

PARLIAMENT OF GHANA  
2007

**IN THE FOURTH 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*

**MANAGEMENT AND UTILISATION OF  
STATUTORY AND OTHER EARMARKED  
FUNDS**

*FOR*

**DISTRICT ASSEMBLIES COVERING THE  
PERIOD 1<sup>ST</sup> JANUARY 2005 TO  
31<sup>ST</sup> DECEMBER 2007**

Acc No. 7529 G<sub>2</sub>

Class No. CR/MUSEF/05-07

## 1.0 INTRODUCTION

The Report of the Auditor-General on the Management and Utilisation of Statutory and other Earmarked Funds for District Assemblies covering the period 1<sup>st</sup> January 2005 to 31<sup>st</sup> December 2007 was laid in Parliament on Tuesday, 21<sup>st</sup> December, 2010 in accordance with article 187 (5) of the 1992 Constitution of the Republic of Ghana.

Pursuant to Order 165 (2) of the Standing Orders of the Parliament of Ghana, the Report was referred to the Public Accounts Committee for examination and report.

## 2.0 PURPOSE OF THE AUDIT

The purpose of the audit was for the Auditor-General to ascertain whether in his opinion:

- i. the accounts have been properly kept;
- ii. all public monies collected have been fully accounted for and rules, regulations and procedures are sufficient to provide an effective check on the assessment, collection and proper allocation of revenue;
- iii. monies have been expended for the purposes for which they were appropriated and expenditures made as authorised;
- iv. essential records are maintained and the rules and procedures applied are sufficient to safeguard and control the Assemblies' assets; and
- v. programmes and activities of the Assemblies have been undertaken with due regard to economy, efficiency and effectiveness in relation to the resources utilised and results achieved.

The audit was also to ascertain the extent of compliance with applicable laws, regulations and guidelines such as the Financial Administration Act, 2003 (Act 654), Financial Administration Regulation, 2004 (L.I. 1802), the Financial Memoranda for District Assemblies, among others.

## 3.0 METHODOLOGY

The Committee zoned the country into four as indicated below to examine the referral:

- Zone 1 - Ashanti and Brong Ahafo Regions;
- Zone 2 - Northern, Upper East and West Regions;
- Zone 3 - Central and Western Regions; and
- Zone 4 - Greater Accra, Volta and Eastern Regions.

At the invitation of the Committee, the under-listed witnesses appeared before the Committee and testified on behalf of the MMDA's:

- i. Metropolitan/Municipal/District Chief Executive Officers;
- ii. Presiding Members;
- iii. Members of the Finance sub-Committees;
- iv. Officers at post at the time of the Audit;
- v. The Metropolitan/Municipal/District Coordinating Directors;
- vi. The District Finance Officer and Accounts Officers;
- vii. Staff members in managerial positions; and
- viii. Officers responsible for acts and omissions mentioned in the Report.

The Acting Deputy Auditor-General, Mr. Yaw Agyei Sifah and his Technical Team were also present at the Committee's public sittings to assist in the Committee's deliberations.

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#### 4.0 ACKNOWLEDGEMENT

The Committee expresses its appreciation to the Acting Deputy Auditor-General and his technical team for the assistance rendered to it throughout its deliberations. The Committee is also grateful to the Ministry of Local Government and Rural Development for its support and to all officials of the Assemblies for availing themselves to assist the Committee in its deliberations.

#### 5.0 REFERENCE DOCUMENTS

The Committee was guided in its deliberations by the following legal Instruments:

- i. the 1992 Constitution of the Republic of Ghana;
- ii. the Standing Orders of the Parliament of Ghana;
- iii. the Financial Administration Act, 2003 (Act 654);
- iv. the Public Procurement Act, 2003 (Act 663);
- v. the Audit Service Act, 2000 (Act 584);
- vi. the Internal Audit Agency Act, 2003; (Act 658);
- vii. the Financial Administration Regulations 2004 (L.I. 1802);
- viii. the Financial Memoranda for District Assemblies; and
- ix. the Guidelines on the Utilisation of the District Assemblies' Common Fund.

## 6.0 SUMMARY OF AUDIT FINDINGS

The significant findings of the Auditor-General in his Report bordered on cash irregularities, contract management, procurement irregularities, stores and tax irregularities, unsubstantiated deductions from District Assemblies Common Fund Allocations, unretired imprests and overdue loans/advances granted to some officials of the District Assemblies.

The Auditor-General attributed the lapses and irregularities to the low level of commitment towards the enforcement of audit recommendations, weak internal controls, pervasive non-compliance by Management of the Assemblies to the financial and procurement rules and regulations, the tax laws as well as lack of transparency in the operations of some of the Assemblies.

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## 7.0 OBSERVATIONS AND RECOMMENDATIONS

### 7.1 Overpayment of Contract Sums - GH¢ 31,682

The audit revealed that in the execution of contracts, three (3) Assemblies overpaid contract sums by a total of GH¢31,682. The details are as follows:

i.	Berekum Municipal Assembly	GH¢18,705.00
ii.	Kintampo North District Assembly	GH¢1,710.00
iii.	Tain District Assembly	GH¢11,267.00

The Committee noted that the Assemblies made the overpayment due to failure on the part of the District Finance Officers (DFOs) to monitor contract payments. The Committee was however informed by officials of the Ghana Audit Service that an amount of GH¢11,267 in respect of Tain District Assembly had been recovered.

