

**IN THE FIRST SESSION OF THE THIRD
PARLIAMENT OF THE FOURTH
REPUBLIC OF GHANA**

**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON
THE AUDITOR-GENERAL'S REPORT**

ON THE

PUBLIC ACCOUNTS OF GHANA

**FOR THE PERIOD ENDED
31ST DECEMBER 1997**

**MINISTRIES, DEPARTMENTS AND OTHER
AGENCIES OF THE CENTRAL GOVERNMENT
(JUDICIAL SERVICE)**

(24TH JULY 2001)

PUBLIC ACCOUNTS COMMITTEE
MEMBERSHIP LIST

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Hon. Yaw Barimah	" " Koforidua
Hon. J.A. Nketia	" " Wenchi West

INTRODUCTION

1. In pursuance of Article 187(5) of the 1992 Constitution, the Auditor-General presented his Report on the Ministries, Departments and Other Agencies of the Central Government for the period ended 31st December 1997 to Parliament on 11th November 1998. The Report was referred to the Public Accounts Committee on the same date for consideration and report in accordance with Standing Order No. 165(2).
2. The Public Accounts Committee of the second Parliament of the fourth Republic deliberated on the Auditor-General's Report and presented its Report to the House on 31st May 2000. The said Committee stated in paragraph six of its Report that because of the volume of evidence on the Judicial Service, a separate Report will be submitted in due course. The Committee could however not submit the said Report before the dissolution of that Parliament.
3. The interest generated amongst the general public during the deliberations on this Report and the need to exonerate or otherwise of some Officials who were allegedly implicated in the Auditor-General's Report, caused your Committee to take up the matter and report accordingly to the House.
4. Evidence was taken from officials of the Judicial Service and the Committee will especially like to acknowledge with sincere thanks the following for their assistance:
 - i. Justice A.K.B. Ampiah - Justice of the Supreme Court
 - ii. Justice S.A. Brobbey - Justice of the Court of Appeal
 - iii. Mr. G.A. Aryeetey - Ag. Judicial Secretary
 - iv. Mr. N.C.A. Agbevor - Dep. Judicial Secretary

v. Al-Hajj Yakubu Dramani - Former Judicial Secretary

5. **REFERENCE MATERIALS**

Your Committee was guided by the following documents during its deliberations:

- i. The 1992 Constitution
- ii. The Standing Orders of Parliament
- iii. The Criminal Code, Act 60
- iv. The Financial Administration Decree (FAD) SMCD 221
- v. The Financial Administration Regulations (FAR) L.I. 1234

6. **SCOPE OF REPORT**

Your Committee's Report covers the general over-view of the financial administration of the Judicial Service. **PART I** of the Report covers the Executive Summary while **PART II** deals with special audit findings and the general financial lapses within the Service.

PART I

EXECUTIVE SUMMARY

7. Following complaints over delays in the payment of allowances to panel members of Tribunals, His Lordship the Chief Justice requested a special audit to be conducted on the financial transactions of the Tribunal section of the Judicial Service in April 1997. The findings and recommendations of the special audit were incorporated in the Auditor-General's Report of Ministries, Department and other Agencies of the Central Government for the period ended 31st December 1997 and presented to Parliament. The main thrust of the report indicates that ₦1.9bn of Tribunal Panelists Allowances was misapplied for other services.

8. The evidence and exhibits before the Committee indicates that the Judicial Service is beset with a number of problems which include – lack of development planning, inadequate budgetary allocation, lack of co-ordination, weakness in the internal audit, unapproved sources of finance, etc.

9. (a) **LACK OF DEVELOPMENT PLANNING**

There is a total absence of development planning in the Service. There is therefore the tendency to opt for unauthorised selective development. Projects were often initiated before the source of finance was identified. In the rationalisation of unauthorised expenditure, management for instance invented excuses and answers for possible future audit queries. In discussing how to get money to meet its expenditure, suggestions were made that the Ministry of Finance should be informed that the Service made some

projections WHICH HAD NOT BEEN VOTED FOR (emphasis supplied) and so part of the 1.9billion was used. Secondly, that if Auditors queried, it could be explained to them that in the course of rehabilitation/renovation works within the service, the money was used because some of the tribunals were not in Session.

