Our Vision
To be one of the leading Supreme Audit Institutions in the world, delivering professional, excellent, and cost effective auditing services.

REPORT OF THE AUDITOR-GENERAL
THE PUBLIC ACCOUNTS OF GHANA-
POLYTECHNICS FOR THE PERIOD ENDED
31 DECEMBER 2015
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
23 November 2016

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

For further information about the Ghana Audit Service, please contact:

The Director, Communication Unit
Ghana Audit Service Headquarters
Post Office Box MB 96,
Accra.

Tel: 0302 664928/29/20
Fax: 0302 662493/675496
E-mail: info@ghaudit.org
Location: Ministries Block 'O'

© Ghana Audit Service 2016
Dear Mr. Speaker,

REPORT OF THE AUDITOR-GENERAL ON THE PUBLIC ACCOUNTS OF GHANA POLYTECHNICS FOR THE PERIOD ENDED 31 DECEMBER 2015

I have the singular honour 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.

This is the third 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. The report is for the period ended 31 December 2015.

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. In addition, I have included the status on the level of implementation of recommendations made in my previous audit report.

In line with Section 13 of the Audit Service Act, 2000 (Act 584), significant irregularities arising from the audit have been highlighted in the report. 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 systemic 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.

Mr. Speaker, my office will continue to contribute to improved public services and high standard of financial management and hope that the time will soon come when all public servants will spend resources with the same care exhibited in spending their own funds. Accordingly, the greatest professional satisfaction for me is not only the disclosure of errors, waste and losses, but also the evidence of Polytechnics willingness to correct unsatisfactory situations.

Mr. Speaker, if my office is to play this vital role effectively as expected, it must be provided with resources to do the job at the right time. To this end, I 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
I appreciate the services of 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.

I also thank the Rectors, directors of finance and their staff for their co-operation and support during the conduct of the audits.

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,

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

RICHARD Q. QUARTEY
AUDITOR-GENERAL
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Para(s)</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1-4</td>
</tr>
<tr>
<td><strong>PART I</strong></td>
<td></td>
</tr>
<tr>
<td>Summary of significant findings and recommendations</td>
<td>5-21</td>
</tr>
<tr>
<td><strong>PART II</strong></td>
<td></td>
</tr>
<tr>
<td>Summary of findings and recommendation</td>
<td>22-105</td>
</tr>
<tr>
<td><strong>PART III</strong></td>
<td></td>
</tr>
<tr>
<td>Details of findings and recommendations</td>
<td></td>
</tr>
<tr>
<td>Ho Polytechnic</td>
<td>106-134</td>
</tr>
<tr>
<td>Tamale Polytechnic</td>
<td>135-207</td>
</tr>
<tr>
<td>Accra Polytechnic</td>
<td>208-250</td>
</tr>
<tr>
<td>Kumasi Polytechnic</td>
<td>251-336</td>
</tr>
<tr>
<td>Sunyani Polytechnic</td>
<td>337-415</td>
</tr>
<tr>
<td>Takoradi Polytechnic</td>
<td>416-480</td>
</tr>
<tr>
<td>Wa Polytechnic</td>
<td>481-567</td>
</tr>
<tr>
<td>Bolga Polytechnic</td>
<td>568-637</td>
</tr>
<tr>
<td>Cape Coast Polytechnic</td>
<td>638-660</td>
</tr>
<tr>
<td>Koforidua Polytechnic</td>
<td>661-706</td>
</tr>
</tbody>
</table>
REPORT OF THE AUDITOR-GENERAL ON THE
PUBLIC ACCOUNTS OF GHANA - POLYTECHNICS
FOR THE PERIOD ENDED 31 DECEMBER 2015

Introduction
The audit of the accounts of the Polytechnics for the period 1 January 2015 to 31 December 2015 have been conducted in accordance with Article 187 (2) of the 1992 Constitution of the Republic of Ghana. 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 financial statements 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. I also evaluated the adequacy of internal financial controls, compliance with the Financial Administration Act 2003 (Act 654), of 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 1 January 2015 to 31 December 2015. 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.

Current status on the level of implementation of recommendations on previous audit report has also been included in the report.
PART I

SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

5. Presented in Tables 1 is the financial impact of the irregularities for the period ended 31 December 2015 with Tables 2, showing the irregularities according to each Polytechnic.

Table 1: Summary of financial irregularities for the year ended 31 December 2015

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of Irregularities</th>
<th>%</th>
<th>Amount GH¢</th>
<th>Amount US$</th>
<th>Amount €</th>
<th>Amount CFA</th>
<th>Tot. Amount (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Outstanding Debtors/Loans/Recoverable Charges</td>
<td>0.7</td>
<td>179,431</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>179,431</td>
</tr>
<tr>
<td>2</td>
<td>Cash Irregularities</td>
<td>50.1</td>
<td>13,674,994</td>
<td>1,000</td>
<td>8,500</td>
<td>1,500,000</td>
<td>13,723,557</td>
</tr>
<tr>
<td>3</td>
<td>Payroll Irregularities</td>
<td>1.4</td>
<td>382,002</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>382,002</td>
</tr>
<tr>
<td>4</td>
<td>Procurement Irregularities</td>
<td>1.6</td>
<td>461,002</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>461,002</td>
</tr>
<tr>
<td>5</td>
<td>Tax Irregularities</td>
<td>0.6</td>
<td>166,445</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>166,445</td>
</tr>
<tr>
<td>6</td>
<td>Stores Irregularities</td>
<td>0.3</td>
<td>82,916</td>
<td></td>
<td></td>
<td></td>
<td>82,916</td>
</tr>
<tr>
<td>7</td>
<td>Contract Irregularities</td>
<td>45.3</td>
<td>12,424,149</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,424,149</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100.0</td>
<td>27,370,939</td>
<td>1,000</td>
<td>8,500</td>
<td>1,500,000</td>
<td>27,419,502</td>
</tr>
</tbody>
</table>

Table 1: shows that the irregularities in monetary terms totalled GH¢27,419,502 which included US$1,000 converted into Cedis at the prevailing exchange rate of GH¢3.7925 to the US$1 as at 31 December 2015, €8,500 converted into Cedis at the prevailing exchange rate of GH¢4.1499 to the €1 as at 31 December 2015 and CFA1,500,000 converted into Cedis at the prevailing exchange rate of GH¢1 to the CFA157.96 as at 31 December 2015.
### TABLE 2: SUMMARY OF FINANCIAL IRREGULARITIES ACCORDING TO EACH POLYTECHNIC FOR THE YEAR 2015

<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>Stores Irregularities</th>
<th>Contract Irregularities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ho Polytechnic</td>
<td>GH¢ 381,332</td>
<td>GH¢ 19,030</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tamale Polytechnic</td>
<td>GH¢ 658,021</td>
<td>US$ 89,688</td>
<td>GH¢ 461,002</td>
<td></td>
<td></td>
<td></td>
<td>GH¢ 3,283,352</td>
</tr>
<tr>
<td>Accra Polytechnic</td>
<td>GH¢ 52,914</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>GH¢ 257,151</td>
</tr>
<tr>
<td>Kumasi Polytechnic</td>
<td>GH¢ 6,085,685</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>GH¢ 1,500,000</td>
<td>GH¢ 6,309,917</td>
</tr>
<tr>
<td>Sunyani Polytechnic</td>
<td>GH¢ 49,847</td>
<td>GH¢ 1,500,000</td>
<td></td>
<td></td>
<td></td>
<td>GH¢ 166,445</td>
<td>GH¢ 461,002</td>
</tr>
<tr>
<td>Takoradi Polytechnic</td>
<td>GH¢ 406,813</td>
<td></td>
<td>GH¢ 82,916</td>
<td></td>
<td></td>
<td>GH¢ 107,774</td>
<td>GH¢ 12,424,149</td>
</tr>
<tr>
<td>Wa Polytechnic</td>
<td>GH¢ 1,217,689</td>
<td>GH¢ 8,500</td>
<td>GH¢ 18,149</td>
<td></td>
<td></td>
<td></td>
<td>GH¢ 1,347,701</td>
</tr>
<tr>
<td>Bolgatanga Polytechnic</td>
<td>GH¢ 16,415</td>
<td>GH¢ 117,806</td>
<td></td>
<td>GH¢ 54,069</td>
<td></td>
<td></td>
<td>GH¢ 1,030,932</td>
</tr>
<tr>
<td>Cape Coast Polytechnic</td>
<td>GH¢ 100,101</td>
<td>GH¢ 305,379</td>
<td></td>
<td></td>
<td></td>
<td>GH¢ 1,000</td>
<td>GH¢ 201,066</td>
</tr>
<tr>
<td>Koforidua Polytechnic</td>
<td>GH¢ 10,000</td>
<td>GH¢ 4,186,587</td>
<td>GH¢ 201,066</td>
<td></td>
<td></td>
<td></td>
<td>GH¢ 1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>GH¢ 179,431</strong></td>
<td><strong>GH¢ 13,674,994</strong></td>
<td><strong>GH¢ 1,500,000</strong></td>
<td><strong>GH¢ 382,002</strong></td>
<td><strong>GH¢ 461,002</strong></td>
<td><strong>GH¢ 166,445</strong></td>
<td><strong>GH¢ 82,916</strong></td>
</tr>
</tbody>
</table>
Outstanding Debtors/Loans/Recoverable Charges - GH¢179,431
6. These irregularities relate to outstanding loans, and staff debtors. They arose out of management’s failure to furnish the Controller and Accountant General’s Department (C&AGD) with inputs and inability to apply Regulation 112 (b) of the FAR, by allowing borrowers to make direct payment or enforcing any other means feasible under the circumstances to commence the recovery process. They are also as a result of lack of supervision and improper record keeping to monitor and recover loans granted.

7. I recommend that management of Polytechnics should vigorously pursue recovery of the loans granted and resort to legal action where necessary. They should also improve on supervision and ensure that schedule officers update all advances in the records.

Cash Irregularities - GH¢13,723,557
8. Cash Irregularities comprise of misapplication of funds, non-retirement of imprest, unapproved expenditures and non-payment of Internally Generated Funds into the Consolidated Fund. These occurred as a result of laxity in expenditure control, flagrant disregard for financial regulations pertaining to disbursement of funds in the Public Sector, and failure of Heads of Finance to control disbursement of funds and ensure that transactions were properly authenticated.

9. I advise management of Polytechnics to improve the control environment including the establishment and effective operations of Internal Audit Units; enhancing supervision over accounting staff to minimize these irregularities. I also recommend 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 and prompt retirement of imprest.

Payroll irregularities - GH¢382,002
10. These irregularities mostly included payment of unearned salaries, non-deletion of separated staff after termination dates and payment of allowances without approval.

11. I recommend effective coordination between the administration heads and accounts units in order to provide timely information concerning separated staff
for prompt deletion of the names from the payroll. I also recommend that bankers of separated staff should be promptly notified to withhold salaries paid into their bank accounts for early recovery. Management should also ensure the recovery and payments to chest of the amounts held by the banks.

**Procurement irregularities - GH¢461,002**

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

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

**Tax irregularities - GH¢166,445**

14. Tax irregularities were also caused by the failure of Finance Officers to diligently act in accordance with the statutory tax laws, resulting in non-deduction of withholding tax, delay in payment of withholding tax to the Ghana Revenue Authority (Domestic Tax Division). It also relates to purchases from non-VAT registered sources and failure to obtain VAT invoices/receipts from suppliers.

15. I recommend that Finance Officers should strictly adhere to tax laws to ensure that all tax revenues are promptly collected and paid to responsible revenue agencies.

**Stores Irregularities - GH¢82,916**

16. These lapses were caused by the absence of effective stock control system in place, inappropriate procedures in disposing of stores as well as poor supervision over stores management.

17. I recommend improved supervision over stores items, adequate stock control systems to be put in place and strict adherence to provisions in the Public Procurement Act, 2003 (Act 663) in disposing of stores.
Contract irregularities - GH¢12,424,149

18. These relate to unjustified review of contract process, excessive payment of mobilization fee, payments made and failure to exercise due diligence in the award of contracts for project work. They were caused by management’s failure to adhere to provisions in contract documents, improper contract budgeting and commencing many projects at the same time.

19. I advise that greater diligence should be exercised in the award of contracts. Management should strengthen controls over contracts and comply with tendering procedures.

20. I also recommend that officers responsible for the over payment of contract sum be surcharged with the difference.

Audit Opinion

21. Nine out of ten Polytechnics audited submitted fully their accounts for validation, whilst Cape Coast Polytechnic submitted its accounts after the audit. 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 National 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 SIGNIFICANT FINDINGS AND RECOMMENDATIONS

HO POLYTECHNIC

22. A contractor, working on a GETFund project was advanced GH¢300,000.00 from the Polytechnic’s Internally Generated Funds (IGF) to enable him roof and complete the washrooms of the building without recourse to the Retention Act 2007, Act 735. We advised management to pursue the recovery of the GH¢300,000.00 advanced to the contactor from GETFund as soon as possible and pay same into the IGF.

23. Two separated staff of the Polytechnic enjoyed unearned salary of GH¢19,029.52 for the reviewed period. Even though management notified their bankers to stop the payment of their salaries, the banks failed to act on the instructions. We recommended that management should follow up on its earlier letters to the banks and ensure that, the unearned salaries of GH¢19,029.52 are remitted to Government chest and obtain a Treasury Receipt to support the payment.

24. Management granted staff advances amounting to GH¢81,332.00 to 13 officers of the Polytechnic without budgeting for it. We urged management to endeavor to incorporate the facility in its budget for Parliamentary approval to avoid distortions in its future budgets.

TAMALE POLYTECHNIC

25. Due to the delay in GETFund paying for a Toyota Land Cruiser costing GH¢196,860.00 procured from M/s Auto Mall Ghana Limited, an accumulated interest of GH¢172,966.00 was levied which erroneously included a VAT/NHIL component amounting to GH¢28,279.26. We recommended that the excess payment should be recovered from Auto Mall Ghana Limited. In future, management should scrutinize calculations on vouchers before effecting payments.

26. The accrued interest of GH¢172,966.00 incurred on the purchase of Toyota Land Cruiser was paid from the Polytechnic’s Internally Generated Funds (IGF) as
GETFund paid for only the cost of the vehicle. We recommended that management should pursue recovery of actual accrued interest of GH¢144,686.74 from GETFund and pay same into its IGF Account.

27. Procurement of furniture & fittings and computer & accessories worth GH¢208,353.95 and GH¢99,701.00 respectively were divided into 17 and 18 lots to forestall the use of the National Competitive Tendering processes. We recommended that management should follow due process and comply with the Procurement Act in executing its procurement plan. We also advised management to sanction the Procurement Unit to serve as a deterrent.

28. Stores items amounting to GH¢152,946.63 were bought without incorporating them in the procurement plan. We recommended that the Polytechnic should follow due process and comply with the procurement Act in executing its future procurements. The Procurement Unit should desist from this practice.

29. Eleven members of staff borrowed various library books since 2009 but failed to return them. We recommended to management to write to the affected members of staff to return the books immediately or be charged with thrice the market price of the books or its equivalent and deducted at source from their salaries.

30. Our review of projects initiated by the Polytechnic revealed various anomalies which are departure from proper contract management. We recommended proper coordination between the Works Department and the Finance Office as well as maintenance of the contract register. Additionally, Management should retrieve the total overpayments of GH¢57,668.74 from the contractors or surcharge the schedule officers.

31. Our re-computation of bills of quantities of projects initiated by the Polytechnic indicated that six of the contract prices were overstated due to anomalies in the computations submitted by the contractors who won the bids leading to an overstatement of contract prices by GH¢14,823.88. We recommended that the Estate and Works Unit should review and recompute the bills of quantities submitted by the contractors to avoid overstating of the contract price which could lead to overpayment of the contract sum of the Polytechnic projects.
32. Seven former employees of the Polytechnic were still occupying the Polytechnic bungalows in contravention of Article 32.2c of TEWU Conditions of Service. We recommended to management to immediately evict the retired staff from the Bungalows. Management should also ensure that the above officers settle all outstanding rent of GH¢36,999.55 for the period they over stayed.

33. Thirty-one members of staff occupying the Polytechnic’s bungalows failed to pay rent for the year under review totaling GH¢52,688.92. We urged management to recover the rent from the officers staying in the Polytechnic bungalows failing which the amount of GH¢52,688.92 should be surcharged to the estate officer.

34. Management paid amounts of GH¢130,744.40 and GH¢209,623.85 to Governing Council members and other members of committees respectively without approval from the Minister of Finance. We further noted that management of the Polytechnic sought permission from the Minister to pay the allowances but no approval had been granted as at the time of audit in June 2016. We therefore advised management to liaise with their sector Minister for the Ministry of Finance’s approval or refund the amounts already paid back to chest.

**ACCRA POLYTECHNIC**

35. Management failed to comply with the directives of Council for revision of rent charges of flats for the period 1 January 2014 to 31 December 2015, leading to a loss of rent revenue amounting to GH¢46,326.00. We recommended to management to seek approval from Council without further delay.

36. A total amount of GH¢25,920.00 was paid to five management staff who have been co-opted to attend council meetings as quarterly allowances; while sub Council members were also paid quarterly allowance totaling GH¢193,590.00 in addition to sitting allowances during the year under review, in contravention of Section 8 (6) of the Polytechnic Act. We advised management to discontinue the practice and recover the amount wrongly paid from the payees and the receipts made available for our inspection.

37. Salary advances and special loans amounting to GH¢52,914.47 granted to members of staff which were to be recovered within one year were still outstanding.
as at the time of reporting. We advised management to ensure compliance with the Regulation 112 of the L.I 1802 by taking necessary steps to recover all outstanding loans from staff debtors.

38. Management’s failure to adjust utility rates upwards to the current economic prevailing prices deprived the Polytechnic of revenue which could have been used for developmental projects by the Polytechnic. We advised management to instruct the Residence and Health Service Committee to immediately review and seek approval for the implementation of the new rates.

39. We noted during our audit that the Polytechnic did not have a policy on identifying, assessing and managing of risks that may arise in the course of its business. We advised management to carry out a risk assessment of the Polytechnic in order to come out with policies and practices that can enhance potential opportunities to help achieve the Polytechnic’s objective.

KUMASI POLYTECHNIC

40. GH¢678,894.78 was paid from Internally Generated Fund (IGF) to 148 staff as retirement benefits, staff advances, vehicle and accommodation loans without the Minister of Finance approval. We recommended that management should stop using its IGF for such payments, as it contravenes Section 5a of the Retention Act of 2007, Act 753.

41. An amount of GH¢37,151.14 paid for pre-contract services was not supported with the contract agreement for authentication. We recommended that the agreement be made available for our verification or the amount be refunded.

42. Management granted a loan of GH¢560,000.00 from its IGF to STIVO Company Ltd for the continuation of the construction of Junior Staff Flats and renovation and painting of the Polytechnic’s Hostel at Adako-Jachie. Since both projects were GETFund projects, we deemed the practice as misapplication of funds and a contravention of Regulation 122(1) of the Financial Administration Regulation (FAR), 2004. We recommended that management must operate within the confines of the law.
43. Management used its Fixed Deposit of GH¢1,400,000.00 as collateral for the letters of credit (LC) for K-PST (the joint venture). Since management failed to seek approval and the possibility of recovering the amount cannot be guaranteed, we recommended that the amount be recovered from the authorising /approving and paying officer.

44. Two hundred and seventy-two payment vouchers amounting to GH¢413,269.15 could not be presented for audit. Management later retrieved 232 vouchers totaling GH¢354,399.96 leaving an outstanding 40 payment vouchers totaling GH¢58,869.19.

45. We recommended that the outstanding 40 payment vouchers should be made available for audit scrutiny or the head of accounts be held liable.

46. An amount of GH¢220,000.00 was paid to XIT Company Limited even though the contract with the company ended in April 2012. We recommended that the responsible officials through whom the lapse occurred should be sanctioned in accordance with existing regulation 8(1) of the FAR. Meanwhile the amount should be recovered and paid to chest.

47. Management signed separate joint venture agreements with four companies which were fraught with several irregularities. We therefore advised management to put in measures to address the irregularities identified.

48. In complete disregard to our previous audit recommendations, management continued to commit more funds into the K-PST Company. Meanwhile Song Tech’s investment in the joint venture is still not known. We reiterated our earlier recommendation in the previous audit report which requires management to put a stop to the practice of financing the joint venture. We also recommended that the responsible officers should be sanctioned as stipulated by Regulation 8(1) of the FAR.

49. Mr David Addo-Yobo, a partner in the joint venture who also doubles as the co-ordinator did not keep proper records on the operations of the venture. He could also not account for fees he collected amounting to GH¢59,700.00. Since Mr. Addo-Yobo is an interested party to the joint venture, we recommended that management should consider finding a neutral person to manage K-PIT. Additionally, Mr. Addo-
Yobo should be made to account for the GH¢59,700.00 or the amount be recovered from him.

SUNYANI POLYTECHNIC

50. The Polytechnic did not develop an Accounting Manual to regulate its financial operations. We recommended that, without further delay management should develop accounting manual to direct business, administrative and accounting issues being performed by various departments of the Polytechnic.

51. The Polytechnic contracted a GCB loan facility of GH¢3,500,000.00 without authority from the Minister of Finance. We recommended that management should seek retrospective approval from the Minister to support the loan.

52. The statutory 5% withholding tax from payment amounting to GH¢3,328,898.64 made to Messrs. Berock Ventures Limited was not deducted. We recommended that, 5% withholding tax amounting to GH¢166,444.92 should be recovered from Messrs Berock Ventures Limited and same paid to the Commissioner of Domestic Tax immediately.

53. Mr. Charles Afram Senior, a senior instructor at the department of communication studies received an amount of GH¢7,056.00 in addition to 1,500,000 CFA to host 32 students and 2 instructors from La Cote d’ivoire under Special Exchange Program but failed to account for the amount after the programme. We recommended that the amount of GH¢7,056.00 and 1.5m CFA he received be recovered from him.

54. The Deputy Finance Officer, Mr. Daniel Hinneh was paid monthly acting allowance of GH¢3,323.13 resulting in a total payment of GH¢49,846.95 as at 31 December 2015 from the IGF without authority from the Minister of Finance. We recommended that management should obtain retrospective approval and authority to support the payments. Again, management should ensure that, this anomaly and irregular payment does not recur in future.

55. A contractor, M/S Nyagyemeus working on the Polytechnic’s project was paid an amount of GH¢46,211.79 more than the amount certified on the certificate for
work done. We recommended that the bill covering the excess payment, be made available for our verification or the amount should be recovered from the contractor.

56. Previous work amounting to GH¢1,719,694.64 and cumulative payment of GH¢2,753,705.67 made in respect of the construction of a science park complex building was omitted from the current certificate after the original contract sum had been reviewed. We recommended that, management should re-examine the contract package and do the necessary adjustment to include previous payment as well as the work done in the current certificates.

57. We observed that four payments totaling GH¢186,000.00 made to four contractors for the completion of various projects were not supported with invoices or bill of quantities. We recommended that the amount should be recovered immediately into the Polytechnic coffers.

58. Five-bedroom bungalow constructed by GETFund between 2005 and 2006 as the official duty post of the Polytechnics’ Rector remained unoccupied as at the time of audit due to the fact that the building was constructed close to GRIDCO Pylon (High tension line). We recommend that; the planning Committee whose inaction has resulted into the situation should be surcharged or if the bungalow was in existence before GRIDCO encroached with their high tension lines, then steps must be taken to seek compensation from VRA.

59. The GETFund hostel worth GH¢2,868,688.00 is sited within the catchment area of the Sunyani Municipal main compost site for dumping of both solid and liquid waste. We recommended that, management should liaise with the Municipal Assembly and Traditional Council to find permanent solution by either relocating the compost site or regular treatment should be carried on the waste to reduce the stench and pollution of environment when the waste is being burnt.

60. We noted that the Polytechnic rented out its space and other facilities to individuals and companies without a tenancy agreement. There is no record on these tenants to show date of occupancy, rent amount to be paid and way and manner rent will be paid or whether tenants are paying rent. We recommended that the Polytechnic should regularise the relationship with all Polytechnic tenants immediately.
TAKORADI POLYTECHNIC

61. Contrary to Regulation 39(1&2) of the Financial Administration Regulation (FAR), 2004 (L.I. 1802), management paid GH¢50,300.00 as sitting allowances to Council members without providing evidence of Council meeting even after our request. We advised that the amount be recovered from the Council members and the paying officer whose inaction resulted in the anomaly should be disciplined as stipulated in Regulation 8(1) of the FAR.

62. The Council authorized the payment of GH¢32,304.75 as quarterly allowances to committee members in addition to their sitting allowances without approval from the Minister for Finance. In the absence of approval from the Ministry of Finance, the quarterly allowance should be recovered from the members of the various Committees.

63. Management paid Book and Research allowance of GH¢17,949.28 from its IGF to four staff without budgeting for it. We recommended that the amount be refunded by the authorizing officers to the IGF account whilst efforts are made for refund from NCTE.

64. Three medical doctors of the Takoradi hospital were paid GH¢151,260.00 to perform medical examination on first year students without any contract agreement with management. We advised that the amount be recovered from the doctors promptly.