The inability of the Management of the three Assemblies to ensure that the DFOs vet payment documents before payments are made violates Part IX (section 74) of the Financial Memoranda. Furthermore, the officers involved failed to adhere to Regulation 45 of the Financial Administration Regulations which demands that overpayments should be recovered immediately when detected.

**The Committee demands that the officers responsible for the irregularity should be identified and sanctioned in line with section 8 (4) of the Financial Administration Regulations, 2004. (L. I. 1802). Management of Berekum**

Municipal and Kintampo North District Assemblies should ensure that the excess payments are recovered. The Committee further urges Finance Subcommittee of all the Assemblies to strengthen their internal control systems and monitoring of contract payments.

7.2 Award of Contract above Authorised Threshold - GH¢ 189,816

The Committee noted that two (2) Assemblies awarded contracts amounting to GH¢189,816 above the authorised threshold. The Assemblies involved are as follows:

i.	Yendi Municipal Assembly	GH¢188,640.27
ii.	Sawla/Tuna/Kalba District Assembly	GH¢1,175.97

The Committee further noted that Sawla/Tuna/Kalba District Assembly had regularised its contracts worth GH¢1,175.97.

Award of contracts above authorised threshold is a breach of the Public Procurement Act. The Committee demands that the officers responsible for the breach should be sanctioned. The Committee further demands that the Management of Yendi Municipal Assembly should regularise its contracts. The Ministry of Local Government and Rural Development should also ensure that Assemblies follow contract procedures as provided for in the Public Procurement Act.

7.3 Contract Irregularities - GH¢ 833,811

Twenty-three (23) Assemblies awarded contracts worth GH¢833,811 without following the due process in the award of contracts. The Committee observed during its deliberations that contracts worth GH¢187,748 had been regularised. The details of the Assemblies involved in this irregularity are attached as **Appendix A**.

The Committee demands that officers responsible for the breach should be sanctioned in accordance with the provisions of the Public Procurement Act. The Committee also urges Management of the Assemblies involved to take the necessary steps to regularise the award of the remaining contracts and ensure their completion.

7.4 Outstanding loans - GH¢1,681,329

a. Loans in respect of the Poverty Alleviation Fund (PAF) totaling GH¢1,509,689 whose recovery dates were long overdue were recorded in forty (40) Assemblies during the audit. The Committee noted that the loans were disbursed directly to the beneficiaries through Banks in the Districts. According to officials of the Ghana Audit Service, an amount of GH¢538,174 had been recovered leaving a balance of GH¢971,515 yet to be recovered. The details are provided in **Appendix B**.

As noted by the Committee, several reasons accounted for the inability of the Assemblies to recover the loans from the beneficiaries. For instance, Management of the Assemblies failed to keep and maintain proper records on the beneficiaries to aid in the recovery of the loans. This situation demonstrated the lack of commitment on the part of Management towards the recovery of the loans.

b. The audit again disclosed that loans amounting to GH¢171,640 granted under the Ghana Poverty Reduction Strategy (GPRS) and the National Youth-in-Employment Programme (NYEP) had not been recovered from the beneficiaries. The details are as follows:

	GH¢
i. Tamale Metropolitan Assembly	5,520.00
ii. Nanumba South District Assembly	33,233.00
iii. Nanumba North District Assembly	46,576.03
iv. Juaboso District Assembly	<u>86,311.11</u>
<b>TOTAL</b>	<b><u>171,640.14</u></b>

The Auditor-General reported that the loans were outstanding due to the absence of an enforceable agreement on them. As a result, most of the beneficiaries assumed that the loan granted them were gratis that did not require repayment. This situation, the Committee observed, made it impossible for the Finance and Administration sub-Committees of the Assemblies to pursue the recovery of the loans.

The Committee finds this situation unacceptable and is of the view that as a matter of urgency, the Ministry of Local Government and Rural Development should put a policy in place to guide the Assemblies in the granting and recovery of loans. The Committee also demands that Management of the Assemblies involved should institute effective strategies to pursue the recovery

of the outstanding loans from the Banks that disbursed the loans to the beneficiaries and sanction the officers who failed to ensure that the loans were recovered. The Committee further reiterates the Auditor-General's recommendation that the Assemblies should endeavour to demonstrate commitment to the efficient and effective management of the granting and recovery of loans to ensure the sustenance of the scheme.

7.5 Abandoned Projects – GH¢219,566

Six (6) Assemblies were cited to have made payments amounting to GH¢219,566 to contractors for unexecuted contracts. The anomaly, according to the Auditor-General, was due to poor contract management practices and weak financial controls. The details of the Assemblies involved are shown in the table 1 below:

Table 1

		AMOUNT GH¢	RECOVERED GH¢	OUTSTANDING GH¢
	<b>ASHANTI REGION</b>			
1.	Amansie West	49,871.63	-	49,871.63
2.	Amansie East	2,540.00	1,800.00	740.00
3.	Sekyere West	10,500.00	10,500.00	-
4.	Sekyere East	35,054.50	-	35,054.50
5.	Ejura Sekyeredumase	100,000.00	-	100,000.00
	<b>BRONG-AHAFO REGION</b>			
6.	Techiman Municipal	21,600.00	-	21,600.00
	<b>TOTAL</b>	<b>219,566.13</b>	<b>12,300.00</b>	<b>207,266.13</b>

The Committee recommends that officers found culpable must be sanctioned by Management of the Assemblies. Management should also take the necessary steps to recover monies paid for work undone and inform the Committee accordingly.

