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Daniel Yaw Domelevo
Auditor-General
Ghana Audit Service
25 June 2018

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

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TRANSMITTAL LETTER

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25 June 2018

Dear Mr. Speaker,

REPORT OF THE AUDITOR-GENERAL ON THE PUBLIC ACCOUNTS OF GHANA TECHNICAL UNIVERSITIES AND POLYTECHNICS FOR THE PERIOD ENDED 31 DECEMBER 2016

I have the singular honour to present my report on the Public Accounts of Ghana-Technical Universities and 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 fourth time of presenting such a report which is a consolidation of the significant findings and recommendations emanating from routine audits of the 8 Technical Universities and 2 Polytechnics in the country to the House. The report is for the period ended 31 December 2016.

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 Technical University or 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 Technical Universities and Polytechnics willingness to correct unsatisfactory situations.

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,

DANIEL YAW DOMELEVO
AUDITOR-GENERAL

THE RT. HON. SPEAKER
OFFICE OF PARLIAMENT
PARLIAMENT HOUSE
ACCRA
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REPORT OF THE AUDITOR-GENERAL ON THE
PUBLIC ACCOUNTS OF GHANA –
technical universities and polytechnics
for the period ended 31 december 2016

introduction
I have conducted the audit of the accounts of the eight technical universities and two
Polytechnics for the period 1 January to 31 December 2016 in accordance with article
187 (2) of the 1992 Constitution of the Republic of Ghana, and section 11 (1) of the
Audit Service Act, 2000 (Act 584), and present herewith the results of the audit.

2. The objective of the audit is to express an opinion on the financial statements
Submitted to me by each of the technical universities and Polytechnics for my
Examination, as well as draw the attention of Management and other relevant
Stakeholders to exceptions in the management of operations of the Technical
Universities and Polytechnics.

3. I also evaluated the adequacy of internal controls, and compliance with the
Financial Administration Act 2003 (Act 654), the Financial Administration Regulations
2004, (LI 1802), the Public Procurement Act, 2003 (Act 663), Technical Universities Act,
The Polytechnic’s Act and other relevant legislations affecting public financial
Management in Ghana. The audit was conducted in accordance with best international
Practices.

4. Matters raised in this report are among those which came to my notice during
The audit. These observations and relevant recommendations were discussed with
Management of the Technical Universities and Polytechnics, and comments received,
Where appropriate, have been incorporated in this report which 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 Institution, and
- Part III: deals with the details of findings and recommendations.
PART I

SUMMARY OF SIGNIFICANT AUDIT FINDINGS AND RECOMMENDATIONS

5. Presented in Table 1 is the financial impact of the irregularities for the period ended 31 December 2016 with Table 2, showing the irregularities according to each of the eight Technical Universities and two Polytechnics.

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of irregularity</th>
<th>%</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cash Irregularities</td>
<td>66.51</td>
<td>38,370,533.44</td>
</tr>
<tr>
<td>2</td>
<td>Contract Irregularities</td>
<td>31.94</td>
<td>18,427,454.05</td>
</tr>
<tr>
<td>3</td>
<td>Procurement/Store Irregularities</td>
<td>0.68</td>
<td>391,360.81</td>
</tr>
<tr>
<td>4</td>
<td>Tax Irregularities</td>
<td>0.41</td>
<td>236,985.06</td>
</tr>
<tr>
<td>5</td>
<td>Outstanding Debtors/Loans/Recoverable Charges</td>
<td>0.27</td>
<td>157,833.15</td>
</tr>
<tr>
<td>6</td>
<td>Rent Irregularities</td>
<td>0.15</td>
<td>85,476.56</td>
</tr>
<tr>
<td>7</td>
<td>Payroll Irregularities</td>
<td>0.04</td>
<td>21,707.73</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>57,691,350.80</td>
</tr>
</tbody>
</table>

Table 1: shows that the irregularities in monetary terms totalled GH¢ 57,691,350.80 as at 31 December 2016.
Table 2: Summary of Financial Irregularities according To each Technical University and Polytechnic for the year ended 31 December 2016

<table>
<thead>
<tr>
<th>Technical University/ Polytechnic</th>
<th>Cash Irregularities</th>
<th>Contract Irregularities</th>
<th>Procurement /Store Irregularities</th>
<th>Tax Irregularities</th>
<th>Outstanding Debtors/Loans/ Recoverable Charges</th>
<th>Rent Irregularities</th>
<th>Payroll Irregularities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ho Technical University</td>
<td>159,737.76</td>
<td>11,590,991.47</td>
<td>-</td>
<td>4,510.00</td>
<td>6,390.00</td>
<td>-</td>
<td>-</td>
<td>11,761,629.23</td>
</tr>
<tr>
<td>Tamale Technical University</td>
<td>2,754,871.86</td>
<td>-</td>
<td>236,181.59</td>
<td>4,279.25</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,995,332.70</td>
</tr>
<tr>
<td>Accra Technical University</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,447.00</td>
<td>-</td>
<td>-</td>
<td>13,447.00</td>
</tr>
<tr>
<td>Kumasi Technical University</td>
<td>6,810,313.98</td>
<td>-</td>
<td>-</td>
<td>218,067.02</td>
<td>-</td>
<td>15,535.88</td>
<td>-</td>
<td>7,043,916.88</td>
</tr>
<tr>
<td>Sunyani Technical University</td>
<td>2,845,525.33</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,845,525.33</td>
</tr>
<tr>
<td>Takoradi Technical University</td>
<td>9,168,275.86</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>44,666.11</td>
<td>-</td>
<td>49,925.00</td>
<td>9,262,866.97</td>
</tr>
<tr>
<td>Wa Polytechnic</td>
<td>622,584.36</td>
<td>2,269,669.08</td>
<td>29,354.28</td>
<td>-</td>
<td>57,555.04</td>
<td>6,171.85</td>
<td>-</td>
<td>2,985,334.61</td>
</tr>
<tr>
<td>Bolgatanga Polytechnic</td>
<td>133,486.83</td>
<td>1,644,549.48</td>
<td>90,820.99</td>
<td>-</td>
<td>42,165.00</td>
<td>-</td>
<td>-</td>
<td>1,911,022.30</td>
</tr>
<tr>
<td>Cape Coast Technical University</td>
<td>10,618,159.62</td>
<td>2,922,244.02</td>
<td>-</td>
<td>10,128.79</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,550,532.43</td>
</tr>
<tr>
<td>Koforidua Technical University</td>
<td>5,257,577.84</td>
<td>-</td>
<td>35,003.95</td>
<td>-</td>
<td>-</td>
<td>29,161.56</td>
<td>-</td>
<td>5,321,743.35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38,370,533.44</td>
<td>18,427,454.05</td>
<td>391,360.81</td>
<td>236,985.06</td>
<td>157,833.15</td>
<td>85,476.56</td>
<td>21,707.73</td>
<td>57,691,350.80</td>
</tr>
</tbody>
</table>

Report of the Auditor-General on the Public Accounts of Ghana –
Technical Universities and Polytechnics for the period ended 31 December 2016
Cash Irregularities -GH¢38,370,533.00

6. Cash Irregularities comprise of misapplication of funds, non-retirement of imprest, unapproved expenditures, Irregular payment from IGF and non-payment of Internally Generated Funds into the Consolidated Fund. It also includes delay payments resulting in interest charges and officers who have been sponsored by their institutions but failed to honour their bond terms. 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.

7. I advise Management of Technical Universities and 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, prompt retirement of accountable imprest and also prompt recovery of the amounts, including salaries, spent on the officers who failed to serve their bonds either from them or their guarantors.

8. Management should also seek approval from the Minister before making payment from IGF. Meanwhile, officers whose inactions caused any loss will be surcharged with the amounts involved.

Contract Irregularities -GH¢18,427,454.00

9. These relate to abandoned projects, delayed projects, breach of contract agreement, failure to present contract document for review and failure to exercise due diligence in the award of contracts for project work caused by Management’s failure to adhere to provisions in contract documents, improper contract budgeting and commencing many projects at the same time.

10. I advise that greater diligence should be exercised in the award of contracts. Management should strengthen controls over contracts and comply with tendering procedures.
Procurement/Store irregularities - GH¢391,361.00
11. These irregularities emanated from Management’s failure to comply fully with the procurement law, unaccounted stores, improper procurement planning and a breakdown of the procurement process. These include procurement from non VAT registered person, Single Source procurement without approval and wrongful engagement of Consultancy Service.

12. I urge Management of the respective Institutions to adhere strictly to the provisions of the Public Procurement Act, 2003 (Act 663).

Tax irregularities - GH¢236,985.00
13. Tax irregularities were arose out of the failure of Finance Officers to diligently act in accordance with the statutory tax laws, resulting in non-deduction of withholding tax, under deduction of withholding tax and VAT receipt not obtained for VAT paid.

14. 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.

Outstanding Debtors/Loans/Recoverable Charges - GH¢157,833.00
15. 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 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.

16. I recommend that Management of the Technical Universities and the Polytechnics should recover the loans granted, failing which officers responsible will be surcharged with the total amount of GH¢157,833.00. Management should also improve supervision, and ensure that schedule officers update all advances in there cords.

Rent irregularities - GH¢85,477.00
17. These irregularities relate to non-payment of rent and under payment of rents by staff residing in three Technical Universities’ bungalows. I urge Management to take the necessary step to recover the rent from the staff staying in the Universities’
bungalows and ensure that rent are deducted monthly from the salaries of staff residing in the Universities’ bungalows.

Payroll irregularities -GH¢21,708.00

18. These irregularities mostly included payment of unearned salaries as a result of non-deletion of separated staff after termination.

19. I recommend effective coordination between the heads of administration and accountsunits in order to provide timely information concerning separated staff or 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.

Audit Opinion

20. All the eight Technical Universities and two Polytechnics audited, submitted fully their accounts for validation. With the exception of Kumasi and Tamale Technical Universities which prepared the accounts on modified cash basis, all the others prepared the accounts in accordance with International Public Sector Accounting Standards (IPSAS). In my opinion the financial statements presented a true and fair view of the financial position as at 31 December 2016, and performance of the Institutions as at 31 December 2016.
PART II

SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

HO TECHNICAL UNIVERSITY

21. A tax audit conducted by GRA disclosed that the Director of Finance deducted a withholding tax of 10% instead of the required 20% from allowances paid to Council members in 2015. The 10% difference of GH¢4,510.00 tax not deducted was paid to GRA from the University’s account without retrieving it from the Council members. We advised recovery of the amount of GH¢4,510.00 from the Council members.

22. A total of 379 students had challenges using the MAK-EDU Consult School Management Information Systems (Complete Solution Software) which is supposed to provide a platform for online application and registration of students via student’s portal. We urged Management to liaise with MAK-EDU Consult to address these challenges or disengage its services with the University.

23. Mr. Kenneth Amanor, a Lecturer with Fashion and Design was granted a three-year study leave with pay, and a one-year extension. He vacated post without serving the 5-year academic bond required under the arrangement. He also did not refund the amount of GH¢152,057.76 spent on him. We recommended that Management should pursue Mr. Kenneth Amanor or his guarantors to recover the expenses incurred on him amounting to GH¢152,057.76 together with interest at current bank rate.

24. Two Officers, Francis K. Ampiyaw and William Dzineku occupied the University’s bungalows for one and a half and two years, respectively without paying rent. This resulted in accrued rent of GH¢6,390.00 as at June 2017. We urged Management to ensure full recovery of the amount from their salaries.

25. Proceeds of GH¢7,680.00 realised from sale of a vehicle to Mr. David K. Dzonto, the Registrar, as a disengagement benefit, was wrongly paid into the GCB Production account instead of the Consolidated Fund. We urged Management to refund the amount of GH¢7,680.00 into the Consolidated Fund.
26. Management did not maintain contract register to record payments of GH¢1,945,781.88 made on contracts. We urged Management to ensure that the Accounts Section and Director of Works collaborate to put in place a contract register.

27. We noted that, the University awarded 19 renovation contract works to the tune of GH¢2,152,667.43, funded from Internally Generated Fund, however relevant contract files could not be provided for our review. We urged the Director of Works to provide for our review all files on these contracts. We also recommended to Management to improve on its record keeping.

28. Four contracts were awarded and funded by GETFUND between 2009 and 2011 at an initial total sum of GH¢5,176,261.36. The total cost was revised in 2015 to GH¢13,832,267.00 and was expected to be completed by 31 December 2016. As at the time of our audit in June 2017, the projects had still not been completed due to late release of funds. We urged Management to liaise with GETFund to ensure that the projects are completed.

TAMALE TECHNICAL UNIVERSITY

2. Management paid a gross amount of GH¢19,430.00 as royalties to Lecturers whose academic publications were adopted by Copy Ghana without deducting a tax of GH¢1,943.00 but paid the tax from the University own fund. We recommended for the recovery of the tax which was not deducted from the beneficiaries.

3. Contrary to Regulation 288 of the Financial Administration Regulation (FAR) 2004, imprest totalling GH¢41,014.74 granted to 34 Officers to undertake various activities was not accounted for even though the programmes had been completed. We urged Management to ensure that the imprest holders fully retire the imprest granted them, failing which the amount should be recovered from them.

4. Notwithstanding Section 5of the Retention of Funds Act, 2007 (Act 735), Management procured 14 low cost housing units, and converted an existing girls’ hostel (Ghana House) into the University’s hospital at a total cost of GH¢222,468.81 without budgetary approval. Ownership of the housing units have not been transferred to the University; and the houses have also not been allocated to officers for rent income.
5. We recommended to Management to spend within approved budget and ensure proper authority should be sought for any expenditure outside the budget. Steps should also be taken to effect the change of ownership of the housing units, and allocate them to interested officers in order to generate income for the University.

6. Due to a weak internal control system, the University overpaid Haawas Royal Enterprise and Samib Enterprise by a total amount of GH¢9,319.50. We recommended that the overpaid amount should be recovered from the suppliers, failing which the Procurement Officer, Finance Officer and the Internal Auditor whose inaction caused the loss should be jointly surcharged with the amount.

7. In spite of Regulation 39 of the Financial Administration Regulations, 2004, L. I 1802 the University paid rent of GH¢2,335.86 for six-months for a bungalow which had not been occupied. The facility was designated as the official residence of the Vice Chancellor and for subsequent conversion into a guest house. In order to avoid further draining of the University’s scarce resources, we recommended to Management to allocate the bungalow to any interested officer to earn rent income or give up the tenancy.

8. We observed that allowances totalling GH¢21,070.63 were paid to persons other than those named on the payment vouchers without authority notes as proof of authorisation. We urged Management to regularise the anomaly, failing which the amount involved should be recovered from the Paying Officer.

9. Our review of transactions of two bank accounts sampled out of the 19 bank accounts operated by the University revealed that, Management made cash payments totalling GH¢2,596,783.13 to various Institutions and individuals instead of cheque or by electronic transfers. In order to avoid abusing the system, loss or misappropriation of cash, we urged Management to desist from the practice and endeavour to make payments by cheque or electronic transfers.

10. The paying officer failed to obtain receipts to cover air tickets for 53 payments totalling GH¢84,348.00 made to various Travel and Tour Agencies who rendered services to the Tamale Technical University for the period under review. We recommended that, Management should strengthen supervision, ensure that the payments are properly acknowledged and our office informed for verification, or the authorising and paying officers should refund the amount involved.
11. We noted that the Finance Officer failed to obtain VAT invoice from Lawmar Creations to cover 17.5% VAT of GH¢2,336.25 charged on payment of GH¢13,350.00 for the supply of an illuminated signage to the school’s main gate. We urged Management to ensure that the supplier provides the VAT receipt/Invoice to cover the VAT of GH¢2,336.25 else the amount should be recovered from the Finance Officer.

12. Household chattels valued at GH¢13,712.78 purchased by the University two years ago were still being kept at the stores. In order for the University to prudently manage its resources, we recommended that Management should in future budget for items which will be needed in the accounting year. Management should also ensure that the items are put to use to achieve the purpose for which they were purchased.

**ACCRA TECHNICAL UNIVERSITY**

29. Eighteen Lecturers who borrowed forty-seven Library books defaulted in returning the books for periods ranging between 31 and 784 days. Per Regulation 11 of the Rules and Regulations of Accra Technical University, the defaulters were to pay a total amount of GH¢13,447.00 for defaulting. We recommended that Management should enforce the library policy by ensuring that the defaulters return the books and the required charges collected from them, failing which the amount of loss shall be surcharged upon any person by whose negligence or misconduct the loss has been incurred.

**KUMASI TECHNICAL UNIVERSITY**

30. The Technical University over-spent its approved budget by GH¢5,314,825.14 without authority. The act contravenes Regulation 170of the Financial Administration Regulation, 2004 (L.I.1802). We urged Management to use the expenditure estimates approved by Parliament to control disbursement of funds.

31. The Finance Directorate failed to reconcile receipts from 6,602 codes generated to regulate the sale of admission forms by the Banks, and Ghana Post, leading to inexplicable difference of GH¢168,095.00 (cost of 1,293 codes). We recommended that, the Finance Directorate carries out reconciliation with the sales outlets. The ICT Directorate should also cancel out all unsold codes after the deadline with the supervision of the Internal Audit Department.
32. Management paid Book and Research Allowances of GH¢2,180,670.20 to staff of the Technical University without withholding taxes of GH¢218,067.02 on the payments. We recommended that Management should recover the amount of GH¢218,067.02 from the payees involved, failing which the amount shall be surcharged upon any person by whose negligence or misconduct the deficiency occurred.

33. Notwithstanding Section 5 of the Retention of Funds Act, 2007, Management paid a total of GH¢976,017.94 from the Internally Generated Funds (IGF) as employers’ contribution towards Provident funds and salary related allowances without authority. We advised Management to seek authority for the payment, in default refund the amount to the University’s accounts.

34. Mr. Eric Danso Boateng failed to return to KsTU after he had been sponsored to pursue a PHD programme at the Loughborough University in the United Kingdom at a total cost of GH¢351,375.90. We recommended that Management should pursue Mr. Eric Danso Boateng to retrieve the amount with interest from him or his guarantors.

35. Three separated Officers were paid unearned salary of GH¢15,535.88 in contravention of Regulation 297 of the FAR, 2004 (L.I.1802). We recommended to Management to ensure that the GH¢15,535.88 is recovered and paid into the consolidated fund, failing which the amount shall be surcharged upon the person(s) by whose negligence or misconduct the loss has been incurred. We further urged Management to ensure that, names of separated staff are deleted promptly from the payroll to prevent similar wrong payments in future.

SUNYANI TECHNICAL UNIVERSITY

36. Management made 40 payments totalling GH¢2,735,151.19 to various suppliers without obtaining receipts to substantiate the payments. We recommended that in the absence of receipts from the payees to substantiate the payments, the paying officers should refund the amount involved to the University’s account.

37. In spite of Section 5 of the Retention of Funds Act, 2007, (Act 735), Management paid an amount of GH¢110,374.14 from its Internally Generated Funds (IGF) as employer’s contribution to the Provident Fund without budgeting for it nor was approval sought from the Minister of Finance. We recommended to Management to
desist from the practice and obtain approval to support the payments, failing which the amount should be refunded

38. Sixty Officers borrowed various library books dating as far back as 2015 without returning them as scheduled. Efforts by the Librarian to retrieve the books have proved futile. We recommended that Management should write to the defaulters to return the books. Meanwhile Management should collect all the penalty charges due in respect of books kept by the defaulters.

**TAKORADI TECHNICAL UNIVERSITY**

39. An amount of GH¢2,764,712.75 was invested by the Takoradi Technical University in Brooks Assets Management Limited, a private investment company without approval from the Minister of Finance, contrary to Section 51 of the Financial Administration Act, 2003 (Act 654). We recommended that Management should seek approval from the Minister of Finance. Additionally, Management should desist from investing any fund without prior approval from the Minister.

40. The University paid GH¢1,100,000.00 which included an amount of GH¢320,996.20 meant as compensation to be paid to farmers, to the Chief of Akatakyi. However, the Chief failed to pay the amount to the farmers compelling the University to pay GH¢320,996.20 to the farmers as compensation. We recommended and management agreed to seek the assistance of the Court for refund of GH¢320,996.20 from Nana Borza IX.

41. Management paid a total amount of GH¢391,516.12 from its Internally Generated Funds (IGF) as Employer’s 2% contribution on behalf of Management and Staff, to Vanguard Provident Fund for 15 months from October 2015 to December 2016. This is in violation of Section 5 of the Retention of Funds Act 2007. We recommended to Management to put a stop to the practice and refund the amount with any interest accrued to the University’s account for our verification.

42. Salary advance amounting to GH¢44,666.11 granted to 44 staff members between March 2014 and October 2016, with the agreement to refund by 12 monthly instalments after the date of issue is yet to be recovered as at June 2017. We recommended that Management should enforce the recovery of the outstanding amount. Management should also deny defaulters future salary advances to serve as a deterrent.
43. Seventy-four members of staff staying in the University’s bungalows failed to pay rent for the year under review amounting to GH¢49,925.00. We urged Management to take immediate action to recover the rent arrears from the affected staff.

**WA POLYTECHNIC**

44. Contrary to Section 30 of the Public Financial Management Act 2016, (Act 921), Management spent an amount of GH¢112,159 for the payment of mobilization fee and insurance premium without budgeting for it. Management was urged to desist from spending outside the approved budget.

45. Management expended GH¢24,017.34 of its Internally Generated Funds (IGF) to pay end of service benefits to two retired staff in contravention of Section 5 of the Retention of Funds Act. Management was advised to adhere to the provisions of the Retention of Funds Act. They should also prepare comprehensive budgets to include retirement benefits for Parliamentary approval.

46. An amount of GH¢11,908.06 was withdrawn and spent by Management without payment vouchers and the requisite supporting documents to show authorisation and purpose of expenditure in violation of Regulation 1 of the Financial Administration Regulation (FAR), 2004 (L.I.1802). We advised that the Acting Finance Officer makes available the vouchers and supporting documents for our scrutiny, failing which the total amount should be recovered from any person whose negligence or misconduct resulted in the loss or deficiency.

47. GETFund allocated GH¢500,000 to the Polytechnic for administrative expenses on the Interim Management Committee (IMC). Management however transferred this allocation to NCTE on the request of the later in contravention of Section 14 of the Financial Administration Act, 2003, Act (654). We urged Management to promptly take the necessary steps to retrieve the amount from NCTE and lodge it in the Polytechnic’s account.