65. Contrary to Section 5 of Retention Act, Act 585, Management expended GH¢90,000.00 of its IGF to pre finance a GETFund project. We urged management to take the necessary steps to retrieve the amount from GETFund.

66. Management in adherence to its condition of service paid tuition fees totaling GH¢138,537.31 and $1,000 to staff on study leave and other expenditure but the beneficiaries failed to properly authenticate the payments by providing official receipt. We advised that the Finance Officer ensures that the beneficiaries authenticate the payments.
67. Contrary to Section 1608 of the Store Regulations 1984, management failed to ensure that the former Rector who was allocated an official vehicle (Nissan Teana Saloon car registration No. GT7869-12) parked the car at the school’s garage after his retirement. We advised management to use all possible means to retrieve the car from the officer.

68. Management failed to ensure that contracts awarded costing GH¢87,321.89 were executed within the time frame resulting in increased project costs. We advised management to ensure timely completion of the projects.

69. Expenditure for Goods and Services was lower than budgeted by GH¢74,527.32. Additionally, out of an amount of GH¢215,674 of the Internally Generated Fund (IGF) approved by government to be spent on the Polytechnic’s building facilities, only GH¢3,701.25 was used to purchase a computer. Management must address the needs of the Polytechnic in accordance with the budget provisions. Again, management should ensure that budget committee is set up to monitor expenditure trend.

70. Contrary to Section 51 (1&2) of the Financial Administration Act (FAA) 2003, Act 654, the Polytechnic had invested a total of GH¢933,932.84 of its Internally Generated Funds in different banks, from 2008 to 2015 without approval from the Minister of Finance. We recommended to Management to utilise the funds to address the needs of the Polytechnic, and seek approval from the Minister before investing in government securities.

71. Seventeen payments totaling GH¢45,569.36 were made by the Polytechnic without relevant supporting documents to properly authenticate the payments. Management must ensure that the Finance Officer who failed to ensure the payments were properly acquitted should provide the relevant supporting documents or be surcharged with the amount involved.

72. The Rector authorised 18 payment vouchers totaling GH¢75,809.23 without Internal Audit certification. Management must ensure that all payment vouchers are submitted through internal audit before payments are made.
73. Two officers who were granted study leave with pay to pursue further studies outside Ghana, vacated post after the completion of their courses without serving the three years bond period. Management must pursue the beneficiaries or their guarantors to recover the money expended on them together with 15% interest as early as possible.

74. Management did not bond four out of 13 officers who had been granted study leave with pay for the period 2011 to 2015 to pursue various courses under the GETFund sponsorship programme. The officers involved must complete the bond form. Subsequently, any sponsorship beneficiary should be made to complete the bond form before the commencement of his/her course. Additionally, the bond form must be re-designed to include feasible guarantor’s liability, and beneficiary’s commitment to serve the Polytechnic after the completion of the sponsorship programme.

75. Five separated officers continued to enjoy salaries for periods ranging from one to five months leading to payment of unearned salaries totaling GH¢18,149.18. Management must trace the officers to recover the amount from them and lodge same into the consolidated fund; failing which the salary validation team should be held liable for the refund.

76. Construction of a Hall of Residence was abandoned, after the contractor had completed only 30% of the project without any indication that the outstanding mobilization of GH¢107,773.72 had been recovered. Management must liaise with Getfund to ensure the outstanding mobilization fee had been recovered otherwise, the contractor should be pursued for the outstanding amount of GH¢107,773.72 as soon as possible.

77. Two bungalows and the top floor of a block of 8 flats belonging to the Polytechnic are not being occupied due to roofing leakages and plumbing problems. Garages attached to the block of 8 flats which got burnt had also not been refurbished. Management must renovate the flat together with the garages and the bungalows as early as possible. Management should also ensure that the facilities are regularly maintained.
78. The Polytechnic awarded three contracts at the same time that two other projects were on-going without considering funding of the projects, leading to slow pace of the project and unjustified review of contract prices. Management should in future consider GETFund budget allocations before any investment activity is initiated. Management should request for extra funding from GETFund through NCTE to enable them complete the projects to avoid further variations.

79. A building constructed to house Shea Butter and Groundnut processing facility had not yet been taken over since its completion in May 2012 due to defects on the building. Similarly, defects noted on a Library complex which is 99% completed are yet to be corrected and handed over. Management must expedite action to ensure that the defective works on the two buildings are done as early as possible.

80. Despite our previous recommendation to management to ensure that the Audit Report Implementation Committee (ARIC) is made more responsive to its role, ARIC of the Polytechnic remains inactive. Management must ensure that the ARIC is made functional to respond to its role by ensuring the implementation of the Auditor General’s recommendations and recommendations made by other monitoring reports including internal audit reports.

BOLGATANGA POLYTECHNIC

81. Three payment vouchers amounting to GH¢33,265.45 during the period under review were without adequate supporting documents contrary to Regulation 39(2) of the Financial Administration Regulation 2004 L.I 1802. We recommended that the authorizing Officer and the Finance Officer should ensure that the supporting documents are available for audit scrutiny or be surcharged with the amount of GH¢33,265.45.

82. The paying officer failed to obtain official receipt for payments totaling GH¢40,951.00 made to various corporate organizations that render services to the Polytechnic. We recommended that the Finance Officer should strengthen supervision and ensure that the payments are acknowledged with official receipt or the money refunded by the paying officer.
83. Management procured sachets packaging machine and a laptop worth GH¢12,090.00 between February and June 2014 which has never been put to use at the time of reporting in June 2016. We recommended that Management should in future budget for items which will be needed in the accounting year to avoid financial stress on resources. Also the necessary steps should be taken to put to use the intended purpose for purchasing those items.

84. A review of the mechanized salary voucher of the Polytechnic disclosed that an amount of GH¢54,069.20 was paid as salary to two officers without financial clearance. We advised Management to henceforth desist from awarding contracts to retired officers without obtaining financial clearance from the Ministry of Finance; meanwhile efforts should be made to delete the name of Mr Peter Ayorogo from the payroll.

85. The head of entity during the period under review awarded contracts above his threshold amounting to GH¢18,303.01 contrary to Schedule 3 of the Public Procurement Act, 2003, Act 663. We advised Management to desist from this practice in future transactions.

86. Management of the Polytechnic granted salary advance amounting GH¢31,500.00 to staff from its Internally Generated Funds (IGF) contrary to section 5(c) of the Retention of Fund Act (Act 735) of 2007. We advised Management to desist from such practice and in future include salary advances or loans in the Polytechnic’s budget for Parliamentary approval.

87. We noted during the period under review that, nine officers had an outstanding balance of GH¢28,715.00 as salary advances as at the close of 2015. We recommended that Management should take the necessary steps to recover the outstanding loan.

88. The Polytechnic’s Administration block had been contracted to MESSRs Taabazaa Company limited for renovation at a contract sum of GH¢1,183,666.76 after seven years of handing over due to defects on construction. We recommended that, in future selection of consultants and contractors should be based on competence. Meanwhile KAT consultancy service and Messrs Solodom construction limited should be black listed and be notified on the shoddy works done.
89. The Automobile and the Electrical engineering departments of the Polytechnic have not been put to its intended purpose since the inception of the Polytechnic due to the necessary equipment and qualified officers in those fields. We recommended to Management to provide the necessary equipment to facilitate the use of the buildings by the two departments.

**CAPE COAST POLYTECHNIC**

90. Notwithstanding Regulation 1 of the Financial Administration Regulations, 2004, the Finance Officer of Cape Coast Polytechnic failed to make available for audit 27 payment vouchers with a face value of GH¢157,177.12. We recommended that the Finance Officer should be surcharged with the said amount should he fail to produce the vouchers for examination as demanded.

91. In breach of Regulation 28 of the Financial Administration Regulation, 2004, we noted that the Finance Officer of the Polytechnic failed to obtain official receipts for a total amount of GH¢149,246.61 paid to institutions and individuals to authenticate the payments. We urged the Finance Officer to ensure that the official receipts are obtained and attached to the payment vouchers to acquit the vouchers.

92. In disregard of Regulation 110 of the Financial Administration Regulation, we noted that salary advances granted to 66 staff of the Polytechnic, some dating as far back as 2013 totaling GH¢100,161.46 had remained outstanding. We therefore urged management to recover the outstanding salary advance totaling GH¢100,161.46 from the affected officers through source deductions from their salaries.

93. Management paid an amount of GH¢33,000.00 as honorarium to council members in contravention of Regulation 12 of the Polytechnic Act 2007 (Act 745). We recommended to management to provide approval for the payment from the Finance Minister or refund same to chest.

94. In spite of Section 41(1a) of the Financial Administration Act 2003, Act 654, the Finance Officer of the Polytechnic delayed in submitting the 2015 Financial Statement for audit six months after the deadline. We advised management to step up its supervisory role over the accounts office in order to ensure compliance with Section 41(1a) of the Financial Administration Act.
95. In contravention of Section 28(2) of the Polytechnic Act 2007, (Act 745), we noted that Cape Coast Polytechnic Council opened bank accounts with Unibank without approval from the (C&AGD). We advised management to seek approval from (C&AGD).

KOFORIDUA POLYTECHNIC

96. The Polytechnic introduced new accounting software for their transactions without seeking the appropriate authority in contravention of Regulation 203(1) of the Financial Administration Regulation (FAR) 2004, (L.I.1802). We recommended to management to seek the right approval for the continued use of the software.

97. The Polytechnic opened a new bank account without seeking the authority of the (C&AGD). We recommended that retrospective approval should be obtained.

98. Four fixed deposit accounts were opened by the Polytechnic without authority from the (C&AGD) and the approval of the Minister of Finance. We recommended to management to seek retrospective approval from the Minister of Finance.

99. A lecturer was employed with fake Master’s Degree and worked for nine years and five months rising to senior lecturer position. He was elected as a Dean for Faculty of Business and Management Studies, and received total emoluments of GH¢201,065.92. We recommended to management to refer the matter to the police for appropriate sanction and the head of Human Resource Unit who failed to exercise due diligence before employing him should be sanctioned.

100. The cost of a contract which originally was GH¢24,969.89 was varied to GH¢74,081.82 due to changes in the scope of designing the project without referring to the Tender Review Board (TRB) for approval. We recommended to management to ensure that such variations are always referred to the TBR for approval. Additionally, the current project should be referred to the TBR for its approval. Meanwhile the officer whose inaction resulted in the anomaly should be sanctioned accordingly.

101. Due to lack of funds, a project funded from the Internally Generated Funds (IGF) was abandoned after spending GH¢1,454,732.85. We recommended to
management to ensure that projects are prioritised to avoid the suspension of projects after their commencement.

102. Overdue staff advances amounting to GH¢10,000.00 had not been recovered at the time of our audit. We recommended to management to ensure the recovery of the advances from the employees.

103. The Polytechnic spent GH¢33,354.00 on three staff members to Nigeria to advertise for students, without any positive impact from the trip. We recommended to management to carry out due diligence in determining the variability of any of such venture before committing the Polytechnic scarce resources.

104. The IGF returns submitted to C&AGD were understated by GH¢76,233.91. We recommended to management to ensure that accurate figures are submitted to C&AGD.

105. The Polytechnic exceeded its foreign travel budget in 2015 by GH¢65,998.77. We recommended that management adheres strictly to the provisions in the budget by instituting strict budgetary control system.
PART III

DETAILS OF FINDINGS AND RECOMMENDATIONS HO POLYTECHNIC

106. This report relates to the audited accounts of the Ho Polytechnic for the period 1 January 2015 to 31 December 2015.

Operational results
107. The Polytechnic’s operations for the 2015 financial year ended with a surplus of GH¢50,888.06, an increase of GH¢52,018.91 over the previous years’ deficit of GH¢1,130.85. The performance indicators are presented in Table 1.

Table 1: Income statement for 2015

<table>
<thead>
<tr>
<th>Income</th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Subvention</td>
<td>14,711,801.21</td>
<td>13,926,605.39</td>
<td>5.6</td>
</tr>
<tr>
<td>Internally Generated Fund</td>
<td>4,858,371.63</td>
<td>3,354,003.56</td>
<td>44.9</td>
</tr>
<tr>
<td>Annual GETFund Allocation</td>
<td>84,534.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>871,433.45</td>
<td>965,179.01</td>
<td>(9.7)</td>
</tr>
<tr>
<td>Total</td>
<td>20,526,140.29</td>
<td>18,245,787.96</td>
<td>12.5</td>
</tr>
</tbody>
</table>
Expenditure

<table>
<thead>
<tr>
<th></th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation of Employees</td>
<td>15,723,894.69</td>
<td>14,459,732.94</td>
<td>8.7</td>
</tr>
<tr>
<td>Goods &amp; Services</td>
<td>3,933,563.65</td>
<td>3,177,354.64</td>
<td>23.8</td>
</tr>
<tr>
<td>Consumption of Non-Current Asset</td>
<td>817,793.89</td>
<td>609,831.23</td>
<td>34.1</td>
</tr>
<tr>
<td>Total</td>
<td>20,475,252.23</td>
<td>18,246,918.81</td>
<td>12.2</td>
</tr>
<tr>
<td>Surplus/ Deficit</td>
<td>50,888.06</td>
<td>(1,130.85)</td>
<td>(4.600.0)</td>
</tr>
</tbody>
</table>

108. Total Income for the year 2015 grew marginally by 12.5% from GH¢18,245,787.96 in 2014 to GH¢20,526,140.29 in 2015. The growth was due to a 44.85% increase in Internally Generated Fund (IGF) and 5.64% increase in Government Subvention.

109. The rise in IGF was mainly due to an increase of GH¢1,476,866 in School Fees from GH¢3,250,794.00 in 2014 to GH¢4,727,660 in 2015 representing a 45.4% increment. Government Subvention also rose by 5.6% from GH¢13,926,605.39 in 2014 to GH¢14,711,801.21 in 2015.

110. Total Expenditure went up by 12.2%, rising from GH¢18,246,918.81 in 2014 to GH¢20,475,252.23 in 2015. The increase in expenditure was mainly due to a marginal increase in the consumption of goods and services which went up by 23% from GH¢3,177,354.64 in 2014 to GH¢3,938,563.65 in 2015.

Financial position

111. Table 2 shows the financial position of the Polytechnic as at 31 December 2015.

<table>
<thead>
<tr>
<th></th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>15,735,744.81</td>
<td>14,578,517.02</td>
<td>7.9</td>
</tr>
<tr>
<td>Current Assets</td>
<td>8,964,415.60</td>
<td>6,796,206.82</td>
<td>31.6</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>2,356,582.43</td>
<td>1,557,273.92</td>
<td>49.3</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>3.8:1</td>
<td>4.4:1</td>
<td></td>
</tr>
</tbody>
</table>

112. Non-Current Assets amounting to GH¢97,060.10 were disposed-off during the year under review and additional assets amounting to GH¢1,224,641.80 has been acquired. The new acquisition has increased the Non-Current Assets balance by GH¢1,157,227.79.
113. The Non-Current Assets rose by 7.94% or GH¢1,157,227.79 from a figure of GH¢14,578,517.02 in 2014 to GH¢15,735,744.81. The increase was attributed to acquisition of additional assets of GH¢1,224,641.80 and disposal of assets during the year amounting to GH¢97,060.10.

114. Current Assets rose from GH¢6,810,662.54 to GH¢8,964,415.60 in 2015; an increase of GH¢2,153,793.06. The increase was mainly due to an increase in Accounts Receivables from GH¢2,401,258.06 to GH¢5,041,152.46 in the 2015 financial year.

115. Current Liabilities increased by GH¢784,892.79 to GH¢2,356,582.43 in 2015. The increase was largely due to an increase in Trade Creditors, from the 2014 amount of GH¢708,501.79 to GH¢1,602,790.40 in 2015, a significant increase of 126.22%.

116. Current Ratio though reduced from 4.4:1 to 3.8:1 in 2015, the Polytechnic could still meet its short term obligations as and when they fall due.

**MANAGEMENT ISSUES**

*Advance granted to a Contractor working on GETFund Project from IGF - GH¢300,000.00*

117. Management submitted a proposal to Council seeking approval for financial support of GH¢300,000.00 from IGF to enable Proko Ghana Limited working on the construction of the Classroom Block Complex for the Faculty of Art and Design (a GETfund project) to roof and complete the washrooms of the building.

118. The proposal was based on an initial request submitted by the Contractor Proko Ghana Limited seeking a financial support of the GH¢300,000.00. According to management, the Governing Council, the Regional Coordinating Council and National Council for Tertiary Education (NCTE) were all involved in the discussions of the loan request.

119. Management accordingly advanced the GH¢300,000.00 to the Contractor on 28 October 2015; vide Payment Voucher number 11349. The advance remained outstanding as at the time of completing our audit in June 2016.

120. Management failure to promptly submit certificates to GETFund for the release of funds to pay the contractor contributed to the granting of the advance from IGF. The use of IGF revenue on GETFund project could result in unapproved expenditure on the IGF budget.
121. We advised management to pursue the recovery of the GH¢300,000.00 advanced to the contractor from the GETFund as soon as possible and pay same into the IGF. Management should also ensure that the consultant’s certificates are presented promptly to the GETFund for payment to avoid the situation of having to advance funds from the IGF. Management accepted our recommendation.

**Unearned Salaries- GH¢19,029.52**

122. 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 administration regulations of the establishment.

123. We observed that two staff who were separated in different months in 2015 enjoyed unearned salary totaling GH¢19,029.52; Mr. Agyei-Mensah Isaac was separated by resignation, but enjoyed unearned salary totaling GH¢15,512.51 from April 2015 to August 2015, while Mr. Ewomvor Agbelengor who died on 1 June 2015 also enjoyed unearned salary totaling GH¢3,517.01 in June 2015.

124. We noted that, even though management informed the (C&AGD) and further wrote to the banks of Messrs. Isaac Stephen Agyei-Mensah and Agbelengor Ewomvor on 27 April 2015 and 28 May 2015 respectively, the bank failed to act on their instructions. Details of the unearned salaries are attached in Table 3.

<table>
<thead>
<tr>
<th>Name Of Staff</th>
<th>Reason For Separation</th>
<th>Staff Number</th>
<th>Bank</th>
<th>Month</th>
<th>Amount GH¢</th>
<th>Total GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agyei-Mensah Isaac</td>
<td>Resignation</td>
<td>821583</td>
<td>Barclays Bank Ghana, Prempeh II Street</td>
<td>April</td>
<td>3,065.61</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>May</td>
<td>3,111.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>June</td>
<td>3,111.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>July</td>
<td>3,111.65</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>August</td>
<td>3,111.75</td>
<td>15,512.51</td>
</tr>
<tr>
<td>Ewomvor Agbelengor</td>
<td>Deceased</td>
<td>795812</td>
<td>Barclays Bank Ghana, Ho</td>
<td>June</td>
<td>3,517.01</td>
<td>3,517.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>19,029.52</strong></td>
<td><strong>19,029.52</strong></td>
</tr>
</tbody>
</table>

125. The anomaly was as a result of management’s inability to follow-up on letters they wrote to the banks and ensures that the unearned salaries are paid to Government chest.
126. The anomaly would result in the loss of GH¢19,029.52 to the state if not recovered.

127. We recommended that management pursue the recovery of the unearned salaries of GH¢19,029.52 and remit it to Government chest and obtain a Treasury Receipt to support the payment.

128. Management promised in their response to follow up on the issue at the Barclays Bank for the unearned salary and remit it to government chest. Our follow-up indicated that a total amount of GH¢17,017.01 have been recovered leaving a balance of GH¢2,012.51. We urged management to pursue recovery of the balance.

**Staff loans granted from IGF- GH¢81,332.00**

129. Notwithstanding Section 5 (a) of the Retention of funds Act, 2007 (Act 735), we noted that management granted staff advances amounting to GH¢81,332.00 to 13 officers of the Polytechnic without budgeting for it in contravention of the above stated regulation.

130. Management’s inability to make provisions for the facility in its budget for Parliamentary approval contributed to the irregularity.

131. Since the Polytechnic had no approved budget for staff advances, the practice constitutes misapplication of IGF. We were of the view that misapplication of funds could impact negatively on the operations of the Polytechnic.

132. To avoid granting loans more than the School’s budget can accommodate and prevent distortions in its future budgets, we urged management to endeavor to incorporate the facility in its budget for Parliamentary approval.

133. Management said in their considered opinion, “staff advances (or staff loans), that is salary advance and rent advance, are not expenditures to which Section 5(c) of Act 735 relates. Again, all staff advances granted is repaid to the Polytechnic by the beneficiaries, through deductions made by the Controller and Accountant-General’s Department. Furthermore, budgets are about income and expenditure; and so, therefore, we are not sure of how we are going to budget for an advance (or loan) which is not expenditure”.
134. Management however had written to seek approval from the Minister of Finance for the release of a “Staff Loans and Salary Advances Fund” in order to alleviate the burden of staff advances on the internally generated fund.
135. This report is in relation to the audited accounts of the Tamale Polytechnic for the period 1 January 2015 to 31 December 2015.

Operational results
136. Tamale Polytechnic ended its operations for the year 2015 with a surplus of GH¢1,134,001.20 as against the previous year’s surplus of GH¢1,624,768.60 representing a decrease of 30.2%. Table 4 shows the performance indicators.

**Table 4: Income Statement for 2015**

<table>
<thead>
<tr>
<th>Income</th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Subventions</td>
<td>16,528,259.97</td>
<td>14,719,622.52</td>
<td>12.3</td>
</tr>
<tr>
<td>Internally Generated Funds</td>
<td>7,078,658.71</td>
<td>5,214,182.11</td>
<td>35.8</td>
</tr>
<tr>
<td>Total Income</td>
<td>23,606,918.68</td>
<td>19,933,804.63</td>
<td>18.4</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation of Employees</td>
<td>18,033,395.65</td>
<td>15,123,382.03</td>
<td>19.2</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>4,439,521.83</td>
<td>3,185,654.00</td>
<td>39.4</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>22,472,917.48</td>
<td>18,309,036.03</td>
<td>22.7</td>
</tr>
<tr>
<td>Surplus/ (Deficit)</td>
<td>1,134,001.20</td>
<td>1,624,768.60</td>
<td>(30.2)</td>
</tr>
</tbody>
</table>
Total Income of the Polytechnic increased by 18.4% from GH¢19,933,804.63 in 2014 to GH¢23,606,918.68 in 2015. The rise was due to a 12.3% increase in government subventions and a 35.8% increase in Internally Generated Funds (IGF). The rise in the IGF was mainly due to a 36.9% realized from the student fees and a 50.7% from Production Revenue which comprised revenue from certificates, registration, transcripts, results confirmation, hall dues etc.

Total Expenditure for the year under review also went up by 22.7% from GH¢18,309,036.03 in 2014 to GH¢22,472,917.48 in 2015. The rise was due to a 19.2% increase in compensation of employees and a 39.4% increase in goods and services.

Financial position

The Polytechnic’s financial position as at 31 December 2014 is shown Table 5.

<table>
<thead>
<tr>
<th></th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>15,190,838.27</td>
<td>13,482,434.65</td>
<td>12.7</td>
</tr>
<tr>
<td>Current Assets</td>
<td>5,073,917.74</td>
<td>5,140,837.50</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>323,992.09</td>
<td>620,642.51</td>
<td>(47.8)</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>2,853,268.00</td>
<td>3,203,268.00</td>
<td>(10.9)</td>
</tr>
<tr>
<td>Net Assets</td>
<td>17,087,495.92</td>
<td>14,799,361.64</td>
<td>15.5</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>15.7 : 1</td>
<td>8.3 : 1</td>
<td></td>
</tr>
</tbody>
</table>

Non-Current Assets increased by 12.7% from GH¢13,482,434.65 in 2014 to GH¢15,190,838.27 in 2015. This resulted from the Polytechnic’s investment in capital projects and acquisition of machinery and equipment, and furniture and fittings during the year.

Current Assets, however, fell to GH¢5,076,917.74 in 2015 from GH¢5,140,837.50 in 2014, a drop of 1.3%. A drop in accounts receivable and inventories accounted for the decrease.

Current Liabilities also decreased by 47.8% from GH¢620,642.51 in 2014 to GH¢323,992.09 in 2015. This was due mainly to a drop in accounts payable.

Non-Current Liabilities also dropped by 10.9% from GH¢3,203,268.00 in 2014 to GH¢2,853,268.00 in 2015. This was due to the repayment of students’ hostel facility contracted from the GETFund.
144. The Polytechnic’s liquidity ratio of 15.7:1 (2014:8.3:1) was favourable and indicated the ability to meet its short term liabilities as and when they fall due.

**MANAGEMENT ISSUES**

**Wrong calculation of interest on delayed payment on the purchase of Toyota Land Cruiser-GH¢172,966.00**

145. Regulation 39 (c) of FAR, 2004 requires the Head of the accounts section to ensure that transactions are properly authenticated to ensure that amounts are due and payable. Regulation 31 (1) of the FAR states “A head of department shall ensure that moneys are utilised in a manner that secures both optimum value for money and the intention of Parliament”.

