

IN THE SECOND SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH REPUBLIC
OF GHANA

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

ON THE

REPORT OF THE AUDITOR-GENERAL

ON THE

PUBLIC ACCOUNTS OF GHANA

**(MINISTRIES, DEPARTMENTS AND OTHER
AGENCIES)**

**FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER
2015**

1.0 INTRODUCTION

- 1.1 The Report of the Auditor-General on the Public Accounts of Ghana - Ministries, Departments and Agencies (MDAs) for the financial year ended 31st December 2015 was presented to the House on 2nd June, 2017 in accordance with Article 187 of the 1992 Constitution of the Republic of Ghana.
- 1.2 The Report was referred to the Public Accounts Committee (PAC) for examination and report pursuant to Order 165(2) of the Standing Orders of the Parliament of Ghana.
- 1.3 To consider the Report, the Committee held public hearings to deliberate on the findings of the Auditor General. The Committee was assisted in its work by the various Ministers, Deputy Ministers, Chief Directors and officials of the respective MDAs,
- 1.4 The Committee wishes to express its appreciation to them all.

2.0 PURPOSE OF THE AUDIT

- 2.1 The purpose of the audit was for the Auditor-General to express his opinion on the accounts of the various MDAs. It was also to assess whether MDAs maintained proper records and books of accounts, whether public monies had duly been accounted for, whether monies had been used for the purposes for which they were appropriated and whether the required rules and procedures were duly followed.

3.0 REFERENCE DOCUMENTS

- 3.1 The Committee made reference to the following documents during its deliberations:
 - The 1992 Constitution of the Republic of Ghana;
 - Standing Orders of the Parliament of Ghana
 - Public Procurement Act, 2003 (Act 663)
 - Financial Administration Act, 2004 (Act 654)
 - Financial Administration Regulations, 2004
 - National Health Insurance Regulations

OBSERVATIONS AND RECOMMENDATIONS

4.0. MINISTRY OF FINANCE

4.1.0 Withholding Tax

- 4.1.1 The Committee observed from paragraph 53 of the Auditor General's report that withholding taxes totaling GH¢43,053.89 were deducted from suppliers by the Ministry, but were not paid to the GRA in 2014. The withholding taxes delayed for a period ranging between 2 to 32 days. The Committee also noted that taxes totaling GH¢82,100.64 were withheld between March and December 2014 were not remitted to GRA until 16th January 2016 resulting in a delay of between 365 and 625 days.
- 4.1.2 The Ministry explained that their inability to pay the taxes was largely due to inadequate cash at their disposal at the time the amount was withheld. They however later settled the tax to the GRA.
- 4.1.3 The Committee was of the view that considering the crucial role of the Ministry in ensuring effective revenue mobilization for development, its failure to observe its own laws will serve as bad examples for other MDAs to emulate.
- 4.1.4 The Committee further observed that the GRA failed to calculate the relevant penalties involved for the Ministry to pay. It is the considered view of the Committee that the Ministry of Finance should adopt a zero tolerance policy for tax evasion as the lead Ministry in revenue mobilization.
- 4.1.5 Recommendation:** The Committee therefore recommends that the Auditor General should ensure that the GRA calculate the applicable penalty for the period involved for the Ministry to pay in accordance with the Financial Regulations in order to serve as deterrence for other MDAs.

4.2.0 Rent Tax owed GRA

- 4.2.1 The Committee observed on page 13 paragraph 32 of the Report that 276 landlords owed the GRA rent taxes to the tune of GH¢398, 822 as at 31 December 2013 in the Greater Accra Region.
- 4.2.2 The GRA responded that 78 of the landlords had paid their taxes accrued. However, GRA had not been able to retrieve the taxes from the remaining 198 because of inadequate information on the defaulters. The Authority

indicated that, they are currently working with utility companies in the country to collect data on houses that have been rented out by landlords in order to maximize taxes on rents. The primary challenge has been the inability of GRA to access the rent agreements between tenants and landlords. According to the GRA, organizations and individuals who rent houses for office spaces or housing are expected to withhold 15% of the rent as taxes as required by law applicable to the period covered by the reports.

4.2.3 Recommendation

4.2.4 The Committee therefore recommends that the GRA should ensure that landlords who have delayed in paying the applicable taxes after they have received rent from tenants are made to pay the tax in addition to the applicable interest failure of which they must be prosecuted at the law court. This will not only guarantee prompt collection and payment of revenue, but will also serve as a deterrent to those who intend to violate the tax laws.

4.2.5 Furthermore, the GRA should embark on a vigorous public education on the payment of rent taxes by landlords.

The GRA should adopt a system to capture all landed properties in the country in order to maximize rent tax from the landlords.

4.2.6 Government should also consider reviewing our rent control laws with the objective of introducing punitive provisions, provide GRA with the needed technological equipment to enable it capture every rentable property in the country.

4.3.0 Unclaimed Salaries not transferred to Government Chest- GHC89,103.58 South Tongu District Finance Office-Sogakope

4.3.1 The Committee observed that, the suspense accounts for unclaimed salaries and pensions disclosed that Agave Rural Bank and Ghana Commercial Bank Sogakope had not transferred unearned salaries totaling GH¢89,103.58 to the Controller and Accountants Generals' suspense accounts as at the end of December 2015.

4.3.2 The Ministry responded that the amount has since been paid as at 1st March 2016 into their account at Agave Rural Bank. Ghana Commercial Bank lodged the remaining amount into the Ministry's account on 22nd February

2016. The Ministry has instructed its District Officers to collect bank statements for monthly reconciliations to preserve the integrity of its books of account.

4.3.3 Recommendation

4.3.4 The Committee recommends to the Auditor General to calculate the applicable interest on the amount for the period it was held by the Ghana Commercial Bank and the Agave Rural Bank and charge same against the Banks in accordance with law so as to serve as deterrent to the banks and other banks.