48. Management failed to provide adequate supporting documents to payments totalling GH¢148,742.52 contrary to Regulation 39 of the FAR. We advised that Management should provide the supporting documents or in default, the Authorising and Paying Officers refund the amounts to the Polytechnic.
49. The Store Keeper failed to maintain store records to show the receipt and usage of stores items worth GH¢29,354.28. The system might create room for abuse. For proper accountability, we recommended that, all future purchases should be routed through the stores. Additionally, issues should be signed by recipients, supported with authorised requisitions and recorded in the ledger.

50. The Procurement Unit failed to maintain a Contract Register to record payment for contract works worth GH¢2,269,669.08. We could therefore not ascertain the actual payments made to date as well as the outstanding balances. We urged Management to ensure that a contract register is procured and updated.

51. Management neglected advice from both the Internal Audit and finance and authorised the payment of GH¢6,171.85 to a separated staff as Book and Research allowance. We urged Management to retrieve the total amount of GH¢6,171.85 from the Officer.

52. Management failed to recover staff advances of GH¢55,934.04 contrary to its own policy. The advances which were taken from the Internally Generated fund have denied the Polytechnic from implementing its planned activities. We urged Management to retrieve the amount promptly.

BOLGATANGA POLYTECHNIC

53. Ten officers who were granted an amount of GH¢23,003.00 as imprest during the period under review failed to retire the imprest in violation of Regulation 288 of FAR, 2004, L.I 1802. We recommended that the imprest holders should be made to account for the imprest or the amount be adjusted to a personal advance account in their names in accordance with the provision of the regulation.

54. Contrary to Regulation 39(2) of the Financial Administration Regulation (FAR) 2004, (L.I 1802), 49 payment vouchers amounting to GH¢54,231.50 were without adequate supporting documents. We recommended that the authorising Officer and the Finance Officer should ensure that the supporting documents are made available for audit scrutiny before the end of July 2017 else be surcharged with the amount of GH¢54,231.50.

55. The paying officer failed to obtain official receipts for payments totalling GH¢11,476.03 made to two payees that rendered services to the Polytechnic. We
recommended that in the absence of receipts to authenticate the payments, the Finance Officer together with the paying officer, should refund the amount involved. Besides, Management should strengthen supervision and ensure that all future payments are appropriately acknowledged.

56. Management procured items worth GH¢64,920.99 from non VAT registered entities in breach of Section 30 of the Financial Administration Act (FAA)2003, Act 654 which requires Government departments to procure from VAT registered suppliers. We recommended that Management should in future transact business with VAT registered persons in compliance with the FAA.

57. An amount of GH¢44,776.30 was paid from Internally Generated Fund (IGF) to eight officers as salary advances without budgeting for it or seeking the Minister of Finance’s approval. We recommended that Management should stop using IGF for such payments as it contravenes Section 5 of the Retention of Fund Act, 2007 (Act 735).

58. We noted during the period under review that, fourteen officers who had been given salary advances from 2015 to 2016 had an outstanding balance of GH¢42,165.00 as at the close of 2016. We recommended that Management should take the necessary steps to recover the loan.

59. Contrary to Section 40 of the Public Procurement Act 2003, (Act 663), the Polytechnic engaged in single-sourced procurement of office equipment amounting to GH¢25,900.00 without seeking for approval from Public Procurement Authority. We recommended that, Management should henceforth ensure strict compliance with the provision of the PPA. The Head of Entity should also be cautioned to desist from approving single – sourced procurement without authority from PPA.

60. Expenditure on Goods and Services was lower than budgeted by GH¢1,462,956.01. Additionally, IGF revenue of GH¢822,574.55 was not budgeted for. We recommended to Management to ensure that procurements of goods and services are in accordance with the budget provisions, and budget estimates includes all revenue items. Also, the Budget Committee should be tasked to monitor expenditure/revenue trends to avoid this anomaly in future.

61. M/s Benta Enterprise Limited who was awarded a GETFund contract for the rehabilitation of 2-storey 12- unit classroom block with ancillary facilities at the
Polytechnic on the 28 November 2012, breached the contract agreement after being paid Gh¢90,843.20 out of the total contract sum of GH¢150,626.00. We recommended that legal action should be taken against M/s Benta Enterprise and the consultant, Salbet Consulting Limited for breach of contract and refund of GH¢90,843.20. In future, contracts should be awarded to more competent and responsible contractors/consultants to avoid unnecessary expenditure on Government funds.

62. Three projects awarded by the Polytechnic under the GETFund project since 2011 and supposed to have been completed by 2014 have been delayed to 2017. We recommended that Management should liaise with their Sector Ministry through the NCTE to press upon the GETFund Administrator for the release of funds to complete these projects.

63. During the inspection of the Polytechnic’s Assets, we observed that, five out of eleven buildings were deteriorating. This was due to non-maintenance of the facilities, contrary to Regulation 2 of the Financial Administration Regulation 2004, (L.I 1802). We advised Management to ensure maintenance of the buildings.

**CAPE COAST TECHNICAL UNIVERSITY**

64. Management submitted monthly returns to the Minister and other stakeholders as required by Regulation 19 of the FAR, 2004. However, the Internally Generated Funds (IGF) was understated by GH¢4,978,793.71. We recommended that the revenue figures should be properly reconciled, fully disclosed and returned to Controller and Accountant General before the end of August 2017.

65. The Cashier delayed lodgement of revenue collected until the end of every month. This resulted in an amount of GH¢2,719.63 not accounted for. We recommended that, the Cashier should refund the shortfall and disciplinary action taking against him by management, as prescribed by Regulation 8 of the FAR, 2004 (L.I. 1802)

66. Twenty-seven payments totalling GH¢169,872.11 entered in the cash book were not supported with authorised payment vouchers and relevant documents. We could therefore not examine and vouch the authenticity or otherwise of these payments. In the absence of authorised payment vouchers, and relevant supporting documents, we disallowed the amount and requested the authorising and approving Officers to refund the amount involved.
Contrary to Section 5 of the Retention of Funds Act, 2007 (Act 735), Management authorized payment of GH¢84,589.30 from IGF as retirement benefit and cash allowance in lieu of leave without seeking authority from the Minister. We recommended that Management should desist from the use of the IGF in paying salary related allowances. Meanwhile, Management should seek approval from the Minister.

In violation of Regulation 48 of the FAR, 2004 (L.I.1802), Management authorised the withdrawal of cash in bulk from the bank to the office to effect payments. The practice resulted in a shortage of GH¢19,162.95. We recommended that the Finance Director should be made to account for the shortage, failing which the total amount of GH¢19,162.95 should be recovered from him. Management should also desist from withdrawing bulk cash for payments.

Management incurred expenditure in excess of the approved budget by GH¢4,500,468.08 representing 31.9% of the budget. The infringement contravenes Regulation 170 of FAR, 2004 (L.I.1802). The excess expenditure was made out of IGF without authority from the Minister. We recommended that Management should seek approval from the Minister to regularise the expenditure.

Five Companies who provided services to the University charged VAT totalling GH¢10,128.79 but failed to issue VAT invoice to support the charge as required by Section 41 of VAT Act 2013, Act 870. There is no assurance that the amount was paid to the Ghana Revenue Authority (GRA).

We recommended that Management should obtain the VAT receipts from the companies for the VAT charged or the amount should be recovered from them.

Auto Mall Company Ltd. used wrong base for calculation of interest on delayed payments of Toyota Land cruiser and 3 Nissan pick-ups. This resulted in over calculation of the interest by GH¢24,310.19. We recommended to Management to draw the Company’s attention to the anomaly on the computation of the interest and recover the overstated amount from them.

GETFund’s failure to timely pay for vehicles procured for the University lead to Auto Mall Co. Ltd charging interest of GH¢489,353.17 for the period of default. GETFund refused to pay for the interest charged. This compelled the University to obtained Bank overdraft to settle the interest. The University further suffered a
charge of GH¢78,160.32 on the overdraft taking. This resulted in the University losing GH¢567,513.49. We recommended that Management should inform GETFund Secretariat and request them to settle the debt incurred by the University as the payment has distorted the University’s budget.

73. The University did not maintain contract register and contract files for seven GETFund projects which are currently being undertaken by the University. We could therefore not certify payments totalling GH¢2,377,168.41 made on these projects. We recommended that contract files and register should be introduced to facilitate monitoring of payments on these projects.

74. M/S Samwilco Construction Ltd was awarded a contract for the construction of the Auditorium on 9 April 2015. He was expected to complete the project within 24 months at a contract sum of GH¢5,643,675.37. The contractor abandoned the project at the foundation stage, after he had been paid an amount of GH¢1,937,013.51 including mobilization of GH¢908,459.33 (which was not set off from the first payment). We recommended that the contractor should be brought back to site to continue the work or the contract should be terminated and re-awarded. Mobilization advance not accounted for should be recovered from the contractor.

75. Management misapplied a GETFund allocation of GH¢239,313.67 earmarked for the renovation of a four-storey lecturer block by M/S Lifespan Construction Ltd. The amount was used for the acquisition of teaching aids for Hotel, Catering and Institutional Management (HCIM) Department. We recommended that Management should communicate the situation to GETFund Secretariat and justify the reason why the funds had been misapplied. Management should also make fresh request for funds to complete the renovation works.

76. Mr. Samuel Nkyekyer, an Instructor was granted a five years study leave starting from September 2007 to September 2012 to pursue MPhil /PhD in Marketing Information System at University of East London (UEL). Though he failed to report for duty after the due date, the University continued to pay his salary into his account. We recommended that his name should be deleted from the Payroll and the total salary of GH¢48,953.76 with any expense incurred on him should be recovered and pay to government chest.
KOFO RIDUA TECH NICAL UNIVERSITY

77. Notwithstanding the provision in Section 21 of the Financial Administration Act (FAA), 2003, (Act 654), and our previous audit recommendation, the University invested part of its IGF totalling GH¢4,494,225.64 in Fixed Deposit with three banks without seeking approval from the Minister of Finance. We advised Management to seek retrospective approval from the Minister of Finance on the investments made and ensure that all future investments are made only on the approval of the Minister of Finance’s.

78. Contrary to Section 5 of the Retention of Funds Act, 2007, (Act 735), Management transferred a total amount of GH¢509,698.40 from the Internally Generated Fund (IGF) to the Provident Fund in 2016 as employers’ contribution without Parliamentary approval. We recommended that Management should comply with the provisions of the Act, spend according to the approved budget and seek approval for any supplementary budget from Parliament. Management should also justify the payments into the Provident Fund or refund the amount of GH¢509,698.40 into the University’s account.

79. Seven vouchers for various payments totalling GH¢20,535.00 were without adequate relevant supporting documents such as receipts to properly account for the payments. We urged the Director of Finance to substantiate the transactions by providing all the relevant documents, or the amount involved be refunded by the scheduled officers to the University. Additionally, Management should ensure all future transactions are properly supported with relevant documents before payments.

80. Despite previous recommendation, Management continued to open three accounts during the 2016 financial year without obtaining approval from Controller and Accountant General. We reiterated our earlier recommendation that Management should take the necessary steps to seek retrospective authorization from the Controller and Accountant General for the accounts which has already been opened and ensure that in future authorization is obtained from Controller and Accountant General before opening of any new bank account.

81. Our scrutiny revealed that Management commenced a Life Insurance policy with Star Life Insurance Company to cover the students during their stay on campus. However, only GH¢11,875.00 out of insurance claims due totalling GH¢52,875.00 had
been paid by the Insurance Co. leaving a balance of GH¢40,250.00 yet to be paid to the beneficiary students.

82. We recommended to Management to pursue the Insurance Company for the payment of the claims without further delay to avoid agitation among the students. Management should also ensure that timelines for the payment of claims by the insurance Company is adhere to, in order to avoid delays in the payment of claims to the students.

83. Contrary to POTAG’s Condition of Service, five officers occupying the University’s bungalows were not being deducted the correct rate of rent resulting in a total underpayment of GH¢29,161.56. We recommended to Management to implement the statutory rent rate of 10% of the basic salary of occupants accordingly, and ensure that the officers involved refund the rent arrears totalling GH¢29,161.56 or 10% of their annual basic salary for the 2016 financial year, and subsequently deduct the appropriate rate from their salary.

84. Dr. Ebenezer Owusu, a former Lecturer attached to the Computer Science Department, who was granted a full-time sponsorship with pay to pursue a 3-year Doctor of Philosophy (PhD) programme in Computer Application Technology at the Jiangsu University in China, resigned on 31 May 2016 after serving only 2 years 4 months of the 5 years bond. We recommended to Management to pursue Dr. Ebenezer Owusu and his guarantors to recover the sum of GH¢184,507.24 being the balance of money (including interest) expended on him during his course.

85. Two full time Lecturers (Lawrence Abladey Abladey & Ebenezer Lartey) at two Universities who failed to disclose their status to Management, were offered appointment as full time Lecturers effective 1 November 2016 contrary to the Koforidua Technical University’s policy, resulting in unearned salary totalling GH¢6,452.39 as at December 2016. Since Management has already terminated Lawrence Abladey Abladey’s appointment, we recommended that Management should terminate the appointment of Ebenezer Lartey, as he is sluggish in resigning from his full employment. Management should also pursue the two officers to recover the total unearned salary of GH¢6,452.39 and any subsequent unearned salaries from them and lodged same into the consolidated fund.

86. In violation of Article 4.5 of Condition of Service for (POTAG), Dr. Ebenezer Owusu, former Lecturer attached to Computer Science Department and John
Frimpong Manso, former Lecturer in Purchasing and Supply resigned on 31 May 2016 and 15 September 2016 respectively without notifying Management three months earlier before resigning given rise to a penalty of three months’ salary in lieu of notice totalling GH¢21,052.53. We recommended to Management to recover the amount from the officers into the Consolidated Fund without further delay.

87. The Works Department of the University acted as a Consultant to one of the four on-going GETFUND projects. Management and staffs of the Works Department were paid 50% of the consultancy fee paid by GETFund Secretariat to the school, constituting conflict of interest. We advised Management to desist from the practice and rather seek approval from the Council to motivate staffs of the Works Department by paying a determined allowance. We also urged Management to recover consultancy fees totalling GH¢35,003.95 paid to the beneficiaries.

88. Three GETFund projects awarded between 2009 and 2016 have not been executed in accordance with the agreed timelines, thereby, denying the students the use of the facilities. This could cause a possible increase to the cost of the projects. We recommended to Management to ensure that the liability clause is employed to compel the contractor to complete the project so as to enable the students have access to the facilities.

89. Our physical inspection of the University’s facilities disclosed a number of defects on the completed Western wing of the 5-storey Engineering block. Since the defects had been noticed during the liability period besides avoiding further deterioration of the facility and high maintenance cost, we advised Management to ensure that the consultant supervises the contractor to correct the defects as early as possible or the retention amount of GH¢98,778.42 should be used to correct the defects, and the contractor banned from any award of contract.
PART III
DETAILS OF FINDINGS AND RECOMMENDATIONS

HO TECHNICAL UNIVERSITY

Operational results
90. The University’s financial year 2016 ended with a surplus of GH¢122,795 as compare to a surplus of GH¢50,887 registered in 2015; representing 141.3% above the previous year’s surplus. The performance indicators are shown in the table below.
Total income increased by GH¢2,277,544 representing 11.1%, from GH¢20,526,140 in 2015 to GH¢22,803,684 in 2016. The rise in the income was due to increases in all the four components; Government subvention increased by 11.5%, Internally Generated Fund went up by 8.6%, GETFUND allocation rose by 72.6% and other income also increased by 12.6%.

Total expenditure also went up from GH¢20,475,253 in 2015 to GH¢22,680,889 in 2016 representing 10.8%. The rise in expenditure was due to increase in the consumption of Goods and Services and Depreciation, which went up by 13.1% and 26.3% respectively.

Financial position

The table below shows the financial position of the University as at 31 December 2016.

<table>
<thead>
<tr>
<th></th>
<th>2016 GH¢</th>
<th>2015 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>20,602,210</td>
<td>15,735,745</td>
<td>30.9</td>
</tr>
<tr>
<td>Current Assets</td>
<td>7,900,164</td>
<td>8,964,416</td>
<td>(11.9)</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>3,959,470</td>
<td>2,356,582</td>
<td>68.0</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>1,438,873</td>
<td>1,688,873</td>
<td>(14.8)</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>2.0:1</td>
<td>3.8:1</td>
<td></td>
</tr>
</tbody>
</table>
94. Non-Current Assets increased from GH¢15,735,745 in 2015 to GH¢20,602,210 in 2016. The increase was due to additions made to Land & Building, Motor Vehicle and Furniture and Fixtures during the year.

95. Current Assets reduced from GH¢8,964,416 in 2015 to GH¢7,900,164 in 2016; a decrease of GH¢1,064,252 representing 11.9%. The decrease was mainly due to a reduction in Short Term Investment from GH¢1,700,000 in 2015 to GH¢1,207,116 in the 2016 financial year.

MANAGEMENT ISSUES

Under Deduction of Withholding Tax from Council Allowances GH¢4,510.00

96. Section 116 of Income Tax Act, 2015 (Act 896) provides that, where a resident person other than an individual pays fees, emoluments, and any other benefit to a resident director, manager, a board member of a company or body of persons, the person making the payment should withhold tax on the gross amount of the payment at a rate of 20%.

97. A tax audit conducted by GRA in 2016 disclosed that the Director of Finance deducted a withholding tax of 10% instead of the required 20% from allowances paid to the Council members in 2015. This resulted in under deduction of tax of GH¢4,510.00. We noted that the University paid the difference of 10% tax to GRA via payment voucher number 28/07GRA from the University’s accounts without retrieving it from the Council members.

98. We recommended to Management to retrieve the 10% tax difference of GH¢4,510.00 from the Council members and pay same into the University’s account.

Difficulties in accessing Solution Software

99. Annexure A of the Contract Agreement between the University and MAK-EDU Consult Suite requires the Consultant to provide an automation of the Institution’s systems and processes to enhance better student –Technical University relationship.

100. We reviewed the operations of the MAK-EDU Complete Solution Software with the view to establish its effectiveness. Interaction with the admission and cash office disclosed that in August 2016, 379 students had challenges using the software.
which was supposed to provide a platform for online application and registration of students via student’s portal.

101. Though the students paid their fees, they were denied access to register any time they keyed into the system. The system indicated they still owed fees and could not register easily. Subsequently, the cash office had to assist the students by using the bank pay-in-slip manually before being granted access to the portal for registration.

102. We attributed the lapse to deficiency in the MAK-EDU Complete Solution Software, thereby, denying the students access to the portal for registration.

103. Failure on the part of the service provider to ensure that the interface operates efficiently, and their inability to respond promptly to the challenges enumerated in the Interim Registrar’s letter reference HP/P.14/V1 addressed to the Chief Executive Officer of MAK-EDU Consult Limited had resulted in the continuous breakdown of the system.

104. We urged Management to liaise with MAK-EDU Consult to address the challenges facing the Complete Solution Software or disengage its services with the University.

Non redemption of bond- GH¢152,058.00

105. Clause 7.9 of the University’s Human Resource Policy states that a sponsored staff who has completed the course of study and fails to return to work in the Technical University shall be liable to redeem the bond. The value of the bond shall be equivalent to the full cost of training including salaries and allowances received during the period, revised for inflation and currency fluctuations plus a compound interest at the prevailing interest rate. Also, clause 7.10 stipulates that a legal action will be taken against an officer who breaches any of the conditions of the bond.

106. Mr. Kenneth Amanor, a Lecturer with Fashion and Design was granted study leave with pay from 2012/2013 academic year to pursue PhD Programme in Design at the University of Southampton, United Kingdom for three years. He was also granted a one-year extension (upon his request in a letter dated 22 August 2016) which ended on 31 December 2016.
107. We however noted that Mr. Kenneth Amanor vacated post on 3 January, 2017 after the extension without either serving the five-year academic bond or refunding the full cost of training including salaries and allowances. Consequently, per the condition of the bond agreement, he was indebted to the University to the tune of GH¢152,057.76 in respect of salaries paid to him throughout the program duration, 1 October 2012 to 3 January 2017. Details are provided in the table below.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Year</th>
<th>Period</th>
<th>No of month</th>
<th>Amount per month GH¢</th>
<th>Total amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2012</td>
<td>1/10/2012-31/12/2012</td>
<td>3</td>
<td>1,394.54</td>
<td>4,183.62</td>
</tr>
<tr>
<td>2</td>
<td>2013</td>
<td>1/1/2013-31/12/2013</td>
<td>12</td>
<td>2,749.70</td>
<td>32,996.40</td>
</tr>
<tr>
<td>3</td>
<td>2014</td>
<td>1/1/2014-31/12/2014</td>
<td>12</td>
<td>3,016.47</td>
<td>36,167.64</td>
</tr>
<tr>
<td>4</td>
<td>2015</td>
<td>1/1/2015-31/12/2015</td>
<td>12</td>
<td>3,115.50</td>
<td>37,386.00</td>
</tr>
<tr>
<td>5</td>
<td>2016</td>
<td>1/1/2016-31/12/2016</td>
<td>12</td>
<td>3,267.39</td>
<td>39,208.68</td>
</tr>
<tr>
<td>6</td>
<td>2017</td>
<td>1/1/2017-31/1/2017</td>
<td>1</td>
<td>2,115.42</td>
<td>2,115.42</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>152,057.76</td>
</tr>
</tbody>
</table>

108. We requested Mr. Kenneth Amanor to refund the amount of GH¢152,057.76 with interest at current bank rate failure of which legal action should be taken against him.

Non-deduction of rent – GH¢6,390.00
109. Regulation 17 of the Financial Administration Regulations (FAR) 2004, (L.I 1802) requires a head of department to ensure that all Non-Tax Revenue are efficiently collected. Public officers who occupy government residential facilities, with the exception of those whose condition of service entitled them to free accommodation, are required to suffer rent deduction of 10% from their monthly basic salary.

110. Contrary to this regulation, we noted that two Officers, Messrs Francis K. Ampiw and William Dzineku occupied the University’s bungalow without paying
rent amounting to GH¢6,390.00 for the period July 2014 to June 2017. Details are shown in the table below.