7.6 Un-presented Payment Vouchers - GH¢ 254,9485

Payment Vouchers amounting to GH¢254,948 were not presented by five (5) Assemblies for audit as demanded by Section 16 of the Financial Administration Act, 2003. Out of the total amount, only GH¢116,088 worth of Payment Vouchers have been presented for audit. Details of the Assemblies are shown in Table 2 on page 7 of this report:

Table 2

		AMOUNT GH¢	RECOVERED GH¢	OUTSTANDING GH¢
	<b>UPPER WEST REGION</b>			
1.	Wa Municipal	66,941.34	-	66,941.34
	<b>BRONG-AHAFO REGION</b>			
2.	Kintampo North	58,067.00	-	58,067.00
	<b>VOLTA REGION</b>			
3.	Keta Municipal	7,400.00	900.00	6,500.00
4.	Hohoe Municipal	115,188.51	115,188.51	-
	<b>CENTRAL REGION</b>			
5.	Asikuma/Odoben/Brakwa	7,351.50	-	7,351.50
	<b>TOTAL</b>	<b>254,948.35</b>	<b>116,088.51</b>	<b>138,859.84</b>

The inability of Management of the five Assemblies to present the Payment Vouchers for audit was a breach of financial discipline. The Committee demands that the officers involved should be sanctioned. Furthermore, the relevant Payment Vouchers should be presented to the Auditor-General for verification. Failure to do so, the accounting personnel and their supervisors should be surcharged.

#### 7.7 Unauthorised Contract Variations - GH¢ 1,099,466

The Committee observed that contracts awarded in eight (8) Assemblies were varied above 15% without authorisation to the tune of GH¢1,099,466. The Committee was informed by officials of the Ghana Audit Service that a total amount of GH¢710,948 had been regularised leaving a balance of GH¢388,518. The details of the Assemblies are shown in Table 3 on page 8 of this report:



Table 3

		AMOUNT GH¢	RECOVERED GH¢	OUTSTANDING GH¢
	<b>NORTHERN REGION</b>			
1.	Yendi Municipal	188,640.27	-	188,640.27
2.	Sawla/Tuna/Kalba	5,130.00	5,130.00	-
3.	Saboab/Chereponi	7,377.08	7,377.08	-
	<b>ASHANTI REGION</b>			
4.	Amansie West	18,288.00	-	18,288.00
5.	Kwabre	28,255.19	28,255.19	-
6.	Ejura Sekyeredumasi	260,186.20	260,186.20	-
	<b>BRONG-AHAFO REGION</b>			
7.	Atebubu-Amaten	181,589.90	-	181,589.90
8.	Techiman Municipal	410,000.00	410,000.00	-
	<b>TOTAL</b>	<b>1,099,466.64</b>	<b>710,948.47</b>	<b>388,518.17</b>

Unauthorised variation is a breach of Regulations 171 and 179 of the Financial Administration Regulations. The Committee therefore takes a serious exception to this indiscipline and demands that officers who occasioned the breach should be sanctioned appropriately. The Committee urges Management of the Assemblies to ensure that all irregular variations are regularised. Management should also ensure strict compliance to the rules and regulations governing contract management.

#### 7.8 Unsubstantiated Payments – GH¢1,813,208

Thirty-Five (35) Assemblies processed and made payments amounting to GH¢1,813,208 without attaching the relevant supporting receipts, invoices or duly authorised payment vouchers. As reported by the Auditor-General, the financial indiscipline was due to negligence on the part of the Finance Officers. The Committee however noted that some of the Assemblies had managed to provide the relevant documentation and payment vouchers to authenticate payments amounting to GH¢744,127. The attached **Appendix C** shows details of the Assemblies involved in this breach of financial discipline.

The Committee demands that the officers responsible for the breach should be identified and sanctioned accordingly. Management of the Assemblies should ensure that the payment vouchers be traced and presented for audit scrutiny. The accounting personnel and their supervisors should be surcharged with the amount if the payment vouchers are not supported with the necessary supporting documents. A report on actions taken by the Assemblies should be submitted to the Auditor-General for verification.

