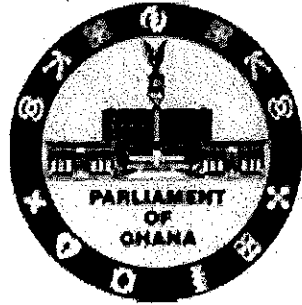


IN THE SECOND SESSION OF THE EIGHTH PARLIAMENT OF THE  
FOURTH REPUBLIC OF GHANA



REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE  
REPORT OF THE AUDITOR-GENERAL ON THE PUBLIC  
ACCOUNTS OF GHANA: PUBLIC BOARDS, CORPORATIONS  
AND OTHER STATUTORY INSTITUTIONS FOR THE PERIOD ENDED  
31<sup>ST</sup> DECEMBER, 2018

**1.0. INTRODUCTION**

The Reports of the Auditor-General on the Public Accounts of Ghana: Public Boards, Corporations and Other Statutory Institutions for the period ended 31<sup>st</sup> December 2018 was laid in Parliament by the Hon. Majority Leader and Minister for Parliamentary Affairs, Mr. Osei Kyei-Mensah-Bonsu on Tuesday, 23<sup>rd</sup> July, 2019 in accordance with Article 187(2) of the 1992 Constitution of the Republic of Ghana.

Pursuant to Order 165 (2) of the Standing Orders of the House, the Report was referred to the Public Accounts Committee (PAC) for consideration and report.

**2.0. PURPOSE OF THE AUDIT**

The purpose of the audit was for the Auditor-General to examine and express an opinion on the audited accounts of each Public Board, Corporation and other Statutory Institution. The audit was also to evaluate the adequacy of the system of Internal Controls, compliance with relevant legislations, accounting policies, applicable financial rules and regulations of these organizations.

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### **3.0. PROCEDURE**

In considering the Report, the Committee first obtained written responses addressing the issues raised from the various Public Boards, Corporations and the Other Statutory Institutions cited by the Auditor-General. Thereafter, Public Hearings were held to engage the various heads led by the sector Ministers who responded to the irregularities identified and queries raised in the Report.

In all, the Committee met with thirty (30) Public Boards, Corporations and other Statutory Institutions as follows:

1. Copyrights Office
2. Economic and Organized Crime Office
3. Data Protection Commission
4. Encyclopedia Africana Project
5. University of Health and Allied Sciences
6. Ghana Science Association
7. Food and Drugs Authority
8. Pharmacy Council
9. Ghana Red Cross Society
10. Ghana Cylinder Manufacturing Company Limited
11. The Petroleum Commission
12. National Petroleum Authority
13. Petroleum Funds
14. Kpong Generation Station Retrofit Project (KGSRP)
15. Volta Lake Transport Company Limited
16. Ghana Shippers Authority
17. PSC Tema Shipyard
18. Lands Commission
19. National Sports Authority
20. National Youth Authority
21. National Board for Small Scale Industries
22. National Commission for Civic Education
23. National Pension Regulatory Authority
24. Water Resources Commission
25. National Disaster Management Organisation

26. Institute of Local Government Studies
27. Council for Scientific and Industrial Research
28. Environmental Protection Agency
29. Ghana Cocoa Board
30. Bank of Ghana

#### **4.0. ACKNOWLEDGEMENT**

The Committee expresses its gratitude to the Ministers, Deputy Ministers, the Auditor-General, staff of the Audit Service and officials from the various Public Boards, Corporations and Other Statutory Agencies for their immense assistance and cooperation throughout the deliberations.

The Committee further extends its appreciation to the Ghana Broadcasting Corporation (GBC - GTV) and other media houses for the live broadcast of the proceedings of the Committee.

#### **5.0. REFERENCE**

The Committee made reference to the following additional documents during its deliberations:

- i. The 1992 Constitution of the Republic of Ghana
- ii. The Standing Orders of the Parliament of Ghana
- iii. The Public Financial Management Act, 2016 (Act 921)
- iv. The Public Procurement Act, (Act 663)
- v. The Audit Service Act, 2000 (Act 584)
- vi. The Internal Audit Agency Act, 2003 (Act 658)
- vii. The Value Added Tax Act, 2013 (Act 870)
- viii. The Income Tax Act, 2015 (Act 896)

#### **6.0. SUMMARY OF SIGNIFICANT FINDINGS**

The significant findings of the Report bordered on Outstanding Debts/Loans Recoverable, Cash Irregularities, Payroll Irregularities, Procurement Irregularities, Tax Irregularities, Stores Irregularities and Contract Irregularities. The Committee noted that the irregularities decreased significantly from an amount of GH¢12,002,880,339 in the 2017 Report to GH¢3,007,258,924 as recorded in 2018 representing 399.13% decrease in irregularities.

The detailed analysis of the 2016, 2017 and 2018 irregularities are presented in table 1 below:

Table 1: An analysis of 2018, 2017 and 2016 Irregularities

| Type of Irregularity                 | 2016<br>(GH¢)<br>A | 2017<br>(GH¢)<br>B    | 2018<br>(GH¢)<br>C   | VARIANCE<br>(C-B)<br>D | %             |
|--------------------------------------|--------------------|-----------------------|----------------------|------------------------|---------------|
| Outstanding Debt / Loans Recoverable | 302,233,654        | 11,813,109,116        | 1,801,416,815        | (10,011,692,301)       | (655.77)      |
| Cash Irregularities                  | 246,407,355        | 149,208,182           | 1,087,713,932        | 938,505,750            | 13.72         |
| Payroll Irregularities               | 393,365            | 2,540,432             | 3,163,473            | 623,041                | 80.31         |
| Procurement Irregularities           | 91,506,091         | 6,431,451             | 15,121,639           | 8,690,188              | 42.53         |
| Tax Irregularities                   | 24,291,448         | 6,394,113             | 4,371,199            | (2,022,914)            | (146.28)      |
| Stores Irregularities                | 47,830,661         | 8,946,359             | 734,461              | (8,211,898)            | (1,218.09)    |
| Contract Irregularities              | 5,782,634          | 16,250,686            | 94,737,405           | 78,486,719             | 17.15         |
| <b>Total</b>                         | <b>718,445,208</b> | <b>12,002,880,339</b> | <b>3,007,258,924</b> | <b>(8,995,621,415)</b> | <b>399.13</b> |

#### 6.1. CAUSES OF THE VARIOUS IRREGULARITIES AND RECOMMENDATIONS

The Auditor-General classified the causes of the irregularities into seven main categories, namely:

##### 6.1.1. Outstanding Debts/ Loans Recoverable - GH¢1,801,416,815.21

These irregularities represent trade debtors, staff debtors and outstanding loans. The Report attributed the irregularities to lack of debt collection policies, the absence of credit controls to retrieve the debts and management's apathy towards loan recovery as the factors that contributed significantly to these anomalies.

