtain bank statements in respect of the CAG’s salaries and wages suspense accounts being maintained at the Akuapem South Rural Bank, Nsawam, the Ghana Commercial Bank, Aburi and Barclays Bank, Nsawam. The omission is contrary to good accounting practice which requires that people operating bank accounts should arrange for bank statements to be supplied at regular intervals.

230. Consequently, total unclaimed pensions and salaries/wages within the municipality which had been lodged with the banks could not be determined as at 31 December 2010. We urged the Municipal Finance Officer to obtain the bank statements and ensure that all unclaimed salaries being retained by the banks are transferred.

Un-claimed salaries/wages and pensions not transferred—GH¢6,504.00

231. As at the close of the period under consideration, total unclaimed salaries and wages declared in the suspense accounts of the Ghana Commercial Bank, Nsawam and the South Akim Rural Bank Limited stood at GH¢190,948.48. Out of this amount, a total of GH¢184,444.97 was transferred into the Consolidated Fund leaving a balance of GH¢6,503.51 which was not transferred.
232. We recommended that the Municipal Finance Officer should monitor and ensure that all government funds held by the banks in the suspense accounts are regularly transferred into the Consolidated Fund.

**Un-returned payment vouchers – GH¢252,520.00**

233. Treasury Officers are to ensure that receipted duplicate copies of payment vouchers are returned to the Treasury offices within 48 hours. On the contrary, our examination of the Akuapem South Municipal Finance office’s accounts disclosed that 13 departments failed to return receipted copies of payment vouchers covering a total amount of GH¢252,519.78.

234. We recommended that the Municipal Finance Officer should pressurise the departments concerned to return the receipted vouchers failing which further payments to the defaulting departments should be suspended.

**DISTRICT FINANCE OFFICE – AKROPONG**

**Un-acquitted payment vouchers – GH¢29,833.00**

235. Our examination of paid payment vouchers revealed that 23 payment vouchers with a total value of GH¢29,832.57 were not properly acquitted with the requisite supporting documents such as receipts, invoices and other details of expenditure, in contravention of Regulation 39(2c) of Part II of the Financial Administration
Regulations 2004 (L.I. 1802), which requires a head of an accounts section of a department to control the disbursement of funds and ensure that transactions are properly authenticated to show that amounts are due and payable.

236. The situation resulted from the failure of the Pre-audit Unit to properly scrutinise the payment vouchers before approving them for payment. We, therefore, could not ascertain the genuineness of the transactions.

237. In order to ensure proper accountability and effective control over the use of Government funds, we recommended that the supporting documents should be obtained and attached to the affected payment vouchers for our verification. Management agreed and said it had written to the beneficiary institutions to submit the necessary supporting documents to acquit the payment vouchers.

**Failure to return receipted duplicate payment vouchers – GH¢169,659.00**

238. Twelve Educational Institutions and five departments failed to return to the District Finance office a total of 138 receipted duplicate payment vouchers with a total face value of GH¢169,659.43.

239. The District Finance Officer’s failure to institute effective means of compelling the departments to return the duplicate copies
was the main cause of this anomaly. Consequently, we were denied access to the receipted copies of the vouchers to verify the genuineness of the transactions.

240. We urged the District Finance Officer to sanction recalcitrant departments. Meanwhile the affected organisations should be made to return all the duplicate copies for our verification.

241. Management agreed to our observation and said that the Desk Officers from the Finance Office had on several occasions visited the defaulting institutions to retrieve the receipted copies but to no avail. However, the institutions usually promised to return them after the payment vouchers have been fully acquitted.

Night allowance payments without evidence of claim – GH¢7,369.00

242. We noted that night allowance claims of GH¢7,368.51 were paid to some individuals in some Educational Institutions without attachment to the relevant payment vouchers letters inviting the claimants to the programmes for which the night allowances were paid. The details are given below:
243. We were of the view that had the Pre-audit Unit painstakingly done its work this anomaly could have been avoided. In response, the Finance Officer explained that the beneficiary institutions had intimated that these days, regarding almost all the workshops and seminars they attend, the organisers invite them through phone calls or text messages, thereby rendering it impossible to obtain invitation letters. We urged the DFO to confirm the assertion from the organisers of the various programmes.

**CONTROLLER AND ACCOUNTANT GENERAL’S DEPARTMENT**

**VOLTA REGIONAL DIRECTORATE- HO**

**Embezzlement of unclaimed salaries – GH¢542,919.00**

244. By the Controller and Accountant General’s circular No. CCI Vol.2/OA/02/07 of 27 February 2007, Regional Directors of the
Controller and Accountant-General’s Department are enjoined to monitor and ensure the prompt transfer of funds into the main Controller and Accountant General’s Suspense Account in Accra.

245. We observed that a dormant fuel account which is in the name of the Controller and Accountant General’s Department at the Social Security Bank (SSB), Ho was surreptitiously reactivated and into this account unclaimed salaries totalling GH¢578,004.00 from various commercial banks in the Volta Region were diverted instead of the GH¢578,004.00 being credited to the designated salaries/wages Suspense Account No.012305001200 at the Bank of Ghana, Hohoe branch.

246. Subsequently, between October 2008 and June 2010, the Regional Director of the Controller and Accountant General’s Department, Mr. Christian Sekyi, issued several S.S.B cheques to withdraw for his personal use a total amount of GH¢542,919.00 out of the amount deposited.

247. Non-compliance with the directives contained in the circular mentioned above by the Regional Director, Mr. Christian Sekyi and some officers at the Treasury Headquarters in Accra made it possible for him to misappropriate the unclaimed salaries.
248. Even though Mr. Christian Sekyi is currently on interdiction, we recommended his prosecution for the recovery of the amount. We also advised management to transfer the balance of GH¢33,758.88 in the dormant fuel account into the Consolidated Fund.

DISTRICT FINANCE OFFICE-AKATSI

Deceased pensioners on payroll – GH¢34,479.00

249. Our review of the pensioner's payroll at the Akatsi Treasury disclosed the names of 13 pensioners who died between February and September 2010 but had their individual bank accounts credited with a total of GH¢34,479.19 as at 31 December 2010.

250. The Ghana Commercial Bank Akatsi and Avenor Rural Bank Akatsi with which their bank accounts were kept failed to transfer the amount into the salary/wages Suspense Account until the time of our audit. At our instance, the management of the Avenor Rural Bank and the Ghana Commercial Bank Akatsi issued payment orders (PO) for the transfer of the amount. Details of the POs are as follows:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Date</th>
<th>PO</th>
<th>`Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avenor Rural Bank</td>
<td>14/2/11</td>
<td>004620</td>
<td>24,582.08</td>
</tr>
<tr>
<td></td>
<td></td>
<td>004623</td>
<td>1,436.09</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>26,018.17</strong></td>
</tr>
<tr>
<td>Ghana Commercial Bank</td>
<td>11/2/11</td>
<td>955290</td>
<td>8,466.07</td>
</tr>
</tbody>
</table>
251. The payment order from the Ghana Commercial Bank, Akatsi was duly verified into the February statement of the Sub-Consolidated Account at the Bank of Ghana, Hohoe. However, the payment orders from the Avenor Rural Bank totalling GH¢26,018.17 did not reflect in the February and March 2011 bank statements. The Finance Officer explained that the payment orders were written in the name of the Controller and Accountant General, Accra instead of the Regional Director at Ho.

252. We recommended that the Director should liaise with the Controller and Accountant General and obtain evidence of the payment of the amount into the main Consolidated Fund for our verification. We also recommended an immediate deletion of the names of the deceased pensioners. Furthermore, we urged the Finance Officer to ensure that all unclaimed salaries are promptly paid into the salaries/wages suspense account at the Bank of Ghana, Hohoe instead of transferring them directly to the Controller and Accountant General in Accra.

**MUNICIPAL FINANCE OFFICE-KETA**

**Names of deceased pensioners on payroll – GH¢164,564.00**

253. We noted as many as 193 names of deceased pensioners on the Keta Treasury pensioners’ payroll whose individual bank accounts were credited with a total of GH¢164,564.04 from January to December 2010. Details of the amounts credited by the banks to the
254. Although the banks had transferred the amounts into the Suspense Account, we however, noted delayed transfers for periods ranging between two and four months. We recommended that the names of the 193 deceased pensioners should immediately be deleted from the payroll. Additionally, we urged the Finance Officer to exhibit a high level of commitment in the discharge of his duties.

### MUNICIPAL FINANCE OFFICE- DENU

**Pension payment to deceased pensioners-GH¢11,555.00**

255. Our review of the Ghana Government pensioners' payroll disclosed that six deceased pensioners whose death occurred between July and December 2009 continued to have their names on the payroll. The six deceased pensioners had their bank accounts credited with a total amount of GH¢11,554.91 as at 31 December 2010. We urged the District Finance Officer to take the necessary action to have their names deleted from the payroll. We also directed the Finance

<table>
<thead>
<tr>
<th>Bank</th>
<th>Amount (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana Commercial Bank, Keta</td>
<td>55,566.44</td>
</tr>
<tr>
<td>Ghana Commercial Bank, Keta</td>
<td>26,514.16</td>
</tr>
<tr>
<td>Anloga Rural Bank</td>
<td>21,320.63</td>
</tr>
<tr>
<td>Anlo Rural Bank</td>
<td>61,162.81</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>164,564.04</strong></td>
</tr>
</tbody>
</table>
Officer to ensure the transfer of the amount of GH¢11,554.91 to government chest.

CONTROLLER AND ACCOUNTANT GENERAL’S DEPARTMENT
PENSIONS COMPUTATION SECTION

Overpayment of gratuity—GH¢2,774.00

256. A Mr. Emmanuel Appiah who vacated his post but was re-appointed during his service period eventually retired from the Ghana National Fire Service on March 2008. The period of his absence was not deducted from his length of service when his retirement benefits were prepared, thereby resulting in the overpayment of his gratuity by GH¢2,774.08.

257. We recommended that the Chief Treasury Officer (C.T.O), Pensions Computation Unit, should recover the overpayment of GH¢2,774.08 from the pensioner and pay it to Government chest. Additionally, we asked that the Schedule Officer and the Internal Auditor who caused the loss should be reprimanded.

258. Management accepted the recommendation and instructed the C.T.O, (Payments Section) to effect the recovery of the amount from Mr. Appiah’s monthly pension payments. We are yet to obtain confirmation that the recovery action had been taken.
Non-deduction of break in service-\(\text{GH¢3,882.00}\)

259. An Assistant Director of the Ghana Education Service (GES), Mr. Felix Kwadwo Tetteh, who was employed by the Education Service on 1 September 1968 and retired on 19 January 2008 was paid a gratuity of \(\text{GH¢26,446.20}\). We noted that he broke service for 64 months but this was not deducted from his length of service, thus overstating his service period which eventually led to his gratuity being overpaid by \(\text{GH¢3,882.20}\). The anomaly occurred because the Schedule Officer failed to consider the period the pensioner was not at post and the Internal Audit Unit also did not detect it before payment.

260. We recommended the recovery of the amount involved. We also urged the Schedule Officers to painstakingly scrutinize files for the appropriate information needed before computation. The C.T.O (Payment) was notified to deduct the overpayment. We are yet to be informed if the action had been taken.

Overpayment of commuted pension – \(\text{GH¢29,758.00}\)

261. The Cap 30 Act requires that the dependants of a pensioner who dies within 20 years after retirement should be paid commuted pension for the unexpired period from the date of death to the 20 years. We noted that the commuted pension computed for the dependants of the late Ms Comfort Ampomsah was overstated by \(\text{GH¢29,758.00}\).
262. The anomaly occurred because the Schedule Officer wrongly calculated the 20 years unexpired period from the time she retired compulsory instead of the time she started enjoying the monthly pension, as required by the Act. Also, we noted that a wrong rate of pension was used.

263. We recommended that the excess payment of GH¢29,758.00 be recovered and paid to chest and this office informed for verification. Management agreed with our recommendation, took action on it and attached a confirmation letter but did not support it with a bank statement as evidence that the amount had been credited to Government account. We demanded a bank statement for our verification.

**Excess payment of gratuity - GH¢8,658.00**

264. The gratuity paid to Mr. Seth M.K. Ganah, a retired Assistant Director of GES was overpaid by the sum of GH¢8,658.00. The retired teacher did not serve the required minimum period of 10 continuous years before breaking service. He was, however, re-instituted and promoted to the rank of Assistant Director prior to his retirement on 29 August 2008.

265. The Schedule Officer in computing his gratuity failed to deduct from his service period the years of break-in-service, from May 1977 to 2 February 1987, resulting in increased length of service and
consequently leading to the overstatement of his gratuity to the tune of GH¢8,658.00. The Internal Audit Unit also did not detect it for correction before payment.

266. We recommended the recovery of the amount and disciplinary action be taken against the Schedule Officer and the Internal Auditor for negligence. In reaction, management notified the C.T.O. (Payment Unit) to deduct the excess amount from Mr. Ganah’s monthly pension.

**Overpayment of gratuity– GH¢9,997.00**

267. Mr. Gaetan Mwinyella began his teaching career on 1 September 1969. His service was later transferred from the GES to the Controller and Accountant General’s Department where he finally retired. We observed that though he broke service from 1 September 1981 and was reinstated on 1 May 1989, this was not considered during the computation of his gratuity. This eventually led to an overpayment of his gratuity by GH¢9,997.35.

268. We recommended that the amount of GH¢9,997.35 be recovered from the pensioner failing which the Internal Auditor and the Schedule Officer should be jointly held liable for dereliction of duty and disciplinary action taken against them. Management instructed the C.T.O. (Pensions Payments) to deduct the overpaid
amount. We were however not informed if recovery action had actually been effected.

**Overpayment of gratuity-GH¢4,514.00**

269. An Assistant Director of the GES, Mr. Nelson Bugri, vacated post during the period 1 October 1980 to 1 November 1985 whilst in active service. This period of his absence was not taken into account when computing his gratuity, thereby overstating it by GH¢4,514.00.

270. We recommended a recovery of the amount involved from the pensioner. The Schedule Officer and the Internal Auditor who superintended over the computation be sanctioned. Management informed the C.T.O (Pensions Payments) to deduct the said overpayment from the monthly pension arrears of Mr. Bugri.

**Overpayment of pension benefit-GH¢7,831.00**

271. A Mr. Andrew Biney, retired as a Chief Research Officer, Ministry of Foreign Affairs on 16 December 2007 and an amount of GH¢36,020 was paid to him as his pension benefit. We observed that a wrong salary level was used in computing his gratuity leading to an overstatement of GH¢7,830.50. Though the Internal Audit Unit detected the anomaly and advised correction, the Computation Unit went ahead to effect payment.
272. We recommended that the overstated amount of GH¢7,830.50 be recovered and the Schedule Officer be reprimanded. The C.T.O (Computation) intimated that the pensioner is dead and as such the deduction would be effected from his commuted pension payment.

**Conflicting date of birth resulting in excess payment- GH¢11,350.00**

273. We examined the particulars available on the personal file of Ms Cecilia Borley, a Deputy Director of Nursing and observed that the pensioner declared two dates of birth, in contravention of the Civil Service Act. Consequently, she unlawfully benefitted financially by way of pension payment in the sum of GH¢11,349.60 which resulted from the extension of her retiring date from 5 June 2008 to 5 June 2009.

274. We recommended that the amount of GH¢11,349.60 be recovered from the pensioner. Management accepted our finding and notified the C.T.O (Payment) to effect recovery of the overpaid amount from her monthly pension.

**Overpayment of gratuity-GH¢7,334.00**

275. We reviewed the gratuity paid to Madam Cecilia Veronica Arthur who retired as an Assistant Director in November 2009 and noted that it was overstated to the tune of GH¢7,333.8. An
examination of her personal file and the pension Form 1 revealed that her length of service was overstated by an additional year.

276. The anomaly occurred because although her own baptismal certificate supporting her date of birth stated 21 August 1948 as her birthday, the computation wrongly calculated her service period to 27 August 2009 instead of 27 August 2008.

277. We requested that efforts should be made to recover the excess payment detected at our instance and disciplinary action be taken against the officers who caused the loss. Management agreed and notified the C.T.O. (Pension Payments) to deduct the overpaid amount from her monthly arrears.

**Overpayment of pension-GH¢2,276.00**

278. Examination of Madam Mary Issabella’s personal file and pension Form 1 revealed that her length of service was overstated by an additional one year. Furthermore, the total emolument figure used to compute her gratuity was also incorrect. The above anomalies resulted in an overpayment of GH¢2,276.40.

279. We recommended the recovery of the overpaid amount of GH¢2,276.40. Additionally, we asked that appropriate sanctions should be instituted against the Schedule Officer and the Internal Auditor for failing to detect the anomaly before payment.
Management accepted our findings and requested the CTO (Payments) to effect the deductions.

**PAYROLL ISSUES**

**Improper release of personal emolument subvention to Ghana Institute of Languages – GH¢730,551.40**

280. A payroll audit of the Ghana Institute of Languages (G.I.L.) in March 2010 revealed that the Institute migrated unto the Controller and Accountant General’s Department (CAGD) payroll system in July 2008. Releases of Personal Emolument (PE) subventions by the National Council for Tertiary Education (N.C.T.E.) should, therefore, have stopped in July 2008.


282. An observation addressed to the Executive Secretary of N.C.T.E. vide letter No. CGAD/PU/75/109 of 30 June 2010 requesting N.C.T.E. to refund the GH¢730,551.40 to Government chest for negligently releasing the amount was not responded to. A reminder in letter No. CGAD/PU/75/125 of 9 August 2010 was also not heeded. We are, however, aware that the management of N.C.T.E. has requested GIL to refund the money.
283. We still stand by our recommendation that the Executive Secretary, the Budget Officer and the Accountant of N.C.T.E. should jointly refund the GH¢730,551.40 in equal proportions.

**Savings made from the certification of salary arrears and severance awards**

284. The Ministry of Finance and Economic Planning requested for the certification of GH¢20,427,983.03 in respect of salary arrears and severance awards for 36 subvented organisations and individuals in 2010.

285. The Payroll Unit of the Audit Service certified a total amount of GH¢18,766,358.89 out of the GH¢20,427,983.03 requested for, in respect of 69 transactions. The resultant difference of GH¢1,661,624.14 represented savings made due to disallowances, the use of wrong basis of calculation of salary arrears and severance awards as well as unapproved allowances in the computations.

286. This preventive measure of certifying requests by MOFEP ensured that MOFEP did not release excess funds to subvented organisations and individuals whose salary arrears and severance award computations were vetted and certified by the Service.
GHANA REVENUE AUTHORITY
DOMESTIC TAX REVENUE DIVISION (IRS)

Outstanding corporate tax – GH¢25,815,439.00

Legon District Tax Office (DTO)

287. Our review of 201 randomly selected taxpayers’ files at the Legon District Tax Office (DTO) disclosed that 119 companies defaulted in the payment of their corporate tax amounting to GH¢9,065,682.10 for the 2008 year of assessment.

288. Our interaction with Schedule Officers showed that the heavy work load on them accounted for their inability to initiate the process for demand notices to be sent to the tax defaulters for payment of the outstanding amounts.

Kaneshie DTO

289. At the Kaneshie DTO, 186 companies had corporate tax of GH¢5,636,354.80 outstanding for the 2008 and 2009 years of assessment. We further noted from our review of selected files of self-employed businesses that 20 taxpayers owed an amount of GH¢32,426.23 as at the end of the 2009 year of assessment.

Large Taxpayers’ Unit (LTU)

290. Also, at the Large Taxpayers’ Unit (LTU), examination and analysis of tax payments for the 2009 year of assessment disclosed that some companies did not pay their taxes regularly as prescribed in
Section 80 of Act 592. A review of 192 company files and the debt stock list revealed that 14 companies had not settled their corporate tax obligations totalling GH¢3,525,931.16 as at the end of the 2009 year of assessment.

291. Management explained that some of the companies had been slated for distress action while others had been referred to the Commissioner for his advice and the indebtedness of the rest were being reviewed by the National Tax Audit Bureau (NTAB). Management added that the Ghana Revenue Authority (GRA) had initiated an audit which is also aimed at confirming some of the liabilities.

Nima DTO

292. Similarly, at the Nima DTO, out of 254 tax files reviewed, we observed that 47 companies and 49 self-employed business entities, representing 38% of companies and business entities in the District had final corporate tax of GH¢626,000.61 outstanding for the 2007 and 2008 years of assessment.

293. We also found that outstanding provisional taxes for 94 companies amounted to GH¢910,891 to which none of the taxpayers objected. We noted, however, that the Schedule Officers did not prepare the final assessment of the chargeable income for the taxpayers concerned for the 2007 and 2008 years of assessment.
294. We further noted, during our review at the Nima DTO, that salaries and wages’ figures stated in the financial statements of 12 companies for the 2007 and 2008 years of assessment exceeded the amounts quoted in the PAYE returns by GH¢336,109.43, for which PAYE was deducted and paid to the Commissioner. This resulted in an underpayment of tax to the tune of GH¢84,027.36.

295. Management explained that some individuals register limited liability companies which collapse and resurrect at will without knowing the implications and the commitments involved and in most cases they fail to notify the Service. Management added that apart from Digitronix Systems Limited and Challenge Enterprise of Ghana which had outstanding issues under discussion regarding their 2007 and 2008 assessments of GH¢154,354.53 and GH¢1,298.50 respectively, delinquent accounts had been prepared for Collectors to pursue the collection of the outstanding taxes.

**Kinbu DTO**

296. Out of a sample of 104 tax files reviewed from the active file list of 385 at the Kinbu DTO, we observed that 24 companies had total outstanding corporate tax of GH¢1,332,681.75 as at the end of the 2008 year of assessment. We further noted from our review of 45 out of a total of 58 active files of professionals and self employed entrepreneurs that 36 business entities owed a total of GH¢98,250.54 covering 2000 to 2008 years of assessment.
297. The amount outstanding against the companies comprised final assessments totalling GH¢1,017,594.99 and un-discharged provisional assessments of GH¢315,086.76. For professionals and self employed businesses, final assessments outstanding amounted to GH¢51,515.16, whilst provisional assessments of GH¢46,735.38 remained unpaid.

**Tema II DTO**

298. At Tema II DTO, we noted that 93 companies had not settled their tax obligations totalling GH¢1,026,055.91 as at the end of the 2008 year of assessment. Final assessments outstanding amounted to GH¢619,383.74, whilst provisional assessments amounting to GH¢406,672.17 remained unpaid.

299. For the self employed business entities at the DTO, our review of 66 tax files revealed that 64 business entities had outstanding taxes of GH¢329,946.63 from 2000 to 2008 years of assessment. We observed that final assessments outstanding amounted to GH¢202,812.49, whilst that of provisional assessment amounted to GH¢127,134.14.

300. The Schedule Officers blamed the situation on their inability to contact some of the defaulting taxpayers due to changes in location and misleading postal addresses and contact phone numbers on their files. The management of the DTO, however, asserted that generally, most self-employed taxpayers with vibrant businesses who were
regularly paying taxes in the past had resorted to paying their taxes in the form of Tax Stamp from January to August 2010, to the complete neglect of their files in the tax office, thereby rendering a high percentage of the files to become dormant; hence the decline in the collection of taxes from the self-employed businesses in the District.

301. We reminded management of the provisions in No.7.0 of the Internal Revenue Guide to Tax Stamp which states that “taxpayers are to note that the payment of the Tax Stamp is on account. It is not a final tax. Taxpayers are to file their returns at the end of each calendar year but not later than 30 April of the following year.”

Agbogbloshie DTO

302. Out of 205 tax files reviewed at the Agbogbloshie DTO, we observed that 124 companies, representing 68% of taxpayers in the District were in default of payment of their provisional and final corporate taxes amounting to GHc883,518.75 for the 2008 and 2009 years of assessment.

Achimota DTO

303. At the Achimota DTO, our review of 368 corporate tax files disclosed that 85 companies owed an amount of GHc 673,102.18 in corporate tax for the 2008 and 2009 years of assessment. The amount outstanding was made up of GHc206,761.73 and GHc440,625.10 for
the 2008 and 2009 years of assessment respectively, with an amount of GH¢25,715.36 carried forward from 2007.

304. Furthermore, we noted from our review of 185 tax files of self-employed business enterprises that 133 taxpayers had defaulted in the payment of taxes totalling GH¢156,945.63 as at the end of the 2009 year of assessment.

305. Management explained that the Schedule Officers had noted for revision some taxes paid but recorded as unpaid. It was further explained that Headquarters had issued a directive that no files should be downgraded as dormant, hence the inclusion of dormant files among uncollectible taxes. With regard to the self-employed businesses, management indicated that some of the taxpayers mentioned had ceased operations due to the construction of the Achimota to Ofankor road since year 2006.

306. Management could, however, not provide us with details of taxes paid but recorded as unpaid, as well as information on dormant files mistakenly included in our sample. Management could also not furnish us with the list of self-employed businesses that had ceased operations since the road construction work began.
Teshie Nungua DTO

307. A review 134 tax files at the Teshie Nungua DTO disclosed that 56 companies, representing 41.8% of taxpayers operating within the District had outstanding corporate tax of GH¢584,904.28 as at the end of the 2008 year of assessment. We also reviewed a sample of 66 files of professionals and self employed businesses and noted that 48 business entities owed a total of GH¢124,411.66 in taxes from 1999 to 2008 years of assessment.

308. The corporate tax outstanding consisted of final assessments totalling GH¢423,659.95 and provisional assessments amounting to GH¢161,244.33. For professionals and self employed businesses, final assessments outstanding amounted to GH¢49,206.44, whilst provisional assessments totalling GH¢75,205.22 remained unsettled.

309. The Schedule Officers blamed the situation on their inability to contact some of the defaulting taxpayers due to changes in location and misleading postal addresses and contact phone numbers on the taxpayers’ files. They also cited companies which had folded-up due to poor performance but had failed to inform the office, as another reason for the huge debt.

Makola DTO

310. Out of 180 tax files randomly selected and reviewed at the Makola DTO, we observed that 115 companies, representing 64% of
taxpayers, had outstanding provisional and final corporate taxes amounting to GH¢357,914.65 for the 2007 and 2008 years of assessment.

311. We further noted during our review that salaries and wages expenditure shown in the financial statements of four companies for the 2007 and 2008 years of assessment had been overstated by GH¢27,213.06 when compared with the details shown in the PAYE returns. The effect of the overstatement of the salaries and wages expenditure in the financial statement was that assessable income was understated; resulting in lower tax assessment of the taxpayers. At the current corporate tax rate of 25%, Government lost revenue totalling GH¢6,803.26 due from these four companies.

**Ashaiman DTO**

312. At the Ashaiman DTO, we reviewed 107 corporate tax files and noted that 47 companies, representing 44% of companies operating under the DTO, had defaulted in the payment of their corporate tax amounting to GH¢292,398.69 for the 2007 and 2008 years of assessment. We also noted that 65 out of a sample of 79 self employed businesses had defaulted in the payment of taxes amounting to GH¢67,191.30 for the 2007 and 2008 years of assessment.

313. The anomalies noted in all the above tax offices constitute an infringement of Sections 135 and 136 of Act 592 which indicate that
tax that has not been paid when due and payable may be sued for and recovered in any court by the Commissioner with full costs of suit from the person sued. The Commissioner is further mandated to recover any unpaid tax by distress proceedings against the movable property of a person liable to pay tax.

314. We were of the view that lack of effective supervision on the part of management in ensuring that Schedule Officers applied the provisions of the law contributed to the failure of taxpayers to settle their obligations, hence the high default rate which ultimately affected inflows into the Consolidated Fund.

315. Consequently, we recommended that management should ensure that schedule officers carry out regular monitoring of tax files and promptly send demand notices to taxpayers to settle their tax obligations. In addition management should consider enforcing the provisions outlined under Sections 135 or 136 to recover the tax outstanding.

**Outstanding PAYE-GH¢3,867,298.00**

316. Our review of Pay As You Earn (PAYE) files at the Large Tax Unit and eight DTOs revealed that 412 companies deducted a total PAYE tax of GH¢3,266,546.58 from their employees’ emoluments but failed to remit them to the Commissioner during the 2007 to 2009 fiscal years. The details are as follows:
<table>
<thead>
<tr>
<th>Tax office</th>
<th>No of defaulting Companies</th>
<th>Amount (GH¢)</th>
<th>Year(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTU</td>
<td>9</td>
<td>999,066.13</td>
<td>2009</td>
</tr>
<tr>
<td>Makola DTO</td>
<td>4</td>
<td>795,469.11</td>
<td>2007 &amp; 2008</td>
</tr>
<tr>
<td>Kaneshie DTO</td>
<td>95</td>
<td>489,302.58</td>
<td>2008 &amp; 2009</td>
</tr>
<tr>
<td>Legon DTO</td>
<td>71</td>
<td>398,034.08</td>
<td>2008</td>
</tr>
<tr>
<td>Tema II DTO</td>
<td>81</td>
<td>272,643.81</td>
<td>2007 &amp; 2008</td>
</tr>
<tr>
<td>Nima DTO</td>
<td>73</td>
<td>196,003.79</td>
<td>2007 &amp; 2008</td>
</tr>
<tr>
<td>Teshie Nungua DTO</td>
<td>36</td>
<td>69,526.79</td>
<td>2007 &amp; 2008</td>
</tr>
<tr>
<td>Agbogbloshie DTO</td>
<td>26</td>
<td>31,582.06</td>
<td>2008 &amp; 2009</td>
</tr>
<tr>
<td>Ashaiman DTO</td>
<td>17</td>
<td>14,918.23</td>
<td>2007 &amp; 2008</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>412</strong></td>
<td><strong>3,266,546.58</strong></td>
<td></td>
</tr>
</tbody>
</table>

317. Furthermore, our review of Directors’ files at the Kaneshie DTO, Tema II DTO and Nima DTO revealed that 101 companies also defaulted in the payment of a total PAYE of GH¢600,751.58 deducted from Directors’ emoluments spanning the period 2006 to 2009 years of assessment.

318. Failure to remit PAYE taxes violates Section 87 of Act 592 which states that PAYE taxes withheld by employers should be remitted to the DTO within 15 days after the month in which the eligible payments were made.

319. Additionally, we noted at the LTU that five companies paid a total sum of GH¢1,550,761.31 as PAYE for the 2009 year of assessment without schedules supporting the payments made, thereby preventing the Schedule Officers from validating the accuracy of the amount paid.
320. The above situation also contravenes Section 90(1) of Act 592 which stipulates that a withholding agent shall maintain and make available for inspection by the Commissioner, records showing, in relation to each year of assessment, payments made to a payee and tax withheld from those payments.

321. We recommended that management should educate the taxpayers on the need to comply with all the relevant provisions of Act 592 and ensure that all payments made in respect of PAYE are always supported with the appropriate schedules. We also recommended that management should ensure that all PAYE files are regularly reviewed to ensure the prompt payment of PAYE taxes. Furthermore, management was urged to ensure that all the outstanding PAYE taxes are collected within the shortest possible time or the appropriate penalties prescribed under Section 143(2) of Act 669 be applied.

**Non–payment of withholding tax – GH¢3,713,887.00**

322. We noted from our review of taxpayers’ files and other related records at the LTU that nine companies failed to remit to the Commissioner, taxes totalling GH¢1,172,993.36, withheld from payments made for goods and services procured which were subject to withholding tax under Section 84 of Act 592. We further noted that three other companies also defaulted in the payment of taxes withheld
on dividends and capital gains amounting to GH¢58,348.64 as at the end of the 2009 year of assessment.

323. Also at the Legon DTO, the company tax files indicated that 89 companies failed to withhold a total amount of GH¢803,532.88 from payments made for professional fees and other expenditure items procured during the 2008 year of assessment.

324. Similarly, at the Kaneshie DTO, 117 companies which presented audited accounts for the 2008 and 2009 years of assessment failed to withhold taxes totalling GH¢385,001.76 from professional fees and other expenditure items paid for.

325. Our audit further disclosed that at the Teshie Nungua DTO, 63 companies which presented audited accounts up to the end of the 2008 year of assessment failed to withhold taxes totalling GH¢301,434.60 on rent, audit and legal fees, differences in salaries and wages and other expenditure items which were subject to such withholding taxes under Section 84 of Act 592.

326. Furthermore, contrary to Section 84 and Part IV of the First Schedule of Act 592, nine companies under the Teshie Nungua DTO failed to deduct withholding taxes totalling GH¢35,536.02 from 13 Directors’ emoluments paid, some of which dated as far back as year 2000.
327. At the Achimota DTO, we observed during our review of files that 93 companies failed to remit to the Commissioner, withholding taxes amounting to GH¢209,061.03 deducted from payments made in respect of rent, audit, legal, consultancy fees, et cetera during the 2008 and 2009 years of assessment, in violation of Section 87 (1) of Act 592.

328. The management of the Achimota DTO indicated that some of the taxpayers had paid the taxes withheld, but due to lack of coordination between the Withholding Tax Unit and the Schedule Officers, copies of receipts were not made available to the latter to update the files of the taxpayers, hence the huge amount outstanding.

329. At the Nima DTO, we noted that 71 companies which presented their audited accounts for the 2007 and 2008 years of assessment failed to withhold taxes on rent, audit, legal and professional fees and other expenditure items amounting to GH¢197,568.14.

330. Our examination of 104 company tax files at the Kinbu DTO disclosed that 11 companies which presented audited accounts up to the end of the 2008 year of assessment, failed to withhold taxes in the sum of GH¢177,327.73 on rent, audit, legal and consultancy fees as well as other expenditure items paid for.
331. Also, at the Tema II DTO, out of the 134 company tax files reviewed, 92 companies which presented audited accounts up to the 2008 year of assessment failed to withhold taxes amounting to GH¢167,189.11 on rent, audit and accounting fees, repairs and maintenance, and other expenditure items paid for.

332. Forty-one companies which presented audited accounts for 2008 and 2009 years of assessment at the Agbogbloshie DTO failed to pay to the Commissioner, withholding taxes amounting to GH¢107,922.46 on payments made in respect of rent, audit, legal and professional fees as well as other expenditure items.

333. At the Ashaiman DTO, we observed during our review of tax files that an amount of GH¢55,721.39 which was either withheld or supposed to have been withheld by 26 companies from payments made for rent, legal and other professional charges for the 2007 and 2008 years of assessment remained outstanding as at the time of audit.

334. Similarly, an examination of 180 tax files at the Makola DTO disclosed that 46 companies, which presented audited accounts for 2007 and 2008 years of assessment failed to withhold taxes amounting to GH¢42,249.91 from rent, audit, legal and professional fees paid as well as other expenditure items which are subject to withholding tax as provided for in Section 84 of Act 592.
335. We recommended that management should intensify the education of taxpayers in order to increase their awareness of the need to comply with the tax laws by withholding and paying taxes withheld on time and also file receipts obtained as part of their returns. We further recommended that management should ensure timely recovery of all the withholding taxes from the defaulting companies in accordance with Section 88(1) of Act 592.

**Objection of taxpayers to taxes assessed – GH¢2,139,010.00**

336. Section 128(1) and 128(6) of Act 592 states that “a person who is dissatisfied with an assessment made under this Act may lodge an objection to the assessment with the Commissioner within 30 days of the service of the notice of assessment or, in the case of a provisional assessment under Section 76, within nine months of the commencement of the basis period to which the provisional assessment relates. Where a decision has not been made by the Commissioner within ninety days after the objection was lodged with the Commissioner, the objector may, by notice in writing to the Commissioner, elect to treat the Commissioner as having made a decision to disallow the objection.”

337. Section 131(1) of the Internal Revenue (Amendment) Act of 2006 (Act 700) also provides that “where a person has lodged a notice of objection to a notice of assessment under Section 128, an amount of 30% of the amount payable as contained in the notice of assessment
shall be paid pending the determination of the objection and an appeal.”

338. At the LTU, we observed during our examination and review of the debt stock list made available to us by the Collection Division that 12 companies whose taxes were assessed up to the end of December 2009 had either disputed or objected to their taxes totalling GH¢2,139,009.86. The tax types objected to were: corporate tax of GH¢2,075,965.60, PAYE tax of GH¢58,100.84 and withholding tax of GH¢4,943.42 as detailed in the Table below:

Table: Objection to taxes assessed

<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Tin No.</th>
<th>Tax Outstanding (GH¢)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Bank Fin. Ser.</td>
<td>921R000003</td>
<td>10,982.80</td>
<td></td>
</tr>
<tr>
<td>CPCP</td>
<td>714M000528</td>
<td>24,708.32</td>
<td></td>
</tr>
<tr>
<td>Minerax Drilling</td>
<td>321V000217</td>
<td>392,883.84</td>
<td></td>
</tr>
<tr>
<td>Premium African</td>
<td>921V000034</td>
<td>450,618.77</td>
<td></td>
</tr>
<tr>
<td>GNLD Ltd.</td>
<td>614E000289</td>
<td>68,935.11</td>
<td></td>
</tr>
<tr>
<td>Glauco Hotels</td>
<td>521V000015</td>
<td>690,420.24</td>
<td></td>
</tr>
<tr>
<td>Central African Gold Gh. Ltd.</td>
<td>524V018677</td>
<td>286,276.41</td>
<td></td>
</tr>
<tr>
<td>Hotel Shangri La</td>
<td>114V000051</td>
<td>151,140.11</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>2,075,965.60</strong></td>
</tr>
</tbody>
</table>

**Auditor-General’s Report on the Public Accounts of Ghana, MDAs – 31 December 2010**
### PAYE

<table>
<thead>
<tr>
<th>Description</th>
<th>Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana Heavy Equipment</td>
<td>221E000179</td>
<td>39,855.44</td>
</tr>
<tr>
<td>Geodril (GH.) Ltd.</td>
<td>514G000019</td>
<td>18,245.40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>58,100.84</strong></td>
</tr>
</tbody>
</table>

### Withholding

<table>
<thead>
<tr>
<th>Description</th>
<th>Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARAB Contractors</td>
<td>709C000006</td>
<td>3,533.12</td>
</tr>
<tr>
<td>Blue Chip</td>
<td>121E000057</td>
<td>1,410.30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>4,943.42</strong></td>
</tr>
</tbody>
</table>

**Grand Total** **2,139,009.86**

*Source: 2009 debts stock list*

339. We noted that contrary to the provisions under Section 131(1) of the Internal Revenue Amendment Act referred to above, management did not ensure that the taxpayers involved paid the 30% of the amount payable pending the determination of their objection and appeal.

340. Management explained that collection could not be initiated on such liabilities until the disputes were resolved. It was further explained that some of the liabilities were being pursued and that some had been fully settled whilst the pursuit of others had been discontinued by the Commissioner. Management could, however, not provide us with evidence to support its assertions.
341. We noted that management’s inability to resolve tax disputes early and come out with final assessments results in huge unpaid taxes. We, therefore, advised that management should ensure that action is expedited on all taxes in dispute for prompt settlement of outstanding liabilities. We further recommended that management should ensure that the taxpayers involved pay the mandatory 30% of the amount payable pending the determination of the objection as stipulated under Section 131(1) of Internal Revenue (Amendment) Act 2006 (Act 700).

**Dishonoured cheques-GH¢480,169.00**

342. We noted that at the Agbogbloshie DTO, 51 cheques issued by some taxpayers in 2008 and 2009 for the settlement of their tax obligations totalling GH¢416,892.50 were dishonoured by their banks for lack of sufficient funds.

343. Also at the Kinbu DTO, we observed that Mascott Multi Services Atlantic Limited issued cheque No. 888861 on 31 December 2007 for GH¢10,000.00 to clear the company’s PAYE liabilities for the 2005 and 2006 years of assessment but the cheque was dishonoured by the bank. On 13 February 2008, it was re-presented but was again dishonoured on 15 February 2008.

344. We noted that there were no indications in both the Dishonoured Cheques Register and the taxpayer’s file that the
dishonoured cheque had been replaced or an attempt was made to restate the taxpayer’s indebtedness.

345. At the Tema II DTO, our review of the Returned Cheques Register disclosed that 15 cheques issued by taxpayers for a total of GH¢7,009 were returned dishonoured to the DTO for periods ranging between 20 to 40 months but there were no indications that the taxpayers involved had issued fresh cheques to settle their indebtedness to the Service.

346. Furthermore, our review of the Post-dated Cheques’ Register showed that post-dated cheques totalling GH¢38,800 which were dishonoured by the paying banks had remained outstanding in the books for about 20 months after their due dates. We also found that one of the cheques with a face value of GH¢38,000 issued by Kingbee Dunamis could not be traced.

347. Similarly, a review of the Post-dated Cheques Register at the Teshie Nungua DTO revealed that five post-dated cheques totalling GH¢9,800 issued by Vaniado Company Limited during the 2008 year of assessment were dishonoured on various occasions before the taxpayer retrieved two with the agreement that the outstanding amounts would be settled in cash. At the end of our audit in 2010, the taxpayer had still not discharged his obligation of GH¢3,900.
348. At the Nima DTO, we observed from our examination of accounting records that 12 cheques totalling GH₵3,567.68 which were received from taxpayers in settlement of tax liabilities were dishonoured by the banks for lack of funds or improper mandate.

349. As the issuance of dud-cheques is a criminal offence under the laws of the country, we recommended that management should ensure that the taxpayers involved are pursued for the recovery of their indebtedness together with the appropriate penalties.

**Acceptance of post-dated cheques for installment payments above authority limit – GH₵1,640,339.00**

350. The Internal Revenue Service’s Collection Manual sets the authority limit for the acceptance of post-dated cheques by District Heads at GH₵10,000 and for a period of up to three months.

351. Our review of the Post-dated Cheques Register at the Kinbu DTO, however, disclosed that management exceeded its authority limit by accepting three post dated cheques totalling GH₵1,640,338.65 from Zenith Bank, spanning a period of three months, in settlement of their 2008 corporate tax liability. We recommended that management ensures that the provisions in the Collection Manual are adhered to at all times.
Outstanding rent tax – GH¢191,102.00

352. Regulation 16(1) of Internal Revenue Regulation 2001, (L.I. 1675) provides that “where an individual receives rent income from any residential or commercial premises the Commissioner may calculate tax on the rent income separately at a flat rate of 10% on gross rent income in the year of assessment.”

353. We observed at the Agbogbloshie DTO that management had established a unit that deals with the identification of landlords for the collection of rent tax revenue. We noted, however, from our examination of 30 rent tax files that 17 landlords were indebted to the Service to the tune of GH¢178,516.15 for the 2008 and 2009 years of assessment.

354. At the Makola DTO, we again observed from 56 rent tax files that 14 landlords were indebted to the Commissioner to the tune of GH¢12,585.93 for the 2007 and 2008 years of assessment.

355. Non-payment of rent tax which forms part of the annual revenue projections adversely affects inflows to the Consolidated Fund. We, therefore, recommended that management should ensure that the defaulting landlords are pursued to discharge their rent tax obligations.
Outstanding National Reconstruction Levy-GH₵8,175.00

356. A review of company tax files at the Nima DTO revealed that eight companies failed to pay their National Reconstruction Levies (NRL) totalling GH₵8,175.17 for the 2001 to 2005 years of assessment, in violation of the National Reconstruction Levy Act 597, which requires that a national reconstruction levy of 2.5% of a company’s profit before tax should be paid in quarterly installments alongside the corporate tax.

357. Failure on the part of the Schedule Officers to raise provisional assessments to draw the attention of the taxpayers to such liabilities accounted for the situation. We recommended that management should collect all the un-paid NRLs from the taxpayers.

Failure to serve or delay in serving notices of provisional assessment

358. In line with the provisions of Section 76 (1) and 80 (2) of Act 592, provisional assessments are to be served at the beginning of the basis period of taxpayers to enable them make payments in quarterly installments.

359. However, at the Nima DTO, we noted from our review of taxpayers files that provisional assessments were not raised for 16 companies for the 2007 and 2008 years of assessment, neither were final assessments raised on their chargeable incomes for the years
involved. We did not also find any correspondence on their individual files indicating stoppage of business or the closure of such companies.

360. Management indicated that assessment forms for the basis years noted above had been communicated by letters to the taxpayers and computer input forms for 2009 had also been submitted to Head Office.

361. Also at the Legon DTO, we noted that contrary to the provisions under Section 76, provisional assessments totalling GH¢143,697.36 for 17 companies for the 2008 year of assessment were not raised till 2009. Consequently none of the companies made any payment on the provisional assessments raised for 2008. The Schedule Officers attributed the delay in serving the provisional assessments to their heavy work-load and the lack of well-trained assistants.

362. We recommended that management should ensure that Schedule Officers review all files and raise assessments for companies which had not been assessed for tax payments during the 2007 and 2008 years of assessment and also ensure that provisional assessments are delivered soon after the commencement of the basis period of taxpayers as specified under Section 76(1).
Failure by taxpayers to file returns on income

363. Our review of 283 corporate files at the Kaneshie DTO showed that 164 companies, representing 58% of taxpayers in the District, failed to submit audited accounts for either 2008, 2009 or for both years of assessment.

364. At the Nima DTO, we noted from our review of tax files that 119 companies did not submit audited accounts for 2004 to 2008 years of assessment. The management of Nima DTO explained that taxpayers continue to flout this requirement because some Directors of these companies are of the view that the amounts they pay to Auditors to prepare the returns are a drain on their companies’ resources.

365. Again at the Agbogbloshie DTO, we noted that out of 205 company tax files reviewed, 142 companies representing 69% of companies operating under the DTO did not submit audited accounts for the 2008 and 2009 years of assessment.

366. Similarly, our review of 201 corporate tax files at the Legon DTO showed that 57 companies, representing 28% of companies within the District, did not submit audited accounts for the 2008 year of assessment.
367. At Tema II DTO, 48 companies and 33 self employed persons were noted to have failed to submit audited accounts within the 2002 to 2008 years of assessment.

368. Our review of 134 corporate tax files and 66 files of professionals and self employed business entities at the Teshie Nungua DTO also disclosed that 38 companies, 12 professionals and self-employed businesses operating under the jurisdiction of the DTO failed to submit audited accounts for the 2007 and 2008 years of assessment.

369. At the Achimota DTO, 51 companies out of the 368 corporate files sampled for our review did not submit audited accounts for the 2008 and 2009 years of assessment.

370. Our audit at the Kinbu DTO also disclosed that 11 companies out of the 104 company files reviewed failed to submit audited accounts for 2007 and 2008 years of assessment, with three of them defaulting for the 2006 year of assessment as well. We further noted that, 38 professionals and self employed businesses out of a sample of 45 also failed to submit their audited accounts for 2000 to 2008 years of assessment.

371. Schedule Officers of Teshie Nungua, Tema II and Legon DTOs explained that some taxpayers are reluctant to hire the services of
Accountants to perform accounting duties for them while others are of the view that the settlement of provisional assessments absolves them from further obligations; hence their failure to submit audited accounts for tax assessment.

372. The failure to prepare these returns contravenes Section 72 of Act 592 which requires each taxpayer to furnish the Commissioner with returns on income for the year of assessment not later than four months after the end of a basis period for that taxpayer, ending within the year. Furthermore, we noted that despite these omissions, no penalties were imposed for the non-submission of the returns as prescribed under Section 142 of Act 592.

