REPORT OF THE AUDITOR-GENERAL
ON THE
PUBLIC ACCOUNTS OF GHANA
– POLYTECHNIC FOR THE
PERIOD ENDED 31 DECEMBER 2012

Our Vision
To be one of the leading Supreme Audit Institutions in the world, delivering professional, excellent, and cost effective auditing services
This report has been prepared under Section 11 of the Audit Service Act, 2000 for presentation to Parliament in accordance with Section 20 of the Act.

Richard Quartey
Auditor General
Ghana Audit Service
25 August 2014

This report can be found on the Ghana Audit Service website at www.ghaudit.org

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25 August 2014

Dear Mr. Speaker,

REPORT OF THE AUDITOR-GENERAL ON THE PUBLIC ACCOUNTS OF GHANA - POLYTECHNICS FOR THE PERIOD ENDED 31 DECEMBER 2012

I have the honour and privilege to present my report on the Public Accounts of Ghana-Polytechnics to be tabled in the House in accordance with Article 187 (5) of the 1992 Constitution of the Republic of Ghana.

2. This is the first time of presenting such a report which is a consolidation of the significant findings and recommendations emanating from routine audits of the 10 polytechnics in the country to the House.

3. As usual the report is in three parts: Part I provides overall summary of significant findings and recommendations. Part II gives summary of findings and recommendations according to each Polytechnic while Part III provides details of my findings.

4. Significant irregularities arising from the audit have been highlighted in the report in line with section 13 of the Audit Service Act, 2000 (Act 584). I have also drawn attention to several instances of non-compliance with financial and other regulations, as well as errors that occurred in transactions. These are the results of
systematic weaknesses that have persisted over time and other break-downs in internal controls. I have provided recommendations which, if implemented can serve to reduce the incidence of the irregularities and correct the causes of the conditions reported on.

5. Mr. Speaker, I look forward to serving Parliament by conducting independent and high quality audits on all the statutory accounts. To this end, I once again wish to renew my appeal for the support of Parliament in creating an enabling environment for the Audit Service to achieve its mission and vision.

Acknowledgement

6. I am grateful to my staff at the Commercial Audit Department for the good work they have done and the members of the entire Audit Service for their contributions in several ways to the production of my report.

7. I also appreciate the co-operation and support of the Rectors, Directors of Finance and their staff during the conduct of the audits.

8. Finally, I would like to acknowledge the noteworthy contributions of Parliament for its commitment to good governance and prudent stewardship by reviewing my reports and reinforcing recommendations aimed at ensuring better financial management of public institutions.

Yours faithfully,

RICHARD Q. QUARTEY
AUDITOR-GENERAL

THE RT. HON. SPEAKER
OFFICE OF PARLIAMENT
PARLIAMENT HOUSE
ACCRA
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<td>464-511</td>
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REPORT OF THE AUDITOR-GENERAL ON THE PUBLIC ACCOUNTS OF GHANA - POLYTECHNICS FOR THE PERIOD ENDED 31 DECEMBER 2012

Introduction

I have, in accordance with Article 187(2) of the 1992 Constitution of the Republic of Ghana, audited the accounts of the Polytechnics for the period ended 31 December 2012. I present herewith the results of the financial and regularity audit of the Polytechnics.

2. The objective of the audit is to express an opinion on the annual financial statement submitted to me by each Polytechnic for my examination as well as draw the attention of management and other relevant stakeholders to exceptions in the management of operations of the Polytechnics.

3. In performing the audit I took into consideration the Financial Administration Act 2003 (Act 654), the Financial Administration Regulations, 2004, the Public Procurement Act, 2003 (Act 663), the Polytechnic’s Act and other relevant regulations affecting public financial management in Ghana, as well as international auditing standards and best practices.

4. Matters raised in this report are among those which came to my notice during the period ended 31 December 2012. The observations and recommendations arising out of the audits were discussed with management of the affected Institutions and comments received, where appropriate, have been incorporated in this report. The report is in three parts:

- Part I provides summary of the significant audit findings and recommendations

- Part II provides significant findings and recommendations according to each Polytechnic and

- Part III deals with the details of findings and recommendations.
PART I

SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

5. Presented in Table 1 is the financial impact of the irregularities with Table 2, showing the irregularities according to each Polytechnic.

Table 1: Summary of Financial irregularities for the period ended 31 December 2012

<table>
<thead>
<tr>
<th>No</th>
<th>Type of Irregularities</th>
<th>%</th>
<th>Amount (GH¢)</th>
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<td>1</td>
<td>Outstanding Debtors/ Loans/ Recoverable charges</td>
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<td>2</td>
<td>Cash Irregularities</td>
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<td>29,345,696</td>
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<td>3</td>
<td>Payroll Irregularities</td>
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<tr>
<td>4</td>
<td>Procurement Irregularities</td>
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<td>2,994,699</td>
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<tr>
<td>5</td>
<td>Tax Irregularities</td>
<td>1.2</td>
<td>464,687</td>
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<tr>
<td>6</td>
<td>Contract Irregularities</td>
<td>13.8</td>
<td>5,369,820</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100</strong></td>
<td><strong>38,819,547</strong></td>
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Table 2: Summary of Financial Irregularities According to each Polytechnics

<table>
<thead>
<tr>
<th>Polytechnics</th>
<th>Outstanding Debtors/Loans Recoverable Charges</th>
<th>Cash Irregularities</th>
<th>Payroll Irregularities</th>
<th>Procurement Irregularities</th>
<th>Tax Irregularities</th>
<th>Contract Irregularities</th>
</tr>
</thead>
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<tr>
<td></td>
<td>GH¢</td>
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<td>GH¢</td>
<td>GH¢</td>
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<td>-</td>
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<td>113,371</td>
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<td>141,691</td>
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<td>Kumasi Polytechnic</td>
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<td>Sunyani Polytechnic</td>
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<td>Takoradi Polytechnic</td>
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<tr>
<td>Total</td>
<td>383,800</td>
<td>29,345,696</td>
<td>260,845</td>
<td>2,994,699</td>
<td>464,687</td>
<td>5,369,820</td>
</tr>
</tbody>
</table>
Outstanding debtors/Loans/Recoverable Charges - GH¢383,800
6. These irregularities relate to outstanding loans, staff debtors and student debtors, resulting from the failure on the part of management to ensure recovery of advances and inability to ensure that students pay their fees upfront on admission by making admission contingent on the full payment of fees. Also, the inability of the Controller and Accountant- General’s Department to work on necessary input to effect deductions accounted for these irregularities.

7. I recommended that management of Polytechnics should put in place adequate measures to ensure repayment of loans. They should also take utmost care in granting credits and put in place adequate mechanisms to ensure that students pay their fees in full.

Cash Irregularities - GH¢29,345,696
8. Cash irregularities include misapplication of funds, non-retirement of imprest, non-refund of monies due into the Consolidated Fund, unapproved expenditures and cash shortages. These occurred as a result of failure of Finance Officers to advise management on regulations pertaining to disbursement of funds in the Public Sector, failure of Heads of Finance to control disbursement of funds and ensure that transactions were properly authenticated.

9. The irregularities also arose as a result of ineffective control over the custody and filing of official documents, poor supervision by Accountants over cashier duties, lack of proper internal checks over revenue collections and enormous IGF at the disposal of Polytechnics.

10. I recommended that management of Polytechnics should enhance supervision over accounting staff, strengthen their internal controls and ensure prompt retirement of imprest. I also recommended authentication of all payment vouchers, review of approved budgets, strict adherence to the provision of the Financial Administration Regulation (FAR) and the efficient management of IGFs.

Payroll irregularities - GH¢260,845
11. These lapses mostly comprised non-deletion of separated staff after termination dates, payment of allowances without approval, payment of unearned salaries and default in refunds of double salaries. These were caused by failure of heads of
Finance to ensure that unearned salaries were returned to the Consolidated Fund. Again, negligence on the part of management to supervise payrolls to ensure that salaries were paid to only those who were entitled, and the irregular monitoring of lecturers' activities created opportunity for this situation.

12. I therefore recommended proper supervision of payrolls and activities of Accounts Departments by management. I also advised management of affected Institutions to promptly notify bankers of separated staff to withhold and pay to chest all unearned salaries.

**Procurement irregularities - G H ¢2,994,699**

13. These irregularities emanated from intentional disregard of the Procurement Act, management's failure to comply fully with the procurement law, improper procurement planning, and a breakdown of the procurement process. Features of the irregularities include excessive variation order, absence of system to monitor works being executed, restricted tendering, procurement order divided into lots and lack of supervision.

14. I once again urged management of the respective institutions to adhere strictly to the provisions of the Public Procurement Act, 2003 (Act 663)

**Tax irregularities - G H ¢464,687**

15. Tax irregularities reported relates to misapplication of tax revenue, non-deduction of withholding tax and failure to pay statutory deductions on due dates as required by law. They also relate to failure to transact business with VAT registered suppliers and companies charging VAT/NHIL on own invoices without authority from the Commissioner of VAT Division of GRA. Failure to comply with tax regulations, non-withholding of taxes and dereliction of duty by Finance and Spending Officers accounted for this anomaly.

16. I recommended that Finance Officers should be sanctioned for non-deduction of withholding taxes and surcharged for penalties charged on delayed tax remittances. I also recommended that management of Institutions and finance officers should act in accordance with statutory tax laws and transact business with only VAT registered suppliers.
Contract irregularities - GH¢5,369,820

17. These were caused by management’s failure to adhere to provisions in contract documents, improper contract budgeting as well as managements neglect to comply with the dictates of PPA and FAR, failure of Heads of Departments supervising projects to professionally evaluate and technically prepare payment certificates. They also came about as a result of initiating and commencing many projects at the same time. Again much of the anomaly relate to over certification of contract work and variations of conditions of contract without following due procedures.

18. I advised management to strengthen controls over contracts and comply with tendering procedures. I also recommended that officers responsible for the over payment of contract sum be surcharged with the difference.

AUDIT OPINION

19. All the 10 Polytechnics audited submitted their accounts for validation with the exception of Wa which did not submit its accounts for 2012. The accounts were prepared in accordance with generally accepted accounting principles. My office was satisfied, in all material respect that the audited financial statements complied with Ghana Accounting Standards and the relevant legislations and in my opinion they presented a true and fair view of the financial position and performance of the Institutions.
PART II

SUMMARY OF FINDINGS AND RECOMMENDATIONS

ACCRA POLYTECHNIC

20. We noted significant variations between the total number of students registered at the Academic Affairs and Finance Department which cast doubt on the credibility of record keeping and the accuracy of revenue reported in the financial statement. We recommended that the data at the two departments should be reconciled to reflect the true situation.

21. Our review of contract payment made to M/S Berock Ventures Limited for the extension of the Polytechnic’s non-residential block revealed that rates used in the computation for the payment of work done were different from the rates quoted in the contract agreement. The anomaly resulted in excess payment of GH¢94,956.02 to the contractor. We recommended that the computation should be corrected and the excess amount deducted from subsequent payment.

22. In another development, the Quantity Surveyor’s failure to professionally measure and prepare accurate payment certificates resulted in over payment of GH¢171,814.01 to M/S Berock Ventures Limited for the extension to non-residential block (hostel) on the Polytechnic compound. We recommended that the excess payments be recovered from the contractor. We also recommended that competent and practicing quantity surveyors be engaged to supervise the project instead of relying on the heads of School of Engineering.

23. A contract awarded for the purchase of answer booklets valued at GH¢20,000.00 was fragmented into four lots and awarded to the same contractor thus circumventing the procurement procedures. The irregularity undermines transparency and denies competition. We recommended that management should stop the practice and comply with the procurement act.

24. Contrary to Chapter 1604 of the Stores Regulations 1984, fuel amounting to GH¢3,095.00 issued to official vehicles of the Polytechnic was not accounted for in the vehicle log book. We recommended that measures should be put in place to ensure that fuel issued to official vehicles is duly accounted for in drivers’ log books.
25. An amount of GH¢346,992.68 was misapplied from Personal Emoluments vote to cater for administrative expenses in contravention of Section 171(1) b of the Financial Administration Regulations (FAR) 2004. We recommended refund of the amount from the School’s Main account into the Consolidated Fund.

26. Separated staff were paid unearned salaries of GH¢20,572.44 due to management’s non-adherence to Regulation 298 of the FAR 2004, (L.I. 1802). We recommended the recovery of the amount from the separated staff, failing which the finance officer should be surcharged with the amount.

27. Ineffective contract monitoring has resulted in shoddy works, especially the HCIM block which was completed at the cost of GH¢730,177.30 and handed over in 2011. We recommended improvement on monitoring activities and advised that steps should be taken to save the HCIM building from collapse.

28. A variation of GH¢338,670.29 or 80.2% was made to a contract without recourse to the Entity Tender Committee. We recommended that all those involved in the non-compliance with the provisions of the Public Procurement Act (PPA) as per Section 92(1) should be sanctioned.

29. A penalty of GH¢11,467.41 was paid for delayed payment of withholding taxes of GH¢36,659.57. The finance officer should be surcharged with the penalty element of GH¢11,467.41 for causing such a loss to the school and subsequently ensure that all taxes are paid in accordance with the dictates of the tax laws.

30. Four payments totaling GH¢9,646.00 made from the Tertiary Account were not supported with evidence of expenditure contrary to FAR 39(2c). We recommended that the Finance Officer should fully account for the amount of GH¢9,646.00 else a refund should be made to the Polytechnic.

31. We realized that twelve companies charged VAT and NHIL amounting to GH¢2,991.74 on their own invoices for the provision of goods and services without providing authority from the Commissioner of VAT. We advised that the companies should submit to management authority letters from the Commissioner in compliance
with the VAT law and also provide evidences of payments of such charges to the Commissioner of VAT, failing which the VAT/ NHIL charged should be refunded.

32. In contravention of Section 84(2) of Internal Revenue Act, 2000 (Act 592), management failed to deduct the 5% withholding tax totaling GH¢1,905.10 from payments amounting to GH¢38,102.00 made to two companies which provided services to the Polytechnic. In another development, management paid a rent advance of GH¢36,000.00 without withholding the rent tax of 8% amounting to GH¢2,880.00. In order to avoid loss of tax revenue, we recommended that the Polytechnic should pay the total tax of GH¢4,785.10 to the Commissioner, Domestic Tax Revenue Division (DTRD) of the Ghana Revenue Authority (GRA) and subsequently recover the amount from the payees in accordance with Section 88(1) of Act 592.

33. The GRA imposed a penalty of GH¢16,494.08 on the Polytechnic for failure to remit the 2009 Pay-As-You-Earn (PAYE) and withholding tax deductions on due dates. We advised that if no tangible cause is given then the schedule officer should be sanctioned and in future management must promptly remit the taxes as and when they fall due to the GRA.

34. Notwithstanding procedures outlined in Section 87(1) of the Public Procurement Act (PPA) 2003 (Act 663) the contractor awarded for the construction of the basketball and volleyball courts at a contract sum of GH¢49,998.00 in January 2012 was in May 2012 paid a variation of GH¢22,527.90 being 45% of the contract sum without referring the contract to the appropriate tender review board. We requested the institution to justify the payment of the excessive variation order and abide by the provision of the PPA in future.

35. Three contracts awarded by the Polytechnic, valued at GH¢22,414.81 and completed in 2012 were not certified by the supervisors of the contracts to attest to the quality and extent of work done. Management was advised that in subsequent award of contracts, an inspection team including the Development Officer should be composed to certify the satisfactory completion of projects before handing over.

36. A lecturer of the Polytechnic Mr. C.K Aboagye, whose name was deleted from the payroll, had the action declared unlawful by a Cape Coast High Court and awarded GH¢133,357.00 as compensation. Management was advised to resolve the matter amicably to avoid further embarrassment and financial loss to the Polytechnic.
HO POLYTECHNIC

37. The Council authorised the payment of an amount of GH¢129,956.11 representing 43% of fees collected for the 2011 and 2012 academic years as motivational allowance to 402 staff. Additionally, GH¢56,203.86 was paid to six officers as salary top up from July 2011 to September 2012 after the Polytechnic’s payroll was mechanised by Controller and Accountant General’s Department (C&AGD) in July 2011. These payments were not supported with approval from the Ministry of Finance. The amount should therefore be recovered from the officers involved and paid back to the Polytechnic’s IGF account.

38. Unapproved quarterly allowances of GH¢126,900.00 was paid to Council members in violation of the Polytechnic Act and without authority from the Finance Minister. For the amount to stand charged to the Polytechnic’s account, approval should be sought from the Minister or the amount should be recovered to chest.

39. Total outstanding loans of GH¢46,044.44 in respect of salaries and rent remained unrecovered. Efforts should be made to immediately recover the overdue loans from staff to prevent the loss of needed funds to run the Polytechnic.

40. Procurement of stationery and computers accessories amounting to GH¢47,380.77 and GH¢116,279.20 respectively were divided into lots and awarded to various contractors. The action brought down the procurement to the threshold that qualifies for price quotation. The Polytechnic should follow the due process and comply with the relevant provisions of the Procurement Act in executing its procurement plan.

41. Procurements totaling GH¢192,567.09 were supported with invalid VAT/ NHIL invoices. Management should educate the procurement unit to comply with the procurement laws, stop dealing with companies that were noted to have used fake VAT/ NHIL invoice and Tin numbers and take the necessary action in line with existing regulations against the affected companies.

KO FORIDUA POLYTECHNIC

42. Payments of allowances totaling GH¢613,523.90 made to Council and Committee members were not approved by the Minister of Finance. We advised that
management should seek approval from the Minister of Finance in the payment of allowances to Council members.

43. A total amount of GH¢764,763.99 was spent on the purchase of goods and services without any memos for justification. We recommended that memos should be raised stating clearly the purpose of the payment before any expenditure is incurred in future.

44. Payment vouchers with total face value of GH¢126,072.98 were not acquitted with official receipts. Management should either ensure that the payments are acknowledged with official receipts or the expenditure disallowed.

45. A total amount of GH¢890,357.08 paid as teaching claims for an evening school during the review period, were not authenticated with time sheet. Authority or approval for the operation of the evening school was also not provided. We demanded that time sheets should be referenced to the respective payment vouchers to make the expenditure transparent.

