REPUBLIC OF GHANA

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To become a world-class Supreme Audit Institution, delivering professional, excellent, and cost effective auditing Service.

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

This report has been prepared under Section 11 of the Audit Service Act, 2000 for presentation to Parliament in accordance with Section 20 of the Act.

Daniel Yaw Domelevo
Auditor-General
Ghana Audit Service
17 June 2019

This report can be found on the Ghana Audit Service website: www.ghaudit.org

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17 June 2019

Dear Speaker,

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

I have the honour to submit my audit report on the Public Accounts of Ghana – Public Boards, Corporations and other Statutory Institutions to you to be tabled in the House pursuant to Article 187(5) of the 1992 Constitution.

2. The report has been structured into three parts: Part I provides an overall summary of significant findings and recommendations; Part II is a summary of findings and recommendations in respect of each Sector Ministry and their respective Public Boards, Corporations and Other Statutory Institutions, while Part III gives the full details of my findings and recommendations.

3. I have highlighted significant findings in my audit in accordance with

Section 13 of the audit Service Act 2000 (Act 854). The report includes details of financial irregularities identified, and resulting from break down of internal controls. The report also provides recommendations, where appropriate, and which implementation, it is reasonably assumed, would help rectify identified weaknesses in the financial management control systems.

4. Aware of the extent of my reliance on others to produce my report, I would like to thank my staff and contracted Audit Firms for the invaluable assistance provided to enable me prepare this report.

5. I am also grateful to the Chief Executives, Chief Finance Officers and their staff for their cooperation during the audit.

Yours faithfully,

DANIEL YAW DOMELEVO
AUDITOR-GENERAL

THE RT. HON. SPEAKER
OFFICE OF PARLIAMENT
PARLIAMENT HOUSE
ACCRA

Contributing audit firms

- PriceWaterhouseCoopers
- Ernst & Young
- Kwame Asante and Associates
- Asafu-Adjaye & Partners
- Egala & Associates
- VT Consult
- Aryeetey & Associates
- Boateng, Offei & Co.
- Ayew Agyemang & Co. (Chartered Accountants)
- AADS Consult (Chartered Accountants)
- Johnson Arkaah & Co.
- Ahima-Adonteng & Associates
- John Kay & Co.
- Benning, Anang & Partners
- AV & Co (Chartered Accountants)
- Deloitte & Touche

REPORT OF THE AUDITOR-GENERAL ON THE PUBLICACCOUNTS OF GHANA – PUBLIC BOARDS, CORPORATIONS AND OTHER STATUTORY INSTITUTIONS FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

In accordance with Article 187(2) of the 1992 Constitution of the Republic of Ghana, I have audited the accounts of the Public Boards, Corporations and other Statutory Institutions for the period ended 31 December 2018. Pursuant to Regulation 29 (7) of CI 70, I appointed various auditing firms to assist me in carrying out the audits. These have been duly acknowledged as contributors.

2. The objective of the audit is to express an opinion on the accounts submitted to me by each Public Board, Corporation and Statutory Institution, for my examination.

3. I also evaluated the adequacy of the systems of internal control, compliance with relevant legislations, stated accounting policies and applicable financial rules and regulations of these organizations.

4. Matters raised in this report are among those which came to my notice during the period. The observations, and recommendations arising out of the audits were discussed with Management of the affected Institutions and comments received, where appropriate, have been incorporated in this report which has been divided into three parts:

- Part I of the report provides overall summary of significant findings and recommendations arising from my audit of the financial operations of Public Boards and Corporations and other Statutory Institutions.

- Part II of the report highlights the significant findings and recommendations made in respect of each Sector Ministry and their respective Public Boards and Corporations and Statutory Institutions.

- Part III of the report gives the operational results and financial position as well as the full details of irregularities arising out of the weak internal controls, and provides recommendations, where applicable to rectify the weaknesses identified in the financial control systems.

PART I
SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

5. Presented in Table 1 is the financial impact of these irregularities according to their nature.

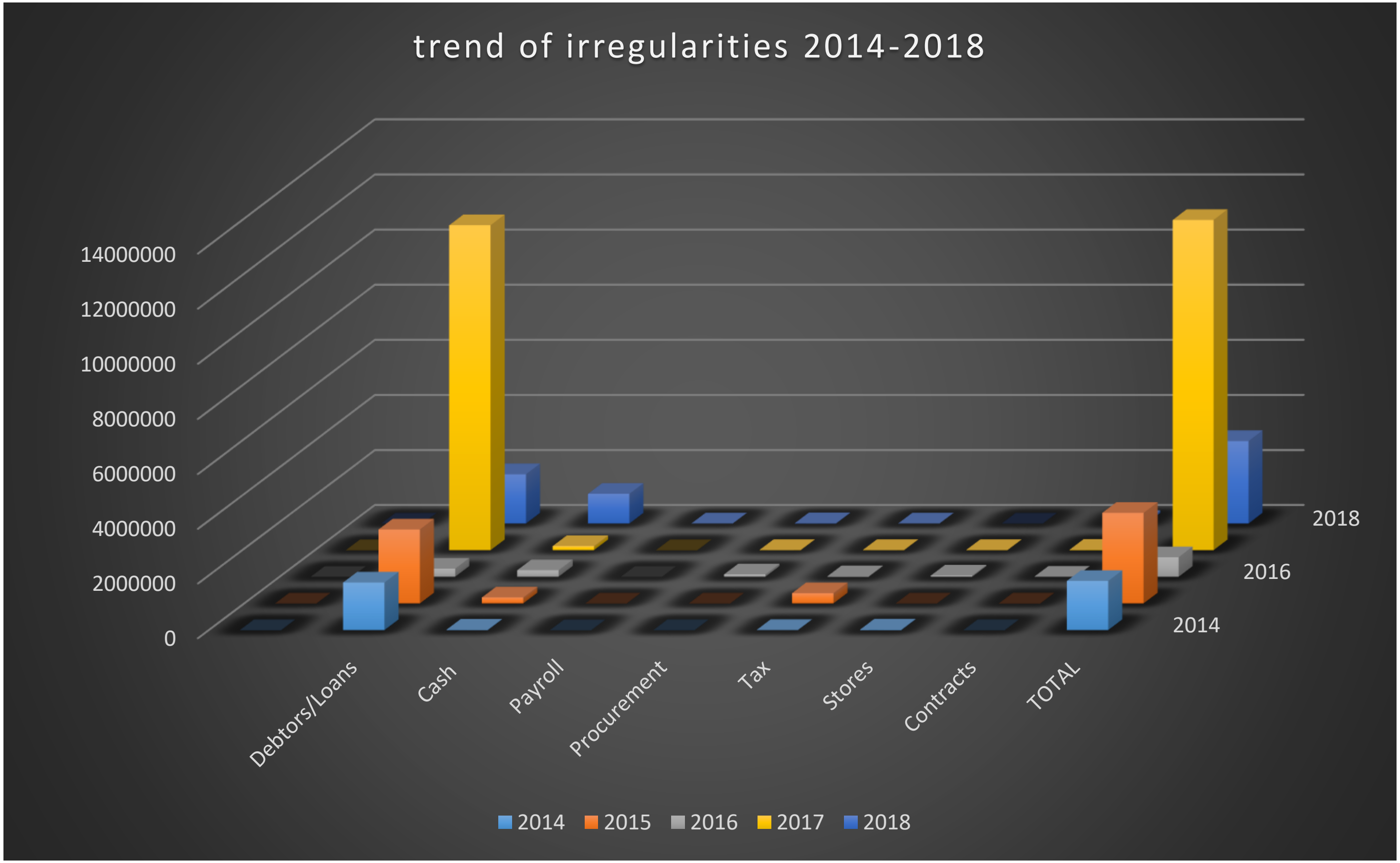
Table 1: Summary of financial irregularities for the period ended 31 December 2018