(b) INADEQUATE BUDGETARY PROVISION

10. It appears the Service is unable to operate within its budgetary allocation for capital expenditure. It consequently had to borrow from all sources including Panelists allowances to meet pressing but unauthorised capital expenditure contrary to the FAR. There is therefore the need to identify the annual developmental needs of the Service, to budget efficiently for it and operate within the allocations granted.

(c) WEAKNESSES IN THE INTERNAL AUDIT SYSTEM:

11. There was evidence before the Committee that the Internal Audit system was ineffective as the first bastion of defence against financial indiscipline. It was established that all payment vouchers drawn from the Panelist account were pre-audited by the Section, but not even once, during the period was a query raised. The division of the Internal Audit into two, one segment servicing the tribunal section and the other, the rest of the Service also destroyed its objectivity and impartiality whilst undermining the merger envisaged by the Constitution.

(d) UNAPPROVED SOURCES OF FINANCE

12. Apart from diverting subvention to cover capital expenditure, there was also evidence that the Service regarded some revenue collected as their bonafide property to be disbursed according to the dictates of the Service. There is evidence before the Committee that the Judicial Service regarded the "Attestation Account" as disbursable money controlled only by the

Judiciary instead of revenue to be paid to chest. It is recommended that the "Attestation Account" be audited properly to ascertain how much has been misapplied. Steps should also be taken to ensure that the revenue earned from attestation is paid into government chest.

(e) THE CHIEF JUSTICE

13. It came out in evidence that the Chief Justice sometimes involved himself in the day to day financial administration of the Service. According to Al-Hajj Dramani Yakubu, the former Judicial Secretary there is a clause in the appointment letters of all officers that they should obey all requests from the Chief Justice. It is the belief of the Committee that this provision could work mischief sometimes. The Committee submits that the Chief Justice limits himself to policy direction in financial matters. Financial administration must strictly be left in the hands of the technocrats.

(f) AWARD OF CONTRACTS

14. It came out in evidence that the Service has no Tender Board. Consequently there is lack of co-ordination in the award of contracts. Contracts were awarded anyhow to friends and favourites and almost all senior management including the Chief Justice are guilty of this failure. Estimates used as the basis for the award of contracts were mostly prepared by the AESL and PWD.
15. There is the urgent need for the establishment of a Tender Board for the Service to avoid irregularities in the form of favouritism, inflation of contract prices, shoddy execution of projects, etc. Officers who transgress the laid down regulations thereafter should be surcharged for any resultant losses.

(g) PROCUREMENT PROCEDURE

16. It would appear that the procedure as laid down in L.I. 1234 had been flouted in the procurement of supplies for the Service. The External Audit observation No. CTS/AUD/8/98 for the period ending 31st December 1998 indicated an ad-hoc and haphazard system of procurement. The FAR requires Heads of Department or Spending Officers appointed by them to authorise the purchase of supplies and equipment. However, the Committee observed that it is the supply section of the Service that:
 - i. Prepares the list of items to be purchased.
 - ii. Invites quotations from suppliers.
 - iii. Approves prices for quotations and authorises supplies to be delivered.
17. The Supply Section therefore combined the functions of authorisation, approval and ordering of supplies.
18. Separation (check and counter-check) of duties which is an essential element for any internal control system to be effective was clearly absent in the purchasing procedure. The Committee recommends immediate separation of duties and the use of Local Purchase Order (LPO) to strengthen the existing records being maintained by the Supply Department.
19. Again, strict compliance and observance of the FAR, L.I. 1234 would help greatly to remedy the situation. Sanctions for non-observance should be swift and must reflect the loss occasioned.