373. We recommended that management should ensure that taxpayers are adequately educated on the tax laws. Additionally, the supervision of Schedule Officers should also be strengthened so as to ensure that appropriate penalties are computed, imposed and collected from defaulting taxpayers in accordance with the tax laws.

**Non-examination of audited accounts**

374. We observed at some DTOs that Schedule Officers failed to examine audited accounts submitted by prospective taxpayers in violation of Section 77(1) of Act 592 which requires the Commissioner to examine returns submitted by taxpayers to enable
him decide on the final assessment of the chargeable income of the persons and the tax payable on the income.

375. For instance at the Tema II DTO, our review of tax files disclosed that audited accounts submitted for 2007 and 2008 years of assessment by 64 taxpayers, made up of 39 companies and 25 self-employed persons were not examined by Schedule Officers for periods ranging between 6 and 19 months after the receipt of the accounts. Consequently, the taxpayers did not make any payments after the submission of the returns as no final assessments were raised on them.

376. At the Teshie Nungua DTO, we noted that audited accounts submitted for the 2007 and 2008 years of assessment by 26 companies had not been examined as at the end of our audit in May 2010.

377. We also noted during our review of tax files at the Legon DTO that Schedule Officers had not examined audited accounts submitted by 23 companies for the 2008 year of assessment, even though the accounts had earlier been submitted for periods ranging between three months to a year.

378. Similarly, Schedule Officers at the Kaneshie DTO failed to audit accounts submitted by 27 companies for the 2008 and 2009 years of assessment. The companies did not, therefore, make any
payments in respect of tax to the Service as no assessments had been raised against them.

379. Also at the Agbogbloshie DTO, we noted during our review of tax files that Schedule Officers had not examined audited accounts submitted by 18 companies for the 2008 and 2009 years of assessment even though the accounts had been submitted for periods ranging between three months to over a year.

380. Management of the Agbogbloshie DTO explained that due to delays in postal services, responses to initial queries raised were received late and that efforts were being made to deliver the letters by hand to avoid the delays.

381. We also noted that Schedule Officers at the Achimota DTO had not examined audited accounts submitted by 16 companies for the 2008 and 2009 years of assessment in order to determine their final assessments even though the accounts had been submitted for periods ranging between 3 and 20 months.

382. Management attributed its inability to meet the six weeks standard to frequent requests made by Ghana Revenue Authority (GRA) for information towards the preparation of the integration of the revenue agencies.
383. Likewise at the Nima DTO, we noted during our examination of tax files that audited accounts submitted by 15 companies for the 2007 and 2008 years of assessment had not been examined by Schedule Officers.

384. Managements of the Tema II, Legon and Teshie Nungua DTOs blamed their inability to meet the Service’s set standard for examining accounts submitted by taxpayers on congestion and lack of enough assessors for their offices.

385. Failure to examine taxpayers’ returns on income to determine assessable income and tax payable could result in loss of revenue to the State as most companies usually fail to fully disclose their obligations on provisional assessments which in most cases are less than the final assessments after the review of accounts.

386. We recommended that management should put in place measures that will ensure adherence to the Service’s standard set for the examination of accounts submitted by taxpayers for prompt settlement of their tax obligations.
Use of receipts other than TCrCs and IT form 140 to offset tax liabilities

387. We noted from our review of tax files at the Agbogbloshie and Kaneshie DTOs that instead of attaching to their returns tax credit certificates issued by the Commissioner, taxpayers attached receipts issued by their customers for taxes withheld and these were used by the Schedule Officers at the DTOs in offsetting their tax liabilities.

388. At the Agbogbloshie DTO, our review of tax files disclosed that receipts issued to Exclusive Concept Limited, Royal Computers and Electronics Company Limited by Bank of Ghana, totalling GH¢4,315.09 for taxes withheld in 2008 and 2009 years of assessment were accepted by the Schedule Officers to offset the tax liabilities of the three companies.

389. Also at the Kaneshie DTO, we noted that 26 receipts issued to Combert Impressions Limited by Bank of Ghana for taxes withheld in 2008 and 2009 years of assessment totalling GH¢2,445.58 were accepted and used by the Schedule Officers to offset tax liabilities of the company.

390. The practice could lend itself to tax evasion. It also violates the provision under Section 7 of IRS Collection Manual and Administrative Practice which allows for the acceptance of only the
triplicate copies of taxpayers’ receipt (I.T Form 140) or duplicate copies of TCrCs in offsetting tax liabilities of taxpayers.

391. We recommended that management should ensure that Schedule Officers adhere strictly to Section 7 of the IRS Collection Manual and Administrative Practice by accepting only triplicate copies of taxpayers’ receipt (I.T Form 140) or duplicate copies of TCrCs in offsetting tax liabilities of taxpayers. We further recommended that all receipts accepted in offsetting tax liabilities other than the I.T. Form 140 and the TCrCs should be investigated to ensure that the sum of monies involved had been duly paid to the Service. The management of Agbogbloshie DTO accepted the finding and had accordingly obtained the TCrCs involved.

Non-adherence to conditions for issuance of Tax Clearance Certificates

392. The conditions for issuing an all-purpose Tax Clearance Certificate (TCC) are as follows:

- “An all purpose TCC valid for a period of not more than three (3) months or for the subsequent quarter, as the case may be, will only be issued to taxpayers who;
- apply in writing to any of the IRS offices nearest to their place of business;
must have discharged their tax obligations up to the end of the last year or the relevant quarter of the current year;

must have submitted all returns and accounts up to date; and

must be current in the PAYE payments and withholding taxes”.

393. We, however, noted at the Kaneshie and Ashaiman DTOs that the Schedule Officers flouted the requirement for the submission of returns and accounts. We also noted instances where, although the ‘tax charged’ was based on the unaltered provisional assessment, these were changed to agree with the amount of ‘tax paid’ to enable the taxpayers qualify for the issuance of TCCs.

394. The Schedule Officers at the Ashaiman DTO indicated that if they insisted on satisfying all the conditions, especially the one on the submission of accounts, most taxpayers would not be issued with TCCs, which may adversely affect their businesses and their ability to meet their tax obligations.

395. We also noted at the Kaneshie DTO that where taxpayers objected to their provisional assessments and lodged notices of objection, the Schedule Officers went ahead and reduced the initial provisional assessment in order to qualify them for the issuance of
TCCs, instead of ensuring that the taxpayers made the required initial 30% payment stipulated in Section 131(1) of the Internal Revenue (Amendment) Act, 2006 (Act 700).

396. We recommended that management should investigate and sanction Schedule Officers who aided taxpayers to avoid tax payment and obtained TCCs without satisfying the laid down conditions. We further recommended that management should ensure that taxpayers satisfy the conditions outlined above before being issued TCCs or they should contact the Commissioner for special dispensation when the need arises.

Unretired imprest - GH¢11,308.00

397. Regulation 288(1) of the Financial Administration Regulation (FAR) 2004, (L.I. 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.”

398. However, during our audit of the LTU, we noted that 10 officers who were given accountable imprests totalling GH¢11,308.12 to embark on specific audit assignments failed to account for the imprests even though the assignments had since been completed.
399. The lapse can be attributed to failure on the part of the Accountant to demand accountability from the affected officers. We recommended that management should ensure that all outstanding imprests are accounted for or the amount be charged to the personal advance account of the imprest holders.

400. Management accepted the finding and promised to formally write to the officers involved to account for the sums advanced to them or face the requisite sanctions as outlined in the Service’s policy.

Non- recording of fuel and lubricants in vehicle log books - GH¢12,610.00

401. Regulation 1604 of the Stores Regulation 1984 provides that ‘a vehicle Log Book shall be maintained for each vehicle and shall always be carried on the vehicle. Journeys undertaken shall be recorded and full particulars of receipts of fuel, oil and lubricants shall be entered up daily in the Log Book by the driver and all journeys recorded in the Log Book shall be certified by the officer using the vehicle.’

402. Contrary to the above regulation, we observed that although the LTU spent a total of GH¢12,609.80 on fuel and lubricants during the period January to December 2009, none of the purchases was recorded in the vehicle log books; neither did the officials who used the vehicles sign the log books to confirm the journeys undertaken.
403. We were, therefore, unable to confirm the authenticity of the journeys undertaken and whether the amount of GH¢12,609.80 spent on fuel and lubricants was used in the best interest of the LTU. We attributed the lapse to inadequate supervision on the part of the Administrator for not ensuring that all log books were properly completed and signed.

404. We recommended and management agreed to ensure that fuel purchased for all official vehicles are duly recorded in the appropriate log books while officers using the vehicles sign for each journey they undertake. We also recommended that the Administrator should carry out periodic review of the log books to ensure compliance.

**Missing value books**

405. We noted during our review of the Stock Register at the Kinbu DTO that the underlisted used value books (IT 140) were not presented for audit.

<table>
<thead>
<tr>
<th>No.</th>
<th>Receipt Book Nos.</th>
<th>Date of Issue</th>
<th>Collector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>3784251 – 3784300</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2.</td>
<td>3784601 - 3784650</td>
<td>30/12/08</td>
<td>Clara</td>
</tr>
<tr>
<td>3.</td>
<td>3784901 - 3784950</td>
<td>30/12/08</td>
<td>Clara</td>
</tr>
<tr>
<td>4.</td>
<td>1956901 - 1956950</td>
<td>17/12/07</td>
<td>Clara</td>
</tr>
<tr>
<td>5.</td>
<td>0223801 - 0223850</td>
<td>6/6/06</td>
<td>Reg. Accountant</td>
</tr>
</tbody>
</table>
406. We were, consequently unable to validate the amounts alleged to have been collected with the receipt books in question. The misplacement of the receipt books is an indication of improper preservation of value books and other financial records by management, which contravenes Section 215 of the FAR.

407. We recommended that management should ensure safe custody of both used and unused value books. Management was further urged to ensure that the missing books are retrieved for inspection.

**DOMESTIC TAX REVENUE DIVISION – ASHANTI NEW TOWN, KUMASI**

**Unpresented payment vouchers – GH¢685.00**

408. We noted that the underlisted paid vouchers involving a total amount of GH¢685.00 were not presented for audit.

<table>
<thead>
<tr>
<th>PV No</th>
<th>Date</th>
<th>Payee</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>V/71/09</td>
<td>16/7/09</td>
<td>District Accountant</td>
<td>485.00</td>
</tr>
<tr>
<td>V/72/09</td>
<td>16/7/09</td>
<td>District Accountant</td>
<td>200.00</td>
</tr>
</tbody>
</table>

**685.00**

409. Even though management promised to locate the payment vouchers for our scrutiny, this was not done. We, therefore, recommended that management should produce the payment vouchers.
for audit, or the face value of GH¢685.00 be recovered from the District Accountant to whom the amount was allegedly paid.

DOMESTIC TAX REVENUE DIVISION,
ADUM – KUMASI

Failure to submit annual financial statements for assessment

410. We observed that 32 companies failed to submit their annual financial statements for review and for their appropriate tax obligations to be assessed. The defaults covered between 2001 and 2009 fiscal years.

411. The non submission of the financial statements is an infraction of Section 72(1) and (2) of Act 2000 (Act 592) which enjoins companies to submit their financial statements within three months of the succeeding year.

412. We blamed the situation on laxity on the part of management in enforcing the tax laws and in the conduct of efficient monitoring for purposes of raking in the required revenue for the State. We, therefore, urged management to institute appropriate sanctions against the defaulting companies.
DOMESTIC TAX REVENUE DIVISION – KOFORIDUA

Transfers not credited to Head Office’s Consolidated Fund accounts – GH¢27,849.00

413. During a reconciliation of the Koforidua District Office’s revenue collection account being kept at the Ghana Commercial Bank (GCB) Koforidua through which revenue is transferred into the IRS’ Consolidated Fund account at the Bank of Ghana, we realised that a total amount of GH¢27,848.76 transferred from the GCB account had not been credited to the Consolidated Fund account.

414. We attributed the situation to the Schedule Officer responsible for the preparation of the reconciliation statement for failing to inform the District Manager of the omission to enable him inform Head Office of the lapse.

415. We recommended that the District Accountant should notify the District Manager of all transfers from the GCB account that have not been credited to the Consolidated Fund account quarterly. The District Manager should in turn inform Head Office of the uncredited transfers noted for investigation. We also advised that the underlisted transfers which have been outstanding should be forwarded to Head Office for follow-up action.
Outstanding transfers to Head Office’s Consolidated Fund account

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>13/01/2010</td>
<td>3,891.75</td>
</tr>
<tr>
<td>26/01/2010</td>
<td>7,790.49</td>
</tr>
<tr>
<td>10/02/2010</td>
<td>9,602.77</td>
</tr>
<tr>
<td>30/06/2010</td>
<td>6,563.75</td>
</tr>
<tr>
<td>Total</td>
<td><strong>27,848.76</strong></td>
</tr>
</tbody>
</table>

DOMESTIC TAX REVENUE DIVISION (VAT)
HEAD OFFICE

Payment for undelivered building- GH¢415,621.00

416. Section 12 of Part II of the Financial Administration Regulations 2004 states that “A person entrusted with custodial duties for Public and Trust Moneys shall protect Public and Trust Moneys against unlawful diversion from their proper purposes and against accidental loss, and locate such moneys so as to facilitate the efficient and economical discharge of public financial businesses.”

417. We noted that the management of the VAT Division paid an amount of GH¢415,621.00 on voucher No. CV 008 of 20 February 2008, to the Divestiture Implementation Committee (DIC), as part payment for the acquisition of a building (Block D 12A-D) at the North Ridge residential area. We also noted that an additional amount
of GH¢10,500.00 was expended as legal fees to Nkrabea & Associates for litigation over the property.

418. We indicated that in view of the litigation over the property there was no assurance that the building would be acquired soon and blamed the situation on management’s failure to undertake the necessary due diligence tests before making the payment.

419. In response, management stated that due diligence checks were undertaken before committing the Division to the transaction except that the Lands Commission and/or the Divestiture Implementation Committee demonstrated bad faith by re-allocating the land to another party after having made a firm commitment to allocate it to the Division after the first instalment was paid. Management further indicated that the Lands Commission had since admitted its failure to deliver and had undertaken to execute a replacement lease to the Division.

420. We urged management to vigorously pursue the issue so as to ensure that an appropriate replacement is received or the money is recovered from the Lands Commission/DIC.

**Payment of unapproved sitting allowances- GH¢38,194.00**

421. Article 32 ‘O’ of the VAT Service’s Collective Bargaining Agreement (CBA) provides that a sitting allowance of GH¢10.00 per
day be paid to any staff member who serves on any committee the Service constitutes.

422. Notwithstanding the arrangement in the CBA, we noted that during the period under review a total amount of GH¢38,194.17 was paid to management and other staff members as sitting allowances based on rates not approved in the CBA. These rates ranged between GH¢11.11 and GH¢200 per day. The details are shown below:

<table>
<thead>
<tr>
<th>Date</th>
<th>CV. No.</th>
<th>Nature of expenditure</th>
<th>Amount approved in CBA (GH¢)</th>
<th>Amount paid (GH¢)</th>
<th>Overpayment (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/7/09</td>
<td>1997</td>
<td>Sitting allowance</td>
<td>160.00</td>
<td>2,500.00</td>
<td>2,340.00</td>
</tr>
<tr>
<td>12/8/09</td>
<td>2221</td>
<td>-do-</td>
<td>260.00</td>
<td>280.86</td>
<td>20.86</td>
</tr>
<tr>
<td>1/4/09</td>
<td>785</td>
<td>-do-</td>
<td>630.00</td>
<td>5,470.00</td>
<td>4,840.00</td>
</tr>
<tr>
<td>1/4/09</td>
<td>783</td>
<td>-do-</td>
<td>140.00</td>
<td>2,150.00</td>
<td>2,010.00</td>
</tr>
<tr>
<td>23/6/09</td>
<td>1704</td>
<td>-do-</td>
<td>1,600.00</td>
<td>1,783.31</td>
<td>183.31</td>
</tr>
<tr>
<td>1/9/09</td>
<td>2484</td>
<td>-do-</td>
<td>920.00</td>
<td>14,480.00</td>
<td>13,560.00</td>
</tr>
<tr>
<td>21/12/09</td>
<td>3721</td>
<td>-do-</td>
<td>1,020.00</td>
<td>16,260.00</td>
<td>15,240.00</td>
</tr>
<tr>
<td>0/6/09</td>
<td>1514</td>
<td>Honorarium</td>
<td>-</td>
<td>12,700.00</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>38,194.17</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

423. We recommended that management should strictly comply with the allowances approved in the CBA or seek approval for revised allowances from the GRA Board. Management, in response, stated that the sitting allowances were approved by themselves.
424. In our opinion, approval of conditions of service which includes allowances for committee meetings is the prerogative of the Board of the Revenue Agencies. As such we urged that retrospective approval should be sought from the Ghana Revenue Authority Board to legitimise the payments or the beneficiaries be made to refund the excess payments.

**Part-payment of retention money regardless of defects – GH¢38,511.00**

425. Paragraph 6 of contract award letter No. NCT/VS/REB/CT/061A of 30 August 2006 to Messrs David Walter Limited states that “the defects liability period of this contract shall be six (6) months from the date of practical completion as certified by us. You shall attend to all defects arising from faulty workmanship and other defects during this period and rectify same to the satisfaction of the consultant and the Employer, all at your own cost and within reasonable time.”

426. We noted that although the Estates Department’s memo dated 1 August 2009, stated that there were “Major defects such as roof leakage and defective plumbing system…” which had not been fully rectified by the contractors, coupled with their failure to submit “as-built drawings”, Messrs David Walter Limited was paid GH¢38,511.00 vide CV. No.C117 of 5 August 2010 representing 50% of the retention amount.
427. The VAT Division and the Consultant’s failure to strictly adhere to the terms of the contract accounted for the irregularity. We recommended that management should strictly comply with the terms of all contracts to ensure value for money.

Payment for unutilised television production- GH¢75,900.00

428. In June 2008, the Public Procurement Board (PPB) granted the VAT Division approval to acquire through single source procurement, the production and publicity works associated with the Communications Services Tax (CST) from Media Magic and Research Services Oglivy (MMRS Oglivy). The contract was for the production of two 60 seconds television commercials and generic jingles at a total cost of GH¢75,900.00.

429. We noted that though the production was done, the VAT office did not use it. During our examination of the contract’s supporting documents, it was observed that there were no transmission certificates to indicate that the production was telecast. However, the Division paid for the cost of the production amounting to GH¢75,900.00 on PV No. 2925 of 22 October 2008.

430. We noted further that the office requested for the production of another set of two 60 seconds production from MMRS Oglivy in July 2009 at a cost of GH¢65,491.31. This was done and advertised within
the period 20 October 2009 and 17 January 2010 and payment was made as per PV No. 2369 13 August 2009.

431. In effect the VAT Division paid a total of GH¢141,391.33 for the same television production instead of the GH¢75,900.00 originally approved by the PPB. The contractor’s failure to provide satisfactory service as stipulated in the contract agreement and management’s failure to insist on the required standard television commercials and generic jingles led to the loss of the initial funds paid.

432. We recommended that MMRS be made to refund the amount to the Division or management should be surcharged to make good the amount of GH¢75,900.00. Management responded that the contract was for the production of two television commercials and did not include the cost of advertisement. We intimated that records available to us indicated that four television productions were paid for of which two were advertised, resulting in the loss of the GH¢75,900.00.

**Indebtedness of separated staff to the VAT office— GH¢17,816.00**

433. We observed that three members of staff who resigned from the Division between 2006 and 2009 were indebted to the office to the tune of GH¢17,815.76. The details are as follows:
We noted that even though GH¢1,365.31 was outstanding against Mr. Kofi Abankwa Ohene as at the time of his resignation on 23 September 2009, his clothing allowance and salary arrears totalling GH¢1,725.16 was not used to defray his indebtedness, but was rather paid to him.

Again, Miss Opoku-Tawiah Vida who resigned from the Division on 19 October 2009 failed to settle her debt of GH¢1,238.50 which arose out of a revenue shortage sustained in the course of her performance of her duty as a Cashier at the Kumasi Large VAT Office. The amount has been outstanding for more than one year.

Also, we found that Mrs. Barbara Ntow Boahene was granted study leave with pay but she abandoned the course and travelled to the United States of America. Her unearned salaries and other payments amounting to GH¢15,211.95 were converted into a loan. She was informed of the indebtedness by a letter dated 23 July 2007 but she
has failed to settle the debt which has been outstanding for more than three years.

437. We advised that the debts of Mr. K. Abankwa Ohene and Mrs. Barbara Ntow Boahene be recovered from their guarantors whilst efforts should be made to recover that of Miss Opoku-Tawiah. We further advised management that, forthwith, all Cashiers should be bonded so that revenue losses could be recovered from their guarantors in the event of similar occurrences. Management indicated that GH¢5,761.33 out of the total indebtedness had so far been recovered leaving a balance of GH¢12,054.43.

**LARGE TAXPAYERS’ UNIT (LTU)**

**Indebtedness of traders – GH¢1,347,783.00**

438. To recover debts, the Commissioner of the VAT Division is empowered under Sections 32 to 34 of Act 546 to institute distress action on recalcitrant traders, apply garnishment order and also charge interest on outstanding debts.

439. A review of the debt stock made available to us by the Collection Unit disclosed that the underlisted traders who owed a total of GH¢1,347,783.35 as at December 2008 had since not made any payment on account.
Non-payment of debt

<table>
<thead>
<tr>
<th>Trader’s name</th>
<th>Amount (GH¢)</th>
<th>Action taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>IKAM Limited</td>
<td>765,462.24</td>
<td>Slated for distress action</td>
</tr>
<tr>
<td>CPCP</td>
<td>347,875.46</td>
<td>Debt is in dispute</td>
</tr>
<tr>
<td>VODI Technical</td>
<td>234,445.65</td>
<td>Awaiting review of audit report</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,347,783.35</strong></td>
<td></td>
</tr>
</tbody>
</table>

440. There was also no evidence that management had employed any of the institutional and legal means stipulated under Sections 32 to 34 to recover the outstanding debts. We pointed out that failure to collect taxes payable to Government on due dates deprives the state of timely inflow of revenue for national development.

441. Management indicated that all effective means within the LTU’s powers had been exhausted with regard to the recovery of the debt of GH¢765,462.24 that IKAM Company Limited owed. Management added that the company was slated for distress action, but preliminary arrangements revealed that the National Investment Bank (NIB) had confiscated IKAM’s assets for the debts the company owed NIB.

442. With regard to CPCP’s indebtedness, management indicated that the issue had been referred to the National Tax Audit Bureau for
resolution and the Division was awaiting their conclusion before initiating collection proceedings.

443. Management stated further that an audit had been carried out on VODI TECHNIC, but the company was insisting that it had supplied a fleet of vehicles to the Castle, Osu and that they had documents to show that no VAT was charged. Management added that although the company had ceased operations, the Collections Unit of the VAT Division was in contact with the Directors to have the issue resolved.

444. We advised that management should take the necessary steps to ensure early resolution of all outstanding issues in order to have the debt stock reflect actual collectible debts.

ADABRAKA LOCAL VAT OFFICE (LVO)

Unauthorized rescheduling of debts- GH¢103,707.88

445. Operational Directive No 58/HQ of July 2004 outlines the various authorisation levels for the rescheduling of debts by managers of the VAT Division at various levels in the operational chain of authority as follows:
<table>
<thead>
<tr>
<th>No.</th>
<th>Manager</th>
<th>Amount per trader (GH¢)</th>
<th>No. of months</th>
<th>Cumulative amount per quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Head of VSS &amp; VSO</td>
<td>1.00 - 1,000</td>
<td>Not more than 3 months</td>
<td>GH¢4,000</td>
</tr>
<tr>
<td>2.</td>
<td>Head of LVO</td>
<td>1.00 - 5,000</td>
<td>Not more than 5 months</td>
<td>GH¢20,000</td>
</tr>
<tr>
<td>3.</td>
<td>Deputy Commissioner (OPS)</td>
<td>5,000-15,000</td>
<td>Not more than 6 months</td>
<td>GH¢60,000</td>
</tr>
<tr>
<td>4.</td>
<td>Commissioner</td>
<td>5,000 - 15,000</td>
<td>Not more than 12 months</td>
<td>No limit</td>
</tr>
</tbody>
</table>

446. The purpose of the directive is to prevent unauthorised debt rescheduling, inaccurate record keeping on debts at the LVO/VSOs and for the monitoring of trader debts. It also seeks to ensure an organised, efficient and transparent management of trader debts in the VAT office.

447. However, we noted during our audit that the Head of the Adabraka LVO rescheduled the debts of three traders, each of which exceeded his mandatory cumulative debt ceiling of GH¢20,000 per quarter, resulting in unauthorised rescheduling of debts totalling GH¢103,707.88. The details are shown below:
<table>
<thead>
<tr>
<th>No.</th>
<th>Trader</th>
<th>Tin no.</th>
<th>Date rescheduled</th>
<th>Amount (GH¢)</th>
<th>Amount above authorised limit (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Coconut Groove Hotel</td>
<td>521V000607</td>
<td>05/06/09</td>
<td>68,472.61</td>
<td>48,472.61</td>
</tr>
<tr>
<td>2.</td>
<td>Slid Industries</td>
<td>117M000261</td>
<td>10/07/09</td>
<td>60,158.53</td>
<td>40,158.53</td>
</tr>
<tr>
<td>3.</td>
<td>Two Thousands Ltd</td>
<td>21E000061</td>
<td>28/05/09</td>
<td>35,076.74</td>
<td>15,076.74</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>103,707.88</strong></td>
<td></td>
</tr>
</tbody>
</table>

448. Management explained that the anomaly occurred as a result of the traders responding with post-dated cheques after tax liability letters had been issued out to them.

449. In order not to cause ineffective monitoring of trader debts and possible concealment of information on debts, we recommended that the Head of the LVO should, in future, strictly comply with the contents of operational Directive No. 058/HQ of 2 July 2004. Furthermore, we requested that a retrospective approval should be sought for the three traders from the appropriate level of authority. Management complied and wrote for retrospective approval from the Commissioner.
450. Our examination of the Returned Cheques Register of the Osu Ringway LVO disclosed that 124 traders issued cheques totalling GH₵373,164.80 to the LVO which were subsequently dishonoured by their banks. We noted that 27 of the traders repeatedly issued such dud cheques in their attempt to settle their tax liabilities. We further observed that 52 of the traders whose cheques amounting to GH₵57,523.46 were dishonoured since 25 May 2005 had not repaid the amount involved.

451. Though the issuance of dishonoured cheques is a criminal offence no action was taken against the traders, contrary to administrative guideline No FIN. 002/HQ of 1 November 2002, which states in part that “steps be taken by head of VAT outstations to prosecute offenders to serve as deterrent to others.”

452. The situation increased the debt stock of the LVO. We therefore recommended that the Guidelines outlined in the above circular be followed and the 27 traders whose cheques were repeatedly dishonoured be blacklisted. We also recommended that management should write to all the traders involved reminding them of the seriousness of their offence, demand payment of the amounts involved or take punitive action against them. Management of the LVO agreed to our observation and promised to rectify the situation.
Hard core and uncollectible debts- GH¢2,335,339.86

453. The VAT Service’s Guidelines of 15 November 2007 for the treatment of hard core debts outlined four different steps that were approved by management to be followed by Heads of LVOs to standardize the approach for dealing with hardcore debts.

454. Firstly, it is required that officers visit the principal place of business of the defaulting company and conduct investigations by contacting the owners, partners, directors at their private residences and attempt to demand payment of VAT debts. In situations where it is established that the debts cannot be recovered for reasons such as the death of the owner of the business or where the company cannot be traced or the business has folded up et cetera, the Schedule Officers should submit a report to the Head of Outfield station within three days after the visit with the necessary recommendations. A second visit is to be made within two weeks after the first visit, and a third visit done finally.

455. The Head of the LVO or Outfield station shall then summarise the findings of the Schedule Officers and submit a composite report and forward it to the Deputy Commissioner, Operations within seven days after the final visit with necessary recommendations.

456. Our review of the monthly debts analysis reports showed that on 15 October 2008, 17 traders who owed GH¢2,335,339.86 to the
Ringway LVO were labelled hard core debtors and forwarded to Head Office without duly satisfying the requirements mentioned in the Guidelines.

457. We noted that no visit was paid to any of the traders before forwarding their names to Head Office for action. We recommended and management agreed that, in future, the LVO should comply fully with the Guidelines on the treatment of hardcore debts to avoid early labelling of debts as uncollectible.

**OKAISHIE VAT SUB OFFICE (VSO)**

**Short-payment of revenue to bank – GH¢1,380**

458. In the course of our audit of the Okaishie VSO, it came to our notice that the office was unable to provide us with the cash-listing sheets for Friday, 30 January 2009 collections. We, therefore, had to manually total the figures in all the receipt books (VAT 30s) used to acknowledge the tax payments from traders for that day and verified them against all lodgments made to bank.

459. In the course of the verification, we found out that the total collections as per the receipt books totalled GH¢354,482.42 whilst lodgments made to bank as per the pay-in-slips (PIS) amounted to GH¢353,102.36, indicating a short-fall in revenue lodgment of GH¢1,380.06.
460. In our opinion, the anomaly was as a result of failure on the part of the Accountant to properly reconcile revenue collected with lodgments made. We, consequently, recommended that management should investigate the issue and ensure the recovery of any short lodgments made to bank.

461. Management explained that the situation occurred when the Division changed over its cash and cheque collection systems from Bank of Ghana (BOG) to Ghana Commercial Bank (GCB) which resulted in cheques totalling GH¢1,157.00 being lodged in BOG instead of the GCB revenue account. We advised that management should ensure that the error is rectified.

**Unrecovered debts from dishonoured cheques-GH¢3,693.34**

462. Our review of bank statements and the Returned Cheques Register of the VSO for the audit period revealed that eight cheques with a total value of GH¢3,693.34 issued by traders which were subsequently dishonoured by the banks were not recovered as at the close of our audit on 30 March 2010.

463. We urged management to put in more effort to recover the debts without further delay. Management indicated that they had made frantic efforts to recover the debts owed to the VSO but to no avail.
Overstatement of debt stock-GH¢202,237.26

464. The Okaishie VSO is required to prepare and submit monthly “flash and status reports” to the Adabraka LVO for incorporation into the latter’s flash and status reports to Head Office. We noted, however, that the debt stock figure reported in the VSO’s monthly flash reports to Adabraka were overstated by a total of GH¢202,237.26.

465. We noted that the Schedule Officer who prepared the flash reports failed to carry forward the correct opening balances of the debt stock figures, thus resulting in the overstatement of the balances reported on.

466. We recommended that the Head of EDM in collaboration with the Schedule Officer of the VSO should make the necessary corrections in their records and VAT management informed appropriately.

VAT DIVISION – SUNYANI

Unsupported payments-GH¢1,317.00

467. Various amounts totalling GH¢1,317.00 paid on 11 payment vouchers by the Regional VAT Officer were not supported with the relevant expenditure documents such as invoices and statements of claim to authenticate the transactions.
468. The omission contravened Regulation 39 (2c) of the FAR 2004 (LI 1802) which requires that heads of accounts departments should ensure that transactions are properly authenticated to show that amounts are due and payable. We, therefore, urged the Regional VAT Officer to justify the expenditure with the relevant expenditure documents or be held liable for the refund of the total amount to chest.

**Corporate debtors-GH¢138,517.38**

469. Companies and individuals owed the VAT office in Sunyani a total amount of GH¢138,517.38 as at the close of December 2010. The Regional VAT Officer said that the debt came about as a result of some traders under-declaring taxes collected on behalf of the Division, underpayment of taxes collected, non-payment of penalties for late VAT returns and due to interests on outstanding debts of more than 21 days. We urged the Head of the Unit to find appropriate means to recover the total amount, including the enforcement of the relevant sections of the VAT Act against defaulters.

**CUSTOMS DIVISION – HEADQUARTERS**

**Misapplication of funds-GH¢326,882.48**

470. The Ghana Revenue Authority- Customs Division operates a Staff Housing Loan scheme from funds provided by MOFEP. Between the period 1January 2008 and 31 December 2009, a total of
GH₵326,882.48 from the fund was misapplied on various expenses other than loans under the housing scheme.

471. We recommended that the Loans Committee should ensure that, in future, the funds are used only for payments approved under the scheme in order not to deny eligible staff members access to the facility.

**Outstanding loans-GH₵26,400.00**

472. A loan of GH₵30,000 was wrongfully approved by the Loans Committee of the Division and paid to a former Commissioner, Major General Richardson Baiden, on 9 June 2006. The amount was not repaid as at the time the former Commissioner left office. This repayment default was because the former Commissioner did not receive his salary from the Customs Division and therefore deductions could not be made at source from his salary.

473. Following our recommendations, he refunded an amount of GH₵10,000.00 vide receipt No.129788 of 7 April 2011. He also undertook to repay the balance in two equal installments of GH₵10,000.00 each by 31 May and 30 June 2011.

474. Similarly on 4 March 2008, a Principal Collector, Mr. Adarkwa Boakye, who was about to retire was given a car loan of GH₵6,400.00 which still remains outstanding. Mr. Boakye retired from public office.
service in February 2009 but the loan was not recovered from his salary and or his retirement entitlements.

475. We recommended that the Deputy Commissioner (Finance and Corporate Planning) should take immediate action to recover the amount owed by the former member of staff and also ensure that the former Commissioner honoured the repayment agreement. We also recommended that, in future, the Loans Committee adheres strictly to the Division’s loans policy document in order to avoid approving loans to staff members who do not qualify, thereby making the recovery of the debts difficult or impossible.

**Indebtedness of importers – GH¢36,577,702**

476. We found that the Division has been unable to recover total short collections amounting to GH¢36,577,701.59 from various importers and customers. The debts covered the period 1999 to 2009.

477. We recommended that the Deputy Commissioner (Operations) should institute action for the recovery of the amounts owed. The actions should include preventing the debtors from transacting any business with the Division in compliance with Section 43 (1) of the CEPS Management Law 330 of 1993, until the debts are fully paid.
Failure to patronise State Warehouse

478. We noted that due to lack of cooperation between freight operators at Avianca and the Division, uncleared goods and their covering documents are not transferred to the State Warehouse within the 21 day period prescribed by Management Law 330.

479. The result was that 124 cargoes of various descriptions expired or were damaged and could not be sold for the State to recover the duties and taxes involved. The taxes lost could also not be computed because of poor record keeping between the freight operators and the Division’s staff at the State Warehouse.

480. In view of the fact that the Division might incur cost in destroying these goods, we advised that the Deputy Commissioner (Operations) should impress upon the freight operators to follow laid down policies and procedures by transferring uncleared cargoes to the State Warehouse within the 21 day period prescribed. We also urged the Assistant Commissioner in charge of the Kotoka International Airport (KIA) to ensure that proper records are provided on transfer cargo by the freight operators to enable the staff of the State Warehouse improve upon their record keeping. The Division could then compel importers to pay duties and taxes on these goods or list them promptly for auction where the owners default in paying the duties and taxes.
Seized weapons and ammunitions

481. We found that 214 arms and ammunitions of various descriptions that were seized between the period January 2004 and July 2010, were still being kept at a public warehouse at the James Town Police station.

482. We advised the Deputy Commissioner (Operations) to take immediate action to dispose of the arms and ammunitions to either prevent them from finding their way into unauthorised hands or to forestall a disaster occurring through an explosion in view of the poor storage conditions in which we found them.

REGIONAL CUSTOMS OFFICE, TAMALE

Unsubstantiated payments- GH¢77,277.00

483. We noted that the Customs Divisional office, Tamale made disbursements totalling GH¢77,276.74 without obtaining expenditure documents such as receipts, invoices, et cetera to support the disbursement vouchers, contrary to Section 39 (1) of the FAR, 2004.

484. When receipts, invoices or statements of expenditure are not obtained to support disbursement vouchers, it becomes difficult for an independent reviewer to establish the genuineness of such transactions. The omissions, in our view, resulted from lack of adequate supervision over the staff in the Accounts Department.
485. We recommended that management should take steps to obtain the expenditure documents to authenticate the payments and present them for our verification or be held accountable for the refund of the amount involved.

CUSTOMS REGIONAL OFFICE, KUMASI

Stolen Mercedes Benz 711 D bus

486. Our examination of Police report No. DCI041B/AS/Vol.II/38 of 14 June 2010 revealed that an impounded Mercedes Benz 711B bus with registration No. AS 7263 X was stolen from the Aboabo Custom’s warehouse on 16 May 2010.

487. The report also indicated that Ms Juliana Asamany-CA III and Mr. Owusu Ankomah- JCA V, who were supposed to be on duty on that day from 6.00 a.m. to 6.00 pm failed to do so. The Asawasi Police who carried out the investigations made the following recommendations to the Sector Commander:

i. There was no evidence to warrant criminal prosecution of the officers;

ii. Disciplinary action should be taken against the following officers:
    a. CA III Jones Aglebe
    b. CA III Emmanuel Agbagba
    c. JCA III Bedzra Dziedzom
    d. JCA III Kwame Peter
iii. Ensure that duty men take and hand over vehicles impounded so that in the case of any theft occurring, an officer can be held responsible.

488. On the receipt of the report, the Sector Commander directed the Head of the Preventive Unit to query the officers who were mentioned in the Police report.

489. We considered the theft of an impounded vehicle being held in a warehouse a very serious indictment on the integrity of the management and staff of the Regional Customs Office. We, therefore, advised management to delve deeper into the issue towards ensuring that severe disciplinary action is taken against the affected officers to serve as a deterrent to the others.

**Controls over the issue of weapons**

490. Examination of records at the armoury revealed that weapons were issued to officers when proceeding on official assignments. We, however, observed that the Head of the Preventive Unit does not authorize the issues before the weapons are given out. The issues were only signed by the armoury-keeper and countersigned by the recipient.

491. We were also informed that weapons and ammunitions issued to the Customs Patrol Unit (CPU) are returned to the armoury-keeper for inspection and reissued on a weekly basis. Contrary to this
assertion, we realised from the records that the CPU had failed to return two sub-machine guns (SMGS) in its possession for inspection and reissue since 26 May 2010.

492. This situation suggested a breakdown in the internal controls over the issue of weapons and ammunitions. The absence of written authority from the Head of the Preventive Unit upon which weapons are issued could lead to a situation where weapons could be used for unofficial purposes, including armed robbery.

493. We recommended that adequate authorisation should be given for all issues of weapons and ammunitions. In emergency situations where issues are made without prior authorisation, the Head of Preventive Unit should authorise the issues retrospectively. Also, the records of the armoury-keeper should be checked by the Head of Preventive Unit periodically.

494. Management took note of our recommendations and assured us in its response that the attention of the Head of Preventive Unit, the armoury-keeper and the Customs Patrol Unit (CPU) had been drawn to the irregularities so as to prevent a reoccurrence.
GHANA STATISTICAL SERVICE
HEAD OFFICE

Unearned salaries- GH¢4,801

495. Despite management’s assurance in response to an audit report No. CGAD/MFP/SATS.28/34 of 1 June 2009 that names of separated staff would be promptly deleted from the Service’s payroll, our subsequent review of the payroll revealed that the Service again paid salaries to five separated staff during the period under consideration. This resulted in the payment of unearned salaries totalling GH¢4,800.91. The details are shown in the Table which follows:

Table: Payments to separated staff

<table>
<thead>
<tr>
<th>Name of staff</th>
<th>Rank</th>
<th>Date separated</th>
<th>Period</th>
<th>Amount (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samuel Adams</td>
<td>Labourer</td>
<td>22/10/2009</td>
<td>Nov.-Dec. 2009</td>
<td>598.07</td>
</tr>
<tr>
<td>Emmanuel Danso</td>
<td>Driver Gd.II</td>
<td>31/12/2008</td>
<td>Jan-May 2009</td>
<td>987.47</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,800.91</td>
</tr>
</tbody>
</table>

496. The anomaly breached Section 297 (1d, e & f) of the FAR which enjoin a head of department to cause the immediate stoppage of the payment of salary to a public servant when that public servant has resigned, retired or died.
497. We were of the view that since the Service is self accounting and therefore prepares its own payroll, the names of the staff due for retirement during the year 2009 should have been known to the Administration prior to their retirement.

498. We recommended that management should take steps to recover the total amount of GH¢4,800.91 and ensure that the list of potential retirees are compiled at the beginning of each year to speed up the timely deletion of names of separated staff from the payroll. Management accepted our recommendation and indicated that the separated staff members concerned were being contacted for the refund of the amounts wrongly paid to them.

MINISTRY OF EDUCATION

MINISTRY OF EDUCATION – TREASURY

Failure to obtain VAT invoices – GH¢20,996.00

499. Management procured goods and services to the value of GH¢139,977.00 but failed to insist on the issuance of VAT invoices although a total VAT element of GH¢20,996.00 was involved. The omission was in contravention of Section 19(1) and 57 of the Value Added Tax, 1998 (Act 546).

500. The amount of GH¢20,996.00 which would have accrued to Government was kept by the vendors thereby depriving Government
of its use to execute its programmes. We recommended that management should pursue the recovery of the VAT amount as early as possible.

**Vehicles abandoned at garages**

501. Twelve vehicles were noted to have been sent to various garages for repairs but left unattended to for periods ranging from one month to two years. Their continued virtual abandonment at the garages had resulted in their further deterioration rendering them beyond salvage.

502. The situation has resulted in financial loss to the State since additional funds have to be mobilised to salvage the vehicles. Management explained that the vehicles had been virtually abandoned at the garages for lack of funds.

503. We recommended to management to consider the option of having the vehicles auctioned if they are no longer useful to prevent further deterioration and loss in value in compliance with Chapter 11, Section 1105 of Store Regulation 1984.
NATIONAL CO-ORDINATING COMMITTEE FOR TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING (NACVET)

Outstanding indebtedness – GH¢41,572.00

504. NACVET owed 10 companies and a member of staff the sum of GH¢41,572.43 in respect of services rendered and staff entitlements. The delay in the settlement of the indebtedness was due to lack of funds.

505. The activities and functions of NACVET were taken over by the newly created COTVET to oversee all aspects of technical and vocational training in the country. NACVET exhausted its GOG funds for 2009 and folded up for COTVET to take over in June 2010. It however folded up with unpaid commitments of GH¢41,572.43.

506. We recommended to the management of COTVET to settle the outstanding indebtedness as early as practicable to ensure the sustainability of service delivery and to restore the waning credibility of the organization and for the avoidance of legal action.

Payment of casual workers – GH¢3,738.00

507. Eleven casual workers were paid a total of GH¢3,738.00 from August 2008 to December 2009, as their earnings for services rendered to the organisation. They included Drivers, Security men and Sanitary workers.
508. The period of casual service exceeded the six months allowed by the labour laws of the country. Moreover, we noted that the expenditure which relates to personal emoluments was met from the Service and Administration votes of COTVET. Resources of COTVET were therefore misapplied to pay for the services of these casual workers. We indicated that the situation would affect the execution of programmed activities and corporate objectives would not be achieved.

509. We recommended that if the services of the casuals are indispensable then management should make strong representation to justify their continued retention and regularise their engagement. Management pledged to continue with efforts to secure permanent status for the casuals involved.

**Abandoned vehicles at garages**

510. Five vehicles belonging to COTVET were sent to various garages for repairs but had remained in the garages for periods ranging between one to three years without follow up.

511. To avoid further loss in economic value of the vehicles, we recommended that management should seek technical opinion on the state of the vehicles to enable it take well informed decisions on the vehicles.
Unsupported payments – GH₵11,655.00
512. Contrary to Regulation 39 (2c) of the FAR, 2004 (LI 1802), three payments totalling GH₵11,654.92 in respect of workshops organised were not substantiated with relevant expenditure supporting documents such as receipts and invoices on the nature of expenditure and services for which the payments were made.

513. Failure to ensure full disclosure could result in the payment for nonexistent expenditure and financial loss to the organisation. We recommended that the details of expenditure should be provided to justify the payments, failing that, the payment should be disallowed.

Purchases not recorded in store records before disposal – GH₵101,876.00
514. In violation of Section 0502 of Chapter 5 of Store Regulation 1984, purchased store items valued at GH₵101,876.00 were not recorded in store records and taken on ledger charge before they were allegedly issued out.

515. The lapse could lead to diversion, short or non-supply of store items and misuse of store items thereby resulting in loss of funds. Management’s failure to effectively supervise purchases and disposal of store items resulted in the lapse.
516. We recommended that management should provide evidence to support the receipt and disposal of the alleged store purchases valued at GH¢101,876 or the amount involved should be recovered from the authorising officers of the payments.

GHANA NATIONAL COMMISSION FOR UNESCO

Payment of unearned salary – GH¢478.00

517. Mr. Christopher Darkwa, a Driver who vacated his post on 1 March 2009, continued to draw his salary until July 2009, and collected total unearned salary of GH¢478.46 between March and June 2009.

518. Though management claimed that the Driver was granted leave from 3 March 2009 and was supposed to resume duty on 6 May 2009, it could not provide documentary evidence to substantiate the claim.

519. In the absence of any leave letter we concluded that the Driver could be said to have vacated his post and therefore recommended that he should be made to refund the unearned salary of GH¢478.46 paid to him to chest.

Unavailability of an inventory/assets register

520. Management did not ensure that the assets of UNESCO were recorded in an assets/inventory register. Furniture, computers,
vehicles, refrigerators and other office machines were not entered in
any inventory register.

521. Management contended that it had the register but upon request
produced a blank register. We indicated that in case of theft or
dispute it would be very difficult to identify these items.

522. We recommended that management should enter the particulars
of all inventory items in the register to ensure that in case of any
dispute, the register would serve as a source of authenticity.

DISTRICT EDUCATION SERVICE – ENCHI DISTRICT
OFFICE

Non-compliance with procurement regulations – GH¢7,000.00

523. Our audit disclosed that building materials worth GH¢7,000.00
allegedly purchased were not supported with suppliers’ receipts and
invoices. Additionally, the items were issued out in bulk to the MP
for the Aowin constituency without any indication of their destination
or a duly authorised requisition as required by the Ministry of
Finance’s Store Regulations of 1984.

524. Laxity on the part of management in enforcing procurement
rules and regulations resulted in the lapses. Under these
circumstances, it was difficult for audit to confirm the use of the
building materials.
525. To ensure transparency and accountability, we recommended to management to contact the Honourable MP to make available details on the utilisation of the purchases for audit verification or the amount involved should be refunded to chest.

526. We learnt that management had referred the matter to the Honourable MP for his response, as at the time of compiling this report.

GHANA EDUCATION SERVICE – PAGA DISTRICT OFFICE

Unsupported payments – GH¢192,457.00

527. Twenty-nine payment vouchers covering the sum of GH¢192,456.70 paid between October 2009 and July 2010 to suppliers and other recipients were not supported with relevant expenditure supporting documents such as official receipts and statements of expenditure.

528. The omission contravened Regulation 39(2) of the Financial Administration Regulations, 2004 which requires a Head of department to control the disbursement of funds and ensure that transactions are properly authenticated.

