

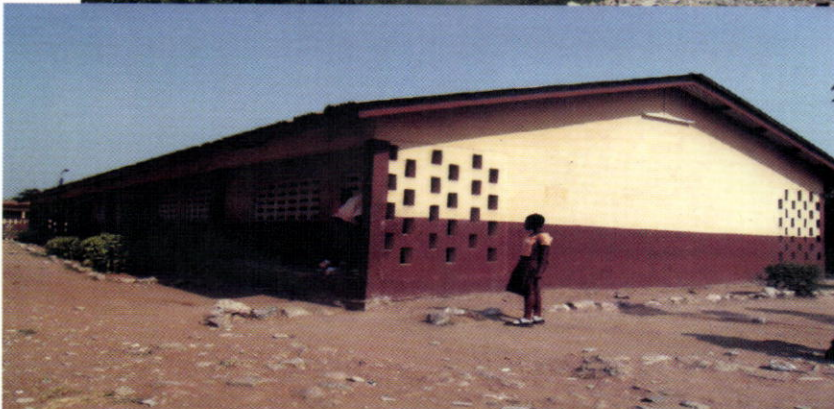
PERFORMANCE AUDIT REPORT OF THE AUDITOR-GENERAL ON TMA'S CONSTRUCTION PROJECTS



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TRANSMITTAL LETTER

Ref. No. AG.01/109/27

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30 September 2010

Dear Madam Speaker,

PERFORMANCE AUDIT REPORT ON THE TEMA METROPOLITAN ASSEMBLY'S CONSTRUCTION PROJECTS

I have the honour to submit to you for presentation to Parliament my Performance audit report on the Tema Metropolitan Assembly's (TMA) construction projects, in pursuance of Article 187(5) of the 1992 Constitution of the Republic of Ghana and Section 13(c) of the Audit Service Act 2000, Act 584. The Audit Service Act mandates my office to audit programmes and activities of public offices to ensure economy, efficiency and effectiveness in the use of resources.

2. Performance auditing was introduced into the Ghana Audit Service in 2001, as part of a capacity building project funded by the European Union. Officers who were professionally trained in conducting performance audits to internationally recognised standards prepared this report. The team that carried out the audit was made up of Mr. Kwame Asare, Principal Auditor (Leader), Mr. Kwaku

Akyena, Mr Michael Kwesi Opoku, and Ms. Alberta Owoo, all Auditors, under the supervision of Mr. Augustine R. K. Boadu, Deputy Auditor-General.

3. In a rapidly changing society such as ours, there is the need for performance auditing, since the inherent incentives for improvements are limited in the public sector compared to the private sector. Therefore, the performance audit process results in recommendations which initiate processes of renewal and change, leading to greater efficiency and effectiveness in government administration. Depending on the extent of coverage and complexity, it normally takes between six and twelve months to complete one performance audit, thus making it more expensive than the traditional audits. Effective performance audits can lead to better use of resources by public bodies and they provide support to democratic governments by bringing about accountability, transparency, improved operations and better decision-making.

4. I would like to thank my staff for the preparation of this report and the staff of TMA for the assistance offered to my staff during the period of the audit.

5. It is my hope that this report would meet the approval of Parliament.

Yours sincerely,


RICHARD Q. QUARTEY
AUDITOR-GENERAL

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

PERFORMANCE AUDIT REPORT OF THE AUDITOR-GENERAL ON TMA'S CONSTRUCTION PROJECTS

EXECUTIVE SUMMARY

The Government of Ghana provides development projects in the areas of education, health, water and sanitation, electrification and markets in order to improve the quality of life of the citizens. The Government does this through the Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs).

2. The Tema Metropolitan Assembly (TMA) has an objective of facilitating the provision of basic social and economic infrastructure and services in the Tema metropolis. To achieve this objective, the Assembly plans and implements development projects to enhance the quality of life of the people within the metropolis. From 2003 to 2007, the Assembly spent GH¢12.0 million to carry out various development projects.

3. However, the public is concerned with the wrong sites chosen and the abandonment of projects in the metropolis, implying wastage of public resources. Consequently, an audit was conducted from April to December 2008 to find out how well TMA managed its resources in carrying out construction projects from 2003 to 2007.

4. The audit disclosed that TMA executed 60 projects during the review period. However, the Assembly was not able to manage its resources economically and efficiently to deliver these projects to meet the needs of the citizens for the reasons that TMA:

- did not conduct needs assessment in identifying the projects and this led to waste of the Assembly's resources as completed projects were not used to full capacity;
- did not conduct site investigations and subsequently sited projects inappropriately thereby denying citizens' access to these projects;
- delayed in paying contractors, which in turn delayed project completion and increased project costs;
- did not monitor project execution or poorly supervised projects, which also led to delays in the completion of projects; and
- did not review projects during implementation in order to resolve implementation problems and ensure timely delivery of projects.