PART II

PAYMENT FOR UNEXECUTED CONTRACT - ₵9.9 MILLION

20. The audit report indicated that two companies, Selly Company Ltd and Yawmens Engineering, were paid an amount of - ₵9,939,000.00 in 1996 for the renovation of the Service's property at Tarkwa and Techiman. These projects, according to the audit report, had not been done at the time of audit.

21. Evidence before the Committee however revealed that there was no pre-payment for the execution of the Tarkwa contract and that payment was only effected on completion of the contract. The Committee also noted that the Techiman contract was pre-financed by the Service but has since been completed and handed over to the Judicial Service.

Recommendation

22. Your Committee recommends that the Service should strictly comply with the financial regulations which prohibits pre-financing of contracts.

MISAPPLICATION OF FUNDS - ₵1.9 BILLION

23. The Auditor-General indicated in his report that between January 1994 and May 1997, the Tribunal Section of the Judicial Service misapplied a total amount of ₵1.9billion meant for the payment of allowances and personal emoluments of Tribunal Panelists.

24. The report further indicated that though the Second Deputy Judicial Secretary, Mr. N.C.A. Agbevor stated that the expenditure were made under the authorisation of Management, he could not substantiate it with any documentary evidence.

25. However, evidence tendered before the Committee revealed that the conclusion by audit was not accurate. While the ₦1.9b was actually misapplied, it had the authorisation of management.

26. During the Committee's deliberations, Mr. Agbevor tendered documentary evidence signed by the Chief Justice and the Judicial Secretary requesting the release of funds to meet some capital and other recurrent expenditure. Management however explained that the Deputy Judicial Secretary was authorised to meet the said expenditure from the erstwhile Tribunal account and not the Panelists allowances account.

27. Your Committee could not accept the above explanation from Management because the erstwhile Tribunal account had a balance of only ₦5,906,568.00 at the time of the merger of the erstwhile Tribunals and the regular Courts in 1992. In addition, the signatories to the said account were changed to include the following:

- i. Chief Justice & Chairman of the Judicial Council.
- ii. Judicial Secretary and Secretary to the Judicial Council.
- iii. Proposed nominee. (Nicholas Charles Agbevor)

28. Your Committee observed that given the huge sums of monies demanded from Mr. Agbevor by Management it could not have possibly been met from the ₦5.9million closing balance of the defunct Tribunals account.

29. It is the considered view of your Committee that Management requested Mr. Agbevor to meet the expenditure from the Panelists' allowances because management was aware that there were surplus funds in the Panelists' account for, the Judicial Secretary Al-Hajj Dramani had earlier applied to the Ministry of Finance and was granted all the funds to meet quarterly allowances of Panel Members of the 180 Tribunals even though he knew at the time of the

application that not all the 180 Tribunals had been established. It was from these unutilised allowances that Mr. Agbevor was asked to make payments from.

Recommendation

30. The Committee exonerates Mr. Agbevor of any financial malpractices and therefore recommends to the Judicial Council that his appointment as Deputy Judicial Secretary, Finance and Administration be given to him.

OTHER MATTERS

31. The Committee reviewed the general financial administration of the Judicial Service and unearthed a wide range of financial malpractices. These malpractices concerned procurements, unapproved sources of finance, award of contracts, etc.

i. Procurement Procedure

32. The Committee noted that procurement procedures as laid down in the FAR, L.I. 1234 have been totally disregarded by the Service. Your Committee observed that the Supply Section of the Service:

- a. prepares list of items to be purchased.
- b. invites quotations from supplies
- c. approves prices and
- d. authorises supplies.

33. Your Committee also noted that most transactions of the Service were conducted verbally and in some cases items were supplied before orders were made.

Recommendation

34. Your Committee wishes to recommend to the Judicial Service to segregate the above functions in order to ensure effective financial control. Your

Committee also wishes to recommend the use of Local Purchase Order (LPO) forms to strengthen the existing records being maintained by the Supply Department.

