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SPECIAL REPORT

of the

AUDITOR-GENERAL

on

AUDIT/INVESTIGATION INTO THE PURCHASE OF EX
UNITED KINGDOM (UK) MINISTRY OF DEFENCE (MOD)
BEDFORD AND LAND ROVER TRUCKS

and

MACKEREL IN PEPPER SAUCE AND TUNA SOLID
IN PURE VEGETABLE OIL

for

MINISTRY OF DEFENCE

September 2003
REPORT OF THE AUDITOR-GENERAL ON AUDIT/INVESTIGATION INTO THE PURCHASE OF EX UNITED KINGDOM (UK) MINISTRY OF DEFENCE (MOD) BEDFORD AND LAND ROVER TRUCKS AND MACKEREL IN PEPPER SAUCE AND TUNA SOLID IN PURE VEGETABLE OIL FOR MINISTRY OF DEFENCE

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2 Chief of Staff/GHQ’s response dated 24 July 2003 to the Auditor-General’s request for an update
Ref. No. AG.01/109

Office of the Auditor-General
Ministries Block ‘O’
P. O. Box MB 96
Accra
Tel. (021) 662493
Fax (021) 662493
1 October 2003

Dear Sir,

SPECIAL REPORT OF THE AUDITOR-GENERAL ON AUDIT/INVESTIGATION INTO THE PURCHASE OF EX UNITED KINGDOM (UK) MINISTRY OF DEFENCE (MOD) BEDFORD AND LAND ROVER TRUCKS

AND

MACKEREL IN PEPPER SAUCE AND TUNA SOLID IN PURE VEGETABLE OIL FOR MINISTRY OF DEFENCE

I have the honour to submit to you for presentation to Parliament 250 copies of my special report on investigation into the above procurement for the Ministry of Defence by the former Minister of Defence, Lt. Col. (Rtd) E. K. T. Donkoh, pursuant to Article 187 (8) of the 1992 Constitution of the Republic of Ghana and Section 18 (2) of the Audit Service Act, 2000 (Act 584).

2. It took over 18 months to conduct thorough investigation into the allegations, particularly, in the midst of the considerable public interest and media speculation. We did a thorough review of the massive volumes of documents, including the reports of the two Board of Inquiry set by the Ministry of Defence. We also found it necessary to await the performance reports arising from the “wet lease” of some of the vehicles to UN on MONUC Operations in Democratic Republic of Congo.

3. The report highlights the significant findings arising from our investigations. It includes administrative lapses in contravention of the Financial Administration Regulations (FAR) 1979 that came to light.

4. I wish to acknowledge the cooperation and assistance accorded the audit team by the Chief Director and staff of the Ministry of Defence as well as the Chief of Staff/GHQ and officers of the Ghana Armed Forces Base Workshop in the course of the investigation. I would also like to thank my staff for their assistance.
5. I trust that this report will meet the approval of Parliament.

Yours sincerely

EDWARD DUA AGYEMAN
AUDITOR-GENERAL

THE RT. HON. SPEAKER
OFFICE OF PARLIAMENT
ACCRA
REPORT OF THE AUDITOR-GENERAL ON AUDIT/INVESTIGATION INTO THE PURCHASE OF EX UNITED KINGDOM (UK) MINISTRY OF DEFENCE (MOD) BEDFORD AND LAND ROVER TRUCKS AND MACKEREL IN PEPPER SAUCE AND TUNA SOLID IN PURE VEGETABLE OIL FOR MINISTRY OF DEFENCE

EXECUTIVE SUMMARY

1. In 2000 Ministry of Defence imported 20 Bedford and 15 land Rover Trucks of between 18 and 20 years old at a total cost of £401,500.

2. The vehicles arrived in early 2001 at the Port of Tema. The Customs Excise and Preventive Service (CEPS) found the vehicles to be over-aged, and that their importation therefore contravened Act 552 of 1998. The vehicles were consequently seized by CEPS and forfeited to the Government and Notice of Seizure issued to the Ghana Armed Forces, Ministry of Finance intervened and the vehicles were released to the Ghana Armed Forces.

3. In January 2001 the Chief of Defence Staff set up a Board of Officers to examine the procurement of the vehicles. The Board was to establish *inter alia*, background to the procurement, procurement procedures and other matters relevant to the work of the Board.

4. The Board’s opinion was that the former Minister of Defence, Lt. Col. E.K.T. Donkoh (Rtd) took advantage of the December 2000 elections and ignored GAF procurement procedures and single-handedly ordered the over-aged vehicles. That there was no transparency in the transactions and therefore created suspicion and doubts. And that it would be very expensive and uneconomical to maintain the vehicles.

5. The Board, therefore, recommended that the vehicles should be rejected and Lt. Col. E.K.T. Donkoh made to refund the full cost of the vehicles totalling four hundred and one thousand, five hundred pounds sterling (£401,500) to GAF.
6. In November 2000, MOD found it expedient to build adequate stocks of dry food items to mitigate any feeding problems that GAF might face in the run-up to the 7 December 2000 elections.

7. MOD ordered canned fish at a total cost of ₵1.308 billion to GAF from a Tema based food processing company (Myroc Food Processing Company Limited).