No.	Type of Irregularities	%	Amount (GH¢)	Amount USD (US$)	Amount EUR (€)	Amount GBP (£)	Total Amt. (GH¢)
1	Outstanding Debtors /Loans Recoverable	59.90	948,516,881.83	174,417,164.29			1,801,416,815.21
2	Cash Irregularities	36.17	8,030,948.14	220,772,790.00		16,700.00	1,087,713,932.24
3	Payroll Irregularities	0.11	3,153,940.55		1,696.21		3,163,473.25
4	Procurement Irregularities	0.50	15,121,639.13				15,121,639.13
5	Tax Irregularities	0.15	735,699.22	228,300.80	448,240.00		4,371,198.93
6	Stores Irregularities	0.02	734,460.51				734,460.51
7	Contract Irregularities	3.15	79,270,053.30	3,163,057.50			94,737,404.48
	Total	**100.00**	**1,055,563,622.68**	**398,581,312.59**	**449,936.21**	**16,700.00**	**3,007,258,923.75**

6. Table 1 shows that, the irregularities in totalled GH¢3,007,258,923.75 which included US$ 398,581,312.59 converted into Cedis at the prevailing exchange rate of GH¢4.89 to the US$1 as at 31 December2018, €449,936.21 converted into Cedis at the prevailing exchange rate of GH¢5.62 to the €1 as at 31 December 2018 and £16,700.00 converted into Cedis at the prevailing exchange rate of GH¢6.23 to £1 as at 31 December 2018.

Table 1b: Comparative Analysis of Irregularities 2014-2018 (figures rounded to the nearest cedi)

No.	Type of Irregularities	2014 GH¢	2015 GH¢	2016 GH¢	2017 GH¢	2018 GH¢
1.	Outstanding Debtors/Loans /Recoverable Charges	1,740,679,561	2,705,086,348	302,233,654	11,813,109,116	1,801,416,815
2.	Cash Irregularities	19,105,859	222,227,944	246,015,992	149,208,182	1,087,713,932
3.	Payroll Irregularities	941,675	1,424,941	494,728	2,540,432	3,163,473
4.	Procurement Irregularities	5,063,172	568,322	91,506,091	6,431,451	15,121,639
5.	Tax Irregularities	8,892,763	377,410,669	24,291,448	6,394,113	4,371,199
6.	Stores Irregularities	23,272,123	58,845	47,830,661	8,946,359	734,461
7.	Contract Irregularities	2,005,098	5,186,245	5,782,634	16,250,686	94,737,405
	Total	**1,799,960,251**	**3,311,963,314**	**718,085,208**	**12,002,880,339**	**3,007,258,924**


trend of irregularities 2014-2018
14000000
12000000
10000000
8000000
6000000
4000000
2000000
0
Debtors/Loans
Cash
Payroll
Procurement
Tax
Stores
Contracts
TOTAL
2018
2016
2014
2014 2015 2016 2017 2018

7. The total irregularities for 2015 increased by GH¢1,512,003,063 or 76.4% from 2014 figure of GH¢1,799,960,251, compared with an amount of GH¢3,311,963,314 recorded in 2018. This was due to a sharp increase in cash and tax irregularities.

8. However, 2016 saw a dramatic decrease of GH¢2,593,878,106 or 366% from 2015 irregularities figure of GH¢3,311,963,314 as against 2016 figure of GH¢718,085,208. This decrease was occasioned mainly by GH¢2,402,852,694 and GH¢353,119,221 decrease in outstanding/loans/recoverable charges and tax Irregularities respectively.

9. In 2017, the total irregularities recorded an increase of 1,572 % from GH¢718,085,208 in 2016 against GH¢12,002,880,339 in 2017. The change was as a result of GH¢11,510,875,462 increase in Outstanding Debtors/Loans/Recoverable Charges irregularities.

10. The financial year 2018 recorded a 74.9% decline in the total irregularities figure of GH¢3,007,258,924 as against the 2017 figure of GH¢12,002,880,339. The change was caused by a decrease in outstanding debtors/loans/recoverable charges.

Table 2: Summary of Financial Irregularities according to Sector Ministries														
Ministries	Outstanding Debtors /Loans Recoverable		Cash Irregularities			Payroll Irregularities		Procurement Irregularities	Tax Irregularities			Stores Irregularities	Contract Irregularities	
	¢	$	¢	£	$	¢	€	¢	¢	€	$	¢	¢	$
Justice	7,179.20													
Communication	252,835.40		33,327.40											
Education														
Health	2,044.60		757,693.65	16,700.00	113,690.00	1,743,082.51			86,626.61				14,467,519.19	
Energy		115,316.00	582,422.78		220,640,000.00	563,117.66		14,976,970.68	205,923.76	448,240.00		357,747.26	58,461,038.75	2,721,042.50
Transport	23,288,820.88							29,090.93				235,547.58		
Lands & Natural	1,874,922.96		978,265.73			17,692.76			7,004.55			103,134.47	6,149,677.23	
Youth & Sports	1,228,884.17				19,100.00	85,628.25			337,007.15					442,015.00
Trade & Industries									6,290.00					
Information			555,260.00						1,857.80			38,031.20		
Labour & Emp														
Water & Sanit	1,109,818.94		16,529.70				1,696.21		10,518.64					
Interior						35,727.12			-					
Local Govt	298,128.00					703,475.88			43,422.24					
Envir. & Science														
Roads & Highwa	100,000.00													
Min of Agric	920,354,247.68	174,301,848.20	5,107,484.88			5,216.37		115,577.52	37,048.47		228,300.80		191,818.13	
	948,516,881.83	174,417,164.20	8,030,984.14	16,700.00	220,772,790.00	3,153,940.55	1,696.21	15,121,639.13	735,699.22	448,240.00	228,300.80	734,460.51	79,270,053.30	3,163,057.50

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

11. These irregularities represent trade debtors, staff debtors and outstanding loans. Lack of debt collection policies, the absence of credit controls to retrieve the debts and management's apathy towards loan recovery contributed significantly to these anomalies. Also, 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 non-compliance with rules and regulations accounted for these irregularities.

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

Cash Irregularities - GH¢1,087,713,932.24

13. Cash irregularities related 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. These occurred as a result of poor oversight responsibility, lack of controls, failure of paying officers to demand receipts for payments made. Other contributory factors were finance officers' failure 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; and poor accounting systems.

14. I therefore urged the management of the Public Boards, Corporations and other Statutory Institutions to strengthen supervisory

controls over their finance officers, and ensure that they adhere to the provisions of the Public Financial Management Act 2016, (Act 921). I also recommended the authentication of all payment vouchers, prompt payment to bank and full retirement of accountable imprest on due dates.

Payroll Irregularities-GH¢3,163,473.25

15. These lapses were caused by the failure of management to exercise due diligence, and the laxity of officers in charge of payroll in reviewing payment vouchers to ensure salaries were paid to only those who were entitled. They were also caused by management's failure to notify banks to stop the payment of unearned salaries. The Controller and Accountants General Department also did not promptly delete names of separated staff when notified to do so. In other instances, Management also failed to obtain financial clearance from the Ministry of Finance before employing new staff.