The Report further identified improper maintenance of records on debtors, the absence of debtors' ageing analyses, non-documentation of agreements stipulating the terms and conditions of loans, failure to ensure that loans are repaid and management's noncompliance with rules and regulations accounted for some of these irregularities.

In this regard, the Report recommended that management of Public Boards, Corporations and other Statutory Institutions should strictly adhere to rules and regulations in respect of debt management. They should put in place proper policies for management of loans and ensure that loans are repaid on due dates to avoid or mitigate the occurrence of bad debts.

#### **6.1.2. Cash Irregularities - GH¢1,087,713,932.24**

Cash irregularities identified by the Auditor-General mostly relates to the misapplication of funds, non-retirement of imprest, payments not authenticated, payment of Board Allowances to Council Members without Ministerial approval and outright cash shortages. The Report attributed these irregularities to poor oversight responsibility, lack of control and the failure of paying officers to demand receipts for payments made.

Failure of Accountants to properly file and keep records, management's failure to ensure the security and safety of vital documents, non-maintenance of returned cheque registers and management's inertia in complying with procedures stipulated in the Public Financial Management Act coupled with poor accounting systems also accounted for these irregularities.

To avert the reoccurrence of these irregularities, the Auditor-General urged management of the Public Boards, Corporations and other Statutory Institutions to strengthen supervisory controls over finance officers and ensure that they adhere to the provisions of the Public Financial Management Act 2016 (Act 921). He also recommended the authentication of all payment vouchers, prompt payment to bank and retirement of all imprest on due dates.

#### **6.1.3. Payroll Irregularities - GH¢3,163,473.25**

Payroll lapses were largely attributed to the failure of management to exercise due diligence and the failure of officers in charge of payroll to review payment vouchers to ensure salaries were paid to only those who were entitled. Other factors included failure of management to notify banks to stop payment of unearned salaries and failure to obtain financial clearance from the Ministry of Finance before employing new staff.

Additionally, the failure of the Controller and Accountants General's Department to delete names of separated staff promptly when notified from the payroll also contributed to the swollen payroll irregularities.

In view of this, the Auditor-General advised management of the affected Institutions to promptly notify the bankers of the separated staff to withhold and pay to chest all unearned salaries. He also recommends that officers in charge of payroll should exercise due care in the discharge of their duties.

#### **6.1.4. Procurement Irregularities-GH¢15,121,639.13**

Procurement Irregularities identified by the Auditor-General were as a result of management procuring goods and services without recourse to the procurement committees of the various Institutions, splitting procurements into lots and procuring above entity's threshold, in contravention of the provisions of the Public Procurement Act, 2003. (Act 663)

The Report recommended that the management of the various Institutions should undertake procurement transactions strictly in accordance with the provisions of the Public Procurement Act, 2003 (Act 663).

#### **6.1.5. Tax Irregularities - GH¢4,371,198.93**

The Tax irregularities related to failure to pay statutory deductions on due dates and non-deduction of applicable taxes. Transaction of business with non VAT registered entities were also found to be another related area of financial loses in the system.

The Auditor-General recommended that the Finance Officers should strictly adhere to tax laws to ensure that all tax revenues are promptly collected and paid to the responsible revenue agencies.

#### **6.1.6. Stores Irregularities - GH¢734,460.51**

These Irregularities include non-documentation of store items, unaccounted fuel and non-reconciliation of fuel purchases from the absence of store ledgers, lack of awareness of officers assigned to store duties, inadequate supervision and management's failure to ensure maintenance of log books.

To avert the recurrence of the situation, the Auditor-General recommended to management of institutions concerned to strengthen controls over store items, improve supervision and the procurement of store ledgers for effective record keeping. He also recommended strict adherence to the Store Regulations and the Financial Administration Regulations.

#### **6.1.7. Contracts Irregularities - GH¢94,737,404.48**

Contact irregularities identified by the Auditor-General during the period relates to overpayment of contract sum, absence of the signing of contract agreements, failure to comply with tendering procedures, delay in construction, ineffective control over contracts and the absence of transparency in the disbursement of funds, non-recovery of mobilisation and irregular variations to existing contracts.

He therefore urged management of the institutions concerned to strengthen controls over contracts and comply with tendering procedures.

#### **6.2. SUMMARY OF FINANCIAL IRREGULARITIES**

The audit revealed that a total of GH¢3,007,258,923.75 worth of irregularities in the management of Public Boards and Corporations for the period under review. The irregularities occurred under seven (7) different headings; Outstanding Debtors/Loans Receivable Charges (59.90%), Cash Irregularities (36.6%), Payroll Irregularities (0.11%), Procurement Irregularities (0.50%), Tax Irregularities (0.15%), Stores Irregularities (0.02%), and Contract Irregularities (3.15%).

Summary of the Financial Irregularities is presented in table 1.