<table>
<thead>
<tr>
<th>Name</th>
<th>Type of accommodation</th>
<th>Period</th>
<th>Number of months in arrears</th>
<th>Rate</th>
<th>Total GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Francis K. Ampiaw</td>
<td>2 bedroom bungalow</td>
<td>July 2014 – July 2015</td>
<td>13</td>
<td>30.00</td>
<td>390</td>
</tr>
<tr>
<td></td>
<td></td>
<td>August 2015- Feb2016</td>
<td>7</td>
<td>200.00</td>
<td>1,400</td>
</tr>
<tr>
<td></td>
<td></td>
<td>March 2016- June 2017</td>
<td>16</td>
<td>250.00</td>
<td>4,000</td>
</tr>
<tr>
<td>William Dzineku</td>
<td>1 bedroom Flat Block 9</td>
<td>September 2016-June 2017</td>
<td>10</td>
<td>60.00</td>
<td>600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>6,390.00</strong></td>
</tr>
</tbody>
</table>

111. We requested the defaulting officers to pay all rent due. We further urged Management to institute control measures to ensure prompt payment of rent.

Proceeds from sale of vehicle not lodged into the Consolidated Fund Account – GH¢7,680.00

112. Section 6 of the Financial Administration Act (FAA), 2003 (Act 654) states that in accordance with article 176 of the Constitution, there shall be paid into the Consolidated Fund, revenue or other moneys raised or received for government business or on behalf of the Government and any other moneys raised or received in trust for or on behalf of the Government.

113. We however noted that proceeds from a vehicle sold to Mr. David K. Dzonto, the Registrar, amounting to GH¢7,680.00 was paid into the University’s GCB Production account instead of the Consolidated Fund account. We requested Management to transfer the amount of GH¢7,680.00 into the Consolidated Fund.

Non-maintenance of contract register - GH¢1,945,782.00

114. Chapter 1.10.2 of the Procurement Manual requires each procurement unit to maintain complete documentations in respect of all procurement activities and for contracts and agreements entered into.

115. Notwithstanding the above requirement, our review of documents on projects disclosed that, the University did not maintain a Contract Register to record and update particulars of contracts.
116. In the absence of the register, Management could not monitor properly payments in respect of all projects amounting to GH¢1,945,781.88 paid to the various contractors.

117. We urged Management to ensure that the Accounts Section and Director of Works collaborate to put in place a Contract Register to enhance sanity.

**Contract files not produced for audit - GH¢2,152,667.00**

118. Regulation 262 of the FAR 2004, L. I 1802 requires a head of department to preserve in good order financial and accounting records in a manner that facilitates ready access for reference.

119. The University awarded 19 contracts on renovation works to the tune of GH¢2,152,667.43 funded from Internally Generated Fund. Our request for the files for examination was not heeded to.

120. In the absence of the contract files, we could not determine the transparency and appropriateness of the procurement procedures applied. We could therefore not confirm whether value for money was obtained.

121. We requested Management to maintain separate files for all contracts to enhance referencing.

**Delay in Completion of Projects – GH¢7,492,542.00**

122. For effective Management of contracts and avoidance of variations, it is expected that administration of contracts are properly executed within scheduled timelines in the contract agreement to avoid price fluctuations.

123. Our review disclosed that four GETFund contracts were awarded between 2009 and 2011 at an initial total contract sum of GH¢5,176,261.36 which was revised in 2015 to GH¢13,832,267.00. Even though the projects were to be completed by 31 December 2016, work was 70% complete as at June 2017 and the total amount paid was GH¢7,492,542.16.

124. The delay in the release of fund by GETFund slowed down the progress of work. We urged Management to liaise with GETFund and ensure that the projects are completed.
Operational results

13. The year 2016 ended with an operational deficit of GH¢5,342,360.63 as against a surplus of GH¢1,134,001.20 recorded in 2015 financial year, representing a decrease of 571.1%. The performance indicators are shown in table below:

<table>
<thead>
<tr>
<th></th>
<th>2016 GH¢</th>
<th>2015 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Subventions</td>
<td>17,867,564.14</td>
<td>16,528,259.97</td>
<td>8.1</td>
</tr>
<tr>
<td>Internally Generated Fund(IGF)</td>
<td>2,764,703.67</td>
<td>7,078,658.71</td>
<td>(60.9)</td>
</tr>
<tr>
<td>Total Income</td>
<td>20,632,267.81</td>
<td>23,606,918.68</td>
<td>(12.6)</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation of Employee</td>
<td>19,763,338.36</td>
<td>18,033,395.65</td>
<td>9.6</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>6,211,290.08</td>
<td>4,439,521.83</td>
<td>39.9</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>25,974,628.44</td>
<td>22,472,917.48</td>
<td>15.6</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>(5,342,360.63)</td>
<td>1,134,001.20</td>
<td>(571.1)</td>
</tr>
</tbody>
</table>

14. Total income decreased by 12.6% from GH¢23,606,918.68 in 2015 to GH¢20,632,267.81 in 2016. The downward movement was mainly due to 60.9% drop
in Internally Generated Funds from GH¢7,078,658.71 in 2015 to GH¢2,764,703.67 in 2016.

15. Total Expenditure on the other hand went up by 15.6% from GH¢22,472,917.48 in 2015 to GH¢25,974,628.44 in 2016 which was as a result of increases in compensation of employees and goods and services by 9.6% and 39.9% respectively.

Financial position
16. The financial position of the University as at 31 December 2016 is presented in the table below.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>GH¢</td>
<td>GH¢</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6,801,648.68</td>
<td>15,190,838.27</td>
<td>(55.2)</td>
</tr>
<tr>
<td>Current Assets</td>
<td>GH¢</td>
<td>GH¢</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,150,084.09</td>
<td>5,073,917.74</td>
<td>(37.9)</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>GH¢</td>
<td>GH¢</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,156,243.58</td>
<td>323,992.09</td>
<td>1,182.8</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>GH¢</td>
<td>GH¢</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,503,268.00</td>
<td>2,853,268.00</td>
<td>(12.3)</td>
</tr>
<tr>
<td>Net Assets</td>
<td>GH¢</td>
<td>GH¢</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,292,221.19</td>
<td>17,087,495.92</td>
<td>(80.7)</td>
</tr>
<tr>
<td>Current Ratio</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.8:1</td>
<td>15.7:1</td>
<td></td>
</tr>
</tbody>
</table>

17. Non-Current Assets of the University decreased by 55.2% from GH¢15,190,838.27 in 2015 to GH¢6,801,648.68 in 2016. The decrease was due to deduction of Capital Grant consumed during the period.

18. Current Assets decreased by 37.9% from GH¢5,073,917.74 in 2015 to GH¢3,150,084.09 in 2016. The decrease was mainly as a result of liquidation of an investment of GH¢1,200,000.00 within the year to cater for expenditure.

19. Current liabilities increased by 1,182.8% to GH¢4,156,243.58 in 2016 from GH¢323,992.09 in 2015. This was mainly due to a deferred fee revenue of GH¢1,551,023.94.

20. The University’s liquidity position for the year as shown by the current ratio of 0.8:1 (2015: 15.7:1) indicated that the University would not be in the position to discharge its short term obligations when they fall due. We therefore advised Management to improve upon the liquidity position of the University.
MANAGEMENT ISSUES

Unrecovered tax - GH¢1,943.00
21. Regulation 39 of the Financial Administration Regulations, 2004, L.I 1802 states that the head of the accounts section of a department shall control the disbursement of funds and ensure that transactions are properly authenticated to show that amounts are due and payable.

22. Management paid a gross amount of GH¢19,430.00 as royalties to Lecturers whose academic publications were adopted by Copy Ghana without deducting a tax of GH¢1,943.00 to GRA pending clearance of Copy Ghana cheque. We however observed that management paid the tax component on behalf of the beneficiaries without deducting it from the amount paid.

23. Our audit further disclosed that, the cheque issued by Copy Ghana was dishonoured by the Bank resulting in the amount of GH¢19,430.00 being outstanding. Ghana Association Writers (GAW) issued a cheque on behalf of Copy Ghana to settle the debt but was also dishonoured but later paid to the University.

24. Payment of royalties on academic publications from the University’s accounts was irregular which could lead to loss of funds.

25. We recommended for the recovery of the tax which was not deducted from the beneficiaries. Meanwhile, management should ensure that all cheques received in future are cleared before making any disbursement out of it.

Unretired Imprest – GH¢41,015.00
26. Regulation 288 of the FAR (2004) states that imprest shall be retired at the close of a financial year and any imprest not so retired shall be adjusted to a personal advance account in the name of the imprest holder.

27. Our examination of records disclosed that 34 officers were granted a total amount of GH¢41,014.74 as accountable imprest which was not retired as at the time of writing this report.

28. We urged Management to adjust the outstanding imprest to personal advances accounts in the names of the imprest holders and deduct from their salaries.
Unbudgeted expenditure – GH¢222,469.00

29. Section 5 of the Retention Funds Act, 2007 (Act 735), states that, Internally Generated Funds can only be utilized when the activities on which the expenditure will be incurred have been programmed and approved in that Ministries, Departments and Agencies’ expenditure budget by Parliament.

30. Section 21 of the Public Procurement Act, 2003 (Act 663) also stipulates that a procurement entity shall prepare a procurement plan to support its approved programme.

31. We observed that Management procured fourteen low cost housing units from the Ghana Education Service, Tamale, at a total cost of GH¢82,880.00; with each unit costing GH¢5,920.00. The transaction was paid from the University’s Internally Generated Funds. Similarly, the conversion of existing girls hostel (Ghana House) into a University hospital with a contract sum of GH¢139,588.81 was not included in the approved budget or the procurement plan for the year reviewed.

32. Our review disclosed that both transactions were not captured in the University’s approved budget and the procurement plan for 2016. Additionally, we did not find any evidence of transfer of ownership of the low cost housing units from the vendor to the University.

33. The practice signified misapplication of funds. This could impact negatively on the operations of the University, as planned activities could be distorted or it could lead to budget overrun. Again, the University may not be able to defend the ownership of the fourteen low cost housing units in the event of litigation.

34. We recommended to Management to restrict its expenditure to Approved Budget and to always apply for supplementary budget in emergency situations. Steps should also be taken to effect the change of ownership of the housing units in order to safeguard the assets. We also advised Management to ensure that the housing units are allocated to interested Officers, and rent for occupancy charged in accordance with the University’s approved Condition of Service.

35. Management in response explained that acquisition of the fourteen low cost housing units was not captured in the procurement plan because GES did not give prior notice of the sale to enable the University plan towards its purchase. GES was in court with the sitting tenants, hence their inability to timely inform the University.
of the sale. The University had to make the payment to secure the bungalows occupied by its Officers since the offer could have been given to another Institution which was ready to make payment.

**Overpayment for refreshment items supplied - GH₵9,319.00**

36. Regulations 39 of the Financial Administration Regulations, 2004 (LI 1802) states that the head of the accounts section of a department shall control the disbursements of funds and ensure that transactions are properly authenticated to show that amounts are due and payable; and any order for disbursements that does not meet these requirements is rejected.

37. We noted that the University overpaid Haawas Royal Enterprise and Samib Enterprise by GH₵4,702.50 and GH₵4,617.00 respectively totalling GH₵9,319.50. The payments were for the supply of snacks for the end of semester examinations.

38. The total cost of the item supplied by Haawas Royal Enterprise indicated on the LPO and the VAT Invoice was GH₵5,225.00 instead of GH₵522.50. In respect of Samib Enterprise the total cost of the item was quoted as GH₵5,130.00 instead of GH₵513.00 leading to the overpayments. Details of the supplies are as follows;

<table>
<thead>
<tr>
<th>PV No.</th>
<th>Date</th>
<th>Item</th>
<th>Qty</th>
<th>Unit Price (GH₵)</th>
<th>Total GH₵</th>
<th>Actual Paid GH₵</th>
<th>Excess Payment /Diff GH₵</th>
<th>Payee</th>
</tr>
</thead>
<tbody>
<tr>
<td>?</td>
<td>?</td>
<td>Canned Drinks</td>
<td>55</td>
<td>9.5</td>
<td>522.50</td>
<td>5,225.00</td>
<td>4,702.50</td>
<td>Haawas Ent.</td>
</tr>
<tr>
<td>048/4/16</td>
<td>4/4/16</td>
<td>Canned Drinks</td>
<td>54</td>
<td>9.5</td>
<td>513.00</td>
<td>5,130.00</td>
<td>4,617.00</td>
<td>Samib Ent.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>109</strong></td>
<td></td>
<td><strong>9.5</strong></td>
<td><strong>1,035.50</strong></td>
<td><strong>10,355.00</strong></td>
<td><strong>9,319.50</strong></td>
<td></td>
</tr>
</tbody>
</table>

39. The anomaly resulted in the loss of GH₵9,319.50 to the University.

40. We recommended that the overpaid amount should be recovered from the suppliers, failing which the Procurement Officer, Finance Officer and the Internal Auditor would be surcharged with the amount. Management should properly scrutinise invoices before approving for payment to avert recurrence.
41. Management in response stated that the suppliers were not overpaid but there was an error with the unit of measure of the canned drinks and unit price quoted. The unit of measure of canned drinks should have been boxes instead of pieces and the unit price was GH₵95 instead of GH₵9.5.

42. We could not agree with Management’s claim as the original documents attached to the payment vouchers including Store Received Voucher reviewed indicated the unit price to be GH₵9.5 and the unit of measure in pieces. We therefore urged Management to comply with our recommendation.

**Payment of rent for an unoccupied bungalow - GH₵2,336.00**

43. Regulation 39 of the Financial Administration Regulations [FAR], 2004, LI 1802 enacts 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.

44. We noted that Management of the Tamale Technical University paid six-month rent (from April 2016 to September 2016) amounting to GH₵2,335.86 for bungalow number NV3-23 belonging to the Northern Region Rural Integrated Programme [NORRIP]. The Payment was made vide PV number 192/09/16 of 29 September 2016.

45. Our further checks disclosed that the rental facility which was designated as the official residence of the Vice Chancellor of the University, and at the same time, said to have been earmarked for conversion into a guest house had not been occupied.

46. Management’s failure to ensure that public funds are efficiently and economically managed accounted for the anomaly.

47. This had the effect of draining the University’s scarce resources which could have been used in other pressing areas to help the University achieve its objectives.

48. We recommended to Management to allocate the bungalow to another Officer or give up tenancy in order to halt further rent payments.

49. Management in response explained that NORRIP intended to sell its bungalows to the current tenants, and the University being the current tenant of bungalow planned purchasing the bungalow when the offer is made by NORRIP.
50. To avoid wastage of public funds, we advised Management to allocate the bungalow to another Officer to gain rent income.

**Payments made without authority notes - GH¢21,071.00**

51. Regulation 43 of the Financial Administration Regulations, 2004 (LI 1802) states that a payment shall be made only to the person or persons named on the payment voucher or to their representatives duly authorized in writing to receive the payment.

52. We observed that payments totalling GH¢21,070.63 being sitting, night, and project work supervision allowances among others were made to persons other than those named on the payment vouchers. Other instances showed the payments were not acknowledged by recipients.

53. However, the representatives of the beneficiaries failed to submit authority notes as proof of authorisation to receive the payments.

54. Failure on the part of the Finance Officer to ensure that authority notes were presented before payments made to beneficiaries accounted for this omission. This could lead to funds being paid to undeserved persons. It could also result in litigation by persons who may deny receiving monies supposedly paid to them.

55. We urged Management to regularise the anomaly failing which the amount involved should be recovered from the paying Officer. The paying officer should ensure authority notes are provided before releasing funds to persons collecting on behalf of others in compliance with the financial regulation underpinning the conduct of public financial business.

56. Management agreed to ensure that the persons involved provide the authority notes to confirm the payments.

**Excessive use of cash instead of cheque for payments-GH¢2,596,783.00**

57. Regulation 48 of the Financial Administration Regulation, 2004 (LI 1802) states that, a head of department shall ensure that cash holdings are kept to the absolute minimum, consistent with the efficient discharge of public financial business, by using bank accounts for holding cash balances. A head of department shall ensure, as far as it is consistent with the convenience of the public and the control of
transactions that collections or payments are made by cheque, bank transfer or direct payment to bank accounts.

58. Our review of transactions of two bank accounts sampled out of the 19 bank accounts operated by the University disclosed that, payments totalling GH¢2,596,783.13 were made to various Institutions and individuals in cash instead of cheque or by electronic transfers. This represented 41.81% of total Goods and Service expenditure of GH¢6,211,290.08 reported in the financial statement for the year.

59. The infraction contravened Regulation 48 of the FAR 2004 (L.I 1802).

60. Management’s non-consideration of the risk involved in carrying physical cash for payment and possible misappropriation accounted for the situation. This could result in abusing of the system and possible loss of cash.

61. We urged Management to desist from the practice and endeavour to make payments by cheque and electronic transfers with the view of protecting persons responsible for making payment. This would also minimise the risk of loss of cash in the unlikely event of robberies.

62. Management explained that the payments were allowances paid to staff for part-time teaching and some Committee sittings, and the number of staff involved were in most cases large while the amounts were also not huge. Therefore, issuing cheques would cost the university so much in terms of service charges by the banks. Management however, promised to set up limits of amounts that would be paid by the use of cheques and cash.

**Un-receipted payment for air tickets – GH¢84,348.00**

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

64. The paying Officer failed to obtain receipts to cover purchase of 53 air tickets totalling GH¢84,348.00. The payments were made to various Travel and Tour Agencies who rendered services to the University for the period reviewed.

65. Tickets for the trips undertaken were also not submitted to corroborate the journeys made.

66. We attributed this infraction to poor supervision by Management, and the Accountant’s failure to exercise due care over payments to ensure accountability. Lack of post transaction review by the Internal Audit Unit also contributed to the anomaly. As a result, we could not determine the propriety of these payments.

67. We recommended that Management together with the Accountant should ensure that, the payments are properly acknowledged, otherwise, the paying Officer be made to refund the total amount involved to the University’s account. We also urged the Internal Audit Unit to periodically carry out post audit reviews of transactions.

Payment voucher not supported with VAT invoices/receipts- GH¢2,336.00

68. Our review disclosed that the Finance Officer failed to obtain VAT invoice from Lawmar Creations to cover 17.5% VAT of GH¢2,336.25 charged on payment of GH¢13,350.00 as shown below for the supply of an illuminated signage to the school’s main gate.

<table>
<thead>
<tr>
<th>PV No.</th>
<th>PV Date</th>
<th>Chq No.</th>
<th>Description</th>
<th>Amount GH¢</th>
<th>17.5 Vat Component GH¢</th>
<th>Payee</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>149/12/16</td>
<td>16/12/2016</td>
<td>000646</td>
<td>Illuminated signage</td>
<td>13,350.00</td>
<td>2,336.25</td>
<td>Lawmar Creations</td>
<td>Computer Generated receipt</td>
</tr>
</tbody>
</table>

69. This anomaly was due to Management’s failure to insist on collection of VAT invoice for amount charged. As a result, the state could be denied revenue of GH¢2,336.25 if the supplier failed to remit the VAT charged.

70. We recommended to Management to obtain VAT receipts for VAT charged or the amount refunded by the finance officer.
71. Management explained that the payment made to Lawmar Creations in 16th December, 2016 was a part payment of the transaction, with the final payment made on 22nd February, 2017 where a VAT invoice and an official receipt were issued by the supplier, which were attached to the responses for our verification.

72. Management however failed to make available the said VAT invoice for our verification. We therefore urged Management to provide it for our inspection failing which the paying officer and the finance officer should be surcharged with the amount.

**Non utilisation of items procured - GH¢13,713.00**

73. Regulation 182 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.

74. Our visit to the University’s stores and interaction with the Storekeeper revealed that household chattels such as television sets, chest freezer, and gas stoves valued at GH¢13,712.78 purchased by the University for the Vice Chancellor’s residence (NORRIP) in 2015 were still kept at the stores.

75. We attributed this anomaly to Management’s failure to prudently manage the scarce resources by prioritising and budgeting for urgent needs for the University within the accounting year.

76. The amount used to procure these items could have been used for more urgent activity like provision of toilet facilities for the Pre-University Students in the boarding house.

77. We recommended that Management should in future budget for items which would be needed in the accounting year to avoid putting financial stress on its resources. Management should also ensure the items were put to use to achieve the purpose for which they were purchased.
Operational results

126. The operations of the Technical University for 2016 financial year ended in a surplus of GH¢7,196,512.00 as compared to GH¢5,144,689.00 in 2015. The performance indicators are shown below.

<table>
<thead>
<tr>
<th>Income</th>
<th>2016 GH¢</th>
<th>2015 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt. Subvention</td>
<td>19,419,264</td>
<td>20,897,074</td>
<td>(7.1)</td>
</tr>
<tr>
<td>IGF</td>
<td>23,035,770</td>
<td>16,952,427</td>
<td>36.0</td>
</tr>
<tr>
<td>Total Income</td>
<td>42,455,034</td>
<td>37,849,501</td>
<td>12.2</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation for Employees</td>
<td>22,512,075</td>
<td>22,489,840</td>
<td>9.9</td>
</tr>
<tr>
<td>Use of Goods &amp; Services</td>
<td>12,746,448</td>
<td>10,214,972</td>
<td>24.8</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>35,258,523</td>
<td>32,704,812</td>
<td>7.8</td>
</tr>
<tr>
<td>Excess of Income over Expenditure</td>
<td>7,196,512</td>
<td>5,144,689</td>
<td>39.9</td>
</tr>
</tbody>
</table>

127. Total income increased by GH¢4,605,534.18 representing 12.2% from GH¢37,849,501.00 in 2015 to GH¢42,455,034.00 in 2016. The increase was due to an increase in Internal Generated Fund by GH¢6,083,343.78 representing 36% from
GH¢16,952,426.53 in 2015 to GH¢23,035,770.31 in 2016. This was mainly due to increase in tuition fees, sale of forms and Hostel fees.

128. Total expenditure also increased by GH¢2,553,771.02 representing 7.8% from GH¢32,704,811.72 in 2015 to GH¢35,258,522.74 in 2016.