529. Negligence on the part of the Accountant to ensure that the expenditures were supported with receipts accounted for the lapse. We requested management to regularise the transactions by obtaining the
relevant receipts to authenticate the payments or the amounts involved should be recovered from the officers who effected the payments.

530. Though management responded that it would take action on our recommendation, it reneged on its promise as at the time of compiling this report.

**Revenue collections not fully accounted for – GH¢3,318.00**

531. We noted that out of a total revenue of GH¢11,878.20 collected between June 2009 and August 2010, only GH¢8,713.10 was accounted for with relevant official receipts and statements of account, leaving a difference of GH¢3,318.10 not accounted for.

532. Failure on the part of the Accountant to ensure that all revenue received were fully accounted for with the issuance of relevant revenue collection receipts was the cause for the lapse.

533. As at the time of reporting, management was yet to ensure that the short payment of GH¢3,318.10 was accounted for as promised.

**Outstanding salary advance – GH¢2,600.00**

534. Management failed to recover a total salary advance of GH¢2,600.00 granted to six officers between June 2009 and July 2010 as of 31 December 2010.
535. Management’s failure to ensure prompt recovery of the amount from the officers accounted for the long outstanding advances. We recommended prompt recovery of the outstanding amount of GH¢2,600.00 from the officers concerned to which recommendation management was yet to take action.

GHANA EDUCATION SERVICE – TAIN DISTRICT OFFICE

Loss of VAT revenue – GH¢7,618.00

536. Regulation 183 (4) of FAR 2004 (LI 1802) requires Government departments to procure goods and services from only VAT registered entities. A department which requires exemption for any specific reason shall apply to the Minister stating the necessary justifications.

537. On the contrary, the Tain District Education Office procured goods valued at GH¢50,787.86 from non-VAT registered entities without prior authorisation. The action resulted in the loss of a VAT revenue of GH¢7,618.17 to the State.

538. Management defended its actions with the explanation that there were no VAT registered entities in the Tain district to deal with hence the lapse. Despite the explanation, we entreated management to endeavour to make its purchases from VAT registered entities to ensure that sufficient revenue was collected to enable Government carry through its programmes.
Failure to acknowledge receipt of funds – GH¢14,347.00

539. Our audit disclosed that a total amount of GH¢14,346.84 being the unutilised balance of the sum of GH¢58,828.45 issued to the District Director of Education to run the National Literacy Acceleration Programme in the district was alleged to have been paid to the Director-General of the Ghana Education Service in Accra. Available records indicated that the refund was made vide cheque number 48534 of 3March 2010.

540. We, however, noted that the Director-General failed to acknowledge receipt of the amount, in violation of Regulation 28 (1) of FAR 2004, LI 1802 which enjoined the Director General being the recipient of the alleged refund to have issued official receipt to cover the amount.

541. Management could not advance tangible reasons for the lapse and assured that efforts would be made to obtain the relevant official receipt from the Director-General.

542. As a result of the absence of an official receipt, we could not satisfy ourselves that the amount had actually been paid as claimed by management. We recommended to the District Director to obtain the
required official receipt to authenticate the payment failing which the amount involved should be refunded to chest.

GHANA EDUCATION SERVICE – ATEBUBU DISTRICT OFFICE

Un-receipted payments – GH¢19,138.00

543. We noted that a cultural capitation grant of GH¢13,516.00 released to the District Cultural Organiser in June 2010 and an amount of GH¢5,622.00 allegedly paid to the Zonal Coordinators of Culture in the district were not acknowledged by the supposed recipients.

544. According to the District Director of Education, the Accounts Officer through whom the moneys were released failed in his responsibility to ensure that he obtained official receipts from the payees/recipient.

545. Failure to obtain receipts for monies paid could create avenues for such funds to be suppressed or misapplied by the recipients. We, therefore, urged the District Director to obtain the relevant receipts or be held to account for the amount of GH¢19,138.00 involved.

Overpayment of allowances – GH¢3,124.00

546. Regulation 45 of FAR 2004 (LI 1802) states that if any expenditure is made in excess of the amount actually due, the overpayment shall be recovered immediately and paid into the account
from which it was originally paid. The regulation further requires the officer concerned to report the circumstances immediately to the Head of department or the appropriate authority.

547. Our audit disclosed that contrary to the above regulation, the District Director of Education authorised the Accountant to pay an amount of GH¢71,281.11 vide PV no. DD/2/3/10 of 10 March 2010 to beneficiaries when the actual outstanding allowances payable was GH¢68,157.10. The lapse resulted in excess payment of GH¢3,123.90 which had not been recovered as at the time of our audit.

548. We urged the District Director of Education to recover the excess payment of GH¢3,123.90 from Mr. Francis Oppong Kwesi, the District Accountant to chest.

Use of photocopies of expenditure support documents to substantiate payments- GH¢4,972.00

549. We noted that the World Vision, an NGO, granted the District Office an amount of GH¢4,972.00 to execute World Vision’s programmes in the district. Examination of expenditure records on the utilisation of the grant disclosed that invoices and receipts attached to the payment vouchers were photo-copies. Also, the photocopied invoices and receipts were not certified by the
authorising officer to indicate that no payments had been made using the original copies.

550. To assure audit that the original expenditure documents had not been re-used for any payments, we requested the Project Manager, Mr. Gyan John to produce the original invoices and receipts through the District Director of Education for audit, failing which he should be held to refund the amount of GH₵4,972.00 to chest.

**DISTRICT EDUCATION OFFICE – ASUTIFI**

**Failure to issue receipt to acknowledge receipt of capitation grants – GH₵115,414.00**

551. Under Part V Section 1 of the Financial and Accounting Instructions for Secondary Schools, Training Colleges and Educational Units, all amounts received by an institution shall be acknowledged with the issuance to the payer of an original Counterfoil Receipt Form 10.

552. On the contrary, we noted that total capitation grants of GH₵115,414.42 released by the Asutifi District Office of the GES to basic schools within its jurisdiction were not acknowledged by them through the issuance of General Counterfoil Receipts.

553. The District Accountant explained that the lapse was due to the false notion held by the basic schools that once the payments were
made through bank transfers there was no need for any acknowledgement with General Counterfoil Receipts.

554. Failure to issue official receipts to acknowledge the receipts of funds could facilitate the suppression or diversion of such funds. To forestall such a situation, we recommended to the District Accountant to obtain relevant receipts to regularise the transactions. Management responded that letters had already been sent to the recipients of the grants to forward the receipts to the Directorate.

**Uncompetitive procurement of computers - GH¢23,000.00**

555. Under the Public Procurement Act 2003 (Act 663), procurement entities should request for at least three price quotations from suppliers for the procurement of items where procurement is not done through the tendering method. The Act also sets the approval threshold of Heads of Entities at GH¢5,000.00 above which such procurements must be referred to the Entity’s Tender Committee for approval.

556. Our audits during the period under review disclosed that the District Director of Education purchased 100 pieces Pentium 4 Computers costing GH¢23,000.00 for distribution to primary and junior high schools in the district with their capitation grants.
557. Examination of records and the physical inspection of the computers purchased disclosed the following itemised anomalies:

i. most of the computers were unserviceable and had been left idle in the recipient schools;

ii. some of the beneficiary schools on whom the computers were virtually dumped had no electricity facilities in their communities and could therefore not use them;

iii. some of the computers supplied did not have all the required accessories such as cables and plugs and could therefore not be connected or switched on; and

iv. the suppliers failed to install the computers even though installation formed part of the purchasing agreement.

558. We further noted that even though the amount of GH¢23,000.00 involved in the procurement was above the threshold of the District Director of Education, he failed to refer the procurement to the Entity’s Tender Committee for approval, contrary to Regulation 21(4) of the PPA, 2003 (Act 663). Additionally, the District Director failed to source for at least three price quotations as required by Regulation 43(1) of the Act.

559. The conditions of the computers, most of which were unserviceable, constituted financial loss as no value was obtained for the purchases made.
560. We recommended to management to have the computers examined and the defective ones returned to the supplier for replacement. For the schools that have no electricity, we recommended that the computers should be retrieved and their capitation grants used for the purchases should be refunded to them to be used on other beneficial programmes for the schools. We further urged management to enforce compliance with the procurement regulations.

561. Management explained that the purchase of the computers became imperative with the introduction of ICT in the curriculum and assured that all efforts would be made to put the acquired computers to the benefit of the pupils.

GHANA EDUCATION SERVICE - DUNKWA-ON-OFFIN
DISTRICT OFFICE

Release not accounted for – GH¢30,000.00

562. Regulation 39 (2c) of the FAR, 2004 requires Heads of the accounts sections of departments to control the disbursement of funds and ensure that transactions are properly authenticated and payments made are due and payable.

563. On the contrary we noted that an amount of GH¢30,000.00 which was paid on PV No. 2/7/10 of 9 July 2010 from the Member of Parliament’s GETFUND to a Mr. Charles Baah Aboagye to finance a
project at the Dunkwa Senior High/Technical School was yet to be accounted for.

564. The anomaly was as a result of the Accountant’s failure to demand invoices and receipts on the utilisation of the amount. Failure to account for the utilisation of the amount will constitute a financial loss to the State. We recommended to management to provide documentary and physical evidence for the utilisation of the amount or it should be recovered from the recipient and paid to chest.

**Goods paid for but not supplied – GH¢9,000.00**

565. Our audit in March 2009 disclosed that in April 2008 the MP for the Upper Denkyira East constituency authorised the District Education Office at Dunkwa-On-Offin to pay an amount of GH¢10,000.00 (PV No. 6/4/08) to a Mr. Opoku Francis to supply 200 double beds to the Dunkwa Senior High Technical School.

566. We found that only 20 beds out of the 200 ordered and paid for had been supplied as at the time of our audit in March 2009. The lapse occurred due to management’s failure to pressurise the supplier to fulfill his obligation.

567. We recommended that management should ensure the early supply of the balance of 180 beds or the cost of the balance which is
GH¢9,000 should be retrieved from the supplier. We also advised management to refrain from pre-financing the procurement of items.

GHANA EDUCATION SERVICE – AWUTU

Failure to account for duty advances—GH¢2,148.08

568. Total duty advances of GH¢2,140.80 released to staff of the above office was outstanding because the recipient officers failed to submit receipts and other expenditure documents in support of the utilisation of the amount.

569. We recommended to management to ensure that the duty advances were fully accounted for by providing evidence of their utilisation or the amount involved should be retrieved to chest. Management should also ensure that duty advances granted are promptly accounted for.

GHANA EDUCATION SERVICE – BREMAN ASIKUMA

DISTRICT OFFICE

Outstanding credit sale of motor bikes—GH¢24,450.00

570. Regulation 104 (c) of the Financial Administration Regulations, 2004 (LI.1802) demands that ‘’A head of department authorised to administer a class of advances shall ensure that advances are duly recovered in accordance with the regulations or agreements relating to them.’’
571. Contrary to the above requirement, we noted that seven Honda 125 and five C90 motorbikes valued at GH¢24,450.00 which were sold to 12 members of staff on credit were outstanding. We noted that none of the beneficiary staff members had suffered any deductions from their salaries nor had any of them made the effort to pay by cash.

The Table below provides the status of the outstanding credit sales:

**Table: Unrecovered motorbike advances**

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of officer</th>
<th>Status</th>
<th>Staff No.</th>
<th>Type bike</th>
<th>Value GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Aloysius K.A.</td>
<td>Asst. Director</td>
<td>236450</td>
<td>Honda 125</td>
<td>2,350.00</td>
</tr>
<tr>
<td>2.</td>
<td>Isaac Dogbe</td>
<td>Headteacher</td>
<td>280161</td>
<td>Honda 125</td>
<td>2,350.00</td>
</tr>
<tr>
<td>3.</td>
<td>David Dosso</td>
<td>Teacher</td>
<td>279268</td>
<td>Honda 125</td>
<td>2,350.00</td>
</tr>
<tr>
<td>4.</td>
<td>Dzimabe W. Bob</td>
<td>Headteacher</td>
<td>221716</td>
<td>Honda 125</td>
<td>2,350.00</td>
</tr>
<tr>
<td>5.</td>
<td>Thomas E. Owusu</td>
<td>-do-</td>
<td>324457</td>
<td>Honda 125</td>
<td>2,350.00</td>
</tr>
<tr>
<td>6.</td>
<td>John K. Mensah</td>
<td>DEO</td>
<td>263250</td>
<td>Honda 125</td>
<td>2,350.00</td>
</tr>
<tr>
<td>7.</td>
<td>James A. A. Grant</td>
<td>Supervisor</td>
<td>297269</td>
<td>Honda 125</td>
<td>2,350.00</td>
</tr>
<tr>
<td>8.</td>
<td>Moses Arthur</td>
<td>Headteacher</td>
<td>170922</td>
<td>Honda C90</td>
<td>1,600.00</td>
</tr>
<tr>
<td>9.</td>
<td>Daniel Bansau</td>
<td>-do-</td>
<td>281822</td>
<td>Honda C90</td>
<td>1,600.00</td>
</tr>
<tr>
<td>10.</td>
<td>Felix Arthur</td>
<td>-do-</td>
<td>244457</td>
<td>Honda C90</td>
<td>1,600.00</td>
</tr>
<tr>
<td>11.</td>
<td>Samuel Aidoo</td>
<td>-do-</td>
<td>297834</td>
<td>Honda C90</td>
<td>1,600.00</td>
</tr>
<tr>
<td>12.</td>
<td>Eric Dwamena</td>
<td>Snr. Driver</td>
<td>161211</td>
<td>Honda C90</td>
<td>1,600.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>24,450.00</strong></td>
</tr>
</tbody>
</table>

572. The unfavourable situation was as a result of the failure of management to liaise with the office of the Controller and Accountant General to ensure that the relevant inputs were prepared to enable the
deductions to be effected at source from the salaries of the beneficiary Teachers. We recommended speedy action to ensure that the outstanding amount was recovered.

**Failure to account for utilisation of capitation grants – GH¢3,744.00**

573. Paragraph 11.0 of the Guidelines for the Distribution and Utilisation of Capitation Grants to Basic Schools, (GDICGBS) states that “The school is to maintain financial records (Capitation Grant Cash Book- Form F) which will report all capitation grants received and disbursed with all appropriate receipts and documentation required. These records are to be made available for the review of the School Management Committee, the District Education Office, the Audit, Regional Monitoring Team and other School Inspectors.’”

574. We noted, on the contrary, that eight Head teachers failed to maintain the prescribed accounting records on capitation grants paid to their schools. As a result, they failed to account for the utilisation of a total capitation grant of GH¢3,746.07 released to their schools before they proceeded on transfers from their various schools. The details of the outstanding capitation grants are furnished below.
575. Poor supervision by responsible officials in the management of the capitation grants was the cause of this anomaly. We recommended to management to strengthen supervision over the management of the capitation grant. The defaulting Teachers should be recalled from their current stations to account for the utilisation of the outstanding capitation grant.

**GUSHIEGU DISTRICT EDUCATION OFFICE**

**Payment of unearned salaries - GH¢5,388.00**

576. Contrary to the requirements in Regulations 297 and 298 of the F.A.R., 2004(LI 1802), the District Directorate of Education at
Gushiegu failed to cause the stoppage of the salaries of two separated members of staff which resulted in the payment of unearned salaries amounting to GH¢5,387.59 to the separated staff.

577. The two separated staff, namely: Messrs Sey Raphael Wumbei and Abdul R. Andani died in August and September 2010 respectively, but their names continued to appear on the payroll of their schools. We recommended that the names of the deceased members of staff should be deleted from the payroll promptly and the unearned salaries paid to them be recovered from their next-of-kin. In default, management should be held liable to refund the money to chest.

**Unsubstantiated/Un-acquitted payments - GH¢104,243.00**

578. The District Directorate of Education, Gushiegu made disbursements totalling GH¢104,243.44 but failed to obtain the necessary expenditure supporting documents to acquit the transactions.

579. When expenditure supporting documents such as receipts, invoices, etc. are not obtained to support alleged disbursements, it becomes difficult to justify and substantiate the utilisation of funds. Laxity and poor supervision at the accounts office accounted for these omissions.
580. We recommended to management to obtain all relevant expenditure documents to support the disbursement of the outstanding amount of GH¢104,243.44 for examination, failure of which management should be held liable to refund the amount involved to chest.

GHANA EDUCATION SERVICE-YENDI MUNICIPAL OFFICE

Payment of unearned salaries - GH¢76,766.00

581. The Municipal Directorate of Education, Yendi continued to pay unearned salaries into the accounts of 21 Teachers who were pursing further studies without prior approval by the appropriate authorities. The amount involved was GH¢76,765.62.

582. Management’s inaction violated Regulation 297 of F.A.R., 2004 which requires Heads of departments to cause the immediate stoppage of payment of salary to public officers when they absent themselves from duty without reasonable cause for a stipulated period.

583. We recommended that steps should be taken to regularise the study leaves of the affected Teachers or the illegal payments of GH¢76,765.65 made to them should be recovered and paid to chest.
GHANA EDUCATION SERVICE - NANUMBA NORTH DISTRICT OFFICE

Un-acquitted/Unsubstantiated payments - GH¢36,642.00
584. The District Directorate of Education, Bimbilla made disbursements totalling GH¢36,642.43 but failed to obtain the necessary expenditure supporting documents to acquit them as required by Regulation 39 (1) of the F.A.R., 2004.

585. We recommended that the necessary expenditure supporting documents should be obtained to acquit the transactions or the Accountant should be held liable to refund the amount involved to chest.

GHANA EDUCATION SERVICE –EAST MAMPRUSI DISTRICT OFFICE

Failure to deduct 5% statutory tax –GH¢1,739.00
586. Contrary to the requirements in Section 88 (1) of the Internal Revenue Act 2000, the District Directorate of Education in Gambaga failed to deduct 5% tax due on payments made which resulted in a total tax of GH¢1,739.49 being denied the State.

587. We recommended to management to recover from the payees and pay the outstanding tax of GH¢1,739.49 to the Domestic Tax Revenue office or be held liable to pay the amount to the Tax office.
GHANA EDUCATION SERVICE – DENU DISTRICT OFFICE
Payment of unearned salaries – GH¢26,613.00
588. We noted that 29 Teachers who deserted their posts were paid unearned salaries totalling GH¢26,613.36 between February 2009 and September 2010, contrary to Regulation 297 of L.I. 1802. The anomaly was as a result of the failure of the office of the Controller and Accountant General to promptly delete the names of the separated staff from the payroll, despite the preparation and submission of inputs to that effect.

589. We recommended that the unearned salaries totalling GH¢26,613.36 should be recovered from the separated staff and immediate steps taken to delete their names from the payroll.

GHANA EDUCATION SERVICE – MUNICIPAL EDUCATION OFFICE - ASSIN FOSU
Outstanding motor bike loans – GH¢6,150.00
590. Our audit disclosed that six officers who were granted total loans of GH¢6,150.00 to purchase motor bikes had failed to repay the loans granted them.

591. The failure of the Accountant to prepare relevant inputs for submission to the Controller and Accountant General to enable the deductions to be effected at source from the salaries of the
beneficiaries accounted for the situation. In effect, financial loss could be incurred by the State if the loans are not recovered.

592. We recommended to management to pursue recovery of the outstanding amount of GH¢6,150.00 from the beneficiary officers.

GHANA EDUCATION SERVICE – REGIONAL EDUCATION OFFICE – KUMASI

Illegal salary payments to Teachers on unapproved study leave – GH¢5,082,206.00

593. The Ghana Education Service’s (GES) study leave with pay policy requires officers who wish to further their education to give one year’s notice subject to approval by management before the commencement of study leave.

594. Our review of study leave with pay records disclosed that 494 student teachers who gained admission to the Kwame Nkrumah University of Science and Technology (KNUST), University of Education, Kumasi and Mampong campuses proceeded to the universities without prior approval by the management of the GES.

595. We also noted that the 494 student teachers involved continued to illegally draw their monthly salaries totalling GH¢5,082,205.80 between August 2007 and November 2010.
596. The failure on the part of management to ensure that the GES’ IPPD Section did a background check to establish whether the student teachers were on the approved list accounted for this lapse which caused the State the loss of GH¢5,082,205.80 which could have been used for other developmental programmes.

597. We recommended to management to recover to chest the unearned salaries totalling GH¢5,082,205.80 enjoyed by the 494 student teachers. We further requested the IPPD Schedule Officer to place an embargo on subsequent salaries from November 2010 and relevant inputs submitted to the Controller and Accountant-General to delete their names from the regional students’ payroll. We also advised management to ensure that the transfer of names of teachers on study leave with pay should be based on the approved list of study leave with pay from the region of transfer.

**Basic schools and second cycle institutions’ indebtedness in respect of sports and cultural fees – GH¢92,759.00**

598. In line with the GES’ policy, sports and cultural fees payable to the Regional Directorate by both basic schools and second cycle institutions should be based on enrolment figures.

599. Our audits disclosed that 27 District Directorates and 35 second cycle institutions failed to honour their indebtedness totalling
GH¢92,759.00 in respect of the payment of sports and cultural fees for the 2010 academic year.

600. Managements of the institutions concerned should have ensured that they settled their financial obligations before the end of the year 2010. The non-payment adversely affected the financial position of the Regional Directorate as well as sports and cultural activities in the region.

601. We recommended to management to institute effective control measures with the view to strengthening the current mode of payment of the fees to avoid the delays or non-payment. Efforts should also be made to collect the outstanding fees.

**Payment not acknowledged with official receipt – GH¢11,312.00**

602. Our review of the Regional Directorate’s account on Haiti collections disclosed that payments involving a total amount of GH¢11,312.00 were made to the GES Headquarters on PV No. 23/10/10 of 23 October 2010. The payment which was in support of the Haiti campaign programme was not acknowledged with official receipt by the GES Headquarters in Accra as evidence of the receipt of the amount.

603. The omission was contrary to Regulation 28 of the Financial Administration Regulation 2004 (LI 1802) which requires official
receipts to be obtained from persons, departments and companies to whom payments are made in respect of goods purchased and services rendered.

604. To forestall possible loss of public funds, we urged management to ensure that the payment voucher was properly supported with receipt from the GES Headquarters, Accra, failing which the Director and his Accountant should be held liable to refund to chest the amount of GH¢11,312.00. Management pledged to obtain the relevant receipt from its Headquarters.

**Failure to account for duty advance – GH¢4,925.00**

605. Regulation 39 2(c) and (d) of FAR 2004 (LI 1802) makes it obligatory to provide full accounting details of every financial transaction made.

606. In contravention of the above regulation, we noted that the utilisation of advances totalling GH¢4,925.00 granted to Messrs E. Osei-Boakye and Fred K.A. Sarkodie between February 2010 and September 2010 to carry out assignments on behalf of the Regional Directorate were not supported with the relevant details of expenditure.

607. We were therefore unable to determine whether the GH¢4,925.00 was expended wholly and exclusively on the
assignment. We attributed the absence of the expenditure supporting documents to negligence on the part of management. The weakness could result in fraudulent payments and subsequent loss of funds.

608. We recommended that payment vouchers on the amount be properly acquitted by the two officials with the requisite expenditure supporting documents failing which the outstanding amount involved should be recovered from them.

GHANA EDUCATION SERVICE – MAMPONG ASHANTI
DISTRICT OFFICE

Duty advances not accounted for – GH¢38,735.00

609. Prudent financial management requires that duty advances released to carry out official assignments are fully accounted for upon completion of the assignments.

610. Examination of payment vouchers at the District Education office disclosed that between April and October 2010 a total duty advance of GH¢38,734.60 was released to five officials to carry out assignments on behalf of the office. On the contrary, we noted that the advances had not been accounted for even though the assignments for which the monies were released had long been executed.

611. Furthermore, we could not sight reports submitted by the five officials to confirm that the activities for which the advances were
released had been properly executed. Below is the summary of monies advanced to the officials:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Designation</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>David Ashia Afoakwa</td>
<td>SHEP Co-ordinator</td>
<td>11,940.50</td>
</tr>
<tr>
<td>2.</td>
<td>Grace O. Asante</td>
<td>Dist. Girls Edu. Officer</td>
<td>22,384.10</td>
</tr>
<tr>
<td>3.</td>
<td>Attoinetter Sena Attigah</td>
<td>Dist. Science Co-ordinator</td>
<td>1,500.00</td>
</tr>
<tr>
<td>4.</td>
<td>Chiir Leber Anthony</td>
<td>Dist. PE Co-ordinator</td>
<td>1,140.00</td>
</tr>
<tr>
<td>5.</td>
<td>E. Twumasi Ankrah</td>
<td>Dist. Cultural Co-ordinator</td>
<td>770.00</td>
</tr>
</tbody>
</table>

612. The irregularity was as a result of management’s failure to establish a monitoring mechanism to ensure that advances given to officials for specific assignments were promptly and properly accounted for upon the completion of the assignments.

613. Our recommendation that management should ensure that the officials concerned properly account for the total amount of GH¢37,734.60 has not yet been implemented.

GHANA EDUCATION SERVICE – KONONGO DISTRICT OFFICE

Uncompetitive procurement – GH¢13,849.00

614. Part IV Section 43 (1) of the Public Procurement Act, 2003 (Act 663) requires procurement officers to obtain quotations from at least three different sources for purposes of making purchases from the most favourable source.
615. Contrary to the regulation, management made various purchases amounting to GH¢13,849.38 without sourcing for alternative quotations as specified. This anomaly was caused by management’s failure to enforce the provisions of the Public Procurement Act.

616. In the circumstance, we could not ascertain and confirm that value for money was obtained in the purchases made. Uncompetitive procurement could result in financial loss to the State.

617. We, therefore, recommended to management to ensure that, in future, procurement officers obtain at least three price quotations before purchasing from the most favourable source to ensure value for money.

**Unsupported payments – GH¢5,000.00**

618. Our examination of payment vouchers disclosed that a total amount of GH¢5,000.00 was paid by management on two payment vouchers in respect of services rendered. We, however, noted that the payments were not supported with details of expenditure and receipts to authenticate them. Below are the details:
619. The lapse, if not rectified, could result in either the misapplication or misappropriation of the funds involved, to the detriment of the State. We recommended and management agreed to provide the relevant details and receipts in support of the transactions failing which the amount of GH¢5,000.00 should be recovered from the two officers and paid back to chest.

**Procurement not routed through store records – GH¢5,120.00**

620. Part IV Section 35 (2a) of the Financial Administration Act, 2003 (Act 654) states that “Accountability is discharged when government stores have been consumed in the course of public business and records are available to show that the government stores have been consumed.”

621. Contrary to the above requirement, our review of payment vouchers disclosed that building materials worth GH¢5,119.98 earmarked for the construction of Teachers’ quarters at Patriensia and Patabon were not recorded in the store ledgers before they were allegedly issued out. In the circumstance, we could not ascertain and
confirm the receipt and usage of the said building materials for the projects they were meant for.

622. The lapse could result in pilfering and diversion of store items. We, therefore, requested management to provide documentary and physical evidence of the utilisation of the said purchases in the interest of the targeted projects, failing which the total amount of GH¢5,119.98 involved should be retrieved to chest. Management was further requested to ensure that all future purchases were entered in the store records and issued on requisition to provide a credible audit trail on such transactions.

GHANA EDUCATION SERVICE – MANSO NKWANTA DISTRICT OFFICE

Non-deduction of withholding tax – GH¢1,090.00

623. Section 84 (2) of Act 592, Internal Revenue Act 2000, requires taxes to be withheld when making payments for taxable goods and services. Section 88 also stipulates that a withholding agent who fails to withhold tax is personally liable to pay to the IRS the amount of tax which has not been withheld and that the withholding agent is entitled to recover this amount from the payee.

624. Our review, however, disclosed that the District Directorate failed to deduct 5% withholding tax amounting to GH¢1,089.90 due
on total payments of GH¢21,796.00 made for goods and services rendered.

625. We recommended to management to recover from the payees for remittance to the Domestic Tax Revenue office the outstanding tax of GH¢1,089.90, failing which the amount should be recovered from the authorising officer and his Accountant.

**NON-FORMAL EDUCATION DIVISION (NFED)**

**HEADQUARTERS - ACCRA**

**Failure to account for utilisation of releases – GH¢1,191,543.00**

626. Contrary to Regulation 28 (1) of the FAR, 2004 (L.I. 1802), 10 Regional Coordinators who were advanced a total of GH¢1,191,453.18 to organise workshops and undertake other operational activities failed to either acknowledge receipt of the releases or account for the utilisation of the monies. The lapse contravened Regulation 189 of L.I. 1802 which requires the preparation of financial statements to account for revenue received and expenditure incurred.

627. We could, therefore, not confirm the judicious use of the funds and ascertain whether the monies were used for the intended purposes. Management’s inaction constituted financial indiscipline and negligence of duty which had the potential of causing financial loss to the State.
628. We recommended that the Regional Coordinators should be made to issue official receipts to acknowledge receipt of the funds released to them. Management should also ensure that monthly expenditure returns are submitted to Headquarters to account for the utilisation of the funds.

**Delays in the payment of Non-Tax Revenue into the Consolidated Fund – GH¢111,398.00**

629. Between the months of June and July 2008, the NFED auctioned various obsolete and unserviceable motorcycles and official vehicles in the sum of GH¢119,283.00. The net proceeds of the sales amounting to GH¢111,398.00 were initially diverted into a matching fund account of the Division and expended on various activities before being transferred into the Consolidated Fund on 2 October 2009, fifteen months after the auction sales.

630. Management’s action contravened Regulation 17(c) of the FAR, 2004 which enjoins Heads of Departments to monitor and ensure that all Non-Tax Revenue lodged into the transit bank account is promptly transferred into the Consolidated Fund account.

631. Management’s failure to ensure that the Non-Tax Revenue of GH¢111,398.00 was promptly paid into the Consolidated Fund adversely affected Government inflows for the period the amount was withheld.
632. We recommended to management to desist from such practices and strictly comply with the provisions of FAR 2004, which require prompt payment of all Government revenue to chest.

**Poor maintenance of records on funds released to organise workshops**

633. Numerous internal control weaknesses were detected in the disbursement of funds for workshops and other activities. The lapses are chronicled as follows:

- Our audits disclosed that recipients of funds for the organisation of various workshops on behalf of the Division did not maintain adequate and proper records on the utilisation of such amounts. Some of the weaknesses we noted in record keeping included failure to provide references to source documents of transactions entered in the Cash Books;

- There was also lack of coordination between the accounts office and the operatives in accounting for funds which resulted in delayed accounting for releases and insufficient documentation of expenditure;

- We further noted that no ‘authority notes’ were issued to third parties who collected monies whilst there was the
indiscriminate use and abuse of honour certificates to substantiate payments; and

- Periods and dates of workshops were not stated on claim sheets for easy referencing.

634. The aforementioned weaknesses resulted in lack of transparency in accounting for releases made available for the organisation of workshops. These weaknesses were as a result of management’s failure to institute effective internal control procedures to regularise and streamline payments.

635. Misappropriations, misapplication of funds and financial malfeasances would be difficult to detect in the absence of proper record keeping. We, therefore, recommended to management to institute effective internal control measures to ensure the judicious use of funds released to organise workshops and other activities.

**Weaknesses in recording, issue and custody of value books**

636. Regulation 214 of FAR, 2004(L.I 1802) states that “a Head of Department shall ensure the effective and efficient control of stocks of value books.”

637. On the contrary, our audit disclosed weaknesses in the recording, issue and custody of value books as follows:
a) Value books such as Store Receipt Advise, Purchase Orders, Activity Initiation Forms and General Counterfoil Receipt books (GCR) were kept in a cabinet at the accounts office, instead of a well secured and restricted place under lock and key. The value books were therefore exposed and accessible to all staff. The value books were also not recorded in Value Books Registers even though Stock Registers were available; and

b) Receipt books were issued out of sequence and were not signed off on completion, and no references were made to the source documents or Store Issue Vouchers from the Controller and Accountant-General.

638. In the wake of the identified weaknesses, unused Purchase Order book number 0729601 to 0729650 could not be traced for our physical inspection. Poor supervision and non-compliance with required procedures and processes in store keeping as provided in the FAR and FAA were the cause of the weaknesses.

639. We recommended that all value books should be kept by the Head of accounts section under lock and key. Value books received should be recorded in the Stock Register and reference made to the source documents such as waybills, invoices or SIVs from the Controller and Accountant-General’s office. Value books should be
entered serially and issued in sequential order and returned upon completion as a check on pilfering. We further recommended that the missing Payment Order book number 0729601 to 0729650 should be traced for our inspection.

**Control weaknesses at the Logistics Unit**

640. The Logistics Unit which has the responsibility of ensuring that stores are efficiently and effectively managed lacked adequate procedures. Control weaknesses were detected in its operations as stated below:

- Store items were issued without proper authorisation such as approved requisitions;

- Overstocking of printing materials, primers, class materials and UUS Forms at the Central Warehouse;

- Haphazard arrangement of stores due to congestion as a result of few pallets which could not contain the volume of stores;

- Stock taking was cumbersome as access to stock was very difficult;

- Broadcasting equipment received had not been recorded in the Division’s records for over five years; and
Arrears of entries in store ledgers and shortages of store items.

641. Poor supervision by the Head of the accounts department and the absence of periodic checks by the Internal Auditor contributed to the weaknesses noted. Theft of store items and undelivered stores could go undetected in the face of the weaknesses noted which could in turn result in financial loss to the Division.

642. We recommended to management to ensure that:

- Requisitions for stores are properly approved. Enough shelves and pallets should be provided to improve the arrangement of store items for easy accessibility. Stores received should be promptly recorded to reflect the stock levels on hand.

- Supervision of the operations at the Logistic Unit should be strengthened and regular checks conducted by the Internal Audit Unit.

- The Storekeeper should be made to account for 92 reams of A4 papers which were found missing.
Procurement outside the Procurement Plan – GH¢46,060.00

643. The Entity Tender Committee of the Division awarded contracts worth GH¢46,060.00 for the supply of various primers and other services outside the Procurement Plan drawn by the Division, contrary to Section 15 (2) (3) of the PPA, 2003 (Act 663).

644. There was no documentary evidence which provided justification for the procurements to be made under certificates of emergency. The procurements made outside the Procurement Plan were, therefore, without justification. Under these circumstances, the fulfillment of corporate objectives and judicious use of resources could not be guaranteed. Furthermore, management’s action could jeopardise programmed activities and the achievement of objectives and deadlines.

645. We recommended to management to endeavour to operate within the Procurement Plan to which it responded that a Procurement Unit had been put in place to effectively handle procurements in the Division to avoid the recurrence of the lapses.

NON-FORMAL EDUCATION DIVISION-HEAD OFFICE

Payment of unearned salaries – GH¢1,167.00

646. We noted that the name of a Mr. Kwadwo Appiagyei who retired in November 2009 was retained on the payroll and was paid unearned salary in the sum of GH¢1,167.14.
647. The lapse was due to the failure of the Head of department to promptly notify the office of the Controller and Accountant General to delete the name of the separated staff from the payroll. We recommended the deletion of the name of Mr. Kwadwo Appiagyei from the payroll and the recovery of the unearned salary of GH¢1,167.14 paid to him.

**NON-FORMAL EDUCATION - DISTRICT OFFICE-TUMU**

**Fuel purchases not recorded in vehicle log book – GH¢1,136.00**

648. Fuel purchases amounting to GH¢1,136.08 made by the District Office during the period covered by this report were not recorded in the vehicle log book, in violation of Section 1604 of the 1984 Store Regulations.

649. As a result of the lapse we could not ascertain and determine the genuineness of the said purchases and how they were utilised to the benefit of the District Office.

650. We requested management to produce for audit verification records on the purchase and disposal of the alleged fuel purchases valued at GH¢1,136.80 failure of which the amount involved should be retrieved to chest.
NON-FORMAL EDUCATION DIVISION – BOLGATANGA

Payment of unearned salaries – GH¢8,943.00

651. We noted that total amounts of GH¢7,418.47 and GH¢1,524.72 were paid to six separated staff as their salaries and SSF contributions respectively, between May 2008 and March 2010 even though they had separated from the department either through retirement, resignation or vacation of post. Details are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Separated</th>
<th>Period of unearned salaries</th>
<th>17.5% SSF (GH¢)</th>
<th>Total net salary (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edward Adongo</td>
<td>Retirement</td>
<td>Sept.09-Jan.10</td>
<td>723.32</td>
<td>3,702.27</td>
</tr>
<tr>
<td>Akparibo A. Alex</td>
<td>&quot;</td>
<td>May 09-Oct.09</td>
<td>292.57</td>
<td>1,379.00</td>
</tr>
<tr>
<td>Asampana Awuni T.</td>
<td>Resignation</td>
<td>Jan.10-Mar.10</td>
<td>128.07</td>
<td>596.05</td>
</tr>
<tr>
<td>George Tenga</td>
<td>Vacation of post</td>
<td>Jan.10-Mar.10</td>
<td>124.62</td>
<td>549.05</td>
</tr>
<tr>
<td>Adombire A. Stephen</td>
<td>&quot;</td>
<td>Jan.10-Mar.10</td>
<td>128.07</td>
<td>596.05</td>
</tr>
<tr>
<td>Nyaaba N. Joseph</td>
<td>&quot;</td>
<td>Jan.10-Mar.10</td>
<td>128.07</td>
<td>596.05</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>1,524.72</strong></td>
<td><strong>7,418.47</strong></td>
</tr>
</tbody>
</table>

652. Failure by management to promptly submit inputs for the deletion of the names of the separated staff from the payroll accounted for the situation. We requested management to recover and pay the total unearned salaries of GH¢7,418.47 credited to the bank accounts of the separated staff to chest.

653. We also entreated management to request the Social Security and National Insurance Trust (SSNIT) to transfer the total contributions of GH¢1,524.72 credited to the accounts of the
separated staff during the period to Government chest. Management is yet to take action.

**NON-FORMAL EDUCATION DIVISION – BAWKU**

**Payment of unearned salaries – GH¢4,197.00**

654. Total unearned salaries of GH¢4,197.18 were paid to two separated staff of the Division between June and October 2010. Details are shown below:

<table>
<thead>
<tr>
<th>Department</th>
<th>No. of separated staff</th>
<th>Net salary credited to separated staff (GH¢)</th>
<th>SSNIT contribution paid (GH¢)</th>
<th>Total (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFED, Bawku</td>
<td>2</td>
<td>3,421.29</td>
<td>775.89</td>
<td>4,197.18</td>
</tr>
</tbody>
</table>

655. Failure by the Accountant to promptly prepare inputs and forward them to the Controller and Accountant-General’s Department for the deletion of the names of the separated staff resulted in the anomaly.

656. We recommended to management to recover and pay the unearned salary of GH¢4,197.18 from the separated staff into the Consolidated Fund.
NON-FORMAL EDUCATION DIVISION –
ELMINA DISTRICT OFFICE

Missing sewing machine

657. Chapter 13 Section 1303 of Store Regulation 1984 states that “Every officer or Storekeeper in charge of government stores shall take all possible precautions against theft of stores or unauthorised entry into storehouses under his control.”

658. On the contrary, our review of store records revealed that seven ‘Butterfly’ sewing machines with electronic motors attached were missing. The anomaly was due to the failure of the Storekeeper to take all possible precautions against the theft of the sewing machines as required by the Store Regulation. We recommended to management to recover the missing sewing machines or their value from the Storekeeper.

Uncompetitive procurement - GH¢6,689.00

659. Section 43(1) of the Public Procurement Act 2003 requires procurement entities to request for quotations from as many suppliers as practicable but from at least three different sources.

660. Contrary to the above requirement, between October 2008 and December 2009, management made purchases totalling GH¢6,089.00 but failed to use the competitive procurement procedures. As a
result, we could not ascertain whether value for money was obtained in the purchases made.

661. We recommended to management to enhance transparency in its procurement transactions by ensuring that it complies with the provisions of the Public Procurement Act.

**Overpayment of salary - GH₵1,256.00**

662. Our examination of the payroll records of the District Office disclosed that a Ms. Rigg Stewart Frances, a staff member was placed on a wrong salary scale and was consequently overpaid in the sum of GH₵1,256.12.

663. The anomaly was as a result of the use of wrong data in the computation of the salary of the staff. We recommended that the overpaid amount should be recovered to chest whilst the Accountant should be admonished to be meticulous in the computation of staff salaries in the future.

**NON FORMAL EDUCATION – CAPE COAST**

**Purchases without alternative quotation – GH₵9,604.00**

664. We noted that management of the Division purchased items worth GH₵9,604.49 without sourcing for three or more quotations in violation of Section 43(i) of the Public Procurement Act 2003, Act
Our audit could therefore not confirm that value for money was obtained in the procurements made.

665. The non-compliance could lead to purchases of goods at non-competitive prices and result in financial loss to the State. We recommended to management to strictly adhere to prescribed rules as spelt out in the Public Procurement Act 2003, Act 663.

**Shortage of stores**

666. Stocktaking at the Division’s warehouse disclosed that 660 aluminum roofing sheets and 102 sachet bags valued at GH¢4,824.00 could not be accounted for by the Storekeeper. Particulars are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Type</th>
<th>Ledger bal.</th>
<th>Physical stock</th>
<th>Difference</th>
<th>Estimated amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/01/07</td>
<td>Roofing sheets</td>
<td>National</td>
<td>815</td>
<td>155</td>
<td>660@GH¢7.00</td>
<td>4,620.00</td>
</tr>
<tr>
<td>04/03/10</td>
<td>Sachets bags</td>
<td>Black</td>
<td>184</td>
<td>82</td>
<td>102@GH¢2.00</td>
<td>204.00</td>
</tr>
</tbody>
</table>

667. The Storekeeper explained that the items were short supplied but could not provide any evidence to support his claim.

668. The lapse contravened Chapter 5 No. 0503 of Stores Regulation 1984 which states that “All large stores depot that receive an extensive range of items in greater quantities shall have a
Receiving Bay or Area where goods are received and checked before they are distributed to the appropriate warehouse or store.”

669. We attributed the loss to disregard for store procedures by the Storekeeper which resulted in the shortage and a financial loss to the State. We, consequently, recommended that the Storekeeper should be held liable for the shortage of the roofing sheets while the 102 sachet bags be retrieved from the Wholesale keeper.

**Non-deduction of 5% withholding tax- GH¢351.00**

670. Management made total payments of GH¢7,016.11 to six suppliers and service providers without deducting 5% withholding tax of GH¢350.78 due on the payments. Details are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>PV No.</th>
<th>Cheque No.</th>
<th>Details</th>
<th>Payee</th>
<th>5% withholding Tax</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/10/08</td>
<td>06/10/08</td>
<td>000221</td>
<td>Computer repairs</td>
<td>Amudukwa Ent.</td>
<td>75.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>07/10/08</td>
<td>05/10/08</td>
<td>000220</td>
<td>Stationery</td>
<td>“</td>
<td>75.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>07/10/08</td>
<td>04/10/08</td>
<td>000219</td>
<td>Repairs, painting of store &amp; office building</td>
<td>“</td>
<td>75.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>02/10/08</td>
<td>03/10/08</td>
<td>000217</td>
<td>Repairs of Printer</td>
<td>Unicom System</td>
<td>31.00</td>
<td>620.00</td>
</tr>
<tr>
<td>8/10/08</td>
<td>07/10/08</td>
<td>000222</td>
<td>Photocopies</td>
<td>Candies Eeent.</td>
<td>17.27</td>
<td>345.50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>U.P.S.</td>
<td>Unicorn System</td>
<td>11.00</td>
<td>220.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Vehicle Repairs</td>
<td>Original Nyame</td>
<td>25.55</td>
<td>511.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Vehicle Repairs</td>
<td>“</td>
<td>19.60</td>
<td>392.15</td>
</tr>
</tbody>
</table>
671. The omission contravened Section 87 (1) of the Internal Revenue Act, 2000 Act 592 which requires withholding tax of 5% to be deducted from all purchases and services above GH¢50.00.

672. We attributed the lapse to the failure on the part of the Finance Officer to withhold the taxes thus depriving the State of the needed revenue. We recommended that the outstanding tax of GH¢350.78 should be retrieved to chest.

**NON-FORMAL EDUCATION DIVISION – EJISU/ASHANTI**

**Payment of unearned salary – GH¢1,293.00**

673. Regulation 297(1) of the Financial Administration Regulations, 2004 (LI 1802) states that “A head of department shall cause the immediate stoppage of salary to a public servant that has been absent from duty without leave or reasonable cause...”

674. Our audit of the payroll of the Divisional Office revealed that Ms. Nyarko Nyantakyi, a former staff member vacated her post in August 2008 but continued to receive her salary from September 2008 to January 2009 which resulted in the payment of unearned salary of GH¢1,292.55 to her.
675. Our investigations revealed that management had instructed her bankers, the Ghana Commercial Bank (GCB), Ejisu/Ashanti not to allow her to withdraw the sum of GH¢1,292.55 credited to her account. The amount was, therefore, still lodged in her account at the time of our audit.

676. We also noted that management had not written to GCB, Ejisu to transfer the amount to Government chest. The failure by management to act on this issue had denied the State prompt access to the funds for its developmental activities. We recommended to management to instruct the bank to pay the total unearned salary of GH¢1,292.55 to Government chest.

NON-FORMAL EDUCATION DIVISION – KONONGO/ASHANTI

Failure to pay unearned salaries to Government chest – GH¢807.00

677. We noted during our audit that Messrs Anthony Nimo and Ohene Danso vacated their posts on 1 February 2010 and 1 April 2010 respectively.

678. Our audit disclosed that out of a total unearned salary of GH¢867.40 paid into the account of Mr. Anthony Nimo for the period February 2010 to June 2010 at the Asante Akim Rural bank, an amount of GH¢270.00 had been recovered to Government chest.
leaving an outstanding balance of GH¢597.40 with the bank. In respect of Mr. Ohene Danso’s unearned salary of GH¢210.02 illegally paid into his account with the Ghana Commercial Bank, Agogo/Ashanti for April 2010 and May 2010 no refund had been made to Government chest.

679. We recommended to management to recover and pay the total unearned salaries of GH¢807.42 into the Controller and Accountant-General’s Suspense Account. We also urged management to ensure that the names of the separated staff were deleted from the payroll without further delay.

NON-FORMAL EDUCATION DIVISION – JUASO

Payment of unearned salary – GH¢596.00

680. Our review of the payroll disclosed that the name of Mr. Amoako Benjamin, a former member of staff who died in October 2008 continued to appear on the payroll till April 2009. The anomaly resulted in the payment of unearned salary totalling GH¢596.46 into his bank account with the Ghana Commercial Bank, Juaso.

681. We recommended to management to follow up at the bank and ensure that the amount of GH¢596.46 wrongly credited to the account of the deceased staff was recovered and paid into the appropriate Government chest.
NON FORMAL EDUCATION DIVISION – MAMPONTENG

Unpresented payment vouchers - GH¢525.00

682. Three payment vouchers for payments totalling GH¢525.00 were not presented for audit. As a result, we could not ascertain the authenticity of the payments made on the vouchers.

683. The Schedule Officer promised to search for the vouchers and present them for audit. But as at the time of completing our audit, the outstanding payment vouchers had not been presented for our examination. We advised that the three outstanding payment vouchers should be traced and presented for audit or the Accountant should be held liable to refund to chest the unsubstantiated payments made with the vouchers.