16. The payroll irregularities mostly comprised payments of unearned salaries to separated staff, non-payment of unearned salaries to chest and payment of salaries without financial clearance.

17. I advised Management of the affected Institutions to promptly notify the bankers of the separated staff to withhold and pay to chest all unearned salaries. I also recommended that officers in charge of payroll should exercise due care in the discharge of their duties.

Procurement Irregularities-GH¢15,121,639.13

18. These irregularities occurred 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).

19. I once again recommended that the Management of the various Institutions should undertake procurement transactions strictly in accordance with the provisions of the Public Procurement Act.

Tax Irregularities-GH¢4,371,198.93

20. The Tax irregularities related to failure to pay statutory tax deductions on due dates, and non-deduction of applicable taxes. They also related to transaction of business with non-VAT registered persons or entities.

21. I recommended that the Finance Officers should strictly adhere to the tax laws to ensure that all tax revenues are promptly collected and paid to the applicable revenue agencies.

Stores Irregularities - GH¢734,460.51

22. These irregularities include non-documentation of store items, unaccounted fuel, absence of store ledgers, lack of awareness of officers assigned to store duties, inadequate supervision, and non-reconciliation of fuel purchases at dumps.

23. I recommended the strengthening of controls over store items, improving supervision and the procurement of store ledgers for effective record keeping. I also recommended strict adherence to the Store Regulations and the Financial Administration Regulations.

Contracts Irregularities-GH¢94,737,404.48

24. These mainly relates to overpayment of contract sums, absence of 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.

25. I therefore urged management to strengthen controls over contracts and comply with tendering procedures.

AUDIT OPINION

26. Most of the financial statements submitted for validation were prepared under generally accepted accounting principles and my office was satisfied in all material respects, that the audited financial statements present fairly financial information in accordance with the applicable statutory provisions, stated accounting policies of the Government and is in accordance with generally accepted accounting standards and essentially consistent with that of the preceding year.

27. In my opinion, 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.

Conclusion

28. As part of the processes of good governance, I urge the appointing Authorities to ensure that Board of Directors are constituted promptly for organisations having none. The absence of Governing Boards tends to delay the signing of the financial statements resulting in avoidable delays.

29. 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.

30. I reiterate my advice to Management to strengthen their Internal Audit Units to ensure effective and efficient internal control systems.

31. I 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 duly implemented.

PART II
SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS BY MINISTRIES

MINISTRY OF JUSTICE AND ATTORNEY GENERAL

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32. Five Officers were granted salary advance totalling GH¢4,490.00 from the Internally Generated Fund (IGF) during the period under review. The Officers however, failed to refund the advances in accordance with management policy. As at 31 December 2016, only GH¢300.00 was refunded, leaving a balance of GH¢4,190.00 yet to be refunded. We advised Management to ensure full recovery of the advances including interest, directly from the salaries of the officers involved through Controller & Accountant General by the end of September, 2018. Management should also ensure that Officers comply with the policy, and sanction any defaulter.

33. The Copyright Office has not been updating its assets register to properly control and safeguard the assets against misuse and theft. We recommended that Management should update its assets register with the required information within 30 days of the receipt of the management letter and our office informed for verification.

ECONOMIC AND ORGANISED CRIMES OFFICE (EOCO)

34. Management failed to ensure that, the staff declare their assets in accordance with Regulation 27 of the Economic and Organised Crime Office (Operations) Regulation, 2012 (L.I.2183). We are reported the non-compliance to the Commissioner for Human Rights

and Administrative Justice in accordance with article 287 of the Constitution

35. Six out of the ten Regional Offices did not submit their Exhibit Recovery Returns for 2016 financial year. We urged Management to ensure that, the Regions involved submit the returns within 30 days after the receipt of the management letter. Management should also ensure that, all Regional Offices submit their Exhibit Recovery Returns, together with duplicate GCRs and DSs on monthly basis. Furthermore, Management should introduce punitive measures to sanction Officers who fail to comply with the directive.

36. We noted during our audit that, Economic and Organised Crime Office (EOCO) had no comprehensive (National) Case Register to serve as a reference document of all its cases since its establishment in 2010. We advised Management to maintain a comprehensive Case Tracking Register to record and track all cases nationwide.

37. We noted during the review of staff debtors schedule that, GH¢2,989.20 owed by 22 separated staff for a period ranging from six to twelve years are still classified as receivable in the 2016 financial statements. We recommended that Management should recover the debts in accordance with Regulation 112 of the Financial Administration Regulation, 2004 within 60 days after the receipt of the management letter, failing which the schedule officers may be surcharged with the amount.

38. Our review of the staff strength of the Legal Department of EOCO revealed that the Unit is under-staffed. It is made up of four permanent staff, one of them on secondment from the Attorney General’s Office. The Officers, therefore, work for long hours without rest, in contravention of section 10 (b) & (c) of the Labour Act, 2003 (Act 651). We recommended to the Board and Management to institute

better conditions of service and remuneration that can attract and retain Legal Personnel.

39. Our review of the Policies and working documents relevant for the achievement of the objectives of EOCO revealed that, the Office operates without Conditions of Service and Scheme of Service to motivate the employees in the performance of their duties. We recommended that, the Board and the Management should act swiftly on the formulation and adoption of Conditions of Service and Scheme of Service that will attract, motivate and retain the staff.

40. We noted during the review of the assets register that, even though vehicles acquired in 2016 were recorded in the assets register, the cost of sixteen of the vehicles amounting to GH¢415,561.40 was not included. We recommended that Management should update its assets register with the cost of all newly acquired assets and the required detailed information. This will facilitate the reconciliation of the non-current assets figure in the financial statements with the figure recorded in the assets register.

41. Contrary to the Section 1(1) of No. 42 Motor Vehicle (third Party Insurance) Act 1958, we noted that all vehicles owned by the Economic and Organised Crime Office, were not covered by any insurance policy. We urged Management to look for funds to insure all the official vehicles, and our office notified for verification.

42. We examined ownership document of Economic and Organised Crime Office (EOCO) and noted that, forty-six vehicles and seven motorbikes belonging to the Office are still in the name of the suppliers several years after their acquisition despite our previous audit recommendations. We recommended to Management to ensure that, the ownership of these vehicles are transferred to the Office as early as possible.

43. We noted that, Management has not developed a risk management policy to enable the Office manage its risks as and when they occur. We recommended that; Management should develop a comprehensive risk management policy for the Office including the design of appropriate systems to mitigate these risks in the event that they occur.

MINISTRY OF COMMUNICATION
DATA PROTECTION COMMISSION

44. Special imprests to the tune of GH¢15,573.40 were granted to three Officers for accommodation and transport expenses for various travels. The Officers however, did not retire the imprests after returning from the programmes. We recommended that the officers should be made to provide receipts and other supporting documents to retire the imprests within 10 days after the receipt of the management letter failing which, the amounts should be adjusted to their personal advance accounts. Management should ensure that they account for the imprest before new ones are released to them.

45. We noted that the Commission paid total amount of GH¢17,754.00 to Public Service Commission for conducting examinations for the Commission's recruited officers. Data Protection Commission however, did not obtain official receipts from the Public Service Commission to account for the payments. We advised Management to obtain Government Counterfoil Receipt (GCR) from the Public Service Commission for our verification within 10 days after receiving the management letter, failing which the paying officer, may be surcharged with the GH¢17,754.