35. In addition, strict compliance with S.656 of the FAR should be adhered to and sanctions for non-observance should be swift.

ii. Internal Audit System

36. There was evidence before the Committee that the Internal Audit system was ineffective. It was established for instance that the Internal Audit Section certified vouchers for payment from the Panelists account, the Deposit account the Attestation account as well as payments of capital expenditures from subventions. The Unit, thus failed to function as a check on these malpractices.

37. Your Committee also noted that the Internal Audit Unit has been divided into two sections, one servicing the Tribunal Section and the other servicing the rest of the Service. This, in the opinion of the Committee undermines the merger of the traditional Court and the Tribunal systems.

Recommendation

38. Your Committee wishes to recommend the merger of the two sections as envisaged in the 1992 Constitution and also the strengthening of the Internal Audit Unit by appointing competent officers to man the Unit.

iii. Unapproved Sources of Financing

39. The Committee noted that in certain cases the Service used recurrent subvention for capital expenditure. Furthermore, there was evidence that management regarded the Attestation Account, as money for disbursement by the Judicial Service instead of revenue to be paid to chest as stipulated in the FAR.

40. In addition, your Committee noted that the Service used monies due the Deposit account to meet recurrent and capital expenditure.

Recommendation

41. Your Committee recommends that all monies due the Attestation Account should be paid promptly into the Consolidated Fund as required by the FAR. There should also be regular auditing of the Attestation account in order to check any misapplication of funds.

42. Your Committee further recommends that management should as a matter of urgency stop disbursing revenue from the Deposit account to avoid any future embarrassment to the Service since monies due the account are meant for Clients and not the Service. In addition management should ensure that the Deposit account is reimbursed with all monies withdrawn from it.

iv. Award of Contracts

43. It came out during deliberations that the Service has no Tender Board. It was noted that contracts were awarded to friends and favourites and almost all senior management including the Chief Justice were guilty of this.

44. It was also noted that contract prices were often inflated. This was so because estimates prepared by AESL and PWD were often unreliable. For instance, the refurbishment of the Koforidua Regional Tribunal was estimated to cost ₵5 million by PWD whilst the AESL quoted a figure of ₵25 million for the same contract.

45. The committee on mechanization and computerization set up to advise the Chief Justice was also ignored. Even though the committee recommended that computers be bought at \$4,400, this recommendation was rejected.

Instead the contract was awarded to Integrated Electronic Services at \$6,600 each.

46. There was also total lack of co-ordination in the award of contracts. For instance, the Administrative Secretary awarded a contract to Yawmens Ltd to renovate the Services property in Techiman. However, four days later, the same contractor was contracted to refurbish the 28th February Road Courts by the Service. This resulted in the delay in completion of the Techiman contract.

47. It was also established that the Service paid for contracts awarded by the Service outside of the Regional Tender Boards from its subvention, which is a gross violation of the FAR.

48. It could thus be said that there was total absence of development planning in the Service. Most projects were often initiated before the source of funding was sought. There is therefore the tendency to opt for unauthorised selective development and this, in the opinion of your Committee, is the main cause of misapplication of funds within the Service.

Recommendation

49. Your Committee recommends the establishment of a Tender Board for the Service which shall be given a free hand to function effectively. This will help eliminate irregularities such as favouritism and inflation of contract prices.

50. In addition, the Development office should also be strengthened to enable it perform its functions effectively.

v. Purchase of Generator and Computers

51. Your Committee noted several irregularities in the purchase of a generator set and computers from Integrated Electronic Services Ltd. (IES), an Accra based company.

52. Your Committee was informed during its deliberations that a mechanization and computerization committee established in 1997 was to advise the Chief Justice on issues relating to the mechanization and computerization of the courts.

53. The Chairman of the committee, Justice Brobbey informed your Committee that his committee in line with its terms of reference recommended to the Chief Justice for the purchase of a 17kva generator at a cost of \$8,000 from a company called Polar Power. It also recommended the supply of computers and accessories from another company at a cost of US\$4,400 per computer and its accessories. He added that his committee is only an advisory one and that the final decision lies with the Chief Justice. Justice Brobbey also indicated that I.E.S. did not submit any quotation to the Committee at the time of selection.