Unsupported payments – GH¢48,884.00

684. Official receipts were not obtained from 151 Head teachers of basic schools to confirm the receipt of a total sum of GH¢48,883.64 which was paid to them as capitation grants during the period under review.

685. The lapse contravened the provisions of Regulation 39 (2c) of the Financial Administration Regulations, 2004 (LI 1802) which requires that transactions must be properly authenticated to show that amounts are due and payable.
686. To forestall possible loss of public funds, we urged management to ensure that the payment vouchers in question were properly supported with receipts before the next capitation grants were released to them.

687. Management assured that official receipts would be obtained from the Head teachers to support the payments.

**Payment without job certification – GH¢3,500.00**

688. A payment of GH¢3,500.00 was made in respect of the rehabilitation of a classroom block without the Head of department or PWD District Engineer’s certificate attesting to satisfactory execution of work.

689. The lapse violated Section 16(1) of the Financial Administration Act, 2003 (Act 654) which stipulates that payment shall not be made unless the Head of department certifies that the work has been done and the price charged is reasonable.

690. We recommended to management to regularise the payment and ensure that performance certificates were issued on all contracts executed before payments were made.
MINISTRY OF YOUTH AND SPORTS

NATIONAL YOUTH EMPLOYMENT PROGRAMME

Absence of enabling Act

691. We observed that since its inception in 2006, the National Youth Employment Programme (NYEP) has existed without an enabling Act. The Programme, therefore, operates under a Presidential fiat. The lack of a governing legislation, the basis for which Parliament can allocate funds to the organisation in the approved annual budgets, has resulted in irregular and inconsistent releases of funds to it. The NYEP could, therefore, not implement its planned activities for the year under review.

692. We noted that as of December 2009, the Programme owed the Agricultural Development Bank (ADB) GH¢21,680,281.91 in respect of pre-financing beneficiaries’ allowances and staff emoluments. We urged management to seek Cabinet’s early approval of its memo requesting for a Legislative Instrument to enable the draft documents go through the due Parliamentary processes in time. Management responded that it was making frantic efforts to get the Cabinet approval of the memo the Ministry of Youth and Sports submitted for the establishment of its legal status.
Partnership for training programmes not tendered

693. Part IV Section 35(1) of the Public Procurement Act 2003 (Act 663) requires Procurement Entities to procure goods, services or works by competitive tendering. Any other method of procurement must be justified. However, our examination of records disclosed that the NYEP selected nine private service providers including two Non-Governmental Organisations (NGOs) to offer training programmes to unskilled youth without advertising the offers in at least two national newspapers. We could therefore not ascertain whether the amounts paid to the service providers were fair under the circumstances.

694. We noted also that the Business Plans of some of the companies hired were not reviewed and evaluated by management. Additionally, some of the companies did not have the requisite logistics and infrastructure to undertake the jobs they were engaged on.

695. We recommended that management should in all cases comply with the provisions in the Procurement Act. Management responded that they did not advertise because the idea of the training programmes was not originated by the NYEP, but they were rather proposals made by individuals to management and advertising them would violate their intellectual property rights. Management indicated further that they evaluated the proposals in terms of their job creation potentials, cost effectiveness, accessibility to the intended
beneficiaries, location et cetera. As regards the selected corporate entities’ Business Plans, they claimed that they were assessed on their track records with the NYEP while others were evaluated based on their expertise and competence.

**Payment to NGOs for training—GH₵500,000.00**

696. The NYEP paid GH₵250,000.00 each to two NGOs to train a total of 1,000 youth in bamboo craft-products within a period of one year. The two NGOs were: Centre for Development and Partnership (CDP) and Dzereke Institute of Policy and Youth Development (DIPYD). We, however, observed the following short-comings in CDP’s performance:

- A proposal stated in the Memorandum of Understanding (MOU) to train 500 persons within the first six months was violated as only 352 trainees were found on site;

- A planned commencement of service delivery after three months of receipt of funds, in December 2009, was not achieved;

- There was no evidence of CDP providing any counterpart funding as indicated in the MOU. Furthermore, the ownership of assets like land, vehicles, tools and other
office equipment acquired from part of the funds NYEP released was not stated in the MOU;

- Other recurrent expenditure of GH¢241,042.70 out of the total release of GH¢250,000.00 could not be verified due to the absence of supporting documents and bank statements.

697. In the case of DIPYD, a total of GH¢75,289.39 was spent as at 30 June 2010, out of which GH¢59,195.39 was paid as salaries for office staff whilst GH¢16,101.00 was spent on consumable training materials with a physical cash balance of GH¢16,002.83 remaining. There was no evidence of the payment of GH¢40.00 trainees’ allowances as agreed.

698. We were of the view that failure to carry out due diligence tests on the NGOs to find out whether they had the necessary infrastructure and resources to deliver resulted in the funding of these non-performing organisations.

699. We recommended that the NGOs should no longer be provided with funds. Also, management should ensure that the training of the 352 beneficiaries is completed and the interest free loan of GH¢300,000.00 given as seed-money to the beneficiaries is refunded by the NGOs within the stipulated period.
700. Management, in response, stated that the funding provided was not to the NGOs but rather to the NYEP beneficiaries with the NGOs as implementing agencies. Management further claimed that the full number of trainees had been trained since our last visit. They also asserted that the trainee allowances were paid but were unable to present the vouchers for audit because it was the NGOs which pre-financed them. Management assured us of value for money in all its dealings with the NGOs and cautioned that a unilateral termination of the MOU might have legal ramifications.

**Underpayment of income tax–GH¢43,268.00**

701. In violation of Part 1(2) and Section 88(1) of the Internal Revenue Act 2000, Act 592, a total of GH¢43,268.30 was underpaid to the Domestic Revenue Division of the Ghana Revenue Authority. This was as a result of calculating NYEP staff salaries on 5% of gross income instead of the prescribed Pay-As-You- Earn (PAYE) formula which is graduated and indexed on individual salaries.

702. As a result, for the period January to December 2009, GH¢22,801.00 was paid to the Internal Revenue Division as tax instead of GH¢66,069.30 leaving a balance of GH¢43,268.30 outstanding. We recommended that the outstanding amount of GH¢43,268.30 be recovered from the staff and paid to the revenue agency as early as practicable. We also advised that the PAYE formula be used in future tax deduction calculations.
Management contended that the 5% deduction made was what was prescribed in the appointment letters of the employees. On the issue of tax arrears, management stated that they would not be able to retrieve the amount because most of the affected employees were no more with the NYEP. We were further informed that the graduated PAYE has been deducted from the current employees’ salaries since April 2010.

Non-deduction of withholding tax – GH¢38,948.00

We noted that Seiwa Engineering Works, manufacturers of sachet water making machines and Ghallywood Academy did not suffer the statutory 5% withholding tax totalling GH¢38,948.00 on services rendered to the NYEP, contrary to Section 84 (2) of the Internal Revenue Act, 2000 (Act 592). The details are as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>PV No.</th>
<th>Date</th>
<th>Amount paid (GH¢)</th>
<th>5% Paid Tax</th>
<th>Tax paid</th>
<th>Tax due (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seiwa Eng. Works</td>
<td>NYEP/27/12/09</td>
<td>16/12/09</td>
<td>257,960.00</td>
<td>12,898.00</td>
<td>NIL</td>
<td>12,898.00</td>
</tr>
<tr>
<td>Ghallywood Academy</td>
<td>NYEP/40/12/09</td>
<td>29/12/09</td>
<td>821,000.00</td>
<td>26,050.00</td>
<td>NIL</td>
<td>26,050.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>38,948.00</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Management explained that the payments were not for services rendered but were rather to support organisations, companies and NGOs that were in partnership with the NYEP in facilitating the creation of job opportunities.
706. We held a contrary view and indicated that the two transactions were unique and had all the ingredients that warranted the payment of tax. We, therefore, recommended that the withholding tax should be paid. Management responded that efforts would be made to recover the unpaid taxes from the companies.

**REGIONAL SPORTS COUNCIL- KUMASI**

Unsold tickets not accounted for– GH¢1,001,024.00

707. We noted from the Regional Sports Council’s records that unsold tickets worth GH¢1,001,024.00 which had accumulated from various matches played were allegedly returned to the National Sports Council Headquarters in Accra. There was, however, no evidence that Headquarters received the tickets.

708. Attention was drawn to the fact that this lapse could lead to the re-introduction of the tickets for use at other matches which would result in loss of revenue to the Council. Management explained that all unsold tickets from December 2008 to June 2009 were given to a Special Audit team which conducted an investigation into the Council’s operations and had not yet handed the tickets back to the Council.

709. We asked management to retrieve the unsold tickets and either make them available for our scrutiny or provide Store Receipt Vouchers from Headquarters to prove that they had been returned to
Accra, failing which the amount of GH¢1,001,024.00 should be recovered to chest.

**Un-receipted payments— GH¢68,726.00**

710. The management of the Regional Sports Council made 30 payments totalling GH¢68,725.71 from match proceeds to clubs, organisations and individuals as refund of expenses that the recipients incurred on football matches but failed to substantiate the payments with the payees’ acknowledgement.

711. The payments were not supported with official receipts from the clubs and the organisations, while authority notes from individuals or signed lists from claimants were not attached to the vouchers.

712. We intimated that the anomaly could lead to fraudulent payments which could in turn result in loss of revenue to the Council. We recommended to management to ensure that the payment vouchers are properly acquitted in accordance with Regulation 39 of the FAR or the Accountant-in-charge be surcharged with the GH¢68,725.71.

713. Management promised to obtain the receipts from the clubs and the organisations and request all other payees to sign their names on claim sheets for attachment to the payment vouchers.
YOUTH EMPLOYMENT PROGRAMME
WEST GONJA DISTRICT

Failure to issue receipts for funds received - GH¢119,721.00

714. Regulation 15 (1) of Part II of the F.A.R directs that official receipts be issued to cover all public or trust monies received. Contrary to this, the NYEP in Damongo received funds amounting to GH¢119,720.66 but failed to issue official receipts to cover them. Though management indicated that receipts were not issued because the amounts were paid directly into their bank account, we advised that laid-down regulations should be complied with to the letter to enable the paying office have documentary evidence to substantiate the remittance.

Un-acquitted payments - GH¢43,159.00

715. The NYEP in Damongo failed to obtain supporting documents to acquit disbursements made totalling GH¢43,159.20, in contravention of Regulation 39(1) of the F.A.R., 2004. When receipts, invoices, etc. are not obtained to acquit disbursements, independent review and confirmation of such transactions cannot be performed. This lapse could be attributed to lack of adequate supervision over the accounts department.

716. We recommended that management should obtain the necessary documents to acquit the payment vouchers or be held liable to refund the amount involved to chest.
MINISTRY OF FOOD AND AGRICULTURE

MINISTRY OF AGRICULTURE, REGIONAL DIRECTORATE–GREATER ACCRA

Failure to maintain daily revenue cash books for each revenue collection point

717. Contrary to FAR 1(a) which requires any public officer responsible for the conduct of financial business on behalf of the Government of Ghana to keep proper records of all transactions, daily revenue cash books were not maintained by Collectors at the major revenue collection points.

718. The situation was the result of the Director’s inability to adhere to the regulation by ensuring that the Revenue Collector at each collection point maintains a cash book from where totals of revenue collected are posted into the main revenue cash book. Accounting for revenue collected was therefore delayed for periods ranging from two to three months.

719. We recommended that to prevent the loss of funds, Accounting Officers should be appointed solely for revenue collection and the Technical Officers presently responsible for revenue collection should be properly trained. Each Revenue Collector at every major revenue collection point should also be made to record all daily revenue
collected into a daily revenue cash book and the totals of revenue collected posted into the main revenue cash book.

**Failure to maintain particulars of official vehicles**

720. The particulars of five official vehicles at the disposal of the Unit could not be presented for inspection, contrary to Section 1512 of the Stores Regulations, 1984 which requires files to be opened for each major item of plant or machinery in which all correspondence including expenditure relating to the plant or machinery should be kept.

721. The particulars for the vehicles were not kept due to the Director’s failure to ensure that this was done. Accordingly, we advised that management should promptly ascertain the history of each vehicle, open files and get their particulars filed without fail.

**AGRICULTURAL ENGINEERING SERVICES DIRECTORATE**

**Unpaid balance of credit sales facility granted for the purchase of agricultural machinery and equipment-GH¢673,519.00**

722. The total unpaid balance on the credit sales facility granted beneficiaries for the purchase of agricultural machinery and equipment, as at 31 December 2009, stood at GH¢673,518.70 out of a total amount of GH¢1,466,134.00. The amount remained
unaccounted for due to the failure of the beneficiaries to honour the terms covering the repayment of the credit sales facility and also due to management’s contravention of FAR 110 which requires the recovery of loans/advances to be in accordance with approved agreements.

723. The objectives of the credit sales facility will not be achieved if beneficiaries do not honour their obligations. To prevent the loss of funds, we recommended that appropriate modalities be instituted towards the retrieval of the unpaid balance of GH¢673,518.70.

724. The Director responded that letters had been issued to beneficiaries requesting them to pay up the balances outstanding on their initial deposits. Additionally, we were informed that the Directorate had published three batches of debtors’ lists and the exercise is ongoing.

CROPS SERVICES DIRECTORATE

Unserviceable items

725. Physical stock taking of assets held at various locations within the Directorate revealed 18 unserviceable items of various quantities which had not been disposed of, contrary to Part VIII Section 83(1) of the Public Procurement Act, 2003 (Act 663) which requires Heads of departments to convene Boards of Survey for decisions to be taken on
the best method for the disposal of unserviceable stores, plant and equipment.

726. The situation was caused by the Director’s failure to adhere to the Act. Unserviceable store items were therefore found occupying store space which could be used for other purposes.

727. To ensure that the items do not occupy useful space, we recommended that a Board of Survey be convened for a decision to be taken on their disposal.

**NUNGUA LIVESTOCK BREEDING STATION**

Unaccounted for proceeds from the sale of pigs and broilers-

GH¢3,261.00

728. Contrary to Regulation 12 of the FAR which requires that any person entrusted with custodial duties for Public and Trust Moneys should protect such moneys against accidental loss, and locate such moneys so as to facilitate the efficient and economical discharge of public financial business, a total of GH¢3,261.00 being proceeds realised from the sale of pigs (GH¢2,160.00) and broilers (GH¢1,101.00) between July 2009 and March 2010 remained unaccounted for.
729. The GH¢3,261.00 remained unaccounted for as a result of the Farm Manager’s inability to adhere to the regulation by ensuring that the amount was recovered from the debtors involved.

730. To prevent the loss of funds, we recommended that the total of GH¢3,261.00 should be retrieved without fail. At the time of writing GH¢2,541.00 out of the GH¢3,261.00 had been recovered and GH¢720.00 remained to be accounted for by two beneficiaries.

POLICY PLANNING, MONITORING AND EVALUATION DIRECTORATE (PPMED)

Failure to retrieve official vehicles from retired officers

731. Without the authorisation of MOFA’s management, two officers, namely: Salome Danso (Deputy Director) and Mr. Malam (Director), who were no longer with the Directorate took away a Renault Megane vehicle with registration number GT.9096U and a Toyota RAV 4 with registration number GW4782R which were respectively allocated to them for the performance of their official duties. This was contrary to FAR 183 (3) which requires Heads of department to be responsible for the proper care, custody and use of Government stores.

732. As a result of the Director’s inability to ensure that the vehicles were retrieved from the officers involved the Directorate was denied the use of the vehicles.
733. In the absence of any authority permitting the release of these vehicles to the former officers, we recommended that the vehicles should be retrieved from them. The Director explained that the Renault Megane (GT 9096 U) was auctioned to the former Deputy Director, Salome Danso whilst a decision was yet to be taken on the Toyota RAV 4 (GW 4782R) used by the former Director, Mr. Malam.

**Unaccounted for official vehicles**

734. Two official vehicles with registration Nos. GV 1249 D and GV 1482 U allocated to the Directorate could not be presented for inspection.

735. The Director explained that vehicle No. GV 1249 D was auctioned to Mr Prince Animantey to whom the vehicle had been assigned whilst vehicle No. GV 1482U had been taken away by Dr Alorvor who was posted to the Veterinary Services Directorate-Head office.

736. We recommended that since the vehicles were allocated specifically to the Directorate the one sent to the Veterinary Services Directorate should be retrieved.

**Payment of unearned salaries-GH¢13,347.00**

737. The salaries of five officers, namely: Messrs Mohammed Abubakar Sadiq, Jonathan Anu-Kwa, Kwame Asafo Adjei, Joseph
Akuffo and Joseph Odoi who were no longer with the Directorate were not immediately stopped by the Director. This resulted in the payment into their bank accounts unearned salaries totalling GH¢13,347.01, contrary to FAR 297 (i) which requires Heads of departments to cause the immediate stoppage of the payment of salaries of public servants when they are absent from work without leave or reasonable cause for a period as stipulated in the administrative regulations of the establishment.

738. The payment of the unearned salaries of GH¢13,347.01 would have been stopped had the Director given prior notification to the Controller and Accountant General’s Department for the immediate deletion of the names of the five officers involved.

739. The Director accepted our observation and explained that measures had been instituted for the recovery of the total unearned salary of GH¢13,347.01 and that letters had also been written to the officers involved.

740. We recommended that the banks involved should be instructed to transfer the individual amounts into the Consolidated Fund without fail. The staff members involved or their families should be held liable if the amounts have already been withdrawn.
Failure to remit withholding tax deductions to the Commissioner of tax-GH¢8,018.00

741. Total withholding tax of GH¢8,018.01 withheld from various payments made to suppliers of goods and services during the period 1 January 2009 to 31 October 2010 was not remitted to the Commissioner for the Domestic Tax Revenue Division of the Ghana Revenue Authority, contrary to Section 87 (2) of the Internal Revenue Act 2000, (Act 592) which requires a withholding agent to pay to the Commissioner a tax that has been withheld or that should have been withheld within 15 days after the end of the month in which the payment subject to withholding tax is made.

742. We recommended the remittance of the amount withheld and a strict compliance with the tax laws.

Un-presented payment vouchers-GH¢778,217.00

743. One hundred and sixty payment vouchers covering a total payment of GH¢778,217.35 pertaining to Service Activity raised during the period 1 January 2009 to 31 October 2010 were not submitted for audit scrutiny, contrary to FAR 1(b) which requires any public officer responsible for the disbursement of public and trust moneys to keep proper records of all transactions, which should be presented for inspection when called upon to do so.
744. As a result, the authenticity of the payment of the total of GH¢778,217.35 which related to both Government of Ghana (GOG) and Donor funds, could not be ascertained.

745. We demanded that the 160 payment vouchers should be presented for audit or the total of GH¢778,217.35 be accounted for. We also recommended that separate financial records should be maintained for both the GOG and the Donor funds instead of transactions for these two accounts being merged in one financial record.

746. The Director explained that the original copies of the 160 payment vouchers were presented to the donors- Comprehensive African Agricultural Development Programme (CAADP) and International Fund for Agricultural Development (IFAD) who provided the funds and that it was only the photocopies which were available. The Director explained further that separate financial records are now being maintained for both the GOG and Donor fund transactions.

**Directorate assets not recorded in an assets register**

747. Assets belonging to the Directorate were not recorded in an assets/inventory register, contrary to FAR 2(n) which requires a Head of department to compile and maintain an assets register of the
department. The total assets belonging to the Directorate could therefore not be determined and verified.

748. To ensure that the particulars of all assets belonging to the Directorate can readily be ascertained at any time we advised that an assets register should be procured and the particulars of assets at the disposal of the Directorate recorded.

749. The Director explained that the Directorate maintains an assets register which was not up-dated at the time of the audit. According to him, all assets of the Directorate which were kept in different inventory files have now been recorded in the assets register for ease of reference.

**Payment vouchers for Service Activities without pre-printed reference numbers**

750. FAR 210 (3) requires that for the purpose of records and control, value books and forms shall be identified by pre-printed serial numbers. We noted, however, that payment vouchers used for the disbursement of Service Activity funds during the period 1 January 2009 to 31 October 2010 did not have pre-printed serial numbers, but rather their reference numbers were handwritten in ink.

751. The serial numbers of the payment vouchers were not pre-printed as a result of the Director’s failure to adhere to the above
stated regulation. This situation could result in unaccounted for payment vouchers and duplicated payments with the same payment vouchers being used on different occasions.

752. We recommended that pre-printed serially numbered payment vouchers should be used for all payments and the usage of the handwritten serially numbered payment vouchers be stopped.

753. The Director responded that the Financial Controller of the Ministry of Agriculture had issued directives to all Directors to use the Controller and Accountant-General’s standard payment vouchers with effect from February 2011.

**Lack of Transport Officer for the directorate**

754. Chapter 16, Section 1603 of the Stores Regulations 1984 requires every department maintaining vehicles to appoint an officer to be responsible for the control and running of the department’s vehicles and where a fleet of 20 or more vehicles is maintained a qualified Transport Officer should be appointed to take charge of the fleet.

755. The audit noted that the Directorate maintains a fleet of 32 official vehicles but lacks a Transport Officer for the effective control of these vehicles. The Directorate rather depends on the services of
the Ministry of Agriculture’s Transport Officer for the control of its vehicles.

756. The effective control and running of the Directorate’s vehicles could not be ascertained as the MOFA Transport Officer was only responsible for the preparation of Works Orders for vehicles to be repaired and not personally involved in the purchasing of spare parts, general supervision and the servicing of vehicles.

757. For effective control and running of the Directorate’s vehicles we recommended that a Transport Officer should be engaged and a transport section created. The Director remarked that a request would be made for the Directorate’s own Transport Officer instead of relying on the Transport Officer of the Ministry of Agriculture, Head office.

**Failure to maintain vehicle log books for the directorate’s vehicles**

758. Fuel coupons worth GH¢19,600.00 issued to the Directorate’s Drivers and duly signed for during the period 1 January 2009 to 31 October 2010 were not recorded in the vehicle log books. Particulars of coupons, fuel and lubricants were also not recorded in log books for vehicles that had log books. This is contrary to Chapter 16 Section 1604 of the Stores Regulations which requires full particulars of receipts of oil and lubricants to be recorded in the vehicle log books maintained in each vehicle. The authenticity of the usage of the fuel
coupons worth GH¢19,600.00 issued to the Drivers of the vehicles could therefore not be determined.

759. We urged management to account for the fuel coupons worth GH¢19,600.00 and to purchase vehicle log books for the Directorate’s vehicles.

**Failure to account for unserviceable spare parts**

760. Contrary to Regulation 183(3) of the FAR which requires Heads of departments to be accountable for the proper care, custody and use of Government stores from the time of acquisition until they are disposed of, we noted that unserviceable spare parts replaced with newly purchased spare parts valued at GH¢13,975.00 could not be accounted for.

761. In spite of the Director’s explanation that unserviceable spare parts are always inspected by the Internal Auditor before they are disposed of, we recommended that to ensure that the unserviceable parts were actually replaced they should be accounted for and kept until a decision is taken by a Board of Survey for their disposal.
LIVESTOCK PLANNING AND INFORMATION UNIT
(L.P.I.U)

Un-embossed assets

762. Four valuable assets of various quantities belonging to the Unit were without the Unit’s identification marks written on them as a result of the Director’s failure to adhere to Chapter 15 Section 1513 of the Stores Regulation 1984 which requires departmental plant number to be clearly and conspicuously written on the item of plant or machinery for easy identification.

763. Failure to emboss the items exposes them to possible pilferage. The Unit’s assets can easily be identified if they are clearly and conspicuously embossed with the Unit’s identification marks. We, therefore, recommended that the embossment be done without delay on the following items:

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Del Computers with Printers</td>
<td>6 Sets</td>
</tr>
<tr>
<td>Photocopiers</td>
<td>3 pieces</td>
</tr>
<tr>
<td>Flat Screen Computers</td>
<td>2 pieces</td>
</tr>
<tr>
<td>Ceiling Fans</td>
<td>6 pieces</td>
</tr>
</tbody>
</table>

Failure to maintain particulars of vehicles in files

764. Correspondence relating to three vehicles (No GV5158 C – Pajero, GV1470 U- Nissan Pickup and GV 4271 R – Nissan Pickup) at the disposal of the Unit were not kept in files as a result of the Director’s failure to adhere to Store Regulation 1512 to ensure that all
correspondence relating to each major item of plant or machinery was kept in file.

765. We consequently advised that the following matters pertaining to each vehicle must always be evidenced on the file.

   i. complete history of each vehicle;
   ii. cost of repairs; and
   iii. any other relevant particulars on the vehicle.

VETERINARY SERVICES – ACCRA METROPOLITAN ASSEMBLY

Failure to retrieve outstanding advances granted for the purchase of motor bikes-GH¢5,004.00

766. As at 31 December 2010, a total of GH¢5,004.00 granted as loans to eight beneficiaries for the purchase of motor bikes since 1 January 2007 had not been refunded. This was due to the Director’s inability to ensure that the loan was duly recovered in accordance with the regulation relating to the loan granted as stipulated in Part IV Section 110 of the Financial Administration Regulations, which requires Heads of departments to ensure that advances/loans issued are duly recovered in accordance with the appropriate agreement.

767. To prevent the loss of funds, we advised that the total of GH¢5,004.00 should immediately be recovered from the beneficiaries
by notifying the Controller and Accountant General’s Department for the various amounts to be deducted from the salaries of the beneficiaries.

768. The Director informed us that the necessary input forms had been sent to the Controller and Accountant-General’s Department by the Finance Directorate for the deductions to be effected but to no avail. The Directorate would, however, continue to pursue the recovery of the monies from the beneficiaries.

**Particulars of transferred workers on monthly salary vouchers**

769. The names of three officers namely, Messrs Adukpo Samuel, Goka Emmanuel and Madam Albertina Ante who were no longer under the jurisdiction of the Directorate appeared on the monthly salary payment vouchers of the Directorate for the period 1 January 2008 to 31 December 2010. This is contrary to FAR 304 (a) which requires Heads of departments to examine and certify the personal emolument payment vouchers to ensure that only staffs belonging to the Directorate are on the payment vouchers.

770. We recommended that the particulars of the three officers should be transferred from the Directorate’s monthly salary payroll to that of their present stations and the creation of a payroll for the newly created cost centres should be pursued.
Disposal of unserviceable items

771. Physical stock taking of the assets held at the stores revealed that 10 store items of various quantities had become unserviceable and should be disposed of in compliance with Part VIII Section 83 (1) of the Public Procurement Act which requires Heads of procurement entities to convene Board of Survey for decision to be taken on the best methods for the disposal of unserviceable stores. The following are the details:

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>No</th>
<th>Qty</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Air Conditioner</td>
<td>1</td>
<td>Unit</td>
</tr>
<tr>
<td>2</td>
<td>IBM Elec. Typewriter</td>
<td>1</td>
<td>“</td>
</tr>
<tr>
<td>3</td>
<td>Ceiling Fan</td>
<td>1</td>
<td>“</td>
</tr>
<tr>
<td>4</td>
<td>Telephone</td>
<td>2</td>
<td>“</td>
</tr>
<tr>
<td>5</td>
<td>Photocopies</td>
<td>1</td>
<td>“</td>
</tr>
<tr>
<td>6</td>
<td>Fittings</td>
<td>2</td>
<td>Pcs</td>
</tr>
<tr>
<td>7</td>
<td>Fridge</td>
<td>1</td>
<td>Unit</td>
</tr>
<tr>
<td>8</td>
<td>Printer</td>
<td>1</td>
<td>“</td>
</tr>
<tr>
<td>9</td>
<td>Clock</td>
<td>1</td>
<td>“</td>
</tr>
<tr>
<td>10</td>
<td>Dust Bin</td>
<td>1</td>
<td>“</td>
</tr>
</tbody>
</table>

772. To prevent these items from occupying storeroom space that can be put to better use, a Board of Survey should be convened without fail for a decision to be taken on their disposal.

MARINE FISHERIES RESEARCH DIVISION - TEMA

Unacquired fishing vessel

773. Marine Fisheries Research Division (MFRD) of the Ministry of Food and Agriculture exists to provide scientific data and information
on the sea based on scientific research they conduct on behavioural changes of the sea temperature and also provide technical advice to Government for the formulation of fisheries policies.

774. For the effective and efficient discharge of the above responsibilities, a fishing vessel was acquired in 1979 for use by the department but it became unserviceable in 2001 due to wear and tear. Although a recommendation was made to the Ministry for the acquisition of a new vessel in 2002, this was not done.

775. As a result, the Ministry hires vessels for research purposes from private companies who fail to respect agreements and recall the vessels as and when they need them. The situation impedes research activities of the Division and prevents the timely submission of research information to the Government.

776. Management explained that several requests to the Ministry for a new vessel had not yielded any result. We, therefore, urged management to factor the acquisition of the vessel in its budget and again request the Ministry for assistance in acquiring a new fishing vessel to enhance their work.

Payment of unearned salaries - GH¢1,187.00

777. Our payroll audit revealed that in contravention of FAR, 297(1e), a total amount of GH¢1,186.59 paid into the bank accounts
of three retired officers, namely: Ametomeh Paul (GH¢737.66), Augustine Brown (GH¢216.49 -September 2009, December 2009) and Yetarbah Nanwurah (GH¢232.44 -January and February 2010) had not been recovered from them.

778. Although management indicated that it had caused the deletion of the names from the payroll and requested the various banks to transfer the total amount into Government chest, due to delays in communication, the banks did not respond positively to the request.

779. We advised the Director to follow up and ensure that the various banks transfer the total amount into Government chest.

**MUNICIPAL AGRICULTURAL DEVELOPMENT UNIT - AMASAMAN**

**Value book not presented for audit**

780. Contrary to FAR 225 which requires used value books to be retained for safe custody “until such time as their disposal under the appropriate regulation has been authorised”, a GCR book with serial number 3213301 to 3213400 was used to collect revenue between April 2008 and May 2010 and the details entered in the cash book but the duplicate copies were not retained. This made it impossible for us to confirm that the amount collected had been fully accounted for.
781. We recommended that the GCR should be retrieved from the Extension Officer involved and presented for audit for us to confirm that all collections made from their use had been properly accounted for.

**MINISTRY OF FOOD & AGRICULTURE – BEKWAI**

**Unrecovered loans – GH¢3,200.00**

782. Our review of loans granted to farmers disclosed that a total amount of GH¢4,000.00 was given as loans to eight farmers under the minor season maize project (Minister’s Special Production Programme) for the year 2008 with the view to recovering the loans at the end of the season.

783. However, we noted that as at the end of the minor season, only GH¢800.00 had been recovered from the farmers, leaving a difference of GH¢3,200.00 yet to be recovered.

784. Management explained that their inability to recover the loan at the end of the minor season was due to an unexpected break in rainfall which adversely affected the farmers’ projected output. We urged management to continue in its efforts at recovering the balance.
MINISTRY OF FOOD AND AGRICULTURE – TEPA

Outstanding farmers’ loans – GH¢30,975.00

785. The Government in its efforts to promote agriculture made it a policy to grant farmers loans in the form of cash and agricultural inputs.

786. Our review of the accounts disclosed that between 2007 and 2009, out of a total amount of GH¢40,740.00 granted to farmers in the form of cash and farm inputs through the Agricultural Extension Agents (AEAs) who stood in as witnesses, only GH¢9,765.50 was recovered leaving a balance of GH¢30,974.50.

787. The unwillingness of the farmers to pay back the loans has resulted in the loss of funds to the State thus defeating the aim of Government to boost agriculture. By the failure of the farmers to settle their indebtedness, other farmers are being denied the benefits of the scheme which is supposed to be a revolving fund.

788. Management explained that efforts were being made to recover the outstanding loans. We urged management to put proper measures in place to ensure the recovery of the amount from the beneficiaries, failing which Police assistance should be sought.
MINISTRY OF FOOD & AGRICULTURE – MANKRANSO

Purchases from non-VAT registered entities – GH¢7,040.00

789. Section 30(2) of the Financial Administration Act 2003 (Act 654) and Section 183(4) of the FAR require all Government departments to procure Government stores from only VAT registered persons or entities.

790. Contrary to the above legislation, we noted during our review of procurement procedures at the Directorate that goods and services worth GH¢7,040.00 purchased between April and November 2010 were procured from non-VAT registered persons. The practice denied the State a total VAT revenue of GH¢1,056.00.

791. We urged management to deal with only VAT registered persons in all future transactions so as to avoid being surcharged with uncollected taxes.

Single source procurement – GH¢9,499.00

792. Section 43 (1) of the Public Procurement Act, 2003 (Act 663) requires every procurement entity to request for quotation from as many suppliers or contractors as possible, but from at least three different sources.

793. We observed during our review that management procured goods and services to the tune of GH¢9,499.15 between October 2009
and November 2010 without sourcing quotations from at least three different sources.

794. The practice made the transactions uncompetitive. Prices paid could be higher than normal market prices and this might result in loss of funds to the Directorate. To ensure transparency and value for money in the procurement process, we urged management to abide by the procurement laws.

**COCOA SWOLLEN SHOOT VIRUS DISEASES CONTROL UNIT (CSSVD) – KUMASI**

**Payments without supporting documents – GH¢12,158.00**

795. Section 39 (2c) of the FAR requires Heads of accounts sections of departments to control disbursement of funds and ensure that transactions are properly authenticated to show that the amounts are due and payable.

796. We, however, observed that nine paid vouchers with a total face value of GH¢12,158.25 raised during the 2009 fiscal year were not supported with the relevant receipts and other supporting documents.

797. The absence of the supporting documents for the payment vouchers could lead to fictitious transactions resulting in loss of funds to the Unit. In the absence of the supporting documents, we
recommended that the amount should be recovered from the authorizing officers.

**Un-presented payment vouchers – GH₵86,536.00**

798. In contravention of Section 33 (1) of the Audit Service Act, 2000 (Act 584) and Part 1 Section 1 of FAR, the Accountant failed to present for audit 142 payment vouchers involving a total amount of GH₵86,536.09 processed during the 2009 financial year.

799. The Accountant explained that due to series of audit visits which took place before our audit, he was not able to re-assemble all the vouchers for audit. The situation could be a cover up for unapproved expenditure and other fictitious transactions.

800. In view of the significant amount involved, we requested that the vouchers should be produced for our inspection and confirmation as to the genuineness of the transactions. In the absence of the paid vouchers, we recommended that the GH₵86,536.09 involved should be recovered from the Spending Officer and the Accountant.

**MINISTRY OF FOOD & AGRICULTURE – MAMPONG ASHANTI**

**Non-recovery of loans for farming – GH₵11,200.00**

801. Between January and February 2009 the District Directorate granted loans totalling GH₵21,500.00 to five farmers with the view to
increasing their output. The loan agreements spelt out that recovery was to be completed by 31 December 2009. As at 31 December 2010, only GH¢10,300.00 representing 48% of the principal amount had been recovered leaving an outstanding balance of GH¢11,200.00.

802. The inability of the Directorate to recover the outstanding balance of GH¢11,200.00 has deprived potential beneficiaries of the facility from benefiting from the scheme, which in the long run, could defeat Government’s policy on agriculture. We recommended to management to use every available means including the assistance of the Police to recover the outstanding amount of GH¢11,200.00.

MINISTRY OF FOOD & AGRICULTURE – KUMASI REGIONAL AGRICULTURAL DEVELOPMENT UNIT (RADU)

Outstanding debtors of maize support project – GH¢1,942,292.00

803. To encourage the production of maize in the country, the Government of Ghana introduced a maize support project in 2005. Under the project, maize farmers were given loans to acquire inputs and cultivate their farms. The farmers were required to repay the loans at the end of the farming season so that other farmers could also benefit.

804. Contrary to the terms of re-payment, management could recover only GH¢261,318.26 out of a total amount of 252
GH¢2,203,610.00 given to farmers in 21 districts within the region, thus leaving an outstanding balance of GH¢1,942,291.74 to be recovered.

805. The average default rate from 2005 to 2008 was 88%. This undermined the sustenance of the project. It also made Government unable to reach out to a greater number of farmers as initially envisaged.

806. We recommended that management should make conscious efforts to recover the outstanding amount of GH¢1,942,291.74. Management responded that some farmers had been sent to court for the recovery of the money. Management also stated that the cost of the law suits ran higher than the amounts owed by the individual farmers. They pledged their commitment to find other means to recover the outstanding loans.

**Outstanding debts on the sale of agro-processing equipment – GH¢19,658.00**

807. Section 7 (iii & iv) of the Conditions for the Sale of Equipment require that farmers should make an initial deposit of 50% of the cost of equipment. The remaining cost is to be paid over a period of two to three years depending on the type and cost of the equipment.
808. Contrary to the above condition, we observed that an outstanding debt of GH¢19,658.00 arising from the sale of agro-processing equipment to 17 farmers between 2005 to 2007 had not been repaid, four to five years after the expiry date contained in the sales and purchase agreement.

809. The farmers’ failure to pay the debts made it impossible for other farmers to benefit from the credit scheme. Also, it meant that Government resources were tied up in individual hands. We indicated that such situations make it difficult to develop the agricultural sector in line with Government’s objective of modernising agriculture.

810. Management explained that default notices had been sent to all the 17 farmers, but to no avail. We recommended that management should take legal action against the defaulting farmers in order to recover the GH¢19,658.00.

**Unearned salary – GH¢3,910.00**

811. Our review of mechanised salary vouchers revealed that three retired employees withdrew unearned salaries totalling GH¢5,049.83 that were credited to their individual accounts between February 2007 and January 2008. Details are as follows:
<table>
<thead>
<tr>
<th>Name</th>
<th>Staff No.</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mrs. Mary Guomil</td>
<td>0000115152</td>
<td>1,045.79</td>
</tr>
<tr>
<td>Mr. Seth K. Dogbe</td>
<td>0000113869</td>
<td>1,104.21</td>
</tr>
<tr>
<td>Mr. Bouharie O. Alex</td>
<td>0000078659</td>
<td>2,899.83</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>5,049.83</strong></td>
</tr>
</tbody>
</table>

812. At the time of compiling this report, Mr. Bouharie O. Alex had made a refund of GH¢1,140.00 leaving an outstanding amount of GH¢3,909.83 to be recovered.

813. Management said that efforts were being made to get the retirees to refund the outstanding amount of GH¢3,909.83 which would be paid into the Consolidated Fund. We recommended that management should institute court action against the retirees to recover the GH¢3,909.83.

**Encroachment on Regional Agricultural Development Unit (RADU) lands**

814. We observed during the audit that RADU, Kumasi office lands were being encroached upon by unauthorised tenants. We drew management’s attention to the fact that the unauthorised tenants might resist their efforts to evict them in the future when the lands would be needed for development.
815. Management explained that it had signed a Memorandum of Understanding (MOU) with the tenants. According to management, the MOU requires the tenants to apply for tenancy which is renewable yearly. The MOU also requires that tenants pay monthly rents to the RADU and the MOU also makes it clear that the tenants shall vacate the lands anytime they are ordered to do so.

816. We recommended that management should evict the tenants from the lands to prevent any future confrontation with them.

**MINISTRY OF FOOD & AGRICULTURE – CAPE COAST**

Non-payment of rent – GH¢1,871.00

817. Workers occupying Government bungalows/flats are to pay rent monthly. On the contrary, it was observed that three officers in Cape Coast failed to pay their expected rents. As a result, an amount of GH¢1,871.00 was noted owed to Government. We recommended the recovery of the amount.

**MINISTRY OF FOOD AND AGRICULTURE**

**TWIFO PRASO DISTRICT**

Un-acquitted payment vouchers - GH¢6,012.00

818. Regulation 39(2c) of the FAR states that the head of the accounts section of a department shall ensure that transactions are properly authenticated to show that amounts are due and payable.
819. Our audit, however, disclosed the non-acquittal of payment vouchers totalling GH¢6,011.00 by officers who failed to produce receipts, invoices, SRVs etc for attachment to the payment vouchers. We advised the Accountant to recover the amount involved.

MUNICIPAL AGRICULTURAL DEVELOPMENT UNIT – BOLGATANGA

Payment of unearned salary – GH¢2,075.00

820. By Section 297(1) of the FAR, a Head of Department shall cause the immediate stoppage of payment of salary to a public servant when that public servant has retired, vacated post, resigned or died.

821. We noted that a Ms. Helen Apana who passed away in February 2010 was paid salary up to May 2010. She was, thus, paid a net salary of GH¢1,205.07, a total of GH¢407.88 was credited to her SSNIT account and GH¢462.00 credited to Unique Trust in her favour.

822. We blamed management for causing the State to pay the unearned salaries through their delay in the submission of inputs for deletion of the deceased worker’s name from the payroll.
823. We therefore recommended to management to:

- ensure that the total amount of GH¢1,203.07 credited to Ms. Helen Apana during the period is recovered and paid into the Consolidated Fund;
- recover to chest the total amount of GH¢462.00 credited to Unique Trust;
- ensure that SSNIT transfers to chest the total of GH¢407.88 credited to Ms. Apana’s account during the period; and
- promptly submit inputs to the Controller and Accountant-General’s Department for the deletion of names of separated staff from the payroll.

MINISTRY OF FOOD & AGRICULTURE
DORMAA MUNICIPAL DIRECTORATE

Unsupported payment vouchers - GH¢27,964.00

824. We noted from 25 PVs that amounts totalling GH¢27,963.88 that were spent between 3 February and 30 June 2010 in the Dormaa Municipality were not properly authenticated with the relevant expenditure documents, due to laxity in control and supervision by the responsible officers.

825. This could facilitate unauthorised expenses and misappropriation of funds. We, therefore, urged the Municipal Director to provide the necessary expenditure documents to
authenticate the payments or be held liable to refund the total amount to chest.

**Un-receipted payments – GH¢21,180.00**

826. In contravention of Section 28 (1) of the FAR which requires the issue of official receipts for any amount received that is found in order, the Regional Director of MOFA – Sunyani, did not issue official receipt to acknowledge an amount of GH¢21,180.00 paid to him on 15 November 2007 by the Dormaa Ahenkro Municipal Directorate of MOFA.

827. The lapse was attributed to the Regional Director’s inability to order the Regional Accountant to forward the official receipt in spite of an earlier promise.

828. We could, therefore, not obtain assurance that the money was actually paid as alleged. We urged the Municipal Director of MOFA to secure the official receipt to validate the payment or be held accountable.

**TECHIMAN MUNICIPAL DIRECTORATE**

**Unrecovered loans – GH¢208,914.00**

829. To attain food security, MOFA instituted a repayable farmers’ assistance programme called ‘block farming’ in 2010 for which a total loan of GH¢208,913.70 was granted to 729 farmers. The assistance
was in cash and agro materials such as seed maize, chemicals and fertilisers which were repayable within a single cropping season ending 31 December 2010.

830. We noted that the loan had not been recovered; a situation we found likely to defeat the objectives of the scheme. Management attributed the poor recovery to the late release of funds, army worm infestation and the falling price of maize.

831. We indicated that the lock up of the funds with the defaulting farmers could deny other prospective farmers access to the loan facility.

832. In response to our recommendation for an early recovery, the District Director said a task force had been formed to commence recovery from January 2011 as an option in place of legal action.

REGIONAL DIRECTORATE OF MOFA – SUNYANI

Short delivery of vaccines - GH¢1,768.00

833. Our audit in March 2010 disclosed that ‘Newcastle disease’ vaccines numbering 200,000 doses issued to the Regional Veterinary Officer, Sunyani from MOFA stores in Accra vide SIV No.19973 of 28 July 2008 were short delivered by 104,000 doses valued at GH¢1,768.00.
834. The former Regional Veterinary Officer, Dr. A.A. Kontoh who took the delivery said he did not check the quantities against the Store Issue Vouchers and attributed the shortage to transit from Accra to Sunyani. Though Dr. A.A. Kontoh accepted to make good the value of the lost vaccines he has since failed to do so. We urged the present Regional Veterinary Officer to recover the amount from Dr. A.A. Kontoh.

MUNICIPAL OFFICE OF MOFA – WENCHI
Payment for unapproved study leave – GH¢19,188.00
835. We noted that two officers of MOFA were pursuing further studies at the University of Cape Coast without approved study leave. We noted further that although they had applied for study leave with pay no approval was given and yet they were paid salaries totaling GH¢19,188.23 as follows:

<table>
<thead>
<tr>
<th>Name of Officer</th>
<th>Amount GH¢</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Nyame Abroquah</td>
<td>10,658.85</td>
<td>August 2008-May 2010</td>
</tr>
<tr>
<td>Mr. Lesseni Osborne Alhassan</td>
<td>8,529.38</td>
<td>August 2010</td>
</tr>
</tbody>
</table>

836. We considered the payments irregular since they had not been granted formal approval for study leave with pay.
837. We recommended that the payments should stop until formal approval is given and a bond is entered into to ensure that the officers return to work at the end of their courses.

MINISTRY OF HEALTH

HEADQUARTERS

Financial assistance for medical treatment of members of the general public-GH¢136,242.00

838. We noted that the Ministry assisted five members of the general public with a total amount of GH¢136,228.00 for medical treatment. However, the Ministry has no policy or guidelines indicating the criteria for which a member of the general public could benefit from such assistance. The recurring nature of the assistance also made it seem a routine activity of the Ministry, though it had no budget line for such expenditure.

839. We realized that management was moved by moral considerations to assist the beneficiaries rather than the availability of dedicated budget lines and strategic plans.

840. This could result in the non-execution of planned programmes as available funds meant for such programmes might be misapplied.
We, therefore, recommended that the assistance to the general public should be suspended until management puts in place clear policies and guidelines as regards set criteria for potential beneficiaries and budgetary provisions.

**Failure to deliver project vehicle-GH¢38,100.00**

841. On 7 March 2006, the Ministry contracted F. F. Construction Limited Accra, to construct a four storey ward and office for Plastic Surgery and Burns Unit at the Korle-Bu hospital. Included in the claims submitted to the Ministry for preliminaries and day works charges were claims of GH¢30,000.00 and GH¢8,100.00 for the purchase of a vehicle for supervision and maintenance of the vehicle, respectively. These amounts were included in the payments made to the Contractor per Payment Certificate No.2 dated 8 October, 2006. However, as at 5 May 2010, when the project was about 85% complete, the vehicle had not been delivered for the intended purpose.

842. This situation contravenes Regulation 39(1) of FAR, 2004 which stipulates that 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.

843. In addition to not having the services of the vehicle during the project’s lifecycle, there is the risk that the Ministry could lose the amount of GH¢38,100.00 to the Contractor in view of the inaction
demonstrated by management and the Capital Investment and Management Unit of the Ministry in ensuring that the vehicle was delivered for the project.

844. We recommended that:

a. the Spending Officer should ensure that F. F Construction Limited refunds the present value of the GH¢8,100.00 collected in 2006 for the maintenance of the undelivered vehicle;

b. F.F. Construction Limited should deliver a vehicle of commensurate value as compared to the present value of the GH¢30,000.00 received in 2006, if the vehicle is still considered relevant to the project, otherwise the Company should fully refund the present value of GH¢30,000.00; and

c. Schedule Officers with oversight responsibility over service providers should always ensure that the Ministry receives commensurate value for goods and services paid for.