46. Our review of the cash management and internal control processes of the Commission's financial operations revealed that the Principal Accountant was responsible for making request for payments, writing cheques, authorizing payments, withdrawing and paying cash to beneficiaries. We urged Management to seek clearance from the Ministry of Finance to ensure that, an employee is engaged as a cashier to relieve the Principal Accountant from the conflicting duties.

47. We noted that salary advance to the tune of GH¢252,835.40 have been granted to the former Executive Director to be reimbursed when her salary is regularised. The loan still remains unpaid because, the former Executive Director's salary issue had not been resolved. We recommended to the Board and Management to resolve the salary matter of the former Executive Director, and ensure that the outstanding loan is refunded into the Commission's Account within 30 days after receiving the Management Letter, and our office informed immediately for verification.

48. Our verification of the Commission's assets showed that, items in various locations had not been embossed. We advised Management to ensure that all assets belonging to the Commission are embossed with the Commission's identification mark as early as possible.

MINISTRY OF EDUCATION
ENCYCLOPAEDIA AFRICANA PROJECT

49. The Secretariat sponsored two of its staff members for various educational programs but failed to ensure the beneficiaries signed bond forms. The Secretariat is at risk of not benefiting from its investment should they decide to resign after completing their educational programs. We recommended that Management should ensure that, all beneficiaries of educational sponsorship complete and sign a bond form which will be put on their personal files.

50. We noted that Encyclopaedia Africana Project lacks the laid down structures for the effective management of the department. We recommended that Management should liaise with the authorities to reconstitute the structures, and ensure the provision of other logistics for the Secretariat to perform its mandate effectively and achieve its goals.

51. Management failed to disposed of two vehicles and other assets of the Secretariat that has become unserviceable in contravention of Section 83(1) of the Public Procurement Act 2003 (Act 663). We recommended that, Management should dispose of the items through the laid down procedures as soon as possible to avoid further deterioration and loss of value.

52. We noted during our examination of vehicle files of the Secretariat that, two of the vehicles were in the name of Ministry of Education. We advised Management to liaise with the Ministry and ensure that the documents of the vehicles are transferred into the name of the Secretariat to ensure ownership and security.

UNIVERSITY OF HEALTH AND ALLIED SCIENCES

53. We noted that, payment of suppliers of goods and services showed the University incurred GH¢143,771.90 as VAT payment. Contrary to Section 35 of the University's Act 828, 2011 which exempt the University from paying taxes, duties and other charges.

54. We recommended to management to obtain VAT exemption letter from Ministry of Finance to give to their suppliers anytime they purchase goods and services.

GHANA SCIENCE ASSOCIATION

55. We noted during our review that the Ghana Science Association's establishment is not backed by any legislative instrument to govern its operations. We urged Management to liaise with Ministry of Education through NCTE to ensure that the Association is legalized as a public office**.**

56. The strategic plan which was developed in 2009, expired in 2013, and had since not been replaced with a newly developed one, to guide the operations of the Association, despite our previous audit recommendation. We urged Management to prepare a new strategic plan as soon as possible, to enable the Association achieve its required objectives.

57. Contrary to Stores Regulation 0502(a) and Section 0604, we noted that not all items receipted at the stores were recorded in the stores records. Items issued out from the store were also, not supported with authorised requisitions. Again, the Association does not keep store ledgers but relies on only tally cards, which are not frequently updated. We recommended to Management to ensure that, items received into the stores are recorded in stores ledgers, and issues are made through store issue vouchers based on properly authorised requisitions.

58. The Association's Toyota Pick-up with registration number GN 3497-15 had not been re- registered and therefore, had not been provided with the new GV green plate to conform to Government directives. We advised Management to re-register the vehicle as soon as possible to avoid any sanction.

MINISTRY OF HEALTH

FOOD & DRUGS AUTHORITY

59. We noted that, construction of Tema Office Complex of the Authority with a contract sum of Ghc25,292,315.98 was increased to GH¢39,759,830.17, a variation of GH¢14,467,519.19, or 57.2%, without approval from the Ministerial Tender Board, contrary to section 38.2 of the agreement, and Section 17(2c) of the Public Procurement Act, 2003 (Act 663). We recommended to Management to seek a retrospective approval for the variation of the contract and submit the documents for our verification, failing which the variations may be disallowed in accordance with article 187(7)(b).

60. Management paid clothing, fuel and maintenance allowances, totalling GH¢1,737,815.69 from their Internally Generated Funds to staff without any approval from the Minister of Finance nor Fair Wages & Salaries Commission. We recommended that Management should recover the illegitimate amount paid from the staff, pay same into the Authority's accounts within 30 days after the receipt of the management letter, and inform our office for verification, failing which the authorizing and the paying officers may be surcharged with the amount involved.

61. We noted that, 30 out of the 99 vehicles and three motorbikes of the Authority have not been re-registered in accordance with Regulation 1602 of Stores Regulations 1984, and the new government directives. We recommended to Management to re- register the vehicles for the government green number plates within 30 days after the receipt of the management letter and our office notified for verification.

62. Management paid an amount of GH¢9,900.00 to Holman Consulting Limited (HCL) for supporting the management of Pastel Accounting Software for the period under review. We further noted that, Management engaged the consultant to provide the services since 1 January 2014, renewable on yearly bases. However, Management did not seek for approval from the Auditor-General before implementing the software contrary to section 11 of the Audit Service Act 2000. We urged Management to seek a retrospective approval from the Auditor General before continuing using the software.

63. We noted that the former Accountant of Kumasi office, Kingsley L. Baan did not fully lodge into the bank accounts the Internally Generated Fund collected from January 2017 to August 2017. Total amount collected during the period was GH¢645,717.92, out of which GH¢619,689.91 was banked, leaving a balance of GH¢26,028.01 unbanked. We recommended that Mr. Kingsley L. Baan should be made to account for the unbanked collections including interest, at Bank of Ghana prevailing rate within 30 days after receiving the management letter. Management should also, discipline the Officer in accordance with Regulation 8 (4) of the FAR 2004.

64. Total amount of GH¢23,840.00 was stolen from the Tema office on the 28/1/2017 by armed robbers. The amount was made up of cash of GH¢10,275.00 and cheque of GH¢13,585.00. We further noted that, the Tema office requested the clients who issued the cheques to re-issue them to the Authority. However, only four of the cheques amounting to GH¢1,660.00 have been re-issued to the Authority, leaving an outstanding of GH¢11,925.00 not yet issued by the clients. We recommended that, Management should ensure that the stale cheques are re-issued by the client within 30 days after receiving the management letter, failing which, Management of the Tema office shall be surcharged with the GH¢11,925.00.

65. Debeck D. Acheampong who became separated by way of resignation on 1 December, 2018 was paid his December salary, leading to an unearned salary of GH¢2,044.60**.** We recommended that efforts be made by Management to recover the total amount of GH¢2,044.60, pay same to Government chest and obtain a Treasury Receipt to support the payment and our office notified for verification, within 30 days after receiving the management letter, failing which the Human Resource Officer, may be surcharged with the amount.