54. However, the Ag. Chief Supply Officer, Mr. Gabriel Daniel, who is not a secretary to the computerization committee informed the Chief Justice per letter dated July 9, 1997 that the mechanization and computerization committee has recommended that I.E.S. should also submit its price list for examination.

55. The Chief Justice thereafter minuted on the letter rejecting paragraph 2 of the mechanization and computerization committee's report on grounds that the prices quoted were unrealistic. As a result, the Chief Justice requested Mr. Daniel to get in touch with IES for quotations. The contract was later awarded to IES to supply a generator and other office equipment. The pro-forma prices

submitted by IES in June 1997 which were quoted in US dollars and converted at a rate of ₦2,500 to the dollar was as follows:

Item	Qty.	Description of Equipment	Unit Price ₦
1	2pcs	Air Conditioner (Windows Unit)	2,250,000.00
2	7pcs	Air Conditioner (Split Unit)	4,560,000.00
3	8pcs	Canon NP. 6216 Copier	6,500,000.00
4	20pcs	IBM Wheel Writer (Electric)	2,100,000.00
5	1pcs	Generator set with canopy Transferee panel, automatic Panel switch	37,500,000.00

56. Meanwhile, on the 30th of October, 1997, the Managing Director of IES, Ms. Baaba Abaidoo submitted a new invoice to the then Ag. Financial Controller, Mr. Fordjour claiming a price differential of ₦182,150,500 for the goods she supplied in June 1997. The invoice and its covering letter are produced here under.

INTEGRATED
ELECTRONIC SERVICE
P.O.BOX 1440, DANSOMAN EST. ACCRA GHANA. TEL. 024-317-771

SYSTEM DEVELOPERS SUPPLY AND MAINTENANCE OF COMPUTERS, OFFICE &
ELECTRONIC EQUIP.

OCTOBER 30TH 1997
REF. IES-10101000-INV/197

THE AG. FINANCIAL CONTROLLER,
THE SUPREME COURT,
ACCRA GHANA,

Your Lordship,

MECHANIZATION AND COMPUTERIZATION OF THE COURTS

I respectfully wish to inform you that equipment and machines required for the Mechanization and Computerization of the courts have been installed at site.

However, My Lord, I humbly wish to inform you that although the equipment were requested for and supplied in the month of June 1997, payment was effected in the month of December, 1997.

This delay, My Lord ultimately led to the reduction of the value of the amount paid for some of the items, such as the photocopiers, electric typewriters, and air conditioners.

Finally, My Lord, a generator set was initially to serve only the courtrooms with electrical power. As a result, a 17kva was proposed; but due to load sharing by ECG currently taking place, it was later necessary to get a larger one for that purpose, and hence a difference in price.

The Company would be grateful if the necessary steps are taken to make up for the difference in the related prices, My Lord.

Attached is a supplementary invoice for the difference in the prices of the equipment.

Yours faithfully,
(SGD)
Baaba Abaidoo
Managing Director

INTEGRATED
ELECTRONICS SERVICES

P.O. BOX 1440, DANSOMAN EST. ACCRA, GHANA TEL. 024-317771

INVOICE

Invoice Number: IES-10101000-INV/197

Invoice Date: 30TH OCTOBER, 1997

ATTN: JUDICIAL SECRETARY

Item	Qty	Description of Equip.	Old Unit Price ₵	New Unit Price ₵	Price Difference ₵	Total Amount ₵
1	2PCS	AIR CONDITIONER	2,250,000	2,750,000	500,000	1,000,000.00
	7PCS	AIR CONDITIONER	4,560,000	5,185,000	625,000	4,375,000,000
2.	8PCS	CANON NP 6216 COPIER	6,500,000	6,750,000	250,000	2,000,000,000
3	20PCS	IBM WHEEL WRITER (ELECTRIC)	2,100,000	2,850,000	750,000	15,000,000,000
4	1PCS	GENERATOR SET WITH CANOPY TRANSFER PANEL SWITCH	37,500,000	197,275,000	159,775,500	159,775,000,000
						182,150,500.00