Financial position

129. The financial position of the Technical University as at 31 December 2016 is as shown below.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>29,271,843</td>
<td>25,384,453</td>
<td>15.3</td>
</tr>
<tr>
<td>Current Assets</td>
<td>23,131,674</td>
<td>17,544,046</td>
<td>31.9</td>
</tr>
<tr>
<td>Total Assets</td>
<td>52,403,517</td>
<td>42,928,498</td>
<td>22.1</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>14,571,942</td>
<td>12,299,565</td>
<td>18.5</td>
</tr>
<tr>
<td>Net Assets</td>
<td>37,831,592</td>
<td>30,628,933</td>
<td>23.5</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1.6:1</td>
<td>1.4 :1</td>
<td></td>
</tr>
</tbody>
</table>


131. Current Assets went up 31.9% from GH¢17,544,046 in 2015 to GH¢23,131,674 in 2016. The rise was due to the increase in income from the cafeteria and the sale of Friday wear. The bank balance also increased from GH¢15,748,344 in 2015 to GH¢20,003,296 in 2016.

132. Current Liabilities recorded an increase of 18.5% from GH¢12,299,565 in 2015 to GH¢14,571,942 in 2016. This was mainly due to advance payment of school fees, Hostel fees and external examination fees.

133. The liquidity position as measured by current ratio of 1.6:1 in 2016 (1.4:1 in 2015) financial year indicated the ability of the University to meet its short term debts by 1.6 times as and when they fall due.
MANAGEMENT ISSUES

Library Defaulters - GH¢13,447.00

134. Regulation 11 of the Rules and Regulations of the Accra Technical University states that a charge of one Ghana cedi (GH¢1) per day is levied on borrowers who default in returning borrowed books.

135. Our review of Library records disclosed that, 18 Lecturers defaulted in returning forty-seven books borrowed for periods ranging between 31 and 784 days. Meanwhile the Lecturer were not made to pay the appropriate penalty for the default. The infraction resulted in the default payment of a total amount of GH¢13,447.00.

136. Ineffective supervision coupled with the Librarian’s laxity in putting in measures that would compel borrowers to pay or return borrowed books resulted in the anomaly.

137. The omission if not checked, could deplete the books at the library and adversely affect its effective operation.

138. We recommended that Management should enforce the library policy by ensuring that borrowers returned books on schedule. Defaulters should also be sanctioned and the necessary charges collected from them.
Operational results

139. The operations of the University ended with a surplus of GH¢734,561 in 2016, thus registering 51.1% decrease over 2015 surplus of GH¢1,502,883. The performance indicators are provided below.

<table>
<thead>
<tr>
<th>Income</th>
<th>2016 GH¢</th>
<th>2015 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Subvention</td>
<td>29,258,810</td>
<td>25,597,065</td>
<td>14.3</td>
</tr>
<tr>
<td>Internally Generated Funds</td>
<td>18,363,470</td>
<td>15,516,853</td>
<td>18.3</td>
</tr>
<tr>
<td>Total Income</td>
<td>47,622,280</td>
<td>41,113,918</td>
<td>15.8</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation of Employees</td>
<td>32,533,073</td>
<td>27,275,177</td>
<td>19.3</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>12,689,837</td>
<td>10,553,236</td>
<td>20.2</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>1,664,809</td>
<td>1,782,622</td>
<td>(6.6)</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>46,887,719</td>
<td>39,611,035</td>
<td>18.4</td>
</tr>
<tr>
<td>Excess of Income over Expenditure</td>
<td>734,561</td>
<td>1,502,883</td>
<td>(51.1)</td>
</tr>
</tbody>
</table>

140. Total Income increased by 15.8% from GH¢41,113,918 in 2015 to GH¢47,622,280 in 2016. The upward movement was due to an increase in Government Subvention and Internally Generated Funds by 14.3% and 18.3%
respectively.

141. Total Expenditure also increased by GHɛ7,276,684 or 18.4% from GHɛ39,611,035 in 2015 to GHɛ46,887,719 in 2016. The increment was due to a rise of 20.2% and 19.3% for Goods and Services and Compensation of Employees respectively.

Financial position

142. The Institute’s financial position as at 31 December 2016 is shown below.

<table>
<thead>
<tr>
<th></th>
<th>2016 GHɛ</th>
<th>2015 GHɛ</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>11,120,426</td>
<td>8,022,301</td>
<td>38.6</td>
</tr>
<tr>
<td>Current Assets</td>
<td>6,877,534</td>
<td>8,125,209</td>
<td>(15.4)</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>439,920</td>
<td>646,746</td>
<td>(32.0)</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>15.6:1</td>
<td>12.6:1</td>
<td></td>
</tr>
</tbody>
</table>

143. Non-current assets registered an increase of 38.6% or GHɛ3,098,125 from GHɛ8,022,301 in 2015 to GHɛ11,120,426 in 2016. The increase was due 35% expansion in Property, Plant and Equipment which include Work in Progress (WIP).

144. Current Assets declined by 15.4% to GHɛ6,877,534 in 2016 from GHɛ8,125,209 in 2015. This comprised of Deposits, Receivables, cash at bank and Cash on hand.

145. Current Liabilities recorded 32% decrease over the 2015 amount of GHɛ46,746 to GHɛ439,920 in 2016. This was largely due to bank overdraft balance of GHɛ129,957 in 2016 as compared to Nil balance in 2015 which represented excess payments over receipt in Bank of Ghana cash book.

146. The liquidity position measured in current ratio increased from 12.6:1 in 2015 to 15.6:1 in 2016. This indicated that the Technical University could meet its short term obligations when they fall due.

MANAGEMENT ISSUES

Expenditure in excess of approved budget-GHɛ5,314,825.00

147. Regulation 170 of the FAR, 2004 (LI 1802) states that Expenditure of a department shall not exceed the expenditure estimates in the budget approved by
148. We noted from our scrutiny of the 2016 approved budget that, Parliament approved a total amount of GH¢43,350,472 for disbursement by the Technical University. Management however could not effectively exercise budgetary control in the execution of the 2016 financial year’s allocation resulting in a budget overrun of GH¢5,314,825.14. Consequently, the total expenditure rose to GH¢48,665,297.14 as details are as shown below.

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Compensation of Employees</td>
<td>32,533,072.86</td>
</tr>
<tr>
<td>2</td>
<td>Goods and Service</td>
<td>12,699,645.49</td>
</tr>
<tr>
<td>3</td>
<td>Assets</td>
<td>3,432,578.79</td>
</tr>
<tr>
<td></td>
<td><strong>Total Expenditure</strong></td>
<td><strong>48,665,297.14</strong></td>
</tr>
<tr>
<td>4</td>
<td>Less the Approved estimate by Parliament</td>
<td>43,350,472.00</td>
</tr>
<tr>
<td></td>
<td><strong>Excess Expenditure</strong></td>
<td><strong>5,314,825.14</strong></td>
</tr>
</tbody>
</table>

149. The anomaly occurred because Management used the Council’s approved budget to control the expenditure instead of what was approved by Parliament.

150. We urged Management to use the appropriated estimate from Parliament to control disbursement of funds.

151. Management explained that GH¢4,071,648.36 out of the excess expenditure was caused by differences in actual emolument as against what was approved by Parliament.

152. We advised Management to apply for supplementary budget in such circumstances to cover the excess expenditure.

**Control weaknesses over the sale of forms - GH¢168,095.00**

153. Regulation 214 of the Financial Administration Regulations 2004 requires that, a head of department shall ensure the effective and efficient control of stocks of value books.

154. The Information Technology Directorate (ITD) of the University is expected to generate codes to regulate the sale of admission forms. The Finance Directorate distributes the codes to selected agents for sale to the public as application forms.

155. We noted that the ITD generated 6,602 codes in 2016 and forwarded them to Parliament.
the Finance Directorate for distribution to the various sales outlets at a unit cost of GH¢130. Our review of the sales records indicated that, only GH¢690,165 was accounted for leaving a difference of GH¢168,095 as cost of 1293 codes yet to be accounted for.

156. The Finance Directorate could not confirm whether the total amount of GH¢168,095 represented total sales from the various sales outlets as shown below.

<table>
<thead>
<tr>
<th>No of codes generated</th>
<th>Unit cost</th>
<th>Total Amount GH¢</th>
<th>Amount accounted for GH¢</th>
<th>Unaccounted Codes GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,602</td>
<td>130</td>
<td>858,260</td>
<td>690,165</td>
<td>168,095</td>
</tr>
</tbody>
</table>

157. The Finance Directorate failure to monitor and reconcile total codes generated as against total receipts accounted for the difference.

158. This could result in loss of revenue since there was no control procedure to monitor the sale of codes.

159. We recommended that, Management should ensure that, the Finance Directorate carried out reconciliation with the sales outlets to recover all unsold codes. The ICT Directorate should also cancel out all unsold codes after the deadline with the supervision of the Internal Audit Department.

Non-deduction of tax on Book and Research allowance- GH¢218,067.00

160. Section 117 of the Income Tax Act, 2015 (Act 896) requires a withholding agent to withhold taxes from the payment of allowances to individuals.

161. Our audit disclosed that Management paid Book and Research allowances amounting to GH¢2,180,670.20 to qualified officers of the Technical University without withholding tax of GH¢218,067.02 on the payments.

162. The action by Management denied the state of the needed revenue to undertake development projects and programmes for the betterment of the citizenry.

163. We recommended that Management should recover the amount of GH¢218,067.02 from the payees and further ensure compliance to all the Provisions.
of Act 896.

**Irregular payments from IGF- GH¢976,018.00**

164. Section 5 of the Retention of Funds Act, 2007, Act 735 states 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.

165. Our examination of payment vouchers revealed that Management paid a total of GH¢976,017.94 from the IGF as employer’s contribution towards Provident fund, Salaries and Car maintenance allowance to members of staff as shown below which were activities that did not relate to revenue generation.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amounts GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>190,506.83</td>
</tr>
<tr>
<td>Car maintenance allowances</td>
<td>284,596.11</td>
</tr>
<tr>
<td>Provident funds</td>
<td>500,915.00</td>
</tr>
<tr>
<td>Total</td>
<td>976,017.94</td>
</tr>
</tbody>
</table>

166. The act therefore constituted misapplication of funds which was also against the use of government funds for the payment of employer’s contribution towards provident fund. Meanwhile the payment was without Parliamentary approval.

167. We advised Management to seek retrospective authority for the payment or refund the amount to the University’s account. Additionally, Management should comply with the Retention Act as quoted above, spend according to the approved budget and apply for supplementary budget before committing funds into such expenditures.

**Unrecovered sponsorship cost from Mr. Eric Danso Boateng-GH¢351,376.00**

168. We noted from our examination of employees sponsorship that, Mr. Eric Danso Boateng was granted study leave with pay to pursue a PHD programme at the Loughborough University in the United Kingdom, for the period September 2011 to October, 2015. He was to return to the University, three months after completion of the programme.

169. Mr. Eric Danso Boateng, signed a Bond with the University to return after his completion or in default, refund the sponsorship cost in addition to any other
allowance paid to him during the period with current interest rate prevailing in the country. Mr. Danso however failed to comply with the bond agreement.

170. We further noted that Mr. Addo, Mercy Mills and Dr. Osei-Wusu Achaw, who were officers of the University guaranteed for him. The total cost of the sponsorship as per our calculation was GH¢351,375.90 as shown below.

<table>
<thead>
<tr>
<th>No.</th>
<th>Expenditure</th>
<th>Period</th>
<th>Amount Euro (£)</th>
<th>Exchange Rate (GH¢) as at 27/6/2017</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Stipend (Allowances)</td>
<td>3 years</td>
<td>21,600.00</td>
<td>4.8865</td>
<td>105,548.40</td>
</tr>
<tr>
<td>2.</td>
<td>Ticket</td>
<td></td>
<td>1,518.00</td>
<td>4.8865</td>
<td>7,417.71</td>
</tr>
<tr>
<td>3.</td>
<td>Warm Clothing, Transport &amp; Food</td>
<td></td>
<td>465.00</td>
<td>4.8865</td>
<td>2,272.22</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>351,375.90</strong></td>
</tr>
</tbody>
</table>

171. Management’s failure to enforce the agreement accounted for the situation. Mr. Boateng had denied the University the benefit of the knowledge acquired. The University might also loss the amount of GH¢351,375.90 expended on him.

172. Since Mr. Danso Boateng had failed to comply with the bond agreement, we recommended that Management should pursue Mr. Eric Danso Boateng to retrieve the amount with interest from him or his guarantors.

**Unearned Salary-GH¢15,536.00**

173. Regulation 297 of the Financial Administration Regulations (FAR), 2004, (L.I 1802) provides that a head of department shall cause the immediate stoppage of payment of salary to a public servant when the public servant has been absent from duty, on leave without pay, resigned, retired or died.

174. Contrary to the regulation, we noted that unearned salary of GH¢15,535.88 were paid to three separated staff of the Institution as detailed below.
<table>
<thead>
<tr>
<th>Name of Staff</th>
<th>Staff ID No.</th>
<th>Rank</th>
<th>Effective Date</th>
<th>Reason for separation</th>
<th>Salary PV. No.</th>
<th>The months of the unearned salaries paid</th>
<th>Amount paid against each month GH¢</th>
<th>Total of the unearned salaries GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abawiera Camilus Wongnaa</td>
<td>801749</td>
<td>Senior lecturer (PHD)</td>
<td>15/11/2016</td>
<td>Resigned</td>
<td>46384112016</td>
<td>NOV. 2016</td>
<td>2,795.26</td>
<td>2,795.26</td>
</tr>
<tr>
<td>Korankye Tweneboa Spencer</td>
<td>894025</td>
<td>Technician</td>
<td></td>
<td>Vacation of post</td>
<td>4638452016</td>
<td>APRIL, 2016</td>
<td>1,706.24</td>
<td></td>
</tr>
<tr>
<td>Korankye Tweneboa Spencer</td>
<td>894025</td>
<td>Technician</td>
<td></td>
<td>Vacation Of post</td>
<td>4638452016</td>
<td>MAY, 2016</td>
<td>1,706.24</td>
<td>4,265.60</td>
</tr>
<tr>
<td>Tutu Fredrick Kwame</td>
<td>753960</td>
<td>Lecturer (non-PHD)</td>
<td>1/8/2016</td>
<td>Resigned</td>
<td>4392992016</td>
<td>AUGUST, 2016</td>
<td>4,237.51</td>
<td></td>
</tr>
<tr>
<td>Tutu Fredrick Kwame</td>
<td>753960</td>
<td>Lecturer (non-PHD)</td>
<td>1/8/2016</td>
<td>Resigned</td>
<td>4392992016</td>
<td>SEPTEMBER, 2016</td>
<td>4,237.51</td>
<td>8,475.02</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15,535.88</td>
<td></td>
</tr>
</tbody>
</table>

175. Management failure to delete the names of the separated staff resulted in the use of state scarce resources to pay for work not done.

176. We recommended to Management to ensure that the amount of GH¢15,535.88 was recovered and same paid into the consolidated fund. We further urged Management to ensure that names of separated staff were deleted promptly from the payroll.
Operational results

177. The University ended the 2016 financial year with a deficit of GH¢184,049 as against a surplus of GH¢1,067,278 recorded in the 2015 financial year, representing a decrease of 117.2% as shown below.

<table>
<thead>
<tr>
<th>Income</th>
<th>2016</th>
<th>2015</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt. Subvention</td>
<td>20,721,408</td>
<td>17,796,077</td>
<td>16.4</td>
</tr>
<tr>
<td>GETFund Allocation</td>
<td>250,000</td>
<td>779,297</td>
<td>(67.9)</td>
</tr>
<tr>
<td>Other Income: (IGF)</td>
<td>8,038,594</td>
<td>7,889,576</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>29,010,002</strong></td>
<td><strong>26,464,950</strong></td>
<td><strong>9.6</strong></td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation of Employees</td>
<td>21,043,607</td>
<td>18,242,094</td>
<td>15.4</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>8,150,444</td>
<td>7,155,578</td>
<td>13.9</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>29,194,051</strong></td>
<td><strong>25,397,672</strong></td>
<td><strong>15.0</strong></td>
</tr>
<tr>
<td><strong>Surplus/(Deficit)</strong></td>
<td><strong>(184,049)</strong></td>
<td><strong>1,067,278</strong></td>
<td><strong>(117.2)</strong></td>
</tr>
</tbody>
</table>

178. Total Revenue for the year 2016 went up by GH¢2,545,052 from GH¢26,464,950
in 2015 to GH¢29,010,002 in 2016 representing a growth of 9.6%. The increase was mainly due to 16.4% rise in Government Subvention from GH¢17,796,077 in 2015 to GH¢20,721,408.

179. Total Expenditure also went up by 15% rising from a total amount of GH¢25,397,672 in 2015 to GH¢29,194,051 in 2016. The increase in expenditure was due to increases in both Personnel Emoluments and Goods & Services of 15.4% and 13.9% respectively over the 2015 figures.

Financial position

180. The University’s financial position as at 31 December 2016 is as shown below.

<table>
<thead>
<tr>
<th>Items</th>
<th>2016 (GH¢)</th>
<th>2015 (GH¢)</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>16,758,933</td>
<td>13,163,518</td>
<td>27.3</td>
</tr>
<tr>
<td>Current Assets</td>
<td>5,871,451</td>
<td>8,031,066</td>
<td>(26.9)</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>2,834,191</td>
<td>2,689,533</td>
<td>5.4</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>3,037,260</td>
<td>5,341,533</td>
<td>(43.1)</td>
</tr>
<tr>
<td>Long-term</td>
<td>6,593,879</td>
<td>5,118,688</td>
<td>28.8</td>
</tr>
<tr>
<td>Net Assets</td>
<td>13,202,315</td>
<td>13,386,363</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Current ratio</td>
<td>2.1:1</td>
<td>3.0:1</td>
<td></td>
</tr>
</tbody>
</table>

181. Non-Current Assets rose by GH¢3,595,415 from GH¢13,163,518 in 2015 to GH¢16,758,933 in 2016 representing 27.3%. The increase was due to the acquisition of new assets.

182. Current Assets, however, fell to GH¢5,871,451 in 2016 from GH¢8,031,066 in 2015, a drop of 26.9%. A fall in Cash and Bank balances accounted for the decrease.

183. Current Liabilities recorded a minimal increase of 5.4% from GH¢2,689,533 in 2015 to GH¢2,834,191 in 2016. The increase was due to a rise in the University account payable.

184. The University’s current ratio of 2.1:1 (2015: 3.0:1) indicated the University’s ability to meet its short term liabilities as and when they fall due.
MANAGEMENT ISSUES

Un-receipted payments – GH¢2,735,151.00

185. Regulation 28 of Financial Administration Regulation 2004, (L.I. 1802) states that a collector who is satisfied that money tendered is in order, shall issue an original receipt to the payer, and shall deal with the duplicate and triplicate copies as required by Departmental Accounting Instructions.

186. Contrary to the above, our examination of payment vouchers revealed that 40 payments totalling GH¢2,735,151.19 made to suppliers for goods, services and works were not supported with receipts for authentication. The omission was as a result of weak supervision by the Director of Finance to ensure that paying officers obtained and attached receipts to serve as evidence of payment.

187. Payments not supported with receipts suggested monies were not paid to the rightful payees and intended purpose and therefore rendered the transactions incomplete.

188. We recommended that in the absence of receipts from the payees to substantiate the payments, the paying officers should refund the amount involved to the University’s account. Also Management should ensure that all future payments are supported with the relevant documents including receipts from the payees.

Payment of Provident Fund from IGF without authority - GH¢110,374.00

189. Section 5 of Retention of funds Act, 2007 (Act 735) requires that Internally Generated Funds can only be utilised when the activities on which the expenditure will be incurred have been programmed and approved in that Ministry or Agency’s budget by Parliament. Also IGF 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.

190. Notwithstanding the aforementioned regulation, Management paid an amount of GH¢110,374.14 out of Internally Generated Fund (IGF) as employer’s contribution to the staff Provident Fund without authority from the Minister of Finance. Besides, the amount was not incorporated into the University’s budget for Parliamentary approval.
191. It is important to note that the University is not the ultimate employer and as such any contribution of this nature should be the direct responsibility of government.

192. Management’s gross disregard of the above quoted law accounted for the irregularity.

193. The in-discretionary use of funds had the tendency of distorting the University’s budget. It had also denied the University of an amount of GH¢110,374.14 which could have been used for the furtherance of its developmental projects.

194. We recommended to Management to discontinue with the practice since it contravened government directives which prohibited public funds to be used in the payment of employers’ contribution towards provident fund.

195. Management should also obtain retrospective approval to support the payments failing which the amount should be refunded.

Non-return of borrowed Library Books

196. Section 32 of the Financial Administration Act (FAA) 2003, (Act 654) states that a head of Department 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. Additionally, Section 2.02 of the Minutes of the University’s Academic Board Meeting held on 5 September, 2014 imposed a penalty of GH¢1.00 per day on late return of Library books from the date the submission is due.

197. Our examination of library records revealed that 60 members of staff borrowed various library books, some dated 2015 but failed to return them. All efforts by the Librarian for the retrieval of the books have proved futile. The infraction resulted in the penalty charge of GH¢33,020.00 against the offices who borrowed the books.

198. The attitude of the members of staff denied others including the students the use of these books. We recommended that Management should write to the defaulters to return the books. Meanwhile Management should collect all the penalty charges due in respect of books kept by the defaulters.
Operational results

199. The operations of the Technical University for the financial year, 2016 ended with an income surplus of GH¢5,298,498 as compared to GH¢1,343,701 in 2015 as shown below.

<table>
<thead>
<tr>
<th></th>
<th>2016 GH¢</th>
<th>2015 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Subventions</td>
<td>31,519,070</td>
<td>29,114,366</td>
<td>8.3</td>
</tr>
<tr>
<td>Other Income: (IGF)</td>
<td>18,175,293</td>
<td>12,500,839</td>
<td>45.4</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>49,694,363</strong></td>
<td><strong>41,615,205</strong></td>
<td>19.4</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation for Employees</td>
<td>34,964,342</td>
<td>31,626,191</td>
<td>10.6</td>
</tr>
<tr>
<td>Use of Goods and Services</td>
<td>9,431,523</td>
<td>8,645,313</td>
<td>9.1</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>44,395,865</strong></td>
<td><strong>40,271,504</strong></td>
<td>10.2</td>
</tr>
<tr>
<td><strong>Income Surplus/(Deficit)</strong></td>
<td>5,298,498</td>
<td>1,343,701</td>
<td>294.2</td>
</tr>
</tbody>
</table>
200. Total Income for the Technical University increased by GH¢8,079,158 representing 19.4% from GH¢41,615,205 in 2015 to GH¢49,694,363 in 2016. The above increase in Internally Generated Fund by GH¢5,674,454 representing 45.4% from GH¢12,500,839 in 2015 to GH¢18,175,293 in 2016 was largely due to increase in school fees, interest received and sale of admission forms in 2016.