5. To improve upon the Assembly's delivery of project constructions, we made recommendations which are found in the succeeding paragraphs.

Improving project identification

6. To improve upon project identification, TMA should conduct needs assessment in identifying all construction projects to establish the development needs of the people before embarking on any project. TMA should also keep records of the processes it adopts in selecting projects for implementation.

Enhancing the siting of construction projects

7. To enhance the siting of projects, TMA should conduct feasibility studies and detailed site investigations to ensure the appropriateness of sites for construction projects and consult relevant land agencies and utility service providers for advice prior to deciding on projects' location.

Improving payment of contractors

8. To improve upon the payment of contractors, TMA should ensure that projects started are completed and paid for before committing the Assembly to other projects which are to be funded from the same source.

Improving monitoring of project execution

9. To improve upon the monitoring of project execution, TMA should ensure that:

- project managers undertake regular site inspections;

- its clerks of works undertake daily monitoring of its projects; and
- project managers should conduct site meetings which should be duly recorded.

Improving review of on-going projects

10. To improve upon the review of projects, TMA should put in place a comprehensive monitoring and evaluation plan which should coordinate the participation of all the departments involved in the projects.

PERFORMANCE AUDIT REPORT OF THE AUDITOR-GENERAL ON TMA'S CONSTRUCTION PROJECTS

CHAPTER ONE

INTRODUCTION

1.1 Reasons for the audit

Government undertakes construction projects which are socially motivated to improve the quality of life of the citizens. These projects are undertaken mainly in the areas of education, health, water and sanitation, electrification and markets and they are aimed at improving the well-being of the citizens. Government provides these projects through the Ministries, Departments and Agencies (MDAs) as well as the Metropolitan, Municipal and District Assemblies (MMDAs).

2. The Tema Metropolitan Assembly (TMA) depends on the District Assembly's Common Fund (DACF), Internally Generated Funds (IGFs) and donations from other agencies to carry out its construction projects. From 2003 to 2007, TMA spent GH¢12.0 million on the delivery of construction projects.

3. In spite of the money spent on the delivery of construction projects, there is public outcry over inappropriate siting of projects, abandonment of projects by the Assembly and non-usage of

completed projects by the community. For instance, TMA stopped the Kakasunanka community near Tema from using a completed toilet facility built for them due to its inappropriate siting by the Assembly. Another toilet facility in the same community, which is near completion and meant to replace the abandoned one, has also been left by the Assembly to deteriorate¹.

4. The inappropriate siting, abandonment of projects and non-usage of completed projects show a waste of public resources, which necessitated the audit into the delivery of construction projects by TMA.

1.2 Purpose and scope

5. The purpose of the audit was to find out how well TMA has been managing resources in carrying out its construction projects. The audit specifically looked at how TMA plans and implements its construction projects.

6. We focused on construction projects (e.g. construction of school blocks, hospitals/clinics, toilet facilities, markets, and drains) undertaken by TMA from 2003 to 2007. The audit was carried out from April to December 2008.

¹ Daily Graphic Publication July 21 2008, page 47.

7. We considered 60 projects that TMA started from 2003 to 2007 and selected 28 projects for the audit. We selected the 28 projects because they were the ones that had relevant documents in their project files for examination. The documentation on the remaining projects was found not adequate for audit examination. Some of the projects had files containing only the contract documents, others had only award letters filed and the rest had no documentation at all.

1.3 Methods and implementation

8. The methods we used in the collection of our data were: through interviews, document review and inspections.

1.3.1 Interviews and documents reviewed

9. We reviewed 28 project files and other documents. We also interviewed key officials managing the Assembly's delivery of construction projects. The reviews and interviews enabled us understand issues pertaining to the Assembly's delivery of construction projects and came up with recommendations to address the issues. The list of officials interviewed and documents reviewed is provided in Appendix 1.