8. It was alleged that the transaction was not transparent and that it did not follow GAF procurement procedures. That the former Minister Lt. Col. E.K.T. Donkoh should provide explanations for the issues raised.

9. Another Board of Enquiry was set up to investigate the issues raised in connection with the order of the canned fish from Myroc.

10. The Board recommended that GAF should negotiate with Myroc and get the rest of the order involving 4,660 cartons of mackerels in pepper sauce and 400 cartons of tuna in pure vegetable oil delivered. That in view of the controversies surrounding the transaction with Myroc, GAF should review further business transactions with the company.

11. The two transactions were referred to the Auditor-General to investigate and to establish whether administrative procedures followed in the two transactions were appropriate and in line with the laid down regulations; and whether there was economic or financial loss to the State.

12. We thoroughly conducted investigations into both the procurement of the vehicles and the canned fish. Our findings were that:

   - There was a common view that the bulk purchase of the canned fish, with little or no regard for the level of stocks of other food items was not prudent. However, at the time of our investigation the entire canned fish had been delivered to GAF and utilised.

   - There was the general perception that there was a possible breach of administrative procedures. We found this to exist.
We did not find from any of the documents, nor was any suggestion made to us, that the prices were inflated with resultant kick-backs.

The decision to procure the vehicles was taken by the National Security Council for the Government of the day.

The vehicles procurement processes involved the entire Government administrative machinery, namely, Minister of National Security, Minister of Defence, Chief Director/MOD and Ghana High Commission in London.

The cost of the freight in respect of the vehicles was too high. Renegotiation would have been prudent particularly when it became obvious that the vehicles could not be delivered in Ghana before the December 2000 elections.

On the orders of the Ghana Government, 16 of the Bedford trucks and 8 of the Land Rovers were given on “wet lease” for the UN Peacekeeping Operations in Democratic Republic of Congo for use by the Ghanaian troops.

Records showed that the vehicles were extensively examined and tested under UN regulations before they were sent in two batches on 15 and 20 October 2001.

UN would reimburse Government of Ghana for the use of the vehicles in DR Congo at the rate of US$1,586.19 per month for each Bedford Truck and US$1,328.65 per month for each Land Rover.

The vehicles are still on lease in DR Congo as confirmed by MOD on 21 July 2003.
It was confirmed by the Controller and Accountant-General that reimbursement from the "wet lease" are paid to the Treasury Officer, New York Mission.

Auditor-General's Conclusions and Recommendations

We noted that there were breaches of administrative procedures by all persons connected with the procurement of the vehicles and the canned fish. However, we do not find these breaches sufficient grounds for any criminal sanctions.

We noted that the decision to purchase the vehicles and pay for them from the Special UNIFIL Account in New York was endorsed by the former President (Flt Lt. J. J. Rawlings) the then Commander-in-Chief of the GAF. Therefore, the Ministers and other officials could not be sanctioned, especially where no criminal transactions were found.

Our findings do not support the allegation that the former Minister of Defence, Lt. Col. E.K.T. Donkoh, single-handedly authorised the purchase of the military vehicles.

Our findings do not support the view, and we have no reason to believe that the purchase of the vehicles and the canned fish resulted in economic or financial loss to the State. Furthermore, the fact that the "wet lease" of the vehicles is providing substantial earnings to the GAF seriously undermines the credibility of the perception that the acquisition of the vehicles has caused economic or financial loss to the State.

Based on our findings and the conclusions reached, we wish to recommend that any further investigation into the purchase of Bedford and Land Rover trucks and canned fish from Myroc Food Processing Company Limited in 2000 for the GAF be discontinued and put to rest.
1. INTRODUCTION

Background
On 11 October 2000 the Chief of Staff of the Ministry of Defence wrote to the Director (Mr. George Adams) Government and Military Operations, Land Rover Ltd, Warwick, England, (Ref HA.153/593/01) that the Ministry had an urgent requirement for Left Hand Drive (LHD) Bedford 5-ton and/or 3-ton TCVs, and Long Wheelbase Land Rover (canvas top, military specification) vehicles.

Depending on unit prices, the Ministry was contemplating procuring certain quantities to arrive at the Port of Tema not later than the end of November 2000. The letter referred to a company called Hobson Industries Ltd which might be able to supply from ex UK MOD stocks following the end of the cold war. The Chief Director’s letter also requested Mr. George Adams to obtain quotations for the Ghana MOD and advise the possibility of their arrival in Ghana latest end of November 2000.