**Table 1: Summary of 2018 audit irregularities**

| Type of irregularity              | %          | Amt (GH¢)               | Amt USD (\$)          | Amt EUR (€)       | Amount GBP (£)   | Total (GH¢)             |
|-----------------------------------|------------|-------------------------|-----------------------|-------------------|------------------|-------------------------|
| Outstanding Debt/Loan Recoverable | 59.90      | 948,516,881.83          | 174,417,164.29        |                   |                  | 1,801,416,815.21        |
| Cash Irregularities               | 36.17      | 8,030,948.14            | 220,772,790.00        |                   | 16,700.00        | 1,087,713,932.24        |
| Payroll Irregularities            | 0.11       | 3,153,940.55            |                       | 1,696.21          |                  | 3,163,473.25            |
| Procurement Irregularities        | 0.50       | 15,121,639.13           |                       |                   |                  | 15,121,639.13           |
| Tax Irregularities                | 0.15       | 735,699.22              | 228,300.80            | 448,240.00        |                  | 4,371,198.93            |
| Stores Irregularities             | 0.02       | 734,460.51              |                       |                   |                  | 734,460.51              |
| Contract Irregularities           | 3.15       | 79,270,053.30           | 3,163,057.50          |                   |                  | 94,737,404.48           |
| <b>Total</b>                      | <b>100</b> | <b>1,055,563,622.68</b> | <b>398,581,312.59</b> | <b>449,936.21</b> | <b>16,700.00</b> | <b>3,007,258,923.75</b> |

*Source: Auditor General's Report on Public Boards and Corporation 2018 (US\$ and Euro components converted at the prevailing exchange rates of GH¢4.89 to US\$1, GH¢6.23 to £1 and GH¢5.62 to €1 as at 31/12/2018).*

Notwithstanding the irregularities recorded, the Auditor-General was satisfied that, most of the financial Statements submitted for validation by the Public Boards, Corporations and Other Statutory Institutions were prepared under generally accepted accounting principles and the Auditor-General was satisfied in all material respects, that the audited financial statements fairly present financial information in accordance with the applicable statutory provisions, stated accounting policies of the Government and is in accordance with generally accepted accounting standards.

In the opinion of the Auditor-General, all the financial statements presented a true and fair view of the financial position and financial performance of the organisations as at 31 December 2018.



The Auditor-General urged the appointing authorities to ensure that Board of Directors are constituted promptly for public organisations to avoid delays in the signing of the financial statements in accordance with good governance practices.

He observed that the operational results and financial positions of the Public Corporations and other Statutory Institutions during the year under review, could have been healthier if there had been effective supervision of schedule officers. He therefore advised Management of Public Organisations to strengthen their Internal Audit Units to ensure effective and efficient internal control systems.

The Auditor-General also recommended that management should establish and strengthen the Audit Committees within the organisations in accordance with Sections 86 to 88 of the Public Financial Management Act 2016 (Act 921) to ensure that audit recommendations are duly implemented.

## **7.0. GENERAL OBSERVATIONS AND RECOMMENDATIONS**

The Committee noted that most of the institutions had complied with the recommendations of the Auditor-General in respect of the irregularities cited against them.

Generally it was observed that, out of total irregularities resulting to the tune of GH¢3,007,258,923.75 uncovered by the Auditor-General in the 2018 Report, an amount of GH¢2,615,161,357.93 representing 86.96% had been recovered leaving an amount of GH¢393,097,565.82 or 13.04% to be retrieved.

The following Public Boards, Corporations and Statutory Institutions were observed to have specific unresolved irregularities:

### **7.1. ECONOMIC AND ORGANISED CRIME Office (EOCO)**

#### **Overdue Debt - GH¢2,982.20**

The Report identified that 22 separated staff of EOCO owe debt to the tune of Ghs2, 982.20, some of which were due as far back as 2006, remains uncollected in contravention of Regulation 110 of the Financial Administration Regulations, 2004 (L.I. 1802).

The Committee was informed that some of the outstanding amount were standing in the names of separated staff who are deceased.

It was observed that some of the debt were so insignificant to merit the effort to pursue recovery. For instance, a deceased staff was noted to owe an amount as little as GHS4.20.

The Committee further noted that, EOCO had written to the Ministry of Finance for these debts to be written off.

The Committee in view of this recommends to the Ministry to take the necessary steps to write off these debts from the books of EOCO.

#### **7.1.1. Under staffing of the Legal Department**

The audit disclosed that as a result of poor remuneration, the Legal Department of EOCO is understaffed putting pressure on the four legal officers who had to work for long hours without rest in contravention of Section 10 (b) and (c) of the Labour Act, 2003 (Act 651).

The Committee was informed that the Department remains understaffed. There are presently 13 legal officers out of a required number of 16 for Accra and additional 16 for each of the regions. All efforts to get clearance from the Ministry of Finance has not been successful. The Committee noted that the situation has put intense pressure on the few legal officers therefore hampering investigations and prosecutions.

The Committee urged the Ministry of Finance to grant clearance for the Office to recruit some legal officers. The Committee further urges the EOCO to liaise with the Ministries of Finance and Employment and Labour Relations to develop a new scheme of Service for legal Officers to make it attractive for new lawyers. Alternatively, the Committee recommends to EOCO to take steps to amend Act 804 to align the condition of service of the legal officers to the prevailing conditions of service at the Attorney-General's Department.

#### **7.1.2. Absence of Condition of Service and Scheme of Service**

The audit discovered that the Economic and Organised Crimes Office operates without conditions of Service and Scheme of Service to motivate employees in the performance of their duties contrary to Section 5 of the Economic and Organised Crimes Act, 2010 (Act 804). Officials of EOCO explained that the Office is in the process of amending its Act to upgrade the status of the Office as Security Services to enable them enjoy same status as other security services.

The Committee urges EOCO to expedite action on the conditions of service to avert a possible industrial action by staff.

## **7.2 MINISTRY OF COMMUNICATION**

### **7.2.1. Data Protection Commission.**

#### **Outstanding Salary Advance for the Former Executive Director- GH¢252,835.40**

The Audit revealed that the former Executive Director of Data Protection Commission, Mrs. Teki Akuetteh Falcone failed to reimburse the Commission with salary advance granted her in 2013 amounting to GH¢252,835.40 in contravention of Regulation 110 of the Financial Administration Regulations, 2004, L.I. 1802.

However, the Committee was informed that Mrs. Akuetteh has failed to repay the advance due to a dispute over the commencement date of her appointment. The amount remains unrecovered as the matter is presently in court for arbitration.