(SGD)

BAABA BAIDOO
SYSTEMS ENGINEER

57. According to Mr. Fordjour he received this invoice in the first week of April 1998. He referred it to the Judicial Secretary who denied any knowledge of the transaction. The mechanization and computerization committee also refused to have anything to do with the invoice on the grounds that they had NOT

recommended any 500kva generator for the Service. The Financial Controller then raised another memo to the 1st Deputy Judicial Secretary, Mr. George Aryeetey. The 1st Deputy Judicial Secretary minuted on the Financial Controller's memo to the Chief Justice recommending payment of the IES claim on the grounds that "THEY WERE GENUINE DEBTS INCURRED BY THE SERVICE..." (emphasis supplied). The Chief Justice consequently approved the excess claim of ₵182 million for payment. The said memorandum and minute is reproduced in full hereunder.

'A'

M E M O R A N D U M

TO: FIRST DEPUTY JUDICIAL SECRETARY
FROM: AG. FINANCIAL CONTROLLER
DATE: 24TH JULY, 1998
SUBJECT: VARIATION IN PRICES OF EQUIPMENT

Please, find attached correspondence from Integrated Electronics Services that:

- (1) the 17kva Generator Set in the first invoice was intended for only Supreme Court but the energy crisis has prompted the Service to ask for a bigger one to serve the whole building. Consequently the price increase from 37.5million cedis to 197,275,000 million cedis.
- (2) The prices of the other items 1, 2, and 3 on Invoice No. IES-10101000-INV.97 of 30/10/97 has increased due to late payment in December and fluctuations in prices.
- (3) The total Invoice price differential of 182,150,500.00 cedis due to the changed circumstances is the demand of Integrated Electronic Service.
- (4) I wish to state that these are capital items and if approved payment would be effected in piece-meal from the revolving fund.

Humbly submitted for your consideration.

(SGD) G.K. Fordjour

(2)

ML/CJ

These are genuine debts which have been incurred by the Service in our transactions with Integrated Electronics Service. The terms of payment as suggested by Ag. FC is good for the Service. We therefore need your consent.

(Sgd) 1st Deputy Judicial Secretary

(3) FDJS/Approved

(Sgd) Chief Justice

Findings

58. Your Committee observed several irregularities in this contract which were calculated to defraud the Service. These include:

- (a) The Chief Supply Officer's letter to the Chief Justice recommending IES for the contract was dated 9th July 1997. However the first pro-forma invoice of IES was dated June 1997 which is very irregular because at the time of the recommendation there was no pro-forma invoice before the computerization committee. There is thus the belief that the IES pro-forma invoice was backdated.
- (b) ~~The justification for the higher capacity generator – the load shedding by ECG – is totally false for there was no energy crisis in 1997.~~
- (c) The letter by IES requesting for the price variation was dated October 1997. However, she claimed in the letter that she supplied the items in June 1997 and payment was effected in December 1997.

- (d) There was evidence that the letter signed by Mr. Daniel requesting IES to supply a 500kva generator was authored the day the generator was supplied.
- (e) The generator supplied is a 135kva generator and not a 500kva generator and that both the supplier (IES) knew the capacity and the Judicial Service.
- (f) The Ag. Judicial Secretary on 3rd March 1998 requested for detailed information on the generator which he has not received to date. Yet he recommended on 28th July 1998 that the price variation requested by IES were genuine debts.
- (g) An amount of ₺37,500,000 (\$15,000) was paid to IES before the supply of the generator.
- (h) The amount of \$6,900 paid to IES for the supply of a Stenograph machine was not supplied. IES requested that the amount be deducted from the Services indebtedness to the company.