146. Our examination of payment vouchers revealed that the Polytechnic procured a Toyota Land Cruiser with registration number GT 2293-13 funded by GETFUND at a cost of GH¢196,860.00. GETFUND however delayed in the payment of the vehicle, resulting in Auto Mall Ghana Ltd, the supplier of the vehicle, charging interest on the gross amount of GH¢196,860.00 which included the VAT/NHIL component of GH¢25,670.54 instead of the cost of vehicle:

<table>
<thead>
<tr>
<th>Cost (GH¢)</th>
<th>VAT/NHIL (GH¢)</th>
<th>Total (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>171,189.46</td>
<td>25,670.54</td>
<td>196,860.00</td>
</tr>
</tbody>
</table>

147. Total bill of GH¢172,966 representing interest on delayed payment from 29 January 2013 to 2 December 2014 was forwarded to the Polytechnic which has been paid using IGF.

148. Our re-computation of the interest on delayed payment using the cost of the vehicle, revealed that the interest element should have been GH¢144,686.74 as at 2 December 2014 and not GH¢172,966.00 as calculated by Auto Mall Ghana Limited.

149. Management failed to recalculate the interest submitted by Auto Mall Limited before payment, resulting in overpayment of the interest by GH¢28,279.26.

150. We recommended that the interest charged on VAT/NHIL totaling GH¢28,279.26 be retrieved from Auto Mall Ghana Limited. In future, management should scrutinise calculations on vouchers before effecting payments.
151. Management in response stated that, Auto Mall Limited claims the Polytechnic deducted a withholding tax of GH¢9,842.90 from the payment made on the accrued interest before settling the VAT/NHIL component instantly to Ghana Revenue Authority (GRA). Consequently, the actual amount of over-paid interest to Auto Mall Ghana Limited is GH¢18,436.36.

152. We urged management to prevail on Auto Mall Limited to provide evidence of the up-front payment of the VAT/NHIL and the withholding tax to GRA, failing which it must refund the interest of GH¢28,279.26 paid by the Polytechnic.

**Interest on Delayed Payment paid from IGF- GH¢144,686.74**

153. In a related development, we noted that GETFund settled the cost price of the vehicle leaving the interest accrued. To avoid further escalation of cost on the accrued interest, the Polytechnic was forced to pay off the total accumulated interest of GH¢172,966.00 to the supplier from its IGF and have notified GETFund accordingly for refund.

154. The negligence on the part of both the Polytechnic and GETFund resulted in the Polytechnic losing an amount GH¢172,966.00 which was not budgeted for.

155. We recommended that management should inform GETFund of the loss of GH¢144,686.74 by re-computation and request for reimbursement of the amount and pay same into its IGF Account.

156. Management said it had written to GETFund on 31 December 2015 vide letter number TP/56.SF.6/Vol.5 requesting the refund of the interest paid from its IGF.

**Splitting of contract into lots in violation of Public Procurement Act**

157. Section 21(5) 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.”

158. Our review of records at the Polytechnic indicated that, the Polytechnic planned to procure GH¢150,000.00 and GH¢360,000.00 worth of furniture & fittings and computers & accessories respectively during the year 2015. The plan also indicated that National Competitive Tendering processes will be applied in the procurement processes.
159. Our examination however revealed that the Polytechnic procured furniture and fittings amounting to GH¢208,353.95 and computer & accessories amounting to GH¢99,701. These items were duly supplied and received into the store.

160. However, the furniture and fittings in the procurement plan was divided into 18 lots, whilst the total plan for computers & accessories were also divided into 17 lots and awarded to various contractors through price quotation method instead of the national competitive bidding as stipulated in the plan.

161. The above practice which violates the procurement procedure is indicative of a deliberate act to bring prices of procurements to the threshold that qualifies the procurement for price quotation. It also does not give assurance that the process has been transparent and there was value for money.

162. We recommended and Management agreed to comply with our recommendation to follow due process and comply with the Procurement Act in executing its procurement plan. We also asked management to sanction the Procurement Unit to serve as a deterrent.

**Procurements not in the procurement plan-GH¢152,946.63**

163. The procurement rules as stated by section 21 (1) of the part 111 of the Public Procurement Act states that “A procurement officer shall prepare procurement plan to support its approved program, and the plan shall indicate:

(a) Contract Package  
(b) Estimated cost for each package  
(c) The procurement method  
(d) Processing steps and times.”

164. Our examination of procurements for 2015 indicated that the Polytechnic procured various items amounting to GH¢152,946.63 without incorporating them in the procurement plan even though the items were received into stores.

165. This was due to management’s disregard for the provisions of the Procurement Act. It was also an attempt to evade lawful processes instituted by the Public Procurement Act which does not give assurance that the process has been transparent and that value for money was obtained.
166. We recommended that the Polytechnic should follow due process and comply with the procurement act in executing its future procurements. The Procurement Unit should desist from this practice otherwise be sanctioned.

167. Management assured us of their readiness to comply with our recommendation to avoid reoccurrence.

Non-return of borrowed library books
168. Section 32 (2) of the FAR Act 2003, (Act 654) states that “a head of Polytechnic is responsible for the general management of government stores held within the department and for the due performance of duties of subordinate staff in relation to government stores.

169. Our examinations of library records revealed that 11 members of staff borrowed various library books since 2009 but have failed to return them. All efforts by the librarian for the retrieval of the books have proved futile. This was due to the recalcitrant behaviour of the staff concerned and no punitive action being leveled against them.

170. The attitude of these members of staff have denied others including the students the used of these books hence deprived them of the benefit of advancing their knowledge by the use of these books.

171. Management accepted our recommendation to write to the offenders to return the books immediately or be charged with thrice the market price of the books or its equivalent and charged against their salaries.

Improper contract management
172. According to FAR 2004, LI 1802 (1 a-c) and 2 “Any public officer who is responsible for the conduct of financial business on behalf of the Government of Ghana, the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of public stores shall keep proper records of all transactions and shall produce records of the transactions for inspection when called upon to do so by the Minister, the Auditor-General, the Controller and Accountant-General or any officers authorised by them; A public officer who fails to keep or produce any records under Sub regulation (1) is in a breach of financial discipline as defined in Regulation 8(1).
173. We reviewed projects initiated by the Polytechnic and observed the following anomalies which are departure from proper contract management:

   i. Overpayments totaling GH¢57,668.74 were made on four of the five projects

   ii. Variations ranging between GH¢805.00 (1.7%) to GH¢29,206.90 (59.9%) were made without justifications.

174. These were as a result of:

   (a) lack of coordination between the accounts section and the works department

   (b) non maintenance of contract register in the Finance Department to record, monitor and track the progress of contract executions and payments made to date, and

   (c) Variations which were not documented and disclosed to the audit team.

Detail of the anomalies are shown in Table 6.

Table 6: Contract irregularities

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Contractor</th>
<th>% Completion</th>
<th>Contract Price (GH¢)</th>
<th>Payments Made (GH¢)</th>
<th>Over payments (GH¢)</th>
<th>Total variations (GH¢)</th>
<th>% Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of market phase I</td>
<td>Bansa Engineering Services</td>
<td>100</td>
<td>47,531</td>
<td>54,886.00</td>
<td>6,505.00</td>
<td>850.00</td>
<td>1.8</td>
</tr>
<tr>
<td>Construction of main entrance gate</td>
<td>Dal-Sam Ventures</td>
<td>100</td>
<td>46,732.91</td>
<td>82,858.15</td>
<td>6,918.73</td>
<td>29,206.90</td>
<td>62.5</td>
</tr>
<tr>
<td>Construction of machine shop</td>
<td>Bansa Engineering Services</td>
<td>100</td>
<td>150,539.30</td>
<td>187,237.50</td>
<td>36,698.20</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Construction of underground reservoir</td>
<td>Bansa Engineering Services</td>
<td>100</td>
<td>40,042.00</td>
<td>68,004.55</td>
<td>7,586.80</td>
<td>20,375.75</td>
<td>50.8</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>57,708.73</td>
<td>50,432.65</td>
</tr>
</tbody>
</table>

175. This situation could lead to fictitious payments to undeserving contractors or payment for no work done. We are of the view that the over payment to the contractors could have been channelled to other productive activities that would benefit the Polytechnic.

176. We recommended that:
(a) proper coordination between the Works Department and the Finance Office to track all works being undertaken in the Polytechnic

(b) Maintenance of a contract register to record, monitor and track all contract payments

(c) recover the total overpayments of GH¢57,668.74 from the contractors or surcharge the officers involved to refund the overpayments

(d) justify the variations with authentic documents (variation orders and drawings of projects).

177. Management said that in construction, “payments are based on measured work and not contract sum. After measurement the figure can be lower or higher. This explains why some of the project’s final payments are lower than the contract sum”.

178. We disagreed with management stand since the progress payment made on the contract had exceeded the contract sum plus the variation amount of the contract as indicated in Table 6. In the absence of appropriate documentation to support management’s position, we stand by our recommendations.

Wrong calculations in bills of quantities-GH¢14,913.63

179. Regulation 39 (1 &2c) of FAR, 2004 states that “A head of department shall ensure that moneys are utilised in a manner that secures both optimum value for money and the intention of Parliament”. Also, the Head of the Accounts Section is to ensure that transactions are properly authenticated to ensure that amounts are due and payable.

180. Our re-computation of bills of quantities for six of the projects initiated by the Polytechnic indicated that the contract prices were overstated due to anomalies in the computations submitted by the contractors who won the bids. The details are shown in the Table 7.
Table 7: Re-computation of bills of quantities

<table>
<thead>
<tr>
<th>Project</th>
<th>Contractor</th>
<th>Bill submitted (GH¢)</th>
<th>Recomputed Amt (GH¢)</th>
<th>Difference (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of fence wall phase I</td>
<td>Sony Company Ltd</td>
<td>49,852.95</td>
<td>49,537.95</td>
<td>315.00</td>
</tr>
<tr>
<td>Construction of machine shop</td>
<td>M/S Bansa Engineering Services</td>
<td>165,615.68</td>
<td>155,758.68</td>
<td>9,857.00</td>
</tr>
<tr>
<td>Construction of market phase I</td>
<td>M/S Bansa Engineering Services</td>
<td>49,928.55</td>
<td>49,298.55</td>
<td>630.00</td>
</tr>
<tr>
<td>Renovation of bungalow no. TP 9</td>
<td>M/S ZIN-JOMO VENTURES</td>
<td>36,156.49</td>
<td>34,156.49</td>
<td>2,000.00</td>
</tr>
<tr>
<td>Construction of main entrance gate</td>
<td>M/S Dal-Sam Ventures</td>
<td>48,731.91</td>
<td>48,108.17</td>
<td>623.74</td>
</tr>
<tr>
<td>Construction of underground reservoir</td>
<td>M/S Bansa Engineering Services</td>
<td>42,044.14</td>
<td>40,556.25</td>
<td>1,487.89</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>14,913.63</strong></td>
</tr>
</tbody>
</table>

181. This was as a result of management’s failure to properly review and recompute the bills of quantities submitted by the contractors. Due to this negligence, the contract prices were overstated by an amount of GH¢14,913.63 which could lead to an overpayment of the same amount.

182. We recommended that the Estate/Works Unit should properly review and recompute all bills of quantities submitted by the contractors before forwarding it to Accounts Department for payment.

183. According to management “errors in pricing of bills of quantities are bound to happen since these are done by human beings. And under no circumstance such errors if not detected will lead to overpayment of the contract since payments of works is not whole sale lifting of contract sum”. “For example, in the construction of the main entrance gate, the item that was responsible for the error was not paid for because the roof was changed to concrete so it could not have been overpayment. Reference should have been made to the payment certificates during the course of the audit”.

184. We stand by our earlier recommendations.
Retired Staff occupying Government Bungalows

185. Article 32.2c of TEWU Condition of service requires retired employees to stay in the Polytechnic accommodation for a period not exceeding three months in which case he/she will pay the normal rent.

186. We noted that seven former employees of the Polytechnic were still occupying the Polytechnic bungalows without paying rent in contravention of Article 32.2c of TEWU Conditions of Service.

187. Management’s failure to ensure that retired officers do not exceed the three months’ mandatory stay was the cause of the anomaly. Failure of management to evict retired employees after three months stay has deprived other staff of the opportunity to be accommodated. It has also denied the Polytechnic of the revenue of GH¢36,999.55 that would have been received from the payments of rent.

188. We recommended to management to immediately evict the retired staff from the Bungalow and also ensure that the above officers settle all outstanding rent for the period they over stayed.

189. Management accepted the recommendation and indicated it was making all the effort to get the affected staff to vacate the bungalows.

Non-payment of rent by staff leaving in Government Bungalows-GH¢52,688.92

190. Article 14 of POTAG condition of service, 2006, states that “an employee shall be provided with accommodation if available, and shall be required to pay rent at the prevailing government rate”.

191. We observed that 31 members of staff staying in the Polytechnic’s bungalows failed to pay rent for the year under review totaling GH¢52,688.92 in violation of the above condition of service.

192. This was caused by the failure of the estate officer to notify the payroll office of occupants of bungalows to prepare the necessary inputs for rent deductions to be effected. The practice has resulted in the loss of rent revenue amounting to GH¢52,688.92 to the Polytechnic.

193. We urged management to take immediate action to recover the rent from the officers staying in the Polytechnic bungalows failing which the amount of GH¢52,688.92 be surcharged to the estate officer.
194. Management responded that Housing Committee is reviewing the rent to be charged as members of staff have challenges in paying the statutory rent of 10% of basic salary. We stand by our recommendations as no committee has the authority to review the provisions of the Government Regulation.

No Ministerial approval for the payment of council allowances (Governing Council and other members of Committees)

195. Section 12 of Polytechnics Act, 2007 (Act 745) requires that “members of the Council and members of a subcommittee of the Council shall be paid allowances approved by the Minister of Finance.”

196. Contrary to the above Section of the Act, we noted that the Polytechnic’s management paid total amounts of GH¢130,744.40 and GH¢209,623.85 as sitting and quarterly allowance to Governing Council members and sitting allowance to other members of management committees respectively without approval from the Minister of Finance.

197. We further noted that management of the Polytechnic sought permission to pay the allowances via letter no TP/58 SF.5/Vol.16 of 04 November 2014 and a reminder via ref. No.TP/58 SF.5/Vol.16/80 of 10 December 2014 but no approval from the Minister of Finance have been granted as at the time of audit in June 2016.

198. Additionally, we noted that members of the ARIC were paid quarterly allowances in addition to sitting allowances in contravention of the Ministry of Finance circular, limiting the payment of quarterly allowances to only Council members. Ministry of Finance Circular No. B/CEU/2014/05 of 9 July 2014 refers.

199. We further noted that the ten-member ARIC composition was of the higher side, against the backdrop of the Guidelines for the operation of ARIC. The Guidelines limits the composition to five as follows:
   - Member of Council to chair
   - Rector
   - 3 external representatives
     - A retired public servant with Accounting/Auditing background
     - 2 (Institute of Internal Auditors and Internal Audit Agency)

200. We recommended that quarterly allowances paid to ARIC members totaling GH¢33,120.00 should be recovered from the beneficiaries.
201. Management said the allowances currently being paid have been in existence since 2011. However, the Government in the year 2014 wrote to public organizations stating various categories of allowances for the organizations to select based on their ability to pay. The Polytechnic made the selection and wrote to the Ministry of Finance, but there was no response. Again, it followed up with a reminder to no avail. The Polytechnic therefore maintained the old allowances till date.

202. We maintain our recommendations

**GETFund Projects abandoned by contractors – GH¢3,210,769.23**

203. Regulation 2 (c) of FAR 2004 states that “the head of government department shall ensure the efficient and effective use of appropriations under departmental control within the ambit of government policy and in compliance with any enactment, regulations or instructions issued under the authority of any enactment”

204. Contrary to the above provision, we noted that five projects awarded since 2004 valued at GH¢5,649,207.18 have been abandoned. Payments made to date amounted to GH¢3,308,348.80 and per management’s estimation, cost of outstanding works was GH¢3,210,769.23. Management intimated that, the abandoned projects were being funded by GETFund for which funds were not made available for payment to contractors for work done. Hence the Contractors stopped working.

205. The abandoning of these projects may deny the students the use of these facilities as well increased cost of the projects. Additionally, it has compelled the management of Tamale Polytechnic to convert two lecture rooms into temporary ICT library.

206. We recommended that management should liaise with their Sector Ministry through NCTE to press upon the GETFund Administrator for the release of funds in order to complete these abandoned projects. The completion of the projects could enhance the chances of the Polytechnic being converted into a Technical University.

207. Management responded that the GETFund projects are being abandoned by the contractors because of difficulties in receiving payments for completed works.
208. This report relates to the audited accounts of the Accra Polytechnic for the period 1 January 2015 to 31 December 2015.

Operational results
209. The activities of the Polytechnic for 2015 financial year ended with an excess of income over expenditure of GH¢5,144,689 as compared to GH¢6,225,025 in 2014. Details are provided in Table 8.

Table 8: Income and Expenditure for 2015

<table>
<thead>
<tr>
<th></th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt. Subvention</td>
<td>20,897,074</td>
<td>21,453,199</td>
<td>(2.6)</td>
</tr>
<tr>
<td>IGF</td>
<td>16,952,427</td>
<td>13,921,224</td>
<td>21.8</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>37,849,501</strong></td>
<td><strong>35,374,423</strong></td>
<td><strong>7.0</strong></td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Emolument.</td>
<td>22,489,840</td>
<td>22,360,871</td>
<td>1.9</td>
</tr>
<tr>
<td>Goods Service</td>
<td>10,214,972</td>
<td>6,788,527</td>
<td>50.5</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>32,704,812</strong></td>
<td><strong>29,149,398</strong></td>
<td><strong>12.2</strong></td>
</tr>
<tr>
<td>Excess of Income over</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td><strong>5,144,689</strong></td>
<td><strong>6,225,025</strong></td>
<td>(17.4)</td>
</tr>
</tbody>
</table>
210. Total Income of the Polytechnic increased by GH₵2,475,078 representing 7.0% from GH₵35,374,423 in 2014 to GH₵37,849,501 in 2015. The above increase was due to an increase in Internally Generated Fund by GH₵3,031,203 representing 21.8% from GH₵13,921,224 in 2014 to GH₵16,952,427 in 2015. This was mainly due to increase in sale of admission forms, Internal Examination fees and Congregation fees.

211. Total Expenditure also increased by GH₵3,555,414 representing 12.2% from GH₵29,149,398 in 2014 to GH₵32,704,813 in 2015.

Financial position
212. The financial position of the Polytechnic as at 31 December 2015 is provided in Table 9.

<table>
<thead>
<tr>
<th>Table 9: Balance sheet as at 31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Non-Current Assets</td>
</tr>
<tr>
<td>Current Assets</td>
</tr>
<tr>
<td>Total Assets</td>
</tr>
<tr>
<td>Current Liabilities</td>
</tr>
<tr>
<td>Net Assets</td>
</tr>
<tr>
<td>Current Ratio</td>
</tr>
</tbody>
</table>

213. Non-Current Assets of the Polytechnic increased by GH₵4,222,114 representing 20.0% from GH₵21,162,338.11 in 2014 to GH₵25,384,452 in 2015. The increase was attributed to additions to assets during the year.

214. Current Assets also increased by GH₵3,388,669 representing 28.5 % from GH₵13,655,377 in 2014 to GH₵17,544,046 in 2015 mainly due to increase in cash and bank balance from GH₵12,575,287 in 2014 to GH₵15,748,344 in 2015. Receivables also increased by a margin of 66.3% (GH₵715,612) from GH₵1,080,090 in 2014 to GH₵1,795,702 in 2015.


216. Current ratio of 1.4:1 in 2015 indicates that the Polytechnic will be able to meet its current liabilities as and when they fall due.
MANAGEMENT ISSUES

Loss of rent revenue - GH¢46,326.00

217. A memorandum dated 2nd April, 2012 from the Governing Council directed and approved subsidized monthly rent to staff occupants of the Polytechnic accommodation with effect from January 1, 2012. This is subject to review by the Governing Council every two years.

218. We noted during our audit that, management set-up a six-member Committee carved from the Housing and Residence Committee to review the rent charges of flats for the period 1st January 2014 to 31December 2015. Although the committee presented their report on the new rent, management failed to present it to Council for approval, hence, residents are still paying the old rent since January 2012.

219. We attributed the above situation to management’s failure to present the report on time to the Council for approval as stated in the above directive. The Council also failed to call for the report and act on it to ensure that the rent is reviewed on due dates.

220. The non-compliance with the above stated directive by management and the Council led to the staff paying the old rent instead of the revised rent, thereby causing a loss of rent revenue amounting to GH¢46,326.00. This could have been used to support development activities of the Polytechnic.

221. We recommended to management to seek approval from Council without further delay to implement the charging of the new rent to prevent further loss of funds to the Polytechnic.

222. In response management stated that the approved existing rent by Council took into consideration the fact that residents on campus were not paying electricity bill while rent subsidy was also paid to staff who do not live on campus. However, in view of the huge consumption of electricity by the Polytechnic, management negotiated with staff to start paying electricity bills by requesting ECG to provide them with prepaid meters in 2014. This made it impossible for management to present for review, a revised rent proposal with the fear that majority of staff living out of campus will call for a review of their rent subsidy.

223. Management has now set-up a committee to review the rent charges and submit the proposal by 16 January 2017 for consideration.
Wrong Payment of Quarterly Allowance GH¢219,510.00

224. Section 8, subsection (6) of the Polytechnic Act states that subject to section 12, a member of a Council is entitled to remuneration for membership of the council. Section 12 also states that members of a council and members of a sub council shall be paid sitting allowances approved by the Minister in consultation with the Minister responsible for Finance.

225. We noted that five management staff members who have been co-opted to attend council meetings by virtue of the posts were paid quarterly remuneration amounting to GH¢25,920.00 in addition to the sitting allowances for the year under review, contrary to the above stated provision of the Polytechnic Act.

226. We also noted that Sub Council (Committee) members were also paid quarterly remuneration amounting to GH¢193,590.00 for the year under review, contrary to the above stated Act.

227. The above anomaly could be attributed to management’s failure to adhere to the above stated provision in the Polytechnic Act.

228. Non-compliance with the Polytechnic Act resulted in loss of GH¢219,510.00 wrongly paid to the staff members involved.

229. We recommended to management to put a stop to the above practice and recover the amount wrongly paid from the payees and make the receipts available for our inspection.

230. In response, though management claims it has put a stop to the payment of such illegitimate payments, we are yet to verify this in our next audit. Management further stated that the recovery of payment already made in the year under review could not be effected since some of the payees are no longer serving on the sub-committees due to expiration of their tenure of office.

Unrecovered Loans-GH¢52,914.47

231. Regulation 111 of the Financial Administration Regulation, 2004 states 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 shall ensure that advances are duly recovered in accordance with the agreement.” Regulation 112 of the same FAR further provides that recoveries can be made by any other means which may appear to be feasible should deductions from the borrower’s salary at source fails.
232. Our inspection of the records showed that management granted salary advances and special loans amounting to GH¢65,327.72 for the years 2013, 2014, and 2015 to members of staff which were to be recovered within 12 months. However as at time of reporting in June 2016 a total amount of GH¢12,413.25 had been recovered from the advances granted, leaving outstanding balance of GH¢52,914.47 yet to be recovered.

233. The above irregularity could be attributed to management’s failure to comply with the above stated regulation by ensuring that the advances granted were recovered within the agreed period.

234. Non-recovery of the advances stated above denied the Polytechnic funds to give out as loans to other staff members when in need as well as loss of funds to the state.

235. We advised management to ensure compliance with the above stated regulation by taking necessary steps to recover all outstanding loans from staff debtors.

236. During our follow up management indicated that all the inputs has been done to the Third Party Reference System (TPRS) and the respective staff received text messages from C&AGD in July 2016 that their respective salary advance deductions would be effected but by the end of December 2016 deductions have not been effected on individual monthly Pay slips and the Report 20 from CAGD. Management is in contact with C&AGD to resolve the anomaly.

**Failure to review tenancy agreement**

237. The Residence and Health Service Committee of the Academic Board of the Polytechnic on behalf of management approved the allocation of shops on the Polytechnic Campus to eight (8) operator’s reference to their letter No. AP/REG/RHSC/VOL 1 dated June 30, 2009 for monthly charges as follows:

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>GH¢50.00</td>
</tr>
<tr>
<td>Electricity</td>
<td>GH¢10.00</td>
</tr>
<tr>
<td>Water</td>
<td>GH¢5.00</td>
</tr>
</tbody>
</table>

238. These amounts payable are subject to review and possible adjustment as indicated in condition (e) of the agreement.
239. Our review of the records revealed that there has not been any adjustment to the above monthly charges since the inception of the agreement; consequently, the shop operators are still paying the old charges.

240. The anomaly is largely due to lack of proper supervision by management of the Polytechnic and apathy on the part of the Residence and Health Service Committee who are solely responsible for managing of the shops.

241. Failure to adjust the rates upwards to the current economic prevailing rate, deprived the Polytechnic revenue which could have been used for developmental projects.

242. We advised management to instruct the Residence and Health Service Committee to immediately review and seek approval for the implementation of the new rates.