## **7.3. MINISTRY OF EDUCATION**

### **Ghana Science Association**

#### **Absence of Legal Mandate**

The audit identified that the establishment of Ghana Science Association is not backed by legislation to govern its operations. Management explained that, a draft bill has been presented to the Attorney-General's Office for advice.

The Committee urges the Office of the Attorney General to present its opinion on the draft Bill to the Minister of Education to facilitate its passage into law. This will give legal backing to the Association and bring clarity to its role in the educational system.

## **7.4 MINISTRY OF HEALTH**

### **7.4.1. Food and Drugs Authority**

#### **Internally Generated Fund (IGF) Collection not Lodged – GH¢26,028.01**

In contravention of Regulation 15(1) of the FAR, 2004, the audit disclosed that the former accountant of the Kumasi Office of the Food and Drugs Authority, Mr. Kingsley L. Bann failed to lodge in full, Internally Generated Funds into the bank account of the Authority.

The Auditor-General recommended a recovery of the unbanked amount from Mr. Kingsley L. Bann with interest.

The Committee noted that the sum of GH¢18,528.01 has been recovered from Mr. Bann in compliance with the recommendations of the Auditor-General, leaving a balance of GH¢7,500 and the interest component unrecovered. The Committee urged Management of the Authority to recover the outstanding balance from Mr. L. Bann without delay failure of which an embargo should be placed on his salary and proceeds used to repay the balance and the interest as determined by the Authority.

#### **7.4.2. Clients Inability to Re-issue Burglary Cheques - GH¢11,925.00**

The Auditor-General noted at the Tema Office of GRA that on 27<sup>th</sup> January, 2017, an amount of GH¢23,840.00 was collected, however, this amount (GH¢10,275.00 cash and GH¢13,585.00 cheques) was stolen by armed robbers the next day as the accounts officers involved failed to deposit the money into the relevant bank account and therefore requested the clients and companies to re-issue the cheques to the Authority.

The Auditors found that out of a sum of GH¢13,585.00, only a cheque valued at GH¢1,660.00 has been re-issued to the Authority leaving an outstanding amount of GH¢11,925.00. The Auditor-General recommended that all the cheques should be re-issued by the clients in 30 days upon receipt of the management letter to prevent revenue loss to the Authority failing which the Management should be surcharged.

The Committee observed during its deliberations that, four years after the audit, only a paltry sum of GH¢1,650.00 worth of cheques has been re-issued out of the outstanding amount of GH¢11,925.00, leaving a balance of GH¢10,275 in the books of the Authority.

The Committee attributed this infraction to the laxity of the Account Officers in retrieving the remaining cheques and therefore recommends, in line with the Auditor-General that, Management should be held liable and surcharged with the sum of GH¢10,275.00 being the value of the unrecovered cheques for dereliction of duty.

## **7.5.0. GHANA RED CROSS SOCIETY**

### **7.5.1. Non Remittance of Taxes - GH¢74,606.43**

The audit disclosed that management failed to remit a total amount of GH¢74,606.43, being taxes withheld from employees' income in 2015 and 2016 to the Commissioner - General of Ghana Revenue Authority (GRA) in contravention of Section 117 (1) of the Income Tax Act, 2015 (Act 896). The Auditor-General recommended that management should remit the taxes to the Commissioner-General within ten days.

The Committee noted that the taxes remain unremitted in contravention of the recommendation of the Auditor-General. Management explained that, the Society is facing severe liquidity challenges as it cannot even afford to pay salaries to employees. The salaries of employees are in several months of arrears and are paid in instalment and batches. Management is therefore faced with the dilemma of using the scanty resources to pay taxes or to give stipend to employees. The Committee further noted that, management has since desisted from the practice and are now complying with the tax laws.

The Committee recommend that the management should comply with the recommendation of the Auditor-General and make necessary arrangements to remit the taxes withheld.

### **7.5.2. Taxes not withheld - GH¢10,704.60**

Examination of the payment vouchers of the Society revealed that the Society failed to withhold 3% and 7.5% taxes totalling GH¢10,704.60 from payments made to suppliers of Goods and Services in contravention of Section 116 (2) of the Income Tax Act, 2015 (Act 896) and Income Tax (Amendment) Act, 2016 (Act 907).

The Committee noted that the taxes remain unremitted. The Committee recommends to the Ghana Red Cross Society to recover the taxes from the suppliers and remit same to the Ghana Revenue Authority within 30 day of the adoption of this Report.

## **7.6.0. MINISTRY OF ENERGY**

### **7.6.1. Ghana Cylinder Manufacturing Company Limited**

- **Non-remittance of withholding Tax - GH¢111,651.28**

The audit revealed that the Accountant of the Ghana Cylinder Manufacturing Company failed to remit taxes withheld on goods and services amounting to GH¢111,651.28 in contravention of Section 117(1) of the Income Tax Act, 2015 (Act 896).

The Committee noted that though the Auditor-General recommended that the Company should remit the taxes to the Commissioner-General, management failed to comply with the recommendation and the total amount remains unremitted. The Committee recommends that management remit the taxes within fourteen working days' failure which the Attorney General shall invoke the sanctions and penalty regime under Paragraph 56 of the Seventh Schedule of the Income Tax Act, 2015 (Act 896) against the Chief Executive Officer and the Head of Accounts.

- **Inappropriate Method of Procurement**

The Audit revealed that management of the Ghana Cylinder Manufacturing Company Limited procured goods using the wrong method of procurement in contravention of Public Procurement (Amendment) Act, 2016 (Act 914). Additionally, the Company engaged in a single sourced procurement without approval from the Public Procurement Authority.

The Auditor-General recommended that the Company should take steps to secure retrospective approval from the PPA failing which Section 92(1) of the Public Procurement Act, 2003 (Act 663) as amended by Section 51(a) of the Public Procurement (Amendment) Act, 2016 (Act 914) should be enforced against management.