201. Total Expenditure also increased by GH¢4,124,361 representing 10.2% from GH¢40,271,504 in 2015 to GH¢44,395,865 in 2016. This was largely due to increase in expenditure on travelling allowances, maintenance of vehicles, printing and stationery and learning/teaching materials.

Financial position
202. The financial position of the Technical University as at 31 December 2016 is as shown below.

<table>
<thead>
<tr>
<th></th>
<th>2016 GH¢</th>
<th>2015 GH¢</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>8,843,057</td>
<td>2,752,952</td>
<td>221.2</td>
</tr>
<tr>
<td>Current Assets</td>
<td>8,996,693</td>
<td>3,444,360</td>
<td>161.2</td>
</tr>
<tr>
<td>Total Assets</td>
<td>17,839,750</td>
<td>6,197,312</td>
<td>187.9</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>4,700,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>1,660,755</td>
<td>16,814</td>
<td>9,776.9</td>
</tr>
<tr>
<td>Net Assets</td>
<td>16,178,995</td>
<td>6,180,497</td>
<td>161.8</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>5.4:1</td>
<td>204.8:1</td>
<td></td>
</tr>
</tbody>
</table>

203. Non-Current Assets increased by GH¢6,090,105 or 221.2% from GH¢2,752,952 in 2015 to GH¢8,843,057 in 2016 due to acquisition of new property, plant and equipment valued at GH¢6,880,171.

204. Current Assets also increased by GH¢5,552,334 representing 161.2% from GH¢3,444,360 in 2015 to GH¢8,996,693 in 2016. This was due to increase in staff and other debtors, short term investments and cash at bank.

205. Current Liabilities went up by GH¢1,643,941 from GH¢16,814 in 2015 to GH¢1,660,755.00 in 2016. This was due to bank overdrafts contracted by the Technical University in 2016.
206. The liquidity ratio of 5.4:1 in 2016 means that the Technical University had the ability to meet its current liabilities as they fall due.

**MANAGEMENT ISSUES**

**Investment of funds without approval – GH¢2,764,711.00**

207. The University invested a total amount of GH¢2,764,712.75 with Brooks Assets Management Limited (a private company), between 15 April and 10 October 2016, rolling over the interest on three occasions to mature in June 2017, with maturity value of GH¢3,158,986.28, without approval from the Minister of Finance.

208. The anomaly contravened Section 51 of the Financial Administration Act (FAA) 2003, Act 654 which states that a corporation shall invest its funds in such manner that is approved by the Minister and in consultation with the Minister shall re-invest any of its investments.

209. The University stands the risk of losing the amount in the event of unexpected fold up of the company. Furthermore, investing Non-Tax Revenue without the approval of the Minister put constraints on government funds.

210. We recommended that Management should seek retrospective approval from the Minister of Finance.

**Payment of Crop compensation-GH¢320,996.00**

211. Section 7 of the Public Financial Management Act 2016, Act 921 requires a Principal Spending Officer of a covered entity to ensure the regularity and proper use of money appropriated in that covered entity.

212. The Technical University, then Polytechnic in February 2011 purchased 153 acres of land for the construction of a Satellite Campus from the chief of Akatakyi, Nana Bozza IX at a cost of GH¢1,100,000.00 including compensation for crops, payable in instalments with final payment made in September 2012.

213. We however found a petition dated 27 January, 2016 signed by Ebu Awanzi, Ambrose Kowfie, Samuel Buabae and Obeng Kowfie, representatives of the Anona, Ntwea, Asangama and Ntwea families of Akatakyi respectively to the Rector, demanding that the crop compensation be paid to them as they did not receive any compensation.
214. The Rector in turn, wrote to Nana Bozza IX in a letter with reference number TP/ADMIN./Vol.1/003 on 22 April 2016 demanding total refund of GH¢320,996.20 (being Compensation of GH¢290,996.20 and Valuation of GH¢30,000.00) to be paid to the farmers. Nana Bozza IX could not pay back the compensation thereby putting pressure on the University to compensate the farmers or risk getting involved in litigation.

215. The former Rector’s failure to identify and engage the farmers whose crops were affected before handing over the compensation to the Chief to be paid to the farmers on behalf of the University accounted for the situation.

216. We recommended and management agreed to seek the assistance of the Court for refund of GH¢320,996.20 from Nana Borza IX.

Payment of Provident Fund from IGF-GH¢391,516.00

217. Section 5 of the Retention of Funds Act 2007 states that Internally Generated Funds can only be utilized when the activities on which the expenditure will be incurred have been programmed and approved in that Ministry, Department and Agencies’ expenditure budget by Parliament; Also, IGF shall not be used for payment of salaries, staff benefits and other allowances except where the allowances are directly related to the provision of services that will lead to increase revenue.

218. On the contrary, we observed during our examination of records that, the University paid a total amount of GH¢391,516.13 from the IGF as Employer’s 2% contribution on behalf of Management and Staff, to Vanguard Provident Fund for 15 months from October 2015 to December 2016. Apart from the payment being salary related, it was also not incorporated in the University’s budget for approval by Parliament.

219. Management attributed the payment of the employer’s contribution from the IGF to a decision by all Technical Universities to contribute towards Provident Fund on behalf of their members to boost their pension scheme. We however disagreed with management as the decision was not backed by any approval from Parliament.

220. The irregularity constitutes misapplication of funds which could impact negatively on the operations of the University. Furthermore, a government directive in 1990 prohibited the use of government funds for the payment of employer’s contribution towards provident fund.
221. We recommended to management to desist from the practice and the amount with accrued interest recovered into the University’s account for our verification.

**Unrecovered salary advance—GH¢44,666.00**

222. Regulation 104 of the FAR 2004 (L.I 1802) states that ahead of department authorised to administer a class of advances shall ensure that advances are duly recovered in accordance with the regulations or agreements relating to them.

223. Management approved salary advance amounting to GH¢44,666.11 to 44 staff members between March 2014 and October 2016, with the agreement to refund in 12 monthly instalments after the date (month) of issue. We however observed that the beneficiaries defaulted in the repayment resulting in the outstanding amount of GH¢44,666.11.

224. Weak monitoring and supervision on the part of management to enforce the tenets of the agreement accounted for the default. The situation could prevent other staff benefiting from the facility.

225. We recommended that Management should put mechanism in place to recover the outstanding amount to avoid cash inflow challenges. We also recommended to Management to deny defaulters of future salary advances to serve as a deterrent to other staff.

**Non-payment of rent by staff occupying University bungalow—GH¢49,925.00**

226. Article 24 of Unified Conditions of Service for Unionised Staff of the Polytechnics in Ghana 2006, states that an employee shall be provided with accommodation if available, and shall be required to pay rent at the prevailing government rate.

227. We observed that 74 members of staff residing in the University’s bungalows failed to pay rent totalling GH¢49,925.00 for the year reviewed.

228. The Estate Officer explained that the Controller and Accountant General failed to deduct the amounts due in some months even though inputs on occupants were submitted. The practice denied the University rent revenue of GH¢49,925.00 which could have been used for other programmes of the University.

229. We urged Management to take the necessary steps to recover the rent from the staff staying in the University’s bungalows.
WA POLYTECHNIC

Operational results

230. The Polytechnic recorded a deficit of GH¢698,236 in 2016 as compared with a surplus of GH¢182,474 in the previous years, representing 482.7% decrease. The comparative performance indicators for the two years are shown below.

<table>
<thead>
<tr>
<th>Income</th>
<th>2016</th>
<th>2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt. Subvention</td>
<td>7,812,942</td>
<td>8,083,142</td>
<td>(3.3)</td>
</tr>
<tr>
<td>Other Income (IGF)</td>
<td>1,018,054</td>
<td>1,114,438</td>
<td>(8.6)</td>
</tr>
<tr>
<td>Total Income</td>
<td>8,830,996</td>
<td>9,197,580</td>
<td>(4.0)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Emoluments</td>
<td>7,892,779</td>
<td>8,090,327</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>1,636,453</td>
<td>924,778</td>
<td>77.0</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>9,529,232</td>
<td>9,015,105</td>
<td>5.7</td>
</tr>
<tr>
<td>Surplus/Deficit</td>
<td>(698,236)</td>
<td>182,474</td>
<td>(482.7)</td>
</tr>
</tbody>
</table>

231. Total income registered a decrease of 4%, from GH¢9,197,580 in 2015 to GH¢8,830,996 in 2016. The downward movement was due to a decrease in Government Subvention by 3.3% and other income (IGF) by 8.6%.
232. Total Expenditure also went up by 5.7% from GH¢9,015,105 in 2015 to GH¢9,529,232 in 2016. This was largely due to the increase in Goods and Services by 77.0% from GH¢924,778 in 2015 to GH¢1,636,453 in 2016.

Financial position
233. The Polytechnic’s financial position as at 31 December 2016 is shown below.

<table>
<thead>
<tr>
<th>Items</th>
<th>2016 (GH¢)</th>
<th>2015 (GH¢)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>12,247,714</td>
<td>12,006,371</td>
<td>2.0</td>
</tr>
<tr>
<td>Current Assets</td>
<td>1,884,976</td>
<td>2,553,904</td>
<td>(26.2)</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>180,977</td>
<td>255,603</td>
<td>(29.2)</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>1,703,999</td>
<td>2,298,301</td>
<td>(25.9)</td>
</tr>
<tr>
<td>Liquidity ratio</td>
<td>10.4:1</td>
<td>10:1</td>
<td></td>
</tr>
</tbody>
</table>

234. Non-Current Assets increased by GH¢241,343 or 2.0% in 2016 due to the additions in Property, Plant and Equipment.

235. Current Assets decreased by 26.2%, from GH¢2,553,904 in 2015 to GH¢1,884,976 in 2016. The reduction was due to the redemption of Short Term Investments, and decreases in bank balance which recorded GH¢1,022,555 in 2016 as against GH¢1,070,811 in 2015.

236. Current Liabilities recorded a decrease of 29.2% from GH¢255,603 in 2015 to GH¢180,977 in 2016. This was mainly due to repayment of debts owed to students and staff welfare totalling GH¢74,626.

237. The liquidity position as measured by a current ratio of 10.4:1 in 2016 and 10:1 in 2015 financial years indicated the ability of the school to meet its short term debts by ten times as and when they fall due.

MANAGEMENT ISSUES

Unapproved expenditure - GH¢112,159.00
238. Section 30 of the Public Financial Management Act 2016, Act 921 says a principal spending officer shall plan and manage the activities of a covered entity in accordance with the policy statement and financial estimates of that covered entity.
239. We reviewed payments with the view to establish whether procedures were followed. We noted that, Management paid an amount of GHc65,080.53 to Land Valuation as mobilization fees without budgeting for it. The payment which was made on PV no SSB/O2/12 of 17 December 2016 was to enable Land Valuation pay compensation to crop farmers who occupied the land before it was allocated to the Polytechnic.

240. Per the publication of acquisition of land by government, Land Valuation was to value the crops on the land and determine the compensation to be paid to the crop farmers. Land Valuation completed work and forwarded the cost two years earlier to enable the Polytechnic budget for the amount for payment.

241. Management however failed to budget for the amount until Land Valuation mounted pressure on them. Management was compelled to pay for the compensation from its IGF without budgeting for it, thereby violating established procedures for the utilization of IGF.

242. Similarly, an insurance premium of GHC47,078.50 paid to SIC on 28/11/16 was not budgeted for.

243. Unplanned expenditure has the tendency of distorting planned programmes which could result in unapproved budget overrun.

244. We urged Management to be proactive to make provision of all contingent liabilities in the annual budget.

Misapplication of Internally Generated Funds - GHc24,017.00

245. Section 5 of the Retention of Funds Act, 2007 (Act 735) states that Internally Generated Funds can only be utilized when the activities on which the expenditure will be incurred have been programmed and approved in that Ministry, Department, and Agency’s expenditure budget by Parliament; IGF 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.

246. Our review of payment vouchers revealed that, Management paid a total amount of GHc24,017.34 from the Internally Generated Funds (IGF) as End of Service Benefits (ESB) to two retired staff of the School in fulfilment of Article 19.2 of the Conditions of Service of POTAG as shown below.
247. Fair Wages and Salaries Commission’s letter No. FWSC/ D/SCR.3/417.11/81 dated 17 September 2014 in response to Minister of Finance letter stated that it is important to note that Long Service Award, just like End of Service Benefits for public service employees, was abolished in the early 1990s after several discussions on the subject. Consequently, such benefits are not expected to feature again in Collective Bargaining Agreements (CBA) between employers and employees.

248. The payment, which amounts to misapplication of funds, was due to Management’s failure to properly budget for all intended programs and commitments for Parliamentary approval.

249. We recommended that Management should adhere to the dictates of the Retention of Funds Act and also seek retrospective approval from the Ministry of Finance to allow the expenditure stand the charged to the account.

Cash Withdrawals without Payment Vouchers - GH¢11,908.00

250. Regulation 1 of the FAR, 2004 (L.I.1820) requires among others that the financial responsibility of a public officer shall include the proper keeping of records of all transactions and be able to produce them for inspection when called upon to do so by the Auditor-General or his representative.

251. Contrary to the above regulation the audit disclosed that six payments entered in the cashbook totalling GH¢11,908.06 were not supported with authorized payment vouchers. The Acting Finance Officer could also not give the purpose for the cash withdrawal. Details are shown in table below.
<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>PV No.</th>
<th>Cheque No.</th>
<th>Payee</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>20/04/2016</td>
<td>SSB/4/50</td>
<td>004246</td>
<td>Kwame Asamoah</td>
<td>660.00</td>
</tr>
<tr>
<td>02</td>
<td>24/05/2016</td>
<td>?</td>
<td>4510</td>
<td>Aniel Chintoh</td>
<td>291.60</td>
</tr>
<tr>
<td>03</td>
<td>30/06/2016</td>
<td>?</td>
<td>4579</td>
<td>Samuel A. Fosu</td>
<td>3,492.16</td>
</tr>
<tr>
<td>04</td>
<td>29/07/2016</td>
<td>SSB/07/82</td>
<td>4690</td>
<td>Kwasi Antwi Danso</td>
<td>5,500.00</td>
</tr>
<tr>
<td>05</td>
<td>29/07/2016</td>
<td>?</td>
<td>4707</td>
<td>Simon Sanche</td>
<td>764.30</td>
</tr>
<tr>
<td>06</td>
<td>09/09/2016</td>
<td>?</td>
<td>4875</td>
<td>Albert Boata</td>
<td>1,200.00</td>
</tr>
</tbody>
</table>

**Total** 11,908.06

252. We could therefore not ascertain the genuineness of the payments for which the six withdrawals were made.

253. Management explained that the anomaly is due to misfiling of vouchers and that the schedule officers will be tasked to make the documents available for audit scrutiny.

254. We urged the Acting Finance Officer to produce the payment vouchers with the requisite supporting documents else the authorizing officers should refund the amount involved.

Failure to reimburse expenditure incurred-GH¢325,757.00

255. Section 14 of the Financial Administration Act, Act 654 of 2003 states when an appropriation for a department has been approved in accordance with Article 179 of the Constitution it shall be used only in accordance with the limits set by the classification within the estimate of the department.

256. GETFund in June 2016 released an amount of GH¢500,000.00 to Wa Polytechnic following an appeal from NCTE to GETFund to allocate funds to Polytechnics captioned “Conversion of Polytechnics”. The release was to enable the Polytechnic meet the operating cost of the Interim Management Committee (IMC) as well as the cost of essential teaching and learning materials, graduating of a back log of two cohorts of students and other administrative cost over the period.”

257. The unpaid expenditure of the Polytechnic was made up of allowances and travel expenses for the nine months of the IMC’s administration of GH¢224,141.62 and graduation of two backlogs of students amounting to GH¢101,615.79 aside other costs.
258. On August 1 2016, NCTE wrote a letter to Wa Polytechnic directing it to pay the GH¢500,000 received from GETFund to an account of the NCTE. The directive added that expenses of the IMC could be forwarded to NCTE for reimbursement. However the expenditure was not reimbursed to the Polytechnic although they heeded to the directive.

259. The anomaly occurred because the IMC and the NCTE failed to ensure that funds allocated to the school was used in accordance to its specifications.

260. The school could have undertaken most of its planned activities such as, maintenance of its buildings (most of which have leaking roofs) and the continuation of its projects with the balance of the release if the amount had remain and used through its account.

261. We urged the current Management to pursue the reimbursement of the amount of GH¢325,757.41 from the NCTE.

Payments not supported with relevant documents– GH¢148,743.00

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

263. Contrary to the above requirement, our examination of payment vouchers disclosed that 48 payments totalling GH¢148,742.52 were made without relevant supporting documents such as official receipts, memos, signed claim form, distribution list and invitation letters to properly authenticate the payments.

264. 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 expenditure.

265. The omission resulted from weak supervision by Management together with the Finance Officer’s failure to present payment vouchers to Internal Audit for review before payments. We could therefore not certify whether the payments were made for the intended purpose.
266. We recommended to Management to provide the relevant documents for our review else the approving and authorizing officers who failed to ensure that relevant documents were attached before approving for payment should be surcharged.

**Failure to account for Store Items - GH¢29,354.00**

267. Regulation 183of the Financial Administration Regulation (FAR) 2004, LI 1802 requires a head of department to see to proper care, custody and use of government stores from the time of acquisition until they have been used or disposed of.

268. Our scrutiny of payment vouchers disclosed that payment in respect of purchase of various items totalling GH¢29,354.28 made during the period under review were not supported with Stores Receipt Advice (SRAs) to confirm receipt of the items hence no evidence of recording in the store ledgers.

269. The situation occurred because Management did not enforce controls put in place to properly control store items purchased for an effective audit trail. It is essential that SRA are issued, indicating their recordings in the store records. The SRAs must also be attached to PVs to give assurance that goods paid for were received, serving as basis for payments.

270. Store items not properly documented and accounted for are prone to pilfering, short supply or diversion of goods to the detriment of the Polytechnic.

271. To promote proper accountability of items procured, we recommended strict compliance with the regulation. We also recommended to Management to ensure that the above items are accounted for in the store ledgers.

272. Management in its response agreed to implement our observation.

**Failure to Maintain a Contract Register - GH¢2,269,669.00**

273. Chapter 1.10.2 of the Public Procurement Authority Manuals requires that Procurement Units have a general responsibility for maintaining Procurement Dossiers and Contract Registers, but each Procurement entity must ensure that complete documentation is maintained in respect of all procurement activities and for contracts and agreement entered into.
274. Our review disclosed that the Polytechnic did not maintain contract register to summarized details of all contracts for monitoring of payments. There was also no file for keeping correspondence and relevant documents on the contracts.

275. Consequently, thirteen major contracts with total contract value of GH¢34,037,779.88 awarded by the Polytechnic between 2008 and 2012 had inadequate records on them eventhough some of them were still ongoing. We could therefore not certify payments totalling GH¢2,269,669.08 made to various contractors for the period under review.

276. The Development officer intimated that he has all the details on sheets of paper whilst others are in soft copy. We however are of the view that a permanent register and file be introduced by the procurement unit to capture all the information in one document in adherence to the law.

277. Management’s failure to maintain a contract register undermines controls put in place to enhance monitoring of payments for contracts. Consequently, we could not ascertain the payments made to date as well as outstanding balances.

278. We recommended that a contract register should be introduced and all relevant information recorded to reconcile payments made and to show the outstanding balances on each contract to date.

Unearned Salary - GH¢6,172.00

279. We noted that Mr. Felix A. Uba who resigned from the Polytechnic on 31 March 2016 to University of Energy in Sunyani was paid Book and Research allowance of GH¢6,171.85 via cheque number 000328 which he was not entitled to.

280. A further scrutiny revealed that Management authorized the payment of the book allowance to Felix A. Uba, in spite of the advice from the Finance Office and Internal Audit unit not to pay.

281. The irregularity caused the Polytechnic to lose GH¢6,171.85 which could have been channelled to other developmental projects.

282. We recommended that the amount of GH¢6,171.85 paid to Mr. Felix Uba should be recovered; otherwise the authorizing officer should be made to refund.
Failure to recover staff advances—GH¢57,555.00

283. Regulation 110 of the Financial Administration Regulation, 2004 L.I 1802 requires a head of department to ensure that advances issued are duly recovered in accordance with the appropriate agreement.

284. We noted that Management granted salary advance totalling GH¢64,259.47 from Internally Generated Funds to Officers for period ranging between one to three years. As per the agreement, the beneficiaries were to refund the amount in ten monthly instalments from the time the advance was granted. They however failed to refund the advances within the agreed period.

285. As at 31 December, 2016 only GH¢6,704.43 had been recovered leaving a balance of GH¢57,555.04 yet to be refunded.

286. Our further checks revealed that the loans are interest free and some were granted as far back as year 2009. The schedule officer explained that the Controller & Accountant General’s Department was unable to deduct as scheduled, thus the lapse. We are however of the view that the amounts could have been retrieved from the staff directly to ensure that repayments were made within the period.

287. We attributed the situation to laxity and lack of Management commitment to enforce its own established policy, coupled with the lack of sanctions meted out to defaulters.

288. The inability of Management to recover the loans timeously will not only deny other staff from accessing the facility but also deny the Polytechnic funds needed to run its programmes.

289. We recommended to Management to ensure full recovery of the unpaid advances. We also recommended that interest be charged on these loans to make up for time value of the amounts advanced.
Operational results

290. The operations of the Polytechnic for the financial year, 2016 ended with a deficit of GH¢483,240 as compared with a deficit of GH¢300,235 in 2015, representing 61.0% increases in deficit. Details are provided in table below.