46. Sixty-seven payment vouchers amounting to GH¢285,674.39 raised during the review period were not adequately supported. The Authorising officer and the Accountant should ensure that the supporting documents are made available for audit verification or be made to refund the total amount of GH¢285,674.39 into the Institution’s account.

47. In contravention of Section 87(1) of the Internal Revenue Act, 2000, withholding taxes totalling GH¢34,200.08 and GH¢22,368.67 for 2011 and 2012 respectively were not remitted to the GRA. We advised that the amounts should be paid to GRA without further delay and for the avoidance of penalties.

48. Amounts of GH¢17,482.20 and GH¢1,000.00 in 2011 and 2012 respectively released to four officers to run various programmes have not been accounted for. We recommended that officers should be made to account for the moneys received or debited to their names as advances.

**KUMASI POLYTECHNIC**

49. A total expenditure of GH¢2,544,000.00 was incurred on various projects out of Internally Generated Funds (IGF), awaiting reimbursement from the Ghana Education
Trust Fund (GETFund). We advised that management should send a reminder to GETFund for the reimbursement.

50. Management transferred an amount of GH¢1,084,334.18 to Song Tech instead of K-PST, the joint company formed by the two institutions. Additionally, management paid GH¢320,747.00 as compensation to occupiers of the land acquired for the company. There was however no contribution from Song Tech towards the formation of K-PST. We advised management to go strictly according to the joint venture agreement so that the objective of setting up the company would be shared by both parties.

51. The Polytechnic is in the process of acquiring land and has paid compensation of GH¢319,247.00 and GH¢1,500.00 to farmers on the land at Kuntanase and Lands Commission (Survey and Mapping) respectively without Government’s approval. We recommended that authorisation should be sought from Government (Ministry) for the acquisition of the land.

52. Two contractors were paid advances/mobilizations totaling GH¢141,691.16 without bank guarantee. We advised that the dictates of contracts entered into should be adhered to in order to avoid any unnecessary financial losses.

53. The Entity Tender Committee (ETC) arbitrarily approved a variation request of GH¢113,370.56 on the extension of the 4-Storey Block of Lecture Rooms and Offices. We advised that in approving variation of any contract, management should ensure that procurement procedures are strictly followed.

SUNYANI POLYTECHNIC

54. Notwithstanding the provision of Regulation 15(1) of the FAR 2004, a total amount of GH¢5,207.00 collected with receipt books which were later produced for audit were not banked. We recommended that the cashiers should refund the unbanked collections without delay and management should put in control measures in ensuring that revenue receipted are banked within 24 hours in accordance with the dictates of the FAR cited above.

55. Two former lecturers who were lecturing in other places as well without the Rector’s approval in violation of their terms of engagement received double salaries
totaling GH¢82,883.20. We recommended the recovery of the wrong salaries without delay, failing which the matter be reported to the Police.

**TAKORADI POLYTECHNIC**

56. In contravention of Regulation 160 (3) of the FAR, 2004, the Polytechnic made payments totaling GH¢19,382,546.28 which were not budgeted for from its Internally Generated Funds (IGF). We recommended that management should programme the use of that fund as part of its expenditure budget in accordance with the provision of the FAR stated.

57. The Polytechnic, after a tax audit in 2011 was made to pay a penalty of GH¢53,628.17 for failing to deduct taxes totaling GH¢125,131.00 on some allowances paid to staff members from 2008 to 2010. The governing Council of the Polytechnic should step up its supervisory role over management to forestall future occurrence. We also recommended that in future any responsible official whose inaction result in such losses should be held liable.

58. GH¢342,000 was paid from IGF to some of its staff as Research and Inducement Allowances without financial clearance from the Minister for Finance and without an approved budget. We recommended that management should stop using its IGF for the payment of allowances, as this is against the Retention Act of 2007, Act 753.

59. As a result of the overstatement of inputs relating to staff salaries that were forwarded to the Controller and Accountant-General, the Polytechnic received funds for staff salaries far in excess of what the Polytechnic actually paid to its staff. We recommended the refund of the excess of GH¢59,344.38 into the Consolidated Fund.

60. Fourteen staff members who either resigned or went on retirement enjoyed a total unearned salary of GH¢34,236.87 until their names were deleted from the payroll. We recommended that management should pursue the recovery of the GH¢34,236.87 and inform our office for verification.

61. Management failed to recover a total of GH¢155,325.60 advanced to five contractors whose contracts were terminated. Management should initiate steps to recover the advances from the contractors failing which the authorising officers and those who terminated the contracts should be surcharged.
62. Two separate contracts valued at GH¢54,050.00 and GH¢49,646.00 were divided into three and four orders in order to circumvent the procedures stipulated in the PPA. Management should operate within the dictates of the PPA since the practice of buying items in piece meal is not economical and does not promote competitiveness, transparency and value for money.

**TAMALE POLYTECHNIC**

63. Two payments made to the Survey and Mapping Division of Lands Commission totaling GH¢10,350.00 were not acquitted with official receipts. We requested management to collect the official receipts from the Commission as early as possible to enhance accountability.

64. Three separated staff enjoyed unearned salaries totaling GH¢39,566. We recommended recovery of the total amount, same paid to Government chest and a Treasury Receipt obtained to support the payment.

65. The Polytechnic did not have title to the land on which the school is situated since its inception in 1954. Two other pieces of land acquired at Dungu (2 acres at GH¢56,500) and Demale (10 acres at GH¢50,000.00) respectively, also do not have title documents. We advised management to expedite action to complete the process in obtaining title for the three pieces of land as early as practicable.

**WA POLYTECHNIC**

66. The Polytechnic did not prepare and submit for validation its 2012 financial statements. Management should ensure that the financial statements are prepared and submitted to the Auditor General as soon as possible to enhance financial reporting and inform decision making on financial matters.

67. The Polytechnic was undertaking 13 projects at the same time, all being funded by its allocation of the GETFund, resulting in undue delay in their completion which could be attributed to financial constraint. We advised that projects be repackaged and re-awarded to contractors who have the necessary resources to execute the contracts in time.
68. Former employees of the Polytechnic owed a total amount of GH¢1,218.03 as outstanding advances which were not paid before leaving the Polytechnic. We recommended the recovery of the amount from the former employees.

69. Withholding taxes of GH¢1,054.20 were not deducted from payments made to suppliers for various items purchased in contravention of Section 84 (2) of the Internal Revenue, Act 2000 (Act 592). We recommended that the tax revenue should be recovered and same paid to the Domestic Tax Revenue Division (DTRD) of the Ghana Revenue Authority (GRA).

70. Procurement of goods worth GH¢ 57,231.80 were made during the period under review without the use of VAT\NHIL invoices. We advised management to ensure that purchases are made from VAT registered suppliers only in compliance with Section 30 (2) of the FAA.

71. Four officers failed to account for a total sum of GH¢7,496.60 given to them for the payment of various expenses. The officers concerned should fully account for the amount or this should be adjusted to the personal advance account in their name.

72. A former staff who was granted study leave with pay failed to report back for duty after the study, and as a result received unearned salary and school fees amounting to GH¢12,011.49. We recommended that the amount should be recovered from the separated staff.

73. Total payments of GH¢47,297 made for expenses incurred were not covered with official receipts. We recommended that official receipts should be obtained to cover all payments or refunds made by the paying officer.

74. Fuel purchases amounting to GH¢26,592.00 were not recorded in the respective vehicle log books contrary to Chapter 1604 of Stores Regulations, 1984. We recommended to management to ensure that the drivers maintain the log books properly to facilitate monitoring of fuel procurements. We also recommended that the above stated fuel purchased should be accounted for.
PART III
DETAILS OF FINDINGS AND RECOMMENDATIONS
ACCRA POLYTECHNIC

75. This report is in relation to the audited accounts of the Accra Polytechnic for the year ended 31 December 2012.

Operational Results
76. The Polytechnic ended its operations for the year under review with a surplus of GH¢1,511,174.74 as against the previous year’s surplus of GH¢546,265.33, an increase of GH¢964,909.41, representing 176.6%. The main performance indicators are provided in Table 14:

Table 14: Comparative income statement for 2012 and 2011

<table>
<thead>
<tr>
<th>Income</th>
<th>2012 (GH¢)</th>
<th>2011 (GH¢)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Subvention</td>
<td>23,201,553.99</td>
<td>7,351,202.78</td>
<td>215.6</td>
</tr>
<tr>
<td>I.G.F.</td>
<td>7,961,788.98</td>
<td>5,187,245.29</td>
<td>53.5</td>
</tr>
<tr>
<td>Total</td>
<td>31,163,342.97</td>
<td>12,538,448.07</td>
<td>148.5</td>
</tr>
</tbody>
</table>
Expenditure

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ Compensation</td>
<td>23,852,703.70</td>
<td>7,721,928.41</td>
<td>208.5</td>
</tr>
<tr>
<td>Administration Activities</td>
<td>2,830,563.07</td>
<td>1,532,751.07</td>
<td>84.5</td>
</tr>
<tr>
<td>Service Activities</td>
<td>2,968,900.66</td>
<td>2,737,503.26</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,652,168.23</strong></td>
<td><strong>11,992,182.74</strong></td>
<td><strong>147.3</strong></td>
</tr>
<tr>
<td><strong>Deficit/surplus</strong></td>
<td><strong>1,511,174.74</strong></td>
<td><strong>546,265.33</strong></td>
<td><strong>176.6</strong></td>
</tr>
</tbody>
</table>

77. Total income for the year reviewed rose by GH¢18,624,894.90, from GH¢12,538,448.07 in 2011 to GH¢31,163,342.97 representing an increase of 148.5%. The increase in income was due to 216% rise in Government Subvention and a 53% rise in Internally Generated Funds.

78. Total expenditure also went up by 147.3% from GH¢11,992,182.74 in 2011 to GH¢29,652,168.23 in 2012. The 208.9% and 84.7% increase in Employee’s Compensation and Administrative Activities respectively contributed significantly to the upward movement in expenditure. The increase in employee’s compensation in 2012 was attributed to increases in personnel emolument resulting from the implementation of single spine pay policy structure. The rise in Administrative expenses of GH¢1,532,751.07 in 2011, by GH¢585,890.01 in 2012, was largely due to the following components: foreign travels by 129.6% from GH¢110,300.39 in 2011 to GH¢253,277.75 in 2012; refreshment by 136.8% from GH¢85,346.70 in 2011 to GH¢202,118.14 in 2012; and depreciation charge of GH¢701,659.13 in 2012 which was previously charged to Service Activities.

Financial position

79. Shown in Table 13 is the financial position as at 31 December 2012.

Table 13: Balance sheet as at 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GH¢</td>
<td>GH¢</td>
<td>GH¢</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td>14,356,038.41</td>
<td>12,947,535.82</td>
<td>1,408,502.59</td>
</tr>
<tr>
<td>Current Asset</td>
<td>8,855,447.43</td>
<td>7,293,025.94</td>
<td>1,562,421.69</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>6,187,943.68</td>
<td>4,728,194.35</td>
<td>1,459,749.33</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1.4:1</td>
<td>1.5:1</td>
<td>(0.11)</td>
</tr>
</tbody>
</table>
80. Non–current assets amounting to GH¢34,300.00 was disposed of during the year and additional investment of GH¢2,122,738.37 was made in acquisition of non-current assets resulting in net increase of GH¢1,408,502.59.

81. Current assets rose from GH¢7,293,025.94 to GH¢8,855,447.43. The increase was due to improvement in the cash position. Current liability also went up from GH¢4,728,194.35 to GH¢6,187,943.68. The increase in current liability was due to the receipt of advance payment of fees for 2013.

82. The Polytechnic liquidity ratio went down from 1.5:1 in 2011 to 1.4:1 in 2012. Even though the liquidity position has gone down by 0.11, the Polytechnic can still meet its liabilities as and when they become due.

Management issues

Disparity in the number of students registered

83. The Academic Affairs admits and registers students in order to keep yearly statistics on all categories of students. The maintenance of these records facilitate the determination of students' population at any given time and also guide in collection of required fees.

84. Our review of records of full-time registered students for 2012/2013 disclosed that at the Academic Affairs Department, 6,868 students were admitted and registered for various programmes whiles the Finance Department captured 7,506 students resulting in a difference of 638 students more in the Finance than the Academic Affairs department.

85. Records on registered students are a guide for collection of fees at the Finance Department and therefore should be accurate for this purpose. We could therefore not perform analytical review on total collectible fees and total amount collected during the period as the correct number of students admitted into various programmes could not be readily ascertained.

86. The anomaly was attributed to lack of collaboration between the two departments. Management also did not put in place any mechanism to enable the finance department check if a student has duly registered.
87. We recommended that management should reconcile the difference noted in the two departments and the cause established. Management should also put in place measures to strengthen future collaboration between the two departments to avert the recurrence of the situation.

88. Management explained that the student records in Academic Affairs were being uploaded unto a new software that had been purchased and was of the opinion the discrepancies in numbers as observed were caused by this changeover.

**Use of different rates to compute cost of work done - GH¢94,956.02**

89. Clause 37.2 of the contract agreement for extension of non-residential block awarded to M/S Berock Ventures Ltd states that “the bill of quantity should be used to calculate the contract price. The contractor is paid for the quantity of work done at the rate in the bill of quantity for each item”.

90. Contrarily, examination of payment certificates prepared and paid to M/S Berock Ventures Ltd for work done revealed that, different rates other than what was quoted in the contract agreement, was used to compute the cost of work done. We recalculated the cost using the rates quoted in the contract and noticed excesses amounting to GH¢94,956.02.

91. Contract management provides for variation, additional work and price adjustment to take care of fluctuations in the cost of inputs. However adding new items to the bill of quantities and changing rates quoted in the contract violates Section 87 of the Public Procurement Act (PPA), 2003 which requires that, where there will be an aggregate increase in the original amount of the contract, a procurement entity shall inform the appropriate Tender Review Board (TRB) of any proposed extension, modification or variation order with reasons.

92. Further, the procedure adopted by the supervisors was not transparent as it was difficult for an independent individual to review the contract. Verification of both financial and physical progress of work could not be carried out.

93. The irregularity undermines procedures and controls established under contract management.
94. For the amount of GH¢94,956.02 to remain charged to the contract, we recommended that the additional works should be re-packaged separately and refer to the appropriate TRB for review. Otherwise the computation should be corrected and the excess amount deducted from subsequent payment.

95. Management responded that the change rate was due to the variation of the iron rods specification from Mild Steel to High Yield Steel at the inception of the contract works. These became necessary when the existing structure had to be demolished to make way for the new structure which was not envisaged at the time of preparation of the contract document.

96. We entreated management to ensure that proper procedures are pursued in the execution of the project. We therefore maintained our earlier recommendation.

**Over payment of contract - GH¢ 171,814.01**

97. Generally accepted contract management procedures requires that the project manager measures and determines value of work executed, issue a certificate to cover total items in the bill of quantity completed to date, reduce the bill by any item previously certified and ascertain amount due to the contractor.

98. We observed that the Polytechnic awarded a contract for extension to the Non Residential Block (Hostel) to Ms Berock Ventures Ltd. at a contract sum of GH¢2,915,084.83 on 1 March 2012. The contract completion period was 12 months. The source of funding of the project was IGF. The heads of the School of Engineering, Development and Building Technology were the supervisors.

99. Four interim payment certificates, (excluding advance mobilization) totalling GH¢ 542,397.75 has so far been certified and paid to the contractor.

100. Our review of the certificates showed that certificate number 2 and 4 were wrongly prepared resulting in over payment of GH¢ 171,814.01 as indicated below.

<table>
<thead>
<tr>
<th>Certificate No.</th>
<th>Amount Paid GH¢</th>
<th>Correct Amount GH¢</th>
<th>Difference GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>124,281.11</td>
<td>76,748.21</td>
<td>47,532.91</td>
</tr>
<tr>
<td>4</td>
<td>257,601.25</td>
<td>133,320.15</td>
<td>124,281.10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>257,601.25</strong></td>
<td><strong>133,320.15</strong></td>
<td><strong>171,814.01</strong></td>
</tr>
</tbody>
</table>
101. Failure on the part of the heads of department supervising the project to professionally evaluate and technically prepare payment certificates contributed to the irregularity. This resulted in excess payment of GH¢171,814.01 to the contractor to the detriment of the Polytechnic.

102. To avoid the recurrence of the above situation, we recommended that qualified consultant should be procured to supervise the contractor rather than using the services of the Head of School of Engineering. Meanwhile, the amount of GH¢171,814.01 should be recovered from the contractor in subsequent claims.

103. Management responded that the error in certification was identified by the development officer when the Quantity Surveyor on the project submitted certificate No. 6 for payment. The certificate No. 6 was referred to the Coordinator of the project (Dean of Engineering) for review and correction to recover the overpayment made.

**Fragmented purchases - GH¢ 20,000.00**

104. Notwithstanding Section 21 of the PPA, (Act 663), our audit revealed that the Polytechnic planned to procure 40,000 answer booklets at a total cost of GH¢ 20,000.00 during the year.

105. We noted that, the procurement was divided into parts and awarded to the same contractor M/S Westway Printer. We viewed this as a deliberate action by management to bring the procurement to a threshold that requires the use of quotations in order to avoid laid down procedure.

106. The procedure lacks transparency and thereby opened the system to abuse. We could therefore not obtain assurance that management sought for value for money.

107. We recommended and management accepted to comply with the PPA and desist from its abuse.

**Fuel not accounted for in drivers vehicle log book - GH¢3,095.00**

108. Section 31(1) of the FAA 2003 states “a head of department is accountable for the government stores from time of acquisition to the time they are of no further use or value to government. Accountability is discharged when government stores have been (a) consumed in the course of public business and records are available to show that the government stores have been consumed.”
109. We observed during the period reviewed that, fuel coupons worth GH¢3,095.00 issued by the transport officer to drivers of official vehicles were either understated or were not recorded in the log books.

110. We attributed the lapse to failure of the supervising officer to monitor and control fuel usage at the Polytechnic. We were therefore unable to ascertain whether the fuel was used in the interest of the Polytechnic.

111. To ensure transparency in the use of fuel and avoid reoccurrence of this irregularity, we recommended, and management agreed that the supervising officer would diligently carry out his supervisory role so as to ensure that fuel purchased for the Polytechnic is properly accounted for.
112. This report relates to the audited accounts of the Bolgatanga Polytechnic for the period 1 January 2011 to 31 December 2012.