1.3.2 Inspection

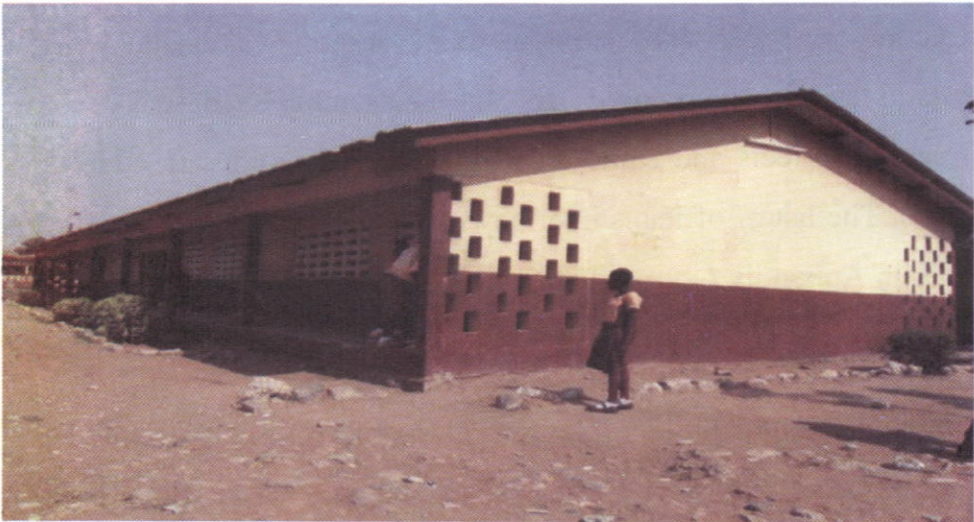
10. We visited 15 project sites, which were representative of the projects selected for review so as to ascertain their levels of

completion and their usefulness to the community. Pictures 1 and 2 were some of the Assembly's projects that we inspected.

Picture 1: TMA block of flats



Picture 2: Ashaiman School Complex



Source: GAS field inspection

CHAPTER TWO

DESCRIPTIVE CHAPTER

2.1 Historical background

11. Ghana's ten administrative regions have been subdivided into Metropolitan, Municipal and District Assemblies (MMDA). Each MMDA complements Government's efforts of enhancing the quality of lives of the citizens through the provision of basic infrastructure.

12. The Tema Town Council became autonomous in 1974, attained the status of Municipal Assembly in 1990 and Metropolitan status in 2008. TMA is responsible for the formulation and execution of construction projects for the areas under its jurisdiction². The Assembly identifies projects for the year, selects the ones to be implemented based on their importance and availability of funding and implements the projects for the benefit of the communities under its jurisdiction.

2.2 Mission

13. TMA's mission is to improve the living standards of the people in the municipality, by providing effective and efficient municipal services within a conducive, physical, socio-economic environment and an established legal framework.

² Jurisdiction of TMA: Tema Town Council, Ashiaman, Kpeshie, Kpone, Katamanso and Kpeshie Gonnor, all in the Greater Accra Region.

2.3 Vision

14. TMA envisions an international standard municipality where its inhabitants will enjoy the full benefits of modernisation and comfort on a peaceful, reliable and sustainable basis.

2.4 Objectives

15. TMA has various objectives but the one that is related to basic infrastructural delivery is to facilitate the provision of basic social and economic infrastructure and services in the metropolis.

2.5 Funding

16. Construction projects undertaken by TMA are funded through Internally Generated Funds (IGFs), District Assemblies' Common Fund (DACF) and other donors. The IGFs consist of rates, fees and fines, licenses, rents and investments. The donors comprise the Danish International Development Agency (DANIDA) and Urban Environmental and Sanitation Project II (UESP II). Details of the amounts spent from each of these sources are shown in Table 1.

Table 1: Project funding from 2003 to 2007

Year	IGF GH¢	DACF GH¢	HIPC GH¢	DANIDA GH¢	UESP II GH¢	Tot. Amt. GH¢
2003	812,704	718,443	220,436	100,576	-	1,852,159
2004	1,155,392	839,075	335,000	40,600	-	2,370,067
2005	1,538,290	615,249	245,076	65,000	4,000	2,467,615
2006	2,699,985	527,165	420,000	58,149	162,441	3,867,470
2007	1,947,919	778,393	225,320	104,639	146,456	3,202,727
Total	8,154,290	3,478,325	1,445,832	368,964	312,897	13,760,308

Source: TMA Annual Financial Statements

17. Table 1 shows that IGF, DACF and HIPC contributed 59.3%, 25.3% and 10.5% respectively to the funding of the construction projects, whilst donors contributed 2.7% and EUSP II accounted for 2.3%, during the review period.