243. In response management stated that the tenants of the shops petitioned the Residence and Housing committee to reduce the rent on the basis that they do not operate during vacation of four months in a year. The housing committee did not accept their plea by maintaining the existing rent. However, as part of measures to reduce the electricity consumption bill for the Polytechnic, management requested pre-paid meters to be installed on each shop and the average consumption per shop is GH¢100.00 while the electricity charge included in the rent was GH¢10.00.

244. The Residence and Housing Committee of the Academic Board has recommended to management a rent charge of GH¢130.00 per month per shop for eight shops effective January 2017.

Absence of risk management policy

245. Risk management policy is a tool that enables management to visualize, access and manage significant risks that may adversely impact the attainment of key organisational objectives. The purpose of carrying out a risk assessment is to enable the employer to come out with policies and practices that can enhance potential opportunities to help achieve the Organisation’s objectives.

246. We noted during our audit that the Polytechnic did not have a policy on identifying, assessing and managing of risks that may arise in the course of its business.
247. Management’s failure to attach importance to the need of assessing risk and to put in measures to mitigate those risks resulted in the anomaly.

248. Failure in carrying out a risk assessment does not enable management to take the necessary measures to forestall the occurrence of risk when it occurs.

249. We advised management to carry out a risk assessment of the Polytechnic in order to come out with policies and practices that can enhance potential opportunities to help achieve the Polytechnic’s objective.

250. Management indicated during our follow up that a seven-member Committee has been set by management to come out with a draft Risk Management Policy for consideration by management, Academic Board and Council. The committee is to submit its report by mid-January 2017.
251. This report relates to the audited accounts of the Kumasi Polytechnic for the period ended 1 January 2015 to 31 December 2015.

Operational results
252. The year 2015 ended with operational surplus of GH¢1,502,883.43 representing 28.1% decrease on the previous year’s surplus of GH¢2,089,948.74. The decrease was mainly due to increases in expenditure for Goods and Services by 44.8%. The performance indicators are as shown in Table 10.

Table 10: Income statement for 2015

<table>
<thead>
<tr>
<th>Income</th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt. Subvention</td>
<td>25,597,065.06</td>
<td>24,882,948.53</td>
<td>2.9</td>
</tr>
<tr>
<td>Internally Generated Fund</td>
<td>15,516,853.10</td>
<td>12,287,795.26</td>
<td>26.3</td>
</tr>
<tr>
<td>Total Income</td>
<td>41,113,918.16</td>
<td>37,170,743.79</td>
<td>10.6</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Emoluments</td>
<td>22,690,454.51</td>
<td>23,393,738.44</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>16,920,580.22</td>
<td>11,687,056.61</td>
<td>44.8</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>39,611,034.73</td>
<td>35,080,795.05</td>
<td>12.9</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>1,502,883.43</td>
<td>2,089,948.74</td>
<td>(28.1)</td>
</tr>
</tbody>
</table>

253. Total Income registered an increase of 10.6%, from GH¢37,170,743.79 in 2014 to GH¢41,113,918.16 in 2015. The upward movement was mainly due to the increase
in the Internally Generated Fund from GH¢12,287,795.26 in 2014 to GH¢15,516,853.10 in 2015, registering 26.3% increase.

254. Total Expenditure also went up by 12.9% from GH¢35,080,795.05 in 2014 to GH¢39,611,034.73 in 2015. The increase in expenditure was mainly due to Goods and Services increasing by 44.8%, from GH¢11,687,056.61 in 2014 to GH¢16,920,580.22 in 2015. Among the expenditure items that gave rise to the Goods and Services are School text book from GH¢50464.99 in 2014 to GH¢188,653.50 in 2015, invigilation allowance from GH¢145,553.43 in 2014 to GH¢388,800.61 in 2015 and maintenance of building and class rooms from GH¢120,907.65 to 364,889.98 in 2015.

Financial position

255. The Institute’s financial position as at 31 December 2015 is shown in Table 11.

<table>
<thead>
<tr>
<th>Items</th>
<th>2015 (GH¢)</th>
<th>2014 (GH¢)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>8,022,301.43</td>
<td>5,664,300.61</td>
<td>41.6</td>
</tr>
<tr>
<td>Current Assets</td>
<td>8,125,209.45</td>
<td>8,577,090.51</td>
<td>(5.3)</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>646,746.17</td>
<td>243,509.84</td>
<td>165.6</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>7,478,463.28</td>
<td>8,333,580.67</td>
<td>(10.3)</td>
</tr>
<tr>
<td>Liquidity ratio</td>
<td>12.6:1</td>
<td>35.2:1</td>
<td></td>
</tr>
</tbody>
</table>

256. Non-Current Assets increased by GH¢2,358,000.82 or 41.6% in 2015 due to the acquisition of new assets valued at GH¢2,456,340.77.

257. Current Assets decreased marginally by 5.3%, from GH¢8,577,090.51 in 2014 to GH¢8,125,209.45 in 2015. The downward movement was mainly as a results of a decrease in the cash at bank by 40.3%, from GH¢4,735,128.45 in 2014 to GH¢2,828,121.90 in 2015.

258. Current Liabilities recorded an increase of 165.6% from GH¢243,509.84 in 2014 to GH¢646,746.17 in 2015. This was mainly due to continuous rising of the Polytechnics’ creditors’ failure to redeem cheques for payment. We advised management to write new cheques and ensure that the creditors present them to bank for payment as soon as possible.

259. The liquidity position as measured by a current ratio of 12.6:1 in 2015 and 35.2:1 in 2014 financial years indicates the ability of the Polytechnic to meet its short
term debts as and when they fall due by 12.6 or 35 times as and when they fall due, meaning the funds are idle. We therefore advised management to utilise the funds to improve the Institute, in accordance with budget provisions.

**MANAGEMENT ISSUES**

**Improper IGF Payments - GH¢678,894.78**

Our audit disclosed that management authorised the payment of an amount of GH¢678,894.78 from IGF as retirement benefits, staff advances, vehicle and accommodation loans to 148 staff as summarized below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary Advances/ Car Loans</td>
<td>365,553.07</td>
</tr>
<tr>
<td>Vehicle Loan</td>
<td>102,000.00</td>
</tr>
<tr>
<td>Ex- Gratia Award</td>
<td>211,341.71</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>678,894.78</strong></td>
</tr>
</tbody>
</table>

We considered the payments inappropriate since they were not directly related to the generation of IGF. The retirement benefit was also not included in staff benefits, budgeted for and approved by the Minister of Finance.

Management’s action flouted Regulation 179 (1) of FAR which prohibits the use of funds earmarked for specific activities for purposes other than those activities. The payments also infringed on the provision of Section 5(a) of Act 735. Payments not budgeted for could impact negatively on the operations of the Polytechnic.

We recommended that management should stop making such illegitimate payments from its IGF and operate within the confines of the law.

Management responded among others that the illegal payments from the IGF were only a token compared to what pertains in other public institutions like the Universities. We totally disagreed with management and therefore maintained that they should operate within the confines of the law.

**No agreement for payment for pre-contract services - GH¢37,151.14**

Regulation 39(2c) of the FAR requires the Head of the Accounts Section to control the disbursement of funds and ensure that transactions are properly authenticated to show that amounts are due and payable.
266. We noted that an amount of GH¢37,151.14 paid to the Development Officer of KNUST for pre-contract services was not supported with a relevant contract agreement for our verification.

267. The absence of this vital document casts doubt on the authenticity and occurrence of the transaction. It also depicts weak control over expenditure.

268. We recommended that the authorising and paying officers, together with the payee should ensure that the agreement is made available for audit scrutiny or the amount of GH¢37,151.14 be refund into the bank account of the Polytechnic and our office informed for verification.

269. Management responded that “on the 4 March 2002, the then Polytechnic secretary wrote to the Director of works at KNUST and affirmed the contract between the Institution and them. Subsequently the payment of GH¢37,151.14 was based on the pre-contract services they had rendered”

270. In a letter dated 9 July 2015 tendered in by management as evidence, management contradicted itself by admitting that “it has realised that there was no written contract to substantiate the work”.

271. We insisted that there was a clear indication that management paid the amount without any contract agreement. We therefore reiterate our earlier recommendation.

**Misapplication of IGF on GETFUND projects - GH¢560,000.00**

272. Regulation 122(1) of the FAR, 2004 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.

273. In contravention of the above stated regulation, we noted that management granted loans of GH¢460,000.00 to STIVO Company Limited for the continuation of the construction of Junior Staff Flats at Adako-Jachie as shown below:

<table>
<thead>
<tr>
<th>Date</th>
<th>PV No</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/02/15</td>
<td>B2167</td>
<td>260,000.00</td>
</tr>
<tr>
<td>25/11/15</td>
<td>B5982</td>
<td>200,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>460,000.00</strong></td>
</tr>
</tbody>
</table>
274. Since the contract is a GETFund Project we deemed the expenditure as a misapplication from the IGF.

275. In a related development, we noted management paid an amount of GH¢100,000.00 to the same company as advance mobilization for renovation and painting of the Polytechnic’s Hostel at Adako-Jachie. The contract sum for the project was GH¢163,988.00, therefore mobilisation of 20% provided for in the contract agreement should have been GH¢32,797.60. However, we noted that GH¢100,000.00 representing 64.9% of the contract sum was paid instead of GH¢32,797.60 resulting in an over payment of GH¢67,202.24, a breach of the contract agreement.

276. The irregularities undermine procedures and controls established under generally accepted contract management. The practice if not discontinued would affect the implementation of approved programmes of the Polytechnic.

277. We recommended that management should comply with the dictates of the contract agreement. We further urged management to ensure that the advance of GH¢100,000 is recovered from the contractor and paid into the IGF account.

278. Management responded among others that both IGF and GETFund are public monies. Releases from GETFund for payment to contractors’ delay unduly resulting in interest on delayed payment being paid by the institution. In order to avoid such interest payments, the loans were granted to the contractor to enable him complete the project on time. We however could not agree with management on this assertion since the mobilisation was not to attract any interest. We advised management to ensure compliance of the above quoted regulation.

Fixed Deposit used as collateral - GH¢1,504,473.76

279. According to a joint venture agreement that existed between K Poly and Song Tech Ltd, a joint company by name K-PST Electronics Company Limited was established to assemble and sell electronic products. Our audit of available records revealed that, K-PST Electronics Company Limited sought for letters of credit from ECOBANK Ghana Limited to enable it procure goods from China. The collateral provided by K-PST’s was not acceptable to ECOBANK, hence the company requested the Polytechnic to assist by providing collateral acceptable to the bank.

280. Consequently, management of the Polytechnic used its Fixed Deposit of GH¢1,400,000.00 at ECOBANK as collateral for the letters of credit (LC).
281. The LC crystallized in October 2014 and ECOBANK called in the Polytechnic’s lien of GH¢1,400,000.00 to defray part of the accrued debt which consisted of the principal, interest and penalty charges totaling GH¢1,504,473.76.

282. In reviewing the transaction, we noted the following irregularities:
   i. Management failed to seek approval from the governing council before granting the collateral to K-PST Electronics Company Limited;
   ii. The IGF should not be used as collateral without seeking approval from the Ministry of Finance in line with sound financial management practice;
   iii. Management failed to consider the fact that, at the time of supporting K-PST with the collateral, the contribution of Song Tech Limited was still not declared and it was evident that they had taken undue advantage of the Polytechnic.

283. The situation was caused by management’s failure to follow due process and exercising due diligence in signing the joint venture agreement.

284. Since, the possibility of recovering the amount of GH¢1,504,473.76 cannot be guaranteed, we recommended that the authorising and approving officers should be surcharged with the amount for causing financial loss to the Polytechnic and for that matter the State.

285. Management responded that the Chairman of the Governing Council gave approval for ratification by council but there was no evidence to back that claim. Management also intimated that the stock at the warehouse could be used to defray the debt.

286. We totally disagreed with this stance because there were material discrepancies between the stock level as claimed by management and physical stock taking by the audit team as indicated below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Stock Level</th>
<th>Physical Stock</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desktop computers</td>
<td>200</td>
<td>178</td>
<td>22</td>
</tr>
<tr>
<td>Laptops computers</td>
<td>116</td>
<td>7</td>
<td>109</td>
</tr>
<tr>
<td>Tablets</td>
<td>1000</td>
<td>2</td>
<td>998</td>
</tr>
</tbody>
</table>

287. We therefore reiterated our earlier recommendation.
Unpresented Payment Vouchers GH¢58,869.19

288. In contravention of Regulation 1 of the FAR L.I. 1802 which requires among others that public officers charged with receipt, custody and disbursement of public and trust funds should keep proper records and produce such documents for inspection when called upon to do so by the Auditor-General; payment vouchers amounting to GH¢413,269.15 could not be presented for audit.

289. 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.

290. We 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 is also advised to improve upon its custody of records and filing system.


Payment made after expiration of contract - GH¢220,000.00

292. We noted that management paid an amount of GH¢220,000.00 to XIT Company Limited for the period under review, alluding it to an earlier contract which existed between the Polytechnic and the Company but was abrogated in April 2012.

293. At a meeting between the lead consultant for the XIT Company Ltd and management of the Polytechnic on 16 February 2015 it was discussed that though the contract ended in April 2012, there were few outstanding issues that needed to be resolved.

294. A further scrutiny disclosed that the amount was paid for no work done as management could not substantiate their assertion. They could not also provide us with any documentation from the inception of the contract to the time of abrogation.

295. It was finally agreed by both parties that, payment for services rendered by the XIT Company Ltd should be made for 22 months. This was to start from April 2013 to January 2015. An amount of GH¢10,000.00 was agreed as the service fee per month.
296. We find this unacceptable for the following reasons:
   i. From the forgoing, there is clear indication that there was no valid contract between the two parties for the period that the payment was made.

   ii. The cost incurred was not provided for in the 2015 budget as otherwise required by Regulation 179(1) of the FAR which requires a head of department not to authorise payment to be made out of fund earmarked for specific activities other than those activities.

   iii. The “few outstanding issues that needed to be resolved” as discussed at the said meeting should have been referred to the appropriate tender review board for consideration in line with 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.

   iv. Additionally, considering the amount involved, the issue should have been communicated to the governing council of the Polytechnic

   v. Management also did not keep any contract register to record the details of the contract.

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

298. We therefore recommended that they should provide us with the following documents:
   i. The original Contract Agreement
   ii. The renewed Contract Agreement
   iii. The schedule of all the payments made on the contract
   iv. All correspondences relating to the contract;

299. failing which the amount should be recovered from the authorising and approving officer.
300. Management during our follow up provided us with only the original contract agreement without the other document enumerated above.

301. We therefore reiterated our earlier recommendation.

**Internal Control weaknesses in joint venture agreements**

302. As part of sound management practice, it is required that the management of public institutions should establish suitable systems of internal controls within the ambit of government policy to enhance the efficient and effective running of their organisation.

303. Such systems should ensure that:
   i. the activities of the organisation are conducted in an orderly, efficient, effective and lawful manner
   ii. adherence to the government regulations and management policies are maintained
   iii. the organisation stayed focused on its core mandate without deviation.

304. Contrary to this sound management practice stated above, we noted that management signed separate joint venture agreements with the under listed companies for various business activities;
   a. Song Tech
   b. BS Africa
   c. Universal Eye Agency Limited
   d. Prudential Solutions Limited.

305. A further review of available records revealed the following irregularities:
   a. Management entered into the joint venture agreement without any technical advice and approval from the appropriate institutions like the Ministry of Education and Attorney – General’s Department.
   b. Management failed to seek advice from the Polytechnic’s Legal Unit
   c. Management did not exercise due diligence especially in the case of Song Tech and BS Africa Limited.
   d. The operations under the joint ventures are a deviation from the Polytechnic’s core mandate.
e. The terms of the agreement were not followed to the letter.

f. The operations of all the joint ventures lacked transparency.

306. The situation was caused by management’s failure to recognize the Polytechnic as a public institution, thereby disregarding sound management practices and out stepping its core mandate.

307. The anomaly could lead the Polytechnic into unnecessary legal battles and the payment of judgement debt resulting in losing potential revenue which could affect profitability and viability.

308. We recommended that management should in future exercise due diligence to avoid litigation and causing financial loss to the company. Additionally, the entire polytechnic fund should be recouped failing which the authorising and approving officers be surcharged.

309. Though management claim due diligence was followed, our review proved otherwise. We therefore reiterated our previous recommendation.

**Song Tech Contribution to Joint Venture not known**

310. Kumasi Polytechnic entered into a joint venture agreement with Song Tech to assemble and market 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 Electronics Company Limited.

311. In our previous audit, we noted that, Kumasi Polytechnic transferred an amount of GH¢10,884,334.18 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.

312. Management could not assign any reason for the transfer of funds to Song Tech instead of the bank account of K-PST Electronics Company Limited, the Joint Company. We further noted that management entered into the Joint Venture agreement without any technical advice and approval from the appropriate institutions i.e. Ministry of Education and the Attorney-General’s Department.

313. Management could also not furnish the team with any evidence on the total contribution made by each partner towards the formation of the company and in
complete disregard of our previous recommendations, management continued to commit more funds into the Company.

314. As at the time of writing, management has spent a total amount of GH¢3,223,747.10 according to the Financial statement for the period under review. Meanwhile Song Tech’s investment in the Joint Venture is still not declared or known.

315. We sighted a memo dated 15 September 2015 recording a special meeting held on 31 August 2015 by the Polytechnic initiating action to abrogate the Polytechnic’s contract with K-PST Electronics Company Limited.

316. According to management an independent audit firm was engaged to determine the total investment of Song Tech in April 2012, however the audit has not been completed as at the time of writing this report a period of about 38 months. It is evident that Song Tech has taken advantage of the Polytechnic.

317. Failure on the part of management to exercise due diligence before entering into the agreement contributed to the anomaly.

318. 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. Additionally, responsible officers who superintended over the signing and transferring of funds to the venture should be sanctioned according to Regulation 8(1) of the FAR.

319. Management failed to address the issues raised in our observation. We therefore reiterated our earlier recommendation.

Operations of KPIT

320. KPIT is a joint venture agreement between Kumasi Polytechnic and BS Africa Limited which runs short programmes for students of the Polytechnic on repairs of mobile/tablet phones, flat screen among others.

321. A review of their operations revealed the following irregularities:

   i. Mr. David Addo-Yobo the partner in the joint venture, who also doubled as the coordinator for the programmes mentioned above, did not keep proper records on the operations of the venture.
ii. He collected and disbursed fees without banking, even though the agreement required that all fees collected should be paid into the bank account of the Polytechnic.

iii. The operations of KPIT lack transparency as our interview with the Director of Kumasi Polytechnic Institute of Technology who is the overseer of KPIT revealed that he was not privy to the activities and operations of KPIT.

iv. The name of the company, KPIT, is conflicting with the Kumasi Polytechnic Institute of Technology which also have its abbreviation as KPIT. This need to be rectified since both the company and the school operates under the same department.

v. KPIT has graduated 1st and 2nd batches comprising 172 students, out of this number only 21 paid their fees in full with the remaining 151 still owing an outstanding amount of GH¢155,650.00 to the KPIT.

vi. The total amount of fees due was GH¢265,000.00; receipt books presented indicated that GH¢167,050.00 had been collected so far yet his records disclosed only GH¢109,350.00 leaving a balance of GH¢59,700.00 not accounted for. In effect the fees collected are not being monitored by the Polytechnic.

322. The situation which occurred as a result of management’s laxity in handling issues concerning the joint ventures has emboldened Mr. Addo-Yobo to do things his own way thereby depriving the Polytechnic of its share of revenue.

323. Should this trend continue unchecked, the viability of the joint venture could be compromised resulting in sharing losses instead of anticipated profits.

324. We therefore recommended that management should put in measures to supervise and monitor the operations of KPIT. Since Mr. Addo-Yobo is an interested party to the joint venture, we further recommended that management should consider finding a neutral person to manage KPIT.

325. Additionally, Mr. Addo-Yobo should be made to account for the GH¢59,700.00 or the amount be recovered from him.
326. During our follow up, the governing council 105th meeting held on 9 November 2015 directed the legal unit to abrogate the joint venture which has been done. However, Mr. Addo-Yobo is yet to account for the GH¢59,700.00. We urged management to pursue the recovery of the amount.

**Unapproved Joint Venture agreement**

327. We noted that management signed a Memorandum of Understanding (MoU) with BS Africa Limited dated 23 October 2014 to form a partnership to run short courses in repairs of computers, television, mobile tablets and phones.

328. Obligations to the partners are as follows:

329. K-Poly shall provide:
   a. Classrooms for the training of the students
   b. Offices for the staff of the programme
   c. Laboritories for the practical works.

330. BS Africa shall provide:
   a. LCD computers, Bios Programmes and Diagnostic card to stock up the laboritories
   b. Training and support for the instructors
   c. Certificate for students
   d. Management of the programme
   e. Online Marketing and Technical Support
   f. Any other responsibilities that will be agreed by the parties.

**Distribution of income**

331. The distribution of gross income realized shall be as follows:
   
   K-Poly – 30%
   
   BS Africa – 30%
   
   Operations of KPIT – 40%

332. All monies collected shall be paid into K-Poly’s bank accounts. The internal Auditors of K-Poly shall audit the operations of KPIT periodically.
333. A further review of the MoU revealed the following:

i. A clause in the MoU stated that all fees collected be paid into the Polytechnic’s account. We find this request unacceptable since a joint venture is a separate entity and therefore a separate bank account should have been opened for that purpose.

ii. In similarity to the other joint venture, management entered into this agreement without approval from the appropriate institutions.

334. We noted also that management has not acted on our previous audit recommendations concerning this subject matter as it continues to enter into joint ventures without approval from the appropriate institution which is also not in the best interest of the Polytechnic.

335. For optimum returns on investment and to prevent losses, we recommended that management as a matter of urgency should seek the necessary guidance and approval before entering into any joint venture in conformity with the law.

336. Management failed to address the issues raised in our observation. We therefore reiterated our earlier recommendation.
This report is in relation to the audited accounts of the Sunyani Polytechnic for the period 1 January 2015 to 31 December 2015.

**Operational results**

The Polytechnic recorded a surplus of GH¢1,067,278.03 in 2015 representing 348.3% increase over the previous year’s surplus of GH¢238,071.84. The comparative performance indicators for the period are shown in Table 12.

**Table 12: Income statement for 2015**

<table>
<thead>
<tr>
<th></th>
<th>2015 (GH¢)</th>
<th>2014 (GH¢)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Govt. Subvention</td>
<td>17,796,076.95</td>
<td>16,348,780.61</td>
<td>8.9</td>
</tr>
<tr>
<td>GETFund Allocation</td>
<td>779,296.72</td>
<td>-</td>
<td>100.0</td>
</tr>
<tr>
<td>Other Income (IGF)</td>
<td>7,889,576.32</td>
<td>5,596,324.24</td>
<td>41.0</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>26,464,949.99</strong></td>
<td><strong>21,945,104.85</strong></td>
<td><strong>20.6</strong></td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Emoluments</td>
<td>18,242,094.45</td>
<td>16,491,033.27</td>
<td>10.6</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>7,155,577.51</td>
<td>5,215,999.74</td>
<td>11.8</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>25,397,671.96</strong></td>
<td><strong>21,707,033.01</strong></td>
<td><strong>17.0</strong></td>
</tr>
<tr>
<td><strong>Surplus/(Deficit)</strong></td>
<td><strong>1,067,278.03</strong></td>
<td><strong>238,071.84</strong></td>
<td><strong>348.3</strong></td>
</tr>
</tbody>
</table>
339. Total Income for the year 2015 went up by GH¢4,519,845.14 from GH¢21,945,104.85 in 2014 to GH¢26,464,949.99 in 2015 representing 20.6%. This increase was mainly due to a rise in GETFund allocation of GH¢779,296.72 for the construction of lecture halls and release for staff development.

340. Total Expenditure went up by 17% rising from a total amount of GH¢21,707,033.01 in 2014 to GH¢25,397,671.96 in 2015. The increase in expenditure was due to an increase in personnel emoluments which went up by GH¢1,751,061.81, Book and research allowance also increased from GH¢941,480.05 in 2014 to GH¢1,328,972.25 in 2015.

Financial position
341. The Institution’s financial position as at 31 December 2015 is shown in Table 13.

Table 13: Balance sheet as at 31 December 2015

<table>
<thead>
<tr>
<th>Items</th>
<th>2015 (GH¢)</th>
<th>2014 (GH¢)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>13,163,517.86</td>
<td>10,931,964.83</td>
<td>20.4</td>
</tr>
<tr>
<td>Current Assets</td>
<td>8,031,066.42</td>
<td>5,808,448.22</td>
<td>38.3</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>2,689,533.13</td>
<td>2,302,639.93</td>
<td>16.8</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>5,341,533.29</td>
<td>3,505,808.29</td>
<td>52.4</td>
</tr>
<tr>
<td>Liquidity ratio</td>
<td>3.0:1</td>
<td>2.5:1</td>
<td></td>
</tr>
</tbody>
</table>

342. Non-Current Assets rose by GH¢2,231,553.03 representing 20.4% in 2015 due to the acquisition of new Non-Current Assets.