#### 7.9 Unsupplied Stores – GH¢157,951

Seven (7) District Assemblies paid for stores worth GH¢157,951 that were not supplied. The Committee observed that a total amount of GH¢108,280 worth of stores have been delivered leaving a balance of GH¢49,671 yet to be supplied. The list of the Assemblies involved is shown in Table 4 below:

**Table 4**

		AMOUNT GH¢	RECOVERED GH¢	OUTSTANDING GH¢
	<b>NORTHERN REGION</b>			
1.	Nanumba South	13,000.00	13,000.00	-
	<b>BRONG-AHAFO REGION</b>			
2.	Kintampo North	30,196.00	-	30,196.00
	<b>EASTERN REGION</b>			
3.	Manya Krobo	7,225.00	-	7,225.00
	<b>VOLTA REGION</b>			
4.	Hohoe	93,700.00	93,700.00	-
5.	Ho Municipal	1,500.00	-	1,500.00
	<b>WESTERN REGION</b>			
6.	Bibiani/Anwhiaso/Bekwai	10,750.00	-	10,750.00
7.	Bia	1,580.00	1,580.00	-
	<b>TOTAL</b>	<b>157,951.00</b>	<b>108,280.00</b>	<b>49,671.00</b>

Section 16 of the FAA demands that Heads of Government Departments must certify that goods are supplied before payments are made. On the contrary, the Heads of these Assemblies failed to comply with this provision.

The Committee demands that the Heads of the Assemblies and the officers found culpable of this breach should be sanctioned. Management of the Assemblies should also take steps to recover the stores.

7.10 Unrecorded Stores – GH¢848,485

Fifteen (15) Assemblies failed to record purchases amounting to GH¢848,485 in the store ledgers before disposal. As reported by the Auditor-General, ineffective coordination between the procurement and the store units of the Assemblies accounted for the lapse. Official of the Ghana Audit Service informed the Committee that some of the Assemblies have recorded in store ledgers, items amounting to GH¢366,682 leaving a balance of GH¢481,803. The details are attached as Appendix D.

Failure to record items purchased in the relevant books of accounts is a breach of Regulation 183 (3) of the Financial Administration Regulations. The Committee recommends that authorising officers responsible for the lapse should be sanctioned. Furthermore, the Committee wishes to reiterate the Auditor-General's recommendation that Management of the Assemblies should ensure that all the purchases involved are recorded in store ledgers and duly issued out upon authorised requisition, failing which the authorising officers of the payments should be surcharged.

7.11 Fuel Purchases not accounted for – GH¢103,694

Yendi Municipal Assembly (GH¢86,247) and the Nanumba North District Assembly (GH¢17,447.00) failed to log the details of fuel purchased in the relevant vehicle log books. The Committee noted that the Assemblies could not provide evidence on the receipt and utilisation of the said fuel purchased at the time of the audit.

Failure to record fuel purchased in vehicle logbooks contravenes the Stores Regulations. The Committee is of the opinion that, without recording fuel purchases in vehicle log books, it would be difficult to ensure that fuel purchased are used for the purpose for which it was intended. To this end, the Committee recommends that the officers who failed to record fuel purchased in the relevant vehicle log book should be sanctioned. Management of the two Assemblies should ensure that the officers involved provide records

on the receipt and utilisation of the fuel or the amount involved be surcharged against the authorising officers.

7.12 Misappropriation – GH¢150,956

The audit revealed that a total amount of GH¢150,956 was misappropriated in seven (7) Assemblies. These irregularities occurred as a result of internal control deficiencies. The Committee observed that a total amount of GH¢119,490 had been recovered. Management of the Assemblies involved informed the Committee that measures have been put in place to recover the outstanding balance of GH¢31,465. The details are shown in Table 5 below:

**Table 5**

		AMOUNT GH¢	RECOVERED GH¢	OUTSTANDING GH¢
	<b>NORTHERN REGION</b>			
1.	Bole	33,800.00	33,800.00	-
2.	East Gonja	3,640.00	1,800.00	1,840.00
	<b>VOLTA REGION</b>			
3.	Keta Municipal	13,241.84	5,000.00	8,241.84
4.	Ketu South	66,121.52	66,121.52	-
5.	Adaklu Anyigbe	21,383.85	-	21,383.85
	<b>WESTERN REGION</b>			
6.	Bibiani/Anwhiaso/Bekwai	12,500.00	12,500.00	-
	<b>CENTRAL REGION</b>			
7.	Agona West	268.85	268.85	-
	<b>TOTAL</b>	<b>150,956.06</b>	<b>119,490.37</b>	<b>31,465.69</b>

The Committee recommends that Management of the Assemblies should recover the outstanding amounts and sanction not only the officers who misappropriated the amounts but also the supervisors whose negligence resulted in these irregularities. The Committee further urges the Assemblies to strictly comply with the guidelines on the utilisation of the District Assemblies' Common Fund in order to achieve desired results.