66. We noted that Debeck D. Acheampong a Procurement Officer, was granted study leave with pay for two years, from 14th August, 2015 to 30th July, 2017 to pursue Master of Science Degree Programme in Logistics and Supply Chain Management at the Kwame Nkrumah University of Science and Technology on weekends. He was bonded to serve the Food and Drugs Authority for three years after completion of the program. He however, resigned on 1 December, 2017, barely four months after completing the program. He was indebted to the Authority to the tune of GH¢25,266.82 and had paid GH¢20,000.00 leaving an outstanding amount of GH¢5,266.82, yet to be recovered. We recommended that, Management should recover the outstanding amount from him or his guarantors within thirty days after receiving the Management Letter.

67. The Authority does not keep an asset register to ensure effective control of the assets. We recommended that, the head of accounts should ensure the keeping of assets register with the relevant required information as provided in section 52(4) & (5) of the Public Financial Management Act, 2016 (Act 921) as early as possible.

PHARMACY COUNCIL, GHANA

68. Contrary to Section 116 (2 and 3) of the Income Tax Act, 2015 (Act 896), the Council failed to withhold taxes amounting to

GH¢1,315.50 from 18 payments relating to goods and services procured from five suppliers. We recommended that, Management should pay the tax amount to the Commissioner of GRA, and recover same from the payees as early as possible, and furnish our office with the receipts for verification. We also, advised Management to ensure that, the required tax rates are deducted from subsequent payments of goods and services.

69. Contrary to Section 52(3) of the Public Financial Management (PFM) Act 2016 (Act 921), the Council was not keeping proper Assets Register to enable us confirm Assets figure of GH¢1,740,929.87 disclosed in the 2016 Financial Statements. We recommended that Management should expedite action in updating the Assets Register that conforms to the Public Financial Management Act and make it available for our examination without further delay.

70. Despite our previous recommendation, we noted that 150 items in both Headquarters and the Regional offices have not been embossed with the Council’s identification marks. We advised Management to ensure that all assets belonging to the Council are embossed as early as possible.

71. Contrary to Section 83(1) of Part V111 of the Public Procurement Act 2003 (Act 663), we noted that, eight of the Council’s vehicles are unserviceable, and are parked in both Headquarters and the Regional offices, thereby, exposing them to the weather, and facilitating their deterioration. We recommended to Management to ensure that these vehicles are disposed off as early as possible.

72. We noted during our audit that the Council has no Administrator since January 2015 to provide strategic leadership for the Council. We recommended that the Board and Management should as a matter of urgency, assign the function to a competent staff member

on a temporary basis, whilst steps are taken to recruit a suitable candidate to fill the vacant position.

73. Contrary to Section 10(b)&(c) of the Labour Act, 2003 (Act 651), we observed that the Labour strength of the Council is inadequate. We recommended to the Board and Management to seek Financial Clearance from the Ministry of Finance to enable the Council recruit to satisfy its human resource needs.

74. We noted that the Council has no Corporate Strategic Plan and Accounting Manual to govern and direct its affairs towards attainment of the objectives. We recommended to Management to develop a Strategic Plan and Accounting Manual as soon as possible, to guide and control the activities of the Council.

GHANA RED CROSS SOCIETY

75. Eight payments made for goods and services totalling GH¢110,346.45 were not covered by receipts to authenticate them. In the absence of valid receipts to substantiate the payments, we may disallow the expenditure and surcharge the Paying Officer and the Finance Officer with the total amount of GH¢110,346.45.

76. Management failed to remit a total amount of GH¢74,606.43, being taxes withheld from employees' income during the 2015 and 2016 financial years, to the Commissioner General of Ghana Revenue Authority (GRA). We recommended to Management to remit the tax amount of GH¢74,606.43 to the Commissioner General of Ghana Revenue Authority (GRA) within 10 days after the receipt of the management letter and furnish our office with the receipts for verification.

77. The Society failed to withhold 3% and 7.5% taxes totalling GH¢10,704.60 from payments made to the suppliers of goods and services. We recommended that Management should pay the tax amount of GH¢10,704.60 to the Commissioner General of GRA within 30 days of the receipt of the management letter, and recover same from the payees, otherwise, the Spending Officer and the Accountant shall be surcharged with the amount.

78. The stock register kept by the Society is not properly maintained. Only serial numbers of the Value books issued to officers, and the officers' signatures were recorded in the register, leaving the unused value books unrecorded. We recommended to Management and the Head of Finance to improve their supervisory role to ensure proper control of value books and collections of Internally Generated Funds (IGF).

79. We noted that, the Society does not have an Internal Auditor or internal audit unit to ensure early detection of fraudulent activities within the Society. We recommended to Management to ensure the establishment of an Internal Audit unit within 30 days after the receipt of the management letter, to ensure effective and efficient operations of the Society.

80. The Society failed to award a contract for the construction of an Office Complex (Storey building) through competitive tendering as required by Section 35 (1) of the Public Procurement Act, 2003 (Act 663). We urged Management to ensure that the project is awarded to a contractor through the tenets of the Public Procurement Act, 2003 Act 663.

81. The Society failed to maintain assets register to safeguard its assets against theft and misuse. We recommended that Management should ensure that assets register is properly maintained and updated with any new purchase.

82. Our review revealed that 12 vehicles of the Society had their insurance expired as at the time of the audit in May 2017. We recommended that Management should take steps to insure the vehicles within 30 days of the receipt of the management letter and our office notified for verification.

83. We noted that eight vehicles and five motor bikes have become unserviceable and are parked at various locations in five Regions, thereby, exposing them to the weather and facilitating their deterioration. We recommended to Management to ensure that these vehicles and motor bikes are disposed of as early as possible, to avoid further deterioration.

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MINISTRY OF ENERGY

CYLINDER MANUFACTURING COMPANY LIMITED

84. Our review of the first (1^{st}) minute of the Board of Directors meeting of the Company held on Thursday 21^{st} September, 2017 disclosed that the Board increased their monthly fees and sitting allowances by themselves, instead of seeking approval from members at a general meeting. The monthly fee was increased from GH¢650.00 for Chairman and GH¢550.00 for members to GH¢3,000.00 for Chairman and GH¢2,000.00 for members. The sitting allowance was also, increased from GH¢600.00 for Chairman and GH¢500.00 for members to GH¢1,000.00. We recommended that the Board and Management should seek retrospective approval from the Ministry of Energy in consultation with the Ministry of Finance within 30 days after receiving the management letter, to legitimize the payments and our office informed for verification. This should be communicated to

the shareholders at annual general meeting for ratification, failing which the payments may be disallowed and the members of the Board surcharged accordingly.

85. Our review of store records of the Company disclosed that store items worth GH¢357,747.26 purchased and paid for were without store records to confirm the full receipts and utilisation of the items. This contravenes Regulation 183 (3) of the Financial Administration Regulations, 2004 (L.I.1802). We urged Management to provide us with details of the receipts and utilisation of the items for authentication within 30 days after receiving the management letter, failing which, the expenditure may be disallowed and surcharged against the officials responsible for it.

86. We noted that the Accountant did not remit to the Commissioner- General of the Ghana Revenue Authority, an amount of GH¢111,651.28 withheld on goods and services procured during the period under review. We recommended that, the total amount of GH¢111,651.28 should be remitted to the Commissioner-General of Ghana Revenue Authority without further delay and the receipt submitted to our office for verification.