343. Current Assets went up by GH¢2,222,618.20 from GH¢5,808,448.22 in 2014 to GH¢8,031,066.42 in 2015 representing 38.3%. The rise was due to a significant increase in account receivables by 60.2%. This increase was largely due to student debtors which recorded 172% increase in the current year because management has adopted a policy of accepting 60% of fees in the first semester. This policy is having a negative effect on early receipt of fees.

344. We recommended that management develop a better policy to improve collection of fees and reduce the large level of student debt.
345. Current Liabilities recorded a minimal increase of 6.0% from GH¢2,302,639.93 in 2014 to GH¢2,689,533.13 in 2015. The institution’s indebtedness to Ghana Water Company and VRA continues to increase and which accounted for the increase recorded, from GH¢997,207.24 in 2014 to GH¢1,119,885.83 in 2015 while VRA indebtedness rose from GH¢1,132,963.48 in 2014 to GH¢1,250,519.39.

346. The Polytechnic had contracted GCB credit facility of GH¢3,500,000.00 during the period, in addition had acquired a Hostel facility from the GETfund valued at GH¢2,868,688.00 resulting into realisation of long term liability in the accounts.

347. The liquidity position as measured by current ratio has grown from of 2.5:1 in 2014 to 3.0:1 in 2015 financial year, this implies that the Polytechnic has the ability to settle its short term debts as and when they fall due.

**MANAGEMENT ISSUES**

**Non Existence of Accounting Manual**

348. Contrary to Regulation 4(1) and (2) of Financial Administration Regulation, we noted that the Polytechnic did not develop an Accounting Manual to regulate financial business of the Polytechnic and therefore no information with regard to the format and the manner in which the accounts were to be kept and the financial statements prepared were sighted.

349. Failure of management to comply with the dictates of the regulation, contributed to the anomaly.

350. The absence of expressly stated rules and procedures did not help the Polytechnic to format its accounting systems to a standard that could be supported. The situation could not also guide the audit team to understand the Accounting Systems operated by the Polytechnic.

351. We recommended that, without further delay management should develop accounting manual to direct business, administrative and accounting issues performed by the various department of the Polytechnic.

352. Management responded that, the manual would be made fully operational and made available to the audit team during the next audit.
Contracting Loan to complete GETFund Project - GH¢3,500,000.00

353. The contract of remodelling of the HCIM block into a lecture hall complex for Sunyani Polytechnic was awarded to M/S Berock Ventures Limited on 29 June 2011 at a Contract sum of GH¢2,886,049. The Contract sum was reviewed upwards from GH¢2,886,049 to GH¢7,259,078.78 in May 2015 to take care of variation of GH¢4,373,029.73.

354. We noted that the Polytechnic had gone for a GCB loan facility of GH¢3,500,000.00 without authority from the Minister of Education and subsequent approval from the Minister of Finance but with an alleged verbal agreement with GETFund. An amount of GH¢3,328,398.64 has been disbursed from the facility so far on the project on behalf of GETFund. The Polytechnic up to date has paid out of its IGF accumulating interest cost of GH¢218,935.00 on the loan.

355. On 16 May 2016, the Polytechnic applied to GETFund requesting for a refund of a loan of GH¢3,328,398.64 taken on behalf of GETFund for the completion of HCIM lecture hall complex (GETFund Project) leaving out the interest cost. Considering the circumstance surrounding the loan and the fact that there will be continuous quarterly compounding interest on the loan, it is possible that financial position of the Polytechnic could be under stress during 2016 financial year.

356. We attributed the Polytechnic current situation to Management’s failure to seek approval from the Minister of Finance for authority and approval. Again Management’s inability to tread cautiously and properly forecast and analyse the effect the GH¢3.5m loan could have on its finances contributed to the situation.

357. To avoid bringing the finances of the Polytechnic to severe liquidity problem, we recommended that GETFund should be pressured to refund the loan to the Polytechnic immediately. Authority should also be sought from the Minister and all information about the loan be made known for retrospective approval.

358. Management must again ensure that the up to date interest accrued on the loan is added to the principal and forwarded same to GETFund accordingly.

359. Management stated that it will go for ratification from Ministry of Finance.

360. We urged management to comply with our recommendation and obtain authority.
Failure to deduct 5% withholding tax on contract payment – GH¢166,444.92

361. Section 126 of Financial Administration Act 2004 requires that, in all cases of contract payments, unless otherwise stated in the contract agreement, taxes shall be deducted in accordance with the relevant enactments on taxes.

362. Contrary to the above regulation, we noted that the Acting Finance Officer Mr. Daniel Hinneh failed to deduct the statutory 5% withholding tax from total payment of GH¢3,328,898.64 made to Messrs. Berock Ventures Limited the contractor who worked on remodeling of HCIM block lecture hall complex. Details of the payments are shown in Table 14.

<table>
<thead>
<tr>
<th>Cert No. GH¢</th>
<th>Cheq. No.</th>
<th>Date</th>
<th>Amount GH¢</th>
<th>5% Tax GH¢</th>
<th>Amount Deducted</th>
</tr>
</thead>
<tbody>
<tr>
<td>10A</td>
<td>Direct Transfer</td>
<td>30/08/15</td>
<td>1,500,000.00</td>
<td>75,000.00</td>
<td>Nil</td>
</tr>
<tr>
<td>11</td>
<td>-do-</td>
<td>04/11/15</td>
<td>325,736.36</td>
<td>16,286.81</td>
<td>Nil</td>
</tr>
<tr>
<td>12</td>
<td>-do-</td>
<td>17/12/15</td>
<td>151,840.18</td>
<td>7,592.00</td>
<td>Nil</td>
</tr>
<tr>
<td>13</td>
<td>-do-</td>
<td>13/03/15</td>
<td>733,711.42</td>
<td>36,685.57</td>
<td>Nil</td>
</tr>
<tr>
<td>14</td>
<td>-do-</td>
<td>24/03/15</td>
<td>617,610.68</td>
<td>30,880.83</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>3,328,898.64</td>
<td>166,445.21</td>
<td></td>
</tr>
</tbody>
</table>

363. The irregularity occurred because payment vouchers were not prepared to cover the payments. The State had lost tax revenue amounting to GH¢166,444.02 which otherwise could have been used in executing its planned activities. Failure to prepare payment vouchers to support payment is a breach of financial discipline and sanctions must be applied as stated in the FAR.

364. We further recommended that, 5% withholding tax amounting to GH¢166,444.92 should be recovered from Messrs Berock Ventures Limited and same paid to the Commissioner of Domestic Tax Revenue Division.

365. Management indicated that, the payment was in form of advances to the Contractor and that the tax would be deducted when GETFund finally pays the contractor.

366. We urged management to comply with our recommendation as soon as possible.
Failure to account for money received

367. We observed that Mr. Charles Afram Snr, a senior instructor at the Department of Communication Studies received an amount of GH¢7,056.00 on 11 December 2015 to host 32 students and 2 instructors from La Cote D’Ivoire under Special Exchange Program between the students of Sunyani Polytechnic and Polytechique Homphoet-Boigmy. He however, failed to account for the amount after the programme in contravention of Regulation 2(a) of the Financial Administration Regulation.

368. A review of his personal file also revealed that he received an amount of 1.5 million CFA from the counterpart of La Cote D’Ivoire toward the organisation of the programme but failed to disclose the amount to management. The officer later confessed to the Vice Rector on 20 April 2016 that, he received the amount of 1.5 million CFA from the Authorities of the Polytechnic of La Cote D’Ivoire and Committee was constituted to investigate his conduct on 5 May 2016.

369. Failure of management to properly monitor and directly control activities during the exchange programme contributed to the irregularity.

370. We recommended that the amount of GH¢7,056.00 and 1.5 million CFA should be accounted for by Mr. Charles Afram Snr. Management should also endeavour to live up to expectation and play its monitoring role in all circumstances.

371. Management has provided receipts covering the GH¢7,056.00 and further responded that, the matter of alleged failure to disclose CFA 1,500,000.00 being feeding cost of the La Cote D’Ivoire students has been referred to the Disciplinary Board for further investigation.

372. We urged management to expedite action on the allegation and take appropriate disciplinary action against the lecturer.

Payment of salary related allowance from IGF without authority - GH¢49,846.95

373. Section 5(c) of Retention of funds (Act, 2007) Act 735 requires that, “internally generated funds shall not be used for the payment of salaries, staff benefits and other allowances except where the allowances are directly related to the provision of services that will lead to increased revenue.”
374. We noted that Mr. Daniel Hinneh Deputy Finance Officer who took over from Mr. Prince Menzo, the substantive Finance Officer, from September 2014, was paid monthly acting allowance of GH¢3,323.13 resulting in a total payment of GH¢49,846.95 as at 31 December 2015.

375. This amount was irregularly paid out of IGF without authority from the Minister of Finance contrary to the above quoted regulations.

376. We recommended that management should obtain retrospective approval and authority to support the payments. Again, management should ensure that, this anomaly and irregular payment does not recur in future.

377. Management said it had informed Controller and Accountant-General (CAG) but did not receive any response from them before making the payment, and promised that it will follow up to get the appropriate ratification from Controller and Accountant-General Department (CGAD) and Minister of Finance as soon as possible.

**Excess payment on contract work - GH¢46,211.79**

378. A contract of concrete drains, pipe culvert and bituminous surfacing of access road and car park with stone pitching and retaining walls was awarded to M/S Nyagyemens Enterprise on 6 November 2014 at contract sum of GH¢311,000.00. The contract period was six months. We observed that the contractor received payments totaling GH¢387,125.00 for the cost of work done, as shown in Table 15.

<table>
<thead>
<tr>
<th>Date</th>
<th>Chq No.</th>
<th>Amount (GH¢)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>15/3/14</td>
<td>92</td>
<td>30,000.00</td>
<td>Paid before the contract was signed</td>
</tr>
<tr>
<td>23/6/14</td>
<td>20053</td>
<td>20,000.00</td>
<td>Paid before the contract was signed</td>
</tr>
<tr>
<td>23/6/14</td>
<td>20053</td>
<td>98,000.00</td>
<td>Paid based on the consultant certificate</td>
</tr>
<tr>
<td>27/1/15</td>
<td>521</td>
<td>99,000.00</td>
<td>Paid based on the consultant certificate</td>
</tr>
<tr>
<td>5/3/2015</td>
<td>655</td>
<td>99,000.00</td>
<td>Paid based on the consultant certificate</td>
</tr>
<tr>
<td>3/4/2015</td>
<td>20318</td>
<td>10,000.00</td>
<td>Paid based on the consultant certificate</td>
</tr>
<tr>
<td>19/5/15</td>
<td>20382</td>
<td>5,000.00</td>
<td>Paid based on the consultant certificate</td>
</tr>
<tr>
<td>1/12/15</td>
<td>1370</td>
<td>26,125.00</td>
<td>Paid based on the consultant certificate</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>387,125.00</strong></td>
<td></td>
</tr>
</tbody>
</table>
379. Cumulative total work done as stated on certificate No. 4 however amounted to GH¢340,913.21 thus exceeding the cost of work certified by GH¢46,211.79. Our visit to the project site disclosed that, works certified to have been completed, measured with certificate raised and paid for, showed portion such as stone pitching and drainage work alleged to have been completed not done.

380. Failure of management to ensure that contract payments were properly captured in the payment certificates and works inspected by delegated officers before effecting payments contributed to the anomaly.

381. We recommended that the certificate covering the excess payment of GH¢46,211.79 should be made available for our verification or the amount recovered immediately from the contractor. Management should again without delay call the Contractor back to site to complete the project.

382. Management stated in its response that, the payments captured as extra payments related to different project and promised to make these certificates available for our inspection. At instance of the audit team, Management provided the certificate to cover the excess payment. We reminded Management about our recommendation to call the contractor back to site and thoroughly supervise and monitor the work and ensure that the work is completed on time.

**Delay in completion of building project & omission of previous Information on the Current Project - GH¢2,753,705.67**

383. Construction of Science Park Complex Building was awarded to M/s ASIB Ltd on 1 February 2007 at contract sum of GH¢6,623,713.22. The Project was to be funded by GETFund and expected to be completed by 31 December 2014.

384. The project completion date has delayed and as at September 2012, eleven certificates were issued on the project to cover work done amounting to GH¢1,719,694.65. Cumulative amount of GH¢2,753,705.67 was paid to the contractor and progress of work stated on Certificate Number 11 was 25% complete.

385. The project was abandoned from September 2012 until 14 May 2015, when the project cost was reviewed upwards from GH¢6,623,713.22 to GH¢10,049,060.19 for which approval was granted by the Central Tender Review Board of Ministry of Finance to support the variation.
386. We noted that, when the Consultant on the project –Building & Road Research Institute raised the first certificate to cover the work on the revised project, work done previously and the amount paid previously was not transferred to the certificate.

387. Information on certificate No 11 was removed from the bill and described the certificate as No.1 and put the progress of work done at 4%. This could result into double counting of items that had already been executed and paid for. As at October 2015, six certificates amounting to GH¢2,323,473.80 were raised on the new packaged project which excluded previous work and payment.

388. The delay of the project over these number of years contributed to the revision of the project cost. The delay has increased the project cost by 34.08%.

389. We attributed the delay and the irregularities on these projects to slow performance of the Contractor, lack of cash flow from GETFund and the Consultants inability to perform to standard.

390. We recommended that management should re-examine the contract package and do the necessary adjustment to reflect the true position of both financial and physical conditions in the project account.

391. Management explained that the delay in completion of the project was as a result of slowness in provision of fund by the GETFund. In respect of the omission of previous work from the current certificates, management stated that they will discuss with their consultants and ensure that what seems to be an anomaly would subsequently be corrected.

**Payment not supported with bill of quantities – GH¢10,000.00**

392. Generally accepted practice in contract management is that every payment in respect of Contract should be supported with invoice /bill of quantities.

393. We observed on the contrary that payments of GH¢186,000.00 made to companies who were awarded contracts were not supported with invoice or bill of quantities as evidence that a particular service has been rendered to the Polytechnic. Details are shown in Table 16.
Table 16: Payments with neither invoice nor BoQ

<table>
<thead>
<tr>
<th>Date</th>
<th>Chq. No.</th>
<th>Amount GH¢</th>
<th>Purpose</th>
<th>Payee</th>
</tr>
</thead>
<tbody>
<tr>
<td>19/10/15</td>
<td>955</td>
<td>48,000.00</td>
<td>Advance for completion of Lecture Hall complex</td>
<td>Building Tech</td>
</tr>
<tr>
<td>+30/9/15</td>
<td>Transfer</td>
<td>100,000.00</td>
<td>Advance for completion of Lecture Hall complex</td>
<td>Building Tech</td>
</tr>
<tr>
<td>13/12/15</td>
<td>834127</td>
<td>28,000.00</td>
<td>Advance for completion of Lecture Hall complex</td>
<td>Building Tech</td>
</tr>
<tr>
<td>19/1/15</td>
<td>475</td>
<td>10,000.00</td>
<td>Re-design and package of Science park complex</td>
<td>CSIR</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>186,000.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

394. As a result, we could not authenticate the genuineness of these transactions. Also, Consultants on the projects may omit these payments from the project certificate. We recommended that, management should provide the information and certificates to support these payments immediately.

395. Management subsequently submitted bills to cover an amount of GH¢176,000.00 leaving an amount of GH¢10,000.00 paid to CSIR which Management alleged was a loan given to the Company.

396. We recommended that the amount should be recovered immediately into the Polytechnic coffers.

Deserted GETFund Bungalow

397. Between 2005 and 2006 the GETFund constructed a 5-bedroom bungalow with accompanying boys’ quarters as the official duty post of the Polytechnic’s Rector. As at the time of our audit the bungalow still remained unoccupied. Our enquiries revealed that, the bungalow could not be occupied after completion because of its proximity to the GRIDCO Pylon (High tension line).

398. The estate officer explained that the lines carried about 61000 KVA and therefore VRA advised that the bungalow was unsafe for human habitation as it could have long term health effect on the occupants.

399. Management could not provide any documentation on the bungalow except a payment certificate dated 30 August 2006 amounting to GH¢150,000.00 to support total cost of the bungalow.
400. We could therefore not ascertain whether the Polytechnic did a feasibility studies before citing the building close to the GRIDCO line or whether GRIDCO encroached on the property of the Polytechnic.

401. We recommended that:
   a) If the high tension was in existence before the project was cited there, then the development and planning committee must be surcharged with the cost of the project

   b) If the bungalow was in existence before GRIDCO encroached on the land with their high tension lines, then steps must be taken to seek compensation from GRIDCO and VRA.

402. Management agreed with our recommendation and stated that, it will seek compensation from GRIDCO.

*Locating GETFund Project without proper environmental impact assessment report*

403. In violation to Section 2 (f) and (i) of the Environmental Protection Agency (EPA) Act, 1994 Act 490 management sited a GETFund project worth GH¢2,868,688.00 within the catchment area of the Sunyani Municipal main compost site for dumping of both solid and liquid waste.

404. The stench from the composite site especially when it rains or when it is being burnt is unbearable and has become a major health hazard to students.

405. The situation was caused by management’s failure to carry out adequate feasibility studies on the project and draw holistic plan taking into account the requirement in the EPA act. Locating the hostel nearer to waste deposit site could affect the health of students especially when epidemic occurs.

406. We recommended that, management should liaise with the Municipal Assembly and Traditional Council to find permanent solution by either relocating the compost site or regular treatment should be carried out on the waste to reduce the stench and pollution of environment when the waste is burnt.

407. Management responded that, the GETFund hostel was constructed before the siting of the waste disposal site by the Sunyani Municipal Assembly. Management
further stated that, the Sunyani Municipal Assembly had assured them that, the dump site would be relocated as soon as possible.

**Failure to Identify and keep records on tenants of the Polytechnic**

408. Section 2(d) of Financial Administration Regulation states that “The head of government department shall secure the due and proper collection of government revenue collectible by the department within the term of any enactment or of instruction issued or approved by the C&AGD”.

409. We noted that the Polytechnic rented out its space and other facilities to individuals and companies as follows:
   a. nine store rooms constructed along the road
   b. two masts erected by communication companies
   c. super markets and saloon shops at the GETFund hostel
   d. ATM Machine installed by the following financial institution: Barclays bank, Ecobank, Zenith bank, Ghana Commercial bank, and E- zwich and Fiagya Rural bank.

410. Management produced tenancy agreement on only four of its tenants namely: Zenith bank and Ecobank Ltd for installation of ATM machines, ATC Tower Ghana Ltd for erection of mast, and Fiagya Rural bank for use of facility as a bank.

411. Tenancy agreements were not provided to legalise the use of the Polytechnic’s facilities by the rest of the tenants. The Polytechnic failed to identify and keep records on tenants on revenue receivables.

412. The inability of management to take proper action and secure the due and proper collection of the Polytechnic revenue collectible is a breach of financial discipline as defined in Regulation 8(1).

413. The Polytechnic revenue sources were not properly managed, and as such we could not determine the total rent income and defaulting tenants.

414. We recommended that the Polytechnic should regularise its relationship with all tenants immediately and maintained tenancy agreement and records on its tenants. Also the officer entrusted with these responsibilities should be cautioned.

415. Management accepted our recommendation and said that, efforts are being made to locate the other agreements which were not available.
This report relates to the audited accounts of the Takoradi Polytechnic for the period ended 1 January 2015 to 31 December 2015.

**Operational results**

The Polytechnic recorded a surplus of GH₵1,343,701.11 for the 2015 financial year as compared to a surplus of GH₵554,498.54 for the previous year. The increase of GH₵789,202.57 represented 142.3% over the prior year’s surplus. Table 17 summarise the Polytechnic’s performances for the year ended 31 December 2015.

**Table 17: Income Statement for 2015**

<table>
<thead>
<tr>
<th>Income</th>
<th>2015 GH₵</th>
<th>2014 GH₵</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Subventions</td>
<td>29,114,366</td>
<td>28,149,463</td>
<td>3.4</td>
</tr>
<tr>
<td>School Fees</td>
<td>10,238,137</td>
<td>7,720,998</td>
<td>32.6</td>
</tr>
<tr>
<td>Other Income (IGF)</td>
<td>2,262,702</td>
<td>1,868,725</td>
<td>21.1</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>41,615,205</strong></td>
<td><strong>37,739,186</strong></td>
<td><strong>10.3</strong></td>
</tr>
<tr>
<td>Expenditure</td>
<td>2015 GH¢</td>
<td>2014 GH¢</td>
<td>Change %</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>----------</td>
</tr>
<tr>
<td>Compensation for Employees</td>
<td>31,626,191</td>
<td>30,002,134</td>
<td>5.4</td>
</tr>
<tr>
<td>Travelling / Transport</td>
<td>1,237,312</td>
<td>922,709</td>
<td>34.1</td>
</tr>
<tr>
<td>Other Mtce Expenses</td>
<td>718,736</td>
<td>269,128</td>
<td>167.1</td>
</tr>
<tr>
<td>General Expenses</td>
<td>6,689,266</td>
<td>5,990,716</td>
<td>11.7</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>40,271,504</td>
<td>37,184,687</td>
<td>8.3</td>
</tr>
<tr>
<td>Income Surplus/(Deficit)</td>
<td>1,343,701</td>
<td>554,499</td>
<td>142.3</td>
</tr>
</tbody>
</table>

418. Total Income grew by GH¢3,876,019.29 or 10.3% from GH¢37,739,185.94 in 2014 to GH¢41,615,205.23 in 2015. The 10.3% marginal growth was attributed to the following components of total income. Government subventions mostly compensation of employees went up by 3.4% during the financial year. School fees recorded an increase of GH¢2,517,138.87 or 32.6% as result of increase in the approved school fees.

419. Total Expenditure stood at GH¢40,271,504.12 at the end of the year representing GH¢3,086,816.72 or 8.3% increase over the 2014 figure of GH¢37,184,687.40. Compensation for employees formed a major part of total expenditure representing 78.5% of total expenditure. This went up from GH¢30,002,133.91 in 2014 to GH¢31,626,190.88 in 2015.

Financial position

420. Shown in Table 18 is the financial position of the Polytechnic as at 31 December 2015.

Table 18: Balance sheet as at 31 December 2015

<table>
<thead>
<tr>
<th></th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non -Current Assets</td>
<td>2,752,952</td>
<td>2,766,869</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Current Assets</td>
<td>3,444,360</td>
<td>2,156,157</td>
<td>59.7</td>
</tr>
<tr>
<td>Total Assets</td>
<td>6,197,311</td>
<td>4,923,025</td>
<td>25.9</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>16,814</td>
<td>86,229</td>
<td>(80.5)</td>
</tr>
<tr>
<td>Net Assets</td>
<td>6,180,497</td>
<td>4,836,796</td>
<td>27.8</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>204.8:1</td>
<td>25.0:1</td>
<td></td>
</tr>
</tbody>
</table>
421. Non-Current Assets decreased by 0.5% during the year under review. The decrease in assets was due to depreciation charge for the year.

422. Current Assets rose by GH₵1,288,202.74 or 59.7% from GH₵2,156,156.76 in 2014 to GH₵3,444,359.50 in 2015. The increase was attributed to increase in staff debtors, student debtors and the recognition of a disposal of a vehicle to a former Rector as an advance.

423. Current Liabilities dropped by GH₵69,415.05 or 80.5%. This was as result of the payment of payables by the Polytechnic.

424. The liquidity position of the Polytechnic as measured by a current ratio of 204.8:1 is indicative of the Polytechnic’s ability to meet its short-term obligations when it falls due.

MANAGEMENT ISSUES

Payment of Sitting Allowances to Council Members GH₵50,300.00

425. Regulation 39(1) of the Financial Administration Regulation, 2004 L.I. 1802 states that, “A head of department shall ensure that moneys are utilized in a manner that secures both optimum value for money and the intention of Parliament”. Section 39(2) (c) also states “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.”

426. Our review of payments made to members of the Polytechnic’s Council as sitting allowances revealed that a total amount of GH₵50,300.00 was made to the members by the Finance Officer for the period under review. It was apparent from our review that for six of the payments made to the Council members, there was no related Council minutes, implying that no Council meeting took place since our request for the minutes yielded no results and yet they were paid sitting allowance; a situation frowned on by the law.

427. The Finance Officer and the Acting Finance Officer failed to adhere to the above regulation by paying without recourse to work done which resulted in this irregularity.
428. This has resulted in payment for work not done and a subsequent loss of resources to the Polytechnic.

429. We advised that the amount of GH¢50,300.00 should be refunded by the authorizing officer and Finance Officers, and efforts made to retrieve the sum from Council members.

430. Management stated that the sitting allowances were paid based on council sittings but failed to produce evidence in the form of minutes.

431. Management made available records totaling GH¢16,600 leaving a balance of GH¢33,700 without records. We urged management to provide the necessary documentation for the outstanding balance.

**Payment of Quarterly Allowance to Committee Members - GH¢32,304.75**

432. The Polytechnic Act, 2007 Act 745 Section 12 states “Members of a council and members of a committee of a council shall be paid allowances approved by the Sector Minister in consultation with the Minister Responsible for Finance.” Further to this the Minister for Finance in a Circular Referenced B/CEU/2014/05 detailed rates to be paid as Council and Committee sitting allowances.