4.4.0 Returned Cheques- GH¢1,006,827.00

4.4.1 On page 64 paragraph 154, the Committee noticed that cheques amounting to GH¢1, 006,827.00 issued for tax payments were dishonored by the respective banks due to inadequate funds or lack of proper mandate.

4.4.2 The officials of the GRA responded that, they have issued notices to their officers to only accept Cash and Bankers draft to prevent future occurrence. The Authority further indicated that all such issues are being pursued in the law court.

4.5.0 Unpaid Duties on overstayed and Unwholesome items

4.5.1. The Committee observed on page 17, paragraph 41 of the MDA Report that, about GHC92, 269,109.31 worth of goods that have expired or are long overdue for duties or levies to be paid on them had not been paid. This was in contravention of the circular No. TE/TAR/1 of the 10th May 2011, with reference to Tariff interpretation order 2011/001 that specified the period for warehousing and re-warehousing.

4.5.2. The GRA responded that, out of the amount of Ghc92, 269,109.31, about GH¢ 63,140,819 had been collected. They are working on retrieving the remaining.

4.5.3. Recommendation

4.5.4 The Committee recommends that GRA should not only see to it that the remaining amount is redeemed, but must ensure that all the applicable taxes on delayed payments are made by defaulters.

4.6.0 Failure to hand over account for bank withdrawal- GH¢1,067,900.86

The Committee observed on Page 16 of the MDA report that, the financial Accountant for KIA collections, Mr. Demenya, proceeded on his terminal leave without handing over the financial and accounting records of the collections to the officer taking over. The Committee sought the status of the revenues collected by Mr. Demenya before going on retirement.

The management responded that, the revenues under his care had been duly accounted for with documentary evidence. The Committee was further informed that circulars had been sent round informing staff that everybody who is going on retirement should prepare a handing over notes a month prior to retirement.

4.7.0 VAT Traders Debts- Ghc13,677,592.00 Para 31 Page 13

4.7.1 The Committee observed that a review of the VAT traders' books revealed that about 231 traders who filed their returns at the LTO, Tema MTO, Achimota STO, Osu STO, Makola STO, Nima STO and Adabraka STO owed a total of Ghc13, 677,592.00 as at 31st December, 2015

4.7.2 Management responded that about Ghc11, 109,912.89 of the total amount is owed by a single company. The Company in question is involved in the hauling of Cocoa beans for COCOBOD and was of the wrong impression that since COCOBOD is exempted from paying income taxes, therefore the Company was automatically exempted from paying taxes.

4.7.3 The GRA disagreed and insisted that the company pays the applicable VAT. COCOBOD has therefore written to the Ministry of Finance to issue the company with a waiver so that going forward, they can begin to pay the VAT.

4.8.0 Payment of Public Funds into Personal Bank Account- GH¢132,820.54 GRA -Akanu Border Post

4.8.1 The Committee observed on page 16 of the Report that, the Accountant at Akanu Division, Mr. Stephen Osei-Manu recouped imprest amounting to

GH¢132, 820.54 from the Aflao Customs division and lodged the amount into his personal account before disbursement.

4.8.2 The GRA in its response stated that, the GRA had not opened an account in the area concerned for its operations. As such, Mr. Osei-Manu's personal account had to be used temporarily for the disbursement in those areas. The Authority subsequently opened a bank accounts for the Border Post.

4.8.3 Recommendation: The Committee expressed its disapproval of the illegal conduct of the GRA and cautioned the GRA never to repeat that act under any circumstance as the account could have been opened in any other nearby District and such illegal practice may serve as an example for other institutions to emulate.

MINISTRY OF EDUCATION

5.1.0 Unsupported Payments- GH¢102,822.50 Nkwanta South District

5.1.1 The Committee observed on page 29 of the report that, payment of GH¢102,822.50 for 11 payment vouchers were made without substantiating them with official receipts and invoices.

5.1.2 The Ministry responded that, the supporting documents were subsequently provided and the issue had been cleared by Auditors at the district level. A letter from the Nkwanta South District of the Audit Service was presented to substantiate the claim.

5.1.3 Recommendation:

The Committee recommended that, the Auditor General's office liaise with its district office in Nkwanta North to authenticate the purported clearance.

5.2.0 Unsupported Payments- GH¢124,960.00 Assin North

5.2.1 The Committee noted that, the directorate of education at the Assin North district made 49 payments to the tune of about GH¢124,960.00 without proper documents such as receipts, memos, pay in slips, and SRVs.

5.2.3 The municipal director of education responded by stating that the needed documents were subsequently submitted and were verified and cleared by the District Auditor in a letter dated December 7, 2017.

5.2.4 Recommendation

The Committee observed that, the Assin North Municipal education office had many other unresolved issues and therefore recommended that the Auditor General returns to the District Education Office to conduct a full scale audit of the financial activities of the office and report back to the Committee.

5.3.0 Unsupported Payments- GH¢29,500.00 Agona District Education Office

The Committee observed on page 156, paragraph 495 of the Report that the Accountant for Agona District Education Office made an unsupported payment to the tune of GH¢29,500.00

5.3.1 The District Office produced a letter from the district auditor clearing the office of all the infractions. The Accountant however indicated that the amount paid was not from the capitation grant, but it was from a support fund given to the schools in the District.

5.4.0 Uncompetitive Procurement- GH¢20, 552.00 Sunyani West

5.4.1 The Committee observed in paragraph 478 of the MDA report that, the Sunyani West District procured electrical materials totaling Ghc20, 552.00 through an uncompetitive process.

The accountant for the District, produced a letter from the District Audit Office indicating that the office has been cleared.

5.4.2 Recommendation: The Committee recommended that the office adhere strictly to the Public Procurement Act in future procurements.