87. Management of the Company did not withhold taxes on the sitting allowances paid to the Board of Directors during 2017 financial year, resulting in a tax loss of GH¢4,400.00. We recommended to Management to pay the tax amount of GH¢4,400.00 to the Domestic Tax Division of the Ghana Revenue Authority without further delay and furnish our office with the receipts for verification. Management should subsequently, recover the amount of from the Board Members. Management should also, ensure compliance with the tax law by applying the 20% rate or the prevailing tax rate in the payment of Board's sitting allowances in future.

88. An amount of GH¢10,000.00 out of a total of GH¢120,000.00 granted to an accounts officer, Bright Fofo Ayeduvor as the office's accountable imprest for the period, June to December, 2017 was not retired at the close of the financial year. The amount has also, not been adjusted to a personal advance account in the name of the imprest holder. We recommended that Bright Fofo Ayeduvor should be made to account for the GH¢10,000.00 within 30 days after receiving the management letter, failing which, the amount should be adjusted to a personal advance account in his name, and ensure that the money is refunded before new imprest is granted.

89. We noted from the review of the Entity Tender Committee's (ETC) minutes that, the Company submitted the draft procurement plan for 2017 to the Committee for review and approval on the 29th August, 2018, after the related year, 2017, had already ended. This indicated that, the eleven contracts which were awarded in 2017 financial year, were not planned. We advised Management to comply with relevant provisions of the procurement law in awarding future contracts.

90. Our review of the Company's organisational structure disclosed that the company never had a Procurement Unit since its establishment. We recommended that Management and the Board of Directors should establish a Procurement Unit, headed by the Secretary of the Entity Tender Committee, and staff it with the requisite personnel in compliance with the procurement law, within 90 days after receiving the management letter, failing which, Section 51(a) of the Public Procurement (Amendment) Act, 2016 (Act 914) shall be enforced against the Management of the Company.

91. We reviewed eleven contracts awarded in 2017 financial year and noted that, the Company used Request for Quotations procurement method in awarding all the contracts. However, the value of seven out of the contracts exceeded the Request of Quotation procurement method threshold. We advised Management to write to the Public

Procurement Authority (PPA) to investigate and rectify these contracts in accordance with Section 50(3) of the Public Procurement (Amendment) Act, 2016 (Act 914) within 60 days after receiving the management letter, and inform our office for verification, failing which, the expenditures may be disallowed and officials surcharged..

92. We noted during the review of the Contract files that, three Officers of the Company who were members of the Entity Tender Committee (ETC) acted as members of the Tender Evaluation Panel and evaluated several tenders, contrary to Section 2.6.1 of the public procurement manual of the public procurement authority. We recommended that the Company should ensure that the provisions in the act are strictly adhered to, in constituting tender evaluation panel for all future procurements, failing which, Section 51(a) of the Public Procurement (Amendment) Act, 2016 (Act 914) may be enforced against the Management of the Company.

93. Management of the Company re-awarded a contract for the supply and installation of automatic welding LPG cylinder from a contract sum of GH¢18,505,359.06 to GH¢26,082,696.36, a variation of 40.84%. Management however, did not seek authorisation and approval from the Central Tender Review Committee before re-awarding the contract. We recommended that Management should ensure that all future variations are referred to the appropriate authority for approval in conformity with the law. Meanwhile, we advised Management to seek retrospective approval from the Central Tender Review Committee to rectify this anomaly within 30 days after the receipt of the management letter, and inform our office for verification failing which, Section 51(a) of the Public Procurement (Amendment) Act, 2016 (Act 914) shall be enforced against the Management of the Company.

94. Management of the Company disposed of 80 assorted Furniture and Fittings in 2017 without forming a Board of Survey to evaluate and

present a technical report on them to ensure that the best method of disposal had been adopted. We could also not ascertain any evidence of cash realised from the disposal. We advised management to comply strictly with the public procurement law in all subsequent disposal of the Company's assets. We also urged management to account for the proceeds and our office informed for verification within 30 days after receiving the management letter, failing which, Management may be surcharged accordingly.

95. We reviewed the evaluation reports files of 11 contracts awarded by the Company in 2017 and noted that the files did not contain; attendance register, starting and closing time of meetings, etc. We advised Management to comply with the relevant provisions of the Procurement Laws in awarding future contracts, failing which, Section 51(a) of the Public Procurement (Amendment) Act, 2016 (Act 914) shall be enforced against the Management of the Company.

96. The Company awarded contracts to the GASSMAN Ventures, Hangzhou Tianlong Steel Cylinder Co. Ltd and Guangdong Yingquan Steel Products Co. Ltd for the supply of finished and Semi-finished cylinders in 2015 and 2016 financial years in the sum of US$2,721,042.50 and GH¢1,393,050.00. The Chief Executive Officer, Mrs Elizabeth Yawa Morny, however, did not constitute evaluation panels to evaluate these contracts. The CEO did not also, seek approval from the ETC, in order to obtain value for money. We advised that Management should strictly adhere to the relevant provisions in the procurement law in the award of future contracts, failing which, Section 51(a) of the Public Procurement (Amendment) Act, 2016 (Act 914) maybe enforced against the Management of the Company.

97. The Company procured goods and services worth GH¢278,752.88 but did not source for three or more alternative price quotations from different suppliers to ensure that the Company purchases from the lowest evaluated bid or the most favourable

sources, in order to obtain value for money. We urged Management to strictly comply with the provisions in the Public Procurement Act, 2003 (Act 663) to promote competition and transparency in order to obtain maximum value for money in all future procurement, failing which, Section 51(a) of the Public Procurement (Amendment) Act, 2016 (Act 914) may be enforced against the Management of the Company.

98. Our review of the Company's payment vouchers disclosed that 22 payments to the tune of GH¢1,797,449.63 were made to TDK Atlantic Ltd, a contractor for works and supply of goods. The Accountant, however, did not deduct the 5% and 3% withholding taxes in the sum of GH¢89,872.48 from the contractor and remit same to the Commissioner- General of Ghana Revenue Authority as required by law. We recommended to Management to pay the tax amount of GH¢89,872.48 to GRA immediately and subsequently, recover the amount from the contractor, failing which the Chief Executive Officer and the Accountant of the Company may be surcharged with the amount of GH¢89,872.48.

99. Our review of the Company's contract records disclosed that a total amount of GH¢1,630,038.83 was paid to TDK Atlantic Ltd, a contractor for construction works undertaken by the Company. The Authorising and the approving Officers, however, did not authenticate these payments with the relevant supporting documents such as bill of quantities, Engineers' reports and interim payments certificates. We advised Management to provide these documents for our verification within 30 days after receiving the management letter, failing which, the expenditure may be disallowed and surcharged against officials.

100. Management of the Company kept a contract register for only 2018 contracts. We were therefore, unable to ascertain the relevant information on contracts awarded during the period under review to

authenticate the payments to the tune of GH¢47,860,612.62. We recommended to Management to ensure that the contract register is updated with all the contracts awarded from 2015 to date, detailing the required information, and our office duly informed for verification.

101. We noted during our review that, the Company did not maintain asset and inventory registers to keep track of its assets and to ensure proper custody of same. We urged the Head of Accounts to maintain a register of all its assets in accordance with the Act stated above and inform our office for inspection, failing which Section 98(1)(a) of the PFM Act, 2016 (Act 921) shall be enforced.

102. Management of the Company used TALY software for its financial transactions without approval from to the Auditor General in accordance with section 11 of the Audit Service Act 2000. We recommended that Management should seek retrospective approval from the Auditor General to regularise the transaction.