Operational results

113. Operations for the year under review closed with an increase in the deficit from GH¢510,634.29 in 2011 to GH¢518,392.62 in 2012. Presented in Table 1 are the performance indicators.

Table 1: Income statement for 2012 financial year

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GH¢</td>
<td>GH¢</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Subvention</td>
<td>420,205.63</td>
<td>1,306,991.76</td>
<td>(67.8)</td>
</tr>
<tr>
<td>Internally Generated Fund</td>
<td>1,031,673.01</td>
<td>851,706.46</td>
<td>21.1</td>
</tr>
<tr>
<td>Total</td>
<td>1,451,878.64</td>
<td>2,158,698.22</td>
<td>(32.7)</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Emoluments</td>
<td>398,637.33</td>
<td>1,193,502.16</td>
<td>(66.6)</td>
</tr>
<tr>
<td>Use of Goods &amp; Services</td>
<td>1,152,937.10</td>
<td>1,078,045.85</td>
<td>6.9</td>
</tr>
<tr>
<td>Consumption of fixed assets</td>
<td>418,696.83</td>
<td>397,784.50</td>
<td>5.3</td>
</tr>
<tr>
<td>Total</td>
<td>1,970,271.26</td>
<td>2,669,332.51</td>
<td>(26.2)</td>
</tr>
<tr>
<td>Deficit of Income</td>
<td>(518,392.62)</td>
<td>(510,634.29)</td>
<td>1.5</td>
</tr>
</tbody>
</table>

114. Total income decreased by 32.7% from GH¢2,158,698.22 in 2011 to GH¢1,451,878.64 in 2012. Government subvention, which was 28.9% of total income, was released to cover the P. E related allowance of the staff of the Polytechnic. Internally Generated Fund (IGF) which is the main source of income of the Polytechnic, contributing 77.1% of total income, increased by 21.1% from GH¢851,706.46 in 2011 to GH¢1,031,673.01 in 2012, mainly due to new programmes introduced by the Polytechnic.

115. Total Expenditure decreased by 26.2% to GH¢1,970,271.26 from the 2011 figure of GH¢2,669,332.51. The decrease in the Personnel Emoluments was due to the Polytechnic ceding the management of its staff payroll to the Controller and Accountant General’s Department. Use of Goods and services increased marginally from GH¢1,078,045.85 in 2011 to GH¢1,152,937.10 in 2012.
Financial position

Non-Current Assets
116. GH¢22,661.68 was spent in acquiring office equipment and furniture and fitting for the Polytechnic. GETFund spent GH¢406,507.01 on the Polytechnic’s new Student’s Hostel. Accra, whilst one Toyota Hilux Pick-up costing GH¢65,520.00 was added to the Polytechnic’s fleet of vehicles.

Current assets
117. Current assets comprised debtors and cash and bank balances. This decreased by 17.4% from GH¢979,273.53 in 2011 to GH¢808,921.93 in 2012.

Debtors
118. Staff debtors decreased by 43.06% from GH¢19,634.00 in 2011 to GH¢11,180.00 in 2012.

Cash and Bank Balances
119. Cash and Bank balances were reconciled with the cashbook balances and the relevant bank statements. Below are the balances:

<table>
<thead>
<tr>
<th>Account name</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>DBS- Stanbic Bank</td>
<td>57,098.01</td>
</tr>
<tr>
<td>DBS- GCB (Dormant)</td>
<td>40.06</td>
</tr>
<tr>
<td>Development Account</td>
<td>27,561.87</td>
</tr>
<tr>
<td>Main Account</td>
<td>51,012.50</td>
</tr>
<tr>
<td>M Sharp</td>
<td>11,470.30</td>
</tr>
<tr>
<td>P E Account</td>
<td>3,153.97</td>
</tr>
<tr>
<td>HND Revenue</td>
<td>547,852.39</td>
</tr>
<tr>
<td></td>
<td><strong>698,189.10</strong></td>
</tr>
</tbody>
</table>

Management issues

Misapplication of funds - GH¢346,992.60
120. Section 171(1) b of the FAR 2004 states “under no circumstance shall expenditure under personal emoluments be vired for other purposes without the approval of the Minister of Finance”.

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Report of the Auditor-General on the public accounts on Ghana-Polytechnics for period ended 31/12/12
121. We noted during our review that the Rector on 9 September 2011 authorized the transfer of an amount of GH¢346,992.68 out of a total cash book balance of GH¢357,355.25 in the Personal Emoluments (PE) Account to the Polytechnic’s Main Account to be used for administrative purposes. The balance arose from the migration of staff salaries onto C&AG payroll as a result of which funds received from NCTE for payment of staff salaries was not used.

122. Management justified its action by citing Section 29 (1) of the Polytechnic law which gives the Polytechnic Council the prerogative to manage and control its financial administration.

123. Section 2(1) and 2(2) of FAA however emphasis that any other enactment concerning the control of the Consolidated Fund and any other public fund shall not be inconsistent with the Financial Administration Act.

124. We thus maintained that the Council needed Ministerial approval for the virement and reiterated our recommendation that the amount be transferred back to the Consolidated Fund since there was no approval from the Minister.

**Unearned salaries - GH¢20,572.44**

125. Regulations 298 and 299 of the FAR enjoin all heads of institutions to immediately stop the payment of salary to all separated staff by communicating the stoppage to the Controller and Accountant General, the employee’s bank and the institution’s Internal Auditor, among others.

126. Our audit revealed that only 6 out of the 16 separated staff for 2011 and 2012 were notified to the Controller and their respective banks. Two of the banks withheld the unearned salaries and forwarded it to Bank of Ghana. We did not however sight any correspondence on follow up efforts made at the banks on the status of unearned salaries amounting to GH¢20,572.44 paid into the bank accounts of the remaining 14 ex-employees.

127. The head of finance failed to ensure that the unearned salary was returned to the Consolidated Fund. Consequently, the state was denied the use of GH¢20,572.44 for developmental purposes.
128. We urged the head of finance to ensure full recovery of the amount from the separated staff or pay the amount back to government chest since his negligence caused the anomaly.

129. Management agreed to ensure that the amounts are retrieved from the separated staff. It also indicated that Raymond Anafo’s unearned salary of GH¢13,309.20 was deducted from his single spine salary. However our investigation revealed that only GH¢6,477.43 was deducted and paid to chest leaving a balance of GH¢6,831.77 to be paid.

Ineffective monitoring of works - GH¢730,177.30

130. Section 1.8 of the Manuals to the Public Procurement Act 2003 states inter alia “Each Procurement Entity shall ensure that regular internal monitoring of procurement activity is undertaken in accordance with the principles and provisions of the Act, and the Manual, to ensure the overall effectiveness of procurement. All reports arising from such monitoring activities shall be communicated to the Head of the Procurement Entity for appropriate action.”

131. Contrary to the provision above, the Polytechnic had no system to effectively monitor works being executed. We noted that no action was taken by management on the irregular and few monitoring reports submitted by the Development Officer.

132. Consequently, some of the works completed and handed over have deteriorated after a few years of use. An example is the two storey building for the HCIM department which was handed over in 2011 but now poses danger to human life; most of the pillars have cracks while the roof leaks.

133. We recommended and management agreed to improve supervision over monitoring activities during projects execution to ensure that the Polytechnic’s interest is protected. Additionally, we urged management to put in place measures to save the HCIM building from collapse.

Restricted tendering used in the purchase of vehicles - GH¢120,000.00

134. Section 38 of the Procurement Act states that “A procurement entity may for reasons of economy and efficiency and subject to the approval of the Board engage in procurement by means of restricted tendering:
a. if goods, works or services are available only from a limited number of suppliers or contractors; or
b. if the time and cost required to examine and evaluate a large number of tenders is disproportionate to the value of the goods, works or services to be procured.

135. However, in its application to the Public Procurement Authority referenced BP/PROC/140/V.1/99 of 6 July 2011, to use restricted tendering procedure to purchase two vehicles, management cited the exigency of the use of the vehicles and recommendations of faceless entities as the basis for the application of the restricted tendering method. This was in clear contradiction of Section 38(b) of Act 663 stated above.

136. The lapse which resulted in the abuse of the procurement law defeated transparency which the law stipulates and undermined the principle of value for money in public procurement.

137. We recommended to management to ensure compliance with the provisions of the Act to ensure fairness, transparency and value for money in its procurement activities and the procurement officer sanctioned in accordance with Section 92(1) of PPA.

138. Management in its response stated that the process of restricted tendering was aborted and competitive tendering applied. We were however not provided with any documentation to that effect. We are still of the view that management should reprimand the procurement officer for any loss to the school.

A construction contract varied upwards by 80.2% not re-tendered
139. We observed that the contract for the construction of a two storey building for the HCIM department of the Bolgatanga Polytechnic supervised by Northern Consultants Limited was varied from the initial contract sum of GH¢422,199.66 to GH¢760,867.95, an increase of 80.2%.

140. We also noted that though the variation was in excess of the 15% allowable threshold prescribed by the PPA, it was not referred to the Entity Tender Committee to be re-awarded.
141. Management explained that it relied on the Consultant’s letter referenced NCL/ BPP/ V of 18 April 2012 which indicated that the variation was agreed upon at a site meeting.

142. We were of the view that the project could have been procured at a lower cost if it had been re-tendered.

143. Management’s lack of control over the procurement processes involved in delivering the project could compromise value for money.

144. We recommended that all those who blatantly refused to comply with the provisions of the PPA should be sanctioned as per Section 92(1) of the PPA. Also, management should streamline its procurement processes in keeping with the requirements of the PPA.

Unapproved expenditure - GH¢457,524.10
145. Section 14(3) of the FAA, Act 654 of 2003 states “when an appropriation has been approved in accordance with Article 179 of the Constitution, it shall be used only in accordance with the purposes described and within the estimate of the department”.

146. We however noted during our budgetary review that an amount of GH¢457,524.10 was disbursed without Parliamentary approval because of the exclusion of the Polytechnic’s IGF from its budget preparation. The Finance Officer failed to advise management on the regulations pertaining to the disbursement of funds in the public sector.

147. Consequently, the institution incurred expenditure to the tune of GH¢457,524.10 in excess of its budget allocation, and this might result in the non-implementation of other activities which were critical to teaching and learning it had planned to undertake.

148. We urged management to reprimand the officer whose duty it was to advise management in accordance with FAR 8(4).
149. Management agreed that it did not do a comprehensive budget in 2011. It added that subsequent ones will take our recommendation into consideration.

**Disbursements without supporting documents - G H¢13,764.41**

150. Our review of disbursements for the period under review revealed that payments vouchers with a total face value of GHC93,296.61 were without adequate supporting documents and as a result, we could not determine whether the disbursements were in the interest of the Polytechnic.

151. The head of finance failed to control the disbursements of funds and ensure that the transactions were properly authenticated to show that the amounts were due and payable in accordance with Regulation 39 (2c) of the FAR, 2004.

152. We recommended that the Finance officer ensures that the officers involved account for the amounts standing in their names, failing which the amounts should be treated as advance and deducted from their salaries.

153. Management provided evidence to show that the outstanding amount unaccounted for was GHC13,764.41.

154. We reiterated that the finance officer should ensure the recovery of the outstanding amount or be surcharged accordingly.

**Payment of withholding tax penalty - G H¢11,467.41**

155. The Internal Revenue Act 2000 section 87(1) states inter alia ‘--- a withholding agent shall pay to the Commissioner tax that has been withheld or that should have been, within fifteen days after the end of the month in which the payment subject to withholding tax is made by the withholding agent’.

156. We noted during the audit however that the School unduly delayed the payment of withheld taxes of GHC38,226.50 and as a result incurred a penalty of GHC11,467.4. The Finance Officer’s failure to comply with the tax regulations resulted in the School suffering a loss of GHC11,467.41 as penalty payment to the Ghana Revenue Authority.

157. We recommended that the Finance Officer pays the penalty of GHC11,467.41 to the School due to his/ her negligence.
158. Management said it had tasked the two accountants at the time to refund the penalty.

Unpresented payment vouchers - GH¢189,296.83

159. In contravention to Regulation 1 of the FAR, L.I. 1802 which requires among others that public officers charged with the receipt, custody and disbursement of public and trust funds should keep proper records and produce such documents for inspection when called upon by the Auditor-General, payment vouchers amounting to GH¢189,296.83 could not be presented for audit.

160. Failure to trace the vouchers was indicative of ineffective control over the custody and filing of official documents. We could therefore not authenticate those payments.

161. We therefore recommended to management to ensure that the vouchers are made available for audit scrutiny and all supporting documents justifying the payments attached or the head of accounts held liable. Management was also advised to improve upon its custody of records and filing system.

162. Management at our exit conference indicated it would ensure that the vouchers are produced for our verification.
CAPE COAST POLYTECHNIC

163. This report relates to the audited accounts of the Cape Coast Polytechnic for the year ended 31 December 2012.

Operational results

164. Total income for the year 2012 registered a decrease of 61.4% from GH₵6,414,146.28 in 2011 to GH₵2,474,882.67. Government Subvention, which accounted for 16.3% of total income in the year under review, decreased by 91.3% from GH₵4,648,786.04 to GH₵402,895.56. Other income which consisted of GETFund, School Fees, Investment Income and Internally Generated Fund (IGF) rose by 17.4% from GH₵1,765,360.24 in 2011 to GH₵2,071,987.11 in 2012. The rise was mainly due to increase in income from Tuition, Hostel and Internal Examination fees as well as Part-time Programmes. Table 17 below shows the details of the performance indicators.

Table 17: Income Statement for 2012

<table>
<thead>
<tr>
<th>Income</th>
<th>2012 GH₵</th>
<th>2011 GH₵</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Subvention</td>
<td>402,895.56</td>
<td>4,648,786.04</td>
<td>(91.3)</td>
</tr>
<tr>
<td>GETFUND</td>
<td>58,500.00</td>
<td>56,004.63</td>
<td>4.5</td>
</tr>
<tr>
<td>School Fees</td>
<td>1,609,735.48</td>
<td>1,290,242.53</td>
<td>24.8</td>
</tr>
<tr>
<td>Investment Income</td>
<td>136,809.83</td>
<td>185,617.70</td>
<td>(26.3)</td>
</tr>
<tr>
<td>Internally Generated Fund</td>
<td>266,941.80</td>
<td>233,495.38</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,474,882.67</strong></td>
<td><strong>6,414,146.28</strong></td>
<td><strong>(61.4)</strong></td>
</tr>
<tr>
<td>Expenditure</td>
<td>2012</td>
<td>2011</td>
<td>Change</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>---------</td>
</tr>
<tr>
<td>Personal Emoluments</td>
<td>303,592.60</td>
<td>4,275,787.95</td>
<td>(92.9)</td>
</tr>
<tr>
<td>Administration Activities</td>
<td>1,246,126.71</td>
<td>1,330,739.66</td>
<td>(6.4)</td>
</tr>
<tr>
<td>Service Activities</td>
<td>1,150,551.63</td>
<td>1,021,679.38</td>
<td>12.6</td>
</tr>
<tr>
<td>Investment Activities</td>
<td>632,225.19</td>
<td>765,533.92</td>
<td>(17.4)</td>
</tr>
<tr>
<td>Total</td>
<td>3,332,496.13</td>
<td>7,393,740.91</td>
<td>(54.9)</td>
</tr>
<tr>
<td>Excess of Expenditure over Income</td>
<td>(857,613.46)</td>
<td>(979,594.63)</td>
<td>(12.5)</td>
</tr>
</tbody>
</table>

165. Expenditure incurred during the year 2012 amounted to GH¢3,332,496.13 as against GH¢7,393,740.91 in the previous year representing a decrease of 54.9%. The expenditure component included Personal Emolument amounting to GH¢303,592.60 (2011: GH¢4,275,787.95) representing 9.1% of total expenditure in 2012 which decreased by 54.9%. Personal Emoluments was made up of salaries as well as Book and Research Allowance for workers in 2012. Service Activity Expenditure registered GH¢1,150,551.63 in 2012 (2011: GH¢1,021,679.38); representing a rise of 12.6%. This was due to increase in payments for Night Allowance, Admission Expenses, Staff Development cost, Examination Expenses and Repairs and Maintenance of buildings.

166. Administration Activity Expenditure in 2012 amounted to GH¢1,246,126.71 (2011: GH¢1,330,739.66), representing a decrease of 6.6%. Investment Activity Expenditure in 2012 also amounted to GH¢632,225.19 (2011: GH¢765,533.92), representing a decrease of 17.4%.

167. Operational deficit of GH¢857,613.46 was recorded during the year, compared with an operational deficit of GH¢979,594.63 recorded in the preceding year which showed a reduced deficit of 12.5%

**Financial Position**

168. The Institute’s current asset represented by bank balances, Fixed deposits, Sundry debtors, Stocks and Prepayments registered GH¢1,411,711.29 in 2012 compared with GH¢2,216,495.40 in 2011, a reduction of 36.3%.

169. Liquidity outlook as represented by a current ratio of 19.9:1 (2011: 8.6:1) which is higher than the standard requirement of 2:1 indicated that the school would be able to meet its current obligations as and when they fall due.
Management issues

Payment vouchers not supported - GH¢9,646.00
170. Regulation 39(2c) of the Financial Administration Regulations 2004 (L.I. 1802) provides 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”.

171. We noted during examination of payment vouchers that four payments totaling GH¢9,646.00 made from the Tertiary Account in 2012 were not supported with documentary evidence to acquit the payments.

172. In the circumstance, we could not ascertain whether value for money was received for the transactions and may lead to a loss to the institution.

173. We recommended that the Finance Officer should ensure that the amount of GH¢9,646.00 is fully accounted for else, the amount should be refunded to the Polytechnic and in future adhere to the dictates of FAR 39(2c).

Companies charging VAT/NHIL on own invoices - GH¢2,991.74
174. The VAT law requires companies and registered entities to acknowledge VAT/ NHIL payments by the issuance of VAT/ NHIL invoices. Additionally, entities authorized by the VAT Headquarters to charge VAT and NHIL on their own company’s invoices are required to submit a copy of the letter authorizing the use of their invoices to their clients and customers.

175. We, on the contrary, noted that 12 companies which either provided services or supplied items to the school charged VAT and NHIL on their own invoices without providing authority letters from the Commissioner of VAT. By this action, a total of GH¢2,991.74 was charged as VAT and NHIL without authority in 2011. We further noted that the percentages of the VAT and NHIL charged were in most instances less than the fifteen percent (15%) stipulated by law.