The Committee noted that, management has since applied for retrospective approval of the single sourced procurement. The Chief Executive Officer of the Company, Ms. Frances Asiam accepted responsibility for the breaches of the Procurement Act but pleaded ignorant of the rules governing procurement at the time. The Committee noted that, the essence of competition in procurement is to ensure prudence and value for money in the use of State resources. The absence of competitive procurement could also lead to corruption.

Additionally, the Committee is convinced that, there was sufficient technical staff at the Company and the Ministry of Energy to guide the CEO during the procurement process if she so desired to follow the right processes.

The breach is in violation of the procurement laws of the country and that the Attorney-General must take the necessary steps to prosecute officers of the company involved for the breach of the Procurement laws of the country.

- **Variation of Contract without Authority.**

The Audit revealed that Management awarded a contract for the supply and installation of automatic welding LPG cylinder production plant at a contract sum of GH¢18,505,359.06. The contract was revised after six months by 40.84% to GH¢26,082,696.36 and rewarded to the same contractor without approval from the tender Review Committee in contravention of Section 87(1) and (2) of the Public Procurement Act, 2003 (Act 663) as amended by Section 48 of the Public Procurement (Amendment) Act, 2016 (Act 914).

The Committee recommends that the appropriate sanction for the breach should be invoked against the Chief Executive Officer for the breaches.

- **Awarding a Contract without Due Processes – US\$2,721,042.50 and GH¢1,393,050**

The Auditor-General discovered that the former Managing Director of Ghana Cylinder Manufacturing Company, Mrs. Elizabeth Yawa Morny, awarded contract to the tune of US\$2,721,042.50 and GH¢1,393,050 without constituting a Tender Evaluation Committee to evaluate the Contracts in contravention of Section 18(3) of the Public Procurement (Amendment) Act, 2016 (Act 914). As a result, the contracts were not subjected to proper evaluation, scrutiny and approval.

The Committee recommends that the former Chief Executive Officer, Mrs. Elizabeth Yawa Morny should be sanctioned under Section 92(1) of the Public Procurement Act, 2003 (Act 663) as amended by Section 51(a) of the Public Procurement (Amendment) Act, 2016 (Act 914).

- **Taxes not Withheld - GH¢89,872.48**

The audit discovered that Management failed to deduct withholding taxes on payment for construction works and supply of goods amounting to GH¢89,872.48 in contravention of Sections 116(2)(3) and 117 (3) of the Incomes Tax Act. The Auditor-General recommended that Management should personally pay the taxes to the GRA and pursue recovery from the contractor, failing which the Chief Executive Officer and the Accountant shall be surcharged with the amount of GH¢89,872.48.

The Committee noted that the taxes remains unpaid and unrecovered from the contractors. The Committee recommends that the taxes should be recovered from the contractors and remitted to the Commissioner-General within fourteen (4) days failure which the Chief Executive and the Accountant must be held personally liable and surcharged.

#### **7.6.2. Ghana National Petroleum Corporation (GNPC)**

##### **Delay in the Completion of Annual Audit and Filing of Annual Returns**

The audit revealed significant delays in the completion of the annual audit of GNPC group for 2015 and 2016 financial years. There were also delays in the Financial Statement Close Process (FSCP) which resulted in delays in extracting trial Balance, delays in receipt of audited financial statement of the various subsidiaries of GNPC as well as non-availability of Financial Statement on Prestea Sankofa Gold Limited.

The Report attributed the delays to the timing of the appointment of the auditors and delays in the commencement of actual audit.

The Auditor-General recommended the timely appointment of Auditors and the operationalisation of existing accounting software to improve the timeliness of financial reporting. Additionally, the auditor-general recommended to GNPC to define its strategic position on Prestea Sankofa Gold Limited.

The Committee noted that due the strategic position of the Corporation as a player in the Petroleum Industry, there is the need to ensure timely auditing of the financial Statements of the Corporation to enable it source financing on its balance sheet to support its investment activities.



The Committee noted that, the delay in the appointment of auditors is as a result of the Auditor-General lumping all the agencies together in a process of selecting auditors for all State Owned Enterprises. In view of the Strategic role of GNPC in the economic development of Ghana, the Committee recommends to the Auditor-General to appoint auditors for a span of period to audit the operation of GNPC. This would ensure continuity and reduce the annual delays in auditing the activities of the Corporation.

#### **7.6.3. National Petroleum Authority (NPA)**

##### **Procurement without Contract - GH¢14,698,217.80**

The Auditor-General revealed that the Board of NPA approved an amount of GH¢14,698,217.80 as supplementary budget to be paid to Berock Ventures for the furnishing of Head Office building of NPA even though no formal contract existed between the two parties in contravention of Section 65(2) of the Public Procurement Act 2003 (Act 663). The Auditors advised Management to rectify the transaction in conformity with the Procurement Law.

The Committee, however, noted that the transaction remains unapproved by Public Procurement Authority (PPA). The Committee was informed that the necessary application for ratification has been submitted to the PPA. The Committee therefore urges the PPA to take decision on the application as soon as practicable to bring finality to the issue.

#### **7.6.4. Volta Lake Transport Company Limited (VLTC)**

##### **Non-Payment of Second Tier Contribution - GH¢473,402.41**

The audit disclosed that Volta Lake Transport Company Limited failed to make monthly payments in respect of the second-tier pension scheme as required by Act 766 resulting in an indebtedness of GH¢473,402.41 owe to United Pension Trust Limited. Management was therefore advised by the Auditor-General to ensure that all second-tier pension contributions are paid immediately deductions are made and also efforts should be made to settle the contributions owed.

The Committee noted that, in compliance with the recommendations of the Auditor-General, pension deductions are now being paid promptly and an amount of GH¢423,000 of the arrears had also been cleared leaving an outstanding amount of GH¢50,402.41. The Committee urges the Company to settle the outstanding pension in time to ensure that the pension of employees is secured.

## **7.7.0. MINISTRY OF TRANSPORT**

### **7.7.1. Ghana Shippers Authority (GSA)**

- **Default of Rent Payment - Takoradi Shippers Centre - GH¢279,202.30**

The Auditor-General noted that four (4) tenants occupying portions of the Takoradi Shippers Centre failed to pay their rents in accordance with the agreement they have with Shippers Authority resulting in rent arrears of GH¢279,202.30. The Auditor-General recommended that management should recover the rent or terminate the agreement with the defaulting companies.