5.5.0 Unearned Salaries- GH¢43,108.21.

5.5.1 The Committee observed on page 157, paragraph 498 of the Report that unearned payment of salaries were made in six District Education Offices between September 2013 and October 2015. The total amount paid as unearned salaries amount to GH¢43,108.21.

5.5.2 The Offinso North district director responded that a staff by the name, Peter Kolan, has paid about GHC8, 000 out of the Ghc10, 078.42. Recovery of the remainder has become difficult as the recipient has relocated to an unknown place. In the case of Abdul Rahim Sadizge, the Directorate has recovered and paid Ghc3, 428.01 to chest. The outstanding balance of 20.43 is expected to be paid by his bank.

- 5.5.3 The Jomoro District Directorate responded that, George Erzual the alleged offender, is currently nowhere to be found and the matter is reported to the police and the BNI.
- 5.5.4 The alleged offender at Sekondi can also not be found and the matter has also been reported to the police.
- 5.5.5 In the case of Wamfie, the officer involved has made full payment of the amount and the Audit Service was directed by the Committee to verify and confirm payments,
- 5.5.6 With respect to Ketu South District, the director of education stated that the worker in question was a non-formal worker as such, they didn't know the details of the infraction until they appeared before the committee.
- 5.5.7 Recommendation:** The Committee recommended that all the directorates that have not been able to recover the unearned salaries should go back to their respective districts and pursue the offenders for full recovery within a period of one month and report to their respective District Auditors.

6.0 The Ministry of the Interior

6.1.0 Unearned Salary GH¢6,466.00

- 6.1.1 The Committee observed on page 197 of the Report that, contrary to regulation 297(1) of the FAR, Mr Samuel Kobina Otoo, a Senior Chief Officer, continued to receive salaries after his retirement and subsequent death to the tune of Ghc6, 466.00
- 6.1.2 The management of Ghana Prison Service responded that, the Officer in question died in 2015, the letter to stop his salary was signed on the 19th of May 2015. Efforts made for the monies paid into his account to be returned to government chest did not work. The Service stated that it was currently processing his gratuity from which the amount will be deducted.

6.2.0 Uncompetitive Procurement - GH¢18, 759.00 (Police Training School)

- 6.2.1 The Committee observed that the Police Training School was cited for uncompetitive procurements to the tune of GH¢18,759. 00
- 6.2.2 The Police Service explained that the school was faced with cash flow challenges due to delay in release of budgetary allocations. In order to keep the school running, the commandant of the training school had to

arrange with a supplier to supply the school with inputs on credit basis. The Service gave an assurance that such infractions will not occur again.

6.2.3 Recommendations: The Committee cautioned the Ministry and the Security Agencies not to repeat that practice as it has the tendency of morally compromising their position as law enforcement agencies as they cannot be seen to be breaking the laws they are established to enforce.

7.0 Ministry of Employment and Labor Relations

7.1.0 Training of Persons With Disabilities- GH¢54,000,000

7.1.2 The Committee observed that, the Ministry of Employment and Labor Relations entered into contract with RLG Communications to train 75,000 persons with disability over a period of five years. However the contract sum for the first two years of the project was GH¢54,000,000 with the training per head pegged at ₵1,800. The Ministry made an advance payment of Ghc8, 100,000 in accordance with the terms of the contract. However, the company ended up training only 5,226 at a cost of GH¢9,406,800.00 out of the 15,000 that were to be trained in the first year. The Company was claiming additional payment for work done.

7.1.3 Officials of the Ministry informed the Committee that it was in the process of implementing the project when the social welfare component of the project, was taken to the Ministry of Gender and Social Protection. The project is currently being implemented by the Ministry of Gender and Social Protection. The request for additional payment by RLG was referred to the Attorney General for advice and the Attorney General advised that the Ministry does not owe the Company any money.

7.2.0 Labour Department Takoradi Unearned Salary- GH¢11,600.21

7.2.1 The Committee noted that unearned salaries amounting to GH¢7,466.81 and GH¢ 4133.40 were paid to Ms. Monica T. Bennin and Mr. Eric K, Ansah respectively who exited the department on September 1st 2013.

7.2.2 The Ministry responded that it duly notified the Controller and Accountant General that the staff were no longer working with the department, but the Controller could not act on time to stop payments which was outside the control of the Ministry. However, the Ministry was able to recover the

monies wrongly paid to the beneficiaries. Kofi Ansah refunded the money on the 9th of August, 2017 while Monica's refund was made on 19th August 2015. Monica has been able to pay only GH¢ 5,934.00 out of the GH¢7,466.00 that was illegally paid to her.

7.2.3 Recommendation:

The Committee recommended that, the Department should ensure that it recovers the remaining amount from Monica within a period of three months.

8.0 MINISTRY OF WORKS AND HOUSING

8.1.0 Public Works Department

8.1.1 Failure to collect rent from Tenants- GH¢ 100, 240.00

8.1.2 The Committee observed in paragraph 696, page 202 of the Report that tenants occupying premises of the Ministry have not paid their rent as agreed to the tune of Ghc100, 240.00

8.1.3 The Ministry responded that GH¢94, 650 has been recovered as at 2016, with the remainder set to be paid by the tenants soon. One of the tenants however claimed that, his premises was rendered inhabitable for a while. The Ministry has asked for proof if he is able to provide, the Ministry intends to exempt him for the period which the premises was inhabitable.

8.1.4 Recommendation:

The Committee urges the Ministry to take the necessary steps to ensure that the total amount is recovered from the tenant or the necessary legal action is taken to ensure full recovery with interest, if applicable.

8.2.0 Unearned Salaries GH¢9,508.34

8.2.1 The Committee noticed payment of unearned salaries in the Ministry totaling GH¢9,508.34 between June 2013 and December 2016.

8.2.2 uyjhmThe Committee was informed that the situation arose due to the inability of Controller to timely stop payment of salary to a staff after the Controller was duly informed of the exit of the person from the service. However, appropriate steps had been taken for the retrieval of the money,

8.2.3 The Committee therefore urges the Controller and Accountant General to device means of reducing the processes involved in deleting names of retired or exiting workers from the government payroll.