<table>
<thead>
<tr>
<th>Income</th>
<th>2016 GH¢</th>
<th>2015 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>GoG Subvention</td>
<td>9,549,091</td>
<td>10,716,560</td>
<td>(10.9)</td>
</tr>
<tr>
<td>Internally Generated Fund</td>
<td>2,214,511</td>
<td>1,603,382</td>
<td>38.1</td>
</tr>
<tr>
<td>Total Income</td>
<td>11,763,602</td>
<td>12,319,942</td>
<td>(4.5)</td>
</tr>
<tr>
<td>Expenditure:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees Compensation</td>
<td>9,821,299</td>
<td>10,768,172</td>
<td>(8.8)</td>
</tr>
<tr>
<td>Use of Goods &amp; Services</td>
<td>1,910,539</td>
<td>1,461,039</td>
<td>30.8</td>
</tr>
<tr>
<td>Consumption of Fixed Assets</td>
<td>515,004</td>
<td>390,966</td>
<td>31.7</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>12,246,842</td>
<td>12,620,177</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Income Surplus/(Deficits)</td>
<td>(483,240)</td>
<td>(300,235)</td>
<td>61.0</td>
</tr>
</tbody>
</table>

291. Total Income for the Polytechnic decreased by GH¢556,340 representing 4.5%, from GH¢12,319,942 in 2015 to GH¢11,763,602 in 2016. The decrease was due
to a decrease in GoG Subvention by GH¢1,167,469 representing 10.9% from GH¢10,716,560 in 2015 to GH¢9,549,091 in 2016.

292. Total Expenditure also decreased by GH¢373,335 representing 3.0% from GH¢12,620,177 in 2015 to GH¢12,246,842 in 2016. This was largely due to a decrease in Employees’ compensation as a result of deletion of names of separated staff from the payroll.

Financial position
The Financial position of the Polytechnic as at 31 December 2016 is shown in table below.

<table>
<thead>
<tr>
<th></th>
<th>2016 GH¢</th>
<th>2015 GH¢</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>4,715,930</td>
<td>3,732,965</td>
<td>26.3</td>
</tr>
<tr>
<td>Current Assets</td>
<td>875,417</td>
<td>992,702</td>
<td>(11.8)</td>
</tr>
<tr>
<td>Total Assets</td>
<td>5,591,347</td>
<td>4,725,667</td>
<td>18.3</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>7,534,348</td>
<td>6,167,099</td>
<td>22.2</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>16,374</td>
<td>34,701</td>
<td>(52.8)</td>
</tr>
<tr>
<td>Net Assets</td>
<td>(1,959,375)</td>
<td>(1,476,133)</td>
<td>32.7</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>53.5:1</td>
<td>28.6:1</td>
<td></td>
</tr>
</tbody>
</table>

293. Non-Current Assets increased by GH¢982,965 or 26.3% from GH¢3,732,965 in 2015 to GH¢4,715,930 in 2016. The increase was due to acquisition of land, and additions to work in progress within the period.

294. Current Assets also decreased by GH¢117,285 representing 11.8% from GH¢992,702 in 2015 to GH¢875,417 in 2016. This was due to decrease in cash at bank.

295. Current liabilities decreased by GH¢18,327 from GH¢34,701 in 2015 to GH¢16,374 in 2016 representing a decrease of 52.8%

296. The liquidity position measured by current ratio of 28.6:1 in 2015 rose to 53.5:1 indicating that the Polytechnic has increase its ability to meet its short term obligations as and when they fall due.
MANAGEMENT ISSUES

Imprest not accounted for - GH¢23,003.00

297. Regulation 288 of FAR, 2004, (L. I .1802) states that imprest shall be retired at the close of a financial year and any imprest not so retired shall be adjusted to a personal advance account in the name of the imprest holder.

298. On the contrary, our audit revealed that an amount of GH¢47,354.50 granted to ten officers as imprest to run various programmes had not been retired neither was it treated as an advance to the imprest holders’ personal account as at the time of reporting.

299. We could therefore not determine whether the monies were used for the intended purpose. Management’s failure to put in measures that would compel imprest holders to promptly account for amounts advanced to them contributed to the lapse.

300. At the instance of the audit, an amount of GH¢24,351.50 was retired out of the GH¢47,354.50 leaving a balance of GH¢23,003.00 to be retired.

301. The existing weak control system if not checked could result in individuals enriching themselves at the expense of the Polytechnic.

302. We recommended that the officers involved be made to account for the imprest or the amount be adjusted to a personal advance account in their names in accordance with the provision of the law. Meanwhile disciplinary action should be taken against the defaulters to serve as a deterrent to others.

Payments not properly authenticated - GH¢54,232.00

303. Regulation 39 of FAR, 2004 (L.I.1802) 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.

304. Contrary to the above requirement, our examination of payment vouchers disclosed that 49 payments totalling GH¢54,231.50 were made without relevant supporting documents such as invoices, official receipts and signed claim form to properly authenticate the payments.
305. Payment vouchers not supported with relevant documents negate the propriety of the transaction and lacks transparency. The lapse could also open the disbursement activities to abuse and fictitious expenditure.

306. The omission was as a result of weak supervision by Management, and finance officer’s failure to ensure that all the supporting documents are available before payment. We could therefore not certify that the payments were made in furtherance of the Polytechnic’s programs.

307. We recommended that Management must provide all relevant supporting documents else the authorising Officer would be surcharged with the amount involved.

**Payment without official receipts-GH¢11,476.00**

308. 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.

309. We noted that the paying officer failed to obtain receipt for payment totalling GH¢11,476.03 made to two payees that rendered services to the University for the period under review. Details provided in the table below.

<table>
<thead>
<tr>
<th>Date</th>
<th>PV No</th>
<th>Amount GH¢</th>
<th>Details</th>
<th>Payee</th>
</tr>
</thead>
<tbody>
<tr>
<td>25/4/16</td>
<td>1045</td>
<td>6,173.03</td>
<td>Cost on congregation brochures</td>
<td>Synergy Royal Xpression</td>
</tr>
<tr>
<td>11/10/16</td>
<td>10/1/16</td>
<td>5,300.00</td>
<td>Installation of software</td>
<td>Dr Boadu Agyemeng</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>11,476.03</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

310. We attributed this lapse to poor supervision by the Finance Officer over the cashier’s work as well as lack of post transaction review by the Internal Auditor. As a result, we could not confirm the propriety of payments amounting to GH¢11,476.03.

311. In the absence of receipts to authenticate the payments, the Finance Officer together with the paying officer, are to refund the amount involved. Besides, Management should strengthen supervision and ensure that all future payments are appropriately acknowledged. We also advised the Internal Auditor to carry out periodic post audit of transactions.
Failure to transact business with VAT Registered Entities - GH¢64,921.00

312. Our review disclosed that Management procured items worth GH¢64,920.99 from non VAT registered entities in contravention of Section 30 of the FAA 2003, Act 654 which requires Government departments to procure from VAT registered persons. Refer to the table below for details.

<table>
<thead>
<tr>
<th>Date</th>
<th>PV. No</th>
<th>Amount</th>
<th>17.5% VAT</th>
<th>Details</th>
<th>Payee</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/3/16</td>
<td>1008</td>
<td>15,751.26</td>
<td>2,756.47</td>
<td>Cost on stationery</td>
<td>Synergy Royal X</td>
</tr>
<tr>
<td>25/1/16</td>
<td>872</td>
<td>31,597.50</td>
<td>5,529.56</td>
<td>Online administration fees/Mgt</td>
<td>Mak Edu Consult</td>
</tr>
<tr>
<td>10/11/16</td>
<td>3854</td>
<td>17,572.23</td>
<td>3,075.14</td>
<td>Consultancy service</td>
<td>Mak Edu Consult</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>64,920.99</td>
<td><strong>11,361.17</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

313. Management’s non-compliance with the provision of the FAA has caused a loss of potential revenue of GH¢11,361.17 to the State.

314. We recommended that Management should in future transact business with VAT registered persons in compliance with the FAA.

Staff loans from Internally Generated Fund-GH¢44,776.00

315. Section 5 of the Retention of Funds, Act 2007, Act 735 provides that, Internally Generated Funds can only be utilised when that activities on which the expenditure will be incurred have been programmed and approved in that Ministry Department and Agency’s expenditure budget by Parliament.

316. Nevertheless, we noted that Management granted staff advances totalling GH¢44,776.30 to eight Officers of the Polytechnic without budgeting for it or seeking approval from the Minister of Finance.

317. Management’s disregard of the Act as quoted above undermines controls provided for in the disbursement of funds. Since the Polytechnic had no approved budget for staff advances, the practice constitutes misapplication of the IGF.

318. This practice could enhance the risk of neglecting budgeted activities or having budget overrun.
319. To prevent distortions in future budgets, we urged Management to endeavour to incorporate the facility in its budget for Parliamentary approval. Management should also seek authority for any unbudgeted expenditure from the Minister of Finance.

**Unrecovered loans - GH¢42,165.00**

320. Regulation 104 of the FAR 2004 (L.I 1802) states that a head of department authorised to administer a class of advances shall ensure that advances are duly recovered in accordance with the regulations or agreements relating to them.

321. Our inspection of the records showed that Management granted salary advances amounting to GH¢44,776.30 to eight officers in 2016 which were to be recovered within 12 months. There were also unrecovered loans from 2015 which amounted to GH¢28,715.00. As at the time of writing this report, only a total amount of GH¢31,326.30 had been recovered, leaving outstanding balance of GH¢42,165.00 yet to be recovered.

322. 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.

323. The non-recovery of advances denied the Polytechnic funds to give out as loans to other staff members when in need as well as loss of funds to the Polytechnic for other budgeted programmes.

324. We recommended to Management to ensure compliance with the above stated regulation by taking necessary steps to recover all outstanding loans from staff debtors.

**Single-source procurement without approval-GH¢25,900.00**

325. Section 40 of the Public Procurement Act (PPA), 2003 Act 663 prescribes that a procurement entity may engage in single source procurement under Section 41 with the approval of the Board.

326. We however noted that the Head of entity engaged in single-sourced procurement of office equipment worth GH¢25,900.00 from Oman Fofor without approval of the Public Procurement Board.
327. The practice which is a complete disregard of the Procurement Act has the potential of compromising transparency in the award of the contract and value for money may not be obtained.

328. We recommended that, Management should henceforth ensure strict compliance with the provision of the PPA. The Head of Entity should also be cautioned to desist from approving procurement without authority from the PPA.

329. Management accepted our recommendation but further explained that, it was an emergency situation.

330. We emphasised that proper planning takes off emergency situations, and urged Management to plan properly for its procurements.

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

332. We compared actual expenditure with budgeted for the period under review with the view to establish whether there was effective budgetary control or the budget was realistic. We however noted that the expenditure for Goods and Services was lower than the budgeted by GH¢1,462,956.01. Additionally IGF revenue from rent, ID cards, verification of results, penalty on late fees payment, testimonial, and remedial classes amounting to GH¢822,574.55 were not budgeted for. Details provided in the table below.

<table>
<thead>
<tr>
<th>Items</th>
<th>Budgeted GH¢</th>
<th>Actuals GH¢</th>
<th>Variance GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and Services</td>
<td>3,373,495.32</td>
<td>1,910,539.31</td>
<td>1,462,956.01</td>
</tr>
<tr>
<td>IGF (Rent, ID Card, verification of results etc.)</td>
<td>-</td>
<td>822,574.55</td>
<td>- 822,574.55</td>
</tr>
</tbody>
</table>

333. The lapse is attributed to failure of the Budget Committee to draw a realistic budget, monitor the expenditure and revenue trends, and ensure that all revenue items have been incorporated in the budget estimates. It also suggested that the user Units were not involved in the budget preparation.
334. We recommended to Management to ensure that procurement of Goods and Services are in accordance with the budget provisions, and budget estimates includes all revenue items. The Committee should also follow the prescribed method of budgeting and seeks the views of the user Units. The Committee again should be tasked to monitor expenditure/revenue trends to avoid this anomaly in future.

Breach of Contract Agreement by M/S Benta Enterprise Limited - GH¢90,843.00

335. A GETFund project for the rehabilitation of 2-storey 12-unit classroom block with ancillary facilities at a contract sum of GH¢150,626 was awarded to M/S Benta Enterprise Limited on 28 November 2012. The contract was to be completed within a period of six months, i.e. April 2013.

336. A review of the contract documents indicated that an amount of GH¢90,843.20 has so far been paid to the contractor leaving an outstanding balance of GH¢59,782.80.

337. We however noted that Management in addition requested for the replacement of 33 ceiling fans among other things (which was not in the original contract) per their letter dated 3 October 2013, despite the already delay in the execution of the contract. Consequently, the contractor M/s Benta Enterprise per letter dated 27 August 2014 requested for an upward review of contract price which Management refused to grant him.

338. M/s Benta Enterprise Limited suspended the work in August 2014, fifteen months after the supposed completion date. The contractor however, refused to attend to Management’s call or respond to letters from the Polytechnic until the contract was terminated at an Entity Tender Committee meeting by letter dated 20 February 2017 and with referenced number BP/AC/01/0100.

339. The building is at a deteriorating state with the roofing falling down and ceiling being removed due to serious leakages, and the windows being decayed.

340. We are of the view that, re-awarding the contract will cost more than if M/s Benta Enterprise had fulfilled his obligation of completing the contract in April 2013.

341. In view of the fact that M/s Benta Enterprise failed to complete the project within the scheduled timelines, we recommended that applicable action should be
taken against him for breach of contract. In future, contracts should be awarded to more competent and responsible Contractors/Consultants to avoid unnecessary expenditure on Government fund.

342. Management accepted our recommendation but indicated that since the contract has been terminated by the Entity Tender Committee, there is no contractual relationship between M/S Beta Enterprise and the Polytechnic so taking legal action against him is not feasible.

343. We however, stand by our initial recommendation since M/s Benta breached the contract before the Entity Tender Committee took a decision to terminate the contract.

Delayed GETFund projects
344. Good contract Management requires project to be completed within the schedule timelines to avoid price fluctuations and to achieve the project objective.

345. On the contrary, we noted that three GETFund projects awarded in 2011 and supposed to have been completed by 2014 have been delayed till July 2017. Refer to table below for the details of the contracts.

346. The delays of these projects have denied the students the use of these facilities.

<table>
<thead>
<tr>
<th>Projects</th>
<th>Contractor</th>
<th>Consultant</th>
<th>Award date</th>
<th>Contract sum GH¢</th>
<th>Payment to date</th>
<th>Completion date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completion of 1 No- 2-storey Staff Bungalow at Bukere</td>
<td>M/s Samrak Ltd</td>
<td>KAT Consulting Services</td>
<td>11th March 2013</td>
<td>734,505.75</td>
<td>129,386.67</td>
<td>January, 2014 (9months)</td>
<td>About 40% completed</td>
</tr>
<tr>
<td>Rehabilitation of 12 Unit 2-storey block with Ancillary Facilities</td>
<td>M/s Benta Enterprise</td>
<td>KAT Consulting Services</td>
<td>24th October 2012</td>
<td>150,626.00</td>
<td>90,843.20</td>
<td>April, 2013 (6 months)</td>
<td>Terminated by Entity Tender Committee</td>
</tr>
<tr>
<td>Construction of 4 Storey Hall of Residence Block A at Sumbrungu</td>
<td>M/s Bonaaba Construction Ltd</td>
<td>KAT Consulting Service</td>
<td>4th January 2011</td>
<td>1,727,240.39</td>
<td>1,333,476.41</td>
<td>March, 2013 (24 months)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td>2,612,372.14</td>
<td>1,553,706.28</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
347. It has also increased cost of the projects. Additionally, staffs have been denied accommodation. Management intimated that, the delays in the projects were due to the inability of the GETFund’s Administrator to make available funds for payment to the contractors.

348. We recommended that Management should liaise with their Sector Ministry through the NCTE to impress upon the GETFund Administrator for the release of funds in order to complete these delayed projects. The completion of the projects could enhance the converting of the Polytechnic into a Technical University. Management accepted our recommendation.

Deterioration of existing building
349. Regulation 2 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.

350. We noted from our verification that five out of eleven buildings of the Polytechnic are deteriorating due to non-maintenance of the facilities. Painting on ten of the buildings is wearing off.

351. An interaction with the Development Officer disclosed that, he has notified Management on the defects on the buildings but they are yet to take any action. Details as shown below.

<table>
<thead>
<tr>
<th>Type of project</th>
<th>Status of project</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Agricultural Eng. Workshop</td>
<td>Damage ceiling due to leakages in roofing</td>
</tr>
<tr>
<td>2 2-storey 12-unit classroom block</td>
<td>Roofing falling, ceiling damage, windows falling</td>
</tr>
<tr>
<td>3 Students hostel</td>
<td>Several Cracks on the building</td>
</tr>
<tr>
<td>4 Automobile workshop</td>
<td>Roof removed, ceiling damaged</td>
</tr>
<tr>
<td>5 Industrial art shop</td>
<td>Serious ceiling damage</td>
</tr>
</tbody>
</table>

352. The defects if not checked could cause further deterioration to the facilities which would eventually lead to high maintenance cost. We attributed these lapses to absence of maintenance plan.

353. We advised Management to renovate the buildings and ensure regular maintenance of the facilities.
Operational results

354. The University registered a surplus of GH¢2,418,137.16 in 2016 financial year as compared to a GH¢349,986.54 surplus recorded in 2015 representing a significant improvement of 590.9%. The details of the operational result are shown in table below.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Subvention</td>
<td>14,796,256</td>
<td>903,261</td>
<td>1,538.1</td>
</tr>
<tr>
<td>Internally Generated Fund</td>
<td>6,189,243</td>
<td>4,821,036</td>
<td>28.4</td>
</tr>
<tr>
<td>Total Income</td>
<td>20,985,499</td>
<td>5,724,297</td>
<td>266.6</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees Compensation</td>
<td>12,561,893</td>
<td>835,837</td>
<td>1,402.9</td>
</tr>
<tr>
<td>Administrative Activities</td>
<td>3,963,567</td>
<td>2,496,356</td>
<td>58.8</td>
</tr>
<tr>
<td>Service Activities</td>
<td>2,041,902</td>
<td>2,042,118</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>18,567,362</td>
<td>5,374,311</td>
<td>245.5</td>
</tr>
<tr>
<td>Surplus/ (Deficit)</td>
<td>2,418,137</td>
<td>349,986</td>
<td>590.9</td>
</tr>
</tbody>
</table>

355. Total Income increased by 266.6% from GH¢5,724,297 in 2015 to GH¢20,985,499 in 2016. The increment in total income was mainly due to 1,538.1% increase in Government Subvention from GH¢903,261 in 2015 to GH¢14,796,256 in 2016.
Total Expenditure incurred in 2016 amounted to GH¢18,567,362 as against GH¢5,374,311 in 2015, an increase of 245.5%. This was as a result of 1,402.9% and 58.8% increases in Compensation and Administrative Activities respectively over the 2015 figure.

Financial position

The financial position of the University as at 31 December 2016 is shown in table below.

<table>
<thead>
<tr>
<th></th>
<th>2016 GH¢</th>
<th>2015 GH¢</th>
<th>% Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>10,334,868</td>
<td>7,733,066</td>
<td>33.6</td>
</tr>
<tr>
<td>Current Assets</td>
<td>3,517,676</td>
<td>2,910,837</td>
<td>20.8</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>1,878,095</td>
<td>1,087,591</td>
<td>72.7</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>1,639,582</td>
<td>1,823,246</td>
<td>(10.1)</td>
</tr>
<tr>
<td>Net Assets</td>
<td>11,974,449</td>
<td>9,556,312</td>
<td>25.3</td>
</tr>
<tr>
<td>Liquidity Ratio</td>
<td>1.87</td>
<td>2.68</td>
<td></td>
</tr>
</tbody>
</table>

Non-Current Assets increased from GH¢7,733,066 in 2015 to GH¢10,334,868 in 2016, representing an increase of 33.6 %. This was mainly due to additions to the Property, Plant and Equipment.

The Current Assets registered an increase of 20.8 % from GH¢2,910,837 in 2015 to GH¢3,517,676 in 2016. The increase was mainly due to an increase in Sundry Debtors from GH¢ 901,959 in 2015 to GH¢ 2,223,375 in 2016.

Though the University’s liquidity ratio decreased from 2.68: 1 in 2015 to 1.87: 1 in 2016, the University still has the ability to meet its short term obligations as and when they fall due.

MANAGEMENT ISSUES

Understatement of monthly report on IGF- GH¢4,978,794.00

Regulation 19 of the FAR,2004 (L.I.1802) states that a head of department shall fully disclose all Non-Tax Revenue collected, lodged or retained as part of the monthly report to the Minister with copies to the Controller and Accountant-General and Auditor-General.
362. Though Management submitted the monthly report (returns) to the Minister and other stakeholders as required by the regulation, our review revealed that it was understated by IGF collection of GH¢4,978,793.71. The returns were misleading to its users: Details shown in table below.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total IGF collected and stated in the Account</td>
<td>6,189,242.81</td>
</tr>
<tr>
<td>Amount on returns submitted</td>
<td>1,210,449.10</td>
</tr>
<tr>
<td>Understatement of IGF</td>
<td>4,978,793.71</td>
</tr>
</tbody>
</table>

363. We attributed the omission to poor managerial supervision coupled with improper scrutiny of the monthly report before submission to stakeholders. Misstatement of monthly report could affect decisions taken by stakeholders.

364. Management by this action did not fully disclose the total IGF on the returns submitted.

365. We recommended that the revenue figures should be properly reconciled, fully disclosed in the monthly report and re-submitted to the Minister and Controller and Accountant General as required by Regulation 19 of FAR, 2004.

366. Management responded that, the anomaly has been recognised and would be corrected going forward.

**Short payments of Cash to Bank – GH¢2,720.00**

367. The Cashier failed to lodge cash collections promptly into the respective bank account in contravention of Regulation 15 of the FAR, 2004, which states that any public officer or revenue collector who collects or receives public and trust moneys shall issue official receipt for them and pay them into the relevant Public Fund Bank Account within twenty four hours of receipt.

368. Our further scrutiny of the revenue collection cash book revealed instances where the cash book balances were in the negative; whilst in other instances the cash balances were over the declared cash book balance at the end of the month. This was occasioned by the Cashier delaying each month’s collections and banking it at the end of the month. In some months, the Cashier short lodged amount collected and carried it forward to the subsequent months.
369. These weaknesses in the internal control environment resulted in cash shortage of GH¢2,719.63.

370. Management’s failure in supervising and enforcing the control procedure in receipts, payments and banking of cash revenue within 24 hours contributed to the shortage.

371. We recommended that the Cashier, Mr. Emmanuel Arka should be made to refund the shortfall in addition with interest at current bank rate. He should also be disciplined in accordance with Regulation 8 of the FAR 2004.

372. Management contended that the shortage was an error on the part of the data entry officer and not under payment of cash received.