The Committee was informed that the above recommendations have been carried out and the Authority has recovered an amount of GH¢120,436.871 from three of the companies leaving an amount of GH¢158,765.43 in the name of Macro Logistics unrecovered. The Authority had also terminated the agreement with the defaulting firm and ejected them from the facility.

The Committee however urges the Shippers Authority to take steps to recover the amount of GH¢158,765.43 from Macro Logistics in compliance with the recommendations of the Auditor-General.

## **7.8.0. MINISTRY OF LANDS AND NATURAL RESOURCES**

- **Administrator of Stool Lands - Nkoranza South  
Ground and farm Rent Defaulters - GH¢125,866.00**

A review of the records at the Administrator of Stool Lands, Nkoranza, revealed that as a result of failure of management to put in place mechanisms for effective collection of rent, tenants have defaulted in the payment of ground and farm rent amounting to GH¢125,866 as at 30<sup>th</sup> June, 2018.

The Auditor-General recommended a recovery of the amount from the said defaulters and institute of measures to ensure prompt rent payment.

The Committee noted that, contrary to the recommendations of the Auditor-General, the rents remain uncollected and no additional measures have been put in place to ensure prompt payment of rent.

Officials from the Office of the Administrator of Stool Land explained that the rents were difficult to collect due to the meagre amounts involved. They contend that, the rents were fixed several years ago and it is no longer economically prudent to pursue collection.

The Committee, however, instructed the Administrator to comply with the recommendations of the Auditor-General and recover the amounts involved while taking steps to revise the rates to reflect the current economic conditions and ensure prompt collection of the rents.

#### **7.9.0. MINISTRY OF YOUTH AND SPORTS**

##### **7.9.1. National Sports Authority (NSA)**

- **Payment of Judgement Debt – US\$442,015.00**

The audit revealed that in violation of Section 65(1) of the Public Procurement Act, 2003 (Act 663), the Minister and the Deputy Minister of Youth and Sport declined to award a contract to Messrs Latina Travels and Tours to airlift passengers to All African Games held in Congo Brazzaville although the Tender Evaluation Committee had recommended them for award after they had been taken through the procurement processes and were found to have quoted the lowest price with the highest technical score of 87%. Messrs Latina therefore instituted a legal action claiming for a loss of profit and general damages.

An amount of US\$442,015 was awarded against National Sport Authority for failure to award the contract to the winner of the bid. The Auditor-General recommended that the judgement debt should be personally charged to the Minister and the Deputy Minister.

The Committee noted that the Minister and the Deputy failed to refund the amount as recommended by the Auditor-General. The Committee, in view of this recommends that the matter be referred to the Attorney-General to expedite actions to ensure that the said amount is fully retrieved from the Minister and the Deputy in accordance with the recommendations of the Auditor-General.

- **Misapplication of VAT and Withholding Tax - GH¢337,007.15**

The audit discovered that 17.5% VAT component on tickets sold and taxes withheld from payment of goods and services during 2015 and 2016 amounting to GH¢297,941.89 and GH¢39,065.26 respectively, were not fully remitted to the Ghana Revenue Authority (GRA) in contravention of Section 117(1) of the Income Tax Act, 2015 (Act 896).

The Report recommended that management should pay the amount with interest at the prevailing Bank of Ghana (BoG) interest rate.

The Committee noted that, although management had indicated to the Auditors that they have made arrangement to remit the taxes, the amounts remain unremitted in violation of the recommendation of the Auditor-General.

The Committee further noted that, the Authority has been engulfed in financial challenges therefore finding it difficult to remit the taxes. The Committee therefore recommend a payment plan flexible enough to enable Management to remit the taxes in quarterly instalments of not less than GH¢50,000 per quarter.

- **Misapplication of Multi-purpose courts fund - GH¢100,000**

The audit revealed that the Authority disbursed GH¢100,000 out of a total amount of GH¢3,090,380 donated by AngloGold Ashanti for the Construction of Multi-purpose courts on administrative expenses without approval from the Minister of Finance in breach of Section 32(3)(b) and (c) of the Public Financial Management Act, 2016 (Act921).

The Auditor-General therefore recommended that management should refund the amount into the project fund to be used for its intended purpose. The Committee directed that the Authority must comply with the recommendation prescribed in the Report by the Auditor-General.

The Committee however observed that the amount has not been refunded.

Again, the Committee noted that, the actions of the Accountant is a breach of financial discipline and recommend that the Finance Officer and the Spending Officer of the Authority should be sanctioned for violation of Financial Discipline in accordance with Section 8(1) of the Financial Administration Regulations, 2004 (L.I. 1802).

- **Unaccounted for Expenditure - GH¢89,258.37**

It was revealed in the Report that the National Sports Authority made payments totalling GH¢89,258.37 but failed to support the payment vouchers with relevant supporting documents in contravention of Regulation 39 of the Financial Administration Regulations (FAR), 2004 (L.I. 1802).

The management was therefore directed to provide the necessary PVs with the relevant supporting documents failure of which the authorising officers and paying officers should be surcharged.

The Committee directed the enforcement of the recommendation of the Auditor-General that the authorising officers and supporting officers should refund the sum of GH¢89,258.37 being the face value of payment vouchers without relevant supporting documents in view of the failure of the officers inability to provide the necessary supporting documents to authenticate the payments.

- **Double Payment of category four Allowance - GH¢36,833.97**

The audit found that the National Sports Authority paid GH¢36,833.97 to Mr. Joe Kpenge, the former Director-General of the Authority, a category four allowances from IGF without authority in contravention of Section 5 of the Retention Act, 2007 (Act 735) and Regulation 39 (c) of the Financial Administration Regulations (FAR), 2004 (L.I. 1802). Further checks by the audit team revealed that, Mr. Joe Kpenge later received the same payments directly from the Controller and Accountant General's Department as part of his emoluments but refunded only GH¢2,000.00 of the earlier payment received from the Authority.