433. The Polytechnic Council on its 78th Regular Council meeting held on 27th February, 2015 decided that four committees namely the ARIC, ETC, Finance Committee and the Development Committee of the Polytechnic be paid quarterly allowances besides its sitting allowances. Consequently, members of the committees were paid a total amount of GH¢32,304.75 during the period under review.

434. Management paid the Committee members quarterly allowance in addition to sitting allowances without approval from Ministry of Finance.

435. The irregularity resulted in the payment of unauthorised allowance of GH¢32,304.75 which was not budgeted for. This had the effect of draining the resources of the Polytechnic which could have been utilized in other areas to help the Polytechnic achieve its objectives.

436. We advised that in the absence of approval from the Ministry of Finance, the quarterly allowance should be recovered from the members of the various Committees.
437. Management agreed to implement our recommendation.

Use of IGF for the payment of Book and Research Allowance - GH₵ 17,949.28

438. The Retention of Funds Act 2007, Act 735 Section 5(c) states “Internally Generated Funds shall not be used for the payment of salaries, staff benefits and other allowances except where the allowances are directly related to increased revenue.”

439. Our examination of payments on Book and Research allowances revealed that four lecturers were paid a total of GH₵17,949.28 from the Polytechnic’s Internally Generated Funds as their book and research allowances in December 2015. This contradicts the dictates of the Retention of Funds Act. Details are shown in Table 19.

Table 19: Payment of Book and Research Allowance

<table>
<thead>
<tr>
<th>DATE</th>
<th>CHEQ NO.</th>
<th>PV NO.</th>
<th>PAYEE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/12/2015</td>
<td>0001258</td>
<td>TP/12/15/215</td>
<td>Agyemang Ofori</td>
<td>5,253.45</td>
</tr>
<tr>
<td>10/12/2015</td>
<td>0001257</td>
<td>TP/12/15/093</td>
<td>Eric Boafo Dadzie</td>
<td>3,064.51</td>
</tr>
<tr>
<td>10/12/2015</td>
<td>0001256</td>
<td>TP/12/15/090</td>
<td>Abubakari Ismaila</td>
<td>4,815.66</td>
</tr>
<tr>
<td>10/12/2015</td>
<td>0001255</td>
<td>TP/12/15/091</td>
<td>Felicia Koomson</td>
<td>4,815.66</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>17,949.28</strong></td>
</tr>
</tbody>
</table>

440. Mr. Joseph Forson (Acting Finance Officer 2015) explained that management forgot to include the names of those lecturers to the list that was submitted to National Council for Tertiary Education (NCTE) for the allowance.

441. Management’s negligence resulted in the payment of the amount to the four lecturers from the IGF.

442. We recommended that the amount should be refunded by the authorizing and paying officers to the Polytechnic’s account whilst efforts are made to apply for the refund from the Ministry of Finance through the NCTE.

443. Management in its response stated that a supplementary list had been forwarded to the NCTE requesting for the payment of the book and research allowance to the affected officers.
Inappropriate Payment to three Medical Officers – GH¢151,260.00

444. Management awarded a contract to the Takoradi Hospital in an award letter referenced WR/TPOLY/M-E/0002/2015 to conduct a medical examination for estimated number of first year students. The contract sum was GH¢97,500.00.

445. Our review of payment vouchers revealed that an amount of GH¢143,500.00 was paid to Takoradi Hospital vide PV number TP/11/15/245 dated 19 November, 2015 (vide a GCB cheque number 000888) for carrying out the contract.

446. Further to this management of the Polytechnic paid an additional gross amount of GH¢151,260.00 to three Medical Doctors of the same Takoradi hospital. The amount was also captioned as payment for medical examination conducted on first year students of the Polytechnic. Details are provided in Table 20.

**Table 20: Inappropriate Payment - GH¢151,260.00**

<table>
<thead>
<tr>
<th>Date</th>
<th>PV No.</th>
<th>Cheque No.</th>
<th>Payee</th>
<th>Amount (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>19/11/15</td>
<td>TP/11/15/249</td>
<td>000884</td>
<td>Dr. Mohammed S Abdul Razak</td>
<td>52,650.00</td>
</tr>
<tr>
<td>19/11/15</td>
<td>TP/11/15/251</td>
<td>000885</td>
<td>Dr. Salamatu Mohammed</td>
<td>62,350.00</td>
</tr>
<tr>
<td>20/11/15</td>
<td>TP/11/15/247</td>
<td>000889</td>
<td>Dr. Annabel Akosua Ankrah</td>
<td>23,000.00</td>
</tr>
<tr>
<td>10/8/15</td>
<td>TP/8/15/79</td>
<td>000947</td>
<td>Dr. Salamatu Mohammed</td>
<td>13,260.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>151,260.00</strong></td>
</tr>
</tbody>
</table>

447. The then Acting Finance Officer, Mr. Joseph Forson (2015) explained that the three doctors were paid for interpreting the results of the test done on the same students.

448. We deemed the payments as inappropriate and fraught with the following flaws:

   (a) The award letter indicated that the Takoradi Hospital was to do a medical examination which in our view includes interpretation of tests as to the fitness or otherwise of the students.

   (b) The Polytechnic never entered into any contract with the individual doctors, but the hospital for the exercise.
449. We recommended that the GH¢151,260.00 be retrieved promptly from the three doctors and paid back to the IGF accounts since the polytechnic had no contract with them.

450. Management responded that its contract with the hospital was for the students to perform only laboratory and X-Rays test but detailed the interpretation to the doctors.

451. We however did not come across such contract with either the hospital or the doctors. We insist that the amount of GH¢151,260.00 be retrieved from the doctors, failing which the Approving and Finance Officers should held responsible.

Use of IGF to Pre-finance GETFund Project – GH¢90,000.00

452. Section 16 (1a) of Financial Administration Act, 2007 (Act 654) states “payment shall not be made for work done, goods supplied or services rendered whether under a contract or not in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the head of the government department or any other officer authorised by the head of department certifies;

a) that the work has been performed, the goods supplied or the service rendered, and that the price charged is according to the contract or if not specified by the contract, is reasonable”.

453. The Polytechnic awarded a GETFund project contract to EUNTRACK Services limited for the construction of an Entrance Canopy with a contract sum of Gh¢148,288.36 in 2015. We noted that a total amount of GH¢90,000.00 was granted from IGF to the contractor for the execution of the project. The Contractor was initially paid GH¢50,000.00 as mobilisation from the Polytechnic’s IGF. He was subsequently paid an additional amount of GH¢40,000.00 in 2015 without supporting the payment with the Consultant’s certificate.

454. We however noted that the 1st certificate submitted to GETFund for payment was on 18th April 2016.

455. Management in its quest to have the project completed early, decided to advance GH¢90,000.00 to the contractor without consulting GETFund, thus circumventing the Retention Act which requires every expenditure from the IGF to be budgeted for.
456. The Polytechnic was denied the use of funds from the IGF which could have been used for other activities. Details of the payments are shown in Table 21.

**Table 21: Construction of Entrance Canopy**

<table>
<thead>
<tr>
<th>Date</th>
<th>P.V No.</th>
<th>Payee</th>
<th>Amount</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/8/2015</td>
<td>TP/8/15/42</td>
<td>EUNTRACK Services Ltd</td>
<td>50,000.00</td>
<td>Mobilisation</td>
</tr>
<tr>
<td>1/10/2015</td>
<td>TP/10/15/3</td>
<td>EUNTRACK Services Ltd</td>
<td>40,000.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>90,000.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

457. We urged management to step up efforts in obtaining release of the amount from GETFund and reimburse the IGF account as soon as possible.

458. Management indicated that it has submitted the certificate to GETFund for reimbursement.

**Support to staff not properly accounted for - GH¢64,999.00 & US$1,000**

459. The Condition of Service for senior staff in its appendix captioned “schedules of allowances paid to staff” stated in item 11 that “all institutional expenses shall be borne by the Polytechnic. The employee shall draw full salary.”

460. Our review of payments totaling GH¢138,537.31 & US$1,000 to staff as expenses incurred by staff for payments for their school fees revealed that these payments were not properly authenticated as prove of actual expenditure. The staff failed to present receipts from the various Institutions as evidence of payment. We noted that while others supported evidence of payment via pay in slips others could not provide any evidence of payment.

461. The head of accounts failed to ensure that payments were properly accounted for. The anomaly resulted in our inability to certify that the amount of GH¢138,537.31 were used for the purposes for which they were intended by management.

462. We advised the finance officer to ensure that beneficiaries provide the necessary supporting documents to properly authenticate the payment, failing which the amount should be treated as an advance and adjusted to the personal account of the individuals.
463. Management provide supporting documents valued at GH¢67,038.31 leaving a balance of GH¢64,999.00 and US$1,000.00 yet to be accounted for. We urged management to expedite action.

Inability to Inspect Nissan Teana Saloon Car - GH¢82,916.46

464. Section 1608 of the Stores Regulation, 1984 states “Government vehicles shall be parked in garages provided for them at close of work. Vehicles on duty outside their stations shall be parked at the nearest Police Station or such other safe place as may be ordered by the officer using it. Government vehicles, except those assigned to Duty Post Officers shall on no account be kept at private residences.”

465. As part of our physical verification of the Polytechnic’s fleet of vehicles, we noted that a Nissan Teana saloon car with registration number GT 7869-12 costing GH¢82,916.46 was not available for inspection.

466. Further enquiries from the Transport Officer revealed that the officer who was using the vehicle (former Rector, Rev Prof. Daniel A. Nyarko) did not return it after retirement (1st Nov. 2015).

467. The former Acting Finance Officer (Mr. Joseph Forson) indicated that it was sold to him but he failed to pay for the vehicle and was therefore treated as a debtor in the financial statement. We however did not cite any document indicating the transfer of ownership of the vehicle to him, as documents on the vehicle still bears the name of the Polytechnic.

468. We attributed the anomaly to Management’s failure to ensure that, vehicles belonging to the institution are packed at the premises and used for the interest of the school.

469. From the forgoing, it is apparent that control over the Polytechnic assets is weak and the School stands the risk of being denied the use of the vehicle if not retrieved.

470. We recommended to management to use all legal means to pursue recovery of the vehicle including reporting to the Western Region Police of the illegal possession of the vehicle by the former rector for retrieval. Additionally, management should put in place measures to safeguard its assets in future.
471. Management insisted in its response that the car was sold to the former Rector since its part of his retirement package. It added that it has written to DVLA for change of ownership. We however could not authenticate management claim since there is no communication from the former Rector on payment terms or acceptance of the price offered to him.

472. We insisted that the car be retrieved and payment terms agreed on before the vehicle can be transferred to him.

473. Though management asserted that the former Rector has paid for the Nissan Teana no evidence was produced to that effect. We still stand by our earlier recommendation.

**Delay in Project Execution – GH¢87,321.89**

474. The contractual agreement between the polytechnic and contractors executing the projects on behalf of the polytechnic gives timelines for the completion of the projects.

475. We however noted that contracts awarded for the construction of Rector’s residence and an entrance canopy on the polytechnic’s main campus with an up to date payment of GH¢87,321.89 which were expected to be completed by July 2009 and September 2015 respectively are still on-going after expiration of the agreed date of completion. Details attached as Table 22.

**Table 22: Delay in Project Execution**

<table>
<thead>
<tr>
<th>Contract</th>
<th>Construction of Rector’s Residence Phase I</th>
<th>Construction of Entrance Canopy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Contractor</td>
<td>Steve Menn Construction Limited</td>
<td>EUNITACK Services Limited</td>
</tr>
<tr>
<td>Contract sum</td>
<td>GH¢182,975.32</td>
<td>GH¢148,288.36</td>
</tr>
<tr>
<td>Payment to date</td>
<td>GH¢153,941.79</td>
<td>GH¢90,000.00</td>
</tr>
<tr>
<td>Outstanding balance</td>
<td>GH¢29,033.53</td>
<td>GH¢58,288.36</td>
</tr>
<tr>
<td>Award Date</td>
<td>2008</td>
<td>29/7/2015</td>
</tr>
<tr>
<td>Expected Completion Date</td>
<td>6 Months</td>
<td>8 Weeks</td>
</tr>
<tr>
<td>Reason for delay</td>
<td>Management delayed in submitting interim certificate to GETFund for payments</td>
<td>Management failed to ensure the timely completion of the project</td>
</tr>
<tr>
<td>Source of Funding</td>
<td>GETFund</td>
<td>GETFund</td>
</tr>
</tbody>
</table>
Further Comments

The GH¢90,000 was paid to the Contractor from IGF whilst awaiting a payment from GETFund for an Interim Certificate No. 1 submitted on 18 April 2016

476. Management failed to apply for mobilisation for the entrance canopy as well as submitting of interim certificate on the Rector’s residence to the GETFund for timely payment thereby delaying the execution of the projects. Additionally, management failed to ensure that the contractor of the entrance canopy performed to the terms of the contract agreement.

477. The delay in executing projects on time could result in increased cost of the project.

478. We recommended to management to ensure that the projects are completed timely. We also urged management to submit the interim certificates on time to the GETFund to enable speedy payments to the contractors for early completion of the project.

479. Management responded that the Development officer has been tasked to ensure prompt submission of the certificates to the funding Agency for all the projects to be completed on time.

480. A further follow-up revealed the entrance canopy had been completed and handed over but the Rector’s residence is ongoing. We urged management to step up efforts to ensure early completion of the project.
481. This report is in relation to the audited accounts of the Wa Polytechnic for the period 1 January 2015 to 31 December 2015.

**Operational results**

482. The year 2015 ended with operational surplus of GH¢182,474, representing 60% decrease of the previous year’s surplus of GH¢455,654. The decrease was due to increases in Personal Emolument and Goods and Services by 33.8% and 11.5% respectively. The comparative performance indicators for the two years are shown in Table 23.

**Table 23: Income statement for 2015**

<table>
<thead>
<tr>
<th>Income</th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt. Subvention</td>
<td>8,083,142</td>
<td>6,140,658</td>
<td>31.6</td>
</tr>
<tr>
<td>Internally Generated Fund</td>
<td>1,114,437</td>
<td>1,189,844</td>
<td>(6.3)</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>9,197,579</strong></td>
<td><strong>7,330,502</strong></td>
<td><strong>25.5</strong></td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
483. Total income registered an increase of 25.5%, from GH₵7,330,502 in 2014 to GH₵9,197,578.80 in 2015. The upward movement was mainly due to the increase in Government Subvention from GH₵6,140,658 in 2014 to GH₵8,083,142 in 2015, a 31.6% increase.

484. Total Expenditure also went up by 31.1% from GH₵6,874,847.96 in 2014 to GH₵9,015,105.09 in 2015. Personal Emolument increased by 33.8% from GH₵6,045,711.25 in 2014 to GH₵8,090,326.88 in 2015. Goods and Services also went up by 11.5%, from GH₵829,136.71 in 2014 to GH₵924,105.09 in 2015. The depreciation of noncurrent assets charges totaling GH₵378,725.02 which was GH₵90,675.53 higher than the previous year contributed to the increase in Goods and Services.

### Financial position

485. The Polytechnic’s financial position as at 31 December 2015 is shown in Table 24.

<table>
<thead>
<tr>
<th>Items</th>
<th>2015 (GH₵)</th>
<th>2014 (GH₵)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>12,006,371</td>
<td>5,502,485</td>
<td>118.2</td>
</tr>
<tr>
<td>Current Assets</td>
<td>2,553,904</td>
<td>1,946,120</td>
<td>31.2</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>255,603</td>
<td>214,133</td>
<td>19.4</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>2,298,301</td>
<td>1,731,987</td>
<td>32.7</td>
</tr>
<tr>
<td>Liquidity ratio</td>
<td>10:1</td>
<td>9:1.1</td>
<td></td>
</tr>
</tbody>
</table>

486. Non-Current Assets increased by GH₵6,503,386 or 118.2% in 2015 due to the additions in Property, Plant and Equipment. The additions were as a result of additional computers acquired and Work in Progress amounting to GH₵128,701 and GH₵6,753,911 respectively.

487. Current Assets went up by 31.2%, from GH₵1,946,120.00 in 2014 to GH₵2,553,903.97 in 2015. The rise was due to the increases in Short Term Investment income and bank balance which recorded GH₵1,086,309.47 and GH₵1,070,811.07 respectively at the end of the year under reviewed.
488. Current Liabilities recorded an increase of 19.4% from GH¢214,133.00 in 2014 to GH¢255,603.34 in 2015. This was mainly due to increase in the Polytechnic’s indebtedness to SRC amounting to GH¢177,800.63.

489. The liquidity position as measured by a current ratio of 10:1 in 2015 and 9:1.1 in 2014 financial years indicates the ability of the school to meet its short term debts by ten times as and when they fall due.

**MANAGEMENT ISSUES**

**Budgetary Control**

**Under expenditure of goods and services and investment**

490. Best public expenditure practice enjoins Organisations to prepare realistic budgets such that actual expenditure should not be less or more than 10% of the budget estimates.

491. However, a comparison of actual expenditure with the budget for the period under review, revealed that the expenditure for Goods and Services was lower than the budgeted by GH¢74,527.32. Additionally, an amount of GH¢215,674 out of Internally Generated Fund(IGF) was approved by government through NCTE to be spent on the Polytechnic’s building facilities, but only GH¢3,701.25 was used to purchase a computer without embarking on any renovation work on the deplorable bungalows and other infrastructure. The performance of expenditure against budget for 2015 is shown in Table 25.

<table>
<thead>
<tr>
<th>Expenditure Head</th>
<th>Actual(Excluding depreciation) GH¢</th>
<th>Budgeted GH¢</th>
<th>Variance GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods &amp; Services</td>
<td>546,052.19</td>
<td>620,579.51</td>
<td>74,527.32</td>
<td>(12.0)</td>
</tr>
<tr>
<td>Investment Activity</td>
<td>3,701.25</td>
<td>215,674.00</td>
<td>211,972.75</td>
<td>(98.3)</td>
</tr>
</tbody>
</table>

492. We attributed the low expenditure on Goods and Services and Investment Activity to the crisis in management of the Polytechnic. The absence of budget committee to monitor the expenditure trends also contributed to the lapse.
493. We recommended to the Interim Management to address the needs of the Polytechnic in accordance with the budget provisions. Again, management should ensure that budget committee is set up to monitor expenditure trend.

494. Management explained that due to the Polytechnic’s crisis within the period, it could not plan to spend accordingly. Management added that the anomaly would not happen again with the normalization of the governance of the Polytechnic.

**Investment of Internally Generated Fund without authorisation**

495. Section 51(1&2) of the Financial Administration Act (FAA) 2003 states that ‘a corporation may invest the moneys of the corporation in such manner as the Minister may approve and in consultation with the Minister may reinvest any of its investments. Notwithstanding subsection (1), a corporation should not invest its money in government securities’.

496. We noted during the validation of the financial statements that the Polytechnic had invested part of its IGF totaling GH¢933,932.84 in Fixed Deposit without the Minister’s approval in violation to the aforementioned Act. This represent an accumulated investment as at December 2014, which commenced with an initial amount totaling GH¢653,000.00. Below in Table 26 are details of the Investment for the period 2008 – 2014:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Account No./ Ref. No</th>
<th>Date of Investment</th>
<th>Source of Funds</th>
<th>Initial Amount Invested</th>
<th>Balance as at 31/12/14</th>
<th>Balance as at 31/12/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>UT</td>
<td>0091089376011</td>
<td>Jan. 2009</td>
<td>Endowment Fund</td>
<td>12,000.00</td>
<td>35,281.31</td>
<td>44,097.54</td>
</tr>
<tr>
<td>UT</td>
<td>0091089376012</td>
<td>Jan. 2008</td>
<td>IGF</td>
<td>30,000.00</td>
<td>109,235.99</td>
<td>136,530.12</td>
</tr>
<tr>
<td>Fidelity</td>
<td>0087137</td>
<td>Oct. 2009</td>
<td>IGF</td>
<td>80,000.00</td>
<td>196,686.24</td>
<td>248,658.32</td>
</tr>
<tr>
<td>Stanbic</td>
<td>0140039125301</td>
<td>Sept. 2009</td>
<td>IGF</td>
<td>21,000.00</td>
<td>35,332.78</td>
<td>40,927.31</td>
</tr>
<tr>
<td>Stanbic</td>
<td>0140039125301</td>
<td>Sept. 2010</td>
<td>IGF</td>
<td>30,000.00</td>
<td>56,611.29</td>
<td>60,396.66</td>
</tr>
<tr>
<td>Data Bank</td>
<td>DFTI 0A223</td>
<td>Dec. 2013</td>
<td>IGF</td>
<td>400,000.00</td>
<td>415,499.75</td>
<td>444,277.21</td>
</tr>
<tr>
<td>Data Bank</td>
<td>DFTI 00627</td>
<td>Sept. 2014</td>
<td>IGF</td>
<td>80,000.00</td>
<td>85,285.48</td>
<td>111,423.12</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>653,000.00</strong></td>
<td><strong>933,932.84</strong></td>
<td><strong>1,086,310.28</strong></td>
</tr>
</tbody>
</table>

497. The arbitral investing of IGF without authority is an indication that the Polytechnic’s funds are managed without appropriate control which undermines controls put in place by the government to regulate the economy.
498. We advised management to seek approval from the Minister before any investment could be made.

499. Management in response stated that all investments have been redeemed on maturity with the exception of two which are yet to mature. We urged management to call back the other two.

Payments not properly authenticated– GH¢45,569.36

500. Regulation 39 2(c) of L.I. 1802 (FAR) of 2004 states “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. Contrary to the above requirement, our examination of payment vouchers disclosed that 17 out of 317 payments totaling GH¢45,569.36 were made without relevant supporting documents such as official receipts, loan guarantee form, signed claim form, Rector’s authorization and Finance Officer’s approval to properly authenticate the payments.

502. Payment vouchers not supported with proper documents deny assurance of regularity of disbursements and lacks transparency. The lapse could also open the disbursement activities to abuse and fictitious expenditures.

503. The omission was as a result of weak supervision by management, and finance officer’s failure to present payment vouchers to Internal Audit for review before payments. We could therefore not certify that the payments were made for the intended purpose.

504. Management must ensure that the Finance Officer who failed to insist that payments were properly acquitted with all relevant supporting documents before payment, should provide the necessary documents or be surcharged with the amount involved.

505. Management stated that efforts are being made to properly acquit the remaining payment vouchers. The former Finance Officer would also be called to hand over officially, and help in solving the issues.
Payments made without internal audit certification- GH¢75,809.23

506. Section 16(a) of the Internal Audit Agency Act 2003 states that “There shall be established in each MDA and MMDA, an Internal Audit Unit which shall constitute a part of the MDA and MMDA. There shall be appointed for each internal audit unit, personnel required to ensure an efficient and effective internal auditing of the MDA and MMDAs concerned.”

507. However, we observed during the examination of the payment vouchers that, the Rector authorised 18 payment vouchers totaling GH¢75,809.23 without Internal Audit certification.

508. The absence of pre-audit in the Polytechnic’s operations had resulted in a number of irregularities such as un-acquitted payment vouchers and price hikes in procurement.

509. We attributed the above situation to weaknesses in the internal control systems and lack of management’s commitment to ensure effective and efficient internal auditing.

510. We recommended to management to ensure that all payment vouchers are submitted to internal audit for pre-auditing before payments are made.

511. Management added among others that the payment vouchers have been submitted to the Internal Auditor who had done post auditing, and that the pre-audit process is now being followed.

Non-adherence to sponsorship condition by beneficiaries

512. Clause five of the conditions for sponsorship of educational programmes of the Wa Polytechnic entreats the beneficiaries to serve the Polytechnic a specific number of years after the programme, failing which the beneficiary was to refund any amount spent on him together with 15% interest.

513. In reviewing personal files of the separated staffs, we noted that Mr Daniel Afedor, a Civil Engineering Lecturer requested for study leave with pay from 1August 2012 to 31July 2014 to pursue MSC Programme in Water Resources at Katholieke University, Leuven- Belgium. Management later granted Mr. Afedor’s request for one-year extension. He however vacated his post after management declined granting him another one-year extension request.
514. Again, Mr. Salifu Yakubu, former Ag. Development Officer, was granted study leave with pay, and sponsorship package of 50% of the tuition fee to offer MSC Infrastructure Planning programme at University of Stuttgart in Germany from 1 September 2010 – 30 October 2012. After the programme, Mr. Yakubu reported but later went on leave and resumed on 28 May 2013 after which he vacated his post when he had not served the three-year bond period.

515. We further noted that Mr. Afedor was supported by GH¢10,000.00 from GETFund sponsorship, in addition to monthly salary for the period. Mr. Yakubu also benefited €8,500.00 as 50% of the tuition fees approved by management, which was paid by GETFund, in addition to monthly salary for the period. However, management had not yet redeemed any of the cost of educational investment made on the officers.

516. In effect, the Polytechnic has been deprived of the benefit which could have been derived from skills acquired by the beneficiaries, apart from the loss of funds to the Polytechnic if the expended amount is not retrieved.