373. We could not agree with Management’s assertion as our examination revealed that, the shortfall was the difference between cash received and cash paid to bank. We therefore stand by our earlier recommendation.

Payment not supported with authorised vouchers -GH¢169,872.00

374. Regulation 1of the Financial Administration Regulation 2004, (L.I.1802) states that any public officer who is responsible for the conduct of financial business on behalf of Government of Ghana shall keep proper records of all transactions and shall produce record of the transactions for inspection when called upon to do so by the Minister, the Auditor-General, the Controller and Accountant-General or any officer authorized by them.

375. During examination of the cash book, we noted 27 payments totalling GH¢336,193.39 entered in the cash book but were not supported with authorised payment vouchers and relevant documents.

376. We could not ascertain the genuineness or otherwise of the payments due to lack of relevant documents. The situation resulted from Management’s disregard for procedures laid down for payments.

377. Payments without adequate supporting documents could open the system to abuse and also lead to fictitious payments.
378. In the absence of authorised payment vouchers, supported with relevant documents, we requested the authorising and approving Officers to refund the amount involved. Management is also advised to ensure adherence to procedure for payments.

379. Management in response presented eight payment vouchers to cover payments totalling GH¢166,321.28 which we reviewed. Management further stated that, effort was being made to locate the outstanding nineteen vouchers for payments amounting to GH¢169,872.11.

**Payment of salary related allowances from IGF- GH¢84,589.00**

380. We noted that Management authorized the payment of GH¢84,589.30 from IGF as retirement benefit and cash allowance in lieu of leave for five officers. Though the payments were not included in the University’s budget for staff benefits, Management failed to seek approval from the Minister before making such payments. Additionally, it was not directly related to the generation of IGF.

381. The infraction violated Section 5 of the Retention of Funds Act, 2007 (Act 735) which mandates expenditure to be incurred from IGF only when it has been programmed and approved by Parliament in that Agency’s expenditure budget. Also, IGF is not to be used for payment of salaries and allowances except where the allowances are directly related to the provision of services that leads to increased revenue. Details of these payments are shown in table below.

<table>
<thead>
<tr>
<th>Date</th>
<th>PV No.</th>
<th>Chq. No.</th>
<th>Bank</th>
<th>Amount GH¢</th>
<th>Name</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>27/10/16</td>
<td>365/10/16</td>
<td>000246</td>
<td>Unibank</td>
<td>21,567.21</td>
<td>James Erskins Sackey</td>
<td>Retirement Benefit</td>
</tr>
<tr>
<td>18/2/16</td>
<td>75B/02/16</td>
<td>000099</td>
<td>-do-</td>
<td>8,722.00</td>
<td>Edward Yankah</td>
<td>-do-</td>
</tr>
<tr>
<td>20/2/16</td>
<td>76A/02/16</td>
<td>000100</td>
<td>-do-</td>
<td>4,649.34</td>
<td>John K. Aubin</td>
<td>-do-</td>
</tr>
<tr>
<td>18/2/16</td>
<td>75/02/16</td>
<td>000101</td>
<td>-do-</td>
<td>4,649.34</td>
<td>Paul K. Essoun</td>
<td>-do-</td>
</tr>
<tr>
<td>9/3/16</td>
<td>143/03/16</td>
<td>000120</td>
<td>-do-</td>
<td>45,001.36</td>
<td>James Erskins Sackey</td>
<td>Leave converted to cash</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>84,589.25</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
382. Management’s action amounts to misapplication of funds which have the tendency of impacting negatively on the approved budget of the University.

383. We recommended that Management should desist from the use of the IGF in paying salary related allowances without seeking Parliamentary approval. Management should also seek retrospective approval from the Minister, failing which the authorising officer would be surcharged with the total amount.

384. Management stated in its response that, since such payments were not forthcoming from Government during the retirement period of the affected Officers, they paid the End of Service Benefits from IGF. Management will make a claim from government and refund the payments.

**Short accounting for amount withdrawn from the bank - GH¢19,163.00**

385. Regulations 48 of the Financial Administration Regulations, 2004, (L.I.1802) states that a head of department shall ensure, as far as it is consistent with the convenience of the public and the control of transactions, that collection or payment are made by cheques, bank transfer or direct payment to bank account.

386. Notwithstanding the afore-mentioned Regulation, we noted that Management withdrew various cheques totalling GH¢196,210.00 from bank to effect various payments. Fourteen of such cheques (for withdrawal) totalling GH¢111,933.12 were not supported with payment vouchers to account for them. We could therefore not determine the propriety or otherwise of the payments.

387. We attributed the omission to Management neglecting laid down procedures for payments. The practice if not discouraged could result in payment to undeserving recipients.

388. We recommended that Management should provide payment vouchers with relevant documentation to support the amount withdrawn, failing which the Finance Director shall be surcharged with the difference unaccounted for. In addition, Management should desist from making cash payments and comply strictly with the regulation.

389. Management stated in its response that, the said amount was fully disbursed for the purpose for which they were withdrawn but it was rather a case of missing payment vouchers. Documents amounting to GH¢92,770.17 was later made available
for our review leaving a balance of GH¢19,162.95 which Management promised to locate for our review.

390. We advised Management to continue with the effort and comply with our recommendation or the outstanding balance should be recovered from the Finance Director.

Budget overrun-GH¢4,500,468.00

391. Regulation 170 of FAR, 2014 (L.I.1802) states that revenue and expenditure estimates as approved by Parliament shall be arranged according to the Government of Ghana Budget Classification or Chart of Accounts as well as any other classification approved by the Minister. Expenditure of a department shall not exceed the expenditure estimate in the budget approved by Parliament.

392. We noted that the University overspent its 2016 budgetary allocation of GH¢14,117,635.00 for Employees Compensation and Goods and Services by GH¢4,500,468.08 without Parliamentary approval. The excess expenditure represented 31.9% of the approved budget and was made out of IGF.

393. The irregularity was caused by Management’s failure to exercise budgetary control over the expenditure of the University by monitoring and evaluating budget performance over the period. Management also failed to apply for a supplementary budget before incurring the expenditure.

394. We recommended that Management should seek retrospective approval from the Minister to regularise the expenditure. In future, Management should seek Parliamentary approval before disbursing funds.

395. Management in their response stated that, the Goods and Services budget of GH¢1,175,170.00 is a fraction of the budget estimate approved to be access through the Ghana Integrated Financial Management Information (GIFMIS) platform. The remaining fraction of the budget was to be financed with the IGF.

396. We reminded Management that irrespective of the mode of payment, a realistic budget should have been drawn for Parliamentary approval in accordance to the regulation. We advised Management to comply with our recommendation.
VAT charged without issuing VAT invoice—GH¢10,129.00

397. Five Companies who provided services to the University charged VAT totalling GH¢10,128.79 but failed to issue VAT invoice to support the charge. The action violates Section 41 of VAT Act 2013, Act 870 which states that a taxable person shall, on making a taxable supply of goods or services, issue to the recipient, a tax invoice in the form and with the details that are prescribed by the Commissioner-General.

398. The inability of Management to ensure that the Companies issued VAT receipts for the amount charged contributed to the anomaly.

399. We could not obtain assurance that the amount charged was paid to Ghana Revenue Authority in the absence of a VAT invoice.

400. We recommended that Management should contact the companies to obtain VAT receipt to cover the amount; else the VAT component must be recovered and paid into the University’s account.

401. Management responded that they have taken note of the recommendation and would contact the companies involved to retrieve the amount charged as VAT for which they did not issued VAT invoice.

Wrong calculation of interest on delayed payment—GH¢24,310.00

402. GETFund Secretariat procured one Toyota Land Cruiser and 3 units Nissan pick-up form Auto Mall Ghana Limited for the University on 18 January 2013 and 30 April 2013 at a cost of GH¢176,640.00 and GH¢184,320.00 respectively. The cost included a withholding tax component of GH¢8,832.00 and GH¢9,216.00.

403. The terms of payment requires the GETFund Secretariat to pay the full amount one month after delivery. GETFund however delayed payment until July 2014. Consequently, the Company started charging interest at 4% per month on the gross amount one month after the transaction. The interest from June 2013 to July 2014 accrued to GH¢489,353.17 by the calculation of Auto Mall Ghana Limited.

404. Our re-calculation of the interest revealed that, the Company used a wrong base for its calculation (i.e. including the withholding tax component). The interest should have been GH¢465,042.98 instead of GH¢489,353.07 charged. The summary provided in Table 3.
<table>
<thead>
<tr>
<th>Item</th>
<th>Auto mall Ltd Calculations GH¢</th>
<th>Auditors Calculations GH¢</th>
<th>Difference GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Cruiser</td>
<td>263,187.19</td>
<td>250,185.45</td>
<td>13,001.74</td>
</tr>
<tr>
<td>Nissan Pick-up</td>
<td>226,165.98</td>
<td>214,857.53</td>
<td>13,308.45</td>
</tr>
<tr>
<td>Total</td>
<td>489,353.17</td>
<td>465,042</td>
<td>24,310.19</td>
</tr>
</tbody>
</table>

405. The lapse was due to the Company’s failure to deduct withholding tax from the cost before calculating the interest on the delayed payment. The Accounts Section also did not cross check on the calculation before payment. By inclusion of the tax component, the interest had been overstated by GH¢24,310.19 as shown in Table 3.

406. We recommended to Management to draw the company’s attention of the anomaly in the computation of the interest and recover the overstated amount from them.

407. Management stated in their response that, they have written to the company, drawing their attention to the anomaly with respect to computation of the interest charged.

Wasteful expenditure caused by delayed payment by GETFund - GH¢567,513.00

408. We noted that GETFund in July 2014 paid for the cost of the vehicles supplied by M/S Auto Mall Ghana Limited to the University. They however failed to pay the accrued interest which as at April 2014 stood at GH¢489,353.

409. The Company’s solicitors continue to demand the payment of the accrued interest and threaten to seize the vehicles or take legal action against the University to recover the interest.

410. The University in April 2016 was forced under the circumstance to take an overdraft against its Internally Generated Funds (IGF) from Zenith bank to pay off the interest as GETFund ignored the payment of the interest.

411. The overdraft attracted bank charge of GH¢78,160.32. The interest of GH¢489,353.17 and the bank charge for the overdraft totalling GH¢567,513.49 could have been avoided if GETFund had honoured its side of the agreement. The situation is presently having negative effect on the University’s finance as the IGF has been tired to the settling of the overdraft.

412. The delayed settlement of the cost of the vehicles has made the University to
loose these funds which otherwise could have been used to resolve other pressing needs of the University. Besides, the interest and the bank charge far overweighed the total cost of the vehicles of GH¢360,960.00.

413. We recommended that GETFund Secretariat should be informed about the present situation and should be requested to come to the aid of the University and settle the avoidable cost incurred by the University. Also, GETFund Management should be cautioned to be circumspect in signing contracts which has stressful clauses that put pressure on client’s finances.

414. Management promised to comply with our recommendation.

Poor Contract Management - GH¢2,377,168.00

415. Section 18 of the Public Procurement (Amendment) Act 2016 (Act 914) states that the head of entity shall facilitate contract administration and ensure compliance with the reporting requirements under this Act. It is also required under contract management that, a contract file and register should be kept for each contract to keep records from the initiation of the contract to completion.

416. Contrary, we noted that the University failed to maintain contract register and files on each of the seven GETFund projects being currently undertaken at the University. A total amount of GH¢2,377,168.41 have so far been paid on these projects as at June 2017.

417. Negligence on the part of the schedule officers in the Development Department coupled with poor supervision accounted for the omission.

418. We could therefore not assess and validate information on these contracts. Also, we were unable to certify whether payments made on these contracts were justified as we could not ascertain the progress of work on each project.

419. We recommended that contract files and register should be introduced immediately to facilitate monitoring of payments and progress of work on these projects.

420. Management stated in their response that Architectural and Engineering Service Ltd (AESL) has been project manager for all construction projects in the University since 1995. Management further stated that, AESL is in all professional
capacity to chronicle and disclose all information with respect to the University contract administration in a concise and chronological manner.

421. Management will ensure the Development Office liaises with AESL to set up these files. Management said without delay, they will put necessary managerial procedures in place in order to realise this dream.

Abandoned GETFund project-GH¢5,543,675.00
422. The construction of the Auditorium was awarded to M/S Samwilco Construction Ltd at a contract sum of GH¢3,500,000.00 on 9 April 2015. The project was described as special project and was tied to a specific fund. It was scheduled to be completed within twenty-four calendar months. The contract sum was however varied to GH¢5,643,675.37 within the execution period.

423. We examined certificates issued before the expiration of the initial proposed completion date and noted that three certificates had so far been issued. We reviewed the last certificate, dated 6 May 2016 with the following cumulative information:

<table>
<thead>
<tr>
<th>Work completed to date</th>
<th>983,519.97</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retention</td>
<td>(98,352.00)</td>
</tr>
<tr>
<td>Add Fluctuation</td>
<td>218,278.56</td>
</tr>
<tr>
<td>Add Advance mobilization</td>
<td>908,459.33</td>
</tr>
<tr>
<td>Less Recovery of advance mobilization</td>
<td>363,383.74</td>
</tr>
<tr>
<td>Add VAT</td>
<td>288,491.37</td>
</tr>
</tbody>
</table>

424. We noted that:
- An amount of GH¢545,075.61 being portion of the advance mobilization had not been recovered.
- We further noted that the Contractor had abandoned the project and moved all equipment from the site including the signpost.
- The progress report states that payment made is for 15% completion of the footing stage, an indication that the pricing of the project was not realistic.
- The amount certified and paid also included Value Added Tax (VAT) of GH¢288,491.37 for which we did not find a VAT invoice to support.

425. Considering the percentage of the project completed and amount left in the project account, we recommended that Management should:
i. Call back the Contractor to site to continue the project immediately and the outstanding mobilization amount of GH¢545,075.61 recovered from him.
ii. Management should liaise with GETFund Secretariat to ensure the contractor issue VAT invoice to account for the VAT amount of GH¢288,491.37.
iii. The project should be repackaged by an expert and given a realistic time table and budget.

426. Management stated in their response that,
   i. The contractor had not abandoned the project but rather in a “transition” waiting the honouring of his certificate No. 3 and therefore has temporary relocated his equipment to other site.
   ii. The signpost has been moved to be updated and shall subsequently remount.
   iii. With regard to the VAT charged, the cost accountant will be informed, to get GETFund to make the deduction accordingly.

427. We drew Management’s attention to the slow pace of the project due to late payment of certificates coupled with unrealistic contract sum. We urged Management to comply with our recommendation.

Misapplication of GETFund Allocation -GH¢221,776.00

428. Regulation 179 of the Financial Administration Regulations (FAR) states that a head of department may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities.

429. We noted that GETFund awarded the renovation/construction of a four-story lecture block to M/S Lifespan Construction Ltd on 23 July 2013 to be completed by December 2013. The work was being executed in phases.

430. In 2016 an amount of GH¢239,313.67 was allocated for phase three of the project. Our review disclosed that Management rather used GH¢221,776.40 out of the funds allocated to buy teaching aids for the Hotel, Catering and Institutional Management (HCIM) Department.

431. Management’s disrespect to the regulations on disbursement of special funds contributed to the lapse identified.
432. We considered Management action as misapplication of funds since the amount was specifically allocated for the rehabilitation of a lecture hall. The action will delay rehabilitation work on the lecture hall.

433. We recommended that Management should communicate the situation to GETFund Secretariat and justify the reason why the funds had been misapplied. Management should also make fresh request for funds to help complete the renovation works.

434. Management stated in their response that, the 4-storey lecture block was exclusively earmarked for use by two departments namely Hotel, Catering and Institutional Management (HCIM) and Fashion Design and Textile Technology. They further stated that, it has become necessary to equip the spaces which were almost completed to make it conducive for learning.

435. We drew Management’s attention to the contents of the release letter which stated specifically that, the amount was to be used to complete the work on the 4-storey lecture hall. GETFund should have been informed before diverting the funds. We therefore stand by our earlier recommendation.

Failure to return to post after study leave-GHc48,954.00

436. Our review of the employees’ records showed that Mr. Samuel Nkyekyer, an Instructor was granted a five years study leave to pursue MPhil/PhD in Marketing Information System at University of East London (UEL). He was bonded to serve the University for one and half year after completion of the course in September, 2012.

437. On 3 November 2010, the Scholarship Secretariat wrote to Cape Coast Technical University that Mr. Nkyekyer has applied for a change of course and University, from MPhil/PhD in Marketing Information system at the East London University to PhD in Consumer Ethnocentrism at the University of Wales, Greenwich School and that the Secretariat could not continue to assist him up to 2013.

438. There was no correspondence on his file evidencing that Management responded to the Scholarship Secretariat’s letter or approved of his new course. We did not also find any progress reports from the new University on Mr. Nkyekyer.
439. From the forgoing, he was expected to return to work on September 2012. However, as at 2014 his whereabouts was not known to the University an indication that he has vacated post. The University also failed to delete his name from the payroll and he continued to enjoy his salary.

440. The University wrote to him to resume work in January 2016. He failed to report for duty and the University continued to pay his monthly salary of GH¢4,079 from January 2016 to the time of the audit in June 2017.

441. We attributed the lecturer’s misbehaviour to failure by Management to monitor the activities of the lecturer and take quick disciplinary measures against him but rather allowed him to illegally withdraw salaries over the period he did not work.

442. We recommended that Mr. Nkyekyer’s name should be deleted from the Payroll immediately. A total salary of GH¢48,953.76 representing only his salary for 2016 should be recovered from him together with other salaries and benefits he received for the remaining eight years and nine months that he was out of the classroom. Additionally, Management whose inaction caused the situation should be held liable for the loss.

443. Management responded that, a decision was taken at a Staff Development and Research Committee meeting mandating Mr. Samuel Nkyekyer to report to duty without fail in the 2017/2018 academic year starting from 12 August 2017.

444. Meanwhile an embargo has been placed on his salary effective 30 June 2017 if he does not submit progress report. A process will commence to retrieve all moneys paid to him if he does not resume duty on the date stated.

445. Management’s failure to take prompt disciplinary action against the lecturer is long overdue. We advised that without further delay, his name should be deleted from the payroll and salaries and other benefits paid to him during the period from October 2007 to date should be recovered from him.
Operational results

446. The University recorded a surplus of GH¢3,768,952.00 in 2016 financial year as compared to GH¢3,833,126.00 registered in 2015; representing a slightly change of 1.7% below the previous year’s surplus. The comparative performance indicators for the two years are shown in table below.

<table>
<thead>
<tr>
<th>Income</th>
<th>2016 GH¢</th>
<th>2015 GH¢</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Grant</td>
<td>24,890,353</td>
<td>23,818,597</td>
<td>4.5</td>
</tr>
<tr>
<td>Internally Generated Fund</td>
<td>13,419,638</td>
<td>9,780,636</td>
<td>37.2</td>
</tr>
<tr>
<td>ERCREE Income</td>
<td>33,447</td>
<td>15,026</td>
<td>122.6</td>
</tr>
<tr>
<td>Total Income</td>
<td>38,343,438</td>
<td>33,614,259</td>
<td>14.1</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation of Employees</td>
<td>24,483,502</td>
<td>19,105,774</td>
<td>28.1</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>10,090,984</td>
<td>10,675,359</td>
<td>(5.5)</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>34,574,486</td>
<td>29,781,133</td>
<td>16.1</td>
</tr>
<tr>
<td>Excess of income over Expenditure</td>
<td>3,768,952</td>
<td>3,833,126</td>
<td>(1.7)</td>
</tr>
</tbody>
</table>
447. Total income registered an increase of 14.1%, from GH¢33,614,259 in 2015 to GH¢38,343,438 in 2016. The upward movement was due to increases in government grant of 4.5%, Internally Generated Fund of 37.2% and ECOWAS Centre for Renewable Energy and Energy Efficiency (ERCREE), a collaboration programme which is exploring ways to encourage the use of solar energy in the University, of 122.6%.

448. Total Expenditure also went up by 16.1% from GH¢29,781,133 in 2015 to GH¢34,574,486 in 2016. This was largely due to increase in Personal Emolument by 28.1%, from GH¢19,105,774 in 2015 to GH¢24,483,502 in 2016, this was as a result of new employment and the re-classification of allowances which was captured under Goods and Services in the previous year.

Financial position

449. The University’s financial position as at 31 December 2016 is as shown below.

<table>
<thead>
<tr>
<th></th>
<th>2016 GH¢</th>
<th>2015 GH¢</th>
<th>% Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>20,649,277</td>
<td>17,212,108</td>
<td>20.0</td>
</tr>
<tr>
<td>Current Assets</td>
<td>7,862,496</td>
<td>6,367,321</td>
<td>23.5</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>1,691,898</td>
<td>300,714</td>
<td>462.6</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>6,170,598</td>
<td>6,066,608</td>
<td>1.7</td>
</tr>
<tr>
<td>Net Assets</td>
<td>26,819,875</td>
<td>23,278,716</td>
<td>15.2</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>1,925,222</td>
<td>2,153,012</td>
<td>(10.6)</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>4.6 : 1</td>
<td>21.2 : 1</td>
<td></td>
</tr>
</tbody>
</table>

450. Non-Current assets increased by 20.0% from GH¢17,212,108 in 2015 to GH¢20,649,277 in 2016. This was due to additions in property, plant and equipment and work in progress.

451. Current Assets went up by 23.5%, from GH¢6,367,321 in 2015 to GH¢7,862,496 in 2016. The rise was due to significant increase in Accounts Receivables which recorded GH¢3,759,129 at the end of the year under reviewed as against GH¢1,795,835 in the previous year.

452. Current Liabilities recorded an increase of 462.6% from GH¢300,714 in 2015 to GH¢1,691,898 in 2016. The rise was due to increases in all the two components of the current liabilities namely; Accounts Payables and Bank Overdraft.
453. Even though, the Current ratio reduced from 21.2:1 in 2015 to 4.6:1 in 2016, the University has the ability to meet its short term obligations as and when they fall due.

MANAGEMENT ISSUES

IGF Investment without Authority - GH¢4,494,226.00

454. Section 21 of the Financial Administration Act 2003, Act 654 states that the Minister of Finance may cause public funds to be invested on behalf of the government in the purchase of securities for such periods and on such terms as the Minister thinks fit except that public moneys may not be invested in government securities.