The Chief Director’s letter to the Director, Government and Military Operations was referred to a company called TWG Plant & Commercial Sales, Newhill Green, Fillongley, near Coventry, United Kingdom. The company sent a Pro forma invoice dated 1 November 2000 offering the following vehicles:

- 20 x Bedford MK4 ton with full canvas hood and troop carrying capacity.
- 15 x Land Rover 110 2.5 Dsl General service Cargo Units

20 x Bedford Vehicles @ £12,000 per unit - £240,000
15 x Land Rover Vehicles @ £8,500 per unit - £127,500
Shipping costs to reach destination on or by Nov. 30, 2000 - £34,000
Total - £401,500
On 10 November 2000 the Chief Director confirmed the order by fax and requested TWG Plant and Commercial sales to arrange shipment, etc to ensure that the vehicles arrived at Port of Tema by the end of November 2000. That the company might contact the Defence Attaché, Ghana High Commission in London for assistance if required. And that payment was being arranged from New York into the company’s bank account, which had earlier been provided by the company as:

Alied Irish Bank
Station Square
27/33 Eaton Road
Coventry CV1 2FJ

Account Number 33439048

On 10 November 2000, in a letter Reference No. H.331/459/02, Minister of Defence, requested the Chief of Staff, Office of the President, the Castle – Osu, that the sum of four hundred and one thousand, five hundred pounds (£401,500) to be transferred from the Special UNIFIL Account New York into the bank account of TWG Plant & Commercial Sales.

The Minister of Defence’s letter to the Chief of Staff, Office of the President, indicated further that the Hon. Minister of Finance had agreed that because the vehicles were required urgently by the Ghana Armed Forces in its operations towards the December 7, 2000 elections, the funds should be taken from the Special UNIFIL Account, and that he would reimburse the account in due course.

The office of the Chief of Staff, Office of the President, wrote to the Controller and Accountant-General that the office had received the request from the Minister of Defence for the transfer of £401,500 to the Alied Irish Bank in Coventry in favour of TWG Plant & Commercial Sales, and that the office of the Chief of Staff had no objection to the request and would therefore appreciate his prompt release of the £401,500 involved.

The Chief Director, Ministry of Defence sent a fax to the Defence Adviser in London informing him of order of the 20 Bedford 5-ton and 15 Land Rover 110 2.5 DSL trucks from TWG Plant & Commercial Sales in Coventry. The fax
stated further that the vehicles were expected to arrive in Ghana to be used in support of the 2000 elections, and that they should arrive at Port of Tema by 30 November 2000 or latest 3 December 2000. The Defence Adviser was requested to contact Mr. Ian R. White, an official of the company, with the view of helping to ensure that the vehicles would be received as expected. The Chief Director urged the Defence Adviser to impress upon the company the urgency of the order and hoped they would deliver without fail.

On 28 November 2000 Mr. Ian White, in a fax informed the Chief Director that the company was then in a position to advise shipment of the order. That the vehicles were aboard MV Grand Atlantico closing on 7 December 2000 at Tilbury docks and scheduled for arrival in Tema 14 days later on 21 December 2000. Bills of Lading and all necessary documents would be made out in the name of the Ministry of Defence, Burma Camp, Accra, Ghana and marked for the attention of the Chief Director.

Delayed shipment
On 22 December 2000, Mr David D Hoare of the company informed MOD of the shipment of the order. A fax stated that after unforeseen delays I can now advise shipment of the above order of the vehicles set out in Ghana MOD order H.331/459/02. The vehicles are aboard MV Kaoro sailing from Teeside on the 23 December 2000 scheduled for arrival in Tema on 9 January 2001.

Explaining the delayed shipment, Mr. David Hoare said in his fax that despite assurances that the vehicles could be exported using an Open General Export Licence (OGEL) it was discovered at a very late stage that as the vehicles are EX UK MOD they would be subject to certain restrictions of use and would require a Standard Individual Export Licence (SIEL). That required lengthy application procedures through the Department of Trade and Industry (DTI) in London.

With assistance through the good offices of the Ghanaian High Commission in London the company was able to procure the necessary End User Declaration and delivered the Export Licence application for process on 4 December 2000. Commodore C. B. Puplampu, the Defence Attaché at the Ghana High
ommision was most helpful and made personal representation to the DTI to assist in the process of procuring the licence. The licence was received by the company from the DTI on Wednesday 20 December 2000 and immediately had it delivered to HM Customs and Excise in Teeside for scrutiny. The company apologised to the MOD for what they called the unfortunate delay and for any inconvenience caused.


Notice of seizure of vehicles
Chief of Staff, General Headquarters, Ghana Armed Forces, in a letter Ref. GHO/1005/21/COS dated 16 March 2001 informed the MOD (CD) of the seizure of 20 x Unpacked Units Bedford MK 5 ton and 15 x Unpacked Land Rover 110 2.5 Diesel Vehicles.

The letter indicated that DST had indicated that the vehicles that arrived at the Port of Tema for the GAF are over-aged. Their importation therefore contravenes ACT 552 of 1998. The vehicles were consequently seized by CEPS and forfeited to the Government. CEPS issued Notice of Seizure numbers 389283 and 389284 dated 01-02-2001.

Chief of Staff’s letter further stated that it was understood that the vehicles are part of a NATO reserve which were only sparingly used to ensure their serviceability. Their ages do not therefore accurately reflect the limited use to which they have been put. It would therefore be appreciated to seek an exemption for their clearance on the grounds that:

a. The vehicles are all military pattern types imported for the exclusive use of the GAF and not for commercial purposes or private use.

b. The vehicles have not been used extensively, they can therefore be run for many more years to come.
A Board of Officers had been convened to investigate the circumstances surrounding the procurement and its report was awaited. In the interim, the COS was recommending that the matter be taken up with the Ministry of Finance for the release of the vehicles to prevent any further deterioration.