8.3.0 Delayed Payment of compensation to land owners- GH¢13,300.00

8.3.1 The Committee also observed that there was a delay in the disbursement of compensation of about GH¢13,300.00 due landowners who were affected by hydrological project at Ajen Kotoku.

8.3.2 The Ministry indicated that negotiations were still on going with the affected persons. The Ministry was optimistic that all issues would be resolved by the end of 2017 to enable it make payments to affected persons.

8.3.3 The Committee urges the Ministry to expedite action on its negotiation process in order to ameliorate the suffering of the affected persons.

9.0 MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

9.1.0 Abandoned Projects

9.1.1 The committee observed with worry that market projects initiated by the Ministry had been abandoned since 2008.

9.1.2 The Ministry explained that, the Ministry of Finance requested that the projects be handed over to the various Assemblies concerned. Some of the Assemblies indicated that they could not complete the projects without the support of the Ministry of Finance due to their weak financial situation. The Ministry of Local Government and Rural Development informed the Committee that it had directed the Assemblies concerned to consider Public Private Partnership (PPP) as an option for the completion of the markets.

**9.2.0 Payment of funds into Private Accounts- Ghc224,760.00
Births and Death Registry**

9.2.1 The Committee observed that funds meant for the birth and death registry totaling GH¢224,760.00 were lodged in an unofficial account contrary to regulation 1(1) of FAR, 2004.

9.2.2 The Ministry explained that the account into which the money was lodged is the welfare Fund account of the Registry at NIB. Indeed, the money involved was provided by Plan Ghana for the registration of some Ten

thousand needy children in the hinterlands. The Registry used that account because Plan Ghana found it convenient for the money to be kept separately for its project. About GH¢154, 920.00 was used to register 7881 children, GH¢39,405.00 was used for administrative purpose (GH¢5 per registration), and the outstanding balance of GH¢30,435 is to be used to register the remaining people under the project,

9.3.0 Unauthorized Commercialization of Government Land- Department of Parks and Gardens - Koforidua

9.3.1 The Committee observed that the Eastern Regional Directorate of the Department of Parks and Gardens rented out a portion of the Nursery Division to Eastern Fun Park Ltd, a private company, for commercial activities without the approval of the Ministry.

9.3.2 The Ministry indicated that, they received an official request from a private entity to use their Park in Koforidua for its commercial programs under a PPP arrangement. It was viewed as an opportunity to enhance the revenue mobilization efforts of the Department. The program was piloted, but the private entity backed out of the project whilst the office in Koforidua was in the process of securing final approval for the project. The Ministry indicated that it had issued directives that all regional heads must inform the Ministry before embarking on any commercial activity.

9.3.3 Recommendation: The Committee recommends to the Ministry to remain vigilant and ensure that transactions between any of its agencies and private entities are preceded by written agreement subject to the approval of the Ministry and prior to implementation even if it is on pilot basis.

9.4.0 Unearned Salaries- GH¢144,537.64. Birth and Death Registry

9.4.1 The Committee observed that were payments of unearned salaries at the Registry of Births and Death to the tune of GH¢144,537.64.

9.4.2 The Ministry responded by stating that the amount was actually GHC 23,000 instead of GH¢144,537.64 captured in the report. Some of the staff who are still at post were wrongly captured by the officials of the Audit service as people who had exited the Service. Some of the names captured were on transfer and are still in active employment. The Ministry also provided documents indicating that they had provided the Auditor General with all the necessary documents to substantiate their position.

9.4.3 The Committee expressed its dissatisfaction with the attitude of the Ministry towards the audit query and could not understand why the Ministry waited for two years to respond to the query.

9.4.4 Recommendation:

The Committee cautions the Ministry and urged its officials to endeavor to take audit queries more serious as there may not be a second opportunity to explain in future when office holders are directly held responsible for their failure to respond on time.

10.0 THE MINISTRY OF DEFENCE

10.1.0 Failure to supply urgently required military items US\$1,530,035.02

10.1.1 The Committee observed that between 2006 and 2010 contracts amounting to US\$2,163,210.20 were awarded for the supply of various military items to four suppliers. A total of US\$1,409,074.20 (65.14%) was paid upfront as mobilization fees. However, the audit report revealed that US\$633,175.18 worth of items had been delivered, leaving an outstanding balance of US\$1,530,035.02 worth of items undelivered.

10.1.2 The Ministry responded that the matter was currently under investigation by EOCO. It was further indicated that the last correspondence on the matter with EOCO was in March 2017. The anomaly was partly attributed to a faulty procurement process.

10.1.3 Recommendation:

The Committee urges EOCO to expedite action in its investigation to ensure speedy recovery of either the monies or the items involved in order to prevent loss of value.

10.2.0 Illegal Possession of Government Vehicle

10.2.1 The Committee observed that a former staff of the Ministry, Group Captain (Rtd.) Twum-Danso was in possession of a vehicle belonging to the State even though he had retired from the service.

10.2.2 The Ministry stated that the vehicle had been retrieved from the Officer. The Ministry explained that there is an existing protocol of giving retired officers of a certain category the opportunity to purchase the vehicles they were

using prior to retirement. However, the process involved had not yet been concluded and the vehicle was still in the possession of the Officer involved and it was queried by the Auditors at the time of audit.

10.2.3 Recommendation:

The Committee recommends to the Ministry to expedite action on vehicle allocation processes prior to retirement of officers, so as to prevent such avoidable embarrassment in the future.

10.3.0 Stalled Housing Project

10.3.1 The Committee noticed that a project meant to provide a four storey housing unit for the military had stalled due to legal action brought against the military.