The Auditor-General recommended recovery of the outstanding balance of GH¢34,833.97 plus interest at the prevailing BoG rate from Mr. Joe Kpenge

The Committee noted that the entire amount remains unrecovered in defiance of the recommendation of the Auditor-General. The Committee recommends that the Authority should seek the assistance of EOCO to recover the outstanding balance of GH¢34,833.97 as recommended by the Auditor-General.

- **Mismanagement of Resource - GH¢13,252.50**

The audit disclosed that the National Sports Authority paid an amount of GH¢13,252.50 for the hiring of a vehicle for the use by the former Director-General because his (former Director-General) refusal to use any other vehicle the Authority made available to him. The Auditor-General disallowed the expenditure and recommended the recovery of the amount of GH¢13,252.50 from the Director-General.

The Committee noted that the amount remains unrecovered contrary to the recommendation of the Auditor-General. The Committee recommends that Management should take steps including using the security agencies to recover the amount from the former Director-General, Mr. Joe Kpenge.

- **Unearned Salary - GH¢48,794.28**

The Report noted that ten separated staff of the National Sports Authority were paid unearned salaries totalling GH¢48,794.28 in contravention of Regulations 278 and 297 of the Financial Administrations Regulations, 2004 (L.I. 1802). The Auditor-General recommended to Management to recover the amount from the staff involved failing which the Human Resource and schedule officers should be surcharged.

The Committee noted that the entire amount remains unrecovered. The Committee recommends that the amount involved should be recovered from the Human Resource and the Schedule Officers in line with the recommendation of the Auditor-General.

- **Unpaid Utility Bills - GH¢1,455,452.85**

The audit disclosed that the Aliu Mahama Sports Stadium is indebted to Volta River Authority (VRA/NEDCO) and Ghana Water Company Limited to the sum of GH¢304,298.85 and GH¢1,151,154.00 respectively resulting in series of disconnections.

The Auditor-General recommends that the issue should be reported to the National Headquarters of the Authority for redress.

The Committee noted that the indebtedness remains unpaid. The Committee is of the view that failure to settle the debt would affect the operations of the Stadium and therefore recommends to the management of the facility to ensure that commercial rates are charged to enable management recover its operational cost and to also avoid further accumulation of debt.

## **7.10. MINISTRY OF TRADE AND INDUSTRY**

### **Loans Granted Without Adequate Information - GH¢51,995**

It was disclosed in the Report that the National Board for Small Scale Industries [Ghana Enterprise Agency (GEA)] granted loans amounting to GH¢57,215 to five applicants without adequate information on them leading to default. It was further noted that only GH¢5,220 representing 9% of the total loans granted was recovered leaving an outstanding amount of GH¢51,995 (91%). The Auditor-General recommended that the balance should be recovered from the applicants or their guarantors, failing which the authorising and paying officers should be surcharged.

The following are the beneficiaries and the respective outstanding amounts:

|                               |   |                  |
|-------------------------------|---|------------------|
| a. Ramec Ltd                  | - | GH¢11,443        |
| b. Mohammed Yussif Ventures   | - | GH¢11,443        |
| c. Acquah's Catering Services | - | GH¢10,933        |
| d. Green Spice Kitchen        | - | GH¢9,373         |
| e. Healthcare Base Consult    | - | GH¢8,803         |
| <b>Total</b>                  | - | <b>GH¢51,995</b> |

The Committee recommends that the outstanding amount should be recovered from the authorising and paying officers in accordance with the recommendation of the Auditor-General.

#### 7.11. MINISTRY OF WATER AND SANITATION

##### **Inability to Collect Debt Owe - GH¢124,404**

The Auditor-General disclosed that four institutions owe the Water Resources Commission a total of GH¢124,404 which is a contravention of Section 57(1) of the FAR. The indebtedness is as a result of the failure of management to ensure that monies owed the Commission are collected from the debtors. The Auditor-General recommended a recovery of the amounts from the institutions involved.

At the time of the Committee sitting an amount of GH¢10,000 has been recovered leaving a balance of GH¢123,404 unrecovered. The unrecovered balance is in the names of the following institutions

| Institution                 | Total indebtedness (GH¢) | Amount recovered (GH¢) | Outstanding (GH¢) |
|-----------------------------|--------------------------|------------------------|-------------------|
| Crystal Lake Fish Ltd       | 17,404                   | 0                      | 17,404            |
| Clark Sustainable Resources | 50,332                   | 10,000                 | 40,332            |
| Oware Mines                 | 32,668                   | 0                      | 32,668            |
| Azumah Resources            | 24,000                   | 0                      | 24,000            |
| <b>TOTAL</b>                | <b>124,404</b>           | <b>10,000</b>          | <b>123,404</b>    |

The Committee recommends that management should take steps to recover all the debts in compliance with the recommendation of the Auditor-General.

### **7.11.1 Water and Sanitation Board - Wenchi**

- **Unremitted Taxes - GH¢4,774.96**

The audit disclosed that the accountant of Wenchi Water and Sanitation Management team withheld taxes amounting to GH¢4,774.96 but failed to remit same to GRA as the Law requires under Section 117 of the Income Tax Act, 2015 (Act 896). The Auditor-General recommended that the withheld taxes should be remitted to the Ghana Revenue Authority.

The Committee noted that the accountant failed to remit the taxes in total disregard of the audit recommendations. The Committee reiterated the recommendation in the Report that the accountant, Mr. Joseph Osei Ampofo should remit the taxes to the Commissioner - General without delay. The Committee further recommends that any penalties arising from the delay in remitting the taxes should be personally paid by Mr. Joseph Osei Ampofo.

### **7.12. MINISTRY OF INTERIOR**

#### **7.12.1. National Disaster Management Organisation (NADMO)**

- **Payment of Unearned Salary - GH¢35,727.12**

It was disclosed by the auditors that NADMO paid unearned salaries totalling GH¢35,727.12 to Mr. Alhassan Seidu Mahama in contravention of Regulations 297 and 298 of the Financial Administrations Regulations, 2004 (L.I. 1802). The recommendation was that Management should recover the amount from Mr. Alhassan Seidu Mahama failure of which the amount should be recovered from the former District Director and the Director of Finance.