On 4 April 2001 a Director of MOD in a letter Ref. No. HS.153/730/01 took up the matter with the Ministry of Finance and requested the Ministry to authorise EPS to allow GAF to clear the vehicles from the Port of Tema.
2. REPORT OF BOARD OF OFFICERS TO EXAMINE THE PROCUREMENT OF EX UNITED KINGDOM MINISTRY OF DEFENCE VEHICLES – BY ORDER OF LT GEN. B. K. AKAFIA (GH/50) CHIEF OF DEFENCE STAFF

In January 2001 the Chief of Defence Staff set up a Board of Officers to examine the procurement of the vehicles. The Board was to establish, inter alia, the background to the procurement, procurement procedures and other matters relevant to the work of the Board.

Opinion of the Board

The Board was of the opinion that:

a. The former Minister of Defence, Lt. Col. E. K. T. Donkoh (Rtd) took advantage of the December 2000 elections to ignore the procurement procedures in the GAF and single handedly procure over-aged vehicles which are not included in the vehicles standardised list.

b. There was no transparency in the procurement of these vehicles, hence the acquisition lends itself to suspicion and doubts.

c. It will be very expensive and uneconomical to maintain the vehicles.

Recommendations of the Board

The Board recommended the following:

a. The vehicles should be rejected.

b. The former Minister, Lt. Col E. K. T. Donkoh (Rtd) should be held responsible for the procurement. He should refund the full cost of Four Hundred and One Thousand, Five Hundred Pounds Sterling (£401,500) to the GAF.
3. PURCHASE OF MACKEREL IN PEPPER SAUCE AND TUNA SOLID IN PURE VEGETABLE OIL FOR THE-GHANA ARMED FORCES

Background
We noted from the Chief Director, Ministry of Defence's letter Ref. HA.153/631/01 dated 10 November 2000 that the Ministry found it expedient to build adequate stocks of dry food items to mitigate any feeding problems the Ghana Armed Forces might face in the run-up to the 7 December 2000 elections.

Order from Myroc Food Processing Company Limited
The Ministry of Defence got in touch with and received from Myroc Food Processing Company Limited Pro-forma invoice dated 6 November 2000 for the following:

| Item                                | Quantity | Total  
<table>
<thead>
<tr>
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<tr>
<td>Mackerel in Pepper Sauce</td>
<td>5,000 crt x 48</td>
<td>1,200,000,000</td>
</tr>
<tr>
<td>Fortified with Iodated Salt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuna Solid in Pure Vegetable Oil</td>
<td>500 crt x 48</td>
<td>108,000,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,308,000,000</td>
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Terms of payment
70% down payment with order. Balance to be paid when order is fully delivered. Invoice valid for two weeks.

In his letter Ref. No. HA.153/631/01 dated 10 November 2000, the Chief Director, MOD applied to Ministry of Finance for the release of $1,308,000,000 in favour of Messrs Myroc Food Processing Company Limited for the supply of dry food items to the Ghana Armed Forces as per the attached Pro-forma invoice dated 6 November 2000. The letter requested Ministry of Finance as a matter of urgency to release funds to meet the request.

Ministry of Finance in a letter Ref. No. B.380/1/2000 dated 20 November 2000 conveyed authority to the Controller and Accountant-General to release the sum
of €1,308,000,000 (One Billion, Three Hundred and Eight Million Cedis) to the Minister of Defence to enable him pay Messrs Myroc Food Processing Company Limited for the supply of dry food items to the Ghana Armed Forces.

We found it strange that both the Chief Director, MOD and Ministry of Finance ignored the terms on the Pro-forma invoice that “70% of the amount is payable with the order and the balance paid when the order is fully delivered.”

As at 4 January 2001 the company had supplied only 340 cartons x 48 (7%) of mackerel in pepper sauce and 100 cartons x 48 (20%) of tuna solid in pure vegetable oil. In a letter Ref. No. GH Q/15174/ST dated 4 January 2001 the Directorate Suppliers and Transport of GAF requested the company to resume the supply of the remaining tinned fish items. The balance yet to be delivered stood at:

- 4,660 cartons x 48 mackerel in pepper sauce
- 400 cartons x 48 tuna solid in pure vegetable oil.

Our information is that delivery of the order seemed to have been stopped at the instance of GAF. The Managing Director of Myroc Food Processing Company Limited in May and August 2001 wrote to the Director, Supply and Transport/GAF, and the Chief Director/MOD respectively pleading with them to get the canned fish collected. A summary of the contents of the two letter is provided below:

**Ref. MFPC/010/GAF.1 dated 22 May 2001.**

During the latter part of last year MOD ordered a quantity of assorted canned fish from our company. Even though a high powered delegation from the military inspected the remaining products in our yard, up till now nothing has been done towards their eventual collection.

The result is that our warehouse is choked at a very great cost to us. Export orders have been turned down by us for lack of space ...............production has come to a halt, workers have been sent home and company finances have deteriorated to their lowest levels. Because of this, we will be unable to bear the
cost of security for your products from the end of May 2001. Your prompt response is highly anticipated.