7.13 Unrefunded Deposits - GH¢13,813

Three (3) Assemblies paid a total amount of GH¢13,813 to the Ashanti Regional Coordinating Council (ARCC) to facilitate the participation of the District Chief Executives in the Ghana Expo Fair 2005 organised in Canada. Unfortunately, the Fair did not come off as scheduled yet their deposits were not refunded by ARCC. Details of the amount paid by the Assemblies are as follows:

i.	Amansie Central District Assembly	GH¢4,667.10
ii.	Atwima Mponua District Assembly	GH¢4,667.10
iii.	Atwima Nwabiagya District Assembly	GH¢4,479.10
	<b>T O T A L</b>	<b><u>GH¢13,813.30</u></b>

**The Committee recommends that the Ashanti Regional Coordinating Council should as a matter of urgency refund the deposits to the respective Assemblies.**

7.14 Misapplication of Common Fund – GH¢364,206

District Assemblies' Common Fund (DACF) allocations of GH¢364,206 were misapplied by nine (9) Assemblies to cover administrative expenses instead of developmental expenditure. According to the Auditor-General, some of the expenditure incurred with the Fund could not be substantiated and justified at the time of the audit. The list of Assemblies involved in this irregularity is shown in Table 6 below:

Table 6

		AMOUNT GH¢	RECOVERED GH¢	OUTSTANDING GH¢
	<b>UPPER WEST REGION</b>			
1.	Jirapa/Lambussie	135,708.11	-	135,708.11
2.	Sissala West	1,118.00	-	1,118.00
	<b>EASTERN REGION</b>			
3.	Fanteakwa	7,550.00	7,550.00	-
4.	East Akim	5,196.00	5,196.00	-
5.	Akwapem South	33,664.50	-	33,664.50
6.	Suhum	104,095.39	-	104,095.39
7.	Manya Krobo	55,549.33	-	55,549.33
8.	Asuogyaman	5,755.00	5,755.00	-
9.	Kwahu West	13,570.00	-	13,570.00
	<b>TOTAL</b>	<b>364,206.33</b>	<b>18,501.00</b>	<b>345,705.33</b>

The Committee considers the act of misapplying funds meant for developmental activities unacceptable and recommends that the officers responsible for the misapplication should be sanctioned in line with Section 8(4) of the FAR.

7.15 Deductions by the Administrator of the Common Fund – GH¢960,164

The Administrator of the DACF deducted at source, a total amount of GH¢960,164 from the DACF allocations of eight (8) Assemblies to make payments on their behalf. However, the Assemblies failed to demand receipt of the deductions from the Administrator of the DACF. As a result, the Assemblies could not substantiate the purpose for the deductions at the time of the audit. Officials of the Ghana Audit Service informed the Committee that out of the total unsubstantiated amount mentioned above, GH¢651,123 have been substantiated. Details of the Assemblies are attached as **Appendix E**.

The Committee found it surprising that the Assemblies did not demand receipt for the deductions made from their allocation until an audit was conducted. This situation points out clearly the laxity with which some officials attend to the day-to-day activities of the Assemblies. The Committee recommends that Management should take steps to ensure that the required receipts are issued by the Administrator of the DACF to cover the deductions yet to be substantiated or be surcharged with the outstanding amount. The officers who failed to ensure that receipts for the deductions were available at the time of the audit should be sanctioned accordingly.

7.16 Overdue Imprest – GH¢281,918

Imprest holders in seven (7) Assemblies failed to retire imprest totaling GH¢281,918 as required of them. The Committee noted that the lapse was due to failure on the part of Management of the Assemblies involved to ensure prompt retirement of imprest.

Management of the Assemblies informed the Committee that the officers involved had been contacted to retire their imprests. The Committee observed that a total amount

of GH¢29,358 had been retired leaving a balance of GH¢252,560. The list of Assemblies involved is attached as **Appendix F**.

**Non-retirement of imprest by the close of each financial year contravenes Regulation 288 of the FAR. The Committee therefore recommends that the officers concerned should be sanctioned in line with Regulation 8 (4) of the FAR. The Committee further demands that the outstanding imprest should be converted into personal loans for the officers concerned to pay with interest.**

**7.17 Failure to obtain VAT Invoices - GH¢83,903**

Ten (10) Assemblies failed to obtain VAT invoices from suppliers to support the payment of total VAT amount of GH¢83,903; a situation which would enable VAT registered companies to default in the payment of VAT to the Ghana Revenue Authority.

Management of the Assemblies found culpable informed the Committee that they had recovered and paid to the Ghana Revenue Authority a total VAT amount of GH¢38,829. They assured the Committee that measures have been put in place to recover and pay the outstanding amount of GH¢45,073. The list of the Assemblies is attached as **Appendix G**.

**Procurement from Non-VAT registered entities is a breach of financial discipline. The breach does not only lead to loss of tax revenue accruing to the State but also, punishable by either a fine or a jail term. The Committee therefore recommends that the officers who procured the items should be sanctioned. Furthermore, the outstanding balance should be recovered.**

**7.18 Salary Advance - GH¢5,041**

The audit revealed that salary advance amounting to GH¢5,041 which was granted by Awutu/Effutu/Senya Municipal Assembly was overdue but had not been recovered. The Committee observed that the lapse occurred because the Finance and Administration sub-Committee failed to examine the advances account and ensure that recoveries were regular.

The Committee demands that the advance be recovered and urges the Finance and Administration sub-Committee to strengthen its oversight responsibility and ensure that accounts of the Assembly are examined promptly.

7.19 Tax Irregularities – GH¢55,915

Taxes amounting to GH¢55,915 accruing to the State were either not deducted from payments made to contractors and suppliers, or were collected and withheld illegally by the Assemblies. The breakdown of the taxes is shown in Table 7 below while the details of the Assemblies involved in this irregularity are attached as **Appendix H**.