Over-invoicing of Polo T-shirts purchased – GH¢6,201.00

845. One hundred and fifty Polo T-Shirts were purchased at GH¢6,201.00 on 21 December 2009 for the use of delegates at
ECOSOC meeting held on 10 and 11 of June 2009. We noted the following anomalies with the transaction:

a. The supply was single sourced from Osikatech Ghana Limited;
b. Comparing the unit price of GH¢41.34 per T-Shirt (Invoice date-Sept. 09) to similar T-Shirts purchased by the Ministry for 2009 Health Fair Summit from a different supplier at GH¢12.18 per T-Shirt (Invoice date-Sept. 09), there is indication of total over-invoicing of GH¢4,374; and
c. The VAT receipt issued by Osikatech Ghana Limited was for SBS Ghana Limited, a different company.

846. The Ministry thus lost GH¢4,374.00 which could have been used for other programmes. The transaction implied that the Ministry might also have been dealing with a non-VAT registered enterprise; which does not enhance Government’s efforts at generation of tax revenue.

847. We noted that the Procurement Unit of the Ministry was not involved in the transaction, and the Programme Coordinator who undertook the transaction did not ensure fairness and economy in the disbursement of the funds.
848. The situation contravenes Regulation 39(1) of FAR, 2004 which states that “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.”

849. We recommended that the over-invoiced amount of GH¢4,374.00 should be recovered from the Programme Coordinator. Osikatech Ghana Limited should provide evidence of returns to the Ghana Revenue Authority – VAT Division on the GH¢808.88 collected per receipt number 18870712 dated 7 September 2009, failing which the amount should be recovered from the company.

GHANA HEALTH SERVICE-HEADQUARTERS
Payment of unearned salaries –GH¢7,194.00

850. We noted that two employees who retired in July 2009 continued to be paid salaries until December 2009. A Mr. Kwabena Kyereko was paid GH¢4,410.93 whilst Jessie Wellington was paid GH¢2,782.94. This anomaly was attributed to management’s failure to take effective steps to stop the payments.

851. We asked management to recover the amounts from the former employees. Management should also ensure that the payroll is checked on a monthly basis to ensure that only workers at post are paid. Bankers of persons who are paid undeserved salaries should be
contacted promptly to stop the payments and the moneys paid back to Government chest.

**KORLE-BU TEACHING HOSPITAL**

**Non-payment of bills by patients – GH¢66,215.00**

852. We noted that a large number of treated patients left the hospital without settling their bills amounting to GH¢66,214.93. Lax security and ineffective monitoring of patients by staff at the wards contributed to this situation.

853. Although management claimed it had put in place several measures to reduce or eliminate the incidence of patients absconding without paying their bills, the problem has persisted.

854. We advised management to further improve upon security at the wards and strengthen staff monitoring of patients in order to bring the situation under control. Effective steps should be taken to trace and identify the patients involved in order to recover the amount.

**Laxity in the collection of rental income**

855. Regulation 17(a) of the FAR, 2004 requires a Head of department to ensure that all Non-Tax Revenue are efficiently collected.
856. We noted that on 31 December 2005, management leased for 20 years a portion of the hospital’s lands to a private real estate company, M/S Saamah Plumbing and Construction Works, for the construction of commercial shops and offices for rental.

857. The lessee agreed to pay 40% of rent proceeds to the hospital as consideration for the use of the land. To ensure that the hospital was paid the accurate rental income, it was agreed that the lessee would make available to the Korle-Bu hospital’s Internal Audit Unit documents on rent accruals for verification on a quarterly basis.

858. We, however, observed that after making the land available to the lessee, management did not ensure that the lessee complied with the provisions of the leasehold agreement. Management has been lax in the following respects:

   a) Management was not aware when the lessee completed the stores and gave them out for rent. Thus, management did not know from which date the 40% rent accrued to the hospital; and

   b) Contrary to the provisions of the lease agreement, management did not ensure that the lessee presented documents on rent accruals to the Korle-Bu Internal Audit Unit on quarterly basis for verification.
859. We noted that Saamah Plumbing and Construction Works presented its receipts and ledger book to management for verification on 13th May 2009 i.e. over 42 months after the lease and paid an amount of GH¢1,224.00 as rent which had accrued for three years (2006 to 2009).

860. We noted that there was the risk that the amount due to the hospital had been understated. We, therefore, recommended that management should obtain the audited accounts of the lessee and/or other third party information in order to determine the right rental income due to the hospital and collect same without delay.

**Payment of unearned salaries-GH¢36,965.00**

861. We noted that unearned salaries totalling GH¢36,964.87 were paid to 14 former employees between 2008 and 2009. Due to lack of effective coordination between the Human Resource Unit and the Finance Unit, management did not act promptly to ensure the deletion of the names of the separated staff from the hospital’s payroll. Also, management did not follow-up on letters it wrote to the banks requesting the stoppage of payment of the salaries.

862. This situation contravened Regulation 297 of the FAR, 2004 which requires a Head of department to cause the immediate stoppage of payment of salary to a separated staff.
863. We requested the Director of Finance to pursue recovery of the amount. Also, the coordination between the Human Resource and Finance Units should be improved to avoid such payments to separated staff.

**Staff advances not recovered – GH₵42,254.00**

864. Staff advances amounting to GH₵55,204.00 were not recorded in the advances ledger. Out of this, outstanding advances totalling GH₵42,254.00 had not been recovered after the due dates.

865. Lack of effective supervision over the Schedule Officer and management’s inability to enforce the terms of recovery of the advances resulted in this situation. This situation contravenes Regulation 110 and 111 of FAR, 2004 which require management to recover advances on schedule and to keep records on advances which should show all advances granted and recoveries made.

866. We asked management to recover the overdue advances and ensure that the advances’ ledger is updated promptly.

**RIDGE HOSPITAL**

**Application of inappropriate procurement method**

867. Schedule 3 of the Public Procurement Act, 2003 puts the limit for the shopping method of procurement at GH₵20,000.00 and GH₵50,000.00 for goods/services and works respectively.
868. Contrary to this, four procurements were made using the shopping method, although the value of each of them required the National Competitive Tendering method of procurement. Details of the procurements are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Products/services</th>
<th>Contract sum GH¢</th>
<th>Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>22/7/2009</td>
<td>Pentra 60 c+</td>
<td>42,916.50</td>
<td>Arcoa</td>
</tr>
<tr>
<td>21/7/2009</td>
<td>Blood Gas Analyzer</td>
<td>29,500.00</td>
<td>Hanisa</td>
</tr>
<tr>
<td>05/04/2009</td>
<td>Steel Chairs (3 in 1)</td>
<td>32,000.00</td>
<td>Rockfield</td>
</tr>
<tr>
<td>26/3/2009</td>
<td>Hospital bed</td>
<td>28,211.39</td>
<td>Universal</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>132,627.89</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

869. The method employed did not enhance fair competition that could ensure value for money. Management explained that it applied the irregular method because the procurements were done under emergency.

870. We recommended that management should improve on its planning to limit emergency procurements to only items that are truly urgent. Additionally, the Tender Committee should ensure full compliance with the requirements of the PPA.
PRINCESS MARIE-LOUISE HOSPITAL

Unearned salaries-GH¢1,128.00

871. We noted that unearned salaries totalling GH¢1,127.66 were paid to two former members of staff of the hospital. These were: Agnes Apedoe (GH¢482.24) and Okyerebea Dankwa (GH¢645.42).

872. Management explained that it took prompt action to stop the payment of the salaries but delay in deletion of the names by the Controller and Accountant General’s Department had caused the anomaly. We asked management to recover the amount without delay.

CARDIO THORACIC UNIT, KORLE BU

Single source procurements without approval and foreign payments without authority

873. We noted that the procurement of various items, medical equipment and pharmaceutical products, valued at GH¢78,413.00, $422,244.58 and €168,683.77 respectively, were made from local and foreign vendors through single sourcing without the approval of the Public Procurement Board. Also, the foreign currency payments were made without appropriate authority from the Controller and Accountant-General (CAG).

874. This situation contravened procurement laws and financial regulations of Government. Section 40(1) of the Public Procurement Act, 2003 (Act 663) requires a procurement entity to obtain the
approval of the Public Procurement Board prior to making single-source procurements. Also, Regulation 42(1) of the Financial Administration Regulations (FAR), 2004 states that “Payments outside Ghana shall be made only under the specific authority of the Controller and Accountant-General with prior approval of the Minister in accordance with the approved estimates.”

875. Value for money might not have been attained from the expenditures. Additionally, arbitrary foreign payments could result in foreign exchange payment irregularities.

876. We urged management to seek retrospective approval from the Public Procurement Board and the CAG to regularize the transactions. We also advised management to comply with the procurement and financial rules in subsequent procurements.

**Procurement made from non-VAT registered suppliers—GH¢150,529.00**

877. We noted that procurements worth GH¢150,529.00 were made from 37 non-VAT registered suppliers. Consequently, VAT was not paid on the items supplied.

878. Management thus failed to comply with Section 30 (2) of the Financial Administration Act (FAA), 2003 (Act 654) which states that “Except as determined by the Minister and subject to any other
enactment, government stores shall be procured from only Value Added Tax registered persons.”

879. We advised management to procure from only VAT registered entities.

CASTLE CLINIC

Revenue not accounted for-GH¢19,041.00

880. We observed that out of a total revenue of GH¢59,343.30 collected between January 2008 and December 2009, the Head of Finance of the clinic, Mr. William Addo, failed to account for GH¢19,041.40. This anomaly occurred as a result of ineffective supervision by the Principal Medical Officer (PMO) in charge.

881. We recommended that the PMO should ensure that the amount of GH¢19,041.40 was recovered from Mr. William Addo without further delay. The criminal aspects of the matter should also be pursued by the PMO. Additionally, the PMO should improve upon supervision over accounting duties in the clinic and ensure that revenue collected is lodged fully and promptly into bank.

Un-presented payment vouchers-GH¢14,214.00

882. Forty-four payment vouchers covering GH¢14,214.50 paid were not presented for audit. The present Accountant explained that
the previous Accountant, Mr. William Addo, did not hand over the vouchers to him.

883. The authenticity of the disbursements is in doubt as the approval authority and other vital information about the disbursements could not be ascertained by our audit.

884. Management should seek the assistance of the previous Accountant to retrieve the payment vouchers for examination. Management should also ensure that officers leaving the facility hand over all vital documents to officers taking over their duties.

**TEMA GENERAL HOSPITAL**

**Unearned salaries- GH¢8,511.00**

885. Our review of mechanised vouchers of the Hospital revealed that seven separated members of staff who were either on leave without pay, retired or dead were paid unearned salaries totalling GH¢6,912.85 between January and December 2009, while one officer was wrongfully paid GH¢1,598.65 in July 2010 due to management's failure to promptly delete their names from the payroll.

886. Management indicated that the officers concerned had been written to and letters had been sent to their various banks to refund the moneys to chest, but the banks had not responded to their request.
887. We advised management to follow up to the various banks to ensure the transfer of all unearned salaries back to Government chest.

WINNEBA MUNICIPAL HOSPITAL

Unearned salaries - GH¢20,169.00

888. Separated staff should have their names deleted from the payroll. We noted that three former members of staff who had either left the Service or died were paid salaries for no justifiable cause. This occurred due to lack of communication between the hospital’s management and the Controller and Accountant General’s Department. Management was advised to recover the amount illegally paid from the next of kin of the former officers.

Non-payment of rent – GH¢9,707.00

889. It is the Government’s policy that officers occupying Government bungalows/flats are expected to pay rent monthly. We noted that six officers failed to pay their monthly rent totalling GH¢9,706.66 during the period under review. We requested the management of the hospital to recover the rent or the officers should be ejected.

Illegal payment of salaries – GH¢25,724.00

890. In line with Article 63.2 of the Ghana Health Service Code of Conduct and Disciplinary procedures subsection (b) and (c), only one-third of the gross salary should be paid to an interdicted officer.
891. Contrary to the code, five interdicted officers were paid their full salaries without any justification. As a result, a total amount of GH¢25,724.20 was paid illegally to the affected officers, thus bringing an additional loss to the Government. We urged management to promptly recover the overpaid amount.

GOVERNMENT HOSPITAL – OBUASI

Rent defaulters – GH¢1,075.00

892. Examination of the hospital’s rent register disclosed that between May 2009 and February 2010, rent collected was GH¢310.00 out of a collectible rent of GH¢1,385.00. The balance of GH¢1,075.00 could not be collected due to laxity in the rent collection mechanism.

893. We urged management to ensure that the defaulters pay the rent arrears or their salaries should be frozen until they settle their indebtedness to the hospital.

SEVENTH DAY ADVENTIST (SDA) HOSPITAL – ASAMANG/ASHANTI

Unearned salary – GH¢4,638.00

894. Unearned salaries of three separated staff covering the period September 2008 to January 2010 amounting to GH¢4,637.51 were paid into their bank accounts, contrary to Regulation 297(a) of FAR, 2004.
895. Even though their names have been deleted from the payroll, the unearned salaries were yet to be recovered and paid to Government chest.

896. We, therefore, recommended that the total amount of GH₵4,637.51 should be recovered from the separated staff and measures put in place to prevent a recurrence of this anomaly.

NURSES’ TRAINING SCHOOL - TAMALE

Purchases not routed through stores - GH₵30,125.00

897. Contrary to Regulations 0315 and 0316 of the Stores Regulations, 1984 the Nurses’ Training School procured store items valued at GH₵30,124.56 but failed to route them through the stores to show how they were utilised.

898. This situation made the purchases doubtful as we could not verify that the items were applied for the purposes of the institute. We attributed the irregular procedure to the laxity of the Spending and Finance Officers who failed to apply the internal check systems.

899. We advised management to take retroactive action to record the items in the store ledgers and show how they were finally utilized, failing which management should refund the amount involved.
Unsupported payments-GH¢46,135.00

900. We noted that disbursements totalling GH¢46,134.85 were made without obtaining transaction documents such as receipts and invoices. The Spending and Finance Officers authorised the payments without regard to the internal check systems.

901. The lapse could facilitate misappropriation of funds as payments could be made for fictitious transactions. We, therefore, recommended that management should obtain the necessary documents to support the payments or the amount should be recovered from the Spending and Finance Officers.

Embezzlement of revenue-GH¢120,721.00

902. The Accountant of the Nurses’ Training College collected fees amounting to GH¢120,721.00 for which official receipts were issued to the students but failed to pay the amount involved into account.

903. This situation, in our opinion, may have resulted from lack of supervision over the accounts department. We recommended that the Accountant be held liable and made to refund the amount involved. The Head of the institution should also improve upon her supervision over the accounts department and pursue the criminal aspects of the matter.
Failure to deduct rent from staff salaries - GH¢70,185.00

904. Eight members of staff of the Nurses’ Training College who occupy Government bungalows did not suffer rent deduction amounting to GH¢70,185.12 from their salaries between January 2006 and December 2009.

905. This was due to the failure of management to submit inputs to the Controller and Accountant-General’s Department for the deduction of rent from the officers’ salaries.

906. We, therefore, recommended that management should recover the amount from the officers and submit inputs to the CAGD for deduction of the monthly rent.

ZABZUGU/TATALE DISTRICT HEALTH DIRECTORATE

Payment for work not executed - GH¢20,000.00

907. The Zabzugu/Tatale District Directorate of Health awarded a contract to Messrs Jabben Ventures for the construction of a CHPS compound at Yachado at the cost of GH¢20,000.00

908. We noted that not only was the contract awarded without competitive bidding as required by Section 35 (1) of the PPA, 2000, but full payment was made to the Contractor in December 2009 vide PV. No. 0254040.
909. However, our follow-up to the project site disclosed that apart from four trips of sand that had been dumped there, no work had been undertaken.

910. We recommended that management should ensure that the Contractor executes the work immediately or refunds the amount involved, failing which the Spending Officer should be made to refund the amount involved.

**REGIONAL HOSPITAL, HO**

*Embezzlement of National Health Insurance claims – GH¢34,864.00*

911. We noted four instances where the management of the Adaklu-Anyigbe Health Insurance Scheme issued cash cheques instead of crossed cheques for amounts purportedly due to the Ho Regional hospital, in contravention of financial regulations. Details of the four cheques are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Cheque Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>20/2/2009</td>
<td>000048</td>
<td>10,500.00</td>
</tr>
<tr>
<td>31/3/2009</td>
<td>000077</td>
<td>4,458.30</td>
</tr>
<tr>
<td>20/5/2009</td>
<td>00100</td>
<td>8,125.61</td>
</tr>
<tr>
<td>11/6/2009</td>
<td>000017</td>
<td>11,780.50</td>
</tr>
</tbody>
</table>

**34,864.41**
912. The Claims officer of the Regional Hospital, Mr. Amewode-Besso Hopeson signed and collected the last two cheques shown above and issued General Counterfoil Receipt CV0153600 of 25 May 2009 and MOHA 7519095 dated 18 June 2009 respectively in acknowledgement without paying the amount into account. The first two cheques above were issued by the Scheme and were fraudulently paid to the Accountant of the Scheme according to the records at Unity Rural Bank, Kpetoe.

913. We recommended the interdiction of Mr. Amewode-Besso Hopeson, and the arrest and prosecution of the Adaklu Anyigbe Health Insurance Scheme Manager and his Accountant who were said to be on the run. The hospital should recover the amount of GH¢34,864.30 from the two officials.

**PEKI GOVERNMENT HOSPITAL**

**Revenue not accounted for – GH¢232,585.00**

914. Good internal controls require segregation of duties so that one officer’s work would be checked by another. However, we noted that Mr. James Addom, a temporary Revenue Collector was at the same time the Billing Officer responsible for the writing of patients’ bills, thus violating the principles of segregation of duties.

915. Our audit disclosed that Mr. James Addom failed to account for revenue amounting to GH¢232,585.01 which he collected between 1
January 2005 and April 2006. We attributed the misappropriation to the failure to implement control measures as contained in the financial management systems of the Ministry of Health, coupled with ineffective supervision by the Medical Superintendent and the Heads of the accounts department.

916. Upon our recommendation, the case was reported to the Police and the docket is currently with the Attorney General’s Department, Ho. We also requested that the Accountants under whom he served during the period namely: Mr. E.K. Akuamoah and Mr. Loli Simon should be sanctioned for gross dereliction of duties.

**Unrecovered in-patient debts – GH¢15,276**

917. Finance officers of hospitals are enjoined to keep debtors’ ledgers. We noted, on the contrary, that Messrs. E. K. Akuamoah and Loli Simon who were the Accountants at post from 1 January to 30 April 2006 failed to keep the ledger in question.

918. Under the circumstances, management could not recover in-patient bills of GH¢15,275.58 during the period 1 January 2005 and April 2006, thus denying the hospital funds required to provide efficient medical services.
We recommended that management should surcharge Messrs E.K. Akuamoah and Loli Simon with the amount for gross dereliction of duties.

**Suppression of revenue – GH¢11,286**

We noted that on three occasions Mr. Stephen Ahiable, a Revenue Collector failed to account fully for revenue he collected between 2006 and 2008. Total revenue collected by Mr. Stephen Ahiable during these three instances amounted to GH¢55,689.68 while only GH¢44,403.78 was accounted for, leaving GH¢11,285.90 which he suppressed.

This condition occurred because the internal control procedures were not applied by the Head of the BMC and the Head of accounts, coupled with ineffective supervision.

We recommended that the amount should be recovered from Mr. Stephen Ahiable who is currently being prosecuted by the Police at the Circuit Court, Ho. Additionally, the requisite internal control procedures should be implemented and supervision improved to check such irregularities.

**DISTRICT HEALTH ADMINISTRATION, KETE KRACHI**

**Failure to retire special imprest – GH¢8,150**

A special imprest is given for a specific purpose which shall be
retired after the event. However, we noted that the Medical Director was granted 19 special imprests amounting to GH¢8,150.30 which he failed to retire. Under the circumstances we could not ascertain whether the amount was used for the purpose(s) for which it was granted.

924. We advised the Director to retire the imprests promptly or refund the amount.

**Drug revenue not accounted for – GH¢976**

925. Revenue Collectors are enjoined to account in full for revenue collected. However, we noted that whereas revenue totalling GH¢2,274.65 was collected as drug revenue, only GH¢1,299.15 was lodged into the drug account by the Accountant leaving GH¢975.50 not accounted for. This was due to ineffective supervision by the Head of the BMC and the Head of Accounts. We requested management to recover the amount from the Accountant and also improve on the supervision of officers.

**Unrecovered advances – GH¢1,450**

926. Advances granted to public officers from public funds are required to be recovered according to the terms of recovery agreed with the beneficiaries. To the contrary, three members of staff who were granted advances between July 2006 and May 2010 amounting to GH¢1,450 failed to pay back the amount. We noted laxity on the
part of management to enforce the terms of repayment of the advances. We recommended that management should recover the amount without any further delay.

**Expenditure not accounted for – GH¢68,302**

927. The management of the District Health Administration failed to make available to us 77 paid vouchers to account for a total expenditure of GH¢68,301.64. As a result, we could not certify the propriety and genuineness of the expenditure. We recommended that the payment vouchers should be produced or the amount be recovered from the Spending Officer and the Accountant.

**MINISTRY OF INTERIOR**

**GHANA POLICE SERVICE HEADQUARTERS**

**Non-preparation of annual financial statement of accounts**

928. The Police Administration failed to prepare and submit to the Controller and Accountant General, the Minister of Finance and the Auditor-General annual financial statements as required by Section 41 (1) of the Financial Administration Act, 2003 (Act 654). Management attributed its failure to the absence of comprehensive guidelines from the Controller and Accountant General on the preparation of the accounts.
929. We recommended that management should contact the Controller and Accountant-General’s Department for assistance to build the necessary capacity to be able to produce the annual accounts.

**Payment of school fees for which receipts were not provided – GH¢4,740**

930. Two Police personnel namely, Mr. Obeng Adomako and Ms. Bernice Baffour who were given a total of GH¢4,740.00 to pay their school fees at Regent University failed to produce receipts to support the payments, contrary to Section 39 (2) of the Financial Administration Regulations, 2004 (L.I. 1802).

931. We recommended that management should pursue the affected personnel to submit official receipts from the University failing which they should be made to refund the money. We further advised management to put in place measures to ensure that all monies disbursed for any purpose are properly accounted for and supported with appropriate documentation.

**GREATER ACCRA REGIONAL HEADQUARTERS**

**Exhibits released without court restitution orders**

932. In contravention of Police Service Instructions 210(5) personnel of the Criminal Investigation Department (CID) of the Regional Command, Accra, released a total cash of GH¢3,170.00 and
2,600 cartons of tinned tomatoes, some clothing and electronic gadgets to their owners without the relevant court restitution orders.

933. The referenced instruction requires that court restitution orders would be obtained and quoted in the Court Exhibits Register to support the release of the exhibits. Since this procedure which provides the requisite authority for the release of the exhibits was not followed we recommended that the officers who made the releases should either obtain the restitution orders retrospectively or produce the exhibits, failing which the Police Administration should cause them to refund the value thereof.

**Lack of firefighting equipment**

934. Our inspection of the Accra Regional Headquarters revealed that offices there did not have firefighting equipment like smoke detectors and fire extinguishers, thereby placing personnel, official documents and property at the risk of loss in the event of a fire outbreak.

935. We advised management to avert this risk by procuring the necessary equipment needed to detect and fight any fire outbreak.
ACCRA SOUTH DIVISION –MINISTRIES

Absence of safe at Railway Police Station

936. It is incumbent on Heads of department to ensure adequate security arrangements by providing a safe for the custody of cash exhibits and other valuables. We observed at the Railway Police Station that there was no safe for proper security of cash in the custody of the Police. This compelled the Station officer to keep cash and other valuables in a steel cabinet.

937. We recommended that in order to prevent unauthorised access and remove the risk of the loss of unsecured funds, the management of the Division should procure a safe for the Station to safeguard public funds. Management informed us that the matter is being pursued with the Estate Unit at the Police Headquarters.

ACCRA CENTRAL POLICE STATION

Congestion at the exhibits store

938. We found that exhibits which are over 10 years had not been disposed of. This contravened Regulation 9 of the Police Service Regulations, 1971(L.1. 704) on the disposal of property which empowers the Police Administration to dispose of property which comes into their possession, if not claimed within two months. The failure of the Police Administration to evoke this power had resulted in congestion at the exhibits store and hindering easy access to the exhibits.
939. Although management claimed that the necessary machinery had been set in motion for the disposal of the unclaimed exhibits the situation has remained unchanged up to now. We urged management to take action to decongest the exhibits store in line with the regulation.

ACCRA SOUTH WEST DIVISIONAL HEADQUARTERS
DANSOMAN

Absence of armoury at Chorkor Police Station

940. Contrary to Instruction 98 of the Police Service Instructions, the Chorkor Police Station has not been provided with an armoury for safekeeping of fire arms and ammunitions. As a result, weapons like AK 47 rifles and other ammunitions are kept in drawers at the Charge Office’s counter, an unsafe practice which has the risk of unauthorised persons gaining access to the arms and ammunition and possibly endangering human lives.

941. While the Divisional Commander is, through correspondence with the Police Administration, pursuing the creation of an armoury for the Station, we urge the Administration to give the request the necessary attention to enhance public safety.

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Auditor-General’s Report on the Public Accounts of Ghana, MDAs – 31 December 2010
REGIONAL POLICE HEADQUARTERS – SEKONDI

Non-maintenance of assets register

942. According to Section 35(1) of the Financial Administration Act, 2003 (Act 654), “a head of department is generally responsible for the care and custody of equipment held by his staff and is particularly responsible for keeping accurate records of equipment held, its location and the officer in immediate charge at any time.”

943. Contrary to the above, the Regional Police Service Administration failed to maintain an assets register to record and provide particulars of all assets such as would facilitate verification at both the residences and offices.

944. To safeguard the assets of the Police Service, we recommended the immediate introduction of an assets register and the provision of the relevant information. Management accepted our recommendation for implementation.

DIVISIONAL POLICE HEADQUARTERS-AGONA SWEDRU

Landed property without title deeds

945. Our review of assets records disclosed that the Police Divisional Headquarters did not have title deeds or ownership documents covering a vast piece of land allocated to the Police Service at Agona Swedru by the Chiefs and elders of the town.
946. The failure by management, through laxity, to obtain title deed to the land contravenes Regulation 2(n) of the Financial Administration Act, 2004 (L.I. 1802), which requires Heads of department to compile and maintain assets registers of their departments.

947. In order to avoid the risk of losing the land through encroachment and or future litigation, we recommended that management should expedite action to acquire from the Chiefs and elders a formal title to the land.

**GHANA POLICE SERVICE – OFFINSO**

**Loss of service rifle No. 5620**

948. We observed that an AK 47 rifle No. 5620 was issued to Lance Corporal Daniel Magarti for duties at Sakamkrom barrier. On his return, he handed over the rifle to Constable Lloyd Kporgbe who failed to take it into the armoury for safekeeping, resulting in the disappearance of the rifle on 17 October 2009. The rifle has since not been traced and the risk of it being used to engage in illicit activity that could endanger the public could not be discounted.

949. We are of the view that laxity in control and inappropriate supervision was responsible for the loss of the rifle. Management responded that the Constable in whose hands the rifle got missing was already facing service enquiry. We recommended that in addition to
this, the Supervising Officer of the Constable should also face administrative sanction for ineffective supervision. We also requested management to furnish us with a copy of the service enquiry report for scrutiny.

GHANA POLICE SERVICE – TETREM

Dilapidated building and abandoned residential project

950. The building which serves as the Police Station of the above town has become dilapidated due to lack of resources to renovate it. The possibility of the building collapsing in the near future cannot be ruled out. We also observed that a six room residential project embarked upon by the Tetrem community to ease the accommodation problem of the Station staff has been abandoned although it has reached lintel level. We were informed that this was due to lack of further resources. The stoppage has impeded the posting of additional staff to augment the existing officers numbering only two and who are serving seven communities with a population of about 5,000 inhabitants.

951. We recommended to management to liaise with the Police Authorities and the Afigya Kwabre District Assembly to pool resources together for the renovation of the Police Station as well as the completion of the residential project to pave way for the improvement of the working facilities of the Police and allow for
additional Police officers to be posted to complement the efforts of the two officers and enhance public safety in the seven communities.

GHANA POLICE SERVICE – DONKORKROM

Missing General Counterfoil Receipt books

952. Our review of the Station’s stock register of value books revealed that, two General Counterfoil Receipt books with serial No.816301 to 816500 issued to Chief Inspector Charles K. Akoeda had not been accounted for, neither were they produced for our inspection. We were informed that the officer had proceeded on transfer without handing over the books. The possibility that these books might have been used to collect revenue without being accounted for could not be overruled.

953. We requested the District Commander to contact Chief Inspector Charles K. Akoeda at his new station to come and hand over the two General Counterfoil Receipt books to his successor, failing which appropriate disciplinary action should be taken against him. If it is found that Chief Inspector Charles K. Akoeda has used the General Counterfoil Receipt to collect any public monies the sum thereof should be recovered from him and paid to Government chest. The District Commander should also face disciplinary action for not ensuring proper and full handing over by the departing officer.
GHANA NATIONAL FIRE SERVICE, HEADQUARTERS

Value book not presented for review

954. We noted that a receipt book numbered 12001 to 12050 issued to Mr. Besaida was not presented for audit. This contravened Regulation 1(a) of the FAR, 2004 which requires a public officer who is responsible for the conduct of financial business on behalf of Government to produce records of such transactions on demand to the Auditor-General for review.

955. The value book issuing officer failed to ensure that the recipients of the value books accounted for all the books issued to them before further issues were made. This omission could result in suppression of revenue by Revenue Collectors.

956. We asked management to ensure that Mr. Besaida produces the receipt book for examination. If it is found that he has used the General Counterfoil Receipt to collect any public monies, the sum thereof should be recovered from him and paid to Government chest. Appropriate disciplinary action should be taken against him for failure to comply with the Financial Regulations. Additionally, the officer or supervisor who issued the receipt book to him should be requested to show cause why he should not be disciplined for failure to ensure prompt and proper accountability by Mr. Besaida.
**Unearned salary - GH¢1,549.00**

957. We noted that a total amount of GH¢1,548.92 being January 2009 to January 2010 salaries were paid into the account of DGO Cecilia Appianing who was dismissed from active service. A financial loss has thus been incurred by the Government.

958. We advised the Chief Fire Officer to recover the amount of GH¢1,548.92 from Cecilia Appaining.

**Failure to deduct withholding tax-GH¢6,285**

959. In contravention of Section 84 of the Internal Revenue Act, 2000 (Act 592) which requires the withholding of 5% tax from payments made to suppliers of goods and services, we noted that between October 2009 and April 2010 management made payments totalling GH¢6,285.00 to seven enterprises from the Service’s Band Account without deducting total withholding tax of GH¢314.25.

960. We recommended that management should ensure to pay the amount of GH¢314.25 to the Domestic Tax Revenue office in line with Section 88 (1) of Act 592 which requires a withholding agent to pay taxes it fails to withhold from suppliers.
Unsupported payments-GH¢4,211.00

961. Our review of the Fire Safety Account disclosed that two payment vouchers prepared allegedly to pay for car parts and adverts in the local newspapers were not supported with official receipts from the payees even though the payments were made in November 2009 and April 2010.

962. We could, therefore, not ascertain the genuineness of the payments as they contravened Regulation 39 (2c) of the FAR which requires a Head of the accounts section of a department to ensure that transactions are authenticated to show that the amounts are due and payable.

963. We asked management to properly support the transactions with receipts from the payees or cause the amount of GH¢4,211.00 to be refunded to Government chest.

REGIONAL FIRE SERVICE -TEMA

Payment of unearned salaries to separated staff- GH¢8,669.00

964. Unearned salaries totalling GH¢8,669.26 were paid into the bank accounts of seven separated staff between September 2009 and December 2009 (GH¢1,304.20) and January to September 2010 (GH¢7,365.06), contrary to Section 297 (3) of the FAR, 2004. We observed that this was due to the failure of management to take prompt action to delete their names from its payroll.
965. Management stated that a total amount of GH¢7,641.80 paid to four retired and one deceased officer would be recovered from their benefits, while efforts would be made to recover the balance of GH¢1,027.46 from two dismissed officers. However, no recoveries had been made as at 30 January 2011.

966. We urged management to ensure full recovery of the total amount of GH¢8,669.26 to Government chest and to also take appropriate disciplinary action against the officer(s) responsible for administrative and payroll actions who should have stopped the payment of the unearned salaries to the separated staff.

REGIONAL FIRE SERVICE – TAKORADI

Failure to prepare a Procurement Plan

967. Part III Section 21 (1 & 2) of the Public Procurement Act, 2003 (Act 663) states that a procurement entity should prepare Procurement Plan to support its approved programmes. The plan should indicate contract packages, estimated cost for each package, the procurement method and processing steps and times. The procurement entity should submit this plan to its Tender Committee not later than one month before the end of the financial year.

968. However, we did not find any Procurement Plan in the Regional Fire Service office to guide management, indicating that procurement during 2010 was unplanned and value for money might
not have been achieved in transactions. The anomaly was attributed to management’s failure to abide by the provisions of Act 663.

969. To remedy the situation, we recommended that, in future, management must ensure that the procurement plan is prepared yearly and submitted in accordance with the Public Procurement Act.

GHANA NATIONAL FIRE SERVICE – PRESTE'A

Purchases not routed through stores – GH¢520.00

970. We noted in the above office that, contrary to Section 1604 of Store Regulations 1984, items worth GH¢519.90 purchased were not routed through the store to provide evidence of receipt and utilisation.

971. Management accepted our observation but explained that the purchases were made for the station’s administrative and operational purposes.

972. We urged management to provide documentary evidence of the receipt and indicate the final disposal of the items or refund the GH¢519.90 being the cost of the items to chest. Management promised to take the items on ledger charge and notify our office for subsequent verification.
REGIONAL FIRE SERVICE – CAPE COAST

Unserviceable vehicles
973. Section 1104 of Stores Regulations, 1984 states that ‘Unserviceable, surplus or obsolete stores shall be segregated from the general stocks and shall be transferred from the main Stock Control Ledger to a Subsidiary Ledger as soon as a decision to survey the items has been taken.’

974. On the contrary, 10 vehicles found to be unserviceable were still held in the Stock Control Ledger by management purportedly due to the Storekeeper’s ignorance of the storekeeping procedures. Management agreed to ensure that a Board of Survey is constituted to determine the appropriate means of disposing of the unserviceable vehicles with the Head office’s concurrence.

GHANA NATIONAL FIRE SERVICE – WINNEBA & SUHUM
Unearned salaries – GH¢1,885.85 and GH¢8,639.46 respectively
975. According to Financial Administration Regulation 297(1) prompt action is to be taken to delete the names of separated staff from the payroll. We observed at the Winneba station that two retired officers continued to receive salaries totalling GH¢1,885.85 as a result of management’s failure to delete their names from the payroll.

976. We advised management to retrieve the total amount of GH¢1,885.85 from the retirees, failing which the amount should be
recovered from the management personnel responsible for the deletion of the names of separated staff.

977. At the Suhum station, we observed the payment of unearned salaries totalling GHC8,639.46 to a Leading Fireman, Mr. Leopold Quartey with staff No.GOV4706205/0000021917 who since January 2005 had vacated post due to ill health but still had his name appearing on the pay voucher. The unearned salary of GHC8,639.46 had been credited to his bank account at Odwen Anoma Rural Bank, Koforidua Agency.

978. Though management notified the bank to refund the unearned salaries to Government chest, there was no documentary evidence to confirm that the bank had acted accordingly. Management’s failure to notify the Chief Fire Officer and the Controller and Accountant-General to delete the name from the payroll contributed to the lapse.

979. We recommended that management should ensure that the unearned salary is recovered from the separated staff. Management accepted our recommendation and promised to follow up to recover the amount to Government chest and also take steps to delete Leopold Quartey’s name from the payroll. Should management fail to recover the amount of GHC8,639.46 this should be recovered from them along with any other unclaimed salary that might have accrued since the audit was conducted.
GHANA NATIONAL FIRE SERVICE – ADUAMOA

Missing fire equipment – GH¢320.00

980. Firefighting equipment valued at GH¢320.00 were noted to have been stolen from the store of Kwahu Aduamoa National Fire Service station during inventory check.

981. The inability of the Head of the station to explain the circumstances leading to the missing equipment contravened Part VI Section 183(1-3) of the Financial Administration Regulation (FAR) which holds the Head of department accountable for all Government stores from the time of acquisition to their final disposal.

982. We requested management to produce the items or the Head of station should be held responsible for the refund of the amount of GH¢320.00 being the cost of the items involved.

GHANA NATIONAL FIRE SERVICE, REGIONAL OFFICE – WA

Unearned salaries – GH¢10,663.00

983. The audit of the Ghana National Fire Service’s Regional Office at Wa in August 2010 disclosed that five former employees of the Service who had either died, retired or resigned were paid unearned salaries totalling GH¢10,662.85 after their separation from the Service.

984. The Regional Commander of the Service had failed to comply with Section 297(1) of the Financial Administration Regulations.
(FAR) 2004 which enjoins a Head of department to cause the immediate stoppage of salaries of separated staff.

985. We requested the Regional Commander to ensure that the amount of GH¢10,662.85 is recovered to Government chest, failing which he should be held liable for the recovery of that amount to avoid a potential loss of funds to the State.

GHANA IMMIGRATION SERVICE
DISTRICT OFFICE, TARKWA

Failure to issue receipt for moneys collected – GH¢16,670.00

986. Our audit of the above office disclosed that 1,131 applicants received their passports at the rate of GH¢10.00 through the office, 23 expatriates were granted residence permits at the rate of GH¢200.00 and 19 expatriates received extension of their permits also at the rate of GH¢40.00. However, we could not sight records in the office relating to the receipt and lodgment into the relevant fund bank account of the amounts involved totalling GH¢16,670.00.

987. This was at variance with Part II Regulation 15(1) of the FAR, 2004 which stipulates that “any public officer or revenue collector who collects or receives public and trust moneys should issue official receipts for them and pay them into the relevant Public Fund Bank Account within 24 hours of receipt except in exceptional circumstances to be identified by the Minister.”
988. The District Commander explained that the moneys were collected from the applicants and paid to the Regional Office, Takoradi and receipts were issued for them. Such receipts were always given to the applicant. He further informed the audit team that the system the Service operates did not allow the District Office to issue receipts to cover moneys received.

989. We contended that the system was not only a violation of the FAR but puts officers at the risk of carrying cash on their persons from Tarkwa to Takoradi for payment to the Regional Office. We could also not discount the risk of temptation to use the money for personal purposes.

990. To ensure transparency and accountability and also prevent the occurrence of any misappropriation, we recommended that the District Office of the Ghana Immigration Office should be provided with a receipt book to ensure compliance with the FAR.

991. We requested the District Commander to compile from the Regional Office, for our verification, copies of all the relevant receipts amounting to GH¢16,670.00. Additionally, in future, he should ensure that copies of all financial records are kept at the office for audit purposes.
IMMIGRATION SERVICE – AFLAO

Unpresented revenue receipt books

992. Section 225 of the Financial Administration Regulation states that "used value books shall be retained for safe custody until such time as their disposal under the appropriate regulation has been authorised." Contrary to this, we came across entries recorded in the revenue cash book in respect of four General Counterfoil Receipt books which were used to collect revenue at various times between 2006 and 2008 but had not been included in the GCRs presented for our examination. The four GCRs could not be produced upon our request.

993. Three of the GCRs had been used to collect a total amount of US$20,660 whilst the fourth one was used to collect a total of GH¢4,820.00. The details are as follows:

<table>
<thead>
<tr>
<th>GCR No.</th>
<th>Period</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>049301-049400</td>
<td>29/3/06 – 20/5/06</td>
<td>$6,140.00</td>
</tr>
<tr>
<td>049901-050000</td>
<td>9/7/06 – 2/8/06</td>
<td>$6,140.00</td>
</tr>
<tr>
<td>958001-958100</td>
<td>7/8/08 – 29/11/08</td>
<td>$8,380.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>$20,660.00</strong></td>
</tr>
<tr>
<td>049601-049700</td>
<td>31/8/06 – 14/10/06</td>
<td>GH¢ 4,820.00</td>
</tr>
</tbody>
</table>
998. We requested management to produce the GCRs in compliance with the above quoted regulations and to account for the money.

GHANA PRISONS SERVICE
REGIONAL OFFICE, TAMALE

Un-acquitted/Unsubstantiated payments - GH¢2,420.00

994. Contrary to the directive in Section 39 (1) of the F.A.R., 2004 the Ghana Prisons Service, Tamale made disbursements to the tune of GH¢2,420.00 but failed to provide the supporting documentation such as receipts, invoices, etc. to acquit the payment vouchers. When supporting documents are not obtained to support disbursements, it becomes a difficult matter for an independent reviewer to determine the genuineness of such transactions.

995. In our opinion, this resulted from lack of management supervision over the accounting staff. We recommended that action should be taken to obtain the necessary documents to acquit the vouchers or the Accountant should be held liable to refund the amount involved.

Purchases not routed through store – GH¢498.00

996. Contrary to the provisions under Sections 0315 and 0316 of the Stores Regulations, the Prisons Service, Tamale purchased store items valued at GH¢498.00 but failed to record the items in the store ledgers to show how they were finally disposed of.
997. We recommended that management should step up supervision over the accounts department and take retroactive action to record these items in the store ledgers and indicate how they were used.

**Payment of unearned salaries – GH¢1,671.00**

998. In contravention of Section 297 and 298 of the F.A.R., 2004, a Mr. Maxwell Osei Kuffour who vacated post on 6 January 2010 continued to have his salary paid into his account up to August 2010. The amount involved was GH¢1,670.00.

999. Management indicated that attempts were made to contact Mr. Maxwell Osei Kuffour to pay back the amount involved but they had so far failed. We advised that management should step up efforts to recover the amount or be held accountable to pay back the amount involved.

**GHANA PRISONS SERVICE – AKUSE**

**Unearned salary – GH¢1,210.00**

1000. We observed at the Male Prison section at Akuse that three officers who either retired or vacated post had their bank accounts wrongfully credited with unearned salaries totalling GH¢1,209.58 as detailed below:
### Table

<table>
<thead>
<tr>
<th>Name</th>
<th>Amount GH¢</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.C. Johnson Ankuma</td>
<td>532.23</td>
<td>Retired</td>
</tr>
<tr>
<td>C.O. Anthony Kwesi K.</td>
<td>417.67</td>
<td>Retired</td>
</tr>
<tr>
<td>ASP Umoru B. Issah</td>
<td>259.68</td>
<td>Resigned</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,209.58</strong></td>
<td></td>
</tr>
</tbody>
</table>

1001. The inability of the Controller and Accountant-General’s Department to promptly delete names on inputs submitted for deletion caused the anomaly.

1002. We urged management to ensure that the total unearned salaries of GH¢1,209.58 representing expenditure on the wage bill without reciprocal service rendered, is recovered and paid to the Controller and Accountant-General’s Salaries Suspense Accounts. Should this fail, management should be held responsible to account for the loss.

**MEDIUM SECURITY MALE PRISONS – NSAWAM**

**Un-acquitted payment vouchers – GH¢55,203**

1003. Financial Administration Regulations (FAR) 2004 Section 39(2c) 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.”

1004. During examination of payment vouchers, we observed that payments totalling GH¢55,203.33 did not have official receipts,
statements of accounts and other attachments to the vouchers in support of the payments.

1005. Without such attachments, the authenticity and genuineness of the payments could not be ascertained. Management explained that the receipts had been sent to Headquarters.

1006. We recommended to management to ensure that photocopies of the relevant attachments are made and maintained before sending the original documents to Headquarters.

**Unearned salaries – GH¢6,462.00**

1007. We observed during our audit of the payroll that GH¢6,461.89 was paid into the bank accounts of five officers after they had separated from the Service. Management did not present any notification to the Controller and Accountant General and the banks for our verification. Management failed to perform its role thus resulting in the continuous payment of the unearned salaries.

1008. We recommended that management should follow up to ensure that the amount is returned to Government chest and evidence submitted for our inspection. Should management’s recovery effort fail then they should be held responsible for settlement of the amount involved and appropriate disciplinary action taken against them for their negligence.
**Staff debtor – GH¢6,076.00**

1009. The Prisons Service operates a Reception Account into which convicts/inmates are made to deposit monies on them. These deposits are refunded or paid out as and when Prisons regulations permit.

1010. Our review of records revealed that DSP Hopson Atemgble (retired) withdrew money from the safe for his personal use without authority and failed to pay it back. The outstanding debt as at 31 October 2010 was GH¢6,076.10.

1011. The above irregularity could be the result of lack of supervision and monitoring by management. Management has, however, initiated steps at the Controller and Accountant-General’s Department and the Barclays Bank Ghana Limited (Achimota Branch) to recover the amount from his retirement benefits.

1012. We urged management to ensure that the debt is recovered from DSP Atemgble without delay.

**Outstanding debt – GH¢144,972.00**

1013. Prisons Regulations provide that inmates are to be fed at GH¢0.60p each day per inmate. The Regional Commander, however, said his outfit was feeding inmates beyond the stipulated amount of GH¢0.60p because of extra ration that is served at the infirmary, the condemned prisoners’ kitchen and to other yard boys.
1014. This, according to him, has resulted in a sum of GH¢144,971.60 being owed to contractors/suppliers. We also observed that contractors supply goods in excess of ordered quantities thus committing the Service beyond its budgeted expenditure. We noted that the Prison Authorities usually accepted the excess supply to cater for any future shortage.

1015. We recommended that management should, in future, seek approval before exceeding approved estimated limits and further consult with their Headquarters to solicit for funds from the Ministry of Finance to pay off the debt accumulated.

**Purchases without alternate quotation – GH¢2,395.00**

1016. An imprest is usually maintained for petty cash expenses that cannot be conveniently met in the normal course of cash accounting. We observed, however, that purchases amounting to GH¢2,395.00 were met from the petty cash imprest.

1017. This transaction did not comply with the Public Procurement Act 2003 Section 43(1) which states that “the procurement entity shall request quotation from as many suppliers or contractors as practicable, but from at least three different sources.”

1018. Management’s non-compliance with the provisions in the Procurement Act undermined the law’s objective of ensuring
transparency, competitiveness and reasonableness of prices in public procurement practice.

1019. We recommended that management should refrain from procurement of such values from imprest account, but rather from the main cash account in order to obtain value for money. Management accepted the recommendation for compliance.

**Improper maintenance of vehicle log books to account for fuel purchases – GH¢7,241.00**

1020. Contrary to Store Regulations 1984 Chapter 16 Section 1604, we observed that full particulars of receipts of fuel, oil and lubricants were not recorded in vehicle log books. The sum of GH¢7,240.94 applied towards fuel and lubricants was therefore not accounted for.

1021. As a result, computation of fuel consumption in kilometers per litre could not be made, contrary to Section 1605 which states that “at the end of each month the rate of fuel consumption shall be computed in kilometers per litre and recorded in the log books.’