Ref. No. MFPC/010/GAF.5 dated 6 August 2001

Around October last year we were given a fully paid contract by your outfit to supply 48 x 5,000 cartons of Mackerel in Pepper Sauce and 48 x 500 cartons of Tuna Solid in Oil. The order was completely executed by the close of last year and partial supplies were done to the S & T depot. For about six months now nothing has been heard from your outfit again. The inconvenience caused to us and the cost of warehousing these items cannot be over emphasised.

We are therefore craving your indulgence to ensure that your outfit honours its side of the bargain by ensuring prompt collection of the balance left in our warehouse. Please treat this letter with all the seriousness that it deserves.

The above piece of information confirm that the hold up in delivery of the canned fish was at the instance of GAF.

On 1 October 2001 in a letter Ref. GHQ/6655/1/JAG, the Judge Advocate General confirmed that GAF could legitimately make a demand for the supply of the fish as payment was fully made. However, as the matter was referred to the CID for further investigation, any decision to request the company the supply the outstanding cartons should be taken in consultation with CID/HQ.

The Deputy Commissioner/CID in a letter Ref. S.7/SF/101 dated 19 October 2001 requested the Auditor-General to nominate one officer to supervise delivery of the tinned fish to GAF. On 24 October 2001 the Deputy Auditor-General/F & A nominated an officer accordingly. Our information is that the order was fully delivered.
4. REPORT OF BOARD OF INQUIRY ON INVESTIGATION INTO THE PURCHASE OF FISH FROM MYROC FOOD PROCESSING COMPANY LIMITED FOR THE USE OF THE GHANA ARMED FORCES

Between 28 February and 6 April 2001 a Board of Inquiry was set up to investigate the circumstances leading to the purchase of the canned fish.

Opinion of the Board

Among the opinion expressed included:

a. All future purchases for the GAF irrespective of the source of funding should be necessarily follow procurement procedures.

b. As much as practicable and to foster good working relationship, appropriate chain of command should be maintained in all ‘G’, ‘A’ and ‘Q’ matters between MOD (CD) and MOD (GHQ).

c. Except with prior approval of appropriate authority, DGs and Directors at GHQ should not commit the GAF to any financial obligations which are beyond their scope of authority.

d. MOD should take immediate steps to negotiate the final outcome of this transaction with Myroc Food Processing Company Limited.

e. Rules and regulations pertaining to any form of suspension should be rigidly enforced and fairly applied.

f. The former Minister of Defence and the former DST should be made to provide explanations for the issues raised in the Board’s findings.

 g. In view of the controversies and two BOIs instituted in connection with transaction with Myroc Food Processing Company Limited, GAF should review further business transactions with the company.
5. **AUDIT / INVESTIGATION BY THE AUDITOR-GENERAL**

The Deputy Commissioner/CID on 17 September 2001 referred to the Auditor-General a case of alleged impropriety in the purchase of Ex-United Kingdom Ministry of Defence vehicles for the Ghana Armed Forces and canned fish for the Ghana Armed Forces.

The Auditor-General was requested to liaise with the Chairman/Special Investigation Task Force, Police Headquarters for assistance. D/Chief Inspector Hope Nyadi and D/Inspector D. A. Annan were assigned to assist in the investigation.

**Methodology**

Looking at the nature of the case, which basically involved documentation, we reviewed all the documents concerning the procurement of the vehicles and the canned fish. We also interviewed and had frequent interaction with the following persons:

a. Lt. Col. E. K. T. Donkoh (Rtd), former Minister of Defence
b. Chief Director, Ministry of Defence
c. Officers at the Office of the Chief of Staff, General Headquarters, GAF.

**Audit of Peacekeeping Accounts of the Ghana Armed Forces for the period 1998 to 2001**

We had earlier audited the Peacekeeping Accounts of the Ghana Armed Forces of the period 1998 to 2001. Part of our findings where relevant are included in this report.

**Findings/Opinion**

**Purchase of vehicles**

a. We noted that £401,500 or US$567,360 was transferred from the Special Peacekeeping Account of the Ghana Armed Forces for the purchase of 20 used Ex British Army Bedford Trucks and 15 Land Rovers.
b. We did not sight any valuation certificate on the used vehicles as demanded by Section 691 of the Financial Administration Regulations. This requires that:

- If purchase of a used equipment is to be made on the basis of a negotiated price, the purchasing officer shall obtain an independent valuation by a competent technical officer; and the valuation certificate shall be attached to the relevant payment voucher.