10.3.2 The Ministry responded that the matter is being handled in court by the Attorney General. The Armed forces however explained that the contractor who was first awarded the contract couldn't perform and as such the project was re-awarded to a new contractor.

10.3.3 Recommendation:

The Committee recommends to the Attorney General to expedite action for speedy settlement of the matter in court in order to pave way for the project to be completed for the use of the military.

11.0 MINISTRY OF TRADE AND INDUSTRY

11.1.0 Missing Toyota Land Cruiser- GH¢68,000.00

11.1.1 The Committee observed that a Toyota Land Cruiser worth GH¢68,000.00 belonging to the Ministry of Trade and Industry was missing from the pool of cars assigned to the Ministry.

11.1.2 The Ministry responded that the vehicle was found and the culprit was handed over to the police for further legal action. The Police has put the culprit before the law court and the case is still pending in the court.

11.2.1 Non-Recovery of Loan- \$16,000,000.00 Myroc Food Processing Company

11.2.1 The Committee observed that moneys given to Myroc Food Processing Company Ltd as a loan in 2013 at 12.5% per annum with a two year moratorium over a 10 year repayment period had not been serviced by the company.

11.2.2 The Ministry responded that, the Company is in the production of Tuna for export and was performing quite profitably. Government decided, through EDAIF, to shore up the capital base of the Company in 2013 because of huge number of Ghanaians the Company employs.

11.2.3 The Company defaulted in repayment for a year largely due to a challenge it faced as a result of ban imposed on the importation of Tuna into the EU Market.

11.2.4 The Ministry explained that the conditions of the loan agreement did not make adequate provisions in the event of default. EDAIF, now Ghana Exim Bank, is in close contact with the Company to ensure full recovery of the loan.

11.2.5 The Committee expressed its dissatisfaction in the manner in which the loan was granted without adequate provisions to cater for the interest of the tax payer in the event of a default as it is unusual to do so in preparing financial agreement of that magnitude.

11.2.6 Recommendation: The Committee recommends to the Ministry to involve the Attorney General in the matter as early as possible in order to ensure that every legitimate means necessary is deployed to guarantee recovery of the loan and if necessary, sanction the officials of the Ministry who renege on their responsibility at the time of drafting the agreement.

12.0 MINISTRY OF TRANSPORT

12.1.0 Un-Competitive Procurement at DVLA- GH¢345, 383.75

12.1.1 The committee observed that, between February 2014 and December 2014, the DVLA paid GH¢345,383.75 to a supplier without obtaining alternative quotations from other suppliers.

12.1.2 The Ministry explained that the violation happened under a hotel arrangement the DVLA made for their program outside Accra where it was difficult to obtain alternative quotations.

12.1.3 **Recommendation:** The Committee urges the Ministry to endeavor to meet the requirements of the procurement laws and cautioned that it will in future not accept the explanations provided by the Ministry.

12.2.0 Rental of Premises without Tenancy Agreement -DVLA Koforidua

12.2.1 The Committee observed that, since 2008, the Authority had rented portions of its land in Koforidua to 10 private enterprises without appropriate documentation to cover the agreements.

12.2.2 The Ministry indicated that the renting of the premises was done at the blind side of the Ministry, but the anomaly was corrected after it was raised by the Audit Report. A tenancy agreement has now been given to the tenants on the land with a reviewed rent to reflect market rates.

12.2.3 **Recommendation:** The Committee recommends to the Ministry to make copies of the tenancy agreement available to the Auditor General for verification and authentication, and cautioned the Ministry to take appropriate steps to ensure that the situation is never repeated by any of its officers or agencies across the country.

12.3.0 Abandoned vehicle – DVLA Head Office

12.3.1 The Committee observed that a Toyota Camry belonging to the head Office of DVLA was taken to Toyota Ghana Ltd for servicing and was subsequently destroyed by flood. The car was towed to the Authority's Head Office in 2012 and abandoned.

12.3.2 The Authority responded that Toyota Ghana Ltd offered a compensation of GH¢17,000.00 in 2012 and the amount was rejected by the DVLA as it was considered inadequate. The Authority further stated that acting upon the advice of Auditors the amount was accepted in 2014.

12.3.3 The Committee expressed its dissatisfaction with the lay back attitude of the DVLA in dealing with the flooded vehicle as it was not economically prudent to have wasted two years without any opting for legal means to obtain what was deemed to be the right compensation for the vehicle and ended up accepting the same amount they rejected two years earlier. The Committee indicated that it will in future not accept the explanations

offered by the DVLA and will surcharge office bearers for negligence of duty.

13.0 MINISTRY OF GENDER AND SOCIAL PROTECTION

13.1.0 Unearned Salaries – GH¢2,604.81 Accra Rehabilitation Centre

13.1.1 The Committee noted that unearned salary amounting to GH¢2,604.81 was paid to Mr. Emmanuel Dotse between October and December 2014 even though the officer in question passed away on the 16th October 2014.

13.1.2 The Ministry responded that the bank where the staff had his account was written to and GH¢1,995.69 was refunded. The Bank stated that GH¢609.12 out of the money paid into the account was used to offset the indebtedness of the staff in question to the Bank for a loan he took against his salary.

13.1.3 Recommendation: The Committee recommended that, ADB should be made to refund the GH¢609.12 as the Bank was informed that the salary was not earned and therefore could not be used to defray any debt.

14.0. MINISTRY OF CHIEFTAINCY AND RELIGIOUS AFFAIRS

14.1.0 Fuel Purchase not accounted for-GH¢106,086.00

14.1.1 The Committee observed that Fuel Purchased by the Ministry totaling about GH¢106, 086.00 used had not been accounted for with the requisite documentation.

14.1.2 The Ministry responded that the necessary support documents had since been provided and the amount was accounted for in 2014. However, the Auditors who attended upon the Committee at the public sitting indicated that they had no evidence of clearance documentation on the matter.