1022. Management admitted that it did not supervise the Drivers to ensure compliance with the regulation. Management pledged to strictly adhere to the regulations henceforth.
MINISTRY OF LANDS, FORESTRY AND MINES

LAND VALUATION DIVISION OF LAND COMMISSION – HEADQUARTERS

Failure to prepare financial statement for the years 2008 and 2009

1023. In accordance with Regulation 192 (2) of the FAR, 2004 (LI 1802) all MDAs are to prepare and submit annual financial statements to the Auditor-General or his representative for review and certification not later than three months after the end of the financial year to which the accounts relate.

1024. On the contrary, the Division failed to prepare the annual financial statements for review. Consequently, we could not validate the financial statements.

1025. We, therefore, recommended that management should comply with the regulations, in future and ensure that the financial statements for the two years 2008 and 2009 are prepared and submitted for review without delay. Management assured us of the immediate submission of the financial statements as required by law.

Failure to constitute Audit Reports Implementation Committee

1026. Section 30 of the Audit Service Act, 2000 (Act 584) requires all MDAs to establish Audit Reports Implementation Committees
(ARIC) to ensure that recommendations contained in all audit reports are implemented.

1027. Contrary to this provision, an ARIC had not been constituted to pursue the implementation of recommendations. We urged management to expedite action on the establishment of the Committee as required by law. Management assured us that steps would be taken to address this omission.

**TOWN AND COUNTRY PLANNING DEPARTMENT**

**HEAD OFFICE**

**Equipment not accounted for – GH¢156,522.00**

1028. The Town and Country Planning Department purchased the underlisted items from Blescoms Company Limited, which were delivered per the supplier’s way-bill No.0108 of 30 September 2003 and received into stores.

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
<th>Unit price GH¢</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pentium 4 Dell Computer</td>
<td>6</td>
<td>1,780.00</td>
<td>10,680.00</td>
</tr>
<tr>
<td>LCD Projector (145-175) Compact</td>
<td>6</td>
<td>4,820.00</td>
<td>28,920.00</td>
</tr>
<tr>
<td>LCD Projector (175-210)</td>
<td>6</td>
<td>5,500.00</td>
<td>33,000.00</td>
</tr>
<tr>
<td>400 Watts Speakers</td>
<td>7</td>
<td>140.00</td>
<td>1,015.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>73,615.00</td>
</tr>
<tr>
<td>VAT</td>
<td></td>
<td></td>
<td>9,292.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>156,522.00</td>
</tr>
</tbody>
</table>
1029. All the equipment were later requisitioned for and subsequently issued out in bulk through Store Issue Voucher No. 157/05 and collected by Mr. George Mensah, a former Head of the IT Unit of the Department, for use in the Geographic Information Service Office of the Department.

1030. Our effort to inspect the items physically at the Geographic Information Service Office disclosed that the items were not available. The situation infringed Section 183(3) of the Financial Administration Regulations which requires the Head of a department to be accountable for the proper care, custody and use of Government stores from the time of acquisition until they have been used up or disposed of.

1031. We attributed the loss to a breakdown in the internal control systems in the Department, particularly, the ineffective supervision of subordinates by the Head of the Department. We recommended that management should demand the whereabouts of the items from the officers who were in charge of their acquisition and custody or their value be recovered.

**Unearned salaries – GH¢3,552.27**

1032. Section 297(1a, e, & f) of the FAR require a Head of department to cause the immediate stoppage of the payment of salary
to a public servant who resigns, retires or dies. On the contrary, three separated staff of the Town and Country Planning Department were paid unearned salaries totalling GH¢3,552.27 covering the period 2007 to 2009. The details are as stated below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kwabena Aboagye</td>
<td>1,401.00</td>
</tr>
<tr>
<td>Josephine Asomani</td>
<td>1,401.45</td>
</tr>
<tr>
<td>Isaac Nyanko K. Obeing</td>
<td>749.82</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,552.27</strong></td>
</tr>
</tbody>
</table>

1033. In our view, the illegal payments were caused by the failure of the Director to regularly examine the salary vouchers to ensure that personnel listed in them were entitled to the payment of the salaries. The absence of an Internal Auditor to conduct regular review of the payroll for early detection and deletion of names of separated staff also contributed to the anomaly.

1034. Payment of unearned salaries deprives Government of the needed money for developmental activities. We, therefore, recommended that the Director and the Internal Auditor should regularly check the salary vouchers to prevent the payment of unearned salaries to separated staff. We also recommended that management should recover the total amount of GH¢3,552.27 from
the payees. Management responded that it had written to the beneficiaries to pay back the amounts to chest.

TOWN AND COUNTRY PLANNING DEPARTMENT
REGIONAL OFFICE, WA

Un-presented payment vouchers- GH¢1,562.00
1035. During the period under review, management was unable to present 14 payment vouchers covering payments amounting to GH¢1,562.00 for our inspection, contrary to Part 1 Section I of Financial Administration Regulations (FAR) (L.I.1802) which states that any public officer responsible for the conduct of financial business on behalf of the Government of Ghana shall keep proper records and shall produce them for audit when called upon to do so.

1036. Management initially responded that the vouchers could be made available for inspection but was unable to produce them for audit. We urged management to produce the vouchers for audit or refund the GH¢1,562.00 to Government chest.

DEPARTMENT OF TOWN AND COUNTRY PLANNING
DISTRICT OFFICE-TARKWA

Purchases not routed through stores– GH¢1,281.00
1037. Section 0522 of Store Regulations, 1984 states that “a Store Receipt Voucher (SRV) should be prepared for the recording of all
goods received into store whether they be Allocated or Unallocated Store.”

1038. We noted, to the contrary, that the Tarkwa Nsuaem Municipal Assembly made purchases amounting to GH¢1,280.80 for the above department which were not routed through stores before they were issued out. As a result of this lapse, we could not determine whether the items were actually received and used for authorised activities.

1039. For proper accountability and effective control over store items, management was advised to ensure that all purchases made by the department itself or store items received from the Municipal Assembly are taken on ledger charge before issues are made to their points of usage. We also asked that management should account for the GH¢1,280.80 worth of store items.

**TOWN AND COUNTRY PLANNING, MAMPONTENG**

**Unearned salary– GH¢3,095.00**

1040. We observed that a Mr. Benjamin Opoku who died on 9 November 2009 had his bank account credited with a total amount of GH¢3,095.39 between November 2009 and June 2010. We noted that a letter informing the bank of the death of the officer was written on 9 June 2010, eight clear months after the event.
1041. Considering the delay in notifying the bank, we viewed it as untenable management’s explanation that efforts so far made to delete the name of Mr. Benjamin Opoku from its payroll had proved futile. However, we urged management to liaise with their departmental IPPD Section and the CAGD to ensure the immediate deletion of the deceased officer’s name from the payroll. Management was also requested to advise the bank to transfer the amount of GH¢3,095.37 and any subsequent payments into the Controller and Accountant General’s Suspense Account.

SURVEY DEPARTMENT, CAPE COAST

Unaccounted for stores-GH¢684.00

1042. We noted that 114 topographical sheets valued at GH¢684.00 were not accounted for by the Storekeeper due to improper supervision on the part of the Regional Surveyor. This made the State lose revenue which would have been generated from the use of the sheets. We recommended the recovery of the value of the “topo” sheets from the Storekeeper.

SURVEY DEPARTMENT, SUNYANI

Purchases from Non VAT registered entities– GH¢619.50

1043. Despite Regulation 183 (4) of FAR, 2004 (L.I.1802) which requires Government stores to be procured from only VAT registered persons, the Regional Survey Officer procured goods worth GH¢1,149.93 from a non VAT registered supplier.
1044. The failure of the Director to purchase from a VAT registered person denied Government 15% VAT revenue of GH¢619.50. We recommended strict compliance with the laws governing the procurement of store items.

FORESTRY SERVICES DIVISION, CAPE COAST

Separated staff - GH¢1,825.00

1045. We observed that a Miss Faustina Osei who became a separated staff in June 2009 continued to have her name on the Service’s payroll. As a result, a total amount of GH¢1,824.82 was paid into her account as an unearned salary. We advised management to recover the amount from her.

MINISTRY OF ENVIRONMENT, SCIENCE AND TECHNOLOGY

Payment not accounted for– GH¢3,000.00

1046. We noted that the Director of Finance and Administration of the Ministry, Mr. R S Kuuzegh, collected a total amount of GH¢3,000 in June and July 2009 to procure items for the refreshment of management staff after their meetings but failed to provide any receipts or expenditure documents to account for the money.

1047. The anomaly was not rectified because it involved the Director of Finance and Administration who was to ensure effective
supervision over the accounting function. We found that the absence of regular post-transaction reviews by an effective Internal Audit Unit also contributed to the irregularity.

1048. We indicated that such control lapses could result in suppression or possible loss of funds to the Ministry. We, therefore, advised management to ensure that the amount of GH¢3,000 is either accounted for or recovered from Mr. R. S. Kuuzegh, the Director of Finance and Administration, and also ensure regular post-payment reviews by the Internal Auditor so as to ensure full accountability for funds released by the Ministry.

**Misappropriation of funds-GH¢1,400.00**

1049. Section 205(2) of the FAR prohibits the writing over or erasure of figures in accounting records. Section 206 permits an incorrect figure in a document to be amended by ruling a single line through it while still remaining legible and the correct figure inserted above the original entry with the initial of the certifying officer.

1050. In contrast, we found that Mr. R. S. Kuuzegh altered the allowances paid to 14 Planning Committee members of the National Forum on Climate Change from GH¢50.00 to GH¢150.00 resulting in an overpayment of GH¢1,400.00. Further investigations revealed that the Committee members actually received GH¢50.00 each and not GH¢150.00. The Officer succeeded in carrying out the fraudulent
activity because the payment voucher was not subjected to an Internal Audit review.

1051. We recommended to management to institute and enforce effective internal check systems in order to avert such losses and to also recover the amount of GH¢1,400.00 from Mr. R. S. Kuuzegh. We further urged management to subject the Officer to the disciplinary provisions under Regulation 8 of the FAR.

**Amount borrowed from project account not refunded- $3,677.00**

1052. We noted that management paid an amount of $3,677.20 from the Ministry’s biodiversity US dollar account to enable Mr. R.S. Kuuzegh travel to the United States of America to participate in a workshop dubbed Commission on Sustainable Development Programme. The amount was supposed to be refunded from the Service Vote of the Ministry after approval and release of funds by the Ministry of Finance.

1053. Sixteen months after the release of the money, management had not paid back the amount into the biodiversity account. Apart from that, Mr. Kuuzegh failed to retire an accountable imprest of US$2,700.00 advanced to him out of the US$3,677.20.
1054. We urged management to demand accountability for the US$2,700 from Mr. Kuuzegh and refund the total amount into the biodiversity account.

**MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION**

**Consular fees not accounted for**

1055. For the period under review we discovered that the officers named below failed to account for consular fees in various currencies collected by them at their respective Missions.

<table>
<thead>
<tr>
<th>Mission</th>
<th>Officer concerned</th>
<th>Nature of fund</th>
<th>Amount to be refunded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zimbabwe</td>
<td>The Honorary Consul</td>
<td>Consular fees</td>
<td>US$1,410.00</td>
</tr>
<tr>
<td>Malabo</td>
<td>Mr. Mohammed Larsen</td>
<td>- do -</td>
<td>630,000FCFA</td>
</tr>
<tr>
<td>New Delhi</td>
<td>Ms. Emily Addico</td>
<td>Damage levy</td>
<td>SFr13,227.00</td>
</tr>
<tr>
<td>Bamako</td>
<td>Mr. Sidik A. Braimah</td>
<td>Visa fees</td>
<td>CFA 4,205,000.00</td>
</tr>
</tbody>
</table>

1056. Poor supervision by management over the revenue collection system caused the misappropriation. We recommended recovery of the amounts involved and the strengthening of controls over revenue collection in the Missions.
Staff outstanding utility refunds

1057. Our examination of the payment vouchers revealed that the under-mentioned Foreign Service Officers failed to pay their excess utility bills.

<table>
<thead>
<tr>
<th>Mission</th>
<th>Officers concerned</th>
<th>Type of utility</th>
<th>Amount to be refunded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malabo</td>
<td>Mr. Tony Kutteng</td>
<td>Electricity charges</td>
<td>1,130,120 FCFA</td>
</tr>
<tr>
<td></td>
<td>Mr. Mohammed A. Larsen</td>
<td>- do -</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mrs. Justina Acarlar Akakpo</td>
<td>Telephone charges</td>
<td>862,890 FCFA</td>
</tr>
<tr>
<td></td>
<td>- do -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beijing</td>
<td>Mr. A. A. Agyare</td>
<td>Electricity charges</td>
<td>RMB. 2,718.92</td>
</tr>
<tr>
<td></td>
<td>Ms. Khadijah Idrrisu</td>
<td>- do -</td>
<td>RMB. 517.16</td>
</tr>
<tr>
<td></td>
<td>Mr. E. S. Dodoo</td>
<td>- do -</td>
<td>RMB. 62.01</td>
</tr>
<tr>
<td></td>
<td>Mr. Sarate Seidu</td>
<td>- do -</td>
<td>RMB. 377.14</td>
</tr>
<tr>
<td></td>
<td>Mr. M. Owusu-Bempah</td>
<td>- do -</td>
<td>RMB. 471.44</td>
</tr>
<tr>
<td></td>
<td>- do -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>H.E. Afare A. Donkor</td>
<td>Utility bills</td>
<td>RMB 38,182.03</td>
</tr>
<tr>
<td></td>
<td>C. A. Attafual</td>
<td>- do -</td>
<td>RMB 750.30</td>
</tr>
<tr>
<td></td>
<td>G.N. Adjei</td>
<td>- do -</td>
<td>RMB 240.36</td>
</tr>
<tr>
<td></td>
<td>- do -</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mr. John Dela Dogbegah</td>
<td>Telephone bills</td>
<td>US$12,548.64</td>
</tr>
</tbody>
</table>

1058. We recommended that the amounts should be recovered to chest and management should ensure the refund of future utility bills. We were informed that recoveries are being pursued by the Missions.
LUANDA MISSION

Over payment of freight allowance – US$12,720.00

1059. An amount of US$15,920.00 was paid as freight allowance to H.E. Mr. Kwasi Baah-Boakye on payment voucher No. 0001471 of 19th February 2009, through his shipping agent, Africa International Removals, LDA. This payment was in excess of the stipulated rate of US$3,200.00 authorised by the Ministry in its circular No. AD/AC/ORT/BASE SF1 of 25 September, 1997 which had not been reviewed.

1060. We therefore, recommended that H.E. Mr. Kwasi Baah-Boakye should be made to refund US$12,720.00 being the freight over payment he collected.

LONDON MISSION

Improper payment of child allowance– £2,507.00

1061. Mr. Evans Y. Frempong collected an illegal child allowance of £2,507.46 for his 20 year old son, who was born on 16th October 1990. Poor supervision and improper monitoring of entitlements resulted in the illegal payment.

1062. We urged the Ministry to ensure recovery of the amount to chest. We were informed that the Mission is pursuing recovery.
HARARE MISSION

Security deposit not refunded by landlords – US$2,850.00

1063. Three tenancy agreements with the "Security Deposit" clause and for which the Mission paid a total amount of US$2,850.00 were terminated during the period under review. The Head of Chancery subsequently demanded refunds but the landlords did not react to the claims.

1064. We urged that the deposits be recovered from the landlords to chest. Management indicated that the Mission would pursue the recovery from the landlords.

PRETORIA MISSION

Refunds from Government departments – R.115,121.00

1065. The Pretoria Mission paid bills totalling R.137,621.11 for services rendered to Ghana Government appointees and functionaries who were on special assignments in South Africa at the invitation of that Government.

1066. The Mission had since not put in any formal request to the State Protocol Department and the Sector Ministries for the refund of the amounts, in contravention of Part III Section 45 of L.I. 1802. The breakdown of the expenditure is provided below:
<table>
<thead>
<tr>
<th>Date</th>
<th>PV. No</th>
<th>Recipient</th>
<th>Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/09/07</td>
<td>064196</td>
<td>Fairmont Accommodation</td>
<td>R.10,450.00</td>
<td>Hotel &amp; feeding for 11 juvenile footballers</td>
</tr>
<tr>
<td>04/10/07</td>
<td>0641798</td>
<td>Francis Agyepong</td>
<td>2,525.00</td>
<td>Feeding expenses on stranded footballers</td>
</tr>
<tr>
<td>14/05/09</td>
<td>065342</td>
<td>Protea Hotel</td>
<td>70,146.10</td>
<td>Accommodation for Government delegation-former President J.J. Rawlings, Herbert Mensah &amp; Security</td>
</tr>
<tr>
<td>24/06/09</td>
<td>1020263</td>
<td>STA Travel</td>
<td>32,000.00</td>
<td>Air fare for Hon. Foreign Min. from J’bourg to Dubai</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>R115,121.10</strong></td>
<td></td>
</tr>
</tbody>
</table>

1067. Management promised to do its utmost best to secure repayment of the amount.

**Indebtedness of Scholarships Secretariat - US$5,215.00**

1068. The Scholarships Secretariat owed the Mission an amount of US$5,214.60 for services rendered to students. From a credit balance of US$39,386.49 the Mission paid US$44,601.09 towards medical bills, maintenance, thesis allowances and air fares for the students, resulting in an excess expenditure of US$5,214.60.

1069. Management had officially communicated the existence of the outstanding bill to the Scholarships Secretariat through letter No. PRE/AD/SSEC/Accounts of 12 July, 2010 for recovery.
NEW DELHI MISSION

Payment of unapproved freight allowance – US$21,725.00

1070. Contrary to the approved freight allowance of US$4,193.52 for staff of the New Delhi Mission, four officers, as listed below, were paid US$9,625 each, far in excess of the approved rates.

<table>
<thead>
<tr>
<th>Name of staff</th>
<th>Approved Allowance US$</th>
<th>Allowance paid US$</th>
<th>Overpaid Allowance (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. K. K. Alabo</td>
<td>4,193.52</td>
<td>9,625.00</td>
<td>5,431.48</td>
</tr>
<tr>
<td>Mr. Godwin Amonzem</td>
<td>4,193.52</td>
<td>9,625.00</td>
<td>5,431.48</td>
</tr>
<tr>
<td>Mrs. Linda Hogba-Adzanku</td>
<td>4,193.52</td>
<td>9,625.00</td>
<td>5,431.48</td>
</tr>
<tr>
<td>Ms. Priscilla Jehu-Appiah</td>
<td>4,193.52</td>
<td>9,625.00</td>
<td>5,431.48</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,774.08</strong></td>
<td><strong>38,500.00</strong></td>
<td><strong>21,725.92</strong></td>
</tr>
</tbody>
</table>

1071. We requested the Ministry to pursue recovery of the excess payment and also strengthen controls in the Mission to prevent a recurrence of the anomaly. The Ministry responded that it is pursuing recovery.

KUALA LUMPUR MISSION

Failure to retire imprest – US$9,850

1072. Mr. Nana Yaw Aduhene-Adjei took imprests totalling RM 32,966.25 (US$ 9850.00) on three different occasions dating as far back as 4th July 2008 but had since failed to retire them. The details are as follows:
<table>
<thead>
<tr>
<th>Date</th>
<th>PV. No</th>
<th>Amount (RM)</th>
<th>Amount (US$)</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/7/08</td>
<td>0625255</td>
<td>16,450.00</td>
<td>5,000.00</td>
<td>Trip to Philippines with Mr. Brown</td>
</tr>
<tr>
<td>13/8/08</td>
<td>0625288</td>
<td>12,136.25</td>
<td>3,650.00</td>
<td>Trip to Thailand</td>
</tr>
<tr>
<td>23/1/09</td>
<td>0649179</td>
<td>4,380.00</td>
<td>1,200.00</td>
<td>Trip to Thailand</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>32,966.25</strong></td>
<td><strong>9,850.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

1073. The Accountant’s failure to notify the officer of the retirement contributed to the lapse. We advised the Ministry to pursue recovery of the amount and also ensure that imprests are retired within the stipulated period. The Ministry intimated that it is pursuing recovery of the amount from Mr. Nana Yaw Aduhene-Adjei.

**RIYADH MISSION**

**Indebtedness of private school to mission – US$293,000.00**

1074. A Ghanaian Educationist, Mr. S. B. Kangberee who had established a Private Educational Institution in Riyadh in June 1995, under the cover of the Ministry of Education in Ghana and with the consent of the Ghana Mission is indebted to the Mission in the sum of US$293,000.00.

1075. The authorities of the school entered into an agreement in 1995 with the Embassy whereby the Ghana Mission would have to perform the following roles among others:
a. The Embassy would have no financial obligation but will allow the use of its name, the national flag and all other things that would identify the school with Ghana;

b. The Embassy would handle matters that have to do with both Governments as far as legalities and protocol are concerned.

1076. The Embassy would, on the other hand, be entitled to the following, among others:

a) A maximum of 10 places in the school would be given free of charge to children of the Ghanaian diplomats accredited to the Kingdom;

b) A cash payment of 100,000.00 Saudi Riyals per every 1,000 fee paying student or fractions thereof will be made to the Embassy at the end of the year. This amount would be increased to one 150,000.00 Saudi Riyals at the end of the subsequent years.

1077. The conditions in the second provision could not be met by the Entrepreneur even though the Mission provided its consent to the Saudi Authorities on behalf of the school yearly.

1078. Since the school population as at 2008 was 566, which is a little above the half of the 1,000 requirement, we expected per the
agreement that the school would have paid the Mission an amount of SR.75,000 every year for the 15 years of its existence. This would bring the total indebtedness of the school to SR 1,100,000.00 (US$293,333.33).

1079. We advised the Mission to demand the settlement of the indebtedness. The Mission informed us that it is pursuing recovery.

MINISTRY OF WATER RESOURCES,
WORKS AND HOUSING

HEADQUARTERS

Sale records on Government property not presented for review-
GH¢72,586,705.00

1080. Following approval obtained from Government, the Ministry, in conjunction with the Lands Commission, commenced the sale of existing run down Government bungalows and prime lands for re-development into affordable houses for public and civil servants.

1081. Our review of sales records generated by the Lands Commission revealed that between the year 2000 and 2009, a total amount of GH¢72,586,705 had been realized from the sales. However, the relevant sales records of the Ministry necessary to permit reconciliation with the Lands Commission's records and disclosure of
the sales outturn had not been forthcoming, despite our demand for the records.

1082. Consequently, we were unable to determine the stock of property that was available for sale, unit cost and units sold to enable us work out the results. Additionally, details of the beneficiaries and outstanding amounts as well as the remaining stock were not made available to us.

1083. We recommended that management should make the relevant sale records available to permit a review of the sales outturn without further delay.

**VAT/NHIL charges not supported by prescribed invoices—GH¢18,402.00**

1084. Three suppliers who were paid a total amount of GH¢141,050 representing the invoiced value of furniture supplied to ministerial bungalows failed to issue VAT/NHIL invoices to cover GH¢18,401.72 in taxes included in the supply invoice.

1085. Since VAT/NHIL collections are assessed for payment on the basis of relevant VAT invoices issued by VAT registered persons, failure to issue them could lead to tax evasion.
1086. We recommended that management should obtain the relevant VAT invoices from the suppliers or recover the amount of GH¢18,401.72 involved.

**Rent arrears on UNDP flats - US$78,400**

1087. Due to laxity exhibited in the collection of rent receivable from tenants occupying seven UNDP flats at Cantonments, a total receivable amount of US$78,400.00 between May 2008 and January 2010 had fallen into arrears for periods spanning six to twenty-one months.

1088. The Estates Officer explained that the rent receivable was apparently in arrears because the occupants were deemed as temporary tenants awaiting the issuance of formal allocation letters.

1089. We did not find the explanation satisfactory and recommended that management should pursue recovery of the amount owed, failing which the US$78,400 should be recovered from management.

**Payments without supporting documents- GH¢22,039,945.00**

1090. Financial Administration Regulation 1 states that "Any public officer responsible for the conduct of financial business for or on behalf of Ghana ... shall produce records of transaction for inspection when called upon to do so by the Minister, the Auditor General, the
1091. Our audit, however, disclosed that because of poor record management, 13 payment vouchers covering a total amount of GH¢22,039,945.09 paid to five contractors between June 2009 and May 2010 were not supported with any supporting documents. We could, therefore, not confirm the validity of those payments with the risk that funds could have been disbursed without achieving value for money.

1092. We recommended that management should make the documents supporting the payments available for review or be held responsible for justifying the payments.

**EJURA WATER SUPPLY – EJURA**

**Revenue collected but not accounted for – GH¢39,903**

1093. Contrary to Section 15(1) of the Financial Administration Regulation, 2004 (LI 1802) which makes it mandatory for all public monies collected to be banked in full within 24 hours, Ms. Kate Takyi, a Cashier, could not account for revenue amounting to GH¢39,903.31 out of a total revenue of GH¢388,883.23 collected between February 2008 and March 2010.

1094. We noted the lack of segregation of duties as well as inadequate supervision by management over the activities of the Controller and Accountant General or any officer authorised by them."
Cashier as the factor that facilitated this impropriety. At the time of compiling this report, the Cashier had been taken off her schedule but management failed to make any recoveries from her.

1095. We recommended that management should take necessary disciplinary action against her as well as seek the assistance of the Police including any legal means to recover the amount of GH¢39,903.31 from her and this office informed accordingly. Additionally, the supervising officer of the Cashier should face disciplinary action for negligence of duty and ineffective supervision.

**Suppression of receipt book**

1096. In a related incidence, our review of the stock register of value books revealed that Ms. Kate Takyi, the same Cashier, had signed for a General Counterfoil Receipt book number 0051700 to 0051800 but failed to produce it for audit. There was also no evidence to indicate that revenue collected with the receipt book had been entered in the cash book or lodged into bank.

1097. Once again inadequate supervision over the work and activities of the Cashier led to this infraction. At the time of preparing this report, the receipt book had not been accounted for by the Cashier even though she had admitted having it in her custody.
1098. We recommended that the value book should be retrieved from her or some means should be found to assess the revenue collected with it and recovery effected from Ms. Kate Takyi.

**PUBLIC WORKS DEPARTMENT (PWD) – KUMASI**

**Default in rent payments – GH¢173,081**

1099. The implementation of Government directive to deduct 10% of the monthly gross basic salary of occupants of Government bungalows as rent payable to Government ran into difficulties in the above office.

1100. Our audit disclosed that 70 out of 272 bungalows were being occupied by officers without the payment of rent to Government. The occupants could not produce any authority granting them free accommodation while the allocating and implementing institutions also failed to ensure that the occupants of the bungalows suffered the appropriate 10% rent deductions at source.

1101. The practice constitutes a tax revenue leakage as well as a revenue loss of GH¢173,081.00 to Government in respect of the 70 bungalows.

1102. We recommended to the various managements of departments whose staff are occupying those bungalows to ensure that the total amount of GH¢173,081.00 due is recovered from the defaulting
officers. We further recommended that the allocation should be withdrawn from all those who would prove recalcitrant and the bungalows re-allocated to other deserving officers. Furthermore, we advised managements to ensure that the incidence of non-deduction of rent does not recur.

**Rent income retained by institutions allocated with Government bungalows – GH¢250,014.00**

1103. We noted during the audit that rent deductions at source by institutions other than the Controller and Accountant-General were not lodged into the Consolidated Fund but were rather retained by the said departments allocated with the bungalows.

1104. We found that the defaulting institutions had at their own instance used the deductions for the renovation and maintenance of the bungalows, hence their failure to pay such moneys into Government chest as required by administrative directives, leading to loss of revenue to Government.

1105. At the time of our audit, a total amount of GH¢250,014.00 being rent collected by these institutions had not been paid into Government chest thereby denying the State the use of such money.
1106. We recommended that payment of rent by occupants of Government bungalows should be made at source and directly paid into Government chest at the approved 10% rate. We also called for the recovery of the total amount of GH₵250,014.00 from the departments and organisations concerned.

**Unearned salaries – GH₵1,728.00**

1107. Regulation 304(1a) of the FAR, 2004 (LI 1802) states that “a head of department or management unit shall examine and certify the personal emolument payment voucher to ensure that only staff belonging to the unit are on payment voucher.’

1108. Our audit revealed that a Mr. Yaw Dotse who ceased to be an employee through death on 24 August 2009 continued to be paid through his bank, monthly salary totalling GH₵1,727.77 until June 2010, contrary to the above stated regulation.

1109. Management explained that the anomaly was caused by the delay associated with the deletion of names of separated staff by the Controller and Accountant General.

1110. We recommended to management to follow up to the bankers, Amansie Rural Bank, Kumasi Central branch and ensure that the unearned salary of GH₵1,727.77 is recovered and transferred into
the Suspense Account of the Controller and Accountant General and this office informed accordingly.

DEPARTMENT OF RURAL HOUSING - SEKONDI

Unsupported payment vouchers – GH¢354.00

1111. We noted that five payment vouchers used to pay travelling and transport expenses totalling GH¢353.74 between February 2010 and July 2010 were without the necessary expenditure details. We therefore could not ascertain whether the amount was used for the intended purpose or not.

1112. We recommended that management should fully acquit the payment vouchers failing which the amount involved should be recovered from the payees into Government chest. Management accepted the recommendation and assured that it would support the payment vouchers with the necessary expenditure details.

Unearned salaries – GH¢2,271.00

1113. Our examination of the Department of Rural Housing’s records revealed that between February 2010 and May 2010, an amount of GH¢2,271.36 was paid into the bank account of a Mr. Albert Howard who retired on 8 January 2010. We noted that management failed to act promptly to cause the deletion of Mr. Howard’s name from the payroll and that culminated in the payment of the unearned salary.
1114. We recommended that management should recover the amount of GH¢2,271.36 from Mr. Albert Howard into the Controller and Accountant-General’s Suspense Account as soon as practicable. Management assured the audit team of the recovery of the amount from Mr. Howard into Government chest.

**RURAL HOUSING AND COTTAGE INDUSTRIES**

**Loans – GH¢8,227.00**

1115. Section 110 FAR 2004 LI 1802 states that “a head of department or the officers to whom the duties of the head of the department have been delegated shall ensure that advances issued are duly recovered.”

1116. We observed, however, that the Department of Rural Housing and Cottage Industries after granting a total amount of GH¢10,705.00 to individuals as loans in 2008 only GH¢2,479.00 had been recovered, leaving a balance of GH¢8,226.50 outstanding. We attributed the situation to management’s inaction on the recovery process which also deprives Government institutions of funds needed for other activities.

1117. We recommended that management should institute measures, including court action as necessary, to recover the outstanding amount of GH¢8,226.50 from the beneficiaries.
KINTAMPO WATER SUPPLY SYSTEM

Unrecovered debt – GH¢165,513.00

1118. Our audit revealed that both public and private institutions including commercial and domestic consumers were indebted to the Kintampo Water Supply System to the tune of GH¢165,512.54 as at 30 June 2010.

1119. The unrecovered debt has been partly due to the failure of Government, which is responsible for the payment of institutional bills, to release money to settle the bills as well as a lack of commitment on the part of the private sector consumers to settle their debts as furnished below:

   a) Household           GH¢44,300.99
   b) Commercial          2,398.43
   c) Institutions         118,813.12

1120. We urged the District Manager to adopt a suitable debt collection strategy, including legal enforcement to recover the total amount which is required to keep the water system in continuous operation.
1121. Regulation 282 (b) of the Financial Administration Regulations 2004 requires that special imprest issued for a particular purpose must be fully accounted for after the activity. We observed that imprests totalling GH¢26,374.00 taken by a former Minister, Deputy Minister, Chief Director and others for official activities had not been accounted for in full. The table below shows how much each of the officials collected.

<table>
<thead>
<tr>
<th>Name of beneficiaries</th>
<th>Amount to be accounted for GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister</td>
<td>3,666.80</td>
</tr>
<tr>
<td>Deputy Minister</td>
<td>5,165.50</td>
</tr>
<tr>
<td>Chief Director and Others</td>
<td>10,772.10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19,604.40</strong></td>
</tr>
</tbody>
</table>

1122. Management claimed that the officials had accounted for the monies and receipts were available for inspection but upon verification receipts totalling only GH¢6,769.60 were found out of the GH¢26,374.00. This left a balance of GH¢19,604.40 still to be accounted for.
1123. We recommended that management should ensure that the officials involved account fully for the monies. If the retirement effort should fail, any imprest not so retired should be adjusted to a personal advance account in the name of the imprest holder, in accordance with Section 288 (1) of the FAR.2004 (LI 1802) and recovered to chest. We further advised that management should enforce accountability any time money is advanced to officers for official activities.

**Misapplication of funds – GH¢16,250.00**

1124. Section 179 of the Financial Administration Regulations, 2004 (LI 1802) states among others that a Head of department may not authorise payment to be made out of funds earmarked for specific activities for purposes other than those activities. To this end, the Ministry of Finance and Economic Planning (MOFEP) in November 2009 released a total amount of GH¢307,000.00 to the Ministry of Information (MOI) for the purpose of conducting a public education campaign on the 2010 budget. We found, however, that in contravention of this regulation, the management of MOI misapplied a total amount of GH¢16,250.00 for Administration activities which had nothing to do with the budget campaign.

1125. This situation occurred because no estimates were prepared to support the budget education campaign activities before MOFEP released the money.
1126. We recommended that management should either seek retrospective approval from the Ministry of Finance and Economic Planning for the expenditure or refund the amount of GH¢16,250.00 which was misapplied and also ensure that, in future, such a misapplication does not occur. Management promised to seek retrospective approval for the funds misapplied.

**Under payment of revenue into Consolidated Fund – GH¢538.00**

1127. Regulation 22(1) of Financial Administration Regulations, 2004 (LI. 1802) states that “all public moneys collected shall be paid in gross into the Consolidated Fund and no disbursement shall be made from the money collected except as provided by an enactment.”

1128. Contrary to this regulation, we observed that total revenue realised from the sale of the Ministry’s cloth from 23 January 2009 to 19 May 2010 were not paid in gross into the public fund. Records indicated that out of a total amount of GH¢11,320.00 collected as at 19 May 2010, GH¢7,282.00 was paid into the public kitty, leaving a balance of GH¢4,038.00.

1129. At the instance of the Auditors, the Cashier paid in a further GH¢3,500.00 leaving a balance of GH¢538.00 which is yet to be paid into the Consolidated Fund.
1130. Lack of effective supervision and monitoring on the part of management accounted for the irregular payment. The fact that the Cashier was the same person who pays the money into the Consolidated Fund after collection might have contributed to the present practice.

1131. We recommended that management should ensure effective supervision and monitoring of the Cashier and assign a different person to be responsible for the payment of collections to bank in order to prevent possible abuse of Government funds. We further recommended that the said balance of GH¢538.00 be recovered and paid into the Consolidated Fund.

1132. Management promised to ensure effective supervision and monitoring of the Cashier. Management further promised to recover and pay the balance of GH¢538.00 to bank but this had not been done at the time of compiling this report.

1133. We recommended that internal disciplinary action should be taken against the Cashier for abuse of public trust in the performance of his duties and against the officer whose responsibility it is to supervise the activities of the Cashier for failing to perform his duties effectively leading to loss of public funds.
ISD staff on main Ministry’s payroll

1134. Regulation 304 (1a & b) of the Financial Administration Regulations, (FAR) 2004(LI. 1802) requires a Head of department to examine and certify the Personal Emolument payment vouchers to ensure that only staff belonging to the Unit are on the payroll and in the case of an officer on transfer or posting out, ensure that the name is deleted from the payroll within three months.

1135. Our examination of the mechanised salary vouchers of the Ministry revealed that 94 names on the voucher were not the names of members of staff of the main Ministry but rather the officers belonged to the Information Services Department (ISD).

1136. The occurrence of this anomaly was attributed to failure on the part of the management of the Ministry to certify the salary vouchers to be sure that only staff of the Ministry were on the payroll and then notifying the Controller and Accountant-General’s Department of this anomaly and ensuring the transfer of the names to the Information Service Department’s payroll.

1137. There is the risk that the non-compliance with Regulation 304 could result in payments of salary to unauthorised persons and a possibility of double payments, leading to loss of public funds. We noted also that the Ministry runs a separate budget from that of the
ISD and any appraisal of the budgetary performance would not give a true picture when the staffs of ISD are paid by the main Ministry.

1138. We recommended that management should notify the Controller and Accountant-General’s Department by preparing inputs to transfer the affected staff names to the ISD’s mechanised salary vouchers. We further urged management to put measures in place to avoid future occurrences.

**Failure to deduct withholding tax on overtime earnings—GH¢1,773.00**


1140. Consequently, the State was denied a total tax revenue of GH¢1,773.09 which could have been used to boost recurrent and capital expenditures. We attributed the anomaly to management’s failure to enforce the regulation.

1141. We recommended that management should pay the withholding tax of GH¢1,773.09 to the Domestic Tax Revenue office as a withholding agent while they recover the amount from the payees. We further advised that, in future, management should ensure
that withholding tax on overtime earnings are deducted as and when payments are made.

**Non-submission of annual ARIC report**

1142. Section 30 sub-section 2 (b) of Audit Service Act, 2000 (Act 584) enjoins an Audit Reports Implementation Committee (ARIC) to ensure that the Head of an institution annually prepares a statement showing the status of actions taken on audit recommendations.

1143. We noted during the audit review that management of the Ministry had failed to prepare the annual status report on action taken on audit recommendations, in contravention of the above Act. The absence of such reports do not enable the Auditor-General and Parliament to effectively play their oversight role in ensuring that matters outstanding in Auditor-General’s reports have been effectively resolved and closed. The President is also not assured that executive action has been taken to comply with regulations on public financial management.

1144. We therefore reiterated that management should adhere to the requirement of Section 30 of the Audit Service Act by ensuring that annual status reports on actions taken on audit findings are prepared and forwarded to the President, Parliament and the Auditor-General.
GHANA BROADCASTING CORPORATION – SUNYANI

Unrecovered debt – GH¢163,087.00

1145. Our review of the debtors’ ledger revealed that 54 companies, individuals and religious bodies owed the above corporation various sums of money totalling GH¢163,086.63 as at 31 December 2010. Prominent among the debtors were:

a) AP Lintas GH¢44,910.14
b) MMRS 10,568.38
c) Media Initiative 15,947.07

1146. The corporation is thus being denied of revenue needed for its effective administration. We therefore urged the Regional Director to adopt a pragmatic debt recovery strategy in order to recover the total amount from the valuable but recalcitrant clients.

Un-receipted payments – GH¢186,943.30

1147. Our audit of the remittances’ register disclosed that the GBC Headquarters’ Accountant failed to acknowledge receipt of an amount of GH¢186,943.30 remitted by the Sunyani office.

1148. This is a contravention of Section 28 (1) of the FAR, 2004 (LI 1802) which states that a collector who is satisfied that money tendered is in order shall issue an original receipt to the payer. As a result of the failure to issue the receipt, we could not satisfy ourselves that the moneys allegedly paid were received by Headquarters.
1149. We urged the Regional Director to obtain the relevant official receipts from Headquarters to authenticate the remittance.

**INFORMATION SERVICES DEPARTMENT – WINNEBA**

**Unearned salary – GH¢1,176.00**

1150. Regulation 297 of the FAR requires that staff on dismissal should have their names deleted from the payroll. Contrary to this we noted that a Miss Mercy Ackah who was dismissed in March 2009 continued to have her name on the payroll and as a result received a total amount of GH¢1,176.26 as unearned salary which was paid into her bank account.

1151. We recommended that the necessary administrative action should be taken to recover the amount and that should this fail, management should be held accountable for the recovery of the money to Government chest.

**GHANA BROADCASTING CORPORATION**

**(SAVANNA RADIO)**

**Outstanding debtors - GH¢376,598.00**

1152. Our review of operations at GBC (Savanna Radio) in Tamale disclosed that 56 individuals, departments and companies owed Savanna Radio the sum of GH¢376,598.32 in respect of advertisements and announcements.
1153. We recommended that management should institute stringent measures to recover all the outstanding debts.

Northern Region Rural Integrated Programme (NORRIP)
1154. Our review of the operations of the Northern Region Rural Integrated Programme (NORRIP) disclosed that institutions which rented accommodation at the NORRIP office block owed a total amount of GH¢6,620.00. We noted, furthermore, that nine institutions had exited from the office block without paying the outstanding rent.

1155. We recommended that management takes stringent action, including legal action as necessary, to recover the outstanding debts. We further recommend that the official responsible for administration and monitoring of rental accommodations should be held accountable for moneys not recovered from the defaulters.

MINISTRY OF TRADE AND INDUSTRY

NATIONAL BOARD FOR SMALL SCALE INDUSTRIES
(NBSSI) – CAPE COAST

Two office vehicles grounded by the Regional Manager
1156. We observed during an audit in 2010 that two official vehicles, a Mitsubishi Pick Up No. GR 8146 P and a Hyundai saloon car had
been parked at the residence of the Regional Manager on the grounds that the vehicles were unserviceable. Reference is made to Section 83(1) of Act 663 (Public Procurement Act) which states that a procurement entity shall convene a Board of Survey comprising representatives of the departments with such obsolete or unserviceable stores and subject to technical report on them recommend the best method of disposal.

1157. A year has elapsed and the vehicles are still parked at the Regional Manager’s residence. We advised that if the vehicles could not be repaired then they should be disposed of by auction.

**Loans – GH¢15,063.00**

1158. Regulation 99 of FAR, 2004 states that “an advance or loan shall not be payable until an agreement specifying conditions and terms of recovery have been concluded between the borrower and the government.”

1159. Contrary to the terms of agreement, two companies- Messrs Edward Kofi Boateng Enterprise and Wireless Afrika Limited who were granted loans with interest totalling GH¢22,895.64 failed to repay the whole amount as at the end of the expiry period. Lack of interest on the part of management to protect its assets was the cause of the lapse, thereby depriving others from benefiting from the facility.
1160. We advised management to recover the outstanding amount of GH¢15,062.52 from the companies.

**NATIONAL BOARD FOR SMALL SCALE INDUSTRIES – KUMASI**

**Defaulters of MASLOC loan – GH¢9,509.00**

1161. Regulations 135 and 136 of the FAR, 2004 provide that the administering authority of a loan shall report any failure on the part of the borrower to pay the interest and principal by the due date to the Minister or appropriate authority.

1162. Our review of MASLOC loans disclosed that four beneficiaries who received a total amount of GH¢38,724.74 including interest in June 2008 have failed to repay the balance of GH¢9,508.63 which was due in 2010. The defaults ranged between four to sixteen months.

1163. Funds of the State are locked up in private pockets due to the beneficiaries’ default whilst other groups are being denied access to the loan facility.

1164. Management, in response agreed to contact the defaulters to ensure that the loans are repaid. We recommended to management to seek the assistance of the Police if the defaulters prove difficult.
Failure to obtain official receipts – GH¢3,670.00

1165. Regulation 39(2b) of the FAR, 2004 requires the Head of accounts section of a department to ensure that transactions are properly authenticated to show that amounts are due and payable.

1166. We noted, on the contrary, that a total amount of GH¢3,669.92 disbursed on five payment vouchers were not attached with official receipts to acquit the payments. This anomaly occurred as a result of the Assistant Accountant’s lack of proper documentation and a good filing system in the Assistant Accountant’s office.

1167. We recommended to management to ensure that the relevant receipts were obtained to authenticate the payments.

MINISTRY OF TRADE and INDUSTRY – KUMASI

Fuel coupons not accounted for – GH¢4,640.00

1168. Our examination of fuel coupons’ register disclosed that coupons valued at GH¢4,640.00 and purchased between February 2009 and 2010 were issued to the Regional Trade Officer for official use, but no entries were recorded in the log book to confirm the purchases or their usage, as required in Chapter 16 Section 1604 of the Store Regulations, 1984.
1169. The situation could be exploited by both the Driver and the Accountant. Failure to record fuel purchases in the Driver’s log book raises doubt as to whether or not the fuel was bought and used in the interest of the Ministry.

1170. We requested management to account for the GH¢4,640.00 worth of fuel bought and also improve upon the supervision of the Driver to ensure that all fuel purchases are recorded in the relevant log book.

**MINISTRY OF TRADE – SUNYANI**

**Payment of unearned salaries – GH¢542.00**

1171. A staff who separated through death, a Mr. Kwame Asante, had his name retained on the payment voucher for which he was paid unearned salaries amounting to GH¢541.58 from January to July 2010.

1172. The lapse was attributed to the failure of the Regional Trade Officer to notify the Controller and Accountant-General to delete the name in accordance with Regulation 297(1f) of the FAR, 2004. It was also noted that the Regional Trade Officer was not examining and signing the mechanized voucher to confirm the active workers on the payroll.
1173. We urged the Regional Trade Officer to immediately cause the deletion of the name of the deceased officer from the payroll and ensure that the amount is recovered and paid into Government chest.

**Revenue collected not accounted for – GH¢1,280.00**

1174. Regulation 23(ii) Part X of the FAR 2004, enjoins Revenue Collectors to assess and collect revenue and pay same to the appropriate public fund account.

1175. We observed that five Revenue Collectors, between January and December 2010, failed to account for revenue collections amounting to GH¢1,280.00. The anomaly occurred due to the Regional Accountant’s failure to ensure that all the value books sold were fully accounted for by the Collectors.

1176. The effect was that revenue could be lost including loss of interest since the moneys were not lodged in the bank by the Collectors. We urged the Regional Trade Officer to recover the amount of GH¢1,280.00 from the Collectors into Government chest.

**OFFICE OF GOVERNMENT MACHINERY**

**OFFICE OF HEAD OF CIVIL SERVICE**

**Failure to lodge proceeds from ground rent into the Consolidated Fund - GH¢ 3,600.00**

1177. Section 17(b) of the Financial Administration Regulation, 2004 states that all public moneys collected or received by any Government
officer are to be paid in gross into the Non-Tax Revenue account. We noted that the Office of the Head of Civil Service (OHCS) signed a Memorandum of Understanding with the Accra Institute of Technology (AIT) on 10 May 2006 to use the ground floor of the OHCS’ uncompleted building behind the Government Secretarrial School to set up an ICT centre, at a rental charge of GH¢1,200.00 per annum (GH¢100.00 per month).

1178. We observed that on 7 October 2009, management received GH¢3,600 from AIT as rental fee for three years and this amount was paid into the Service’s operational account instead of the Consolidated Fund.

1179. The anomaly could be attributed to ineffective supervision being exercised over the operations of the accounts department. Failure to lodge the revenue collected into the Consolidated Fund (Non-Tax Revenue account) had denied the Government its revenue needed for development. We urged management to transfer the amount of GH¢3,600.00 from its operations account into Government chest.

1180. Management responded that their operations account is with the Bank of Ghana therefore it is the same as the Consolidated Fund. However, we contended that the amount be immediately transferred into the Non-Tax Revenue account with the Bank of Ghana.
Payment of Value Added Tax without VAT invoices –GH₵798.00

1181. The Service paid a total amount of GH₵798.26 to two Companies -Leather Utility Enterprise and Oxygen Plus, as VAT for the supply of items costing GH₵5,321.74 towards the African Association for Public Administration and Management (AAPAM) conference held in Accra, without the requisite VAT invoice. Below are the details of the payments.