517. Lack of management’s commitment to pursue any sponsored officer who failed to serve the specified bond period for the amount spent on the programme, coupled with lack of beneficiary’s commitment provision, and ineffectiveness of accessing the guarantor’s liability on the bond form has caused this lapse.

518. We recommended that management should pursue the beneficiaries or the guarantors for the sums of money expended on them together with the 15% interest as early as possible. Additionally, management should re-design the bond form to include guarantors whose liability could be easily accessible, with the beneficiary’s commitment to serve the Polytechnic after the completion of the sponsorship programme.

519. Management said that the beneficiaries are being pursued vigorously to pay the cost incurred by the Polytechnic on their behalf.

**Four Officers on study leave not bonded**

520. Section 6.9(1) of Chapter 6 of Human Resource Policy Framework for Ghana Public Services which has been adopted by Wa Polytechnic specify that ‘sponsored training programmes (tuition, salaries, accommodation etc.), paid by the Organisation under the awarding body, exceeding three months duration, shall
generally attract a bond to complete the training programme on satisfactorily return to the service and serve the sponsoring Organisation for a period specified in the bond.’

521. Contrarily, management did not bond four out of thirteen officers who have been granted study leave with pay for the period 2011 to 2015 to pursue various courses under the GETFund sponsorship programme. Details provided in Table 27.

**Table 27: Staff on study leave not bonded**

<table>
<thead>
<tr>
<th>Name of staff</th>
<th>Programme</th>
<th>Polytechnic</th>
<th>Period of programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fortunatus Moo</td>
<td>MPhil programme in Building Technology</td>
<td>KNUST</td>
<td>Aug.2013 – Aug. 2015</td>
</tr>
<tr>
<td>Wanaa Donkor</td>
<td>Msc Land Policy and Administration</td>
<td>UCC</td>
<td>May 2012 – July 2014</td>
</tr>
</tbody>
</table>

522. Failure to bond the beneficiary officers may deprive the Polytechnic the benefit to be derived from the investment made on its human resources capacity building if after completion of the programmes the beneficiaries decide to resign from the Polytechnic.

523. The omission was due to oversight on the part of management to ensure that all sponsored officers have completed the bond form before leaving for their programmes.

524. We recommended that the above mentioned officers and subsequent beneficiaries should be made to complete and submit bond forms before the commencement of their course to serve as a guarantee for the Polytechnic in recouping its investment in human capacity building.

525. Management accepted our recommendation for compliance.

**Unearned salary GH¢18,149.18**

526. Regulation 298 of the FAR, 2004, L.I. 1802 necessitates that a head of department should cause the immediate stoppage of payment of salary to a public
servant when that public servant has been absent from duty without leave or reasonable cause for a period as stipulated in the administrative regulation of the establishment. In addition, Regulation 305 obliges a head of department or a head of a management unit to examine and certify the personal emolument payment vouchers to ensure that only staff belonging to the units is on the payment vouchers.

527. On the contrary, during our review of payroll of Wa Polytechnic for the year 2015, we noted that five separated officers were still earning their salaries for the period ranging from one to five months, leading to unearned salaries totaling GH¢18,149.18. Details provided in Table 28.

<table>
<thead>
<tr>
<th>Name</th>
<th>Grade</th>
<th>Type of separation</th>
<th>Date separated</th>
<th>Date of last salary</th>
<th>Period of separation</th>
<th>Unearned salary (Net) GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samuel Banyen</td>
<td>Lecturer</td>
<td>Resigned</td>
<td>31/3/15</td>
<td>April 2015</td>
<td>April 2015</td>
<td>1,648.34</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>18,149.18</strong></td>
</tr>
</tbody>
</table>

528. Management intimated that, the Controller & Accountant General’s Department had not been rectifying corrections made by the Polytechnic during validation on time, causing the state to lose scarce resources which could have been channeled into developmental project. We also noted that, management did not notify the bankers of the affected staff for the stoppage of their salaries.

529. We recommended that management should trace the above officers to recover the amount from them and lodged same into the consolidated fund; failing which the Finance Officer, who failed to notify the bankers of the affected staff, should be held liable for the refund. Again, management should ensure that C&AG rectify all corrections made through validation on time. Management should also ensure that at least one officer from accounts office is part of the validation team.
530. Management responded that it had discussed with the (C&AGD) Wa, and would soon write letters to the former employees to pay the unearned salaries to government chest.

Abandoned project and unrecovered mobilisation fee - GH¢107,773.72

531. Best contract management requires that initiated project must be completed within the stipulated period for it to serve the intended purpose as well as avoiding unnecessary variations. It is therefore appropriate to properly budget, to ensure that funds will be available to facilitate the completion of the project.

532. Our visits to the project sites revealed that, construction of Hall of Residence (students Hostel) was awarded by management with concurrent approval by Central Tender Review Board (CTRB) to M/s Myturn Ltd in January 2008. The Project which was to be completed in 24 months (not later than January 2010) with initial contract sum of GH¢5,228,416.14 had been abandoned, after the contractor had completed only 30% of the project. The project was being funded through GETFund. A further check disclosed that, management terminated the contract in October 2010 after realizing that the contractor lacks technical and financial capabilities leading to unsatisfactory performance.

533. Management was however unable to apply the default liability clause in the contract because the contractor also complained about the delay in payment of certificates by GETFund.

534. Mobilization fee of 20% of the contract sum amounting to GH¢1,025,283.23 was paid to the contractor with an agreement that it would be deducted from the contractor’s certificates within the 24 months’ period. However, at the time of terminating the contract, only GH¢768,962.42 had been refunded through deductions made from the certificates presented for the period, leaving a balance of GH¢256,320.81 unrecovered. Retention from the certificates totaled GH¢148,547.09, bringing the unrecovered amount to GH¢107,773.72.

535. Management informed GETFund about the termination vide letter dated 8 October 2010 with reference No.WAP/GETFund/V.7/F.43 and advised GETFund to assess any certificate presented by the contractor for payment on the basis of the work already done vis-à-vis the mobilization that was paid to him.
536. We however, did not come across any letter from GETFund advising management that the outstanding mobilization fee had been recovered from the contractor’s certificates.

537. We attributed this loss (i.e. if the amount is not recovered) to management’s inability to draw up scale of preference of the projects being undertaken by the Polytechnic to ensure that the most pressing ones are steadily completed.

538. We therefore recommended that, due to the complex nature of the project, management should consider awarding the contract in phases, to provide accommodation for some of the students while other phases of the project are ongoing. Management should also find out from GETfund whether the outstanding mobilization fee had been recovered otherwise, the contractor should be pursued for the outstanding amount of GH¢107,773.72 as soon as possible, failing which management personnel and the CTRB who awarded the contract should be surcharged.

539. Management promised to investigate further on the issue because there had not been any correspondence from GETFund indicating the amount had been recovered since the last certificate of GH¢145,182.62 paid to the contractor. Management again agreed to seek for legal interpretation on the Performance Bond signed by the contractor on the project, and promised to consider re-awarding the projects in phases.

Non maintenance of existing building facilities
540. Regulation 2(h) of the Financial Administration Regulation 2004 requires heads of government department to preserve in good order and secure the economical use of all equipment and stores used by the department.

541. We noted from our physical verification that two out of eight bungalows and the top floor of the block of 8 flats belonging to the Polytechnic are not being occupied due to roofing leakages and plumbing problems. The ceilings have been damaged due to the leakages. Garages attached to the block of 8 flats which got burnt due to fire outbreak on 11 December 2010 had also not been renovated.

542. Available records showed that the Estate Officer had informed management about the problems (Ref. to Estate Officer’s Memo to management dated 10 April 2013, 9 September 2013 and 6 April 2016). The Internal Auditor also commented on
the same issues in his 2012, 1st & 2nd quarter’s report, followed it up in 2013, 3rd & 4th quarter’s report, and 2015, 1st and 2nd quarter’s report. Management however, had not taken any action.

543. Meanwhile, in the 2015 budget, government through NCTE approved GH¢215,674 from the Polytechnic’s IGF for maintenance and renovation works. The allocation was not utilised for the purpose but rather, invested at the bank in the following year.

544. The defects if not checked would cause further deterioration to the facilities which would eventually lead to high maintenance cost.

545. We attributed these lapses to absence of maintenance plan.

546. We advised management to renovate the flat together with the garages and the bungalows as early as possible, and ensure that the facilities are regularly maintained.

547. Management said it had already initiated measures to undertake general maintenance of the Polytechnic facilities.

Awarding contracts without considering budget allocations

548. Regulation 170(2) of Financial Administration Regulation, 2004. L.I. 1802 states that “Expenditure of a department shall not exceed the expenditure estimate in the budget approved by parliament”.

549. We noted that the Polytechnic awarded 40 units staff accommodation in 10 lots to ten contractors in 2008, and were to be completed in 2010 with each lot costing between GH¢295,100.00 and GH¢298,673.36 initially.

550. Within the same period, Library, and a hall of Residence (student Hostel) construction works were on-going with initial cost of GH¢1,600,090.90 and GH¢5,228,416.14 respectively. Management again awarded another contract; Construction of 2-Storey Residence for Rector in January 2011 to be completed on 31July 2012 at the initial cost of GH¢506,329.51. All the projects were expected to be funded by GETFund.
551. During our visit to the projects site, we observed that apart from the hall of Residence (student Hostel) which have been abandoned because of the termination of the contract for non-performance, the other projects are on-going but at a slow pace.

552. Even though available records showed that sometimes GETFund delayed in honouring payment certificates, some of the certificates were not honoured on time because the Polytechnic’s allocation for the period had been exhausted. The lapse had led to delay in executing the projects and unjustified review of contract prices.

553. The situation where 13 projects have been awarded simultaneously and moving at a slow pace, could have been avoided if management had prioritised the projects in accordance with the GETFund yearly allocations.

554. We therefore advised that management should in future consider GETFund, IGF and GOG budget allocations before any investment activity is initiated. Meanwhile, as recommended in our previous audit report, management should appeal to GETFund through NCTE for additional allocation to speed up the completion of the projects to avoid further upwards price adjustments.

555. Management admitted the negative effect of awarding many contracts at the same time and had since January 2011 ceased to award new contract. Management further promised to make efforts to obtain funding from GetFund through NCTE, and explore other sources of funding to speed up the completion of the projects.

Projects in completion stage yet to be taken over

556. Good assets management practice requires that organisation’s facilities are safeguarded to serve their intended purpose effectively.

557. During our physical inspection of the Polytechnic’s facilities, we noted that a building which was constructed by Yunrams Company Ltd to house Shea Butter and Groundnut processing facility obtained from Teaching and Learning Innovation Fund (TALIF) in 2010 had been abandoned since May 2012 because the contractor had refused to work on roofing leakages and other defects, causing the building to be deteriorating. The defects were detected after the contractor had re-roofed the building which got damaged by windstorm.
Similarly, Library complex which is 99% completed is yet to be taken over. The contractor, M/s Dinchin Ltd is yet to complete some minor defects before handing over to the Polytechnic.

Even though Yunrams Company’s and M/s Dinchin Ltd.’s retention amounts of GH¢5,663.50 and GH¢80,004.55 respectively have not been paid, in our opinion, this has delayed the completion of the project to enable students use the facilities for their practical and research learning activities. The furnishing works in the library too is yet to be undertaken. Moreover, the machines which are now being kept at the Polytechnic’s agriculture workshop could become obsolete or entirely non-functional due to long years of abandonment. The Polytechnic’s denial of Internally Generated Fund which could have been derived from operating the machines cannot be ruled out.

Management’s failure to follow up on contractors to complete projects as scheduled had caused the anomalies.

We advised management to expedite action to ensure that the defects work on the two buildings are done as early as possible.

Management responded among others that the contractor of the Shea Butter machine building had been notified of his obligation to remedy the defect, failure of which others will be engaged to remedy the defect and the cost charged to the balance on his account. Management added that the roof would be monitored in this rainy season and installation of equipment will be done subsequently. Management further said that the contractor for the Library complex is working on a few snags identified to pave way for final take-over.

Non-functioning of Audit Report Implementation Committee (ARIC)

Section 30 (1)(2)(a) of the Audit Service Act 2000, Act 584 enjoins a Polytechnic, body or organization which is subject to auditing by the Auditor General to establish an Audit Report Implementation Committee (ARIC). It should be the duty of the ARIC to ensure that the head of a Polytechnic, body or organization pursues the implementation of matters in all audit reports as well as the Auditor General’s reports endorsed by Parliament and financial matters raised in the reports of internal monitoring units in the Polytechnic, body or organization.
564. However, despite our previous recommendation to management to ensure that ARIC is made more responsive to its role, the ARIC of the Polytechnic remains inactive. We were informed that ARIC met only once during the year under review with no audit report (external and internal) discussed. The minutes of the said meeting was presented to us in draft, meaning as at the time of writing the observation, the ARIC had not met to discuss and adopted the report.

565. The ineffectiveness and inactiveness of ARIC has resulted in management’s failure to implement audit recommendations (External and Internal) to ensure effective internal control systems.

566. We therefore reiterate our previous audit recommendation that management should ensure that the ARIC is made more responsive to its role by ensuring the implementation of the Auditor General’s recommendations and recommendations made in other monitoring reports including internal audit reports.

567. Management attributed the lapse to the Polytechnic’s internal crises which led to the dissolution of the Council. The IMC promised to ensure that the ARIC operates effectively with the normalization of the operations of the Polytechnic.
BOLGATANGA POLYTECHNIC

568. This report relates to the audited accounts of the Bolgatanga Polytechnic for the period ended 1 January 2015 to 31 December 2015.

Operational results

569. The Polytechnic recorded a deficit of GH¢300,235.28 in 2015 as against the deficit of GH¢114,245.92 in 2014, representing an increase of 162.8%. The performance indicators are shown in table 29.

Table 29: Income statement for the year ended 31 December, 2015

<table>
<thead>
<tr>
<th>Income</th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>GoG Subventions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Emoluments-CAGD</td>
<td>10,594,127.95</td>
<td>102,251,480.04</td>
<td>(89.6)</td>
</tr>
<tr>
<td>Service Activity(Staff Dev't &amp; Scholarship)</td>
<td>122,432.44</td>
<td>44,621.00</td>
<td>174.4</td>
</tr>
<tr>
<td>Internally Generated Funds</td>
<td>1,603,381.45</td>
<td>1,544,161.26</td>
<td>3.8</td>
</tr>
<tr>
<td>Total Incomes</td>
<td>12,319,941.84</td>
<td>103,840,262.30</td>
<td>(88.1)</td>
</tr>
<tr>
<td>Expenditure:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Emoluments: CAGD</td>
<td>10,768,171.76</td>
<td>102,363,701.84</td>
<td>(89.5)</td>
</tr>
<tr>
<td>Use of Goods &amp; Services</td>
<td>1,461,039.25</td>
<td>1,182,256.12</td>
<td>23.6</td>
</tr>
<tr>
<td>Consumption of fixed assets</td>
<td>390,966.11</td>
<td>408,550.26</td>
<td>(4.3)</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>12,620,177.12</td>
<td>103,954,508.22</td>
<td>(87.9)</td>
</tr>
<tr>
<td>Surplus/(Deficits) for the year</td>
<td>(300,235.28)</td>
<td>(114,245.92)</td>
<td>162.8</td>
</tr>
</tbody>
</table>

570. Total Income for the Polytechnic decreased by 88.1%, from GH¢103,840,262.30 in 2014 to GH¢12,319,941.84 in 2015. The decrease was due to wrong estimation of the total figure for the personnel emolument in the previous year. Consequently, personnel emolument dropped to GH¢10,594,127.95 in 2015 from GH¢102,251,480.04 in 2014, representing a decrease of 89.6%.

571. However, subvention in respect of Service Activity and Internally Generated Fund registered an increase of 174.4% and 3.8% respectively during the year.

572. Total Expenditure also decreases by a margin of 87.9% from GH¢103,954,508.22 in 2014 to GH¢12,620,177.12 in 2015. This was mainly due to
89.5% decrease in Personal Emolument from GH¢102,363,701.84 in 2014 to GH¢10,768,171.76 in 2015. Goods and Services however increased by 23.6% from GH¢1,182,256.12 in 2014 in GH¢1,461,039.25 in 2015. Table 30 refers:

**Financial position**

**Table 30: Balance sheet as at 31 December 2015**

<table>
<thead>
<tr>
<th></th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>(%) Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>3,732,965.45</td>
<td>3,914,005.57</td>
<td>(4.6)</td>
</tr>
<tr>
<td>Current Assets</td>
<td>992,701.59</td>
<td>921,315.57</td>
<td>7.7</td>
</tr>
<tr>
<td>Total Assets</td>
<td>4,725,667.04</td>
<td>4,835,321.14</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Liabilities</td>
<td>34,700.82</td>
<td>22,638.28</td>
<td>53.28</td>
</tr>
<tr>
<td>Net Assets</td>
<td>4,690,966.22</td>
<td>4,812,682.86</td>
<td>(2.53)</td>
</tr>
<tr>
<td>Accumulated Fund Account</td>
<td>4,690,966.22</td>
<td>4,812,682.86</td>
<td>(2.53)</td>
</tr>
<tr>
<td>Liquidity Ratio</td>
<td>28.6:1</td>
<td>40.7:1</td>
<td></td>
</tr>
</tbody>
</table>

573. Non-Current Assets decreased by a small margin of 4.1% from GH¢3,914,005.57 in 2014 to GH¢3,732,965.45. Depreciation Charge for the year accounted for the decrease.

574. Current Assets however increased by a margin of 7.7%; from GH¢921,315.57 in 2014 to GH¢992,701.59 in 2015. This increase was mainly due to additions to cash and bank balances.

575. Current Liabilities also increased by 53.3% from GH¢22,638.27 in 2014 to GH¢34,700.82. Net Assets decreased from GH¢4,812,682.86 in 2014 to GH¢4,690,966.22 at the end of 2015 representing a 2.53% reduction in Net Assets.

576. The Polytechnic’s liquidity position for the year as shown by the current ratio of 28.6:1 (40.7:1-2014) indicates that the polytechnic will be able to discharge its short term obligations when they are due.

**MANAGEMENT ISSUES**

**Unacquitted payment vouchers - GH¢33,265.00**

577. Regulation 39(2) of the Financial Administration Regulation 2004 L.I 1802 requires that the head of department shall ensure value for money in the utilization
of funds whilst the head of accounts section shall control the disbursement of funds to ensure transactions are properly authenticated.

578. Our review of disbursements revealed that two payment vouchers amounting to GH¢33,265.00 during the period under review were without adequate supporting documents to authenticate the payments. The details are shown below:

<table>
<thead>
<tr>
<th>Date</th>
<th>P.V No</th>
<th>Amount GH¢</th>
<th>Details</th>
<th>Payee</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/7/15</td>
<td>2377</td>
<td>29,375.00</td>
<td>Cost on industrial attachment</td>
<td>George Akundikiyi A</td>
</tr>
<tr>
<td>11/12/15</td>
<td>0713</td>
<td>3,890.00</td>
<td>Cost on industrial attachment</td>
<td>Joseph K Laary</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>33,265.00</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

579. This situation occurred because the head of accounts and the authorizing officers did not exercise due care in ensuring that the payment vouchers were properly acquitted. We could therefore not determine the legitimacy of the payments.

580. We recommended that the authorizing officer and Finance Officer should ensure that the supporting documents are made available for audit scrutiny or be surcharged with the amount of GH¢33,265.00 Also Management should in future ensure that all vouchers are supported by the relevant documents before payments are made.

**Payments without official receipts - GH¢40,951.00**

581. Best cash management practice requires payees to acknowledge receipt of payments by the issuance of receipts and/or signing the relevant column of the payment voucher.

582. We noted that the paying officer failed to obtain receipt for payment totaling GH¢40,951.00 made to various corporate organisations that rendered services to the Polytechnic for the period under review. Refer to Table 31 below:
Table: 31: Purchases without official receipts

<table>
<thead>
<tr>
<th>Date</th>
<th>P.V No</th>
<th>Amount GH¢</th>
<th>Details</th>
<th>Payee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/2/15</td>
<td>9878</td>
<td>11,536.00</td>
<td>Payment on consultancy</td>
<td>Mak Edu Consult</td>
</tr>
<tr>
<td>9/4/15</td>
<td>0334</td>
<td>3,800.00</td>
<td>Payment on legal</td>
<td>Awudu Issah Mahmud</td>
</tr>
<tr>
<td>12/5/15</td>
<td>2478</td>
<td>10,890.00</td>
<td>Verification of results</td>
<td>WAEC</td>
</tr>
<tr>
<td>26/2/15</td>
<td>8069</td>
<td>14,725.00</td>
<td>Registration of non-Tertiary</td>
<td>Tech. Exams Unit</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>40,951.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

583. We attributed this lapse to poor supervision by the Finance Officer over the cashier as well as lack of post transaction review by the Internal Auditor. As a result, we could not confirm the propriety of the payments amounting to GH¢40,951.00.

584. We recommended that, the Finance Officer should strengthen supervision and ensure that the payments are acknowledged with official receipt or the money refunded by the paying officer. We also advised the Internal Auditor to carry out periodic post audit of transactions.

585. Management accepted our recommendation.

Misuse of Government Resources - GH¢12,090.00

586. Regulation 182(1) of the Financial Administration Regulations, 2004 L. I 1802 states that “any officer responsible for the financial management of a department shall ensure that acquisition of government stores are made and applied to public purpose in the most economical way”.

587. A review of the stores documents and items indicated that an amount of GH¢12,090.00 was spent to procure sachet packaging machine and a laptop between February and June 2014. These items purchased from the limited Government resources have never been put to use to date. Refer to details below:

<table>
<thead>
<tr>
<th>Date</th>
<th>P.V No</th>
<th>Amount GH¢</th>
<th>Details</th>
<th>Payee</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/6/14</td>
<td>8558</td>
<td>10,290.00</td>
<td>Purc of Koyo sachets packaging machine</td>
<td>Bobtina Consult Invest</td>
</tr>
<tr>
<td>17/2/14</td>
<td>n/a</td>
<td>1,800.00</td>
<td>Omatek laptop</td>
<td>Waller Café</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>12,090.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
588. The sachet packaging machine which was purchased to generate revenue has not been put to use due to lack of accommodation to begin operation.

589. This anomaly occurred because Management of the Polytechnic failed to prioritise and budget for urgent needs for the running of the Polytechnic within the accounting year.

590. The amount of GH¢12,090.00 which was used to procure these items could have been used for more urgent programmes.

591. We recommended that management should in future budget for items which will be needed in the accounting year to avoid putting financial stress on its resources. Also management should ensure the items are put to use to achieve the purpose for which they were purchased or the spending officers should be sanctioned for spending funds on items not urgently needed by the Polytechnic.

592. Management accepted our recommendation.

Engagement of retired officers without financial clearance-GH¢54,069.20

593. Best practice requires Government subvented institutions and organisations to seek financial clearance from the Ministry of Finance before recruitment or contracting any officer.

594. A review of the mechanised payment vouchers, disclosed that an amount of GH¢54,069.20 was paid to two officers after retirement without approval. We further noted that Mr. A. S. Ayei-Ahig an administrative assistant retired on 11 December 2013 but was engaged on contract from 12 December 2013, he was paid a total salary of GH¢40,295.00 for the period December 2013 to November 2015 when his name was deleted from the payroll.

595. Additionally, Peter Ayorogo a lecturer was engaged on 4 April 2015 after his retirement. He was paid a total of GH¢13,774.20 as salary as his name continued to appear on the mechanised PV even though there was no financial clearance obtained for him.

596. This was caused by Management’s failure to seek financial clearance and approval from Ministry of Finance and C&AGD before granting the contracts of two retired officers.
597. We advised Management to henceforth desist from awarding contracts to retired officers without obtaining financial clearance from the Ministry of Finance. Meanwhile efforts should be made to delete the name of Mr Peter Ayorogo from the payroll.

598. Management in their response stated that they need more clarification on this issue. In our opinion financial clearance and approval from the Ministry of Finance was not granted before engaging the retired officers on contract. We therefore stand by our initial recommendation.

**Contract awarded above the threshold of head of entities - GH¢30,558.36**

599. Schedule 3 of the Public Procurement Act, 2003 Act 663 prescribes the threshold for a head of Entity for goods up to GH¢5,000.00 and Entity Tender Committee up to GH¢25,000.00 and section 21(4) requires procurement entity to send to the tender Review Board any procurement above their threshold for approval.

600. On the contrary, we noted that the head of entity awarded a contract for the purchase of vehicle tyres to the tune of GH¢18,303.01 over and above his threshold. By implication the price quotation method was used instead of competitive tendering.

601. We view the practice unacceptable and a complete departure from the Procurement Act. As a result of management’s non-compliance with the PPA, transparency in the award of the contract could be compromised and the Polytechnic might not have received value for money.

602. Overriding internal controls set up to ensure orderly conduct of business and protect public resources could lead to financial indiscipline.

603. We recommended that Management should henceforth ensure strict compliance with the provision of the PPA.

604. Management accepted our recommendation.

**Salary Advances - GH¢16,415.00**

605. Regulation 110 of the FAR states that “A head of department who has 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”.