59. It is the considered opinion of your Committee that most of the correspondence between IES and the Service were backdated.

Computers

60. Evidence before the Committee indicates that IES supplied 12 computers and printers to the Service at a cost ranging between \$6,200 and \$6,600 per Unit. These prices were accepted even though the Chief Justice indicated in a memo that the price of \$4,400 per computer and its accessories as quoted by the mechanization and computerization committee was unrealistic.

61. Even though the Managing Director informed the Committee that her prices included the cost of UPS (uninterrupted power supplies), available evidence indicated that the company quoted separate prices (\$700 per UPS) for the supply of 12 UPS.

62. The total cost of 12 computers, 12 printers and 12 UPS amounted to \$84,650. The cedi equivalent at a rate of ₵2,500 brought the total figure to ₵211,625,000.00. The invoice is reproduced below.

INTEGRATED
ELECTRONICS SERVICES

P.O. BOX 1440, DANSOMAN EST, ACCRA-GHANA

SYSTEM DEVELOPERS SUPPLY AND MAINTENANCE OF COMPUTERS OFFICE & ELECTRONIC EQUIPMENT

	<u>PRICE (\$)</u>	<u>CEDI EQUIVALENT</u>
<u>(1) RECORDING MACHINES:</u>		
A Set of Court Recording System		
(2) 13 @ 5,500 each	71,500.00	178,750,000.00
<u>2 COMPUTERS:</u>		
<u>(a) CHIEF JUSTICE/JUDICIAL SECRETARY</u>		
2 Pieces Compaq Deskpro Model 2000c With 2 laser Jet 5/5m Printer @ 6,350	12,700.00	31,750,000.00
<u>(b) RECORD PROCESSING</u>		
3 Piece Compaq Deskpro Model 2000c With 3 laser Jet 5/5m Printer @ 6,350	19,050.00	47,625,000.00
<u>(c) HUMAN RESOURCE CENTRE</u>		
2 Pieces Compaq Deskpro Model 2000 With 2 laser Jet 5/5m Printer @ 6,200	12,400.00	31,000,000.00
<u>(d) LIBRARY</u>		
1 Compaq Presario 790 With laser Jet 5/5m Printer @ 6,400	6,400.00	16,000,000.00
<u>(e) STATISTICS</u>		
1 Compaq Presario 790 With 1 laser Jet 5/5m Printer @ 6,400	6,400.00	16,000,000.00
<u>(f) ACCOUNTS</u>		
1 Compaq Presario 770 With 1 laser Jet 5/5m Printer @ 6,300	6,300.00	15,750,000.00
<u>(g) STORES</u>		
1 Compaq Presario 790 DX 1 With 1 laser Jet 5/5m Printer @ 6,600	6,600.00	16,500,000.00
<u>(h) LODGING COMPLAINT</u>		
1 Compaq Presario 790 With 1 laser Jet 5/5m Printer @ 6,400	6,400.00	16,000,000.00
(i) 12 Minuteman / APC UPS 9000 @ 700	8,400.00	21,000,000.00

63. It is the opinion of your Committee that the prices quoted by IES were on the higher side. Available data indicated that the average cost of a computer, a printer and a UPS in 1997 was about \$2,000.

Maintenance Agreement

64. Your Committee also noted some irregular dealings between IES and the Service. For instance, there existed a comprehensive care maintenance agreement between the Service and IES. The comprehensive maintenance agreement provided a charge of five percent (5%) of the equipment value per quarter of a year. The agreement required IES to among others, bear the cost of spares, labour and preventive maintenance. There was however evidence before the Committee that in addition to these quarterly payments to IES in compliance with the terms of the agreement, the company routinely submitted bills to the Service to cover cost of labour and spares.

65. Additional evidence also indicated that IES was the main client of the Service. The company was responsible for the supply of items ranging from consumables to hardware e.g. drinks, printing materials, computers, etc. Further, IES in most cases dealt directly with the Chief Justice instead of the administrative head. This was quite irregular and gave the impression that there was a peculiar relationship between the company and the Chief Justice.