<table>
<thead>
<tr>
<th>Date</th>
<th>PV no.</th>
<th>Supplier</th>
<th>Gross amount GH₵</th>
<th>VAT charge GH₵</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/10/08</td>
<td>AAPAM/07</td>
<td>Leather Utility Ent.</td>
<td>2,921.74</td>
<td>438.26</td>
</tr>
<tr>
<td>3/10/08</td>
<td>AAPAM/12</td>
<td>Oxygen Plus</td>
<td>2,400.00</td>
<td>360.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>5,321.74</td>
<td>798.26</td>
</tr>
</tbody>
</table>

1182. This transaction contravened Section 19 (1) of the Value Added Tax Act, 1998(Act 546) which requires VAT registered firms to issue VAT invoices or such invoices as permitted by the Commissioner of the VAT Service.

1183. In our opinion the omission was due to the Spending Officer’s approval of payments without ensuring that the payment vouchers were supported by the requisite documents. By this omission the amount of GH₵798.26 could be suppressed by the payees which could result in a loss of revenue to the Government.

1184. We recommended that management should ensure that the Accountant obtained the relevant VAT invoices from the two
companies- Leather Utility Enterprise and Oxygen Plus to support the payments made to them. Should this fail, the officers responsible should be made to pay the money to chest. We also urged management to comply, in future, with Section 19 (1) of the VAT Act, 1998(Act 546) for all VAT payments.

**Proceeds from the sale of tender documents lodged into OHCS’ operational account – GH¢1,500.00**

1185. Section (1a) of the Financial Administration Act, 2003 states, among others, that all revenue or other moneys raised or received for Government business or on behalf of the Government shall be paid into the Consolidated Fund. Also, Section (3) says that for any Government agency to retain its internally generated fund for purposes of defraying its expenses the agency shall make full disclosure of its internally generated fund to the Minister of Finance and Economic Planning.

1186. In spite of this requirement, we noted that the Service sold tender documents to 15 companies in 2009 for GH¢100.00 each which amounted to GH¢1,500.00, and lodged the proceeds into its operational accounts instead of the Non-Tax Revenue accounts. The anomaly could again be attributed to ineffective supervision being exercised over the operations of the accounts department. Failure to lodge all revenue collected into the Non-Tax Revenue account would deny the Government its revenue needed for development.
1187. We urged management to transfer the amount of GH¢1,500.00 from its operations account into Government chest.

1188. Management responded that their operations account is with the Bank of Ghana therefore it is the same as the Non- Tax Revenue account. However, we contended that the amount be immediately transferred into the Non -Tax Revenue account with the Bank of Ghana.

**Special imprest granted not accounted for - GH¢1,640.00**

1189. Regulation 288 (1) of the FAR, 2004 (LI 1802) states that an 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. Contrary to the regulation, the accounts department withdrew GH¢2,000.00 vide Payment Voucher No. AAPAM/17/08 of 6 October 2008 to purchase drinks to organise a banquet for the African Association for Public Administration and Management (AAPAM) officials.

1190. We noted that out of this amount only GH¢360.00 was accounted for leaving a balance of GH¢1,640.00 to be accounted for. We also noted that an amount of GH¢1,640.00 was advanced to Mr. Charles Osei Bonsu, Deputy Chief Executive Officer of the Ghana Tourist Board for the purchase of drinks for the banquet. Mr. Osei Bonsu who doubled as the event organiser for the banquet that was
held in honour of all the visiting AAPAM officials, failed to account for the money.

1191. We observed that the absence of regular monitoring of the financial operations of the AAPAM’s conference organised by the Office of the Head of Civil Service accounted for this lapse. We further observed that the payment voucher was not approved by the Head of Department. The failure to account for this money could lead to the loss of money to the AAPAM Secretariat as well as the State.

1192. We, therefore, recommended to management to strictly adhere to the tenets of Section 288 of the FAR and order the officer, Mr. Charles Osei Bonsu to account for the GH¢1,640.00.

1193. Management responded that Mr. Charles Bonsu signed for the money and indeed bought the drinks for the banquet. Notwithstanding this explanation, management’s claim could not be substantiated with documentary evidence and we insisted that the officer should be made to provide documentary evidence in the form of receipts, invoices or honour certificates, as proof of having spent the whole money for the stated purpose. Failing this, the amount should be recovered from Mr. Osei Bonsu.
NATIONAL IDENTIFICATION AUTHORITY

Failure to lodge internally generated funds into the Non-Tax Revenue account – GH₵94,913.00

1194. Section 5 of the Ministries, Department and Agencies (Retention of funds) Act, 2007 (Act 735) stipulates that:

   (a) “Internally Generated Funds can only be utilised when the activities on which the expenditures will be incurred have been programmed and approved in that Ministry’s, Department’s and Agency’s expenditures budget by Parliament;

   (b) “Ministries, Department and Agencies which have approval to retain and utilise internally generated funds can only incur expenditure funded by internally generated funds for a particular month if the records of collection for the previous month, bank lodgments and expenditure returns for the previous month have been submitted to the Ministry of Finance.”

1195. We found that an Internally Generated Fund of GH₵94,912.50 realised from the Special Registration Exercise carried out by the Authority was lodged into the Authority’s operational account. Management treated the money as revenue of the Authority and therefore utilised it for its own purposes without observing the stipulated law requiring the lodgment into the Non-Tax Revenue
account number 0123050012176 and the need to seek Parliamentary approval before utilizing any portion of the moneys.

1196. Failure to comply with Financial Regulations and directives is deemed as a breach of financial discipline as outlined in Section 8 of the Financial Administration Regulations, L.I. 1802 and should attract the necessary disciplinary sanction on management.

1197. In its reply, management said that the need to collect the special registration fees to cover part of the Authority’s operational cost of registering private companies’ employees at their work places instead of the designated registration centres was not thought of initially and was therefore not budgeted for. The Authority was overwhelmed by the number of requests from both public and private companies to register their employees at their various workplaces to save them from joining long queues during the Greater-Accra mass registration (phase 2) and that was the reasons management decided to charge GH¢150.00 per day for each private company as operational cost to meet the request. It was further explained that management had written to the Non – Tax Revenue office but no formal response was received.

1198. We recommended to management to immediately transfer the amount involved to MOFEP’s Non-Tax Revenue account number
0123050012716 at the Bank of Ghana and make the necessary documentation available for our examination.

**OFFICE OF STATE PROTOCOL**

**Unearned salaries GH¢834.00**

1199. Mr. Ernest Sarfo, a Driver grade II, was granted study leave with pay and was supposed to resume work on 30\textsuperscript{th} November 2009. However, he did not resume on the due date and also did not inform management of his inability to resume work.

1200. We also noted that his name continued to remain on the mechanized salary voucher and as at 30\textsuperscript{th} April 2010, unearned salary amounting to GH¢833.55 had been paid into his bank account, as detailed below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Salary GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2009</td>
<td>166.71</td>
</tr>
<tr>
<td>January 2010</td>
<td>166.71</td>
</tr>
<tr>
<td>February 2010</td>
<td>166.71</td>
</tr>
<tr>
<td>March 2010</td>
<td>166.71</td>
</tr>
<tr>
<td>April 2010</td>
<td>166.71</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>833.55</strong></td>
</tr>
</tbody>
</table>

1201. His bankers and the Controller and Accountant-General’s Department were notified to return the moneys into Government chest per letter dated 25 February 2010 and to delete his name from the payroll.
1202. As at the time of writing this report, no response had been received from his bankers that the money received had been paid to Government chest. The failure to recover the unearned salaries would be a loss to the State. We urged that the recovery of the GH¢833.55 must be vigorously pursued.

1203. Management responded that the office had written to the Controller and Accountant-General’s Department to delete his name from the payroll and had also instructed his bankers to return the amount to Government chest.

1204. We recommended to management to act promptly on such matters to delete separated staff names from the payroll to prevent the loss of public funds through the continued payment of unearned salaries.

**OFFICE OF PARLIAMENT**

**Payment of conference/workshop fees without receipts – US$63,446, £19,320 and GH¢375.00**

1205. Regulation 39(2c) of the FAR, 2004 enjoins the Head of the accounts section of a department to control the disbursement of funds and ensure that transactions are properly authenticated to show that amounts are due and payable.
1206. Our review of payment vouchers disclosed disbursement made for workshops and conferences totalling $63,446, £19,320 and GH¢375.00 which were not supported with receipts and statements of expenditure by the recipients after the programmes.

1207. We recommended that the officers who received the advances be called upon to account for the funds released to them with receipts obtained after the conferences and workshops or they should be surcharged with the full amount advanced to them.

Accumulated leave commuted to cash without approval – GH¢8,834.00

1208. Regulation 44(3) of Parliamentary Service (Staff) Regulation, 1995 (C.1.11) states that leave shall not be commuted into cash payment except with the permission of the Board. Contrary to the regulation, we noted that Mr. Daniel A. Ametepey, an Acting Editor’s accumulated leave was commuted to cash and paid on PV. No. OP/574/05/08 of 22 May 2008 without the approval of the Parliamentary Service Board. Consequently, an amount of GH¢8,834.40 was illegally paid to him.

1209. We recommended that the Spending Officer obtains the approval of the Board for the amount to stand charged against the account of Mr. Daniel A. Ametepey, failing which he should be made to refund the GH¢8,834.40 to chest.
Auditor-General’s Report on the Public Accounts of Ghana, MDAs – 31 December 2010

Signing for payees without authority note - GH¢11, 164.00

1210. Regulation 43 of the FAR, 2004(L.I.1802) stipulates that a payment shall be made only to the person or persons named on the payment voucher or their representatives duly authorised in writing to receive the payment.

1211. Our review of payment vouchers disclosed that a total payment of GH¢11,164.06 was effected to third parties without duly authenticated authority notes mandating them to collect the payments on behalf of the original claimants.

1212. We recommended that the practice should cease and the officers who collected the various amounts be made to submit the authority notes to clear the payments made to them, failing which the Account officers who made the payments should be held accountable for the recovery of the unauthorised payments amounting to GH¢11,164.06.

MINISTRY OF DEFENCE
DIRECTORATE OF ENGINEERING SERVICES (DES)

Non-payment of revenue to chest – GH¢29,390

1213. Regulation 22(1&2) of the Financial Administration Regulations, 2004 (L.I 1802) states that "All public moneys collected shall be paid in gross into the Public Funds Accounts and no disbursement shall be made from the moneys collected except as provided by an enactment.”
1214. Between January 2008 to December 2009, DES was able to generate revenue amounting to GH¢29,390.15 through the sale of tender documents, drawings etcetera. However, management failed to pay the amount to chest, contrary to the regulation stated above.

1215. Additionally, the revenue collected was used to buy stationery and to pay transport allowances to staff although the Unit had a budget that took care of those expenses.

1216. Although the Directorate, in response, stated that the money was spent on stationery used to prepare the documents and to advertise the contracts in the national dailies, we recommended that all revenue collected by the Directorate of Engineering Services should be paid to chest as directed by Regulation 22(1&2) of the Financial Administration Regulations, 2004 (L.I.1802).

**DIRECTORATE OF ORDINANCE SERVICES**

**Goods paid for but not supplied - US$69,295**

1217. In August 2007, an amount of US$133,617.30 was paid per bank transfer advices No. HA.153/651103 of 24 August 2007 to Messrs Akuadu Enterprise for the supply of combat boots to the Ghana Armed Forces.

1218. However, some of the items valued at US$69,295.00 had still not been delivered and the order given by the Chief of Defence Staff
(CDS) to have the items or the money refunded on or before 29 September 2009 deadline yielded no positive result.

1219. We recommended that management should refer the matter to the Police for the recovery of the amount or have Messrs Akuadu Enterprise prosecuted.

1220. Management responded that the issue had been referred to "their legal directorate and the Economic and Organised Crime Office (EOCO) for action".

**Items partly delivered by suppliers**

1221. Examination of records at ‘3 Warehouse’ (BOD) disclosed that procurements valued at US$1,232.95 and ordered by the Unit as far back as 29 May 2007 had not been fully delivered by the suppliers. The details are as follows:

<table>
<thead>
<tr>
<th>Procurement Order No.</th>
<th>Item</th>
<th>Quantity ordered</th>
<th>Quantity delivered</th>
<th>Diff.</th>
<th>Value US$</th>
<th>Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>G1/6007</td>
<td>Boot</td>
<td>3,000prs.</td>
<td>2,995</td>
<td>-5</td>
<td>147</td>
<td>Messrs Highcom</td>
</tr>
<tr>
<td>G1/5011</td>
<td>Camouflage Uniforms</td>
<td>1,300</td>
<td>1,289</td>
<td>-11</td>
<td>143</td>
<td>Simonside Limited</td>
</tr>
<tr>
<td>G1/5011</td>
<td>Caps</td>
<td>1,300</td>
<td>1,283</td>
<td>-17</td>
<td>124</td>
<td>Simonside Limited</td>
</tr>
<tr>
<td>G1/8007</td>
<td>Long Sleeve Aviation</td>
<td>400</td>
<td>396</td>
<td>-4</td>
<td>30.0</td>
<td>Safelinks Co. Ltd.</td>
</tr>
<tr>
<td>G1/8007</td>
<td>Short Sleeve Aviation</td>
<td>2,40</td>
<td>2,295</td>
<td>-105</td>
<td>787</td>
<td>Safelinks Co. Ltd.</td>
</tr>
</tbody>
</table>
1222. We advised the Directorate to ensure that the suppliers deliver the items or have the amounts refunded to chest without any delay. The Directorate should also consider imposing sanctions on such suppliers to prevent recurrence.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT
DEPARTMENT OF BIRTHS AND DEATHS - ABOKOBI
Payments of revenue not supported with official receipts - GH¢958.00

1223. Contrary to Regulation 15 (1) of the FAR, 2004 the Ga East Municipal Births and Deaths officer paid a total amount of GH¢958.00 to the Regional Accountant between February and June 2010 who failed to issue him with official receipt(s) acknowledging receipt of the amount, thus, making the genuineness of the payment doubtful.

1224. We, therefore, advised management to either obtain receipts from the Regional office to support the payments or the amount involved should be recovered from the Regional Accountant and paid to chest.
GHANA SCHOOL FEEDING PROGRAMME – TEPA

Un-receipted payments – GH¢178,562.00

1225. Contrary to best financial practice, management failed to collect official receipts for an amount of GH¢178,562.00 paid to Caterers between February 2009 and September 2010. This lapse, which was due to laxity on the part of the authorising officers and the desk officer, may result in moneys being diverted to the detriment of the programme.

1226. We advised management to impress upon the Caterers to print official receipts bearing their registered catering names which should be issued upon payment of moneys to them. Management accepted our recommendation for future compliance.

Payment to illiterates not witnessed – GH¢50,487.00

1227. Good accounting practice requires that when a payment is made to an illiterate person or to a person who is unable to give a receipt in English, the payment shall be made in the presence of a literate person other than the paying officer, and the signature or the mark or thumb impression of the payee shall be obtained in the presence of the witness. The latter shall sign the voucher to the effect that the payment was actually made and the thumb impression is genuine.
1228. On the contrary, eight payments made to two illiterate Caterers between February 2010 and September 2010 totalling GH¢50,486.95 were not witnessed by literate persons.

1229. We could therefore, not authenticate the genuineness of the payments since the required procedures were not followed. The situation could result in misappropriation of funds.

1230. Management accepted our recommendation to ensure that, in future, payments to illiterates should be witnessed by a literate third party.

**Non-functioning of the District Implementation Committee of the School Feeding Programme (GSFP) – Jomoro District**

1231. Section 2(4) of the Operational Manual of the School Feeding Programme empowers the District Implementation Committee (DIC), the Co-ordinating unit of the GSFP, to exercise direct oversight responsibility over beneficiary schools in a district. The Committee oversees the implementation and management of all components of the programme as well. The DIC is to meet monthly and record all deliberations during the meeting.

1232. Our audit revealed that the DIC and the School Implementation Committees (SIC) did not meet. We did not find any report or minutes of their meetings. This indicated that the DIC was not
functional and so were the SICs which were supposed to be under its control.

1233. We attributed this lapse to the failure of the Chairperson to plan the DIC’s activities to ensure periodic meetings as required. Should this condition go unchecked it could lead to the collapse of the GSFP in the Jomoro District.

1234. We recommended to management to ensure that the DIC and all committees under it are made functional and effective.

DEPARTMENT OF PARKS AND GARDENS – CAPE COAST

Unearned salaries – GH¢928.00

1235. Regulation 297 of the FAR, 2004 (L.I 1802) states that a Head of department shall cause the immediate stoppage of payment of salary to a public servant when that public servant has either retired died, resigned etc.

1236. Contrary to the above regulation, two officers who had either retired or vacated post were paid a total of GH¢927.76. Management’s delay in ensuring the prompt deletion of the names of the two separated officers from the payroll caused the anomaly. We recommended the immediate recovery of the amount.
MINISTRY OF CHIEFTAINCY AND CULTURE

NATIONAL HOUSE OF CHIEFS – KUMASI

Failure of Auctioneer to pay proceeds of auctioned vehicles to Bank of Ghana – GH¢5,150.00

1237. The office of the President in a letter No. D/CO5/10/36 of 24 May 2010 authorised the disposal of two vehicles of the House of Chiefs by auction. The letter further instructed buyers of the vehicles to pay the money into a Non-Tax Revenue (NTR) Account No.0123050012167 with the Bank of Ghana.

1238. Two officers of the House took advantage of a provision in the letter that gave them the option to purchase the vehicles and they bought them at a total cost of GH¢5,150.00. However, instead of paying the proceeds to the Bank of Ghana they rather paid the amount of GH¢5,150.00 to the licensed Auctioneer, Mr. H.O. Owusu of Shargaw Mart who issued them with his receipts.

1239. Management explained that they were not aware that the amount should have been paid into a Non-Tax Revenue account with the Bank of Ghana. The possibility of the Auctioneer not paying the amount to the appropriate account could not be ruled out.

1240. We requested management to contact the Ministry to confirm the payment of the amount of GH¢5,150.00 to the required account.
with the Bank of Ghana and provide documentary evidence to that effect.

**CENTRAL REGIONAL HOUSE OF CHIEFS**

**Overpayment for appeal records – GH¢810.00**

1241. Regulation 45 of the FAR, 2004, (L.I. 1802) demands that if any expenditure is made in excess of the amounts actually due, the overpayment shall be recovered immediately and paid into the account from which it was originally paid and the officer concerned shall report the circumstances immediately to the Head of department or the appropriate authority.

1242. We noted that an overpayment of GH¢810.00 was made in the preparation of Appeal Records in a pending case between Abusuapanyin Kwesi Atta Vrs Abusuapanyin Kwame Alata due to wrong computation. The Registrar accepted our finding and promised to recover the overpayment of GH¢810.00 from Mr. J.A. Hayford, the payee.

**EX-MINISTRY OF AVIATION**

**EX-MINISTRY OF AVIATION – TREASURY**

**Unpresented payment vouchers – GH¢29,804.00**

1243. Regulation 1 (a-b) of FAR, 2004 (LI 1802) states that “Any Public Officer who is responsible for the conduct of financial business
on behalf of the Government of Ghana … and disbursement of public and trust moneys… shall keep proper records of all transactions for inspection when called upon to do so by… the Auditor-General or any officer authorised by him.”

1244. Contrary to this regulation, the Accountant failed to produce for our audit 21 payment vouchers with a face value of GH¢29,803.79. We could, therefore, not ascertain the genuineness of the payments.

1245. The cause of the anomaly was due to poor preservation of vital documents and failure to record them in the payment voucher register for control purposes.

1246. We advised management to locate and present the payment vouchers for audit, or failing that, the amount should be recovered from the Accountant. Management should also ensure proper preservation of all accounting records for future audit.

1247. Management agreed with our recommendations and promised to produce all the outstanding payment vouchers for our verification.
Payment vouchers not recorded in the cash book – GH¢15,934.00
1248. Our examination of the Treasury Expenditure records disclosed that three payment vouchers for a total payment of GH¢15,933.60 were not brought to account in the Treasury Expenditure cash book.

1249. This omission is contrary to Regulation 1 (a-b) of FAR, 2004 (LI 1802). The weakness was due to lack of periodic checking of the cash book by the Internal Auditors. The effect of this anomaly is that the sum of GH¢ 15,933.60 being part of the total expenditure incurred for the year had been excluded from the actual expenditure made out of the Consolidated Fund, thereby giving a wrong cumulative figure for the year 2008.

1250. Management was advised to ensure that the payment vouchers were recorded in the cash book to enhance transparency and accountability. Supervisory controls and periodic checking of the cash book should also be strengthened to facilitate accuracy of expenditure records.

Financial assistance to Ghana International Airline Ltd (GIAL) - US$65,348,673.00
1251. Our examination of the financial records of the Ministry disclosed that, a total sum of US$65,348,673.00 was released to GIAL as refundable financial assistance. The breakdown is as follows:
<table>
<thead>
<tr>
<th>YEAR</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>4,900,000</td>
</tr>
<tr>
<td>2006</td>
<td>15,000,000</td>
</tr>
<tr>
<td>2007</td>
<td>19,222,598</td>
</tr>
<tr>
<td>2008</td>
<td>13,269,505</td>
</tr>
<tr>
<td>2009</td>
<td>8,956,570</td>
</tr>
<tr>
<td>2010</td>
<td>4,000,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>US$ 65,348,673</strong></td>
</tr>
</tbody>
</table>

1252. We did not see any loan agreement between Government and GIAL. There was also no sign of the recovery of these advances. A follow up disclosed that the amount released to GIAL was never acknowledged with an official receipt nor a written document, contrary to Regulation 15 (4) of the FAR, 2004 (LI 1802).

1253. To ensure effective internal controls, the following recommendations were made:

i. management should pursue the recovery of the total advance;

ii. management should ensure that official receipts are issued to acknowledge all funds received; and

iii. the loan agreement on all the funds received should be made available for audit.
1254. Management accepted our recommendations for implementation.

**Illegal documents used to support payments**

1255. Our audit disclosed that a receipt attached to payment voucher No. 06870781 of 19 July 2007 for GHC1,700.00 was a computer generated one which did not represent a GCR from PRAAD for services rendered to the Ministry of Aviation (MOA). Again, a building construction firm receipt for GHC8,475.36 from a contractor was used to support payment for the supply of provisions by Great Praaba Ventures. Furthermore, a Proforma invoice for GHC9,324.00 was issued from Exasson Limited to cover the same transaction. The summary of the transactions is as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Source</th>
<th>Document</th>
<th>Amount GHC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Exasson Ltd.</td>
<td>Proforma invoice</td>
<td>9,324.00</td>
</tr>
<tr>
<td>2.</td>
<td>PRAAD</td>
<td>Computer generated receipt</td>
<td>1,700.00</td>
</tr>
<tr>
<td>3.</td>
<td>Great Praaba Ventures</td>
<td>Building Contractor’s receipt</td>
<td>8,475.36</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>19,499.36</strong></td>
</tr>
</tbody>
</table>

1256. The use of the invoice and receipts were employed by the Storekeeper to outwit procurement procedures and to embezzle the amount of GHC19,499.36. Even though the sum involved is not significant, the fact that the amount was embezzled gave cause for worry, as more significant amounts could, in future, go missing without detection.
1257. We recommended to management to ensure that official receipts are issued to cover all moneys received and all documents attached to payment vouchers should be scrutinized as prescribed by law. The sum of GH¢19,499.36 should be recovered from the Storekeeper.

1258. Management confirmed our findings and promised to scrutinise all future supporting documents attached to payment vouchers, but was silent on our recommendation to recover the amount involved.

Funds released to ex-employees of Ghana Airways not acknowledged – GH¢9,456,761

1259. Our examination of MOA’s expenditure accounts disclosed that a total sum of GH¢9,456,761.00 was paid to a Liquidator on behalf of the ex-employees of Ghana Airways as compensation or retirement benefits but there was no receipt issued by the Liquidator in acknowledgement of the amount received from the Ministry of Aviation.

1260. This lapse contravenes Regulation 28 of the FAR, 2004 (LI 1802) which requires that receipts should be obtained for all payments made. The breakdown of the figure is provided below:
<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>PV No.</th>
<th>Details</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>20/11/06</td>
<td>0415959</td>
<td>Official Liquidator</td>
<td>2,771,286.00</td>
</tr>
<tr>
<td>2.</td>
<td>27/12/07</td>
<td>0748255</td>
<td>Severance pay to former employees</td>
<td>1,889,600.00</td>
</tr>
<tr>
<td>3.</td>
<td>13/5/08</td>
<td>0748478</td>
<td>Severance pay to former employees (US$2,250,000)</td>
<td>2,200,725.00</td>
</tr>
<tr>
<td>4.</td>
<td>19/11/08</td>
<td>0947273</td>
<td>Severance pay to former employees</td>
<td>2,595,150.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>9,456,761.00</strong></td>
</tr>
</tbody>
</table>

1261. Furthermore, there was no list of the beneficiaries attached to the payment vouchers for examination. The situation occurred because the Internal Auditor failed to scrutinise all the financial documents.

1262. To ensure proper accountability and transparency, we urged management to ensure that receipts are obtained to cover all Government funds released from the MOA to other institutions. Additionally, management should examine carefully all requests received before funds are released.

1263. Management accepted our recommendations and agreed to obtain the official receipts and the list of beneficiaries from the official Liquidator for our inspection.
EX- AVIATION DEPARTMENT

Withdrawals from bank not reflecting in the accounting records – GH¢10,971.00

1264. Regulation 39 (2c) of the FAR, 2004 (LI 1802) stipulates that “the Head of accounts 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.”

1265. Contrary to the above-stated provision, we noted that GH¢10,971.37 was withdrawn from the Ministry’s bank account number 1018431619016 (Bank of Ghana) without payment vouchers to support the withdrawals.

1266. The amount was neither entered in the Expenditure Cash Book nor any financial records. We could, therefore, not establish the type of expenditure the money was used for. The detail is provided below:

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Cheque No.</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>05/02/08</td>
<td>000303</td>
<td>1,340.90</td>
</tr>
<tr>
<td>2.</td>
<td>15/02/08</td>
<td>000319</td>
<td>400.00</td>
</tr>
<tr>
<td>3.</td>
<td>21/02/08</td>
<td>000178</td>
<td>1,260.00</td>
</tr>
<tr>
<td>4.</td>
<td>25/03/08</td>
<td>000378</td>
<td>300.00</td>
</tr>
<tr>
<td>5.</td>
<td>26/03/08</td>
<td>000377</td>
<td>225.15</td>
</tr>
<tr>
<td>6.</td>
<td>30/04/08</td>
<td>000398</td>
<td>511.29</td>
</tr>
</tbody>
</table>
1267. The anomaly was the result of ineffective supervisory control over the staff of the account section.

1268. We recommended to management to investigate the total amount of GH¢10,971.37 withdrawn from the bank and furnish our office with the outcome. Besides, all bank withdrawals should be supported by approved payment vouchers to ensure that the payments are in line with the above-quoted regulation.

1269. Management accepted our observation and assured us of the immediate investigation of the transactions in question.

**Unrecovered advance tickets for CAN 2008- GH¢555.00**

1270. We observed during our audit that advance tickets for the CAN 2008 football tournament amounting to GH¢555.00 paid on behalf of seven staff members of the Ministry were not recovered at the time of our audit, in violation of Regulation 168 of FAR, 2004 (LI 1802).
Details are indicated below:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Peter Dery</td>
<td>60.00</td>
</tr>
<tr>
<td>2.</td>
<td>Ebenezer Amamoo</td>
<td>60.00</td>
</tr>
<tr>
<td>3.</td>
<td>Owusu Ansah</td>
<td>60.00</td>
</tr>
<tr>
<td>4.</td>
<td>Rahael Thomson</td>
<td>60.00</td>
</tr>
<tr>
<td>5.</td>
<td>Hamidu Adakurugu</td>
<td>60.00</td>
</tr>
<tr>
<td>6.</td>
<td>Elli High-Tamakloe</td>
<td>45.00</td>
</tr>
<tr>
<td>7.</td>
<td>Mr. Selby</td>
<td>45.00</td>
</tr>
<tr>
<td>8.</td>
<td>P.K. Amewode</td>
<td>60.00</td>
</tr>
<tr>
<td>9.</td>
<td>Kweku Sersah Johnson</td>
<td>60.00</td>
</tr>
<tr>
<td>10.</td>
<td>Simon Kudjo</td>
<td>45.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>555.00</strong></td>
</tr>
</tbody>
</table>

1271. The condition occurred because management was reluctant to retrieve the said amount from the beneficiaries. We urged management to ensure the recovery of the GH¢555.00 from the staff concerned and pay it to Government chest.

**Vehicles procured not immediately required**

1272. We noted that 12 official vehicles were allocated to five officers. However, nine of the vehicles were parked in their various homes contrary to Store Regulations, 1984. Details are shown below:

<table>
<thead>
<tr>
<th>Vehicle No</th>
<th>Make</th>
<th>User</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>GN 4637 Y</td>
<td>Nissan Pick UP</td>
<td>Mr. G.K. Scott</td>
<td>Chief Director</td>
</tr>
<tr>
<td>GE 5253 Y</td>
<td>Toyota L/Cruiser</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ER 7730 X</td>
<td>Honda Civic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GT 4781 Q</td>
<td>Nissan Patrol</td>
<td>Mr. Tamakloe</td>
<td></td>
</tr>
<tr>
<td>ER 7728 X</td>
<td>Honda Civic</td>
<td></td>
<td></td>
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</tbody>
</table>
1273. In our opinion, the number of required vehicles was overstated as fuel and lubricants utilised on journeys made by the surplus vehicles may not be in the interest of the State.

1274. To prevent the procurement of vehicles not immediately required, and to avoid the resultant lock up of Government funds which could be used for more pressing needs, we recommended that:

- the Ministry’s requirements on vehicles should be realistically estimated;
- all the nine vehicles should be retrieved from the various homes and parked at the Ministry’s premises; and
- the parked vehicles should be re-allocated to other staff to enhance their performance.

1275. Management failed to give an appropriate response to this observation.
Vehicles purchased without ownership documents – GH¢106,107.00

1276. Out of 14 vehicles purchased between 2006 and 2007, eight were still in the name of the vendors, in contravention of Section 6 of Road Traffic Regulations, 1974 which mandates all registered vehicles bought or having changed hands to be transferred to the new owner with all the necessary documents.

1277. Furthermore, we observed that 20 vehicles purchased by the Ministry since June 2006 to date had not been recorded in the Ministry’s fixed assets register or the store ledger to monitor and track their movements. The situation could, therefore, make it difficult to notice and track any of the vehicles if stolen.

1278. The situation resulted from management’s failure to ensure effective supervision over procured vehicles and failure to enforce the Road Traffic Regulations.

1279. We recommended that strenuous efforts should be made to have all the vehicles marked with the Ministry’s identification marks. A vehicle register should also be introduced to record all vehicles acquired by the Ministry. Management accepted our recommendation and promised to implement them.
Payroll irregularities – GH¢2,454.00

1280. According to Regulation 297 of FAR, 2004 (LI 1802) Heads of Departments are to cause the immediate stoppage of payment of salary to a public servant who has retired, died or vacated post. However, our review disclosed non-compliance with the above regulation.

1281. Management’s failure to delete the names of two separated members of staff resulted in the payment of unearned salary totalling GH¢2,454.090 into their bank accounts.

1282. We recommended that management should inform the bankers of the two separated staff- Ms. Jane Ellen Alomie and Mr. Raphael Thompson, who were paid GH¢2,022.72 and GH¢431.37 respectively to refund the amount to Government chest. Management should also expedite action to have the two names deleted from the payroll.

1283. Management agreed with our recommendation and promised to rectify the situation as recommended.

Failure to acknowledge receipt of sponsorship contributions of aviation & allied business – GH¢85,731.00

1284. Regulation 15(4) of the FAR, 2004 (LI 1802) requires a receipt in a format approved by the Controller and Accountant-General to be obtained for all payments made.
1285. We noted that although a total amount of GH¢85,730.60 was received from various institutions as sponsorship contributions for smooth operation of their Leadership Conferences, the Schedule Officer failed to issue any official receipts in acknowledgement of the amounts. The above weakness which could lead to loss of funds was due to lack of supervisory control on the part of management over the work of the Schedule Officer.

1286. We recommended the use of prescribed official receipts to acknowledge receipt of all funds received by the Ministry. Additionally, the system of fund receipts, control and usage should seriously be reviewed by management to enhance accurate record keeping.

**Transfer of amount into allied business conference account - GH¢36,315.00**

1287. A total amount of GH¢36,315.00 was transferred from the MOA’s operational account into Aviation and Allied Leadership Conference accounts for the smooth running of their activities. We could not establish the authenticity of the transfer made because an approval letter from MOFEP was not presented for our perusal.

1288. The Schedule Officer also failed to acknowledge the receipt of the amount, in contravention of Regulation 15 (4) of the FAR, 2004 (LI 1802) which states that a receipt in a format approved by the...
Controller and Accountant-General shall be obtained for all payments made.

1289. We recommended that the approval and the authority for the transfer should be submitted for our verification but management failed to respond to this observation.

MINISTRY OF COMMUNICATIONS

GHANA METEOROLOGICAL AGENCY
HEADQUARTERS

Failure to issue official receipts-US$275,082.00

1290. We observed that official receipts were not issued to some clients who paid cheques to the Agency to the tune of US$275,081.98 even though the cheques were deposited in the designated bank accounts.

1291. This practice violated the provisions of Section 28 (1) of the FAR, 2004 which states that a Collector who is satisfied that money tendered is in order, shall issue original receipts to the payer and shall deal with the duplicate and triplicate copies as required by Departmental Accounting Instructions.

1292. This lapse was due to weak supervisory control over the Revenue Collector by a Superior officer which could result in the
Schedule Officers diverting public moneys for their own private use since there would not be any record to show the receipt of such moneys.

1293. We urged management to ensure that GCRs are issued to all those who pay moneys to the Agency at all times. We also advised management to issue official receipts to cover those already received.

1294. Management took notice of our recommendation and gave assurance that the anomaly would not recur.

MINISTRY OF EMPLOYMENT AND SOCIAL WELFARE
HEAD OFFICE

Failure to remit withholding tax deductions - GH¢11,006.00

1295. Section 87 (1) of the Internal Revenue Act, 2000 (Act 592) requires a withholding agent to pay to the Commissioner a tax that has been withheld or that should have been withheld within 15 days after the end of the month in which the payment subject to withholding tax is made by the agent.

1296. Our audit disclosed that, contrary to the above requirement, withholding tax deductions amounting to GH¢11,006.16 made between April 2007 to June 2008 were not remitted to the Domestic Tax Revenue Division of the Ghana Revenue Authority.
1297. We recommended that the amount of GH¢11,006.16 should be paid to Revenue Agency without further delay.

**DISTRICT LABOUR OFFICE – PRESTEA**

**Un-acquitted payment – GH¢285.00**

1298. Our examination of the records of the District Labour Office, Prestea, revealed that 14 payments totalling GH¢285.31 did not have documents to authenticate them. We identified management’s failure to comply with the Financial Administration Regulations as the cause of the lapse.

1299. Management explained that those payments were made at the Social Welfare Treasury, Accra, where the statements of claims, receipts and invoices were attached for pre-auditing before payments were made through the Labour Department, Accra. A copy of the payment voucher was later sent to them from Accra without the relevant attachments to enable the office prepare its expenditure returns to Accra.

1300. We recommended that management should ensure that the relevant supporting documents were retrieved and attached to the payment vouchers to conclude the accountability process or refund the amount involved to chest.
DEPARTMENT OF SOCIAL WELFARE – CAPE COAST

Absence of competitive procurement – GH¢1,800.00

1301. Our examination of records at the Social Welfare School disclosed that the Headmistress purchased materials costing GH¢1,800.00 for school uniforms vide PV No. 4 of 1 February 2010 from Murrio Trading Enterprise without sourcing for alternative quotations.

1302. This action contravened the Public Procurement Act, 2003 (Act 663) Section 43(1), which demands that “the procurement entity shall request quotations from as many suppliers or contractors as practicable, but from at least three different sources.”

1303. The omission on the part of the Headmistress had the potential of leading to the purchase of goods at non-competitive prices. We recommended that to ensure transparency and value for money, all purchases should be made in line with the provisions of the Public Procurement Act 43(1).

MINISTRY OF TRANSPORT

Disappearance of official vehicle

1304. Our review of the Ministry’s assets register revealed that an official Nissan Pickup with registration number GT 4750X, purchased at a cost of GH¢18,558.75 in April 2006, could not be made available for physical verification.
1305. An Internal Audit report dated 9 March 2010 and signed by Mr. Kojo Owusu-Ansah and addressed to the Acting Chief Director, Mr. T. A. Selby, disclosed that the said vehicle got involved in an accident in July 2008 near Nkoranza whilst the Driver, Mr. Ibrahim Mohammed, was performing an unofficial assignment for the former Minister, Hon. Professor C. Ameyaw Akumfi.

1306. According to the report, because the accident vehicle was not immediately towed back to Accra, it was taken away by a gentleman who the Minister had earlier introduced to the Caretaker of the house where the vehicle was parked; an assertion the Minister denied when the Internal Auditor sought confirmation.

1307. The report therefore recommended that the issue be referred to the National Security authorities for further action or the former Minister be surcharged with the purchase price of the vehicle.

1308. We also requested the Acting Chief Director to immediately implement the Internal Auditor’s recommendation but he is yet to act accordingly, though he had promised to do so.

**Unearned salaries - GH¢5,192.00**

1309. Our audit revealed that six officers who had separated from the Ministry were paid unearned salaries totalling GH¢5,191.92 between January 2009 and September 2009. This stemmed from the belated
notification of their separation to the Controller and Accountant-General for the deletion of their names from the payroll. Additionally, recovery efforts had not been successful because the officers’ bankers were not contacted.

1310. We recommended that management should recover and pay the unearned salaries totalling GH¢5,191.92 to the Controller and Accountant-General’s Suspense Account at the Bank of Ghana.

DEPARTMENT OF URBAN ROADS – KUMASI
Unearned salary – GH¢3,081.00
1311. We noted that a Mr. Yaw Tweneboah-Koduah went on leave without pay from December 2009 to December 2010, but continued to have his salary paid into his bank account until July 2010 when his name was deleted from the payroll.

1312. This resulted in the payment of GH¢3,081.26 being unearned salaries into Yaw Tweneboah-Koduah’s bank account. Records in his personal file indicated that there was no approval for his leave without pay before he proceeded on leave.

1313. The anomaly was as a result of the Accountant’s failure to block the officer’s salary and also inform his bankers to pay his unearned salaries to chest. The State, therefore, lost a total amount of...
GH¢3,081.26 paid as unearned salary into Mr. Tweneboah Koduah’s bank account.

1314. We recommended that the officer should be made to refund the unearned salary of GH¢3,081.26 illegally paid to him. He should also produce the approval letter for the leave without pay, failing which his appointment should be terminated for vacation of post. The Accountant should also face disciplinary action for failure to act in a timely manner, resulting in the apparent loss of public funds amounting to GH¢3,081.26 for which he should be held accountable in case the Department is unable to retrieve the money from Mr. Tweneboah Koduah.

DEPARTMENT OF FEEDER ROADS-HEADQUARTERS

Unacquitted/Unsubstantiated payments –GH¢4,700.00

1315. In contravention of Regulation 39 (1) of the F.A.R., 2004 the Department of Feeder Roads failed to obtain supporting documents such as receipts, invoices, etc. to support disbursements made by them amounting to GH¢4,700.00. When receipts, invoices, etc. are not obtained to acquit disbursements, independent review and confirmation of such transactions cannot be performed. This lapse could be attributed to ineffective internal controls and lack of adequate supervision of the accounts department.
1316. We recommended that management should take retroactive action to obtain the necessary supporting documents, attach them to the payments and present them for our review or be held liable to refund the amount involved.

**Purchases not routed through store - GH¢5,659.00**

1317. Contrary to the directives in Chapter 3 Sections 0315 and 0316 of the Store Regulations, 1984 the Department of Feeder Roads failed to route items procured by them through the store. The value of these transactions was GH¢5,659.14. When supplies are not routed through the store, confirmation that they have actually been bought as well as their final disposal cannot be independently assured by the Auditor.

1318. We recommended to management to take the necessary steps to record these items in the store ledger and show how they were finally disposed of.

**MINISTRY OF WOMEN AND CHILDREN’S AFFAIRS**

**Failure to account fully for special imprest granted – GH¢143,918.60 and US$25,100.00**

1319. Financial Administration Regulations 283(b) requires that special imprest granted should be fully retired by the date specified in the letter approving the imprest. We observed, however, that out of a
total special imprest of GH¢223,837.10 granted to officers to enable them carry out programmes and activities of the Ministry between January 2009 and December 2009, only a total of GH¢79,918.50 had been accounted for leaving a balance of GH¢143,918.60.

1320. Additionally, five officials who travelled outside the country had not accounted for a total accountable imprest of US$25,100.00 paid to them between September 2009 and November 2009.

1321. We urged management to serve reminders on the officers concerned to retire the outstanding imprest of GH¢143,918.60 and US$25,100.00 or re-characterise the amounts involved as advances in their names which should be recovered directly at source from their individual salaries.

**Un-presented payment vouchers -GH¢76,539.00**

1322. Financial Administration Regulations 1(1) authorises the Auditor-General or his representative to have access to all official records which by law are to be kept by any public officer responsible for the conduct of financial business on behalf of Government.

1323. However, the accounts section was unable to present for review 12 payment vouchers covering a total payment of GH¢76,539.18 which was charged to the HIPC Account between November 2008 and July 2009.
1324. We requested management to ensure that the payment vouchers are made available for review or the amount of GH¢76,539.18 involved should be recovered and paid back into bank account.

MINISTRY OF TOURISM AND DIASPORAN RELATIONS

Payment of unearned salaries-GH¢1,938.00

1325. Our audit disclosed that a total unearned salary of GH¢1,938.00 covering the period August to November 2010 was paid into the bank account of a Mr. James Adinyira, who retired from active service on 16 July 2010.

1326. Contrary to Regulation 297 (1e) of the FAR, management failed to promptly and effectively inform the Controller and Accountant General’s Department and the retired officer’s bankers to stop the payment of salary to him and return the unearned salary to chest.

1327. We asked management to recover all the unearned salaries paid to the retired officer and ensure that prompt and effective action is taken to stop payments of salaries to separated staff. Should management fail to effect recovery, management should be held directly accountable for the payment of the outstanding amount to Government chest.
Embezzlement of revenue GH¢4,055.00

1328. Regulation 221 of the FAR, 2004(L.I. 1802) stipulates that “where the nature of revenue collection is such that the amount due to government cannot be calculated without reference to a duplicate receipt, or to the number of tickets issued, the loss of receipt books or tickets without proof of their destruction shall be deemed to have occasioned a loss of revenue.”

1329. We observed at the end of the audit that Mr. Alex Yamoah, a Works Superintendent, had de-carbonised 66 GCRs and managed thereby to misappropriate revenue amounting to GH¢4,055.50. The act which is criminal in nature also constituted a loss of Non-Tax Revenue to the State.

1330. We recommended that management should strengthen supervisory controls relating to revenue collection and lodgment and also recover the amount of GH¢4,055.50 from Mr. Alex Yamoah. Additionally, further disciplinary action should be taken against him including prosecution for stealing.

Failure to account for revenue collected – GH¢2,907.10

1331. Regulation 17 (a&b) of the FAR, 2004 (L.I. 1802) stipulate that ‘A head of department shall ensure that all Non-Tax Revenue is
immediately lodged in the designated Consolidated Fund Transits bank accounts except in the case of Internally Generated Funds retained under an enactment.’’

1332. We, however, noticed that contrary to the above, a Ms. Rosemary Akornu failed to pay the sum of GH¢2,573.60 to chest between 25 July 2008 and 27 September 2009, due to lack of supervision by the Accountant which consequently deprived the State of developmental revenue.

1333. Additionally, Ms. Akornu failed to account for a further amount of GH¢333.50 being revenue she collected. This action contravened Section 22(1) of the FAR, 2004 (L.I. 1802) which states that “all Public moneys collected shall be paid in gross into the Consolidated Fund accounts and no disbursement shall be made from the moneys collected except as provided by an enactment.’’

1334. We recommended that a total amount of GH¢2,907.10 should therefore be recovered and appropriate disciplinary action taken against Ms. Akornu and her Supervising Officer.

Rent arrears – GH¢6,340.00

1335. Regulation 2(d) of the FAR, 2004 enjoins the Head of Government department to secure due and proper collection of
Government revenue collectible by the department within the terms of any enactment.

1336. However, Mr. S.M. Arthur, the Administrator for no justifiable cause failed to collect rent due from tenants resulting in rent arrears of GH¢6,340.00 thereby causing the State to lose revenue.

1337. We advised management to strengthen its rent collection machinery and recover the rent arrears of GH¢6,340.00 from the defaulters.

**Purchases without price quotations – GH¢9,408.00**

1338. Section 43 of Public Procurement Act, (PPA) 2003(Act 663) states that ‘the Procurement entity shall request quotations from as many suppliers or contractors as practicable but from at least three different sources.’

1339. On the contrary, we noted that this regulation was not adhered to; as a result procurements totalling GH¢9,407.80 were not supported with alternative price quotations, thereby negating the benefits of transparency and value for money in the procurement practice.

1340. We advised management to comply with the Act and to apply the appropriate sanctions against the officers who contravened the Act.
Purchases from non-VAT registered suppliers/traders – GH¢2,248.00

1341. Regulation 183(4) of the FAR, 2004 states that ‘A department shall procure government stores from only Value Added Tax (VAT) registered persons or entities and any department that requires exemption for any specific case shall apply to the Minister with the necessary justification.’

1342. However, purchases amounting to GH¢14,989.60 were not made from VAT registered stores. As a result, the State was deprived of GH¢2,248.44 being the total 15% VAT/NHIS component involved in the transactions.

1343. We advised the Finance Officer to always purchase from VAT registered stores. Management promised to comply with the VAT law in future.

MINISTRY OF JUSTICE AND ATTORNEY GENERAL’S DEPARTMENT

Failure to prepare annual financial statements

1344. Regulation 190 of the FAR, 2004 requires that within a period of three months, or such other period as Parliament may by resolution appoint, after the end of each financial year, the Head of each department shall prepare and transmit to the Auditor-General, the
Minister and Controller and Accountant General in respect of the financial year, the public accounts which shall comprise;

a) A balance sheet showing the assets and liabilities of the department as at the end of the year.

b) A statement of revenue and expenditure for the year.

c) Notes that form part of the accounts which shall include particulars of the extent to which the performance criteria specified in the estimates in relation to the provision of the department’s output were satisfied.

1345. Contrary to the requirement of the regulation the under listed MDAs had not prepared their financial statements for audit and expression of opinion by the Auditor-General.