103. Our audit noted that fuel and other lubricants supplied to four pool vehicles of the Company were not recorded in their log books to confirm that fuel allocated to the vehicles were used in the furtherance of the Company's business. We recommended that, Management should organise training workshops for all the Drivers and the Transport Officer on how to effectively use the log book in order to prevent re-occurrence of this anomaly in the future. Management should also ensure that, the Transport Officer carries out reviews of the log books on regular basis.

104. We noted that the Company had no Internal Auditor or Internal Audit Unit since its establishment to safeguard the assets of the Company, We recommended to Management to ensure the establishment of an Internal Audit Unit as soon as possible to ensure

effective and efficient operations of the Company, failing which Section 98(1)(a) of the PFM Act, 2016 (Act 921) shall be enforced.

105. We noted that the Company did not have a Human Resource Policy, Collective Bargaining Agreement, Scheme of Service, and Accounting Manual amongst others, for effective and efficient management of the Company. We recommended that, Management should establish these policies as soon as possible to ensure sound internal control systems and effective management of the Company.

106. Management did not submit its 2016 and 2017 budget to the Minister of Finance, as required by Section 93(1) of the PFM Act, 2016 (Act 921). We recommended that Management should prepare and submit the ensuing years budget for approval by the Board, and ensure that they are submitted to the Minister of Finance through the Ministry of Energy not later than four months before the beginning of each financial year, to conform to the PFM Act.

107. The Storekeeper of the Company did not keep the relevant records of the stores such as Store Ledger, Stores Received Advice, Store Issue Vouchers and Tally/ Bin Card for the period January 2015 to August 2016. We were therefore unable to reconcile Production and Sales records with goods received into the Stores and issued made out from the stores during the period. We advised Management to ensure that the Storekeeper, manages the stores properly by ensuring that, all relevant store records are maintained and reconciled to Production and Sales records on regular basis.

108. Management of the Company did not ensure that annual stock taking were carried out during and at the close of December, 2015, 2016 and 2017 respectively, to ensure inclusion of accurate stock values in the financial statements. We accordingly advised Management to ensure that annual stocktaking is carried out at least at

the end of each financial year as required by Regulation 1202 of the Stores Regulations of 1984.

109. Our payroll audit observed that the Company over the years made several appointments without recourse to any prescribed policy. In order to engage the right calibre of staff, we urged Management and the Board of Directors to ensure that, a Scheme of Service is prepared and approved to enhance and facilitate recruitment processes.

110. The Chief Executive Officer (C.E.O) of the Company, arbitrarily increased the salaries and wages of the workers by 30% to 50%. She again, increased the number of staffs from 36 to 59. without approval from the Governing Board, or, reference to any approved salary structure and Scheme of Service. This resulted in an increase of the wage bill astronomically, from GH¢44,531.81 in June, 2017 to GH¢112,404.78 as at December, 2017. We recommended that Management should develop a Scheme of Service that will prescribe an appropriate salary structure and also regulate any increment of same. Meanwhile, Management should seek retrospective approval from the Board to rectify the anomaly.

111. Our review of store records noted that the Management of the Company did not properly keep and maintain value books records to ensure effective control of the value books. We recommended that the CEO of the Company should, as a matter of urgency, ensure that the value books in stock are recorded in a stock register. The Accountant should also control the value books effectively by ensuring that, value books are issued out through approved requisitions.

THE PETROLEUM COMMISSION

112. The Commission transferred an amount of GH¢137,918.73 to Halliburton Ghana Limited on 13 June 2017 as monthly charges for the engineering software without initiating a memo for approval to properly authenticate the transaction before making the transfer. We recommended to Management to ensure that, subsequently, all the required documents including a memo are attached to the payment voucher before granting the approval for payment.

113. The Commission released a total amount of GH¢572,422.78 to the Ministry of Energy and Ministry of Petroleum as a support for the two Ministries to organize various programmes without budgeting for them. The payments were in addition to a transfer of GH¢956,511.30 to the Ministry of Energy as its share of the exploration levy. In order to avoid a budget overrun, we recommended to Management to consider all its intended activities in preparing future budgets, and exercise budgetary control to ensure that expenditures are in accordance with the budget provisions.

114. The Commission sponsored Mr. Alex Asiedu Nimo of the Engineering department to pursue a course in MSc Reservoir Evaluation and Management at the University of Heriot-Watt in Scotland, even though the Officer had not served the Commission for the mandatory three years. We urged Management to strictly comply or amend the Commission’s policy on study leave, to avoid agitations by the staff of the Commission.

GHANA NATIONAL PETROLEUM CORPORATION (GNPC)

115. We noted significant delays in the completion of the annual audit of the GNPC group in both 2015 and 2016. The audited financial

statements for 2015 was signed in December 2016 whiles that of 2016 was signed in October 2017.

116. We recommended to management to liaise with the Auditor-General to ensure the appointment of auditors on time to address the existing infraction of the PFM Act.

NATIONAL PETROLEUM AUTHORITY (NPA)

117. It was noted during the audit that there was no evidence of transfer of excess funds of the Authority into the Consolidated Fund. It is important to note that this issue has been previously included in the management letters relating to the audit of NPA.

118. We advised Management to work out a mechanism that will seek to ensure compliance with the provisions of Act 691 whiles maintaining its autonomous outlook.

119. It was revealed during the audit that the Board gave approval for an amount of GH¢14,698,217.80 as a supplementary budget to be paid to Berock Ventures towards the furnishings of the Head Office which was not part of the cost of the Building originally.

120. Management was advised to ratify the agreement with Berock Ventures and put in place mechanisms to ensure that all future transactions are covered by formal contracts signed by all parties to the transaction.

PETROLEUM FUNDS

121. As at 31 December 2017, a total of US$220,640,000.00 was outstanding to be paid into the Petroleum Holding Fund. Of the total amount, US$219.53 million represents amounts due from Ghana Gas

Company Limited for gas sold by Ghana National Petroleum Corporation (GNPC) and US$1.11 million surface rental fees unpaid by various entities.

122. Fund managers should put in place measures to ensure that monies assessed as due are collected promptly and also all late payments should attract penalty as stipulated by Act 815.

123. We observed during the audit that an amount of US$115,316.00 was due from Oranto/Stone Energy in respect of invoices for surface rental fees for the period February 2012 to April 2014 and this remains unpaid as at 31 December 2017

124. Management was advised to ensure that steps are taken to follow up on long outstanding debts so that amounts due to the Petroleum Funds are promptly collected and appropriately invested. The above condition also falls in the category of late payment and hence should attract a penalty according to Section 3 (4) of Act 815.

KPONG GENERATING STATION RETROFIT PROJECT (KGSRP)

125. Our review of payment authorisations during the audit revealed that expenses amounting to the cedi equivalent of €448,240.00 as at 31 December 2017 was related to income taxes, customs duties and expatriate PAYE tax expenses and had been paid through the special bank account of the project.

126. We advised management to take steps to ensure that all ineligible payments are completely refunded to the Project.

VOLTA LAKE TRANSPORT COMPANY LIMITED

127. It was noted during the audit that Volta Lake made payment for full month's salaries to employees irrespective of the date of separation from the company as a result of retirement, death or resignation.

128. It was also observed that even though one Mr. Fred Sangmor (a retired staff) retired on 14th of August 2015, payments of his full salaries were made up to January 2016.

129. We recommended to management that all excess payments made to separated staff be deducted from the employees' entitlements. We advised management to pro-rate salaries to separated staff in the last month of their employment.