14.1.3. Recommendation: The Committee recommended that the Auditors go back to the Ministry to verify the authenticity of the purported clearance and report back to the Committee.

15.0 MINISTRY OF ROADS AND HIGHWAY

15.1.0 Failure to account for use of Equipment (G.H.A)- Kumasi

15.1.1 The Committee observed that the Ashanti Region Director of the Ghana Highway Authority (GHA), Mr. David Addo has kept Pedestrian Roller belonging to the Authority with him for over 156 weeks.

15.1.2 The Ministry responded that the Ashanti Regional director involved had been duly reprimanded by a disciplinary Committee set up by the Authority to investigate the issue. The Roller has been returned to the premises of the Authority and is in a good condition.

15.1.3 The Director who was reprimanded indicated that, the punishment recommended by the Auditor General is too harsh, he is therefore pleading that the Committee reduces the sanctions to the amount of money he has already expended to service the Roller.

15.1.4 **Recommendation:** The Committee recommends that the Director be made to pay the rental charges at the rate provided by the Auditor-General, but limited to the actual number of days he used the Roller less than the expenditure incurred by the Director for servicing the Roller prior to its usage. Furthermore, appropriate disciplinary action should be taken by the Ministry against the Director.

15.2.0 Non execution of work after payment of mobilisation Department of Feeder Roads - Takoradi

15.2.1 The Committee observed that in spite of the payment of mobilization fees of GH¢450,926.05 to seven contractors in Takoradi for commencement of work in Takoradi, the Contractors had not moved to site to kick start the project.

15.2.2 The Ministry responded that the money paid to some of the Contractors had been recovered but two of the contractors were yet to make full repayment of the money advanced to them. The Ministry indicated that the matter has been referred to the Attorney General for advice.

15.2.3 **Recommendation:** The Committee urges the Attorney General to act expeditiously in order to ensure full recovery of the Money so as not to lose its actual value to time. Furthermore, the Companies involved should be identified alongside their Directors and blacklisted from obtaining contract from any government or public establishment in Ghana.

15.3.0 Abandoned Project – GH¢28, 020,658.52 Department For Feeder Roads

Takoradi

15.3.1 The Committee observed that 26 projects amounting to GH¢28, 020,658.52 awarded in 2008 and scheduled to be completed between 10 and 12 months had been abandoned at various stages of completion in Takoradi.

15.3.2 The Ministry responded that, out of the 26 projects, only one company was able to complete its contract. The contracts given to the remaining contractors, have been revoked for non-performance.

MINISTRY OF FOOD AND AGRICULTURE

16.1.0 Failure to Implement Recommendation of Fire Audit Report

16.1.1 The Committee observed that, the Ghana National Fire Service, conducted a fire audit of the ministry's building and produced a comprehensive report on fire safety in the ministry but the recommendations were however not implemented.

16.1.2 The Ministry responded that it is implementing the recommendations and by September 2017, the Ministry will complete the implementation of the recommendations.

16.2.0 Encroachment on the Ministry's land

16.2.1 The Committee observed that the land hosting the Nungua Farms is gradually been encroached.

16.2.2 The Ministry responded that, originally, the farm was on a one mile square allocated to the Ministry around the 1940s. However, in 1966 the government of Ghana made the farm to cede part of the land to the University of Ghana for its activities leaving the Farm with 1684 acres. In the year 2001 a portion of the land was released for the affordable housing project and a portion was given back to the Chiefs of the Nungua Traditional Council. The farm retained only 640 acres of the land. Currently there has been a serious encroachment on the remaining land to the extent that, they only have about 100 acres left for their activities. The Ministry reported the matter to the Police and it is currently before the law court. The Ministry however indicated it does not even have title to the land it is currently occupying.

16.2.3 Recommendation: The Committee recommends to the Ministry to secure titles to the remaining lands while efforts are being made to recover the encroached lands.

16.3.0 Regional Agricultural Development Directorate (Sunyani)

16.3.1 Unearned Salaries- GH¢158,235.60

The Committee observed that the Sunyani directorate of the Ministry of Food and Agriculture recorded incidents of unearned salaries to the tune of GH¢158,235.60 in contravention of the FAR, 2004 LI1802.

The Ministry responded that GH¢22,265.51 has been recovered from the staff who took the money. The Regional Controller confirmed that GH¢17,621 has been paid. Additionally, Rose Addae and Opoku George have made payments but it had not yet been transferred to chest by the directorate. The Directorate also admitted that there was an error on the part of the auditors in computing the retirement date of some of the officers involved.

16.3.2 Uncompetitive Procurement- GH¢ 36,843.35.

16.3.3 The Committee observed that, the Sunyani Directorate also made uncompetitive procurements amounting to GH¢36, 843.35.

The Ministry responded that the items were procured for a program been funded by the German government. The Germans who were jointly implementing the program with the Ministry had their own food vendor and the Ministry thought it wise to use the vendor in line with their established procurement practice. The Ministry had stopped that practice and now making its procurement according to the law.

17.1.0 Ministry of Food and Agriculture - Bawku

17.1.1 Failure to withhold tax on allowances paid to officers- GH¢880.

17.1.2 The Committee observed that the Bawku office failed to withhold tax on allowances paid to officers amounting to GH¢880.00

17.1.3 The officer in charge responded that he was not aware of the findings as he was not at post when the audit was been carried out and no information was left about it in the handing over notes.