176. The absence of the authorization letters to the companies to use their own invoices rendered it impossible to determine whether the VAT/ NHIL charged was legitimate. As such, the taxes may not be paid to the VAT Division of the GRA thereby causing a loss to the state.
177. We recommended that the companies involved should submit a copy of the authority letter from the VAT Commissioner to the school management for their records and in addition provide evidence of payments of such amounts received to the Commissioner of VAT, failing which they should be made to refund the tax of GH₵ 2,991.74.

**Non-deduction of withholding tax - GH₵ 4,785.10**

178. Section 84(2) of the Internal Revenue Act 2000 (Act 592) requires that 5% withholding tax should be deducted from amounts payable to third parties for goods and services supplied or rendered respectively. Additionally, the Act enjoins entities to withhold 8% on gross rent paid to landlords/ landladies as rent tax. The taxes are to be paid to any office of the Domestic Tax Revenue Division (DTRD) of the GRA by the 15 of the subsequent month.

179. We however realized from the examination of payment vouchers that two companies which provided services to the Polytechnic were paid a gross sum of GH₵ 38,102.00 but the 5% withholding tax of GH₵ 1,905.10 was not deducted from the payments. We also noted that management paid a rent advance of GH₵ 36,000.00 to Rev. Dr. and Mrs. Atta Baffoe without withholding 8% rent tax amounting to GH₵ 2,880.00 as directed by the Act.

180. Failure to withhold the tax of GH₵ 4,785.10 denied the Central government a timely inflow of the tax revenue needed for development projects.

181. In order to avoid loss of tax revenue, we recommended that the Polytechnic should pay the total tax of GH₵ 4,785.10 to the Commissioner, DTRD of the GRA and subsequently recover the amount from the payees in accordance with Section 88(1) of Act 592.

**Penalty charged for failure to pay tax on due date - GH₵ 16,494.08**

182. Section 143(1) of the Internal Revenue Act 2000 (Act 592) stipulates that “A person who fails to pay a tax including an amount treated by this Act as if it were tax, on or before the due date for payment is liable to pay interest at the Bank of Ghana rediscount rate plus 5% on the amount unpaid calculated from the date on which the tax became payable until the date on which payment is made”.
183. The Commissioner-General of GRA also in an amendment in July 2011, to the above Act, directed that failure to pay tax withheld attracts a penalty of 20% for not more than 3 months and 30% exceeding 3 months.

184. Our review disclosed that an amount of GH₵16,494.08 was paid to the Ghana Revenue Authority as penalty on unremitted 2009 PAYE deductions and withholding taxes as directed in the Act quoted above.

185. The liability incurred may be attributed to inadequate supervision and negligence of duty by the schedule officer, resulting in a drain of the Polytechnic’s resources.

186. We advised that if no tangible cause is given, the schedule officer should be sanctioned for the lapse and in future management should ensure that taxes are promptly remitted to the Ghana Revenue Authority as and when they fall due.

**Excessive variation order payment**

187. Section 87(1) of the Public Procurement Act, 2003, (Act 663) provides that, where there shall be an aggregate increase in the original amount of a contract by more than 10% of the original price, a procurement entity shall inform the appropriate Tender Review Board of any proposed extension, modification or variation order with reasons.

188. Examination of records revealed that the Polytechnic awarded a contract for the construction of volleyball and basketball courts to Fredtuco Enterprise on 11 January 2012 with a contract sum of GH₵49,998.00. However on 23 May 2012, a variation order for price fluctuation of GH₵22,527.90 was paid to the contractor. Though the variation paid was noted to be 45% of the contract sum of GH₵49,998.00 the contract was not referred to the appropriate tender review board for necessary action to be taken in contravention of the tenets of the PPA.

189. Management’s non-compliance with the law could undermine transparency in contract management and compromise value for money.

190. We requested the institution to justify the payment of the excessive variation order and abide by the provision of the PPA.
Payments made without certification of interim works done - GH €40,000.00

191. Section 16(1a) of the Financial Administration Act, 2003 (Act 654) states that before a payment is effected, a head of department or any officer authorized by the head of department should certify that the work done, goods supplied or services rendered have been performed.

192. We noted from our review of records that the Polytechnic awarded a contract for the construction of basketball and volleyball courts to Fredtuco Enterprise. The contract valued at GH €49,998.00 was awarded on 11 January 2012 and was to be completed in May 2012. We further realized that a mobilization payment of GH €20,000.00 was made to the contractor on 31 January 2012 and in March 2012; an additional payment of GH €20,000.00 was made without the Development Officer and his team’s certification of the work done. The lapse contravened the Act quoted above.

193. In another development, we observed that three contracts awarded by the Polytechnic, valued at GH €22,414.81 which were completed and paid for in 2012 were without certificates of work satisfactorily completed attached to the payment vouchers to attest to the quality and extent of work done.

194. The omissions were in contravention of the provision of Act 654 stated above. Failure to issue an inspection certificate at each stage of the contract before payment is made, may lead to shoddy or sub-standard work thereby resulting in loss of funds. The lapse in our opinion could be due to inadequate supervision by the Development Officer.

195. We recommended that at each stage of a contract, before an interim payment certificate is paid the inspection team should present their certificate of inspection to the Rector and Finance Officer to determine whether the extent of work done is commensurate with the amount to be paid.

Judgment debt against Cape Coast Polytechnic

196. We noted during the examination of records that management stopped the salary of Mr. C.K Aboagye, a lecturer at the school and later had his name deleted from the payroll. The lecturer entered a claim of GH €133,357.00 against the Cape Coast Polytechnic at the Central Regional High Court of Justice which declared management’s action unlawful and upheld his claim.
197. The anomaly was as a result of the Polytechnic's management not acting in line with the revised Polytechnic Act, 2007 (Act 745) as well as delay in revising its statute to reflect the necessary changes in the revised Act.

198. This led to some officers usurping the powers of the Polytechnic Council which has the prerogative to employ or dismiss.

199. We advised management to resolve the matter amicably to avoid further embarrassment and financial loss to the Polytechnic.
200. This report relates to the audited accounts of the Ho Polytechnic for the period 1 January 2011 to 31 December 2012.

**Operational results**

Presented in Table 2 are the performance indicators for 2012 and 2011.

**Table 2: Income statement for 2012**

<table>
<thead>
<tr>
<th>Income</th>
<th>2012</th>
<th>2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation to workers</td>
<td>13,492,146.85</td>
<td>4,256,032.08</td>
<td>217.0</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>691,908.03</td>
<td>467,335.53</td>
<td>48.1</td>
</tr>
<tr>
<td>GETFUND/Investment</td>
<td>186,607.62</td>
<td>191,757.69</td>
<td>(2.7)</td>
</tr>
<tr>
<td>Internally Generated Fund (IGF)</td>
<td>2,548,603.98</td>
<td>2,614,284.29</td>
<td>(2.5)</td>
</tr>
<tr>
<td>TALIF</td>
<td>-</td>
<td>293,081.38</td>
<td>-</td>
</tr>
<tr>
<td>Other Income</td>
<td>143,387.09</td>
<td>69,975.87</td>
<td>104.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,062,653.57</strong></td>
<td><strong>7,892,466.84</strong></td>
<td><strong>116.2</strong></td>
</tr>
</tbody>
</table>
201. The total income for the 2012 financial year rose by 116.2% over that of the 2011 financial year. This was largely due to increase in government subvention. Whilst compensation for employees went up by 217.0% due to migration onto the single spine, government releases for goods also increased by 48.1%. The analyses of the revenue performance as shown in the table revealed that the Polytechnic relaxed its revenue generation efforts in 2012. As a result total IGF decreased from GH¢2,614,284.29 to GH¢2,548,603.98.

202. The 2012 financial year expenditure revealed an increase of 192.0% in employee’s compensation over the previous year. This significant change was due to the implementation of single spine salary structure. The final result of the change was that the 2012 total expenditure exceeded the previous total of GH¢6,526,145.66 by GH¢10,087,125.98 representing an increase of 154.6%.

203. The Polytechnic ended the year with a reduction of 67.1% in surplus, from GH¢1,366,321.18 in 2011 to GH¢449,381.93 in 2012.

**Financial Position**

204. The analysis of the financial position of the Polytechnic as at 31 December 2012 is presented in Table 3.

<table>
<thead>
<tr>
<th>Table 3: Financial position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Non-current Assets</td>
</tr>
<tr>
<td>Investments</td>
</tr>
<tr>
<td>Account Receivable</td>
</tr>
<tr>
<td>Short term investment</td>
</tr>
<tr>
<td>Cash and Bank</td>
</tr>
<tr>
<td>Liabilities</td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

205. In 2012 GETFund releases were used to pay for the cost of construction of new school block and a five storey flat for staff. This has increased work-in-progress, thus non-current asset went up by 12.9%.

**Current Assets**

206. There was a 48.0% rise in current assets to GH¢2,308,404.90 in 2012. The increase was attributed to a rise in cash /bank position from GH¢451,741.91 in 2011 to GH¢1,054,636.23 and accounts receivable from GH¢276,456.30 in 2011 to GH¢606,041.24 in 2012.

**Liability**

207. The long term liability represents outstanding balance on acquisition of hostel facility from GETFund. The arrangement was that GH¢250,000.00 should be deducted from GETFund allocation every year until the amount is fully settled.

**Current Ratio**

208. The Polytechnic’s current ratio of 10.5:1 is an indication that its liquidity position is solvent to pay its creditors when they are due.

**Management issues**

**Wrongful payment of 43% of school fees to 402 staffs - GH¢129,956.11**

209. Section 179(1) of the FAR states that “Except as provided for in the FAR and these regulations, a head of department may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities.

210. We observed that the Polytechnic Council authorized the payment of an amount of GH¢129,956.11 representing 43% of fees collected for 2011 and 2012 academic years to 402 staffs. Management averred that the introduction of fee paying programs had increased the class size of students and therefore the payment was to motivate the lectures.
211. We consider this payment inappropriate since it was not budgeted for and was not included in allowances approved by the Minister of Finance. Management used revenue which should have been used to run its programs to settle the unauthorised payment.

212. We recommended that, management should seek approval to support the payment or the amount should be recovered from the staff and paid back to chest.
213. Management stated in its response that the payment was in line with Section 8(C) of the Polytechnic’s Statutes. Management further stated that, it had stopped payment of such monies since the 2011/2012 academic year.

214. We however insisted that, the payment was irregular and needed approval to regularise it. Subsequently, management has written through the NCTE to the Minister of Finance for approval.

**Unapproved payment of IGF as salary top up**

215. We noted that an amount of GH¢56,203.86 was paid to six officers listed below as salary top up from July 2011 to September 2012 after the Polytechnic’s payroll was mechanised by the Controller & Accountant General’s Department (C&AGD) in July 2011.

<table>
<thead>
<tr>
<th>Names of staff</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Afun J. V. K</td>
<td>26,756.67</td>
</tr>
<tr>
<td>Dr. Addo S</td>
<td>1,021.20</td>
</tr>
<tr>
<td>Mr. Dzonto D</td>
<td>9,664.80</td>
</tr>
<tr>
<td>Mr. Deh K.K</td>
<td>9,664.89</td>
</tr>
<tr>
<td>Oyiadzo G</td>
<td>9,096.39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>56,203.86</strong></td>
</tr>
</tbody>
</table>

216. The Finance Officer explained that, the mechanisation of the payroll had deleted certain unspecified allowances due the officers. The payments was however neither authorized by the Controller & Accountant General nor approved by the Minister of Finance as required by law.

217. We recommended that management should either seek approval from the Minister of Finance and authorisation from the Controller & Accountant General to support the payment or the amount be recovered from the officers involved and paid back to the Polytechnic’s IGF accounts.
218. Management responded that until the Polytechnic’s payroll was mechanised in July 2011, the allowance was paid to the officers concerned. Management further stated that the payment was stopped when the C&AGD restored it in October 2012.

219. At our instance, the Registrar wrote to the officers concerned converting the payments to salary advance to be recovered in 24 months.

**Outstanding salaries and rent advances - GH¢ 133,704.93**

220. Contrary Section 115(1) and 99 of the FAR, we noted that as at 31 December 2012, amounts of GH¢47,562.61 and GH¢86,142.32 totaling GH¢ 133,704.93 being outstanding loans in respect of salaries and rent respectively remained unrecovered. Management explained that the non-recovery of the loan was due to C&AGD’s inability to work on the necessary input to effect the deduction.

221. The inability of the Polytechnic to recover loans on timely basis will not only deny staff who will need similar facilities in the future but deny the Polytechnic the needed resources to run its programmes.

222. Management attributed the lapse to challenges faced by the C&AGD regarding the deduction of the existing advances and indicated that it had frozen the granting of such advances to staff until the problems are sorted out.

223. We recommended that efforts should be made to ensure the recovery of all overdue loans from staff immediately. At the time of reporting, an amount of GH¢87,660.49 has since been recovered leaving a balance of GH¢46,044.44.

**Unapproved council quarterly allowances - GH¢126,900.00**

224. Section 12 of the Polytechnic Act 2007 (Act 745) states that “members of a council and members of the Committee of a council shall be paid allowances approved by the Minister or the Minister responsible for Finance”.

225. Though council members were paid sitting allowances for every sitting, in September 2011, the council approved quarterly allowances of GH¢21,150.00 to be paid to members for each quarter. As a result, between September 2011 to December 2012 an amount of GH¢126,900.00 was paid to council members as quarterly
allowances. We noted that these payments had not been approved as stated in the Polytechnic Act quoted above and as a result were not legitimate.

226. We recommended that, for the amount to stand charged to the Polytechnic’s account, an approval should be sought from the Minister or the amount should be recovered to chest.

227. Management responded that it later noted the oversight and had written to the Minister on 3 September 2013, requesting an approval of the allowance and are still awaiting the Minister’s response.

**Procurement order divided into lots/lower values**

228. Section 21(5) of the Public Procurement Act states that “a procurement entity shall not divide a procurement order into parts or lower the value of procurement order to avoid application of the procedures for public procurement in this act.”

229. Our review of records at the Polytechnic indicated that, the Polytechnic planned to procure GHC79,091.30 and GHC37,187.00 stationery and computer & accessories respectively in 2011. The plan also indicated that National Competitive Tendering processes will be applied in the procurement processes.

230. On the contrary, we observed that the Polytechnic procured stationery amounting to GHC47,380.77 and computer and accessories worth GHC44,853.15. We also noted that while the stationery procured was divided into 13 lots, the computer & accessories acquired was also divided into 11 lots, awarded to various contractors and the quotation methods applied.

231. Management’s action, which was deliberate, violated the Procurement Act and it did not give assurance that the process has been transparent, fairly priced and that value for money was obtained.

232. We recommended that the Polytechnic should follow the due process and comply with the Procurement Act in executing its procurement plan.

233. Management responded that the splitting occurred due to non-availability of funds and storage facility.
Use of invalid VAT invoice to support procurement - GH¢192,567.09

234. VAT Act Section 19(1) states that a taxable person shall in accordance with subsection 1 on supply of goods or services to customers issue to a customer a tax invoice similar to Form C in the schedule. Additionally, the tax invoice shall contain the supplying taxable person’s name, address and VAT registration numbers.

235. We noted that the Polytechnic made procurement totaling GH¢192,567.09 during the period under review and invalid VAT\NHIL invoices were used to support the payments. In some instances, different companies were noted to have used VAT\NHIL invoices from the same VAT\NHIL booklet to support their transaction while others also quoted the same Tin numbers contrary to the VAT rules and regulation.

236. The situation did not give us an assurance that the VAT\NHIL component of GH¢28,885.06 on this transaction has been accounted to the VAT authorities. Also, a possibility of forged representation cannot be ruled out.

237. We recommended that management should educate the procurement unit to comply with the procurement laws, blacklist companies that were noted to have used fake VAT\NHIL invoice and Tin number and further action taken against the affected suppliers in line with existing laws.

238. Management responded that it was difficult to critically authenticate the validity of the VAT\NHIL invoices submitted by the supplier as the purchases were in piecemeal.

Over certification of contract work - GH¢63,095.66

239. Consultants engaged on projects are required to supervise, monitor, measure work done by contractor and prepare accurate certificate to support cost of work done.

240. We noted that contract for the construction of 5-storey, 20 units 3 - bedroom self-contained was awarded in June 2009 to M/S Defiait Development Company Limited at a contract sum of GH¢2,397,740.75. The expected date of completion of the project was 1 December 2011. Seven interim payment certificates have since been
issued to cover an amount of GH¢945,299.30 representing work executed on the project to date. The latest certificate was issued on 5 August 2013.

241. Our examination of the contract file revealed that certificate number seven was wrongly certified, resulting in excess certification of GH¢63,095.66 as shown below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work done to date</td>
<td>945,299.30</td>
</tr>
<tr>
<td>Less previous certified</td>
<td>(853,868.65)</td>
</tr>
<tr>
<td>Amount due</td>
<td>91,430.65</td>
</tr>
<tr>
<td>Less Retention</td>
<td>9,143.06</td>
</tr>
<tr>
<td>Contract amount due the contractor</td>
<td>70,881.45</td>
</tr>
<tr>
<td>Amount wrongly certified</td>
<td>133,977.11</td>
</tr>
<tr>
<td>Less amount due to contractor</td>
<td>(70,881.45)</td>
</tr>
<tr>
<td>Excess Certification</td>
<td>63,095.66</td>
</tr>
</tbody>
</table>

242. We recommended that consultant, M/ S Arch- Team-4 Consultants should be informed about the error and the over certified amount deducted from the contractor’s subsequent claims.

243. Management responded that, the mistake has been noted and subsequently recovered the amount.

Payment of unearned salary- GH¢12,231.74
244. We noted that between July 2011 and April 2012 seven staff who separated from the Polytechnic were paid unearned salary of GH¢12,231.74 contrary to Regulation 297(1) of FAR which mandates a head of department to cause the immediate stoppage of the salary of such staff.

245. Management explained that information and relevant particulars on the separated staff were made available to the C&AGD early enough to ensure prompt deletion of the names of the affected staff from the payroll. The inability of the C&AGD to delete the names of separated staff on time resulted to the payment.