<table>
<thead>
<tr>
<th>Name of Institution</th>
<th>Financial Statement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registrar-General</td>
<td>Not presented</td>
<td>2005-2007 now produced</td>
</tr>
<tr>
<td>Judicial Service</td>
<td>Not presented</td>
<td>2008-2010 under preparation</td>
</tr>
<tr>
<td>Public Records &amp; Archival Department</td>
<td>Not presented</td>
<td></td>
</tr>
<tr>
<td>Kofi Annan ICT</td>
<td>Not presented</td>
<td>now produced</td>
</tr>
<tr>
<td>Ministry of Justice</td>
<td>Not presented</td>
<td></td>
</tr>
</tbody>
</table>
1346. We recommended that the financial statements on the financial transactions of these institutions be made available for the Auditor-General’s review.

PUBLIC RECORDS AND ARCHIVES ADMINISTRATION DEPARTMENT

Payment of unearned salaries-GH¢8,862.00

1347. A review of the above Department’s payroll disclosed that six officers who went on retirement, resigned or died continued to draw salaries totalling GH¢8,861.64 for periods ranging between one and ten months. Management had not written to the separated staff and their bankers to return the unearned salaries to Government chest.

1348. We recommended that management should write to the separated staff or their next of kin to refund the unearned salaries. By copies of the letters the banks should also be directed to transfer the unearned amounts into the Suspense Account of the CAGD. The Controller and Accountant General should also be notified to delete the officers’ names from the payroll.

Failure to deduct 15% tax – GH¢2,745.00

1349. Section 84 (1a-d) of the Internal Revenue Service Act, 2000 (Act.592) requires a person or an employer making payment of fees, commission or emoluments etc to a person or an employee, to deduct a tax of 15%.
1350. Payment of various allowances for the period under review totalling GH₵18,300.50 were observed not to have been subjected to the 15% tax deduction as required by the regulation. A total tax revenue of GH₵2,745.00 was therefore lost to the State.

1351. We recommended that the tax be recovered from the staff and non-staff and the amount remitted to the Domestic Tax Revenue office.

**Purchases not accounted for – GH₵33,327.00**

1352. Regulation 183 (3) of the FAR, 2004 (L.I. 1802) stipulates 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.

1353. Examination of the store records showed that various store items procured by way of petty cash imprest to the tune of GH₵33,327.44 were not accounted for in the store records. We could neither confirm that the items were actually procured nor verify their existence.

1354. We recommended that the items be fully and properly accounted for or the amount be refunded by the Spending Officer. We recommended also that the relevant provisions of the FAR should be observed in future.
Failure to establish Audit Reports Implementation Committee

1355. Section 30 sub section (1) of the Audit Service Act, 2000(Act 584) states that an institution, body or organisation which is subject to auditing by the Auditor-General shall establish an Audit Reports Implementation Committee.

1356. We noted that management had not established the Audit Reports Implementation Committee to follow up on the implementation of recommendations made in previous audit reports. This had resulted in the continuous occurrence of the weaknesses identified in previous audit reports. We urged management to establish the Committee without any further delay.

KOFI ANNAN ICT CENTRE OF EXCELLENCE

Fuel purchased not accounted for –GH¢6,280.00

1357. We noted that fuel and lubricants purchased for official vehicles, amounting to GH¢6,280.00 were not accounted for in the vehicle log books of the Centre. We, could, therefore not determine whether the fuel was used judiciously in the interest of the Centre. Officers who used the vehicles also failed to append their signatures in the vehicle log books as evidence of having used the vehicles for official purposes.
1358. We recommended that the total fuel issued amounting to GH¢6,280.00 be properly accounted for. The Drivers should also be made to record fuel and lubricants purchased in the vehicle logbooks.

**JUDICIAL SERVICE**

**HIGH COURT - ACCRA**

**Failure to prepare bank reconciliation statements**

1359. We observed that for the period 2007 to 2009, no bank reconciliation statement was prepared, hence we could not verify the correctness of total revenue of GH¢652,461.74 and deposits of GH¢4,732,833.55 and US$299,162.50 alleged to have been made.

1360. The H.F.C. Bank Limited and the Judicial Service failed to reconcile their accounts on a daily and weekly basis as stipulated in an agreement between the Finance Ministry and the bank. A bank statement produced at the instance of the audit team showed bulk daily collections instead of the individual payments made to the bank; a situation which was likely to pose reconciliation difficulties to officials of the Service. We could, therefore, not obtain any reasonable explanation for total debits of GH¢4,398.20 appearing in the bank statement as follows:
1361. We recommended that the bank should provide the daily and weekly statements to help reconcile the payments made to bank. The Judicial Service should also ensure that the agreement for the collection and banking of revenue is strictly implemented. The bank should be compelled to offer explanation for the debits in the bank statement or the amounts be credited back to the Judicial Service’s accounts.

Collection of deposits by HFC bank without authority – GH¢4,732,834.00 and US$299,166.00

1362. Our review of revenue and deposit accounts revealed that deposits totalling GH¢4,732,833.55 and US$299,165.50 were collected for the period 2007 to 2009 by HFC Bank on behalf of the Judicial Service. We did not see any documentary evidence or an agreement or otherwise authorizing the HFC Bank to collect such deposits on behalf of the Judicial Service. The agreement between the Ministry of Finance and HFC Bank Limited did not specify that the HFC Bank Limited should collect on behalf of the Judicial Service deposits paid by litigants. The Service has also not entered into any agreement with the bank for them to collect the deposits on its behalf.
1363. We recommended that management should review the agreement and remedy the situation accordingly. The Court should also obtain monthly bank statements on the Deposit Account from the bank for reconciliation and investigation purposes.

**MOTOR COURT-ACCRA**

**Improper issuance of pay in slip and GCR – GH¢540.00**

1364. A comparison of pay-in-slips with GCRs disclosed that while duplicate and triplicate copies of the pay-in-slips have been cancelled in the pay in book, the originals were not attached.

1365. Subsequent verification of three case dockets revealed that while two offenders could not pay their fines and have been committed to prison, one case docket did not have any receipt number and warrant number quoted to indicate that the offender had paid the fine or been committed to prison as shown below:

<table>
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<tr>
<th>Date</th>
<th>Amount GH¢</th>
<th>Docket no.</th>
<th>Name</th>
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<th>Committal warrant</th>
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<td>600.00</td>
<td>B14/89/10</td>
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<td>B/W58/10</td>
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<tr>
<td>8/1/10</td>
<td>540.00</td>
<td>B14/904/10</td>
<td>Moses Kwesi Akpaglo</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>23/4/10</td>
<td>300.00</td>
<td>B14/1468/10</td>
<td>Kwame Aboagye</td>
<td>WC/92/10 19/4/10</td>
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</tbody>
</table>

1366. We recommended that the practice should cease and receipts issued only when payment is made to the bank and the pay-in-slip
submitted to the Cashier. The amount of GH¢540.00 should be accounted for or recovered from the Registrar.

**LAND/FINANCIAL COURT-ACCRA**

**Expiry of revenue collection agreement**

1367. The agreement between the Ministry of Finance and HFC Bank Limited to collect revenue on behalf of the Judicial Service stipulated that the agreement shall be valid for a period of one year commencing on the date of execution of the agreement, renewable periodically upon expiry for a further term.

1368. Our review of the contract disclosed that the Agreement was signed on 21 December 2007. The Agreement therefore should have been renewed by 20 December 2008 but there was no evidence that this had been done. This makes the continued collection of the revenue by HFC Bank Limited illegal.

1369. We recommended that management should liaise with the Ministry of Finance to have the Agreement renewed without any further delay.

**Cancelled original receipts missing**

1370. Regulation 28 (1) of the FAR, 2004(L.I.1802) states that a Collector who is satisfied that money tendered is in order, shall issue
an original receipt to the payer, and shall deal with the duplicate and triplicate copies as required by departmental accounting instructions.

1371. Our review of receipts and payments to bank disclosed that cancelled original copies of receipts and duplicate copies have been removed from the receipt books as detailed below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Receipt No</th>
<th>Docket Title</th>
<th>Remarks</th>
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<tbody>
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<td>4/1/10</td>
<td>4716215</td>
<td>Not stated</td>
<td>Original torn out of receipt book</td>
<td>Not stated</td>
</tr>
<tr>
<td>“</td>
<td>4663834</td>
<td>4663834</td>
<td>- do -</td>
<td>- do -</td>
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<tr>
<td>“</td>
<td>4968752</td>
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<td>“</td>
<td>4968753</td>
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<td>- do -</td>
<td>- do -</td>
</tr>
<tr>
<td>11/1/69</td>
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</tr>
<tr>
<td>8/4/10</td>
<td>4140024</td>
<td>Amanor vrs. Adjaollor</td>
<td>Original cancelled duplicate torn out</td>
<td>- do -</td>
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</table>

1372. We recommended that the Registrar should supervise the work of the Cashier. Additionally, the Cashier should be made to produce the receipts for scrutiny or one month’s average revenue collection be surcharged against him and recovered to chest. Management should also apply the necessary disciplinary action against him.
**JUVENILE COURT-ACCRA**

**Expired deposits –GH¢3,035.00**

1373. Regulation 67(1) of the FAR states that unless the rules relating to a class of deposits expressly provide otherwise, a Head of department shall not authorize repayment on a deposit that has been held for more than two years.

1374. Our review of the Deposit Account of the above Court disclosed that deposits amounting to GH¢3,035.00 which had not been claimed by the beneficiaries over the stipulated two year period allowed by the regulation were still being kept in the accounts of the Service instead of being transferred into the Consolidated Fund.

1375. We recommended that the Court should reconcile its deposit accounts with the HFC Bank and direct the payment of all expired deposits into the Consolidated Fund.

**LA DISTRICT MAGISTRATE COURT**

**Failure to provide bank statement**

1376. Regulation 47 (1c) of the FAR states that on opening a bank account for a department, the Controller and Accountant-General shall communicate to the bank conditions under which the account will be operated, which shall include a requirement for the bank to provide the Head of department with a bank statement.
1377. We noted that total revenue and deposits collected for the period under review amounting to GH¢65,034.68 and GH¢239,324 respectively were paid to the La Community Bank. Out of the deposits’ figure of GH¢239,324.00, a total of GH¢95,882.35 was paid to successful litigants, leaving a balance of GH¢143,441.65. However, we were unable to certify this balance due to the absence of bank statements.

1378. Management indicated that the bank has, in spite of repeated demands, failed to provide the Court with bank statements on the account for purposes of monthly reconciliation.

1379. We recommended that a demand letter be written by the Judicial Secretary to the Managers of the bank to promptly provide the bank statements to enable the Court prepare the reconciliation statements.

**CITY ENGINEERS’ DISTRICT COURT**

Cancelled original receipt missing from receipt book – GH¢120.00

1380. We noted that duplicate and triplicate copies of receipt numbers 4353683 and 4733719 had been cancelled in the receipt books without the original copy being retained. We further noted that the duplicate and triplicate copies of receipt no.4353683 were blank.
1381. We recommended that the Cashier is made to produce the originals of the receipts issued or refund the face value of the amount on the receipts.

CIRCUIT COURT – KUMASI

Impounded vehicle not traced

1382. Our review of the above Court’s Exhibits Register of vehicles disclosed that impounded vehicles were moved to two garages belonging to Auctioneers in a bid to decongest the Court premises. However, a follow up to the garages disclosed that one vehicle with registration No. GT 2403 W could not be traced.

1383. The apparent loss of the vehicle could be attributed to negligence and ineffective monitoring by the Registrar of the Court whose responsibility it was to safeguard such property to prevent any mishap and embarrassment to the Court.

1384. Management put the blame on the Auctioneers and said they rather should be held liable. We advised management to be more circumspect in engaging the services of Auctioneers to avoid any embarrassment to the Judicial Service. Meanwhile, we urged management to ensure that the vehicle is traced and kept safely for the determination of the case in question or the Registrar should be held responsible.
Release of pump action gun without acknowledgement

1385. Our review of the Court Exhibits Register revealed that exhibit No. A24/2/10 being a pump action gun tendered in evidence in the case of The Republic vrs Kwaku Appiah and others was released without acknowledgement by the investigator on the case. The release without acknowledgement contravenes regulations governing the custody of exhibits.

1386. We attributed this anomaly to failure by the Registrar to exercise due care and supervision over the custody of exhibits. The improper release could also jeopardise proceedings through the loss of the exhibit.

1387. We recommended that the item be recovered for our inspection and the Store Officer sanctioned. Management agreed with our observation and explained that the pump action gun was released due to the insecurity of the store.

DISTRICT MAGISTRATE COURT – KUNTENASE

Unearned salary – GH¢373.00

1388. Our examination of the mechanised payroll of the above Court disclosed that a separated member of staff, Mr. Mohammed Haruna, was paid a total unearned salary of GH¢372.77 which was credited to his bank account with SG-SSB Bank, Kumasi Central.
1389. We advised management to ensure that the total amount of GH¢372.77 was recovered and paid into the Consolidated Fund and particulars of payment indicated for subsequent verification.

JUDICIAL SERVICE – OFFINSO

Unearned salary – GH¢1,534.00

1390. Regulation 304 (1e) of the Financial Administration Regulations, 2004 (LI 1802) enjoins a Head of department to cause the immediate stoppage of the payment of salaries to a public servant when the public servant has resigned, retired, died or vacated his post.

1391. Our review of the payroll records of the Judicial Service at Offinso revealed that Mr. Alex Kofi Adabra, a staff of the Service whose death occurred on 20 May 2009 was reported to his bankers on 20 October 2009, five months after his death, contrary to the above quoted regulation.

1392. As a result of management’s failure to take prompt action on the deletion of his name from the payroll, unearned salaries totalling GH¢1,534.32 were paid into his bank account.

1393. Management promised to liaise with the Regional Accountant of the Service to ensure that the unearned salary was transferred from the bank account of Mr. Alex Kofi Adabra and paid to Government chest. Action had not been taken at the time of compiling this report.
DISTRICT COURT – MAMPONTENG

Deposits not officially receipted – GH¢507.00

1394. Our review of court deposits totalling GH¢506.70 paid to Kwabre District Assembly being fines imposed on property rate defaulters were not acknowledged with official receipts from the Assembly. This is in contravention of Section 71 Part III of the Financial Administration Regulations which requires that all payments should be acknowledged by the payees.

1395. This anomaly could, if not checked, result in misapplication of funds or possible diversion of funds for private use. We therefore recommended to management to prevail on the District Assembly to acknowledge receipt of the GH¢506.70 paid to them.

Improper disbursement of court deposits – GH¢1,860.00

1396. Part II Section 39 (2c) of the FAR, 2004 (LI 1802) requires that payment vouchers should be authorised by the Spending Officer before payments are made.

1397. Contrary to the above regulation, we noted that court deposits disbursed during the period under audit amounting to GH¢1,860.00 were not authorized by the Registrar. Even though management explained that the funds were given to their rightful owners, we could not ascertain and confirm the authenticity or otherwise of the payments. Failure to authorize payments could imply that the payees
never received the various amounts purported to have been paid to them.

1398. We urged management to ensure that the beneficiaries acknowledge the payments by way of receipt or the Registrar should be held liable for the refund of the entire amount of GH¢1,860.00.

**DISTRICT COMMUNITY TRIBUNAL – AGONÁ/ASHANTI**

**Failure to stop the payment of unearned salaries – GH¢534.00**

1399. Our audit revealed that unearned salaries totalling GH¢534.42 had been paid into the bank account of a Mr. Joseph Mensah who was no longer with the Tribunal.

1400. The anomaly resulted from the Registrar’s failure to immediately notify the Controller and Accountant General’s Department to delete the name of Joseph Mensah from the payroll, as demanded in Section 297 of Part VIII of the FAR, 2004.

1401. We recommended that in order to prevent the loss of funds, the bank involved should be instructed to transfer the amount of GH¢534.42 into the Consolidated Fund and the name of Joseph Mensah removed from the payroll.
DISTRICT MAGISTRATE COURT – MANKRANSO

Revenue not accounted for – GH¢568.00

1402. Our review of revenue records of the above Court revealed that the Accounts Officer, Mr. Jones Owusu Ansah, failed to account for a total revenue of GH¢568.10 he collected during the period of July 2009 to September 2009. This is in violation of Section 2 Part II of the FAR, 2004 which requires the protection of public and trust monies against unlawful diversion of funds.

1403. This irregularity occurred as a result of poor supervision over the Account Officer’s activities by the Registrar. We recommended that the total amount of GH¢568.10 should be recovered from Mr. Jones Owusu Ansah, failing which the amount involved should be refunded by the Registrar.

MAGISTRATE COURT – PRESTEA

Misappropriation of revenue and deposits received – GH¢10,456.00

1404. Our examination of the financial records of the Magistrate Court, Prestea revealed that two Cashiers of the court Mr. Francis Okoe-Sam and Mr. Nathaniel Govina misappropriated cash collections amounting to GH¢10,456.25.

1405. We further noted that Mr. Francis Okoe-Sam who was responsible for the loss of GH¢8,185.06 had vacated post while Mr.
Nathaniel Govina who was responsible for the remaining GH¢2,271.19 was still at post.

1406. We were of the view that the irregularity occurred as a result of management’s ineffective supervision of the work of the Cashiers by ensuring that they paid their daily collections to bank in line with FAR, 2004, Section 15(1). Again, we noted that management did not ensure that out-going Cashiers handed over properly to incoming officers, a situation which encouraged the perpetration of the irregularity.

1407. We recommended that management should endeavour to recover and pay the total amount from the two former Cashiers into the Consolidated Fund. In the case of Mr. Francis Okoe-Sam, his next of kin should be contacted for the amount if he is not easily located.

1408. We further recommend that if management should fail in the recovery effort the outstanding amount should be recovered from the Registrar with appropriate sanctions for supervising the loss of public funds.

**SHAMA DISTRICT MAGISTRATE COURT – SHAMA**

**Criminal cases struck off due to absence of accused persons**

1409. In 2010 the Shama District Magistrate’s Court was compelled to strike off 11 criminal cases because the Police failed to arrest the
accused persons involved and present them to Court even after bench warrants had been issued for their arrest. The frequency at which the Police failed to arrest the accused persons despite the bench warrants, in our opinion, was a cause for concern as it casts doubt on the integrity and commitment of the Police.

1410. We were, nevertheless, assured that the cases would be re-opened should the accused persons be arrested in future. We recommended that the District Magistrate should formally notify the Regional Commander of Police about the inability of the Police personnel to arrest accused persons for his office to address the challenges affecting the performance of the Shama Police.

JUDICIAL SERVICE – SUNYANI

Income tax not withheld –GH¢1,096.00

1411. In contravention of Regulation 84 (2) of the Internal Revenue Act 592 of 2000, the Judicial Secretary paid a total allowance of GH¢21,623.10 to the staff of the Service without deducting the statutory 5% income tax amounting to GH¢1,096.16. The Secretary at the Sunyani office said they did not deduct the tax because they were not instructed by their Head Office in Accra to do so.

1412. We urged the Secretary to ensure the early recovery of the tax of GH¢1,096.16 from the beneficiaries which should be paid to the Revenue Commissioner.
Failure to acknowledge receipt of funds – GH¢1,281.00

1413. Contrary to Regulation 15 (1) of the Financial Administration Regulations, 2004 which demands that official receipts be obtained for all payments made, we noted that amounts totalling GH¢1,281.46 which were paid to the Secretary of the Judicial Service in Accra were not acknowledged.

1414. We attributed the lapse to the laxity on the part of the paying Accounts Officer to demand official receipts to authenticate the payment. Failure to obtain the receipts could result in the suppression and misappropriation of the money.

1415. We urged the Regional Secretary to obtain the receipts from the Judicial Secretary, Accra, to authenticate the payment of the amount or failing that, be held accountable to refund the total amount to chest.

DISTRICT MAGISTRATE COURT – BONGO

Payment of unearned salaries – GH¢1,696.00

1416. We observed that, Mr. Anaba Anamoo who vacated post in January 2009 was paid a total unearned salary of GH¢1,430.61 for the period January 2009 to June 2010. His social security account with SSNIT was also credited with a total amount of GH¢292.13 during the same period.
1417. We recommended to management to recover the total of GH¢1,430.61 paid to Mr. Anamoo during that period as salary. Management should also write to SSNIT to transfer the total amount of GH¢292.13 credited to Mr. Anamoo’s account during the period into the Consolidated Fund. Management agreed to take action.

CIRCUIT COURT, GOMOA DAWURAMPONG

Revenue collections not accounted for – GH¢1,721.00

1418. A total amount of GH¢1,721.30 being court fines, fees, Bailiff and mileage fees collected by the Court Cashier was not paid into the Consolidated Fund, contrary to Financial Administration Regulations, (FAR) 2004 Part II Section 22(1) which requires that “all public moneys collected shall be paid in gross into the Public Funds Accounts and no disbursement shall be made from the moneys collected except as provided by an enactment.”

1419. Mr. Arhin, the Cashier could not provide us with any reasons for the nonpayment of the amount to chest. This act constitutes a direct misappropriation of revenue. We ordered the Cashier to refund the amount. We also recommended that in addition to the recovery of the amount, appropriate disciplinary action should be taken against Mr. Arhin and his Supervising officer.
DISTRICT MAGISTRATE COURT - TUMU

Unearned salaries – GH¢2,617.00

1420. The failure of the Tumu District Magistrate to immediately stop the salary of a member of staff who died in May 2010, as required by Financial Administration Regulations (FAR) Section 297, led to a total of GH¢2,616.91 being paid into the deceased’s bank account as salary for seven months.

1421. This act of dereliction of duty on the part of the management of the Court has resulted in the loss of GH¢2,616.91 to the State. We demanded the recovery of the amount to Government coffers and recommended appropriate disciplinary action against the responsible officials at the Tumu Magistrate’s Court.

OTHER AGENCIES

NATIONAL DISASTER MANAGEMENT ORGANISATION – OFFINSO

Payment of unearned salaries – GH¢1,855.00

1422. Regulation 304 (1c) of FAR, 2004 (LI 1802) requires a Head of department or a Head of management unit to examine and certify the personal emolument payment vouchers to ensure that in case of resignation and vacation of post, the Controller and Accountant
General’s Department, the bank of the employee, the Payroll Input Section and the Internal Audit Unit are notified for necessary action.

1423. On the contrary, our audits disclosed that Messrs Usman Said and Osei Annor Brobbey who separated from the organisation in May 2009 and September 2009 respectively, still had their names appearing on the mechanised payment vouchers as of March 2010. The lapse resulted in the payment of unearned salaries to the two separated staff amounting to GH¢2,544.07. Out of this amount, GH¢689.04 had been recovered and paid to Government chest leaving a balance of GH¢1,855.03 still lodged with the Nwabiagya Rural Bank, Offinso.

1424. Management’s failure to adhere to the regulation and act promptly resulted in the payment of unearned salaries into the accounts of the separated staff. We recommended to management to instruct the bank to transfer the balance of GH¢1,855.03 illegally lodged with it into Government chest.

NATIONAL DISASTER MANAGEMENT ORGANISATION – MAMPONTENG – ASHANTI

Payment of unearned salary – GH¢597.80

1425. Our payroll audit revealed that Mr. Atta Yaw, a driver vacated his post on 15 February 2010 but his name continued to appear on the payroll until May 2010. This was because the Head of department
failed to promptly cause the stoppage of his salary on separation. As a result, a total unearned salary of GH₵597.80 was paid into his bank account.

1426. Even though management had written to the bankers of the separated member of staff to transfer the amount wrongly credited to his account into the Consolidated Fund account, no action had yet been taken to recover the amount.

1427. We urged management to take prompt action to recover the total amount of GH₵597.80 wrongfully paid into the bank account of the separated staff and also cause the immediate deletion of his name from the payroll.

**Failure to return office motorbike**

1428. We noted during our audit that a Suzuki motor bike with registration No. GV 5543 W estimated to cost GH₵850.00 was not available to be physically inspected. Management indicated that the motor bike was used to undertake domestic errands to save fuel cost.

1429. Management confided that the motor bike was taken away by a former District Chief Executive of the Kwabre Assembly, Mr. Abankwa, at the end of his tenure of office. At the time of compiling this report, the former District Chief Executive had not returned the
motor bike even though he had been informed officially by the current management.

1430. We recommended to management to prevail on the former District Chief Executive to return the motor bike or the cost of the motor bike should be recovered from him.

**NATIONAL DISASTER MANAGEMENT ORGANISATION – BONGO**

**Payment of unearned salaries – GH₵345.00**

1431. We noted that a Mr. Joseph Leo Ayamga who passed away in February 2010 was paid unearned salary of GH₵344.94 for the period March 2010 to May 2010. His social security account at SSNIT was also credited with a total amount of GH₵74.37 during the same period, contrary to Regulation 297 (1) of FAR. 2004 (L.I. 1802).

1432. Management’s failure to enforce the above quoted regulation caused the State to pay the unearned salary to the separated member of staff.

1433. We recommended to management to ensure that the total unearned salary of GH₵344.94 and any other unearned salaries are transferred by the bank into the Consolidated Fund account.
1434. Management should also notify SSNIT to transfer the total amount of GH¢74.37 credited to his account during the period to chest. The amount has not yet been recovered to chest.

NATIONAL DISASTER MANAGEMENT ORGANISATION– TAMALE

Un-acquitted/Unsubstantiated payments - GH¢2,754.00

1435. In contravention of Regulation 39 (1) of F.A.R. 2004, the NADMO office in Tamale made disbursements totalling GH¢2,754.00 without obtaining the necessary expenditure supporting documents to properly acquit and justify the payments.

1436. When receipts, invoices, etc, are not obtained to support disbursement vouchers, it becomes difficult to independently review and confirm the purchases and how they were finally used up. The anomaly was as a result of poor supervision over the operations of the Accounts Department and weak internal control measures in operation.

1437. We recommended to management to justify the payments by providing expenditure supporting documents to substantiate the expenditure and provide evidence of the disposal of the purchases involved. Failing that the authorising officer for the payments should be surcharged with the amount involved.
Purchases from Non-VAT registered entities - GH¢1,052.00

1438. Section 30(2) of the Financial Administration Act, 2003 and Regulation 183 of the FAR, 2004 require that Government stores and supplies should be obtained only from VAT registered entities.

1439. In contravention of these requirements, the NADMO office in Tamale procured supplies amounting to GH¢1,051.50 from non-VAT registered entities.

1440. We recommended to management to strictly adhere to laid down regulations and ensure that all future purchases above the stipulated threshold are made from VAT registered entities.

NATIONAL DISASTER MANAGEMENT ORGANISATION– DONKORKROM

Relief items not accounted for- GH¢9,399.00

1441. Our review of store records of the NADMO District Office at Donkorkrom disclosed that the District Co-ordinator allegedly issued relief items valued at GH¢9,399.00 to some communities in the District. However, the District Co-ordinator failed to support the said issues with the signed distribution list of recipients and beneficiaries. The omission contravened Chapter 16 Section 1604 of Store Regulation 1984 which requires that stores shall only be issued and released to properly authorised persons against properly signed documents.
1442. In the absence of a signed distribution list, we could not confirm that the items were distributed to the disaster victims or their representatives.

1443. We recommended that the District Co-ordinator should produce the allocation list as evidence of distribution or he should be surcharged with the amount of GH¢9,399.00 which is the market value of the items involved.

**Missing bicycles – GH¢900.00**

1444. We noted during physical stocktaking of items in the store that six bicycles valued at GH¢900.00 received from the Regional NADMO Co-ordinator at Koforidua in June 2005 were missing.

1445. The current District Co-ordinator claimed that the bicycles were not handed over to him when he took over from his predecessor. He, on the contrary, failed to report the incident to his superior officers in Koforidua for necessary action to be taken.

1446. The inaction of the District Co-ordinator contravened Regulation 1 (8) of the Financial Administration Regulations, 2004 which states that ‘The officer taking over shall check that the details in the handing over statements are complete and correct, that records have been properly entered and are up to date, and verify all balances.’
1447. The in-action on the part of the Co-ordinator resulted in the financial loss arising out of the missing bicycles. We recommended that the Co-ordinator should produce the six bicycles or their total cost of GH¢900.00 should be recovered from him.

**Expenditure from imprest amount not substantiated—**

**GH¢1,135.00**

1448. Regulation 285(1) of FAR 2004 states that “Payments may only be made from the imprest on the authority of a payment voucher prepared and signed in accordance with these regulations.”

1449. On the contrary, the District Co-ordinator of NADMO, Donkorkrom made total payments of GH¢1,134.50 from his imprest account without relevant supporting payment vouchers and related expenditure supporting documents. We noted that all expenditure documents used to support the payments were honour certificates issued by the District Co-ordinator.

1450. The practice did not ensure proper accountability of Government resources which could have resulted in the siphoning of funds from State coffers. We recommended that the District Co-ordinator should properly account for the imprest amount failure of which he should be surcharged with the sum of GH¢1,134.50.
Failure to transfer ownership of vehicle

1451. We noted from our examination of records maintained on the Commission’s vehicles that a vehicle purchased by the Commission was registered in the name of C.F.A.O. Ghana Limited, Accra.

1452. Failure on the part of management to ensure that the seller effected the transfer resulted in the lapse. The omission implied that the vehicle still belonged to the seller, a situation which prevented the Commission to claim ownership of the vehicle. We recommended to management to ensure the transfer of ownership of the vehicle into the Commission’s name to forestall future dispute over the ownership of the vehicle.

Purchases not routed through store records – GH¢1,827.00

1453. The Commission’s Regional Office in Tamale made purchases amounting to GH¢1,827.00 but failed to record them in store records to provide evidence of receipt before they were finally disposed of. Our audit could therefore not confirm the receipt and disposal of the said purchases. Poor supervision at the Accounts Department resulted in the anomaly.
1454. We recommended to management to provide both documentary and physical evidence of the receipt and disposal of the purchases or the amount involved should be retrieved and refunded to chest.

**Purchases from Non-VAT registered entities – GH¢3,549.00**

1455. Section 30 (2) of the F.A.A., 2003 and Regulation 183 (4) of the FAR, 2004 stipulate that Government stores and supplies should be procured from VAT registered entities only.

1456. On the contrary, the Commission procured supplies worth GH¢3,549.00 from non VAT registered entities. In the process the State was denied tax revenue due on the purchases. We recommended to management to strictly comply with relevant tax laws to avoid such losses of tax revenue to the State in the future.

**NATIONAL COMMISSION FOR CIVIC EDUCATION – TUMU**

**Failure to account for fuel purchases— GH¢576.00**

1457. The Commission purchased fuel to the tune of GH¢576.20 between May and November 2010 but failed to enter them in the vehicle logbook, in violation of Section 1604 of the 1984 Store Regulations.

1458. The omission resulted in the inability of our audit to ascertain whether the fuel was actually purchased and used in the interest of the
Commission. We requested management to produce records on how the alleged fuel purchases were receipted and utilised or the amount of GH¢576.20 involved should be refunded to chest.

MUTUAL HEALTH INSURANCE SCHEMES
SUBIN SUB METRO MUTUAL HEALTH INSURANCE SCHEME – KUMASI

Unsupported payments – GH¢430,104.00

1459. Ninety-nine paid vouchers with a total face value of GH¢430,103.99 raised between June 2008 and December 2010 were not acquitted with the requisite supporting expenditure details like official receipts and expenditure statements to authenticate the transactions, in contravention of Section 39 (2c) of FAR 2004. The yearly breakdown is provided below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>Administration</td>
<td>21,221.98</td>
</tr>
<tr>
<td>2009</td>
<td>“</td>
<td>7,378.42</td>
</tr>
<tr>
<td>2009</td>
<td>Claims</td>
<td>398,129.59</td>
</tr>
<tr>
<td>2010</td>
<td>Administration</td>
<td>3,374.00</td>
</tr>
</tbody>
</table>

**430,103.99**

1460. The anomaly was due to the failure on the part of the Finance Officer to ensure that payees submitted receipts and other relevant supporting documents to account for monies released to them.
1461. Apart from weakening financial controls, the lapse could also lead to abuses such as unauthorised or duplicated payments. We, therefore, recommended that management should produce the relevant supporting documents, failing which the amount should be recovered from the authorising officers and the Accountant.

**Unpresented payment vouchers – GH¢130,778**

1462. Our audit disclosed that contrary to the requirements of Section 1 (i) of the FAR, the Accountant failed to produce 42 paid vouchers involving a total amount of GH¢130,778.07 raised during the period from both Claims and Administration accounts for our examination.

1463. Failure to produce the paid vouchers could be due to lack of proper supervision, mis-filing or non-existence of the vouchers. The situation could, therefore, be used to cover up misappropriation or cash shortages.

1464. Even though the Accountant explained that the vouchers could not be produced due to a series of auditing conducted by the Internal Auditors of the Scheme, we recommended that either the vouchers are produced for our inspection, or the amount recovered from the authorising officer and the Accountant.
Non-deduction of 5% withholding tax – GH¢2,612

1465. Section 84(1) of the Internal Revenue Act, 2000 (Act 592) requires the statutory deduction of 5% from all payments exceeding GH¢50.00 made to third parties for goods and services. We, however, noted that the Accountant, during the period under review, failed to deduct taxes totalling GH¢2,612.04.

1466. Non-adherence to the tax law and inadequate supervision of the Accountant’s work caused the anomaly. The State was therefore, denied access to the tax revenue.

1467. We asked the Accountant to personally pay the amount to the Domestic Tax Revenue office and recover same from the payees. Management was also advised to strictly comply with the tax law in all future transactions.

Fuel purchased unaccounted for– GH¢5,834

1468. Fuel and lubricants purchased for the Scheme’s vehicle, during the period June 2008 to December 2010, were not recorded in the vehicle logbook contrary to Chapter 16, Section 1604 of the Stores Regulation.

1469. The lapse was due to poor supervision over the work of the Driver. Under the circumstance, we could not determine the genuineness of the transactions.
1470. We recommended that management should account for the fuel purchased, failing which the cost of the fuel should be recovered from the authorising officer.

**BANTAMA SUB METRO HEALTH INSURANCE SCHEME – KUMASI**

**Purchases not routed through stores – GH¢31,356**

1471. Section 35 (2) of the Financial Administration Act, 2003 (Act 654) states that “accountability is discharged when government stores have been consumed in the course of public business and records are available to show that government stores have been consumed.”

1472. Despite this requirement, we observed that store purchases worth GH¢31,356.13 made during the 2009 financial year were not receipted with Store Receipt Vouchers (SRVs) or entered in a store ledger before usage.

1473. Management explained that the anomaly was due to the absence of a trained Storekeeper. In the absence of the store documentation, we could not confirm the receipt and utilisation of the purchases.

1474. We advised management to ensure that one of the staff members is properly trained to take care of the storekeeping duties. We also recommended that management should provide us with the
final disposal of the items or the amount of GH¢31,336.13 recovered from the authorising officer.

Payments without supporting documents – GH¢29,087.00

1475. We noted that payments totalling GH¢14,813.42 were made to suppliers and service providers without the relevant receipts and other expenditure supporting documents. We also observed that a total amount of GH¢14,233.63 was paid to the Regional Manager of the NHIA without obtaining official receipts to support the payments. The payments were only supported with memos from the Scheme Manager.

1476. This condition was due to the failure of management to supervise the operations of the Accounts department. We intimated that the practice was not the best and could be a recipe for fraud. The Scheme may, therefore, end up losing funds which could have been used for the efficient running of other operational activities.

1477. We recommended that the Accountant should ensure that the payment vouchers are supported with the relevant receipts and statements of expenditure or the amount involved be refunded by the authorising officers.
ASOKWA SUB METRO MUTUAL HEALTH INSURANCE
SCHEME – KUMASI

Belated and non-remittance of 5% withholding tax – GH¢1,902.76
1478. Between October 2008 and December 2010, the Accountant withheld 5% withholding tax amounting to GH¢4,704.23 from payments made to suppliers and service providers. The yearly breakdown is provided as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,166.95</td>
</tr>
<tr>
<td>2009</td>
<td>2,798.44</td>
</tr>
<tr>
<td>2010</td>
<td>738.84</td>
</tr>
<tr>
<td>Total</td>
<td>4,704.23</td>
</tr>
</tbody>
</table>

1479. We also noted that between January 2009 and November 2010, a total amount of GH¢1,902.76 was withheld by the Accountant but he did not remit the amount to the Domestic Tax Revenue office. The details are provided as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1,079.74</td>
</tr>
<tr>
<td>2010</td>
<td>823.02</td>
</tr>
<tr>
<td>Total</td>
<td>1,902.76</td>
</tr>
</tbody>
</table>

1480. Inadequate management supervision of the work of the Schedule Officer had caused the omission. Attention was drawn that delay and failure to remit taxes to the Domestic Tax office denies the state the use of such moneys needed to run the state machinery.
1481. We, consequently, asked the Accountant to immediately remit the amount of GH¢1,902.76 to the revenue agency and also ensure regular remittance of all monies deducted as withholding taxes to the tax office.

**Purchases without multiple price quotations – GH¢28,069.00**

1482. Section 43 (1) of Part IV of the Public Procurement Act, 2003 (Act 663) requires that procurement entities should request for quotations from as many suppliers or contractors as practicable but from at least three different sources.

1483. We, however, noted during our audit that the Scheme procured various items worth GH¢28,068.95 between November 2008 and July 2009 without obtaining at least three price quotations from suppliers.

1484. This situation could have prevented the Scheme from obtaining goods and services at competitive prices. To ensure transparency in the procurement process and also obtain value for money, we urged management to comply with the Procurement Act.

**Failure to submit 10 GCRs for audit**

1485. Contrary to the provisions of Section 15 (1) and 219 (1) of the FAR, 2004 a registration agent, Mr. Joseph Kyei Manu, failed to submit for audit 10 GCRs, four of which were issued to him in 2009.
and six in 2010. He also failed to account for revenue collected with the GCRs.

1486. The suppression of the GCRs and failure to account for revenue collected were due to poor supervision by the Accountant. The Scheme was therefore denied the use of the revenue that had been collected with the GCRs, a situation which can affect the Scheme’s programmes.

1487. We recommended that management should contact the Police to trace the agent to retrieve the GCRs and any revenue collected with the receipt books. Management should also ensure that, in future, all agents are duly bonded.

**MUTUAL HEALTH INSURANCE SCHEME – NYINAHIN**

*Uncompetitive procurement – GH¢3,521.00*

1488. Section 43 (1) of the Public Procurement Act, 2003 (Act 663) requires that procurement entities obtain as many quotations from suppliers or contractors as possible but not less than three different sources. On the contrary, the institution carried out six purchases from single sources amounting to GH¢3,521.00 between September 2009 and February 2010.

1489. We could therefore not ascertain the reasonableness or otherwise of the pricing of the items. We, therefore, advised
management to ensure strict compliance with the law to avoid sanctions.

**MUTUAL HEALTH INSURANCE SCHEME – KONONGO**

**Outstanding claims – GH¢1,308,356**

1490. Part 1 Regulation 38 (1) of the National Health Insurance Regulations requires that a claim for payment of health care service rendered which is submitted to a Scheme shall, unless there is any legal impediment, be paid by the Scheme within four weeks after the receipt of the claim for the health care facility.

1491. Contrary to this, we noted during our review that the Scheme owes a total amount of GH¢232,097.88 to two health care providers for services rendered to patients. Furthermore, we noted that the Scheme was yet to vet claims amounting to GH¢1,076,257.72 submitted by 13 health institutions between July and October 2010.

1492. Heavy work load on the Claims Manager had contributed to the anomaly. This could lead to health facilities refusing to treat patients holding health insurance cards.

1493. Management promised that all claims will be vetted, payments made and the supporting documents made available for our inspection. We advised management to speed up the vetting of the
claims and also to get in touch with the NHIA to re-imburse the various health institutions the amounts owed by the Scheme.

**Unpresented payment vouchers – GH¢76,243.00**

1494. Regulation 1 (b) of the FAR requires that any public officer who is responsible for the receipt, custody and disbursement of public trust monies shall keep proper records of all transactions and shall produce records of all transactions for inspection when called upon to do so by the Auditor-General or any other officer authorised by him.

1495. Contrary to this regulation, 48 paid vouchers with a gross value of GH¢76,243.47 were not presented for audit. Management’s attention was drawn that this situation could lead to misapplication and or misappropriation of funds belonging to the Scheme.

1496. We urged management to produce the 48 paid vouchers for our review, or the amount of GH¢76,243.47 should be recovered from them and paid into the Scheme’s account.

**Failure to acknowledge receipt of releases from National Health Insurance Authority – GH¢47,655.00**

1497. Regulation 15 (1) of the FAR, 2004 requires that any public officer or revenue collector who collects or receives public funds and trust moneys shall issue official receipts for them and pay them into the relevant public bank account within twenty-four hours of
receipt except in exceptional circumstances to be identified by the Minister.

1498. We noted that amounts totalling GH¢47,654.60 received by the Scheme from its Headquarters were recorded in the Scheme’s cash book without official receipts being issued to support the entries.

1499. Laxity on the part of the Accountant had caused the anomaly. This could lead to misappropriation of funds belonging to the Scheme. As a control measure, we urged management to issue receipts to cover all the releases and comply with the regulation in future.

1500. Management indicated that the said amounts were salary support from NHIA and receipts would be issued for our inspection. As at the time of compiling this report management had not issued the receipt.

**Un-authorised payment vouchers – GH¢42,619.00**

1501. Part I paragraph 48 (2b) of the National Health Insurance Regulations, 2004 (LI 1802) states that “a scheme shall ensure that payments out of its money are correctly made and properly authorized.” This should provide assurance that the Authorising Officer had satisfied himself that the expenditure was lawful.
1502. Our review revealed that 30 paid vouchers involving a total amount of GH¢42,618.75 were not authorised and approved by the Scheme Manager. We blamed management for the negligence.

1503. The practice could serve as a conduit for the diversion of the funds of the Scheme into private pockets and thereby causing financial loss to the State. Additionally, the situation is indicative of serious weaknesses in the Scheme’s internal control systems.

1504. We urged the Accountant to ensure that all the 30 paid vouchers were receipted or he should be surcharged with the amount involved.

**Unsupported payments – GH¢3,908.00**

1505. Section 39 (2c) of the FAR requires that the Head of accounts 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.

1506. Our review revealed that a total amount of GH¢3,908.44 paid on 11 payment vouchers for goods and services were not supported by invoices and receipts to authenticate the transactions.
1507. Laxity on the part of management to supervise the work of the Accountant had resulted in the lapse which could lead to misapplication and/or misappropriation of funds.

1508. We recommended and management promised to obtain and make all the necessary supporting documents including receipts, invoices, etc available for our inspection, failure of which the Spending Officers shall be held liable.

**Unpresented GCRs**

1509. Our review disclosed that 80 GCRs issued out for revenue collection could not be produced for inspection; a situation which we attributed to poor supervision by the Accountant. The Scheme was therefore, denied the use of the revenue that had been collected with the GCRs thereby affecting the Scheme’s operations.

1510. We recommended that the Accountant should produce the 80 GCRs for our review or disciplinary action taken against him for his negligence. Furthermore, we urged management to be extra vigilant in the control of value books and ensure that new books should only be issued when completed ones had been fully accounted for.

**Procurement from non-VAT registered sources – GH¢6,796**

1511. Management procured goods amounting to GH¢6,795.50 on seven payment vouchers from non-VAT registered sources. The
failure of management to adhere to the above regulation had caused the denial to the State a total VAT revenue of GH¢1,223.20.

1512. We urged management to provide the VAT invoices for our inspection or the Spending Officer should be surcharged with GH¢1,223.20 being the tax component. Management indicated that all the procurement sources were VAT registered and that efforts were being made to get the VAT invoices for our inspection.

**Failure to remit withholding tax – GH¢2,273**

1513. Section 87(1) of the Internal Revenue Act of 2000 requires a tax withholding agent to remit taxes withheld to the Internal Revenue Service within 15 days after the month in which the payment subject to withholding tax is made by the withholding agent.

1514. Contrary to this, we noted that taxes totalling GH¢2,273.20 withheld by the Scheme between August 2009 and August 2010 had not been remitted to the Domestic Tax Revenue office. This constituted loss of tax revenue to the State and the suppliers from whom the taxes were deducted would not be able to claim any tax credits.

1515. Inadequate supervision of the Schedule Officer by management had caused the lapse. Accordingly, we recommended that management should ensure that the tax element of GH¢2,273.20 was
immediately remitted or the Accountant be surcharged with the amount involved.

**MUTUAL HEALTH INSURANCE SCHEME – JUASO**

*Un-presented payment vouchers – GH¢22,744.00*

1516. Section 33 (1) of the Audit Service Act states that any person who fails to produce for inspection by the Auditor-General any book, record, returns or other documents relating to or relevant to any account when so requested by the Auditor-General commits an offence.

1517. Our audit disclosed that 15 payment vouchers with a total face value of GH¢22,743.92 were not presented for examination. As a result, we could not ascertain the authenticity of the payments.

1518. We urged that the 15 payment vouchers be presented for audit in conformity with the Act failing which the Accountant should be surcharged with the amount involved.

*Revenue not accounted for-GH¢2,936.00*

1519. Section 15 (1) of the FAR requires that any public officer who collects or receives public and trust moneys shall issue official receipts for them and pay them into the relevant Public Fund Account within 24 hours of receipt.
1520. We, however, noted that a total amount of GH¢2,936.00 being premium and processing fees collected by five Collectors were not accounted for. The Scheme was therefore denied the amount to effectively execute its programmes.

1521. This situation was the result of ineffective monitoring and supervision by management over the work of the Revenue Collectors. We, therefore, recommended that management should take the necessary action to recover the amount from the affected Collectors, or the Scheme Manager and his Accountant be held liable.

**Unsupported payments – GH¢2,637.00**

1522. Section 39 (1) and 2 (c) of the FAR requires Head of accounts departments to control the disbursement of funds and ensure that transactions are properly authenticated. This requirement is achieved when payment vouchers are supported with appropriate authenticating documents.

1523. On the contrary, 12 paid vouchers involving a total amount of GH¢2,637.43 raised for the purchase of goods and services were not supported with details and receipts to authenticate the transactions.
1524. We urged management to ensure that the recipients accounted for the money or the authorising officers surcharged with the total amount involved.

**Suppression of value books**

1525. We noted that 51 GCR books issued to agents during the period under review were not presented for audit or accounted for, but were still in the possession of the agents.

1526. This is contrary to Section 214 (1) of the FAR which requires a Head of department to ensure effective and efficient control of stocks of value books.

1527. We blamed the Accountant for not ensuring adequate control over the stock of value books and recommended that everything possible should be made to ensure that the affected Revenue Collectors account for the GCR or institute punitive sanctions against them.

1528. We also urged management to put in place stringent measures to ensure that completed receipt books are fully accounted for before new ones are issued out.
DANGME WEST MUTUAL HEALTH INSURANCE SCHEME
Un-acquitted payment vouchers - GH¢672,202.00

1529. Between May 2007 and December 2009 the Dangme West Mutual Health Insurance Scheme failed to obtain receipts from 33 service providers to cover an amount of GH¢672,202.38, paid to them for services rendered.

1530. We urged management either to obtain the official receipts from the payees to authenticate the payments or recover the total amount involved from the Accountant, who failed to ensure that the vouchers were properly acquitted.