66. It was further observed that the total development budget for the Judicial Service for 1997 was ₦650million whilst total invoices submitted by IES for the supply of equipment for the same year also amounted to ₦650million. This, in the opinion of your Committee, is quite a rare statistical coincidence and believes some form of official connivance.

67. Your Committee also noted that total payments to the Company by the Service amounted to ₦846,013,000.00 in 1997, ₦1,108,038,300.00 in 1998,

₺259,857,800.00 in 1999 and ₺129,227,390.00 as at June 2000. However, examination of the company's audited accounts for the year ended 31st December 1997 indicated a turnover of ₺86,418,187.00 for that year. It is the view of your Committee that the company intentionally under-declared its income to avoid the payment of tax.

68. Further verification by the Committee at the Registrar-General's department indicates that the latter has no records on IES.

Recommendation

69. The Committee recommends a special investigation by the Serious Fraud Office into the transactions of I.E.S. between 1998 and 2000 financial years to ascertain its status. The IRS should take appropriate steps to recoup all taxes evaded by IES. The Committee further recommends that IES and its directors be black listed and banned from dealing with any MDA.

Corruption of a Public Officer

70. Your Committee was informed by the management of IES that the former Financial Controller, Mr. Fordjour demanded and received various sums of money from IES to enable him process their documents for payment.

71. The Managing Director alleged that a total amount of ₺62million was paid to Fordjour on different occasions. She alleges that an amount of ₺24million was paid to Fordjour per cheque number 38/C 006237 of 4th December 1997 and that on the 10th December 1997 an additional ₺10million cedis cash, was paid to him in the presence of his wife and some staff of the company. She also alleged that ₺11million was paid him on 23rd December, 1997 with cheque number 38/C 006262, ₺7million in the form of cash whilst the remaining ₺5million was paid with cheque number 030860 of 10th August 1998.

72. The former Financial Controller however disputed the ₦62million quoted by the Managing Director of IES. He however admitted receiving only ₦11million and ₦5million on different occasions from the Managing Director of IES but indicated that the sums were meant for officials of the Ministry of Finance.

73. The case has since been referred to the Fraud section of the Police Service for investigation.

74. It is the considered view of your Committee that the acts of the management of IES and the former Financial Controller both contravene section 259(1) and (2) of Act 60.

Recommendation

75. Your Committee recommends that the Police should pursue the matter to ensure that the culprits are prosecuted. The Committee should be informed of the outcome of the matter.


Submission by Former Judicial Secretary

76. The former Judicial Secretary, Al-Hajj Dramani Yakubu objected to the Committee's scrutiny of the financial operations of the Judicial Service. He supported his claim with Articles 125(4) and 127(1), (2) and (7) of the 1992 Constitution. He contended that if the Committee noticed some inadequacies with the Auditor-General's report it should have referred it to the Auditor-General for reconsideration and not to interfere with the financial administration of the Judicial Service.

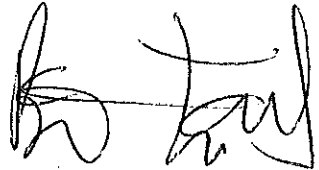
77. Your Committee vehemently disagreed with Al-Hajj Yakubu's view. Your Committee's work is guided by article 187(2), (5), (6) of the Constitution which accords Parliament the power to ensure the efficient management of all public funds including those allocated to the Judicial Service.

78. It is the considered opinion of your Committee that delving into the financial administration of the Judicial Service as reported in the Auditor-General's Report to Parliament is within the jurisdiction of your Committee.

Respectfully submitted.



HON. A. S. K. BAGBIN
CHAIRMAN, PUBLIC ACCOUNTS
COMMITTEE
24TH JULY, 2001.



CAMILLO PWAMANG
CLERK, PUBLIC ACCOUNTS
COMMITTEE