246. We recommended that, management should recover the unearned salary paid from the various officers involved.
This report is in relation to the audited accounts of the Koforidua Polytechnic for the two year period ended 31 December 2012.

Operational results
Koforidua Polytechnic ended its operations for the year 2012 with a surplus of GH¢935,442.10 as against the previous year’s surplus of GH¢2,068,833.24 representing a significant decrease of GH¢1,133,391.00 or 54.8%. The decrease in surplus was as a result of increase in total expenditure of 96.7% as against a 73.8% increase in total income. The key performance indicators are shown in Table 9.

Table 9: Income statement for 2012

<table>
<thead>
<tr>
<th>Income</th>
<th>2012 GH¢</th>
<th>2011 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gov’t Grant</td>
<td>18,692,353.68</td>
<td>9,652,669.18</td>
<td>93.6</td>
</tr>
<tr>
<td>Internally Generated Funds</td>
<td>5,076,656.25</td>
<td>4,022,258.41</td>
<td>26.2</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>23,769,009.93</strong></td>
<td><strong>13,674,927.59</strong></td>
<td><strong>73.8</strong></td>
</tr>
<tr>
<td>Expenditure</td>
<td>2012 GH¢</td>
<td>2011 GH¢</td>
<td>% Change</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>----------------</td>
<td>----------------</td>
<td>----------</td>
</tr>
<tr>
<td>Personnel Emoluments</td>
<td>17,317,167.19</td>
<td>7,176,820.81</td>
<td>141.3</td>
</tr>
<tr>
<td>Administration Expenses</td>
<td>3,521,917.43</td>
<td>2,354,818.81</td>
<td>49.6</td>
</tr>
<tr>
<td>Service Expenses</td>
<td>1,994,483.21</td>
<td>2,074,454.73</td>
<td>(3.9)</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>22,833,567.83</td>
<td>11,606,094.35</td>
<td>96.7</td>
</tr>
<tr>
<td>Surplus/Deficit</td>
<td>935,442.10</td>
<td>2,068,833.24</td>
<td>(54.8)</td>
</tr>
</tbody>
</table>

249. Total income for the year rose by GH¢10,082.34 from GH¢13,674,927.59 in 2011 to GH¢23,769,009.93 in 2012 due to increase in Government subvention by GH¢10,009,454.90 or 129.7%. The increase which resulted from a rise in personnel emolument was due to the payment of salary arrears and recruitment of additional lecturers.

250. Total expenditure also rose by GH¢11,227,473 from GH¢11,606,094.35 in 2011 to GH¢22,833,567.83 in 2012. The increase was mainly due to a rise in personnel emoluments as mentioned earlier due to the payment of salary arrears and the recruitment of additional lecturers.

Financial position
251. The overall financial position of the institute showed an upward movement in Net Assets from GH¢12,387,519.78 in 2011 to GH¢13,088,649.50 in 2012. Details are shown in Table 10.

Table 10: Balance sheet as at 30 December 2012

<table>
<thead>
<tr>
<th>Item</th>
<th>2012 GH¢</th>
<th>2011 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non Current Assets</td>
<td>11,372,144.69</td>
<td>11,273,816.74</td>
<td>0.9</td>
</tr>
<tr>
<td>Current Assets</td>
<td>1,951,716.59</td>
<td>1,479,795.53</td>
<td>31.9</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>235,211.78</td>
<td>366,092.49</td>
<td>(35.8)</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>1,716,504.81</td>
<td>1,113,703.04</td>
<td>54.1</td>
</tr>
<tr>
<td>Net Assets</td>
<td>13,088,649.50</td>
<td>12,387,519.78</td>
<td>5.7</td>
</tr>
</tbody>
</table>

252. Non-current Assets went up by 0.9% from GH¢11,273,816.74 in 2011 to GH¢11,372,144.69 in 2012. This was due to acquisition of a bus.
Current Assets registered an increase of 31.9% from GH¢1,479,795.53 in 2011 to GH¢1,951,716.59 in 2012. The sharp rise in cash at bank contributed significantly to the increase in current assets.

Current Liability also decreased from GH¢366,092.49 in 2011 to GH¢235,211.78 in 2012. The drop in overdraft and sundry creditors contributed to the decrease.

Management issues

Unapproved allowances paid to Council and Committee members

Section 12 of the Polytechnic Act, Act 745, 2007, provides that members of a Council and members of a Committee of a Council shall be paid allowances approved by the Minister in consultation with the Minister responsible for Finance.

Members of the Council and the Committees during the period under review were paid sitting and monthly allowances amounting to GH¢613,523.90. We however noted that the payments of these allowances were not supported by any approval from the Minister of Finance.

Management is yet to respond to our recommendation to seek approval from the Minister of Finance in the payment of allowances to Council and Committee members.

Payments for goods and services without memos - GH¢764,763.99

The normal procedure for initiating expenditure on goods and services by Management of the Polytechnic is to:
   a. prepare a memo stating clearly the purpose of the expenditure
   b. the memo is studied and approved by a responsible officer with the necessary comments from other heads concerned, and
   c. quotations are then called from various suppliers for consideration before the expenditure is incurred.

Contrary to the above procedure, the Finance Officer spent GH¢764,763.99 on the purchase of goods and services without any memos to justify them. This anomaly does not make the expenditure transparent; hence we could not confirm that the expenditure was incurred in the interest of the Institution.
260. Management accepted our recommendation to ensure the Finance Officer proves the genuineness of the expenditure or the amount involved be refunded into the Polytechnic’s accounts.

**Payments without official receipts - GH¢126,072.98**

261. Best management practice require that where a payee is satisfied that money tendered is in order, he shall issue an official receipt to the payer. Pro forma invoice cannot be accepted as acknowledgement of receipt of money.

262. We noted on the contrary that some reputable corporate organizations who have been rendering regular services to the institution have not acquitted their payments totalling GH¢126,072.98 with official receipts, using pro forma invoices instead.

263. We attributed this lapse to poor supervision by the Accountant over the cashier’s duty as well as lack of post transaction review by the Internal Audit Unit.

264. Management is yet to respond to our recommendation to ensure that the Accountant either gets the payees to acknowledge the payments with official receipts or the expenditure disallowed.

**Unsupported payments on teaching claims - GH¢890,357.08**

265. Management of Koforidua Polytechnic undertake evening school for which claims are paid to the respective lecturers from the school’s internally generated funds. Out of amounts of GH¢1,304,314.12 and GH¢1,504,124.86 generated in 2011 and 2012 respectively, GH¢482,797.65 and GH¢407,559.43 were paid accordingly as teaching claims.

266. We however noted the following lapses:
   a) Time sheets for the payments were not attached to the payment vouchers making it difficult to substantiate the payments.
   b) When we requested for official documentation, management could not provide us with any approval for the establishment of the evening school.

267. Management’s omissions did not afford us the opportunity to ascertain whether the payment of GH¢890,357.08 was in the interest of the institution.
268. We recommended that management should seek approval from the appropriate authorities for the evening school and provide the time sheets to authenticate these and subsequent payments failing which the approving and authorising officers should be held liable.

**Sixty-seven payment vouchers not properly acquitted - GH¢285,674.39**

269. We observed during the vouching of the payment vouchers for the period under review that, 67 vouchers amounting to GH¢288,922.39 were without adequate supporting documents. Documents substantiating the payments amounted to GH¢3,248.00 resulting in a shortfall of GH¢285,674.39.

270. This situation occurred because the head of Accounts did not exercise due care in ensuring that, the payment vouchers were properly acquitted in accordance with Regulation 39 (2c) of Financial Administration Regulations 2004 (L.I 1802). We could not therefore determine the genuineness of the payments.

271. Management is yet to respond to our recommendation that the Authorising officer and the Accountant should ensure that the supporting documents are made available for the audit or be made to refund the total amount of GH¢285,674.39 to chest.

**Delayed remission of withholding taxes - GH¢56,568.75**

272. Section 87(1) of the Internal Revenue Act, 2000, requires a withholding agent to pay to the Commissioner a tax that has been withheld within 15 days after the end of the month in which the payment, subject to withholding tax, is made by the withholding agent.

273. Contrary to the above, we noted that a total amount of GH¢34,200.08 and GH¢22,368.67 being withheld taxes for 2011 and 2012 respectively have not been remitted to the Ghana Revenue Authority as at December 2011 and 2012. Management’s failure to adhere to the above quoted tax law denied the state the much needed revenue for its developmental projects.

274. Management is yet to respond to our recommendation to remit whole amount outstanding to the Commissioner, Domestic Tax Revenue Division of the Ghana Revenue Authority without delay and for the avoidance of penalties.
**Accountable imprest not retired - GH₵18,482.00**

275. During the period under review, we noted that a total amount of GH₵18,482.00 was released to four officers to run various programmes. However a year and over after the release, the officers either failed to account for the moneys collected or details of actual expenditure and statements of claims had not been attached to the payment vouchers for our examination.

276. This anomaly contravened Regulation 288 (i) of the FAR 2004 which 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.

277. We attributed the lapse to lack of supervision by the Accountant which could result in the suppression of unspent amounts or imprests may be misapplied. Consequently, we could also not authenticate the effectiveness of the expenditure incurred.

278. We recommended that the officers involved should be made to account for the moneys received or debited as advances against them.

**Improper contract management**

279. We noted the following irregularities when we reviewed the contract awarded to Messrs Contactline Construction Limited on 3 June 2011 for the construction of the Polytechnic’s entrance gate at an initial contract price of GH₵98,559.59.

i. Though Section 2(b) of the contract award letter required the Contractor to provide a performance bond of 10% from a reputable bank or 30% from a reputable insurance company, the performance bond of GH₵19,712.00 from Messrs Contactline Construction Limited obtained from State Insurance Company was below the 30% bond as required by the award letter.

ii. There were additional works amounting to GH₵14,909.00 which were subcontracted to Kissiwhah Signs and Décor and Fast Track Monumentals in relation to a fountain and signage. This variation was 15% of the original contract sum. However, management failed to go by Section 87(1) of the Public Procurement Act 663, 2003 which mandates the procurement entity to inform the appropriate tender review board of variations in excess of 10% of the original contract sum for necessary action to be taken.
iii. On 4 November 2011 an additional variation at a net cost of GH¢40,000.00 was made on the same project. This did not also go through the tender process as required by the Procurement Act.

iv. at a meeting between the contractor and Management of the Polytechnic on 10 November 2011, the contractor complained of not factoring his profit on the sub-contracting work and requested a profit margin of 20%. Management however approved 10% profit margin. We find this unacceptable as this shows the incompetence of the contractor.

v. There was another cost of GH¢59,372.25 on electrical/ signage installation on the same project. This did not also pass through the procurement process.

vi. All the above narrated cost incurred were not provided for in the 2011 budget as otherwise required by Regulation 179(1) of the FAR which requires a head of department not to authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities.

vii. a legal action has been taken against Koforidua Polytechnic by Fast Track Monumentals in a dispute over GH¢30,490.00, purported to be the value of the construction of a fountain which the defendant refused to pay when the contract sum became due on 8 December 2011.

viii. neither contract agreement\s for the additional works nor contract register was provided for inspection in violation of best contract management practice.

280. The above weaknesses occurred due to improper contract budgeting and management as well as management’s neglect to comply with the dictates of the PPA and FAR. The lapses did not allow for transparency and fairness in the award of the sub-contracts, which could compromise value for money.

281. We therefore recommended that the responsible officials should be sanctioned in line with the existing regulations. Again, Management should focus particular attention on record keeping in the administration and disbursement of Government of
Ghana Funds. Meanwhile the necessary steps should be taken to regularise the situation. A contract register should be kept and all payments in relation to the contracts recorded therein and our office notified for verification.

282. Management is yet to respond to the recommendations made.
This report is in relation to the audited accounts of the Kumasi Polytechnic for the two year period ended 31 December 2011 and 2012.

**Operational results**

Total income for 2012 rose significantly by GH¢24,241,125.93 or 280.7% from GH¢8,636,682.89 in 2011 to GH¢32,877,808.52 in 2012, due to a sharp increase in Government subvention by GH¢22,333,277.59 or 666.7%.

The rise in Government subvention was due to the migration of staff salaries to the Single Spine Salary Structure (SSSS) in 2012. Fees made up of school fees and sale of admission forms as well as interest income also went up by 44.5% and 104.8% respectively. The main performance indicators of the last two years are shown in Table 4.

**Table 4: Income Statement for 2012**

<table>
<thead>
<tr>
<th>Income</th>
<th>2012 (GH¢)</th>
<th>2011 (GH¢)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Subvention</td>
<td>25,683,032.65</td>
<td>3,349,755.06</td>
<td>666.7</td>
</tr>
<tr>
<td>Fees</td>
<td>5,884,037.22</td>
<td>4,072,426.41</td>
<td>44.5</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>651,701.62</td>
<td>892,772.39</td>
<td>(37.0)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>659,037.03</td>
<td>321,729.03</td>
<td>104.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,877,808.52</strong></td>
<td><strong>8,636,682.89</strong></td>
<td>280.7</td>
</tr>
<tr>
<td>Expenditure</td>
<td>2011</td>
<td>2012</td>
<td>%</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>----</td>
</tr>
<tr>
<td>Personal Emoluments</td>
<td>25,502,928.35</td>
<td>2,908,264.58</td>
<td>776.9</td>
</tr>
<tr>
<td>Book and Research Allowance</td>
<td>944,724.65</td>
<td>885,458.50</td>
<td>6.7</td>
</tr>
<tr>
<td>Travelling and Transport</td>
<td>443,182.43</td>
<td>344,359.11</td>
<td>28.7</td>
</tr>
<tr>
<td>General Expenses</td>
<td>3,674,109.19</td>
<td>3,960,658.11</td>
<td>(7.2)</td>
</tr>
<tr>
<td>Utilities</td>
<td>307,438.63</td>
<td>578,907.41</td>
<td>(46.9)</td>
</tr>
<tr>
<td>Maintenance, Repairs &amp; Renewals</td>
<td>203,883.93</td>
<td>201,861.66</td>
<td>1.0</td>
</tr>
<tr>
<td>Supplies &amp; Stores</td>
<td>59,250.98</td>
<td>34,363.91</td>
<td>72.4</td>
</tr>
<tr>
<td>Depreciation on Fixed Assets</td>
<td>956,154.37</td>
<td>753,030.63</td>
<td>27.0</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>32,091,672.53</strong></td>
<td><strong>9,666,903.91</strong></td>
<td><strong>232.0</strong></td>
</tr>
<tr>
<td>Excess of income over expenditure</td>
<td><strong>786,135.99</strong></td>
<td><strong>(1,030,221.02)</strong></td>
<td><strong>(176.3)</strong></td>
</tr>
</tbody>
</table>

286. Total expenditure of the Polytechnic also registered a significant rise of 232.0% from GH¢9,666,903.91 in 2011 to GH¢32,091,672.53 in 2012. This increase as earlier on mentioned was largely due to a rise in personnel emoluments as a result of the migration of the Polytechnic Staff onto the SSSS in 2012.

287. Travelling and Transport increased by 28.7% from GH¢344,359.11 in 2011 to GH¢443,182.43 in 2012. The increase was due to a rise in running cost of official vehicles. There was a marginal decrease of 7.2 % on the General expenses from GH¢3,960,658.11 in 2011 to GH¢3,674,109.19 in 2012. This was as a result of 34.9% and 19.1% reduction in staff development cost and technical exams unit respectively.

288. As a result of significant increase in total income in the year under review, the Polytechnic recorded a surplus of GH¢786,135.99 as against a deficit of GH¢1,030,221.02 recorded in the previous year.

**Financial Position**

289. A summarized balance sheet of Kumasi Polytechnic as at 31 December 2012 is provided in Table 5.
Table 5: Balance Sheet as at 31 December 2012.

<table>
<thead>
<tr>
<th></th>
<th>2012 (GH¢)</th>
<th>2011 (GH¢)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>3,823,068.87</td>
<td>2,648,923.91</td>
<td>44.3</td>
</tr>
<tr>
<td>Current Assets</td>
<td>6,371,443.72</td>
<td>5,589,452.73</td>
<td>14.0</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>10,194,512.59</td>
<td>8,238,376.64</td>
<td>23.7</td>
</tr>
</tbody>
</table>

290. Non-Current assets which stood at GH¢2,648,923.91 in 2011 went up to GH¢3,823,068.87 in 2012, an increase of 44.3%. The increase was mainly due to additions to land and buildings; motor vehicles, plant and machinery, furniture and fittings; and office equipment in 2012.

291. Current assets rose by 14.0% from GH¢5,589,452.73 in 2011 to GH¢6,371,443.72 in 2012. This resulted from increases in Sundry Debtors and Short Term Deposits. The Short Term Deposits rose significantly by 469.3% from GH¢1,000,000.00 in 2011 to GH¢5,693,421.68 in 2012, but cash at bank decreased from GH¢4,252,760.24 in 2011 to GH¢271,044.11 in 2012, due to short term investments.

292. Kumasi Polytechnic had no current liabilities as at the year end of 2012.

293. Total assets grew by 23.7% from GH¢8,238,376.64 in 2011 to GH¢10,194,512.59 in 2012.

Management issues

Disbursement of IGF on projects yet to be refunded by GETFund - GH¢2,544,000.00

294. We observed that as at 31 December 2012, the Polytechnic incurred expenditure amounting to GH¢2,544,000.00 in relation to four projects from the School’s Internally Generated Funds (IGF), awaiting reimbursement from the Ghana Education Trust Fund (GETFund). Details are provided in the Table 6 below.
Table 6: Disbursements awaiting GETFund reimbursement

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Contractor</th>
<th>Apvd. budget (GH¢)</th>
<th>Proj. Cost (GH¢)</th>
<th>Amt. Spent (Owings by GETFund (GH¢)</th>
<th>Total Amt to be rec’d from GETFund (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Const. of Rector’s Residence</td>
<td>MAK Project</td>
<td>600,000.00</td>
<td>580,000.00</td>
<td>357,000.00</td>
<td>580,000.00</td>
</tr>
<tr>
<td>Const. of Clinic - Phase 2</td>
<td>C.K.A. Ventures</td>
<td>500,000.00</td>
<td>480,000.00</td>
<td>480,000.00</td>
<td>480,000.00</td>
</tr>
<tr>
<td>Generating Plant</td>
<td>Elkhart Ent.</td>
<td>136,000.00</td>
<td>136,000.00</td>
<td>99,130.00</td>
<td>136,000.00</td>
</tr>
<tr>
<td>Ren. of Flats at Pine Avenue</td>
<td>C.K.A. Ventures</td>
<td>148,000.00</td>
<td>148,000.00</td>
<td>26,000.00</td>
<td>148,000.00</td>
</tr>
<tr>
<td>Const. of Jnr. Flats at Adako Jachie</td>
<td>CONSAR Ltd.</td>
<td>1,200,000.00</td>
<td>1,200,000.00</td>
<td>-</td>
<td>1,200,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2,584,000.00</strong></td>
<td><strong>2,544,000.00</strong></td>
<td><strong>962,130.00</strong></td>
<td><strong>2,544,000.00</strong></td>
</tr>
</tbody>
</table>

295. The amount was outstanding as a result of delays and inadequate release of funds from GETFund. The misapplied IGF, if not refunded would affect the Polytechnic in the implementation of its programmes as the expenditure was not included in its budgetary estimates.

