

**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE  
AUDITOR-GENERAL ON THE NATIONAL AND REGIONAL HOUSES OF CHIEFS  
AND TRADITIONAL HOUSES OF CHIEFS AND TRADITIONAL COUNCILS FOR  
THE PERIOD 2001 – 2004**

**1.0 INTRODUCTION**

The Report of the Auditor –General on the National and Regional Houses of Chiefs and Traditional houses of Chiefs and Traditional Councils was laid in the House on Wednesday, 27<sup>th</sup> May 2009 and referred to the Committee for consideration and report in accordance with Order 165 (2) of the Standing Orders of the House.

To consider the above Report, the Committee met Representatives of the Auditor - General. The Committee is grateful to these officials for their input.

**2.0 REFERENCE**

The following documents were used as reference documents during the Committee's deliberations:

- i. the 1992 Constitution of the Republic of Ghana
- ii. the Standing Orders of the House
- iii. the Audit Service Act, 2000
- iv. The Financial Administration Act, 2003, Act 654

**3.0 PURPOSE OF THE AUDIT**

The purpose of the audit was to ascertain whether the National and Regional House of Chiefs and the Traditional Councils during the period:

- i. Kept proper books of accounts.
- ii. Accounted fully for all public monies.
- iii. Expended monies in line with the purposes for which they were appropriated.
- iv. Undertook programmes and activities with due regard to economy, efficiency and effectiveness in relation to the resources utilized and results achieved among others.

The audit was also to ascertain the extent of compliance with applicable laws and regulations including the Chieftaincy Act 1971, Act 370, the Financial Administration Act 2003, Act 654, the Public Procurement Act 2003, Act 663 and the Financial Instructions for the Houses of Chiefs and Traditional Councils.

#### **4.0 OBJECTIVES AND SCOPE OF THE REPORT**

The aim of the Committee's Report is to present to the House the outcome of the Committee's examination of the Report of the Auditor-General on the National and Regional Houses of Chiefs and Traditional Councils for the period 2001-2004.

It is also to report to the House

1. Whether measures have been instituted to address the weaknesses observed by the Auditor-General during the audit in order to prevent their re-occurrence, and
2. The extent of implementation of the recommendations made by the Auditor-General against specific individuals by the National and Regional Houses of Chiefs and Traditional Councils in line with section 30(2) of the Audit Service Act, 2000.

The Report also seeks to bring to the attention of the House issues that were not adequately addressed by the National and Regional Houses of Chiefs and the Traditional House of Chiefs and other matters which in the Committee's opinion ought to engage the attention of the House.

#### **5.0 FINDINGS AND RECOMMENDATIONS**

##### **5.1 STATE OF THE ACCOUNTS**

The Audit revealed that out of 184 Houses of Chiefs and Traditional Councils, only 55 (30%) prepared their annual financial statements and submitted them for audit within the audit period.

The situation was in violation of the Financial Administration Regulations which required the 184 Houses of Chiefs and Traditional Councils to submit for external audit their financial statements not later than 31<sup>st</sup> March following the end of the financial year to which the accounts related.

The Committee was informed that by 31<sup>st</sup> March, 2005 some of the Houses of Chiefs and the Traditional Councils were in arrears ranging from one (1) year to twenty-four (24) years. As a result of the absence of the financial statements, the Audit Service was constrained to limit its audit to day to day transactions and not to year end figures.

The Auditor-General informed the Committee that during the audit he observed that the default in the preparation and submission of the financial statements for audit were due to a number of factors including:-

- Chieftaincy disputes
- Civil strife
- Weak administrative capacities and
- Weak accounting capacities.

### **Recommendations**

The Committee wishes to reiterate the Auditor-General's recommendations and state that the Minister responsible for Chieftaincy Affairs should take critical look at the operations of the Houses of Chiefs and Traditional Councils and make sure that they conform and adhere to the necessary regulations in order to make them more effective and efficient.

The Committee further recommends that the Minister for Chieftaincy should liaise with the Minister for Finance and Economic Planning to get the Controller and Accountant-General's Department to provide the Houses of Chiefs and Councils with the requisite capacities to keep proper records and accounts so that annual financial statements are submitted on time.