17.1.4 Recommendation: The Committee recommended that, the Auditor General provide the new officer with the details and ensure the recovery of the said amount and report back to the Committee

17.2.0 Regional Agricultural Development Unit (WA)

17.2.1 Vaccines not accounted for-GH¢9,402.00

17.2.2 The Committee observed that, a review of the stores and accounting records of the Vaccines Unit revealed that, vaccines issued to veterinary officers in the unit could not be accounted for. The amount involved was GH¢9,402.00

17.2.3 The Head of the Veterinary Unit responded that, he enquired from the officers involved and some of them submitted receipts issued to them upon the collection of the vaccines. Unfortunately however, the Directorate is unable to establish contact with the issuing officer at the time who is currently on retirement to ascertain the facts as to what actually happened. The other officers had paid and the outstanding balance is GH¢802.00

17.2.4 Recommendation: The Committee recommended that the officer tender in the receipt from the veterinary directorate to the Auditor General's office for verification and authentication and also urged that the head of the entity should endeavor to establish contact with the retired issuing officer for the final settlement of the matter.

17.3.0 Department of Agriculture –Assin Fosu

17.3.1 Payments not accounted for- GH¢100,750.60

17.3.2 The Committee observed that a total amount of GH¢100,750.60 was not accounted for by the Municipal Directorate of Agriculture at Assin Fosu.

17.3.3 The Ministry responded that the situation was created by the implementation of the decentralization programme. The Directorate accesses its funds from the District Assembly for its operations. Management were therefore of the view that the audit conducted at the District Assembly level was going to cover their activity. However, they were told by the auditors to render their own account. The unit was asked to provide receipt for the utilization of the funds they accessed. The Directorate was unable to provide the receipts because they had been sent to the District

Assembly. The receipts were however retrieved and submitted to the Audit service for verification.

18.0 MINISTRY OF YOUTH AND SPORTS

18.1.0 Youth Leadership Training Institute-Fawohoyeden-Goaso

18.1.1 Fictitious Payments- GH¢77, 820.47

18.1.2 The Committee observed that cheques amounting to GH¢77, 820.47 paid to Paa Ollu Enterprise by the Youth Leadership Training Institute at Goaso were fictitious.

18.1.3 Management responded that, the amount involved represents 3 terms feeding grants for the students. The money was supposed to have been released through the GIFMIS system but it came directly to the school and the school paid the suppliers on individual basis. The original invoices were at the headquarters when the auditors came for their audits, but were later submitted.

18.1.4 **Recommendation:** The Committee recommends to the Auditor General to relook at the document submitted by the Institute for clarification on the matter.

18.2.0 Regional Sports Authority - Sekondi

18.2.1 Unsupported Payments- GH¢37,569.14

18.2.2 The Committee observed that, the Regional Sport Council in Sekondi made payments totaling GH¢37,569.14 without the necessary supporting receipts and invoices in contravention of regulations 39(2C) of the FAR, 2004.

18.2.3 Management responded that, even though the auditors in their status report confirmed that there was a delay by them in submitting particulars of the payment vouchers to the Unit of the Authority to enable its officials identify the receipts needed to be supplied to the Auditors for verification, the Authority subsequently submitted copies of the vouchers and receipts to the District Auditor for clarification on the outstanding amount.

18.3.0 National Youth Authority - Head Quarters

18.3.1 Misapplication of Fund by the National Youth Authority- GH¢215,100.00

18.3.2 The Committee observed that an amount of GH¢ 450,000.00 was released to the National Youth Authority Secretariat to be used as feeding grants for the 11 youth Leadership Training Institutes across the country. An amount

of GH¢215,100.00 were used to cater for administrative expenses of the Institutes. Also, GH¢56,400.00 out of the GH¢215,100 was kept by the Authority and used without accounting for the expenditure.

18.3.3 Management of the Authority explained that they sought permission from the Ministry to use GH¢215,000 for administrative activities of the head office. However, the Authority did not have in its possession the approval letter of the Ministry at the time of the audit.

18.3.4 Recommendation: The Committee recommended that the Ministry and the Authority submit evidence of approval of the expenditure to the Auditor-General for authentication.

19.0 JUDICIAL SERVICE

19.1.0 Unclaimed Deposits with former Banks-GH¢209,035.30

19.1.1 The committee observed that there were unclaimed deposits by litigants amounting to GH¢209,035.30 being held in an old account of the Judicial Service at HFC Bank, and La Community Bank.

19.1.2 Management of the Service responded that, they appointed an accounting firm, (Ali Nakyea and Associates) to do the reconciliation on behalf of the Service. The firm has completed its work but the Bank had not been able to do its reconciliation as there are differences in the figure the Service arrived at and that of the Bank. The service has taken the matter to court for determination.

19.2.0 Failure to produce Bank Statement- (GH¢193,393.20)- Fiapre

19.2.1 The Committee observed that an accountant at Fiapre Court B' could not produce bank statements to back a revenue of GH¢193,393.20 collected by the court and purported to have been lodged at the bank in contravention of regulations 47(1C) of FAR 2004 (LI 1802).

The Service responded that, Fiapre Judicial Court has no bank statement since the year 2000 when the account was opened. This is because, the Accountant of the court is not a signatory to the accounts, and as such is unable to access the statement as it will require authorization from the Headquarters of the Service. The court recently had the statement when the Judicial Secretary wrote a letter to Ghana Commercial Bank to release the statement.

19.2.2 **Recommendation:** The Committee recommends to Judicial Service to consider introducing the Accountant to the Bank as an authorized person to receive Statements on behalf of the Service or the Service must request for Statements periodically and give copies to the Accountant for audit and reconciliation purposes.

19.3.0 **Shoddy Construction Works GH¢1,241,585.86**

19.3.1 The Committee observed that physical inspection of a DANIDA sponsored Court building at Winneba revealed serious cracks barely two years after it was constructed. Also, toilet facilities at the Court could not be used due to non-completion of work by the contractor.

19.3.2 The Service stated that, the Court Building was supposed to have been built at La in the Greater Accra Region. The La compound had a good septic tank but there was litigation on the land and so the construction of the court was moved to Kasoa.

The Service subsequently had to make changes to the design of the court to be built at Kasoa especially on the foundation, roofing and structure of the building. Road works and power supply were added. This significantly increased the cost of the project and the money was not sufficient to complete the whole project as such the external works had to be delayed. DANIDA later came to the aid of the Service, by constructing the septic tank needed for the use of the toilet facility.