The Committee noted that following the public siting, NADMO reported the case to the police, Mr. Mahama was subsequently charged with a criminal offense and the case is presently before the Tamale Circuit Court. The Committee therefore urges NADMO to pursue a civil case for the recovery of the said amount from Mr. Alhassan Seidu Mahama.

### **7.13. MINISTRY OF ENVIRONMENT SCIENCE AND TECHNOLOGY**

#### **7.13.1. Environmental Protection Agency (EPA)**

- **Payment for Work not Done - US\$3,456,082**

It was observed that the Environmental Protection Agency over paid a contractor, Amandi Holdings Limited, a sum of US\$3,456,082 in respect of a contract for the Design and Construction of Green City Complex in Adonteiman, Damfa in the Eastern Region of Ghana.



The Committee noted that the overpayment arose as a result of the decision by the Agency to discontinue the project after committing an amount of US\$6,916,016.26 as initial payment to the contractor.

However, the Committee was informed that the contractor is committed to applying the funds to other works in respect of the Agency. The Committee further noted that an amount of US\$1,500,001 out of the US\$3,456,082 has been refunded by the contractor leaving a balance of US\$1,956,081. Officials from the Agency informed the Committee that an Agreement has been reached with the contractor, Amandi Holdings Limited, for the provision of services to cover the cost of the outstanding balance.

## 7.14. MINISTRY OF AGRICULTURE

### 7.14.1. Ghana COCOBOD

- **Overdue Receivables - US\$134,474,502.15**

The findings in the Report showed that five organisations owed COCOBOD a total amount of US\$134,474,502.15 for cocoa sales made to them. Out of this amount, a total of US\$128,019,263.02 has been outstanding for more than four (4) years.

The Committee noted that a total sum of US\$9,996,052.20 has been recovered and additional US\$56,199,745.59 owed by Cocoa Processing Company (CPC) has also been converted to equity leaving a balance of US\$68,278,704.36 unrecovered. The outstanding balance is in the names of the following companies:

**Table 2: Outstanding debt owed COCOBOD**

| Company                     | Total Debt (US\$)     | Amount recovered (US\$) | Outstanding (US\$)    |
|-----------------------------|-----------------------|-------------------------|-----------------------|
| Coco Processing Company     | 56,199,745.59         | 0.00                    | Converted into equity |
| Afrotropic Cocoa Processing | 6,459,061.39          | 6,459,061.39            | 0.00                  |
| Wamco                       | 49,517,974.26         | 0.00                    | 49,517,974.26         |
| Plot Enterprise             | 20,057,720.91         | 3,536,990.81            | 16,520,730.10         |
| Real Products               | 2,240,000.00          | 0.00                    | 2,240,000.00          |
| <b>TOTAL</b>                | <b>134,474,502.15</b> | <b>9,996,052.20</b>     | <b>68,278,704.36</b>  |

The Committee further observed that, Prudential Bank guaranteed the cocoa sales to the defaulting companies. The Committee reaffirms the Auditor-General's recommendations that management should ensure timely recovery of the receivable and institute effective debt collection mechanisms to minimise the high default rate.

The Committee further recommends that management should institute an insurance system to serve as guarantee for cocoa sales to local manufacturing companies. In the meantime, the Committee urges management to fall on the existing guarantee and recover the outstanding amounts from Prudential Bank.

- **Non Recovery of Advances to Licence Buying Companies** -  
**GH¢22,245,655.05**

The auditors asserted that Ghana Cocoa Board granted advances to Seven (7) licenced Buying Companies but failed to recover a total amount of GH¢22,245,655.05 being the principal and interest on the facility granted in direct breach of Section 4 of Ghana Cocoa Board (Amendment) Law, 1996 (PNDL 265). It was recommended by the Auditors-General that management should recover the amount from the defaulting companies failing which both the authorising and approving officer should jointly be surcharged.

A total sum of GH¢1,126,089.64 has been recovered leaving a balance of GH¢21,119,565.41 standing in the name of the following beneficiary companies:

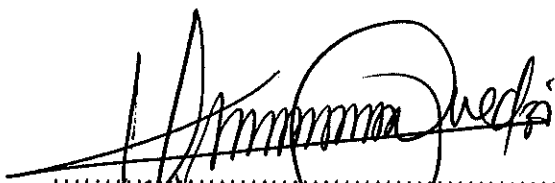
|                                   |   |                         |
|-----------------------------------|---|-------------------------|
| 1. Abofo Buyer                    | - | GH¢1,878,417.23         |
| 2. Diaby Company Ltd.             | - | GH¢10,334,861.95        |
| 3. Fortune Tree Company Ltd       | - | GH¢3,098,899.43         |
| 4. Splendid Business Services Ltd | - | GH¢5,807,386.80         |
| <b>Total</b>                      | - | <b>GH¢21,119,565.41</b> |

The Committee noted that the Board attempted to recover an amount of GH¢5,807,386.80 granted Splendid Business Services Ltd the indebtedness from the guarantors was met with legal defence. The case is currently before a court for determination. The Committee recommends to management to take steps to recover the outstanding advances.

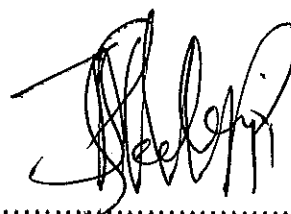
## 8.0. CONCLUSION

The Committee after a thorough examination of the Report recommends to the House to adopt its Report on the Report of the Auditor-General on the Public Accounts of Ghana - Public Boards, Corporations and Other Statutory Institutions for the period ended 31<sup>st</sup> December 2018 with its recommendations in accordance with Order 165(3) of the Standing Orders of the House.

Respectfully submitted.



.....  
HON. DR. JAMES KLUTSE AVEDZI (MP)  
CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE



.....  
JOANA ABENA SAKYI ADJEI (MRS.)  
CLERK, PUBLIC ACCOUNTS COMMITTEE

TUESDAY, 7<sup>TH</sup> JUNE, 2022