**Table 7**

	AMOUNT GH¢	AMOUNT RECOVERED GH¢	AMOUNT OUTSTANDING GH¢
Taxes not paid to GRA	16,227.53	7,185.65	9,041.88
Taxes not withheld	39,687.97	440.18	39,247.79
<b>TOTAL</b>	<b>55,915.50</b>	<b>7,625.83</b>	<b>48,289.67</b>

The Committee finds this action by the Assemblies as a breach of financial discipline and therefore request that Management and staff of the Assemblies involved should be identified and sanctioned in line with Section 8 (4) of the Financial Administrative Act, 2003. Furthermore, all taxes due to the State should be collected and paid to the Ghana Revenue Authority with interest/penalty as required by law.

7.20 Procurement Irregularities - GH¢265,685

Nine (9) Assemblies undertook procurement amounting to GH¢265,685 without recourse to procurement processes and procedures as provided in the Public Procurement Act. The list of Assemblies involved is attached as **Appendix I**.

The Committee noted from follow-up reports presented by officials of the Ghana Audit Service that most of the Assemblies have implemented the Auditor-General's recommendations by complying with the relevant rules and regulations on procurement.



Procurement without adherence to the provisions of the Public Procurement Act is a breach of financial discipline. The Committee demands that the officers responsible for the breach should be sanctioned in line with the Public Procurement Act.

## 8.0 CONCLUSION

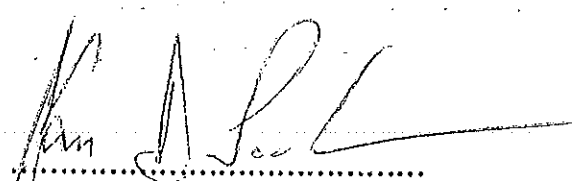
The examination of the referral brought to the fore the pervasive non-compliance with existing legislative framework, managerial ineffectiveness and weak monitoring procedures of the Assemblies as reported by the Auditor-General.

The Committee largely attributes the systemic mismanagement of financial and material resources of the Assemblies to the non-functional Audit Report Implementation Committees (ARICs) of the Assemblies. If the ARICs were up to their responsibilities and taking actions on audit findings and recommendations, most of the irregularities would not have occurred. The Committee therefore agrees with the Auditor-General that the Ministry of Local Government and Rural Development should set up an effective monitoring system to track action taken on audit reports, including management letters issued by his office in order to take appropriate action against Assemblies found culpable.

Finally, the Committee recommends to the House to adopt its Report on the Report of the Auditor-General on the Management and utilisation of Statutory and other Earmarked Funds for District Assemblies covering the period 1<sup>st</sup> January 2005 to 31<sup>st</sup> December 2007.

Respectfully submitted.

  
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ABIGAIL ABA ANSO  
(CLERK TO THE COMMITTEE)

  
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HON. ALBERT KAN-DAPAAH  
(CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE)

MAY 2012

APPENDIX A				
CONTRACT IRREGULARITIES				
		AMOUNT	RECOVERED	OUTSTANDING
		GH¢	GH¢	GH¢
	UPPER WEST			
1	WA MUNICIPAL	78,760.60	-	78,760.60
	ASHANTI			
2	ASANTI AKIM NORTH	19,589.00	-	19,589.00
3	ASANTI AKIM SOUTH	330.00	130.00	200.00
4	AHAFO ANO NORTH	12,536.16	-	12,536.16
5	ATWIMA NWABIAGYA	263,579.58	-	263,579.58
6	EJISU JUABEN	33,306.60	-	33,306.60
7	EJURA SEKYEREDUMASI	78,486.30	-	78,486.30
	BRONG AHAFO			
8	ASUTIFI	56,384.00	56,384.00	-
9	ATEBUBU-AMENTEN	61,761.00	-	61,761.00
	VOLTA REGION			
10	Ho Municipal	2,680.11		2,680.11
11	Keta Municipal	5,000.00	1,042.87	3,957.13
12	Keta Municipal	2,132.22	2,132.22	-
13	Keta Municipal	6,138.01	6,138.01	-
14	Adaklu Anyiba	23,436.76	23,436.76	-
	CENTRAL REGION			
15	Asikuma/Odoben/Brakwa	2,044.00		2,044.00
16	Awutu/Efutu/Senya	39,858.31		39,858.31
17	Cape Coast	23,345.51		23,345.51
18	Agona West	2,394.33	1,091.31	1,303.02
19	Agona West	2,687.00	2,687.00	-
20	Gomoa West	68,216.81	68,216.81	-
21	Asikuma/Odoben/Brakwa	16,884.30	16,884.30	-
22	Agona West	9,605.46	9,605.46	-
23	Gomoa West	24,655.24		24,655.24
	TOTAL	833,811.30	187,748.74	646,062.56