19.3.3 **Recommendation:** The Committee recommends that the Contractor for the Kasoa projects be made to complete the project as early as practicable while the Contractor for the Winneba project is called to rectify the defects before payment of his retention.

19.4.0 **Unaccounted Revenue VAKPO-GH¢ 2,110.31**

19.4.1 The Committee observed that revenues realized from the registration of cases at the court at Vakpo were not fully lodged in the accounts as stipulated in Regulation 297(1) Of the FAR 2004.

19.4.2 The Court Registrar explained that although the court is a newly established one, the cabinet it was using for safe keeping of money was very old and there was a challenge opening as the key was faulty. This resulted in the delay for sending the money to the bank. The Registrar indicated that the problem was rectified and work was going on accordingly.

19.4.3 Recommendation: The Committee recommends to the Judicial Service to consider providing the Court with new cabinet and the necessary tools required in order to avoid the recurrence of the challenge.

19.5.0 Fraudulent Payment of Court Deposit GH¢8,000.00 - Axim

19.5.1 The Committee observed that the Court Registrar paid the sum of GH¢ 8,000.00 to Nana Amponsah Okobena without evidence of application letter and contact address of the recipient.

19.5.2 The Service responded that, the payment was not fraudulent and that the main issue of the auditors was about the signature on the payment voucher and the signature on the charge sheet. The auditors thought the signatures that are supposed to be on the two sheets should be the same but it must be noted that, complainants do not sign on charge sheets but rather on PVs. From the record of the Service, the signature on the payment voucher was the same as that on the PV which was in sync with the signature of the claimant.

19.5.3 The Committee wondered why the same explanation was not given to the Auditors at the time of the audit and therefore admonished the Service to take audit queries more serious as much is expected of the judiciary in terms of proper conduct.

19.6.0 Proceeds from sale of Mining equipment not accounted for-GH¢64,000.00 (Tarkwa)

19.6.1. The Committee observed that, the Court Registry at Tarkwa could not account for the sale of mining equipment with a market value of GH¢64,000.00 that was auctioned at the orders of the Court. The Report further indicated that the auction ought to have been conducted under the supervision of the registrar, but he did not supervise the auction.

19.6.2 The Service responded that the auction was carried out, by the police and the Registrar was not invited as directed by the Court. According to the Service, the Police later informed them that the valuation was done by STC and each equipment was valued at **GH¢100.00**

20.0 Ministry of Environment, Science, Technology and Innovation

20.1.0 Short supply of Better Ghana Laptop Program-

20.1.1 The Committee observed that RLG Communication Ltd was contracted to produce and distribute 103,181 pieces of Laptops at a total cost of GH¢51,257,500.00. RLG produced and distributed 90,448 laptops leaving 12,733 laptops worth, GH¢6, 366,875.00.

20.1.2 The Ministry responded that RLG was paid to further supply, 12,274 laptops costing Gh¢6,366,875. It was realized that some of the laptops submitted by the company were defective and had to be replaced. The total cost of the defective laptops was GH¢28,000.00. Additionally, as part of the supply of the 90,448 laptops, there were 12,733 outstanding pieces to be supplied by RLG. The Ministry and the Company came to an arrangement to convert the outstanding 12,733 to higher specification laptops which all together would result in 3,180 laptops. The Ministry later realized that, the specification of the machines provided by RLG was not higher than what had been supplied earlier. The Ministry is therefore demanding a refund of, GH¢28,000.00

20.1.3 **Recommendation:** The Committee recommends to the Ministry to reconcile with RLG so that the defective laptops can be replaced. Additionally 3,180 higher specification laptops supplied to settle the matter.

21.0 GENERAL OBSERVATION AND RECOMMENDATION:

21.1 Clearance Letters

21.1.2 The Committee observed a trend where staff of Ministries Departments and Agencies cited in audit reports appeared before the Committee with clearance letters from Regional and District Audit offices to indicate that they have been cleared of wrong doing.

21.1.3. **Recommendation:** The Committee recommends to the Auditor General to caution its officials to desist from that practice and apply the surcharge provision in article 187(7b) of the Constitution.

21.2.0 Failure to Respond to Audit Queries in Time

21.2.1 The Committee further noted that most MDAs cited in the Report could have resolved the issues raised against them without being captured in the Report. Auditees are required by law to respond to queries raised by the

Auditor General within 30 days after the Exit conference where the issues involved are discussed. Unfortunately, some heads of entities do not attach importance to the work of the Auditor General, but end up resolving the very issues of concern within few days prior to appearing before the Public Accounts Committee.

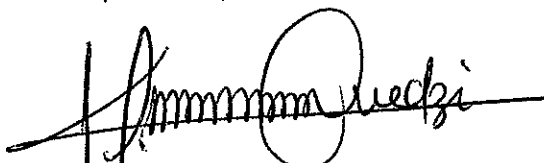
22.2.2 **Recommendation:** The Committee recommends to all Heads of entities to desist from the practice as the Auditor-General will begin to exercise his powers to surcharge them before they appear at the PAC.

22.2.3 The Committee further recommends that the Auditor – General exercises its authority to surcharge recalcitrant heads of entities who consistently indulge in this practice so as to serve as example for others to refrain.

23.0 **CONCLUSION**

23.1 In conclusion, the Committee recommends to the House to adopt its Report on the Report of the Auditor-General on the Public Accounts of Ghana, Ministries, Departments and Other Agencies for the Financial Year ended 31st December, 2015 with its recommendations on the findings of the Auditor-General in accordance with Order 165 of the Standing Orders of the Parliament of Ghana.

Respectfully Submitted



HON. JAMES KLUSTE AVEDZI (DR)

CHAIRMAN



INUSAH MOHAMMED

CLERK TO THE COMMITTEE