- In the circumstance there was no assurance that the flat unit rates of £12,000 and £8,500 quoted respectively for the used Bedford Trucks and Land Rovers represented fair and reasonable prices.

c. Regarding the freight cost of £34,000 charged by TWG Plant & Commercial Sales, we find it to be high and that this was occasioned by the urgency attached to the order requiring delivery to Ghana latest by 3 December 2000 to meet GAF's preparations for the 7 December elections. In our opinion, the urgency attached to the order was negated by delay in documentation and MOD's delay in making payment to the company until 22 November 2000. Therefore MOD should have renegotiated the freight charges with TWG Plant & Commercial Sales after 28 November 2000 when it became obvious that the vehicles could no more reach Ghana before 3 December 2000 to be deployed by the Ghana Armed Forces on 7 December 2000 for elections.

d. Our enquiries at the Ghana High Commission, London disclosed the existence of Department within the British Ministry of Defence known as the Defence Sales Agency (DSA) that disposes of all surplus UK military equipment and that in dealing through DSA one could inspect, evaluate and negotiate for any desired equipment.
e. We believe that if Ghana High Commission had been involved, through the Defence Advisor, in sourcing and negotiating for the purchases directly with the British Ministry of Defence it would have resulted in cost savings compared with the arrangement that was made through commercial sources.

Main objective of the Auditor-General’s audit/investigation

The two Board of Inquiry found that:

a. Ghana Armed Forces laid down Procurement Policy and Procedures were not observed in the purchase of the vehicles and the canned fish.

b. There was no transparency in the procurement of the vehicles, hence the acquisition lends itself to suspicion and doubts.

c. The vehicles have been extensively used, they were too old and there were no spare parts backing for the vehicles.

d. It will be very expensive and uneconomical to maintain the vehicles.

The recommendations of the two Boards were that:

a. Ministry of Defence did not get value for money for the vehicles and should be rejected.

b. The former Minister of Defence, Lt. Col. E. K. T. Donkoh (Rtd) should be held responsible for the procurement. He should refund the full cost of £401,500 to GAF.

c. The procurement has resulted in economic or financial loss to the State, and that there was the need for further investigation at governmental level.
With the above findings and recommendations the main tasks of the Auditor-General were two fold:

a. To establish whether the administrative procedures followed in the two transactions were appropriate and in line with the laid down regulations.

b. To establish whether there was economic or financial loss to the State.

**Purchase of mackerel in Pepper Sauce and Tuna Solid in Pure Vegetable Oil**

a. We were informed that there was the need to buy adequate stocks to mitigate any feeding problems GAF might face in the run-up to the 7 December 2000 elections.

b. A special order for the canned fish was placed for use by the Armed Forces and given their special nature in size and specially designed labels they were precluded from being made available for sale on the open market.

c. We did not find it feasible to undertake any open market price comparison in view of their special nature as stated in (b) above.

d. We did not find from any of the documents, nor was any suggestion made to us that the prices were inflated with resultant kick-backs.

e. There was a common view that the bulk purchase of the canned fish, with little or no regard for the level of stocks of other food items was not prudent. However, at the time of our investigation the entire canned fish had been delivered to GAF and utilised.

f. There was the general perception that there was a possible breach of administrative procedures. We found this to exist.
Purchase of Ex United Kingdom Ministry of Defence vehicles for the
Ghana Armed Forces

a. We noted from the records made available to us and the interviews
we had with the former Minister of Defence that the decision to
procure the vehicles was taken by the National Security Council for
the Government of the day.

b. The vehicles procurement processes involved the entire
Government administrative machinery, namely, Minister of
National Security, Minister of Defence, Chief Director/MOD,
Minister of Finance and Ghana High Commission in London.

c. Assessment of the costs of the vehicles was a controversial issue.
How do you assess the prices of 18 to 20 years old vehicles
branded as "old in terms of date but fairly new in terms of
usage"? We therefore decided to defer expressing our opinion on
the cost of the vehicles until we have determined their performance
(see below).

d. We found the cost of the freight to be high, as we have indicated
earlier in this report. Renegotiation would have been prudent
particularly when it became obvious that the vehicles could not be
delivered in Ghana before 3 December 2000.

Assessing the performance of the vehicles

In October 2001 we visited the Base Workshop/MOD to find out the state of
the vehicles since the general perception of the performance of the vehicles
was that they were too old and would be uneconomical to maintain them.

We were informed that on the orders of the Ghana Government 16 of the
Bedford trucks and 8 of the Land Rovers have been dispatched to the
Democratic Republic of Congo for use by the Ghanaian troops involved in the
United Nations (UN) Peacekeeping Operations. We were shown documents
indicating that the vehicles were sent on "wet lease". We were further
informed that the vehicles were extensively examined and tested under UN regulations before they were sent in two batches on 15 and 20 October 2001.

The records made available to us indicated that UN would reimburse Ghana Government for the use of the vehicles in DR Congo at the following rates per month/truck (See Appendices 1A and 1B).

<table>
<thead>
<tr>
<th></th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bedford Truck</td>
<td>1,586.19</td>
</tr>
<tr>
<td>Land Rover</td>
<td>1,328.65</td>
</tr>
</tbody>
</table>

At the time of our visit to the Base Workshop in October 2001 two of the Land Rover vehicles were found to be unserviceable, while the rest had been allocated to the joint military/police anti-robbery patrol teams.

In July 2003, 21 months after our initial visit to the Base Workshop, we requested the Chief of Staff/ GHQ to give us an update on the location and condition of the Bedford and Land Rover vehicles that were the subject of our audit/investigation.

The Chief of Staff responded that the 20 Bedford and Land Rover vehicles are deployed as follows: (See Appendices 2A and 2B).