APPENDIX B				
OUTSTANDING LOANS				
		AMOUNT	RECOVERED	OUTSTANDING
		GH¢	GH¢	GH¢
	<b>NORTHERN</b>			
1	YENDI MUNICIPAL	98,271.90	-	98,271.90
2	ZABZUGU/ TATALE	44,632.19	44,632.19	-
3	NANUMBA SOUTH	14,142.32	-	14,142.32
	<b>UPPER WEST</b>			
4	WA MUNICIPAL	74,476.35	-	74,476.35
5	LAWRA	175,136.96	-	175,136.96
6	WA EAST	34,700.00	-	34,700.00
7	NADOWLI	17,337.13	-	17,337.13
8	SISSALA EAST	31,050.00	-	31,050.00
9	SISSALA WEST	42,500.00	-	42,500.00
10	WA WEST	14,500.00	-	14,500.00
	<b>UPPER EAST</b>			
11	KASSENA NANKANA	11,000.00	-	11,000.00
12	BUILSA	25,251.37	-	25,251.37
13	BAWKU WEST	4,448.00	2,200.00	2,248.00
14	GARU TEMPANE	42,146.95	34,692.16	7,454.79
15	BAWKU MUNICIPAL	31,174.56	26,400.16	4,774.40
16	BOLGA MUNICIPAL	95,067.42	-	95,067.42
	<b>ASHANTI</b>			
17	ADANSI NORTH	7,400.56	-	7,400.56
18	ASANTE AKIM NORTH	24,209.00	-	24,209.00
19	AHAFO ANO NORTH	25,854.00	6,100.00	19,754.00
20	AMANSIE WEST	15,000.00	-	15,000.00
21	AMANSIE CENTRAL	9,000.00	6,930.00	2,070.00
22	SEKYERE WEST	51,100.00	-	51,100.00
23	ATWIMA NWABIAGYA	51,200.00	-	51,200.00
24	KWABRE	1,600.00	1,600.00	-
25	AFIGYA SEKYERE	73,785.00	71,725.00	2,060.00
26	EJURA SEKYEREDUMASI	120,000.00	40,000.00	80,000.00
	<b>BRONG AHAFO</b>			
27	JAMAN NORTH	18,951.00	18,376.00	575.00
				-
	<b>EASTERN REGION</b>			
28	Fanteakwa	4,000.00	4,000.00	-
29	East Akim	3,105.00	-	3,105.00
30	Manya	4,000.00	-	4,000.00
	<b>VOLTA</b>			
31	Keta Municipal	18,494.00	3,321.00	15,173.00
32	Nkwanta	223,130.00	223,130.00	-

33	Ho Municipal	21,000.00		21,000.00
34	Hohoe	4,900.00		4,900.00
35	Akatsi	12,880.00		12,880.00
36	Adaklu Aylgba	44,727.50	44,727.50	-
	<b>WESTERN REGION</b>			
37	Mpohor Wassa East	1,887.25	240.00	1,647.25
38	Wassa Amenfi West	10,100.00	10,100.00	-
39	Jomoro District	5,000.00		5,000.00
				-
	<b>CENTRAL REGION</b>			-
40	Gomoa West	2,531.00		2,531.00
	<b>Grand Total</b>	<b>1,509,689.46</b>	<b>538,174.01</b>	<b>971,515.45</b>

APPENDIX C						
UNSUBSTANTIATED PAYMENTS						
		Acquitted			Outstanding	
		GHC	Qty	GHC	Qty	GHC
	<b>NORTHERN</b>					
1	YENDI MUNICIPAL	14,132.50		-		14,132.50
2	ZABZUGU/ TATALE	7,263.25		-		7,263.25
3	GUSHIEGU	32,506.41		32,506.41		-
4	KARAGA	143,653.00		26,143.00		117,510.00
5	NANUMBA SOUTH	7,000.00		-		7,000.00
						-
	<b>UPPER WEST</b>					
6	WA MUNICIPAL	45,064.94		-		45,064.94
						-
	<b>UPPER EAST</b>					
7	KASSENA NANKANA	97,526.24		9,504.80		88,021.44
8	BUILSA	38,622.60		34,947.60		3,675.00
9	BAWKU WEST	18,789.50		18,789.50		-
10	GARU TEMPANE	4,904.04		4,904.04		-
						-
	<b>ASHANTI</b>					
11	ASANTI AKIM NORTH	48,952.41		28,952.41		20,000.00
12	AMANSIE WEST	290,056.00		-		290,056.00
13	SEKYERE EAST	63,422.06		63,422.06		-
14	AFIGYA SEKYERE	36,850.00		36,850.00		-
						-
	<b>BRONG AHAFO</b>					
15	BEREKUM	203,934.00	31	-		203,934.00
16	TECHIMAH MUNICIPAL	19,600.00	1	-		19,600.00
17	TAIN	19,300.00	6	19,300.00		-
						-
	<b>GREATER ACCRA</b>					
18	Dangme East	1,847.00		1,847.00		-
19	Tema Metropolitan	4,850.00		-		4,850.00
20	Dangme East	17,535.60		14,273.50		3,262.10
						-
	<b>VOLTA</b>					
21	Hohoe Municipal	10,100.00		-		10,100.00
22	Ketu South	26,540.00		26,540.00		-
23	Adaklu Ayigbe	74,916.68		74,916.68		-
						-
	<b>WESTERN REGION</b>					
24	Bibiani/Anwhiaso/Bekv	20,016.16		-		20,016.16
25	Wassa Amenfi East	45,152.70		19,139.17		26,013.53
26	Mpohor Wassa East	86,369.06		86,369.06		-
27	Aowin Suaman	600.00		600.00		-
						-
	<b>CENTRAL REGION</b>					
28	Asikuma/Odoben/Brak	24,662.60		-		24,662.60
29	Awutu/Efutu/Senya	14,925.00		-		14,925.00
30	Gomoa West	1,770.20		-		1,770.20
						-
	<b>EASTERN REGION</b>					
31	East Akim	9,888.94		-		9,888.94
32	Kwahu South	76,850.00		-		76,850.00
33	Akuapem South	122,561.23		122,561.23		-
34	Manya Krobo	142,193.44		-		142,193.44
35	Fanteakwa	40,852.68		122,561.23		81,708.55
	<b>Grand Total</b>	<b>1,813,208.24</b>	<b>38</b>	<b>744,127.69</b>	<b>-</b>	<b>1,069,080.55</b>