296. Management accepted our recommendation to send a reminder to GETFund for reimbursement.

**Song Tech contribution to joint venture not known**

297. Kumasi Polytechnic entered into a Joint Venture agreement with Song Tech to assemble and sell electronic products. According to the Joint Venture agreement, Kumasi Polytechnic shall hold 40% whilst Song Tech holds the remaining 60% shares in a company known as K-PST. Management could not provide the total shares value and it was not provided in the agreement.

298. Our examination of records disclosed that Kumasi Polytechnic transferred an amount of GH¢1,084,334.18 from its IGF to Song Tech’s bank account and additionally paid GH¢320,747.00 as compensation to occupiers of the land acquired for the company.

299. Management could not assign any reason for the transfer of funds to Song Tech instead of the bank account of K-PST, the Joint Company. Management could also not
furnish us with any evidence on the total contribution made by each partner towards the formation of the company. We were of the view that the transaction was not transparent and there was a high risk of the Polytechnic not obtaining value for money from the investment.

300. We noted further that management entered into the joint venture agreement without any technical advice and approval from the appropriate institutions. Consequently, at its 80th regular meeting of Council held on 28 March 2012, members raised issues on the agreement, stating that there was the need for approval to be sought from the Ministry of Education and Attorney-General’s Department.

301. For optimum returns on investment and to prevent losses, we recommended that in future, management should seek the necessary guidance and approval before committing funds. We also urged management to regularize the transaction and ensure that both parties go strictly according to the agreement for the required benefit to be obtained.

302. Management in response stated that it had engaged the services of an external auditing firm to ascertain the contribution of both parties.

No Government approval for the acquisition of land at Kuntanase - GH¢319,247.00

303. Section 3 of the Polytechnics Act, 2007 (Act 745) provides that, “Where the Council of a Polytechnic has resolved and the Government has agreed that an acquisition of land or a right over land is necessary for that Polytechnic, the property or land may be acquired under the State Property and Contracts Act, 1960, (C.A.6) or the State Lands Act, 1962, (Act 125)”.

304. Contrary to the above stated provision of the Act, we noted that the Polytechnic acquired land and paid compensation to the Kuntanase Traditional Council and Lands Commission (Survey and Mapping) to the tune of GH¢319,247.00 and GH¢1,500.00 respectively without Government’s authorisation.

305. Failure to seek approval from the Ministry of Education (Government) may render the Ministry defenseless in case of any dispute on the land.
306. To forestall sanity and guard against any unforeseen circumstances, we advised management to seek approval from government (Ministry of Education) for subsequent acquisitions of land. Meanwhile, efforts should be made to rectify earlier acquisitions.

307. Management responded that the acquisition of the land was in the preliminary stage and approval is being sought before further payments are made.

**Payment of inappropriate advances to contractors - GH¢141,691.16**

308. Section 122(1) of the FAR, 2004; (L.I. 1802) stipulates that an advance shall not be made to a contractor except in accordance with the terms of the contract signed between the government and the contractor.

309. We noted on the contrary that even though the contract data did not provide for advance payment, management paid advances/mobilizations to two contractors totaling GH¢141,691.16 for three projects they were undertaking. We observed that the contractors were not made to provide bank guarantee to secure the funds in the event of non-performance.

310. Management’s failure to adhere to the provisions contained in the contract documents could result in the non-achievement of set targets as budgeted activities would be deprived of funds.

311. We recommended that, henceforth, management should endeavor to follow the dictates of contracts entered into in order to avoid undue financial constraints.

312. Management maintained that the mobilization paid to the contractors was part of the contract agreement though this was not stated in the agreement.

**Arbitrary approval of variation by ETC - GH¢113,370.56**

313. In contravention of Section 87(1) of the PPA, the Entity Tender Committee approved a variation request by MAK Project to vary the contract sum of GH¢340,224 by 33% or GH¢113,370.56 on the Extension of the 4-Storey Block of Lecture Rooms and Offices.

314. The import of Section 87(1) is that since the variation exceeded 10% of the original contract price, its approval should have been done by the PPB, MTRB and RTRB, but not the ETC.
315. The anomaly was caused by the intentional disregard of Section 87(1) of the PPA.

316. The effect is that more money was spent to undertake an unapproved activity. We noted that these additional resources could have been used to undertake a new project to the benefit of the Polytechnic.

317. We recommended and management accepted to ensure that procurement procedures would strictly be followed in approving successive variation or the responsible officials would be surcharged.

Pool vehicle No. GV 18 X involved in an accident

318. Article 3(AIV) of Kumasi Polytechnic transportation policy provides among others that, the use of the Polytechnic vehicles for official purposes by students and staff to a destination outside Kumasi shall have the prior approval of the Rector or any officer acting on his behalf.

319. Contrary to the above article, we noted that Dr Anthony Osei-Twumasi, Dean of Engineering Department was involved in an accident with vehicle No. GV18X on 25 December 2012. Our review revealed that, the Dean did not seek approval for the use of the vehicle. Furthermore, the vehicle, which was one of the pool vehicles was not assigned to Dr Osei-Twumasi. As at the time of our audit, the vehicle had not been repaired.

320. Dr. Anthony Osei-Twumasi did not adhere to the Polytechnic transportation policy which has resulted in this inconvenience. His action denied the Polytechnic the benefit of the vehicle during the time that it has been off the road.

321. We recommended and management agreed to surcharge the cost of repairs against Dr. Anthony Osei-Twumasi.

Terminal period for Heads of Departments

322. For personnel engaged in particular positions to give off their best and accumulate experience on the job for the Organization to benefit from, they should be assured of a permanent long period of service.
323. The Polytechnic Council has been mandated by the Statutes of the Polytechnic to appoint officers to head administrative positions such as Director of Finance, Librarian, Director of Internal Audit and others for a terminal period of four years. They may upon an application be eligible for re-appointment for another term of four years only, provided that no part of the second term enters their compulsory retirement age.

324. In our opinion, the terminal provision does not give the officers a guaranteed working life for them to give off their best. The Polytechnic would also not benefit from the experience acquired over the period. Young people with the requisite qualifications and experience would not like to take up such positions.

325. Also, the officers are vulnerable and cannot act professionally in the performance of their duties for fear that their appointment may not be renewed.

326. We recommended that, Council should amend the Statutes to enable officers appointed to such positions have the assurance of long service for the Polytechnic to continue to benefit from their experience.

327. Management stated that the Polytechnic Statutes are currently being revised and Council will be informed to take appropriate action.

Absence of a Chancellor

328. Section 16(1) of the Kumasi Polytechnic Statutes requires that, "There shall be a Chancellor of the Polytechnic, who shall be appointed by the Council, as provided by Section 22 of the Act, to perform functions prescribed under Section 22(2) of the Act."

329. Our review of the structure of Kumasi Polytechnic revealed that the school did not have a Chancellor contrary to the above provision. The absence of a Chancellor denied the Polytechnic the needed contribution that could enhance the policies and decision making of the Polytechnic.

330. The omission persisted as a result of the failure of Council to adhere to Section 16(1) of the Statutes.

331. We recommended that the Council should make the necessary effort to appoint a Chancellor to help in decision making of the Polytechnic.

332. Management accepted our recommendation and said Council would be informed to take appropriate action.
333. This report relates to the audited accounts of the Sunyani Polytechnic for the period 1 January 2012 to 31 December 2012.

Operational results
334. The year 2012 ended with operational surplus of GH¢486,497.74, representing an 88.9% decrease from the previous year’s surplus of GH¢4,382,544.69. The decrease was as a result of the inclusion of 2011 GETFund allocations in the 2011 accounts. The performance indicators for the year are shown in Table 11 below:

Table 11: Income and expenditure statement for 2012

<table>
<thead>
<tr>
<th>Income</th>
<th>2012 GH¢</th>
<th>2011 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt. Subvention</td>
<td>18,082,289.55</td>
<td>6,379,328.88</td>
<td>183.5</td>
</tr>
<tr>
<td>GETFund</td>
<td>-</td>
<td>3,596,245.68</td>
<td>(100.0)</td>
</tr>
<tr>
<td>Internally Generated Funds</td>
<td>3,747,058.94</td>
<td>3,274,515.98</td>
<td>14.4</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>21,829,348.49</strong></td>
<td><strong>13,250,090.54</strong></td>
<td><strong>64.7</strong></td>
</tr>
</tbody>
</table>
Expenditure

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Emoluments</td>
<td>18,037,610.15</td>
<td>6,133,890.38</td>
<td>194.1</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>3,305,240.60</td>
<td>2,733,655.47</td>
<td>20.9</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>21,342,850.75</td>
<td>8,867,545.85</td>
<td>140.7</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>486,497.74</td>
<td>4,382,544.69</td>
<td>(88.9)</td>
</tr>
</tbody>
</table>

335. Total income registered an increase of 64.7%, from GH¢13,250,090.54 in 2011 to GH¢21,829,348.49 in 2012. This was mainly due to the increases in the Government Subvention from GH¢6,379,328.88 in 2011 to GH¢18,082,289.55 in 2012, representing a 183.5% increase.

336. Total Expenditure also went up by 140.7% from GH¢8,867,545.85 in 2011 to GH¢21,342,850.75 in 2012. The major component which accounted for the increase was Personal Emoluments (Single Spine payment), from GH¢6,133,890.38 in 2011 to GH¢18,037,610.15 in 2012, a rise of 194.1%.

Financial position

337. The Institution’s financial position as at 31 December 2012 is shown in table 12;

<table>
<thead>
<tr>
<th>Items</th>
<th>2012 GH¢</th>
<th>2011 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>10,016,169.34</td>
<td>10,203,528.96</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Current Assets</td>
<td>3,848,122.54</td>
<td>3,217,435.18</td>
<td>19.6</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>50,869.58</td>
<td>94,039.58</td>
<td>(45.9)</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>3,797,252.96</td>
<td>3,123,395.60</td>
<td>21.6</td>
</tr>
<tr>
<td>Liquidity ratio</td>
<td>75.6:1</td>
<td>34.2:1</td>
<td></td>
</tr>
</tbody>
</table>

338. Non-Current Assets decreased marginally by GH¢187,359.62 or 1.8% in 2012 mainly due to the depreciation of the assets.

339. Current Assets went up by 19.6%, from GH¢3,217,435.18 in 2011 to GH¢3,797,252.96 in 2012. This arose from the increase in the Accounts Receivable by
381%, from GH¢197,061.18 in 2011 to GH¢ 947,908.58 in 2012. This was as a result of management’s acceptance of 60% school fees in the first semester of 2012. Cash/bank balance however decreased by 3.9%, from GH¢ 3,020,374.00 in 2011 to GH¢ 2,908,198.76 in 2012.


341. The Liquidity ratio as measured by a current ratio of 75.6:1 in 2012 and 34.2:1 in 2011 financial years indicates the ability of the school to meet its short term debts as and when they fall due.

Management issues

Internally Generated Funds not banked - GH¢5,207.00

342. We noted during our review that a total amount of GH¢5,207.00 collected within the audit period were not banked. The anomaly which could lead to loss of revenue was as a result of the Account officer’s failure to supervise the work of the cashiers and ensuring that collections were banked within 24 hours contrary to Regulation 15(1) of FAR 2004, coupled with lack of proper internal checks over revenue collections.

343. We recommended that the cashiers refund the unbanked collections without delay. We also advised that management should effectively supervise the work of the cashiers to ensure that all monies collected are paid in gross into the appropriate bank account within 24 hours.

344. Management responded that the monies were banked in January 2013 at Zenith instead of Commercial Bank. Our follow-up revealed that an amount of GH¢1,807.64 was banked leaving GH¢3,399.36 which was allegedly set off as overpayments certified by the Internal Auditor.

Default in refunds of double salaries - GH¢82,883.20

345. Paragraph 6 of the Polytechnic’s appointment states that “the appointment is full-time and additional remuneration for activities outside its scope may be accepted only with the prior permission of the Rector”.
346. Notwithstanding the clause stated above, we observed that Mr. Luke Ojo and Mr. Kumaste Senyo who were full time lecturers at the Polytechnic, were also lecturing at the Catholic University College of Ghana, Fiapre and Wesley College in Kumasi without approval from 1 September 2010 to 30 August 2012 and 1 September 2010 to 1 January 2012 respectively. As a result, Mr. Luke Ojo received extra remuneration totaling GH¢37,333.59 and Mr. Kumaste Senyo also received GH¢23,655.44 as double salary for the periods stated.

347. Mr. Kumaste was dismissed from the Polytechnic in January 2012 when investigations revealed the violation of his terms of engagement. His name however went off the payroll in July 2012 resulting in unearned salaries of GH¢21,894.17 paid him.

348. There was no documentary evidence showing that the lecturers had either refunded or were refunding the monies, even though management had written to them to refund the unlawful payments.

349. We attributed this anomaly to management’s irregular monitoring of the lecturers activities which could lead to the loss of GH¢82,883.20 to the state.

350. We recommended to management to pursue the refund of the monies as early as possible, or the issue should be handed over to the Police since it was an offence.

351. Management indicated that the matter had been with the Police and GH¢30,000.00 had been supposedly recovered by the Police.

**Project inspection - deficiencies in the state of the institution’s assets - GETFund hostel**

352. Our inspection on the GETFund hostel revealed that, the Institute had contracted Public Works Department to renovate the hostel. We noted also that the contractor had provided one poly tank, 8 of the windows and the mosquito nets. 12 wooden doors were on site, yet to be fixed. Although, the estate officer informed us that the work was ongoing, we did not meet any contractor on site during our visit.

353. All efforts made to obtain a copy of the contract agreement to ascertain the detailed work to be executed by the contractor proved futile. The Estate Officer explained that the Estate Department was not involved in the award of the contract and that no assessment was carried out to see the extent of works needed to be carried
out at the hostel, but he was aware that the contractor had been asked to identify the defects and replace them for payment.

354. We again noted that the school had provided two poly tanks to the hostel, although the renovation works is being undertaken by Public Works Department.

355. In another development, our visit to the Rector’s new bungalow revealed that, the bungalow which was completed since 2008 was unoccupied. The Estate Officer explained that the place had been abandoned because the VRA had installed high tension cables near the building, posing danger for permanent habitation.

356. Due to the situation we noted that the building is in a deplorable state. Most of the T&J ceiling was damaged beyond repairs; water closets, handwashing basin and other items including the air condition were not working. According to the Estate Officer, the compressor for the air condition has been stolen.

357. We attributed the situation to the neglect and improper functioning of the Estate Department.

358. We recommended that management allows Estate Department to take full charge of the projects and also ensure that funds are made available for all renovation and repair works of the school’s assets to avoid any further deterioration. We also advise that the Institution liaises with VRA for an amicable remedy to this situation.

359. Management promised to ensure that the hostel renovation works is completed as early as possible and letters had been written to the EPA and VRA for the possible use of the building as a guest house.
360. This report is in relation to the audited accounts of the Takoradi Polytechnic for the two year period ended 31 December 2012.

Operational Results
361. The Polytechnic recorded a surplus of GH¢171,043.02 to close the 2012 financial year. This represents 86.0% drop in the surplus of GH¢1,219,484.51 attained in 2011. Table 14 summarises the Polytechnic performances for the year ended 31 December 2012.

Table 14: Income statement for 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Incomes:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Subventions</td>
<td>33,993,714.12</td>
<td>12,677,294.26</td>
<td>168.1</td>
</tr>
<tr>
<td>School Fees</td>
<td>5,207,057.16</td>
<td>4,091,532.23</td>
<td>27.3</td>
</tr>
<tr>
<td>Other IGFs</td>
<td>1,218,904.99</td>
<td>1,125,101.16</td>
<td>8.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40,419,676.27</td>
<td>17,893,927.65</td>
<td>125.9</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation for Employees:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Salaries</td>
<td>33,091,363.41</td>
<td>11,449,106.58</td>
<td>189.0</td>
</tr>
<tr>
<td>Miscellaneous Allowances</td>
<td>981,120.67</td>
<td>750,140.70</td>
<td>30.8</td>
</tr>
<tr>
<td><strong>Total employee compensation and salary related allowance</strong></td>
<td>34,072,484.08</td>
<td>12,199,247.28</td>
<td>179.3</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>6,176,149.17</td>
<td>4,475,195.86</td>
<td>38.0</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>40,248,633.25</td>
<td>16,674,443.14</td>
<td>141.4</td>
</tr>
<tr>
<td><strong>Income Surplus</strong></td>
<td>171,043.02</td>
<td>1,219,484.51</td>
<td>(86.0)</td>
</tr>
</tbody>
</table>
362. Total income for the year rose by GH¢22,525,748.62 or 125.9% from a previous year figure of GH¢17,893,927.65 to GH¢40,419,676.27 in 2012. The upsurge was due to the significant increase (GH¢21,316,419.86 or 168.1 %) in subvention received in 2012, which in turn was attributable to the migration of the Senior Staff members of the Polytechnic onto the Single Spine Salary structure in 2012.

363. School fees which consist of fees from Regular Students, Evening School Students, Non-Tertiary Students and Access Students accounted for 12.9% of total income for 2012. This recorded a rise of 27.3% over the 2011 figure.

364. Other IGF which comprises fees from the sale of admission forms, use of Residential Facilities, GETFund Hostel, Students’ Services, and Interest on short term investments among others rose marginally by 8.3%. The marginal rise can be attributed mainly to the fall in revenues from Students’ services, use of Polytechnic facilities and GETFund hostel.