2.6 Organisational structure

18. The organisational structure of TMA is shown as Appendix 2.

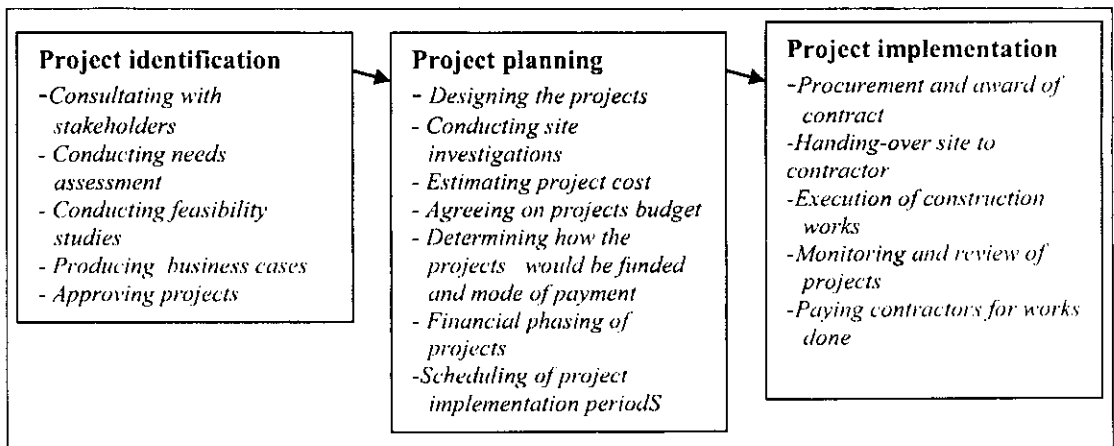
2.7 Key players and their activities

19. The key players involved in the delivery of capital works in the Assembly and their roles are provided in Appendix 3.

2.8 Systems description

20. The stages involved in the delivery of construction projects by TMA are represented in Figure 1.

Figure 1: Stages involved in delivery of capital works



Source: TMA Planning Department

2.9 Current development

21. TMA attained metropolitan status in 2008 and some of the areas which were under its jurisdiction have now been established as new District Assemblies. Some of the projects which we evaluated are now in these new Assemblies and TMA will not be able to implement the recommendations on those projects.

CHAPTER THREE

FINDINGS

3.1 Introduction

22. From 2003 to 2007, TMA spent a total amount of GH¢12.0 million to execute 60 projects. The projects included educational, health, recreational and sanitary facilities meant to ensure the well being of citizens in the municipality. TMA however could not deliver these projects to meet the needs of its citizens. Accordingly, we identified five areas that TMA could improve upon. Our findings were that TMA:

- did not conduct needs assessment to identify projects
- did not conduct site investigations on project locations
- delayed in paying contractors
- did not take the necessary measures to monitor the execution of projects, and
- did not review projects during implementation.

3.2 TMA did not conduct needs assessment to identify projects

23. In identifying projects to be undertaken by the Assembly, TMA is required by the Ghana Poverty Reduction Strategy (GPRS) to consult opinion leaders, Assemblymen, its development planning sub-committee and donor agencies to carry out needs assessment in order to identify the various developmental needs of the communities it

serves. This enables the Assembly to select the development projects that serve the needs of the communities.

24. The development needs of the communities are prioritised after the feasibility studies and a business case is prepared to justify why a particular project is to be undertaken. The results are compiled and included in the Assembly's development plan, which serves as a guide for implementing projects that will be useful to the people.

25. We found that TMA had a list of construction projects in its development plan compiled with the guidance of the GPRS. There was, however, no record to show that TMA conducted needs assessment for the projects it undertook from 2003 to 2007. None of the 28 projects the team reviewed had a needs assessment report to justify why TMA undertook those projects. There were also no records to show that TMA consulted the intended beneficiaries before selecting those projects.

26. According to the Assembly, some level of needs assessment was conducted but they did not have a clear and concise format for evaluating needs assessments. The assessments were mainly verbal and informal and thus proceedings were not documented. Needs assessment in whatever form would have identified the projects the intended beneficiaries needed before funds are committed to their implementation.

27. A classroom block at Michel camp and a toilet facility at Amrahia which were completed in 2004 and 2006 respectively have not been used by the communities because they were not in favour of the projects. In the case of the classroom block, the Assembly explained that it constructed the classroom block at the request of the school's authorities. However, the headmistress of the school said that the four-classroom block cannot be used as a Junior High School which should be a three-classroom block or as a Primary School which should be a six-classroom block.

28. With the toilet facility, the Assembly provided water closet suites that needed water to function. But the community does not have any source of water to supply to the toilet and therefore could not use the toilet facility. The Assembly spent a total amount of GH¢56,029.00 on the two projects which are not being used by the people for whom they were meant, thus leading to a waste of public funds. These projects are shown in Pictures 3 and 4.