<table>
<thead>
<tr>
<th>BEDFORD TRUCKS</th>
<th>LAND ROVERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td>MONUC operations in DR Congo</td>
<td>16</td>
</tr>
<tr>
<td>1 Signal Regiment</td>
<td>1</td>
</tr>
<tr>
<td>Recce Regiment</td>
<td>1</td>
</tr>
<tr>
<td>HQ Southern Comman</td>
<td>1</td>
</tr>
<tr>
<td>Army HQ</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20</strong></td>
</tr>
</tbody>
</table>
We strategically waited for some time to pass, in this case 21 months, to enable us to reach reasonable conclusion on the performance of the vehicles. On 24 July 2003 we got confirmation from the Chief of Staff/General Headquarters/GAF that:

a. All the 20 Bedford Trust are serviceable and in use and that 16 of them are still on wet lease to UN on MONUC Operations in DR Congo.

b. Eight of the 15 Land Rover trucks are serviceable and on lease to the UN on MONUC Operation in DR Congo.

c. The remaining seven Land Rover Trucks are redeployed for home use but currently unserviceable.

We have confirmation from the Controller and Accountant-General that reimbursements from the "wet lease" of the vehicles are paid to the Treasury Officer, New York Mission. However, from 7 March 2003 instruction has been sent for the reimbursement to be made into Barclays Bank Plc Account No. 280568476 in London.

**Conclusions**

We wish to conclude that based on the records and information made available to us:

a. We noted that there were breaches of administrative procedures such as the purchase of used vehicle without negotiating the price and obtaining independent valuation by a competent technical officer and attaching the valuation certificate to the payment voucher. However, we do not find these breaches sufficient grounds for any criminal sanctions.

b. The decision to purchase the military vehicles was taken by the National Security Council and authorised its implementation by the former Minister of Defence.

c. The decision to purchase the vehicles and to pay for them from the Special UNIFIL Account in New York (to be reimbursed by the
Minister of Finance in two weeks) was endorsed by the former President (Flt. Lt. J. J. Rawlings) the then Commander-in-Chief of GAF.

d. Our audit/investigation findings do not support the allegation that the former Minister of Defence, Lt. Col. E. K. T. Donkoh, single-handedly authorised the purchase of the military vehicles.

e. Our audit/investigation findings do not support the view, and we have no reason to believe that the purchase of the vehicles and the canned fish resulted in economic or financial loss to the State. Furthermore, the fact that the "wet lease" of the vehicles is providing substantial earnings to the Ghana Armed Forces seriously undermines the credibility of the perception that the acquisition of the vehicles has caused economic or financial loss to the State.

Recommendation

Based on our findings and the conclusions reached we wish to recommend that any further investigation into the purchase of Bedford and Land Rover trucks and canned fish from Myroc Food Processing Company Limited in 2000 for the Ghana Armed Forces be discontinued and put to rest.

EDWARD DUA AGYEMAN
AUDITOR-GENERAL
# APPENDIX 1A

## Major Equipment Provided By the Government

### GHANA GUARD UNIT BASANKUSO

### 1 - Requirement

**Method of reimbursement:** Wet Lease

For the period starting 15 October 2001

<table>
<thead>
<tr>
<th>Factors:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental:</td>
<td>1.80 %</td>
</tr>
<tr>
<td>Intensified Operational:</td>
<td>0.80 %</td>
</tr>
<tr>
<td>Hostility / Forced Abandonment:</td>
<td>2.90 %</td>
</tr>
<tr>
<td>Incremental Transportation:</td>
<td>0.50 %</td>
</tr>
</tbody>
</table>

### Equipment Item

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Containers</td>
<td>2</td>
<td>70.00</td>
<td>71.96</td>
<td>143.92</td>
</tr>
<tr>
<td>Support Vehicles (Commercial Pattern)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobile (4x4)</td>
<td>2</td>
<td>544.00</td>
<td>565.32</td>
<td>1,131.06</td>
</tr>
<tr>
<td>Truck utility/cargo (1.5 to 2.4 ton)</td>
<td>2</td>
<td>603.00</td>
<td>623.92</td>
<td>1,247.84</td>
</tr>
<tr>
<td>Support Vehicles (Military Pattern)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jeep (4x4) with military radio</td>
<td>4</td>
<td>1,277.00</td>
<td>1,328.65</td>
<td>5,314.60</td>
</tr>
<tr>
<td>Truck utility/cargo (2.5 to 5 ton)</td>
<td>8</td>
<td>1,529.00</td>
<td>1,586.19</td>
<td>12,689.52</td>
</tr>
<tr>
<td>Truck maintenance medium</td>
<td>1</td>
<td>1,194.00</td>
<td>1,234.74</td>
<td>1,234.74</td>
</tr>
<tr>
<td>Truck, recovery (up to 5 tons)</td>
<td>1</td>
<td>2,202.00</td>
<td>2,287.84</td>
<td>2,287.84</td>
</tr>
<tr>
<td>Subtotal:</td>
<td>21,526.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trailers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light cargo single axle</td>
<td>2</td>
<td>90.00</td>
<td>97.28</td>
<td>186.56</td>
</tr>
<tr>
<td>Water Trailer (2,000 to 7,000 litres)</td>
<td>4</td>
<td>365.00</td>
<td>379.32</td>
<td>1,517.32</td>
</tr>
<tr>
<td>Subtotal:</td>
<td>1,703.88</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logistics Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel tank (9,000 ltrs) Special Case</td>
<td>1</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Subtotal:</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Armament</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crew served machine guns (up to 10mm)</td>
<td>8</td>
<td>38.00</td>
<td>39.12</td>
<td>312.96</td>
</tr>
<tr>
<td>Mortars (61mm to 82mm)</td>
<td>4</td>
<td>50.00</td>
<td>51.48</td>
<td>205.92</td>
</tr>
<tr>
<td>Subtotal:</td>
<td>518.88</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrical - Generators - Stationary and Mobile</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generator 20KVA to 30KVA</td>
<td>2</td>
<td>545.00</td>
<td>561.76</td>
<td>1,123.52</td>
</tr>
<tr>
<td>Subtotal:</td>
<td>1,123.52</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Wet Lease:** US$ 1,123.52