**APPENDIX D**

<b>UNRECORDED STORES</b>				
		<b>AMOUNT</b>	<b>RECOVERED</b>	<b>OUTSTANDING</b>
		<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
	<b>NORTHERN</b>			
1	GUSHIEGU	62,671.29	62,671.29	-
2	KARAGA	50,552.00	50,552.00	-
3	SABOBA/CHEREPONI	55,311.00	55,311.00	-
4	NANUMBA NORTH	48,000.00	36,000.00	12,000.00
				-
	<b>EASTERN</b>			
5	Fanteakwa	43,541.30	43,541.30	-
6	Akwapem South	9,072.00	-	9,072.00
				-
	<b>VOLTA</b>			
7	Kpando	44,635.25	-	44,635.25
8	Keta Municipal	16,921.70	-	16,921.70
9	Nkwanta	278,969.40	-	278,969.40
10	Ketu South	64,097.09	-	64,097.09
11	Akatsi	42,317.00	-	42,317.00
12	Adaklu	13,791.16	-	13,791.16
				-
	<b>WESTERN REGION</b>			
13	Wassa Amenfi East	50,210.00	50,210.00	-
14	Mpohor Wassa East	43,342.37	43,342.37	-
15	Wassa Amenfi West	25,054.10	25,054.10	-
	<b>Grand Total</b>	<b>848,485.66</b>	<b>366,682.06</b>	<b>481,803.60</b>

APPENDIX E				
DEDUCTIONS FROM DACF				
		AMOUNT	RECOVERED	OUTSTANDING
		GH¢	GH¢	GH¢
	<b>NORTHERN</b>			
1	NANUMBA NORTH	29,278.82	29,278.82	-
	<b>ASHANTI</b>			
2	KUMASI METRO	187,399.00	-	187,399.00
3	OBUASI MUNICIPAL	347,558.06	347,558.06	-
4	ADANSI NORTH	251,611.07	251,611.07	-
5	ASANTE AKIM SOUTH	11,622.47	7,289.61	4,332.86
6	AHAFO ANO NORTH	82,300.28		82,300.28
7	AMANSIE CENTRAL	15,385.93	15,385.93	-
	<b>CENTRAL REGION</b>			
8	Cape Coast	18,575.84	-	18,575.84
		16,433.33	-	16,433.33
	<b>TOTAL</b>	<b>960,164.80</b>	<b>651,123.49</b>	<b>309,041.31</b>

APPENDIX F				
OVERDUE IMPREST				
		AMOUNT	RECOVERED	OUTSTANDING
		GH¢	GH¢	GH¢
	<b>NORTHERN</b>			
1	BOLE	8,500.00	8,500.00	-
2	KARAGA	2,000.00	-	2,000.00
	<b>UPPER WEST</b>			
3	WA MUNICIPAL	250,160.00	-	250,160.00
4	SISSALA WEST	400.00	-	400.00
	<b>BRONG AHAFO</b>			
5	BEREKUM	7,979.00	7,979.00	-
6	TECHIMAN MUNICIPAL	600.00	600.00	-
	<b>CENTRAL REGION</b>			
7	Asikuma/Odoben/Brakwa	12,279.20	12,279.20	-
	<b>TOTAL</b>	<b>281,918.20</b>	<b>29,358.20</b>	<b>252,560.00</b>



## APPENDIX I

### PROCUREMENT IRREGULARITIES

	AMOUNT	RECOVERED	OUTSTANDING
	GH¢	GH¢	GH¢
<b>GREATER ACCRA</b>			
1 Tema Metropolitan Assembly	63,657.00	63,657.00	-
2 Tema Metropolitan Assembly	14,738.70	10,155.50	4,583.20
3 Dangme East	39,055.94	39,055.94	-
<b>Eastern</b>			
4 Suhum Kraboa	68,304.67		68,304.67
<b>WESTERN</b>			
5 Aowin Suamin	3,155.00	3,155.00	-
6 Wassa Amenfi West	37,547.50	37,547.50	-
7 Bibiani/Anwhiaso/Bekwai	1,497.00		1,497.00
8 Aowin Suaman	22,656.10	22,656.10	-
9 Nzema East	15,074.00	15,074.00	-
<b>Grand Total</b>	<b>265,685.91</b>	<b>191,301.04</b>	<b>74,384.87</b>