365. Total Expenditure of the Polytechnic rose by GH¢ 23,574,190.11 or 141.4% from 2011 to 2012. Total Personnel cost for the year was GH¢34,072,484.08 from a prior year figure of GH¢12,199,247.28 representing an increase of GH¢21,873,236.80 or 179.3%. The upsurge in Personnel cost was as a result of a 189.0% rise in the salaries of the staff due to their migration onto the Single Spine Salary Structure.

366. Miscellaneous allowances which include expenditures relating to the payment of allowances to the Evening and Non-Tertiary School lecturers, Invigilation and Industrial supervision also increased in 2012 by GH¢230,979.97 or 30.8% on the preceding year figure of GH¢750,140.70. This was attributed to the rise in the number of students who enrolled on the programmes.

367. The expenditure on Goods and Services represented by travelling / transport, maintenance and general expenses rose by GH¢1,700,953.31 or 38.0% from GH¢4,475,195.86 in 2011 to GH¢6,176,149.17 in 2012. This was mainly due to increases in expenses on maintenance of school building, student’s hostel and residential building. Also accounting mainly for this rise are increases in expenses on travelling allowances, running cost of official vehicles, electricity charges and printing/stationery.
Financial Position

368. Shown in table 15 is the financial position of the polytechnic as at 31 December 2012.

Table 15: Statement of financial position

<table>
<thead>
<tr>
<th>Non-Current Assets</th>
<th>2012 (GH¢)</th>
<th>2011 (GH¢)</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant &amp; Equipment</td>
<td>2,781,677.49</td>
<td>2,735,255.15</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Current Assets

<table>
<thead>
<tr>
<th></th>
<th>2012 (GH¢)</th>
<th>2011 (GH¢)</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors-Staff</td>
<td>198,176.36</td>
<td>229,081.85</td>
<td>(13.5)</td>
</tr>
<tr>
<td>Bank / Cash Balances</td>
<td>1,035,459.83</td>
<td>1,146,513.42</td>
<td>(9.7)</td>
</tr>
<tr>
<td></td>
<td>1,233,636.19</td>
<td>1,375,595.27</td>
<td>(10.3)</td>
</tr>
<tr>
<td>Total Assets</td>
<td>4,015,313.68</td>
<td>4,110,850.42</td>
<td>(2.3)</td>
</tr>
</tbody>
</table>

Current Liabilities

| Creditors - Goods & Services | 214,982.24 | 481,562.00 | (55.4) |

Net Assets

| Net Assets | 3,800,331.44 | 3,629,288.42 | 4.7    |

369. Property, plant and equipment witnessed a marginal increase of GH¢46,422.35 or 1.7%. Even though there were GH¢ 578,061.17 investments in non-current assets during the period, this was almost overturned by the depreciation charged for the year of GH¢ 531,638.83.

370. Total current assets which stood at GH¢1,3175,595.27 at the year end of 2011 reduced by GH¢141,959.08 or 10.3% to GH¢1,233,636.19 at the close of 2012.

371. Current liabilities reduced from 2011 to 2012 by GH¢266,579.76 or 55.4% following payments to Nana Boxxa IX for acquisition of land.

372. The liquidity position of the polytechnic as measured by a current ratio of 5.7:1 as at the year end of 2012 (2011:2.9:1) is an indication of the polytechnic’s ability to meet its short-term obligations.

Management issues

IGF Expenditures without approved budget: GH¢19,382,546.28

373. Regulation 160 (3) of the FAR, 2004 states that “any agency that has legislative approval to retain and utilize portions of its Internally Generated Fund shall programme the use of that Fund as part of its expenditure budget.”
374. Contrary to the provision of the FAR stated above, the Polytechnic made payments amounting to GH¢19,382,546.28 from its Internally Generated Funds without Parliamentary approval. Disbursements without approved budget could lead to unnecessary and excessive expenditures.

375. We recommended that management should take steps to incorporate the Institution’s IGF in its annual estimates for Parliamentary approval before disbursements.

376. Management explained that yearly budgets were forwarded to the National Council for Tertiary Education (NCTE) for onward submission to the Ministry and that it would find out from the NCTE why the IGF budget was always left out from the main Government budgetary allocation to the Ministry.

**Failure to withhold taxes on allowances - GH¢178,759.17**

377. During our audit, we noted that in contravention of Section 81 of the Internal Revenue (Amendment) Act, 2006 (Act 710), from the 2008 to 2010 years of assessment, the Polytechnic failed to deduct 10% tax from some allowances paid to its staff members until 2011 when a tax audit was conducted by the Domestic Tax Revenue Division (DTRD) of the Ghana Revenue Authority (GRA) into the Polytechnic’s activities.

378. Our audit further revealed that the total tax liability per the DTRD audit was GH¢178,759.17, including 30% penalty in line with Section 143 of Act 710.

379. The practice of tax evasion, which could adversely affect the corporate image of the Polytechnic, occurred as a result of dereliction of duty by the Finance department.

380. In order not to damage the corporate image of the Polytechnic, we advised that the governing Council of the Polytechnic should step up its supervisory role over management to forestall future occurrence. We also recommended that any officer whose inaction resulted in this and future losses should be sanctioned.

381. Management explained that the situation occurred because the Institution, at the time, did not see the allowance as taxable and assured that control measures had been put in place to ensure its tax obligations are paid in full and on time.
Payments of research, and sitting inducement allowances from IGF without financial clearance - GH¢1,003,709.31
382. Our review revealed that during the 2011 financial year, management paid a total of GH¢342,000.00 to some staff members as research and inducement allowances without financial clearance from the Minister for Finance and Economic Planning and without an approved budget. This payment was different from the book and research allowances which were also paid to the staff.

383. Additionally, the Polytechnic paid quarterly and sitting allowances to the governing Council but failed to obtain financial clearance from the Minister for Finance. During the years reviewed, a total of GH¢661,709.31 was spent on the activities of the Council.

384. Furthermore, management had been paying some other benefits such as end of service benefits, invigilation allowances, and industrial supervision allowances from its IGF and without financial clearance.

385. The practice which constitutes financial indiscipline occurred because of the enormous IGF at the disposal of the Polytechnic.

386. We recommended that management should stop using its IGF on the payments of such allowances, as this violates the Retention Act of 2007, Act 753. We also recommended that management should always seek financial clearance from the Ministry of Finance for the payment of allowances and other benefits, as the governing Council is not the final authority on financial matters.

387. Management asserted that the approval for the payment came from the Minister for Education and provided the letter in support of the payments.

388. We were, however, of the opinion that the sector Ministry ought to have obtained financial clearance from the Minister for Finance before the payments. Without the financial clearance from the Minister for Finance, the payment was deemed inconsistent with the Financial Administration Act.

Failure to refund excess personnel emoluments into the Consolidated Fund- GH¢59,344.38
389. Section 292(1d) of the FAR states that every head of department shall keep records of all personnel emolument of staff employed in the department, in a form that ensures that authorised establishments are not exceeded.
390. Our review of the personnel emolument warrants showed that from January to May 2011 the Polytechnic received a total of GH¢3,093,688.09 from the National Council for Tertiary Education but paid GH¢3,034,343.71 as staff salaries for the same period resulting in an excess of GH¢59,344.38.

391. The deliberate effort that the account office made to mislead the Controller and Accountant-General with incorrect inputs on staff salaries resulted in the excess receipts. It must be recalled that the Polytechnic was cited for a similar offence in the 2010 Auditor-General’s report to Parliament.

392. We recommended and management agreed to refund the amount of GH¢59,344.38 into the Consolidated Fund without delay.

**Unearned salaries - GH¢34,236.87**

393. Regulation 297 of the FAR enjoins a head of department to immediately stop the payment of salary to a public officer who, resigned or retired, dies or absents himself from duty without leave or reasonable cause for a period as stipulated in the administration regulations of the establishment.

394. Our audit disclosed that 14 staff members who either resigned or went on retirement enjoyed a total unearned salary of GH¢34,236.87 until their names were deleted from the payroll. Even though management informed the Controller and Accountant-General of the separation, the Controller failed to promptly delete the affected staff names from the government payroll.

395. Management responded that in the case of Mrs. Agnes Owusu-Akyaw, it had recovered and paid the amount involved to government chest. We however did not sight any evidence to collaborate management’s assertion. It was further explained that those who had salary arrears with the Controller and Accountant General’s Department would suffer deductions of the total amount of unearned salary paid to them.

396. We urged management to pursue vigorously the recovery of the GH¢34,236.87 and inform our office for verification.

**Foreign travel costs-GH¢304,041.82**

397. During the period under consideration, GH¢304,041.82 was spent on foreign travels undertaken by the Rector, other senior management staff and some lecturers.
We were of the view that the amount was rather on the high side considering the fact that in 2010, 2011 and 2012 Parliament approved only GH¢7,140 for foreign travels.

398. In our opinion the exclusion of the Polytechnic’s IGF in its budget preparation to Parliament as mentioned earlier in preceding paragraph of this report accounted for the anomaly.

399. In a further development, available information on the travels was however inadequate as in some cases, we did not find the letters of invitation and authorisation/approval of the travels by the governing Council. If the practice continues unchecked, the Polytechnic might be denied funds to undertake major projects for the students.

400. Management accepted our recommendation to exercise stricter control over its spending and stick to the budget approved by Parliament.

**Failure to recover advances from contractors-GH¢155,325.69**

401. Regulation 104 (c) of the FAR, 2004 states 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.”

402. In spite of this regulation, management failed to recover a total of GH¢65,325.69 advanced to the under mentioned contractors who were undertaking various projects for the Polytechnic.

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Amount advanced GH¢</th>
<th>Amount refunded GH¢</th>
<th>Balance GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>AkaidooEnt.</td>
<td>31,121.80</td>
<td>10,000</td>
<td>21,121.80</td>
</tr>
<tr>
<td>Donajos Ltd.</td>
<td>117,135.05</td>
<td>89,999.55</td>
<td>27,135.50</td>
</tr>
<tr>
<td>Jobeak Ltd</td>
<td>32,068.29</td>
<td>14,999.90</td>
<td>17,068.39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>180,325.14</strong></td>
<td><strong>114,999.45</strong></td>
<td><strong>65,325.69</strong></td>
</tr>
</tbody>
</table>

403. According to the former Finance Director, the moneys were advanced to these contractors with the understanding that they would be deducted from the final payments to them. The contracts were however terminated because of the slow progress of their work but without following any legal procedure.
404. Our validation of the financial statements for the period, however, indicated that management had written off the amount of GH¢65,325.69 into the income statement as bad debt instead of taking steps to recover the amounts from the contractors. The former Finance Director explained that the decision to write off the debt was taken by the Finance Committee of the Council.

405. The failure of management to follow due process in terminating the contracts coupled with the inability to take steps to recover the advances from the contractors resulted in this state of affairs. Additionally, Section 12 of the Financial Administration Act, 2003 makes deletion from accounts the sole prerogative of the Ministry of Finance, subject to the approval of Parliament.

406. Furthermore, moneys advanced to the following contractors in 2011 had also not been recovered by management:

<table>
<thead>
<tr>
<th>Contracts</th>
<th>Details</th>
<th>GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>TA Av Electrical Works</td>
<td>Supply of transformer</td>
<td>40,000.00</td>
</tr>
<tr>
<td>Ofkos Company Ltd</td>
<td>Landscaping</td>
<td>50,000.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>90,000.00</td>
</tr>
</tbody>
</table>

407. We recommended that management should reinstate the amount of GH¢65,325.69 in the financial statements and, as a matter of urgency, initiate steps to recover the total advance of GH¢155,325.69 from the five contractors, failing which the officers who advanced the moneys or terminated the contracts should be surcharged with the amount of GH¢155,325.69 at the prevailing interest.

408. In respect of TA Av Electrical Works and Ofkos Company Limited, management explained that the advances were given to the contractors to help them complete the School of Applied Art’s lecture hall buildings on time for students to use at the beginning of the academic year but, to date, the contractors had not received payment from GETFund to enable them refund the advances management had granted them.

**Lack of valuation report on property purchased - GH¢1,140,000**

409. Best management practices require that any Public Institution that wishes to acquire property should engage competent valuers from the Land Valuation Division.
of the Lands Commission to assess and value the property so as to enhance fair pricing.

410. We noted that the Polytechnic acquired 150 acres of land at Akatakyi costing GH¢1,140,000 for the development of a satellite campus but failed to engage valuers to professionally assess the value of the property before purchase.

411. The reasonableness of the price paid for the acquisition was, therefore, in doubt as there was no assurance that the transactions were done with due regard for value for money. We also noted that, though the Governing Council approved the transaction, we did not sight any correspondence seeking approval from the Ministerial Tender Review Board, as the cost of the property was above the threshold of the Entity Tender Committee.

412. We recommended that, in future, similar acquisitions should be referred to the sector Ministry for concurrent approval. We also advised that the Polytechnic should engage the office of the Land Valuation Division to carry out a valuation exercise before future acquisitions are made.

413. Management agreed with our recommendation but added that it had carried out a valuation of the land after its purchase.

Renovation of GETFund hostel - GH¢95,591.48

414. Our review of the payment vouchers revealed that in 2012, management made a total payment of GH¢95,591.48 to Mike-Run on Time Engineering for the renovation of the GETFund Hostel. When requested, the Procurement Unit failed to produce for audit the procurement documents relating to the contract. As a result, we were not able to form an opinion on whether the transaction was carried out in line with the Public Procurement Act, 2003 (Act 663).

415. Even though management later presented some documents to us, the documents did not include any evidence that the procurement process was followed in awarding the contract. The document provided by management was only a memo from the Development Officer to the Rector that the contractor should be paid because work had been completed.

416. We were of the opinion that Run on Time Engineering was sole sourced to execute the contract without the approval of the Public Procurement Board.
417. We recommended that management should adhere to the relevant dictates in the PPA in its subsequent procurement dealings in order to achieve value for money.

**Procurements without national competitive tendering - GH¢108,330.45**

418. Schedule 3 of the Public Procurement Act, 2003 (Act 663) requires entities to procure goods using national competitive tendering method where the value of the goods is more than GH¢20,000 and up to GH¢200,000. Section 47 of the same Act also requires every Procurement Entity to publish such procurements in at least two newspapers of wide national circulation.

419. We noted that management did not advertise the procurement of the under listed items amounting to GH¢108,330.45 in the national newspapers or in the procurement bulletin. The details are provided in Table 16.

**Table 16: Procurements not advertised**

<table>
<thead>
<tr>
<th>Date</th>
<th>Payee</th>
<th>Description</th>
<th>Cheque</th>
<th>GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/ 7/ 2012</td>
<td>Kingdesco Company Ltd</td>
<td>Award of contract for the supply of office equipment</td>
<td>39173</td>
<td>58,330.45</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and furniture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20/ 6/ 2011</td>
<td>O -G Associates Ltd</td>
<td>Cost of interactive equipment supplied</td>
<td>555064</td>
<td>50,000.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>108,330.45</td>
</tr>
</tbody>
</table>

420. We also observed that management obtained price quotations instead of using the national competitive tendering method as required by law. This, in our view was done intentionally to avoid competitive procurement, in complete disregard of the law.

421. The practice could lead to lack of fairness and transparency. Also, value for money could be compromised.

422. We recommended that management should adhere strictly to the procurement law. Additionally, we advised the governing Council to step up its supervisory role over management.

423. Management responded that these procurement assignments were done under emergency situations but added that the recommendations had been received in good faith for immediate compliance.
424. We noted that management in 2011 awarded a contract to Premium African Textiles to supply 1,300 cloth worth GH¢75,400.00 using the single source procurement method without approval from the Public Procurement Board in contravention of Section 40 (1.a) of the Public Procurement Act.

425. Management’s failure to comply with the procurement law resulted in the anomaly which would not secure fair and competitive price for the purchase made. We consequently, urged management to comply with the provisions in the PPA.

426. Though management accepted our recommendation it explained without documentary evidence that the procurement of the Polytechnic cloth started in 2003 and it was cheaper to deal with the same company since it had the logo and the pattern of the Polytechnic.

427. Management’s position that it had an existing agreement with the company for the yearly supply is however inconsistent with the PPA, as the Act states that any renewal or additional supply must gain the approval of the Public Procurement Board.

Procurement orders divided into lots

428. Contrary to Section 21(5) of Act 663, our audit revealed that in 2012, the Polytechnic awarded a contract valued GH¢54,050.00 to Cornerstone Printing Press Limited for the supply of answer booklets by dividing the contract into three orders. Similarly, management awarded a contract to Value for Money Limited worth GH¢49,646 for the supply of air conditioners but divided the contracts into four parts.

429. The practice which was a breach of the Procurement Act was as a result of improper procurement planning and a breakdown of procurement procedures.

430. We indicated that buying items in piecemeal was not economical and did not promote competitiveness, transparency and value for money. As such, we recommended that management should operate fairly within the dictates of the PPA.

431. Management attributed the lapse to financial constraints which made it to procure items on semester by semester basis instead of the academic year.
432. This report relates to the audited accounts of the Tamale Polytechnic for the period 1 January 2010 to 31 December 2012.

**Operational results**

433. Total income registered an increase of 142.4% from GH₵8,522,085.07 in 2011 to GH₵20,654,886.32 in 2012. Government Subvention which continued to be the main source of income increased by 167.3% from GH₵6,182,349.89 in 2011 to GH₵16,525,756.46 in 2012. The high increase in Government Subvention was as a result of 192.1% rise in personnel emoluments due to the introduction of single spine salaries and the recruitment of 106 additional staff in 2012.