455. Notwithstanding the provision in the Act and our previous audit recommendation, the University invested total amount of GH¢4,494,225.64 from its Internally Generated Fund (IGF) in Fixed Deposit with three banks within the period reviewed. Though management applied to the Minister of Finance for approval to undertake the investment, it failed to wait for authorisation from the Minister before investing resulting in the irregularity. Details provided below.

<table>
<thead>
<tr>
<th>Type of Investment</th>
<th>Name of Bank</th>
<th>Date of Investment</th>
<th>Amount Invested GH¢</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>182 – Day Fixed Deposit</td>
<td>NIB</td>
<td>7/1/16</td>
<td>639,000.00</td>
<td>31/12/16</td>
</tr>
<tr>
<td>182 – Day Fixed Deposit</td>
<td>Unibank</td>
<td>27/01/16</td>
<td>140,225.64</td>
<td>27/7/16 (To be rolled over)</td>
</tr>
<tr>
<td>182 – Day Fixed Deposit</td>
<td>Unibank</td>
<td>31/1/16</td>
<td>500,000.00</td>
<td>2/7/16</td>
</tr>
<tr>
<td>91 – Day Fixed Deposit</td>
<td>ADB</td>
<td>19/12/16</td>
<td>100,000.00</td>
<td>18/3/17</td>
</tr>
<tr>
<td>91 – Day Fixed Deposit</td>
<td>Unibank</td>
<td>19/10/16</td>
<td>1,447,000.00</td>
<td>18/1/17</td>
</tr>
<tr>
<td>91 – Day Fixed Deposit</td>
<td>Unibank</td>
<td>20/10/16</td>
<td>1,168,000.00</td>
<td>19/1/17</td>
</tr>
<tr>
<td>91 – Day Fixed Deposit</td>
<td>ADB</td>
<td>30/11/16</td>
<td>500,000.00</td>
<td>13/3/17</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>4,494,225.64</td>
<td></td>
</tr>
</tbody>
</table>

456. Management’s continual investment of the IGF had resulted in the abandoning of IGF funded project, (i.e., the construction of four storey 27-unit flats started in 2011 and work halted when the project was only 41% completed,) blaming the abandonment on lack of funding.
457. Failure to comply with regulation on investment undermined controls put in place by the government to regulate the economy.

458. We advised management to seek retrospective approval from the Minister of Finance on the investments made, and ensure that any future investment is made based on the Minister of Finance’s authorization. We also suggested management consider the completion of the projects instead of investing the IGF, as the delay in the projects would escalate the cost.

459. Management in response mentioned areas where Internally Generated Fund (IGF) is being used which were in the 2016 internal budget without addressing the issue on the construction of the 4 storey 27 unit flat which was captured in the same budget. Management further stated that the part of the IGF invested was Academic Facility User Fees which was invested in anticipation for use in the second semester operation.

460. We drew management’s attention to the fact that, apart from the IGF invested, we further noted student debtors of GH¢3,771,455.50 which could be collected during the second semester and used to meet the operational expenses and even make savings for the continuation of the project if management so wished, since it was captured in the 2016 budget. We therefore recommended to management to disburse funds in accordance with the budgeted provisions and invest idle funds based on the Minister of Finance’s approval.

**Inappropriate Payment of Provident Fund from IGF-GH¢509,698.00**

461. Section 5 of Retention of Fund Act 2007, Act 735, states that Internally Generated Funds can only be utilized when the activities on which the expenditure will be incurred have been programmed and approved in that Ministry’s, Department’s and Agency’s expenditure budget by Parliament.

462. On the contrary, our examination of IGF expenditure revealed that management transferred a total amount of GH¢509,698.40 from the IGF to the Provident Fund in 2016 as employer’s contribution towards the Fund. However, there was no provision of provident fund payments in the budget approved by Parliament, neither was it supported by a provision in the Condition of Service (COS).
463. We attributed the anomaly to management’s failure to abide by the provisions in budget which had been approved by parliament.

464. The expending of the University’s IGF on unplanned activities could alter planned programs as well as giving rise to budget overrun. Payments that are not budgeted for also override controls put in place by the government to monitor the usage of IGF.

465. We recommended that management should comply with the Retention Act as quoted above, spend according to the approved budget and apply for supplementary budget before committing funds into such expenditure. Management should also justify the payments into the Provident Fund or refund the amount of GH¢509,698.40 into the School’s account.

466. Management in response explained the establishment of the Provident Fund among others, and classified the fund as being embodied in the Basic Personal emolument (PE) related allowance of GH¢4,967,568.00 in the budget.

467. We however could not agree on management’s assertion as government directives prohibited the use of government funds as employers’ contribution towards worker’s Provident Fund hence our recommendation for compliance.

Payments without adequate supporting documents- GH¢20,535.00

468. Section 39 of the Financial Administration Regulation (FAR), 2004 (L.I. 1803) requires the head of the accounts section of a department to control disbursement of funds and ensure that transactions are properly authenticated to show that amounts are due and payable.

469. Contrary to the above regulation, our examination of payment vouchers disclosed that seven payments totalling GH¢20,535.00 were without relevant supporting documents such as receipts to properly account for the payments.

470. The lapse was as a result of poor managerial supervision and laxity on the part of the Scheduled Officers to ensure that all payment vouchers were attached with the relevant supporting documents.

471. Disbursing funds without relevant documents could lead to loss of transparency and fictitious payments.
472. We therefore requested the Finance Officer to refund the amount involved. Steps should also be taken to ensure that the anomaly was not repeated in future transaction.

**Opening of Bank Accounts without Approval**

473. Regulation 47 of the Financial Administration Regulations (FAR), 2004 (L.I.1802) states any public officer who opens or operates any bank account for a department which is not authorized by the Controller and Accountant General (C&AG) is in breach of financial discipline.

474. Management wrote to Controller and Accountant General on 15 March 2016 and 5 May 2016 seeking approval for the opening of bank accounts with NIB and UMB respectively, but did not wait for the approval before opening the two accounts as shown in table below. Similarly no letter was written to CA&G seeking approval for the opening of the UBA Dollar account. The practice contravened Regulation 47 of FAR 2004, LI 1802.

<table>
<thead>
<tr>
<th>Account Name</th>
<th>Bank</th>
<th>Account Number</th>
<th>Date of opening account</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEID</td>
<td>NIB</td>
<td>85402</td>
<td>5/5/2016</td>
</tr>
<tr>
<td>UBA Dollar</td>
<td>UBA</td>
<td>02230</td>
<td>27/10/2016</td>
</tr>
<tr>
<td>UMB</td>
<td>UMB</td>
<td>17018</td>
<td>1/8/2016</td>
</tr>
</tbody>
</table>

475. Management’s noncompliance with the Regulation could result in concealment of transactions and improper control of the University’s funds.

476. We reiterated our previous recommendation that management should follow up on the letter seeking approval from the Controller and Accountant General for the accounts which had already been opened and further ensure that authorization from Controller and Accountant General was obtained before opening any account.

477. Management in response outlined the reasons for the opening of the accounts without touching on our observation of not obtaining approval before the opening of the account. We therefore urged management to comply with its own assurance in its response not to open account till approval was obtained from C&AG.
Non Payment of Insurance Claims – GH¢40,250.00

478. Best practice requires that parties in a contractual agreement are to perform their duties under the agreement accordingly.

479. We noted during our audit that management entered into an insurance welfare scheme with Star Life Insurance Company through a broker known as Safety Insurance Broker Limited. The scheme covered the students in terms of Group Life, Accidental death, Medical Expenses Reimbursement from Accidental injury and Parent/Guardian benefits during their stay on campus. Each student paid a premium of GH¢15 as a component of the school fees towards the scheme.

480. A further review of the records on the insurance made available revealed that though 24 of the students qualified for insurance claims totalling GH¢52,875.00 for periods ranging from May 2016 to October 2016. Out of the 24 students, only five students whose claims amounted to GH¢11,875.00 were paid by the Insurance Co. leaving difference of GH¢40,250.00 yet to be settled.

481. We attributed the delay in the payment of the outstanding claims to the 19 students to Management’s inability to ensure that provide the necessary information needed to facilitate the processing of the claims were provided. The delay has defeated the purpose of undertaken the policy.

482. We recommended to management to ensure that the students provide the required information to enable them pursue the Insurance Company for the payment of the claims. Additionally, management should put in application for claims on behalf of the students to avoid agitation.

Under- deduction of rent-GH¢29,162.00

483. Article 14.0 of Condition of Service for Senior Staff & Senior Members of Polytechnic Teachers Association of Ghana (POTAG) states an employee shall be provided with accommodation if available, and shall be required to pay rent at the prevailing government rate.

484. We noted during our audit that five officers occupying the University’s bungalows did not suffer the correct rate of rent deduction as required by POTAG’s Condition of Service. Amounts paid by the officers ranged between GH¢10.00 to GH¢257.00.
485. We sighted a memo from the Registrar dated 14 March 2016 to the occupants informing them of the Council’s approved new rent rates of GH¢182.50 per month for three officers, GH¢217.50 and GH¢82.50 for the other two officers respectively, to be deducted from 1 April, 2016. Management could not provide the Council’s minutes confirming the approval of these rent rates quoted.

486. The newly quoted rent rates contradicted the prevailing government’s rent rate of 10% of the basic salary of an occupier of government accommodation. Our re-calculation of the correct amount which should have been paid by the occupants based on the statutory rate of 10% amounted to GH¢29,161.56 after setting off previous deductions.

487. Management’s refusal to enforce the statutory rent rate of 10% of the basic salary, and the payroll section’s failure to pursue the C&AG for the deductions to be effected accounted for the irregularity.

488. The situation led to the occupants paying rents lower than the required rent, thereby causing a loss of rent revenue amounting to GH¢29,161.56 to the University.

489. Accordingly, we recommended to management to enforce the deduction of the statutory rent rate of 10% of the basic salary of the occupants. Meanwhile management should ensure that the officers involved refunded the total amount of GH¢29,161.56 being arrears due to the under deduction of the rent.

490. Management agreed with our observation but revised the arrears to be paid by the occupants downwards based on the Council’s supposed approved rates. Management’s attention was also drawn to the fact that the quoted new rent rates contravened the provision in the Condition of Service and Ministry of Finance directives per circular No.B383/06/11/NTR/CAGD dated 21 November 2006 which states among others that “In view of the above, this letter is authorising you to suspend the 16% deduction and charge a provisional amount of 10% of Basic Salary with effect from December 2006. We therefore stand by our earlier recommendation.

Failure to fully serve a Bond-GH¢171,816.00

491. The University bond form for sponsorship specified the number of years to be served by a sponsored beneficiary and the liability in terms of refunds to be made by the beneficiary when defaulted.
In reviewing personal files of the separated staff, we noted that Dr. Ebenezer Owusu, a former Lecturer attached to Computer Science Department was granted a full time sponsorship with pay to pursue 3 year Doctor of Philosophy (PhD) programme in Computer Application Technology at the Jiangsu University in China, from 2011 to 2014. Before his departure, he signed a bond form which indicated that, he would serve the University for 5 years after his course; and in default, he and his guarantors would be liable to refund to the University the whole amount spent on his sponsorship (including salaries and allowances etc.) plus interest at the current bank rate calculated in the year of default.

The officer however after completing his course, resigned on 31 May 2016 after serving the University for only 2 years and 4 months and also failed to refund the whole amount incurred on him as stated in the signed bond form. Details of the amount to be refunded by him are provided in table below.

<table>
<thead>
<tr>
<th>No.</th>
<th>Details</th>
<th>Amount GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Three 3 years bond (36 months Basic Salary of 2,479.62 per month)</td>
<td>89,266.32</td>
</tr>
<tr>
<td>2</td>
<td>Three years stipend US$14,400.00 (3.97 to US$1.00)</td>
<td>57,168.00</td>
</tr>
<tr>
<td>3</td>
<td>Interest (26%)</td>
<td>25,381.95</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>171,816.27</strong></td>
</tr>
</tbody>
</table>

We attributed the lapse to the beneficiary’s lack of commitment to the undertakings.

The University was deprived of the benefit which could have been derived from the skills acquired by the beneficiary, apart from the loss of funds to the Government if the expended amount was not retrieved.

We recommended to management to pursue Dr. Ebenezer Owusu and his guarantors for the amount of GH¢146,434.32 expended on him plus the interest of GH¢25,381.95 totalling GH¢171,816.27 to the Consolidated Fund.

Management stated that they had informed the officer to submit a proposal regarding how he would settle the indebtedness.
Double full employments

497. Schedule G of the University’s Statutes states that it is misconduct for an employee of the University to engage in any other gainful occupation outside the University without the notice and written consent of the Vice-Chancellor or Council.

498. Contrarily, our review of the personal files revealed that two Lecturers, Ebenezer Lartey Debrah and Lawrence Abladey Abladey who were offered appointment as Lecturers on 1 November 2016 failed to disclose to Management before their employment that they were full time Lecturers at All Nations University and Central University respectively.

499. Though Ebenezer Lartey intimated to management that he had resigned from his previous employment, management’s further enquiry revealed that he was still serving a 6 year bond at the All Nations University. Management therefore wrote to him to settle all expenses made on him from the date of his appointment if he chose to resign from Koforidua Technical University.

500. The appointment of Lawrence Abladey Abladey’s was however terminated and management wrote to him to refund GH¢3,222.15 as salaries paid to him since his appointment on 1 November 2016 to date.

<table>
<thead>
<tr>
<th>Name</th>
<th>Grade</th>
<th>Staff No.</th>
<th>Period of unearned salary as at 31/12/16</th>
<th>Monthly Net GH¢</th>
<th>Total unearned salaries GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lawrence Abladey Abladey</td>
<td>Lecturer</td>
<td>1205223</td>
<td>Dec. 2016 1 month</td>
<td>3,222.15</td>
<td>3,222.15</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,452.39</td>
</tr>
</tbody>
</table>

501. The anomaly which was as a result of management failure to do due diligence work on the background of the officers could distort the academic plan of the University.
502. We recommended that management should terminate the appointment of Ebenezer Lartey since he is finding it difficult to resign from All Nations University. Management should also pursue the two officers to recover the total unearned salary of GH₵6,452.39 as at December 2016 and any subsequent unearned salaries from them and lodged same into the consolidated fund. In addition, Management should always perform background checks on applicants before employing them.

503. Management in response indicated that the officers were impressed upon during the interview to resign from their work places so that they could pay full attention to their work.

Violation of Condition of Service - GH₵21,052.00

504. Article 4.5 of Condition of Service for Senior Staff & Senior Members of Polytechnic Teachers Association of Ghana (POTAG) states that an employee may resign by giving three months prior notice to his principal, or in lieu pay three months’ salary, provided that such notice shall be given to take effect from the end of an academic year.

505. Our payroll audit of the University revealed that Dr. Ebenezer Owusu, former Lecturer attached to Computer Science Department and John Frimpong Manso, former Lecturer in Purchasing and Supply resigned on 31 May 2016 and 15 September 2016 respectively but failed to notify management of their resignation 3 months earlier as required by Article 4.5 of Condition of Service for Senior Staff & Senior Members of Polytechnic Teachers Association of Ghana (POTAG).

506. The breach of Article 4.5 of Condition of Service requires the two former lecturers to pay a total amount of GH₵21,052.53 representing three months’ salary in lieu of notice. Details provided in table below.
<table>
<thead>
<tr>
<th>Name</th>
<th>Grade</th>
<th>Staff No.</th>
<th>Reason for separation</th>
<th>Date of separation</th>
<th>Required period of payment</th>
<th>Unearned salary GH¢</th>
<th>Total unearned salaries GH¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Ebenezer Owusu</td>
<td>Lecturer</td>
<td>755547</td>
<td>Resigned</td>
<td>31/5/16</td>
<td>March - May 2016 3 months salary in lieu of notice</td>
<td>3,798.31*3</td>
<td>11,394.93</td>
</tr>
<tr>
<td>John Frimpong Manso</td>
<td>Lecturer</td>
<td>259377</td>
<td>Resigned</td>
<td>15/9/16</td>
<td>July - Sept 2016 3 months’ salary in lieu of notice</td>
<td>3,219.20*3</td>
<td>9,657.60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>21,052.53</strong></td>
</tr>
</tbody>
</table>

507. Management might not be able to immediately replace the lecturers which would eventually have negative effect on the studies of the students.

508. We recommended to management to recover the amount of GH¢21,052.53 from the officers.

509. Management agreed to recover the three months’ salary in lieu of notice from Mr. John Frimpong Manso but no comment was made on Dr. Ebenezer Owusu.

**Wrongful Engagement of Consultancy Services – GH¢35,004.00**

510. Part VI of Public Procurement Act 2003, Act 663 specifies the methods and procedures to procure consultancy services which include; notice of invitation of proposals, shortlisting of proposals, evaluation and selection.

511. Our interview with key personnel and examination of payment vouchers revealed that the Works Department of the University acted as Consultant for one of the four on-going GETFund projects namely; Construction of four storey classroom block and offices, without going through the procurement procedure before selection. We also did not sight an official letter awarding consultancy services to the Works Department.
512. We further noted that a net amount of GH¢35,003.95 representing 50% of the consultancy fees of GH¢81,260.46 on the project paid to the University by GETFund Secretariat was disbursed to the Works department’s officers and management staff.

513. Management’s disregard for the provisions in the PPA resulted in this irregularity.

514. We considered the Works department’s action inappropriate as it constituted conflict of interest. It must be emphasised that, it was the responsibility of the works department to supervise all works and contracts in the University; ensuring that construction and renovations were undertaken to meet prevailing industry standards and specifications, oversee the management of construction of contracts with the view to confirming compliance and due delivery of project among others.

515. We advised Management to desist from the practice and rather seek approval from the Council to motivate them by paying a determined allowance. We also urged Management to recover consultancy fees totalling GH¢35,003.95 paid to the beneficiaries.

516. Management explained among others that the Consultancy Services was undertaken under the ambit of the Business Development Office which is a registered outfit of the University for executing commercial consultancy works. Also, the University as a Technical Institution had to get a hand on Technical training of skills for its students.

517. However management attention was drawn to the following:
   a. The Business Development office was not a corporate body registered at Registrar General, and registration under the University did not warrant them to undertake consultancy services of the school of which part of the consultancy fees should be distributed to the officers.
   b. Using the consultancy service to teach the students should not attract a fee because the lecturers were paid fully for their service.
   c. The consultancy fees in question were paid by the GETFund and, for that matter, the government who employed the officers involved; and pay their salaries based on their job descriptions. The situation portrayed double payment for the same work done.
518. We urged management to stop awarding consultancy services to the department for a fee.

Delay in Executing GETFund Projects
519. It is prudent that initiated projects be completed within the stipulated period for it to serve the intended purpose, as well as avoid unnecessary escalation in related costs.

520. We reviewed projects undertaken by the University with the view to establishing whether the projects have been undertaken with due regard to economy, efficiency and effectiveness in relation to the resources utilised, and results achieved.

521. Contrary, we noted that three GETFund projects awarded between 2009 and 2016 have not been executed in accordance with the agreed timelines. Instances of such delayed projects are enumerated below;

a. The construction of a four-storey classroom block and offices awarded on November 2009 to Messrs. Gbedeka Construction Limited was expected to be completed in July 2011. However, as at 31 December 2016, the project was not completed. We sighted letters from Management to the contractor indicating the undue delay in the project execution, even though all moneys due him had been paid. The delay also obstructed other furnishing works of a contract awarded on the project.

b. Similarly, the construction of a five-storey Engineering block which was awarded to M/S. Antartic Ltd. on September 2009 was expected to have been completed on September 2011. However, as at the time of our audit the project had not been completed. The contractor after completing the Western Wing and handing over on 4 May 2015, failed to commence the construction work of the Eastern part of the project, even though the contract was awarded holistically.

c. Another project is the construction of a Tennis Court awarded to M/S Sparkx Ghana Ltd. in May 2016 which was expected to be completed on September 2016. At the time of our audit, work was still in progress with no Certificate raised to demand payment.

522. Management’s failure to apply the default liability clause in the contract agreements whenever the contractors breach their part of the contract contributed to
this anomaly. The delay of these projects had denied the students the use of the facilities as well as possible fluctuation cost of the projects.

523. We recommended to management to ensure that the liability clause was employed to compel the contractors to complete the project as a matter of urgency to enable the students have access to the building as well as avoiding unnecessary fluctuations.

524. Management attributed their inability to apply the liquidated damages remedy with respect to delay in executing the GETFund projects mainly to the delay in honouring certificates. We could not agree with management as there was no outstanding certificate to be paid at the time of writing this report, yet the contractors were not on site. We attributed the delay in execution of the projects to the contractors’ non-performance as evidenced in management’s letters to the contractors and consultants.

525. We therefore, urged management to pursue the contractors to complete the projects as early as possible to achieve its objective.

Defects in a completed project
526. Clause 35 of the contract agreement makes it obligatory for the contractor to rectify any defect detected on a project awarded to him within the liability period. A consultant on a project is also responsible for supervision and regular monitoring of the project to ensure that the projects are free from defects and deviations from the original plans.

527. Management with concurrent approval by Regional Tender Review Board (RTRB) awarded the construction of a five-storey Engineering block to Ms. Antarctic Ltd. on September 2009 and was expected to have been completed by September 2011 with a contract sum of GH₵3,951,137. The contractor after completing the Western Wing of the project at a total cost of GH₵5,579,417.96 handed it over to management on 4 September 2015.

528. Our inspection to the project site revealed a number of defects on the completed Western wing of the block. Available records showed that, management and the consultant to the project, Arch–Team–4 Consultancy wrote letters and reminders to the contractor to correct the defects since March 2016, but the contractor had refused to act accordingly.
529. Among the defects are roof leakages resulting from faulty ball valves in the water tanks, causing the water to overflow whenever the taps are opened. The water then finds its way into the rooms through the roofing.

530. We attributed the lapse to poor supervision by the consultant. The defects if not corrected early, would cause further deterioration of the facility which would eventually lead to high maintenance cost.

531. We advised management to ensure that the consultant exerted pressure on the contractor to correct the defects as early as possible or the retention amount of GH¢98,778.42 should be used to correct the defects, and the contractor blacklisted for non-performance.

532. Management stated that the contractor had been instructed to make good the defective works which he is obliged to correct. Management added that it had issued a warning letter to the contractor, and the consultant’s attention has been drawn to the need for the immediate rectification of the defects. Management gave the assurance that process to get the defective works rectified was ongoing.
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