As of: 17/09/2001

---

*Draft*
# Major Equipment Provided By the Government

**GHANA GUARD UNIT M'BANDAKA**

## 1 - Requirement

**Method of reimbursement : Wet Lease**

For the period starting 20 October 2001

<table>
<thead>
<tr>
<th>Factors</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>1.80%</td>
</tr>
<tr>
<td>Intensified Operational</td>
<td>0.80%</td>
</tr>
<tr>
<td>Hostility / Forced Abandonment</td>
<td>2.90%</td>
</tr>
<tr>
<td>Incremental Transportation</td>
<td>0.50%</td>
</tr>
</tbody>
</table>

### Equipment Item

<table>
<thead>
<tr>
<th>Equipment Item</th>
<th>Qty</th>
<th>Monthly Rate US$</th>
<th>Total Monthly Reimbursement including Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Containers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other containers</td>
<td>2</td>
<td>70.00</td>
<td>143.92</td>
</tr>
<tr>
<td><strong>Support Vehicles (Commercial Pattern)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobile (4x4)</td>
<td>2</td>
<td>544.00</td>
<td>1,131.06</td>
</tr>
<tr>
<td>Truck utility/cargo (1.5 to 2.4 ton)</td>
<td>2</td>
<td>603.00</td>
<td>1,247.84</td>
</tr>
<tr>
<td><strong>Support Vehicles (Military Pattern)</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Support Vehicles (Military Pattern)</strong></td>
<td></td>
<td></td>
<td>21,526.70</td>
</tr>
<tr>
<td><strong>Trailers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light cargo single axle</td>
<td>2</td>
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<td>186.56</td>
</tr>
<tr>
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<td>4</td>
<td>365.00</td>
<td>1,517.32</td>
</tr>
<tr>
<td><strong>Logistics Equipment</strong></td>
<td></td>
<td></td>
<td>1,703.88</td>
</tr>
<tr>
<td>Fuel tank (9,000 ltrs) Special Case</td>
<td>1</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Armaments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crew served machine guns (up to 10mm)</td>
<td>8</td>
<td>38.00</td>
<td>312.96</td>
</tr>
<tr>
<td>Mortars (61mm to 82mm)</td>
<td>4</td>
<td>50.00</td>
<td>205.92</td>
</tr>
<tr>
<td><strong>Electrical - Generators - Stationary and Mobile</strong></td>
<td></td>
<td></td>
<td>518.88</td>
</tr>
<tr>
<td>Generator 20KVA to 30KVA</td>
<td>2</td>
<td>545.00</td>
<td>1,123.52</td>
</tr>
<tr>
<td><strong>Total Wet Lease</strong></td>
<td></td>
<td></td>
<td>1,123.52</td>
</tr>
</tbody>
</table>

As of: 17/09/2001
APPENDIX 2
RESTRICTED

OFFICE OF THE CHIEF OF STAFF
GENERAL HEADQUARTERS
GHANA ARMED FORCES
BURMA CAMP
ACCRA
Tel 777051

GHQ/1005/21/COS
MOD/CDS

RECEIVED
74 JUL 2003

RESPONSE TO AUDITOR'S REQUEST

1. The Auditor-General requested an update on the location and serviceability of the Bedford and Land Rover vehicles purchased for the Ghana Armed Forces.

2. A total of 20 Bedford and 15 Land Rovers are deployed as follows:

   a. Bedford Vehicles

      (1) MONUC Operations in DR Congo - 16 vehicles (all serviceable).

      (2) 1 Signal Regt - 1 vehicle (serviceable).

      (3) Recce Regt - 1 vehicle (serviceable).

      (4) HQ Southern Command - 1 vehicle (serviceable).

      (5) Army HQ - 1 vehicle (serviceable).

   b. Land Rover Vehicles

      (1) MONUC Operations in DR Congo - 8 vehicles (all serviceable).

      (2) Base Workshop - 7 vehicles (all unserviceable).
3. Respectfully submitted for your information and further action, please.

SA ODOTEI
Brigadier
Chief of Staff