434. Internally Generated Funds (IGF) also increased by 76.5% from GH₵2,339,735.18 in 2011 to GH₵4,129,129.86 in 2012. The increase was as a result of the introduction of a new approved programme in 2012. Table 16 shows the performance indicators:
Table 16: Income and expenditure for the year ended 31 December 2012

<table>
<thead>
<tr>
<th>Income</th>
<th>2012 GH¢</th>
<th>2011 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Subvention</td>
<td>16,525,756.46</td>
<td>6,182,349.89</td>
<td>167.3</td>
</tr>
<tr>
<td>Internally Generated Fund</td>
<td>4,129,129.86</td>
<td>2,339,735.18</td>
<td>76.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,654,886.32</strong></td>
<td><strong>8,522,085.07</strong></td>
<td><strong>142.4</strong></td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Emoluments/Compensation of Employees</td>
<td>17,210,936.91</td>
<td>5,892,934.89</td>
<td>192.1</td>
</tr>
<tr>
<td>Use of Goods &amp; Services (Adm. &amp; Service)</td>
<td>1,736,033.97</td>
<td>2,178,398.62</td>
<td>(20.3)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,946,970.88</strong></td>
<td><strong>8,071,333.51</strong></td>
<td><strong>134.7</strong></td>
</tr>
<tr>
<td>Surplus/deficit</td>
<td>1,707,915.44</td>
<td>450,751.56</td>
<td>278.9</td>
</tr>
</tbody>
</table>

435. Expenditure incurred in 2012 totaled GH¢18,946,970.88 as against GH¢8,071,333.51 in the previous year; an increase of 134.7%. The expenditure component included Personnel Emoluments which rose from GH¢5,892,934.89 in 2011 to GH¢17,210,936.91 in 2012, an increase of 192.1% due to salary increases and engagement of additional staff.

436. Goods and Services on the other hand decreased significantly from GH¢2,178,398.62 in 2011 to GH¢1,736,033.97 in 2012, a decrease of 20.3% due to a fall in the Goods and services component of the Government of Ghana Subvention received in 2012.

437. Operational Surplus of GH¢1,707,915.44 was realized during the year, compared with GH¢450,751.56 recorded in the previous year, an increase of 278.9%.

**Financial Position**

438. The Institute’s non-current assets registered GH¢1,179,121.33 in 2011 compared with GH¢1,002,089.30 in 2012, a growth of 17.7%. The increase was as a result of the procurement of Machinery & equipment and other assets in 2012. Also, a 10 acre land which was acquired at Dimale, a suburb of Tamale and earmarked for the building of lecturers’ residence was paid for in 2012.

439. Current assets of the Institute increased by GH¢1,588,790.87 or 71.2%. This was mainly due to new investments in 2012.
440. Current liabilities of the Institute for 2012 stood at GH¢57,907.46. This was payments due to suppliers, panel enterprise and allowances for M. Tijani a staff. No outstanding obligation was recorded in 2011.

441. Liquidity outlook as portrayed by a current ratio of 66:1 in 2012 shows that the Institution can meet its debt obligations when they fall due.

**Management issues**

**Failure to obtain official receipt from a statutory department**

442. We noted that two payments made to the Survey and Mapping Division of Lands Commission in 2011 totaling GH¢10,350.00 have not been acquitted with official receipts contrary to best cash management practice.

443. The anomaly was due to inability of the finance office to demand an official receipt. Funds disbursed to beneficiary organization may not be accounted for in their books of account, as no official receipt has been issued. The anomaly can also lead to loss of revenue to government.

444. Management said it has taken note of the observation and the Lands Commission has been contacted to correct the anomaly.

445. We recommended that, the finance officer should demand the official receipts from the Survey and Mapping Division of Lands Commission as early as possible to enhance accountability.

**Unearned salaries- GH¢39,566.48**

446. Regulation 297 of L.I. 1802 enjoins a head of department to immediately stop the payment of salary to a public servant, who either resigned or retired, dies or absents himself from duty without leave or reasonable cause for a period as stipulated in the administrative regulations of the establishment.

447. We observed that three staff enjoyed unearned salaries totaling GH¢39,566.48 due to the delay of the Controller and Accountant-General’s Department (C&A-G D) to delete their names from the payroll. It took between seven and 12 months for the deletions to be effected after management had informed the C&A-G D. Management
however failed to inform the banks to stop the affected officers from withdrawing the moneys.

448. Management’s failure to promptly inform all institutions enumerated in FAR 298 partly accounted for the anomaly which could result in the loss of GH¢39,566.48 to the state.

449. We recommended and management agreed that efforts would be made to recover the total amount of GH¢39,566.48, pay same to Government chest and obtain a Treasury Receipt to support the payment.

Delayed work in progress
450. We observed that eight GETFund projects scheduled to be completed between 2011 and 2012 were at various stages of completion during our audit in January 2014. The contract sum for the eight projects was GH¢8,491,652.79 and completed work valued at GH¢4,979,257.77 have been certified and paid, leaving outstanding work at various stages of completion as GH¢3,512,395.02.

451. The setback was as a result of the initiation and commencement of many projects at the same time and the delay by GETFund in payment for certified work can result in cost overruns if not checked.

452. We advised and management agreed to liaise with GETFund to expedite action on payment of certified work to ensure early completion of the projects and avoid cost overruns. We also urged management to prioritise its projects in future.

No title deed for Institute’s lands
453. We noted during a verification exercise that the Polytechnic did not have title to the land on which the school is situated since its inception in 1954 to secure it and as proof of legal ownership. The land is currently being encroached upon by private developers and the school stands the risk of losing portions of its land.

454. Two other parcels of land acquired at Dungu (2 acres at GH¢56,500) and Demale (10 acres at GH¢50,000.00) in 2008 and 2011 for the construction of the Rector’s residence and staff residential flats, respectively, have no title documents.

455. We further observed that 14 vehicles do not have ownership certificates on their file and title documents for 10 vehicles which were made available for
examination were in custody of the transport officer instead of the Registrar. The institution stands the risk of losing the vehicles if documents that give the right of ownership are not obtained and safeguarded.

456. The anomaly was as a result of laxity in obtaining title.

457. According to management, it had initiated action to get the necessary documents for the Polytechnic assets and a cadastral plan has been prepared for the lands.

458. We urged management to expedite action to complete the process in obtaining title to the properties as early as practicable. We also advised management to take necessary steps to have the lands protected or fenced to ward off encroachers and to avoid needless litigation.

**Students debts written off without authority - GH¢209,359.24**

459. Section 12 (1, 2&3) of Financial Administration Act, 2003, Act 654, states that the Minister of Finance may, subject to the approval of Parliament, recommend the deletion from the public accounts or other government accounts, in whole or in part, of any obligation or debt due to the Government or any claim by the Government. According to the FAR, the deletion from the accounts does not constitute a remission of the obligation, debt or claim and does not debar subsequent proceedings for recovery, should the Minister see fit.

460. We noted on the contrary that out of a total students’ debtors figure of GH¢791,348.23 for the 2010/2011 Academic year, which was outstanding as at 31 December 2011, GH¢183,551.14 was written off without the authority of the Minister of Finance, leaving a balance of GH¢ 607,797.09. Management explained that, the written-off debts represented debts owed by some 602 students out of 1,202 students who were admitted and billed for various programmes in 2010/2011 academic year but could not continue their course of study.

461. The anomaly resulted from management’s inability to ensure that students pay their fees up-front on admission and also not making admissions contingent on the full payment of fees.
462. Failure to seek approval before writing off the debts has resulted in the understatement of Student Debtors and surplus for the year.

463. We advised management to seek authority from the Minister of Finance through the Ministry of Education with adequate justification for the write-off or the debts be reinstated and pursued.
464. This report relates to the audited accounts of the Wa Polytechnic for the period 1 January 2011 to 31 December 2012.

Operational results
465. Shown in Table 8 are the Polytechnic’s comparative performance indicators for 2011 and 2010.

Table 8: Income Statement for 2011

<table>
<thead>
<tr>
<th>Income</th>
<th>2011 (G H ¢)</th>
<th>2010 (G H ¢)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Subvention</td>
<td>2,563,486.00</td>
<td>1,761,481.00</td>
<td>45.5</td>
</tr>
<tr>
<td>Other Income</td>
<td>741,373.00</td>
<td>671,699.00</td>
<td>10.4</td>
</tr>
<tr>
<td>Total</td>
<td>3,304,859.00</td>
<td>2,433,180.00</td>
<td>35.8</td>
</tr>
</tbody>
</table>

Expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2011 (G H ¢)</th>
<th>2010 (G H ¢)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal emoluments</td>
<td>2,194,475.42</td>
<td>1,563,293.46</td>
<td>40.4</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>553,864.90</td>
<td>548,376.04</td>
<td>1.0</td>
</tr>
<tr>
<td>Service expenses</td>
<td>571,800.77</td>
<td>423,849.88</td>
<td>34.9</td>
</tr>
<tr>
<td>Total</td>
<td>3,320,141.00</td>
<td>2,535,319.00</td>
<td>30.9</td>
</tr>
</tbody>
</table>

Surplus/ (Deficit)        | (15,282.00)  | (102,139.00) | (8.5)    |
Income

466. Total income increased by GH¢871,679, or 35.8% from GH¢2,433,180.00 in 2010 to GH¢3,304,859 in 2011. Government subvention for personal emoluments as result of which subvention went up, increased by GH¢785,874.03 or 52.8% from GH¢1,488,923.78 in 2010 to GH¢2,274,797.81 in 2011. The increase in personal emoluments was as a result of the migration to the Single Spine Salary Structure in 2011.

467. Government subvention for administration activities however decreased from GH¢33,596.12 in 2010 to GH¢25,235.35 in 2011, a drop of GH¢8,360.77 or 24.9%. Book and Research allowance increased slightly by GH¢22,401.25 or 13.1%, from GH¢170,532.25 to GH¢192,933.50 in 2010 and 2011 respectively.

468. There was a slight increase in GETFund allocation for the period from GH¢68,429.19 in 2010 to GH¢69,619.37, a rise of GH¢1,190.18 or 1.7%. For the year 2011, there was an additional income from scholarship grant of GH¢900.00 from government.

469. Other income in the form of Internally Generated Fund (IGF) rose by GH¢69,674.08 or 10.4%. The rise in IGF was generally due to increases in the following items- school fees of 16.5%, Graduation fees of 5,748% and Re-sit exams fees of 140%.

Expenditure

470. Total expenditure increased by GH¢784,822.00 or 30.9% from GH¢2,535,319.00 to GH¢3,320,141.00.

471. Expenditure on personal emoluments increased by GH¢631,181.96 or 40.4% from GH¢1,563,293.46 to GH¢2,194,475.42, as a result of the single spine salary structure.

472. General administration went up marginally by GH¢5,488.86 or 1.0%, from GH¢548,376.04 in 2010 to GH¢553,864.90 in 2011. The rise in Administration expenses was as result of some additional expenses in the form of students’ group insurance, library expenses, all asset risk insurance among others which were not incurred in 2010.

473. Service expenses rose by GH¢147,950.89 or 34.9% from GH¢423,849.88 in 2010 to GH¢571,800.77 in 2011. This was mainly due to increases in expenditure on
accreditation, transport and travelling, stationery and additional expense on technical and research inducement which was not incurred in 2010.

Net position
474. The total expenditure of the Polytechnic exceeded the income resulting in a deficit of GH¢15,282.00 which had a negative effect on the Accumulated fund.

Financial position
Non-current assets
475. The Polytechnic’s non-current assets in 2011 was GH¢5,859,546.00 compared to GH¢5,935,342.00 in 2010, recording a reduction of GH¢75,796.00 or 1.3%. This was due to depreciation charge.

476. Current Assets, which includes, inventories, receivables, short-term investments and bank balance, rose by GH¢129,114.00 or 18.4%. This was mainly due to increases in Bank balance and Trade Receivables.

477. Liabilities amounted to GH¢112,356.00. This was made up of dues owed to some societies such as POTAG, PAAG etc.

478. The current ratio was 7.4:1 in 2011, compared to 9.8:1 in 2010. The high current ratio gives a strong security for the Polytechnic’s short-term liabilities.

Management issues

Failure to prepare financial statements
479. Section 41(1) of the Financial Administration Act, (FAA) 2003 (Act 654) require heads of organisations to submit the accounts of the department to the Auditor General, within a period of three months after the end of each financial year.

480. Contrary to the above law, the financial statement of 2012 was not prepared and made available for our review during the audit. We attributed this to the failure of Management to exercise its authority on the finance officer to prepare the financial statements as required by regulations and this might not enhance financial decision making.
481. Our recommendation to management to ensure that the 2012 financial statement is prepared and submitted to the Auditor General as soon as possible to enhance financial reporting was accepted by management.

**Failure to prioritise development projects**

482. We noted during our audit that 13 development projects were being undertaken at Wa Polytechnic simultaneously. All of these projects, except one which was re-awarded have gone beyond their estimated completion periods.

483. There had been several revisions of the dates for the completion of the projects. The last date agreed on with the contractors was 11 November 2011. We however noted not even one of these projects has been completed during our audit in January and February 2014.

484. Since all the projects were being funded from the GETFund, good financial management requires that the projects were prioritised, and some completed before the award of others, as required by Regulation 38(1) of the FAR, which states ‘a head of department shall prioritise the department’s activities and ensure that related expenditures are within the budget ceiling’.

485. The delay in completing the projects resulted in the upward review of the contract prices due to fluctuation in material prices resulting in an increase in government’s expenditure on the projects by GH¢1,396,593.54 or 52% on the original contract price.

486. We advised management that since the new completion date agreed with the contractors had elapsed, the contracts of M/S Banguu Ent., Seidu Kutia and Bros., John Doughr Construction Ltd. and Saanbien Ventures who have seemingly abandoned their contract during our site visit should be terminated and re-awarded for quick execution.

487. Management responded that all the projects were deemed to be priority projects at the time of their award. It blamed the delay on the GETFund’s failure to honour certificates of contractors in time to enable them continue their work.

488. Management agreed that the Development Office would discuss with the Project Consultants to issue directives to those contractors who suspended work without reasonable cause to re-enter the sites and complete the projects.
Procurement of goods from non-VAT registered suppliers - GH¢57,231.80

489. Section 30 (2) of the FAA, 2003, (Act 654), requires government departments to procure government stores from only Value Added Tax (VAT) registered suppliers.

490. Our audit showed on the contrary that purchases valued GH¢57,231.80 were procured from non-VAT registered suppliers. This resulted in the loss of VAT/NHIL revenue of GH¢8,584.77 which would have accrued to the state.

491. Management accepted our recommendation and promised that the Procurement Unit will collaborate with Stores and Finance Units to ensure that suppliers submit VAT/NHIL invoices on goods supplied.

Outstanding staff advances - GH¢1,218.03

492. Regulation 110 of the FAR, 2004 (L. I. 1802) stipulates that “A head of department, or the officer to whom the duties of the head of department have been delegated in accordance with regulation 109 (delegation of administering authority), shall ensure that advances issued are duly recovered in accordance with the appropriate agreement”.

493. Our audit however revealed that five separated staff of the Polytechnic still owed a total amount of GH¢1,218.03 in respect of advances granted them.

494. Management failed to ensure that the separated staff redeemed their debt before they parted company with the Polytechnic.

495. Failure on the part of Management to ensure the recovery of advances could negatively impact on the cash flow position of the Polytechnic and result in loss of funds to the Institution.

496. Management accepted our recommendation to write to the defaulting ex-employees to honour their outstanding balances to the Polytechnic.

Failure to withhold 5% tax - GH¢1,054.20

497. We noted that the 5% tax of GH¢272.90 was not withheld on an amount of GH¢5,458.00 paid to Coalition Masters Co. on 15 March 2012 contrary to Section 84 (2) of the Internal Revenue, Act 2000 (Act 592). We also expected that the paying officer should have withheld a total tax of GH¢781.30 on an amount of GH¢15,625.90.
released to the Polytechnic’s sports coach and other staffs to pay to various suppliers for services rendered.

498. The spending officer whose responsibility it was to ensure that the 5% tax was withheld and same paid to the Domestic Tax Revenue Division (DTRD) of the Ghana Revenue Authority failed to do so. Government inflows were therefore adversely affected, which could result in its inability to execute its intended developmental programmes.

499. We recommended and management accepted to ensure the recovery of tax of GH¢1,054.20 from the payees and same paid to the Revenue Authority or the officer who failed to withhold the tax shall be liable to pay the amount to DTRD, as contained in Section 88 (1) of the Internal Revenue Act, 2000 (Act 592).

**Monies not accounted for - GH¢7,496.60**

500. Section 39 (2c) of the FAR, 2004 (L.I. 1802) requires 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.

501. Notwithstanding the above quoted regulation, we noted that some officers failed to account for a total amount of GH¢7,496.60 out of GH¢23,346.30 released to them for various activities/alliances.

502. The Accountant whose responsibility it was to ensure full accountability for the monies released failed to do so. Advances/imprests/payments not fully accounted for create the impression that the amounts were not used for the intended purposes. Additionally unused amounts were likely to be misapplied as the releases were based on estimates.

503. We urged Management to ensure that the payees either account for the amount or this should be adjusted to the personal advance account of the payees in accordance with FAR 281(2).

504. Management accepted our recommendation and promised to ensure that the officers concerned account for the monies released to them.
**Unearned salary - GH¢12,011.49**

505. Our review of the employees’ records showed that Mr. Bog-Gberi Peter, Security Officer Grade II was granted a two year study leave and bonded to serve the Polytechnic for three years after completion of the course in June, 2011. He however, failed to return to post after the course, but continued to draw his salary until September 2012, and as a result received an unearned salary of GH¢10,928.99 and school fees paid on his behalf of GH¢1,082.50, all totaling GH¢12,011.49.

506. We attributed this lapse to the failure of management to study the admission letter which required the employee to be bonded to serve the Ministry of Health after the course, and thus making it impossible for him to serve the two bonds.

507. We recommended that the total amount of GH¢12,011.49 should be recovered from the officer. In the event that Management is unable to recover the amount, the officers who approved the study leave with pay should be held liable.

508. Management accepted our recommendation and has written to the Regional Director of Health Service, Wa and Mr. Bog-Gberi Peter respectively to recover the amount and pay same to Government Chest and remit the advice to the Polytechnic.

**Un-accounted for fuel purchases - GH¢26,592.52**

509. Contrary to Section 1604 and 1605 of Store Regulations 1984, we noted during our audit that even though Wa Polytechnic keeps log books for its vehicles, fuel purchases totalling GH¢26,592.52 were not entered in the log books. There was no instance in which a supervisor signed to confirm the authorisation for the use of the vehicles. We were therefore unable to verify and confirm the efficient use of fuel purchased of GH¢26,592.52 for the period of our audit.

510. The lapse was due to the failure of the Transport Officer to effectively supervise the drivers to make the necessary entries in the Book. This situation can lead to misuse of government vehicles as well as fuel and other lubricants.

511. Management agreed with our recommendation to educate their staff to comply with the regulations.
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