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

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR-GENERAL

ON THE

INFORMATION TECHNOLOGY MAPPING EXERCISE AT KEY MDAs, MMDAs & EDUCATIONAL INSTITUTIONS BETWEEN OCTOBER 2006 & MARCH 2007

Thursday 8th July 2010

1.0 INTRODUCTION

The above Audit Report was laid in the House on Wednesday 2nd March, 2010 in accordance with article 184 of the 1992 Constitution and the Standing Orders of the House.

This audit report was referred to the Public Accounts Committee in accordance with Standing Order 165 for examination and report.

To consider this report, the Committee met with the Acting Deputy Auditor-General, Mr. Richard Aseidu and a technical team from the Ghana Audit Service and report as follows:

2.0 REFERENCES

The Committee referred to the following relevant documents:-

1. The 1992 Constitution

2. The Standing Orders of the House

3. National ICT Policy

4. Financial Administration Act, 2003

5. Financial Administration Regulations, 2003

6. Audit Service Act, 2000

3.0 REASON FOR THE AUDIT

Section 11 (1) and (3) of the Audit Service Act, 2000, Act 584 which requires the Auditor-General to review computerized financial and accounting systems and approve the form in which these are kept.

Section 16 of the Audit Service Act states that the Auditor –General may carry out in the public interest such special audits or reviews as he considers necessary.

In recent times, the Auditor-General has observed that many of its auditees are computerizing their accounting systems to ensure effectiveness and efficiency in their work. It is also to ensure timely preparation of their financial statements.

Unfortunately, a number of organizations are computerizing without due regard to the laid down provisions of the Financial Administration regulations.

In line with his mandate, the Auditor-General conducted an IT census to

- determine the status of computer systems acquisition, installation and operation to ascertain whether existing policies are adequate and consistent with legislative framework and best international practices; and

- use the outcome of the exercise to carry out audits to determine the integrity of the systems and for identification of risks of manipulation or illegal practices that compromise the confidentiality, integrity and availability of corporate data.

4.0   SUMMARY OF AUDIT FINDINGS

The mapping exercise identified non-compliance with the Audit Service Act that requires the Auditor-General to be informed of new and/or changes to existing systems. None of the business critical systems in use by the selected organisations during the mapping exercise had been approved by the Auditor-General. Indeed, many of those interviewed stated that they were not aware of this requirement of the Audit Service Act.

The audit also found no evidence of proper implementation of the individual elements of the policy statements in practice. Many of those interviewed did not have documented IT policies and procedures that would facilitate implementation of the policy statements. Those who had documented policies were yet to implement them in practice. The policy statements mentioned are relevant to the operations of MDA's.

The exercise identified inadequate level of investment in IT infrastructure and showed the need for the organisations to improve their communication links, upgrade their office and back-office systems and enhance their networks. In some of the organisations visited, the hardware and software in use had exceeded their economic useful lives and were on the brink of breaking down. Versions of software in use by some of the organisations were no longer supported by vendors. Additionally, many had not made arrangements to replace their obsolete equipment due to budgetary constraints. The norm has been to 'use it until it breaks'. If the current trend continues, there is a risk that business critical systems may fail, leading to severe disruption of business critical activities in those organisations.

The exercise identified an urgent need for the organisations to take prompt action in ensuring that only licensed software is installed on their computers. The practice has been for vendors to supply computers with unlicensed copies of Microsoft office software to public sector bodies.

The exercise further disclosed a general lack of proper arrangements for ensuring the continuity of business operations, should there be a failure of the IT systems or in the event of a disaster. Only 5% of the organisations interviewed had proper business continuity/disaster recovery plans in place.

On a positive note, it was observed that environmental controls and controls for preventing damage or loss of equipment were generally satisfactory. Many had fire detection and suppression systems, air conditioners, uninterruptible power supply units for controlled shut down and stand by generators. Again, virus protection software was generally in use. These were automatically updated from the vendors' websites.

5.0   OBSERVATIONS AND RECOMMENDATIONS

The Deputy Auditor-General informed the Committee that this audit was a mapping exercise to gather information to ascertain whether MDAs were complying with Financial Administration Regulations with respect to accounting systems. The Regulations require that the Auditor-General should approve all accounting systems of the MDAs.

He said the Audit Service would be using the outcome of the audit to carry out future audits.

The technical team from the Ghana Audit Service indicated that the survey covered 234 institutions including MDAs and Educational institutions. The survey at Kumasi revealed that, only St. Louis High School, Kumasi,which was not part of this sample sought approval from the Auditor-General before it established its IT systems.

The audit exercise also highlighted a general lack of IT service management expertise and a lack of awareness of the benefits and savings that a structured approach to IT service management can bring. Many of the organisations did not have properly managed and well-structured IT departments.

It was observed that many of the IT departments were run by individuals, who were consultants.

The Committee noted that there is the need for organisations to balance their craving for better and faster IT systems with their ability to manage such systems and the actual needs of the business. This is to ensure that organisations do not sink in huge sums of money into ICT when they cannot manage it.

There was evidence of procurement of IT systems which were not well thought through and did not meet the needs of the business. There was also evidence of absence of a structured approach to IT deployment. Consequently, some of the IT systems were installed by consultants but not supported, while some were simply held in storage as there was neither a business case to support their procurement nor a clear policy on their deployment.

The Committee observed that a number of these lapses are occurring because the IT systems are being implemented without recourse to the national ICT Policy.

Recommendations

The Committee recommends that all MDAs should liaise with the Ministry of Communications before setting up any IT systems in their various institutions to ensure that it reflects the National ICT Policy Statement.

Furthermore, all public institutions should seek approval from the Auditor-General before using or continue to use any computerised systems for their operations.

The Committee demands that Institutions currently using IT systems for their operations consult with the Ministry of Communications and implement the findings of the Auditor-General. They should also submit a report of compliance to the Auditor-General within 60days from the adoption of this report. This is to ensure that what happened to the Ministry of Foreign Affairs is not repeated. MDAs should create an ICT department or section fully headed by a director.

6.0   CONCLUSION

In this era of ICT, the Committee appreciates the need for institutions to opt for computerization of their systems including their accounting systems.

However, given the findings of the Auditor-General and the unfortunate event at the premises of the Ministry of Foreign Affairs, there is the need for strict compliance to the laid down regulations.

The Committee therefore directs the Controller and Accountant General to inform all Government institutions to seek approval for their IT systems from the Auditor-General in line with Financial Administration Act. **Furthermore copies of the Auditor-General's Report as well as the Committee's Report should be circulated to every public institution.**

The Committee also recommends to the Auditor-General to undertake sensitization programmes on the provisions of the Audit Service Act.

It is a matter of concern that, the Ministry of Communication which is sufficiently resourced to direct the computerisation efforts of Government institutions is not asserting itself and has allowed many government institutions to embark on
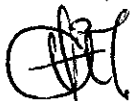
fanciful and ill-planned computerisation projects. The Committee demands that the Ministry of Communication should be more proactive

The Committee recommends to the House to adopt and approve this Report on the **Report of the Auditor-General on the Information Technology Mapping Exercise at Key MDAS, MMDAS & Educational Institutions between October 2006 & March 2007.**

Respectfully submitted

HON. ALBERT KAN DAPAAH
CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE

ASANTE AMOAKO ATTA
CLERK TO THE COMMITTEE

Thursday 8ᵗʰ July 2010