### **5.2 Unsubstantiated Payments amounting to c42.5million**

The Committee noted that a sum of forty-two million, five hundred thousand cedis (c42.5million) was paid to a number of family clans under the Kpone Traditional Council. Contrary to sections 187 (3) of the Financial Instruments of the National and Regional Houses of Chiefs and Traditional Councils, these payment vouchers were processed and paid without the relevant details including the names of beneficiaries.

The Committee noted that when this was brought to the attention of management, the necessary steps were taken to rectify the error. Copies of the relevant documents were submitted to the Committee for verification.

### **Recommendation**

The Committee recommends that Management should endeavour to abide by the regulations and financial Instruments of the National and Regional Houses of Chiefs and the Traditional Councils.

### **5.3 Cashbook Balance - ₵59.6 Million (Upper West Regional House of Chiefs)**

The Cashbook of the Upper West Regional House of Chiefs revealed a cash balance of ₵59,628,941 as at 14<sup>th</sup> May 2004. However the amount could not be produced as requested by the auditors for a cash count.

The Officials from the Audit Service informed the Committee that the then Registrar (Mr. Otchere Boateng) explained that the said amount had been used to meet expenses incurred at the Adaye Kese Festival in Kumasi. This could not be substantiated as the Registrar could not support his claim with the necessary authorization, payment vouchers and other relevant documentation.

The Auditor – General further informed the Committee that he recommended the Chieftaincy Secretariat to pursue the recovery of the cash balance from the Registrar of the Upper West Regional House of Chiefs during the period. A response from the Ministry of Chieftaincy revealed that the Registrar is on retirement. He has however accepted to refund the money. Unfortunately as at now, no amount has been paid.

#### **Recommendation**

The Committee recommends that the Minister of Chieftaincy should pursue the recovery of the amount from the retired Registrar and notify the Committee accordingly. The Committee urges the Minister to use the services of the police where necessary.

### **5.4 Fraudulent Payment amounting to ₵19.7 million**

The audit identified that an amount of ₵19.7 million was used for the purchase of a computer for the Upper West Regional House of Chiefs. However, the audit examination revealed that the Institute of African Studies, University of Ghana, Legon had donated that particular computer to the Regional House of Chiefs to support its operations. It was this same computer that had been represented as a purchase and for which the Regional House of Chiefs claimed to have paid the amount of ₵19.7 million.

The Committee was informed that the Regional House of Chiefs constituted a Committee of Enquiry to look into the matter and recover the money. Although the Committee confirmed the fraudulent act, the money has not as yet been recovered.

The Auditor – General indicated that in his opinion the act was fraudulent and therefore the police should be involved in it.

## **Recommendation**

The Committee noted that the culprit Mr. Otchere Boateng is the same person who could not produce his cash balance for physical count as was earlier stated in this report. It therefore recommends that the Minister responsible for Chieftaincy takes steps to recover the amount and notify the Committee accordingly. The Committee urges the Minister to use the services of the police where necessary.

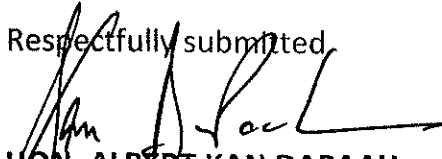
## **6.0 CONCLUSION**

Your Committee wishes to state that it is not satisfied with the state of the Accounts of the National House of Chiefs and Regional Councils. The Committee urges the Ministry of Chieftaincy to take necessary steps to ensure that public funds are fully accounted for by the House of Chiefs at all times.

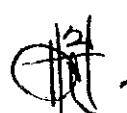
Fraudulent payments amounting to ₵79.3 million were identified during the audit. An additional ₵42.5million representing unsubstantiated payments were also recorded. To date, the unsubstantiated payments of ₵42.5 million have been regularized. However, no recovery has been made in respect of the fraudulent payments of ₵79.3 million.

Your Committee recommends that the Ministry of Chieftaincy takes immediate steps to recover the outstanding amount of ₵79.3 million.

Respectfully submitted,



**HON. ALBERT KAN DAPAAH**  
**CHAIRMAN**



**MR. ASANTE AMOAKO-ATTA**  
**CLERK TO THE COMMITTEE**

6<sup>th</sup> JULY 2009