606. We however noted that, GH¢31,200.00 was granted as salary advance to 35 officers during the reviewed period. We further noted that, out of this amount seven officers with a total advance balance of GH¢16,415.00 were not servicing their debts. Notably amongst them was Mr. John Adanse who had outstanding balance as at December 2014 of GH¢4,100.00, who was granted additional advance of GH¢10,200.00 but failed to service his debt for the period under review. Mr. Nicholas Awuse who had an outstanding balance of GH¢8,000.00 as at December 2014 also failed to service his debt as expected.

607. We attributed the above situation to management’s failure to put in place adequate measures to compel defaulting staff to service their debt.

608. We recommended that Management should take the necessary steps to recover the outstanding loan of GH¢16,415.00 from the beneficiaries to avoid loss of money to the Polytechnic. Additionally, Officers should be educated on alternative methods of settling their debts on non-deduction at source as required by Regulation 112 of the FAR.

609. Management accepted our recommendation.

**Payment of staff loans from internally generated fund-GH¢31,500.00**

610. Section 5(c) of the Retention of Fund Act, (Act 735) of 2007 stipulates that “Internally Generated Funds shall not be used for the payment of salaries, staff benefits and other allowances except where the allowances are directly related to increased revenue.

611. In contravention of the above stated Regulation, Management of the Polytechnic granted staff advances amounting to GH¢31,500.00 from IGF to six officers during the period under review.

612. Since the Office had no approved budget for staff advances or loans, the practice constitutes misapplication of IGF. We are of the view that misapplication of Funds could impact negatively on the operations of the Polytechnic.
613. We advised management to desist from this practice and in future it should include salary advances or loans in the Polytechnic’s budget for Parliamentary approval.

614. Management accepted our recommendation.

Renovation due to defects on construction of three -Storey Office Blocks (A and B)

615. The school’s Administration block “A and B” was awarded to Messrs Solodom Construction Ltd for an initial contract sum of GH¢769,282.89 in February 2004. This project was completed and handed over to the Management of the Polytechnic in 2008.

616. A review of the records on contracts indicated that the Administration Block which was handed over in 2008, seven years after handing over have been contracted to Messrs Taabaza Company Limited on a Getfund project for a contract sum of GH¢1,183,666.76 for renovation and reinforcement of the structures in 2015.

617. The Development Officer explained that the renovation became necessary because of major structural cracks and the fact that the building was built on clay soil. In our opinion, the initial consultant KAT consultancy services did not do due diligence in the feasibility study on the project, resulting in the structural defects on the building.

618. The amount of GH¢1,183,666.76 used for renovation and re-enforcement after seven years of handing over the project could have been used for more developmental projects if care was taken in the supervision of the project.

619. We recommended that, future selection of consultants and contractors should be based on competence and considering the appropriate category for consultancy as required by Ministry of Water Resources Works and Housing. Meanwhile KAT Consultancy Services and Messrs. Solodom Construction Ltd should be black listed and be notified on the shoddy works done causing the state the amount of GH¢1,183,666.76.

620. Management accepted our recommendation. They also agreed with the audit team that supervision of the block could have been better during the initial construction. However, management are of the opinion that the consultant KAT Services who supervised the shoddy work resulting in the extra cost of costing the
Polytechnic GH¢1,183,666.78 for renovation after only seven years handing over of the project, should not be blacklisted.

621. We could not agree with management’s assertion since proper feasibility studies were not carried out by the consultant KAT Services. We stand by our initial recommendation in the sense that the renovation cost of GH¢1,183,666.76 which is far higher than the initial cost of construction (GH¢769,282.89 could have been avoided.

Under Utilisation of Buildings and Departmental Structures

623. A review of the assets and projects of the Polytechnic indicated that the automobile and the Electrical engineering departments have not been put to its intended purpose since the inception of the Polytechnic though the structural provision has been made hence under utilisation of these buildings.

624. This we noted was due to lack of the necessary equipment and qualified staff in that field to undertake those two programmes. Automobile and Electrical engineering departments in other sister Polytechnics served as source of revenue as it could be opened to the public to undertake automobile and other professional repairs at a fee. This also prevented the Polytechnic from enrolling students for the two programmes which could have yielded revenue to the Polytechnic.

625. We therefore recommended to Management to provide the necessary equipment to facilitate the building being used to serve the two departments.

626. Management appreciated our recommendation but stated that there were constraints due to financial clearance and demand of National Accreditation Board. Management also indicated that, they have made request to NCTE and Savannah Accelerated Authority for assistance in equipping these departments.

Abandoned project – Four Storey Hall Residence Block
627. Construction of 4-storey Hall of residence block A for the Polytechnic was awarded to M/S Bonnaaba Construction Limited on 4 January 2011 and was to be completed on March 2013, a period of 24-months at a contract sum of GH¢1,727,240.39 funded by Getfund.
628. Examination of the contract records on the building revealed that, a total amount of GH¢1,333,476.15 had been paid to the contractor leaving an outstanding amount of GH¢393,764.24.

629. We also noted the following deviations on the consultant’s report (KAT Consulting Services) that certified the payment on the 3rd certificate amounting to GH¢753,783.41 before the contractor abandoned the project. In the consultant’s report, he indicated stage of work done as follows: Table below refers:

<table>
<thead>
<tr>
<th>Superstructure</th>
<th>Previous %</th>
<th>Present %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concrete work</td>
<td>88</td>
<td>100</td>
</tr>
<tr>
<td>Block work</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Roofing</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

630. Our visit to the site however revealed that, there was still some concrete work to be done. Also the outside ceiling which is to complete the roofing has not been done. There was some block work to be done to complete the structure.

631. We also noted that no work has been done on the project for the past three years. A review of the contract documents revealed that, the contract of the 4-storey Hall of Residence was terminated by the entity tender committee’s decision per letter dated 10th May 2016 signed by the Rector.

632. An interview with the Rector indicated that the contractor abandoned the contract for no reason and also refused to attend to their calls on the project.

633. A request for estimate by Management from the Consultant, KAT Consulting Services who was supervising the project and the same consultant who supervised the shoddy work on the administration block A and B, indicated that an amount of GH¢1,329,002.66 was needed to complete the contract, hence an increase of 137% of the initial outstanding balance of GH¢393,764.24. The new amount includes 6% consultancy fee for the Consultant.

634. We recommended that legal action should be taken against the contractor Bonnaaba construction Limited for breach of contract and should be made to complete the contract with his outstanding balance of GH¢393,764.24 to save the Government from incurring additional cost of GH¢935,526.42.
635. Management appreciated our recommendations on the financial implications of re-awarding and the legal action to be taken against the contractor, but their concern was the anticipated delays.

636. Management indicated in their response that, payments made to the contractor were not based on the consultant’s assessment and report. We however noted deviations in the consultant report.

637. We are however of the view that the consultant’s recommendation and assessment on the amount of GH¢753,783.41 on certificate number 3 was what was used to pay the contractor Bonnaaba construction Limited. Again all payments to contractors are based on the certificates which include the consultant’s report and recommendation. We therefore stand by our initial recommendations.
This report relates to the audited accounts of the Cape Coast Polytechnic for the period ended 31 December 2015.

**MANAGEMENT ISSUES**

**Failure to present payment vouchers for audit - GH¢157,177.12**

639. Contrary to Regulation 1 of the FAR, the Accountant of Cape Coast Polytechnic failed to make available for audit 27 payment vouchers with a face value of GH¢157,177.12

640. The Accountant’s as failure to comply with the regulation limited us in performing our mandate. As a result, we were unable to satisfy ourselves that the payments were authentic or the amount involved were used in the interest of the Polytechnic.

641. We recommended that the Accountant should be surcharged with the said amount should he fail to produce the vouchers for examination as demanded.
Failure to obtain official receipts - GH¢115,261.97
642. Notwithstanding Regulation 28 of the Financial Administration Regulation, 2004, the Finance Officer of the Polytechnic failed to obtain official receipts for payments made to institutions and individuals totaling GH¢115,261.97.

643. The failure on the part of the Finance Officer to demand receipts after payments, accounted for this irregularity.

644. In order to avoid duplications and wrongful payments that may result in loss of funds to the Polytechnic, we urged the Finance Officer to ensure that the official receipts are obtained and attached to the payment vouchers, failing which the amount involved should be surcharged to the Finance Officer.

Inadequate recovery of staff advances - GH¢100,161.46
645. We noted that salary advance granted to 66 staff of the Polytechnic, some dating as far back as 2013 totaling GH¢100,161.46 had remained outstanding in disregard of Regulation 110 of the FAR, 2004.

646. The loan amount had become overdue because management failed to put in place effective recovery and payment schedules.

647. The situation might curtail the extension of this facility to benefit equally deserving staff members.

648. We therefore urged management to recover the outstanding salary advance totaling GH¢100,161.46 from the affected officers through deductions from their salaries.

649. Management indicated that, the debtors schedule submitted for our review had not been updated to capture subsequent event to 31st December 2015 and that they have received about 60% of the debt as at June, 2016. Management is making efforts to clear all outstanding debts by the end of 2016.

Honorarium for council members
650. Regulation 12 of the Polytechnic Act 2007 Act 745 states 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.
651. We noted that an amount of GH¢33,000.00 was paid to the council members vide PV 120/12/2015 dated 15/12/2015 as honorarium.

652. However, we did not sight any approval from the minister for the payment made. Unapproved payment from the IGF could distort the IGF budget.

653. We recommended to management to seek approval from the Minister of Finance or refund same to chest.

**Late submission of financial statement**

654. In spite of Section 41(1a) of the Financial Administration Act, 2003, (Act 654), the Finance Officer of the Polytechnic submitted the Financial Statement on 2 September 2016 after the execution of the audit. This affected the planning of the audit as well as depriving stakeholders of timely information for effective planning and decision making.

655. We advised management to step up its supervisory role over the accounts office in order to ensure compliance with Section 41(1a) of the Financial Administration Act, 2003 (Act 654).

656. Management assured the audit team that a draft copy would be submitted to the audit team latest Tuesday 9th August, 2016 and the final report by Monday 15th August, 2016.

**Opening of bank account without authority**

657. We noted that the management of Cape Coast Polytechnic opened bank accounts with Unibank on 18th May, 2014 without approval from the C&AGD. This contravenes Regulation 47(3) of the FAR, 2004 which enjoins heads of departments to obtain authority from C&AGD before the opening of bank accounts.

658. This practice could lead to the concealment of transactions by management.

659. We advised management to seek approval from C&AGD and desist from opening bank accounts without approval.

660. Management in response stated that, Unibank Accounts were opened with prior approval from Council. This notwithstanding, management has taken note of obtaining authorisation from C&AGD before opening an account in future.
This report relates to the audited accounts of the Koforidua Polytechnic for the period 1 January 2015 to 31 December 2015.

**Operational results**

The Polytechnic recognized a surplus of GH¢3,833,125.65 in 2015 as against a surplus of GH¢3,967,856.35 in 2014, a decrease of GH¢134,730.70 or 3.4% below the previous year’s surplus. The drop was a result increase in total expenditure by 10.6% which was more than increase in income of 8.8%. The performance indicators are as shown in Table 31.

**Table 31: Income Statements 2015**

<table>
<thead>
<tr>
<th>Income</th>
<th>2015 GH¢</th>
<th>2014 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Grant</td>
<td>23,818,597</td>
<td>22,273,731</td>
<td>6.9</td>
</tr>
<tr>
<td>Internally Generated Fund</td>
<td>9,780,636</td>
<td>8,615,779</td>
<td>13.5</td>
</tr>
<tr>
<td>Ercre Income</td>
<td>15,026</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>33,614,259</td>
<td>30,889,511</td>
<td>8.8</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Emoluments</td>
<td>19,105,774</td>
<td>19,234,191.48</td>
<td>(0.7)</td>
</tr>
</tbody>
</table>
663. Total Income registered a marginal growth of 8.8% from GH¢30,889,510.85 in 2014 to GH¢33,614,258.64 in 2015. The upward movement was due to increase in government grant of 6.9% Internally Generated Fund of 13.5% and additional income from a collaboration programme known as ECOWAS Centre for Renewable Energy and Energy Efficiency (ERCRE), which is exploring ways to encourage the use of solar energy in the Polytechnic.

664. Total Expenditure also went up by 10.6%; from GH¢26,921,654.48 to GH¢29,781,133. The increase in expenditure was due to increase in expenses for Goods and Services from GH¢7,687,463.00 in 2014 to GH¢10,675,359 in 2015 representing a rise of 38.9%.

Financial position

Statement of Financial Position 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2015 (GH¢)</th>
<th>2015 (GH¢)</th>
<th>2014 (GH¢)</th>
<th>2014 (GH¢)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>17,212,108</td>
<td></td>
<td></td>
<td></td>
<td>16.9</td>
</tr>
<tr>
<td>Current Assets</td>
<td>6,367,321</td>
<td>5,663,597</td>
<td></td>
<td></td>
<td>12.4</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>(300,714)</td>
<td>(688,392)</td>
<td></td>
<td></td>
<td>(56.3)</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>6,066,608</td>
<td>4,975,205</td>
<td></td>
<td></td>
<td>21.9</td>
</tr>
<tr>
<td>Net Assets</td>
<td>23,278,716</td>
<td>19,695,590</td>
<td></td>
<td></td>
<td>18.2</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>(2,153,012)</td>
<td>(2,403,012)</td>
<td></td>
<td></td>
<td>(10.4)</td>
</tr>
<tr>
<td>Represented by</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Fund</td>
<td>21,125,704</td>
<td>17,292,578</td>
<td></td>
<td></td>
<td>22.2</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>21.2:1</td>
<td>8.2:1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

665. Non-Current Assets increased by GH¢2,491,723 or 16.9% in 2015. The increase was due to additional construction works on the 5-storey and the 4-storey classroom building and the cost of an accounting software acquired.
Total Current Assets which stood at GH¢6,367,321.45 at the end of 2015 registered an increase of GH¢703,724.90 or 12.4% over previous year’s figure of GH¢5,663,596.55. The upward trend was due to increase in investment from GH¢2,150,000 to GH¢3,619,644 or 68.4%.

Current Liabilities reduced by GH¢387,678 or 56.3% from GH¢688,391.51 in 2014 to GH¢300,713.72 in 2015. The reduction was attributed to a decrease in Accounts payable by 56.3%.

The liquidity position of the Polytechnic as measured by a current ratio of 21.2:1 shows that the Polytechnic is in a strong position to meet its short-term debts when they fall due.

**MANAGEMENT ISSUES**

**Opening of bank account without approval by Controller and Accountant General**

Contrary to Regulation 47 (3) of the FAR, 2004 L.I. (1802), we noted that the Polytechnic opened an account with Agricultural Development Bank in December, 2015 (A/C No 20110115915201) without any approval from C&AGD. This according to the regulation is a breach of financial discipline.

Management arbitrary opening of bank account without recourse to the Law is indicative that the Polytechnic funds are managed without appropriate control which could lead to the concealment of transaction by management.

Our recommendation to management to take the necessary steps to seek retrospective authorization from the C&AGD was accepted; therefore, in a letter dated 9 June 2015, an approval was sought from the C&AGD.

**Opening Fixed Deposit account without authority**

We noted that, the Polytechnic in 2015 invested funds in eleven fixed deposit accounts with five banks totaling GH¢4,011,000.00 without seeking approval from the Minister of Finance as required by Regulation 51(1)(2) of the Financial Administration Act, 2003. Details are provided in Table 32.
Table 32: Fixed Deposit Accounts

<table>
<thead>
<tr>
<th>Name of Bank</th>
<th>Date of Investment</th>
<th>Amount Invested GH¢</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIB FD</td>
<td>18 MAY 2015</td>
<td>600,000.00</td>
<td>17 OCT. 2016</td>
</tr>
<tr>
<td>UNIBANK FD</td>
<td>14-Oct. 2015</td>
<td>240,000.00</td>
<td>13 –April 2016</td>
</tr>
<tr>
<td>UNIBANK FD</td>
<td>30-Oct. 2015</td>
<td>1,000,000.00</td>
<td>30 –April 2016</td>
</tr>
<tr>
<td>UBA</td>
<td>31 Mar 2015</td>
<td>531,000.00</td>
<td>30 June 2015</td>
</tr>
<tr>
<td>UBA</td>
<td>21 Oct 2015</td>
<td>1,090,000.00</td>
<td>20 JAN. 2016</td>
</tr>
<tr>
<td>ADB</td>
<td>31 Jan 2015</td>
<td>120,000.00</td>
<td>30 JULY, 2015</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>4,011,000.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

673. Management’s disregard for the law contributed to the anomaly. The failure to provide this information to the Ministry of Finance will affect economic decision of the government.

674. Our recommendation to management as a matter of urgency, to apply for retrospective approval for the opening of the four bank accounts was accepted and a letter seeking retrospective approval was written by management to C&AGD (ref letter no. KP/E0/310 of 9 June 2016). Meanwhile, the approval of the Minister is yet to be sought.

Employment of staff with fake certificate

675. Generally accepted human resource management practice requires that, certificate for admissions and employment are verified from issuing Institutions to ascertain their authenticity and genuineness. The Promotion Criteria and Scheme of Service for Polytechnics, 2006 also provides the criteria for the employment of academic staff in Polytechnics.

676. During our audit we noted that an employee by name Richmond Kweku Frempong with a staff number 755521 was engaged in February 2006 as a lecturer with a fake Master’s Degree certificate from Coventry University, purported to be obtained in 2004.

677. The employee rose through the ranks to senior lecturer and was elected as a Dean of the Faculty of Business and Management. Upon the suspicion of the falsity of the certificate, management set up a committee to verify the authenticity of all
certificates. While the investigation was on going, the employee tendered in his resignation which was rejected by the Polytechnic, (reference letter no. KP/PF/TS/110 dated 25 January 2016) by which time the employee had vacated post.

678. This anomaly was as a result of the failure of the Head of Human Resources Unit to exercise utmost care and due diligence in verifying and ascertaining the genuineness of the certificates during his probation period. In effect Mr. Richard Kwaku Frimpong received salaries he was not qualified to receive, amounting to GH¢201,065.92 for the nine years five months in the Polytechnic.

679. We urged management to refer the lecturer to the police for appropriate sanction and the head of Human Resource Unit who failed to exercise due diligence before employing him should be sanctioned. We further recommended that, all certificates of successful applicants must be verified before any official letter of appointment is issued.

680. In response, management stated that the Disciplinary Committee which was formed to investigate the matter had submitted its report and recommended that his appointment be terminated and he should be handed over to the law enforcement agencies. According to management the report was given to the Polytechnic Solicitors who are studying the report.

Variation of contract by 196% without approval
681. Section 87 (1&2) of the Public Procurement Act, 2003, Act 663 requires a procurement entity to inform the appropriate Tender Review Board if the aggregate increase in the original price of a contract exceeds 10% of the original price of any proposed extension, modification or variations order with reasons.

682. On the contrary, we noted during our review of the records that the Polytechnic awarded a contract for the construction of washrooms for students at the old administration block to Messrs Ogyeatuo Enterprise at a contract sum of GH¢24,969.89 on 6 November 2013. However, on 11 December 2013 the contract sum was varied to GH¢74,081.82 due to changes in the scope of work.

683. We further noted that even though the Polytechnic paid the total amount of GH¢73,359.28 (ref P/V 13/10/2014 of 14 October 2014) which was over 196% of the
initial contract sum of GH¢24,969.89, the contract was not referred to the appropriate tender review board for approval.

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

685. We recommended that management should ensure that all such variations are referred to the appropriate authority. In response, management claimed that the varied price of the contract was within the threshold of the procuring entity therefore the Entity Tender Committee had approved the variation.

686. We reiterated that since the law categorically stated that variations above 10% should be referred to the Tender Review Board, the law must be followed.

**Abandoned IGF Project**

687. Regulation 38 (1) of the FAR, 2004, L.I. 1802 requires a head of department to prioritize the department activities to ensure that related expenditures are within the budget ceiling.

688. The Polytechnic awarded a contract for the construction of a four-storey, 27-unit block of flats to a contractor M/s Wilkado Construction Works Ltd on 18 June, 2009 at a cost of GH¢1,454,732.85, to be completed in September, 2011.

689. In 2012, the project was abandoned due to lack of funds to continue the project. At the time of abandonment, the Polytechnic had spent GH¢981,819.85 of its Internally Generated Funds (IGF) on the project, representing 41% stage of completion.

690. We were informed by management that they are in the process of securing a loan facility to continue the project at an estimated cost of GH¢2,000,000.00. In our opinion, the decision of management to abandon the project resulted in an additional cost of GH¢1,527,087.00 which could have been used for other development in the Polytechnic.

691. We recommended to management to ensure that proper planning is made before committing any resource to a project to avoid unnecessary cost to the Polytechnic.
692. In response management averred that the project was not abandoned but rather was suspended and that funds meant for the project was diverted for the construction of the classrooms to accommodate the increasing number of students. They claimed this increased the enrolment from 4,500 in 2013 to above 6,000 in 2015.

**Failure to recover staff advances-GH¢10,000.00**

693. Regulation 110 of the FAR, 2004, L.I. 1802 requires a head of department to ensure that advances granted are duly recovered in accordance with the appropriate agreement.

694. Contrary to the above provision, we noted during the audit that deduction had not commenced for three staff members who were granted advances totaling GH¢10,000 since February 2015 as detailed in Table 33.

**Table 33: Unrecovered advances**

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>L/F</th>
<th>Date</th>
<th>P.V No</th>
<th>Amount (GHC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Francis Yaw Otuboah</td>
<td>138</td>
<td>06/02/2015</td>
<td>FR/A021/2/15/A</td>
<td>4,000.00</td>
</tr>
<tr>
<td>2</td>
<td>Antwi Richard</td>
<td>146</td>
<td>02/03/2015</td>
<td>FR/A001/3/15/G</td>
<td>3,000.00</td>
</tr>
<tr>
<td>3</td>
<td>Peter Yaw Kosoe</td>
<td>180</td>
<td>05/03/2015</td>
<td>FR/A005/3/15/SG</td>
<td>3,000.00</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>10,000.00</strong></td>
</tr>
</tbody>
</table>

695. Failure to deduct these advances had denied the Polytechnic of Funds which could be used for the benefit of other staff of the Polytechnic who may require the same facility.

696. In our view, the Finance Officer failed to exercise his supervisory role in ensuring that all deductions are made promptly.

697. We recommended to management to recover the amounts due immediately since they are overdue or the finance officer should be held liable to pay the amount due.

698. In response management attributed the situation to the failure of the C&AGD Department to deduct the loans from the employees’ salaries since they have forwarded the necessary input to them.
699. Management decided to appeal to the affected staff to pay cash which they have started paying. An amount of GH₵1,200.00 have so far been recovered from the affected staff leaving an outstanding balance of GH₵8,800.00.

**No value for money obtained for expenditure-GH₵33,354.00**

700. Contrary to Regulation 39 (1) of the FAR, 2004, L.I. 1802, we noted during the examination of the payment vouchers that the Polytechnic spent GH₵33,354.00 on airfare and per Diem for three staff members who went to Nigeria to advertise for students. Meanwhile, not a single student came for admission as a result of that trip. Details provided in Table 34:

**Table 34: No value for money obtained for expenditure**

<table>
<thead>
<tr>
<th>Date</th>
<th>PV No.</th>
<th>Cheque No</th>
<th>Transaction</th>
<th>Payees</th>
<th>Amount GH₵</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/8/15</td>
<td>FR/CA293/8/GCB</td>
<td>75441-75442</td>
<td>Air fare</td>
<td>Emmanuel o. Debrad Timothy, Fiadzoe and Peter Twumhene</td>
<td>4,198.00</td>
</tr>
<tr>
<td>18/8/15</td>
<td>FR/A320/8/GCB</td>
<td>754465-754470</td>
<td>Foreign travel to Nigeria per diem</td>
<td>Emmanuel o. Debrad Timothy, Fiadzoe and Peter Twumhene</td>
<td>29,156.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>****</td>
<td>****</td>
<td>****</td>
<td>****</td>
<td><strong>33,354.00</strong></td>
</tr>
</tbody>
</table>

701. We are of the view that, the failure of management to exercise due diligence to determine the viability of the venture before embarking on the trip, accounted for the uneconomical expenditure of GH₵33,354.00 against the Polytechnic scarce resources.

702. We recommended that management should carry out due diligence to determine the viability of any of such ventures before any commitment is made in the future. Management in response stated that though there was no immediate response, they expected it to yield positive results in the future.
Foreign travels budget overspent - GH¢65,998.77

703. Contrary to Regulation 170 (2) of the FAR, 2004, L.I. 1802, we observed that the Polytechnic’s budget for foreign travels for 2015 which was GH¢250,000.00 was exceeded by GH¢65,998.77 resulting in a total expenditure on foreign travels of GH¢315,998.77 as shown in the financial statement for 2015.

704. The budget overrun of GH¢65,998.77 denied the Polytechnic from undertaking other important activities which were budgeted for. This can be detrimental to the progress of the Polytechnic.

705. This situation was due to the failure of head of finance to strictly adhere to spending in line with their approved budget.

706. We recommended to management to comply with the provisions in the approved budget for the year. In response management claimed they have prepared a supplementary budget covering the excess expenditure which was not approved by the Council.
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