130. During the audit, we noted that the company failed to submit its monthly returns and also failed to make monthly payments in respect of the second-tier pension scheme as required by Act 766. VLTC currently owes GH¢473,402.41 in respect of second tier contributions to United Pension Trustees Limited.

131. Management have been advised to ensure all second-tier contributions are paid immediately deductions are made and efforts should be made towards settling the contributions owed which are yet to be paid to the pension trustee

MINISTRY OF TRANSPORT
GHANA SHIPPERS' AUTHORITY

132. The Authority's Service Charge bills sent to the Shipping Lines, do not include outstanding debts of the Shipping Lines. The Shipping Lines therefore, accept the current bills due and honour them, leaving previous debts unpaid. In order to avoid further impairment and bad debts, we recommended that, Service Charge bills sent to the Shipping Lines should include outstanding debts and a reasonable time for settlements.

133. Rent arrears as at 31 December, 2017 owed by four out of the eight Tenants occupying portions of Takoradi Shippers Centre at Takoradi amounting to GH¢279,202.30. This was due to Management's inability to enforce the Termination Clause in the Tenancy agreement against defaulters. We advised Management to collect the rent arears by October 2018 or terminate the Tenancy agreements accordingly.

PSC TEMA SHIPYARD LIMITED

134. We noted during the audit that the company had engaged in sole sourcing amounting to GH¢29,090.93 without complying with the provisions of the Public Procurement Act.

135. We recommended to management to ensure that all portions of the Procurement Act are duly complied with.

MINISTRY OF LANDS AND NATURAL RESOURCES

LANDS COMMISSION

Corporate

136. We reviewed 5 out of the 33 ledgers maintained for the ground areas, and noted that 483 lessees/assignees owed ground rent totalling GH¢1,655,840.00 for the period December 1975 to December 2015. We recommended that, Management of the Ground Unit should instigate the necessary strategy and measures to retrieve the outstanding debt of GH¢1,655,840.00 from the five ground areas and other debt from the other ground areas without further delay.

137. We noted a number of flaws in record keeping on the Ground Rent collections. These include non-updated ledger for easy referencing. We recommended to Management to ensure that the rent ledger is redesigned to show the required classifications for easy referencing, and more transparent to third parties.

138. Management of the Commission failed to obtain official receipts totalling GH¢766,337.36 from the various corporate organisations that rendered services to the Commission. We recommended that payment of GH¢766,337.36 should be acknowledged with official receipts to authenticate it, or the paying officer refunds the amount of GH¢766,337.36 to chest.

139. Management of the Commission failed to procure goods and services amounting to GH¢40,026.00 in 2015 from VAT registered suppliers. This is in contravention of section 30(2) of the Financial Administration Act (FAA) 2003, which requires Government departments to procure from only VAT registered suppliers. We

recommended that, Management of the Commission should in future deal with only VAT registered entities in its procurement activities.

140. Management of the Commission was inconsistent with the Public Procurement Act (PPA) required procedures in awarding the contract for the purchase and the installation of air conditions. We recommended to Management to strengthen internal control systems in procuring goods and services, and ensure that in future, awarding of contracts follow the required PPA procedures. Meanwhile the amount of GH¢10,500.00 being the difference between the tender price and the actual payment should be recovered from the supplier, or be refunded by the Authorising Officers and the Accountant, and pay same to the chest.

141. The Commission, during the period under review, failed to keep a contract register to record vital information on construction and refurbishment of offices of the Commission costing GH¢6,139,177.23. We recommended that a contract register should be procured and updated with all contracts awarded by the Commission, specifying all the required information, and our office informed for verification.

142. Our audit disclosed that Management of the Commission kept the internally generated fund (IGF) and the Government of Ghana (GoG) funds in the same accounts. Again, no proper records and reconciliations were kept on both funds, in order to ensure accurate budgetary returns to Ministry of Finance. We recommended that the GoG and the IGF accounts should be separated to ensure proper records keeping for the activities of both funds.

143. Management of the Commission failed to account for fuel coupons amounting to GH¢18,930.00 in contravention to Regulation 183(3) of Financial Administration Regulation (FAR), 2004. We recommended that the Transport Officer should keep a ledger to record

all fuel coupons issued to him by the Accounts section, and fuel coupons issued from him to the drivers. The drivers should also be educated on the importance of keeping a log book. Meanwhile, the Transport Officer should be made to account for the fuel coupons amounting to GH¢18,930.00 or refund same to chest and our office informed for verification.

144. Contrary to Chapter 1101 and 1104 of Stores Regulations 1984, the Commission did not maintain an unserviceable ledger to record and ensure accountability of unserviceable items. We recommended that Management introduce the unserviceable ledger to record items, and take the necessary steps to dispose of the unserviceable stores in accordance with the existing store regulations.

Survey and Mapping Division

145. We noted during our audit that the Survey and Mapping Division withheld tax of GH¢ 10,966.80 and GH¢14,475.27 for 2014 and 2015 financial years respectively. The Division however, failed to pay the amounts to the Domestic Tax Revenue Division (DTRD) of Ghana Revenue Authority (GRA) as required by law. We recommended to Management to pay these amounts to the Domestic Tax Revenue Division (DTRD) of Ghana Revenue Authority (GRA) as a matter of urgency and furnish our office with the receipts for verification.

146. Ten (10) payment vouchers raised to pay for various activities within 2014 and 2015 financial years amounting to GH¢102,613.30 were not submitted for our examination. We recommended to Management to provide the payment vouchers together with the supporting documents for our examination, or the amount be recovered from the authorizing and paying Officers.

147. We noticed that six (6) vehicles owned by the Division were not covered by any insurance policy. We urged Management, as a matter of urgency, to insure all official vehicles, and our office notified for verification.

148. Our critical review of Vehicle Log Books of the pool cars disclosed a number of flaws in keeping the books. We recommended to Management to organise training for all the drivers and the Transport Officer on how to effectively keep the log books. This would prevent the re-occurrence of the anomaly in future.

149. Our physical verification of the Division's assets showed that 105 items in various locations had not been embossed. We advised Management to ensure that all assets belonging to the Division are embossed as early as possible.

150. We observed that, 56 items in various locations have become unserviceable or not functioning. We advised that, due process should be followed for the items to be repaired or disposed of without delay, to avoid any further deterioration and congestion.

151. We noted during our review of the financial statements that the Division failed to disclose the value of its Office Building and Vehicles in the 2014 and 2015 financial statements, even though the Vehicles and the Buildings are still being used for the operations of the Division. We urged Management to value its Office Building and Vehicles and include the value in the subsequent year financial statements to reflect the true state of affairs of the Division.

Ghana School of Surveying and Mapping

152. We noticed that Ghana School of Surveying and Mapping has no Corporate Strategic Plan, Accounting Policies and Human Resource

Management Policies to govern and direct the affairs of the School since its establishment in 1921. We advised Management, as a matter of urgency, to develop a strategic plan and Human Resource Management policy for the School, to serve as a guide for staff and other stakeholders.

153. We noticed that, Ghana School of Surveying and Mapping has no governing Board or Council to formulate policies, and direct the state of affairs for effective management and smooth running of the School since August 2014, when the old board's tenure of office elapsed. We urged Management to consult the appropriate authority to constitute a Board as soon as possible, for the smooth and effective running of the School.

154. We noted that Ghana School of Surveying and Mapping has been operating and offering Higher National Diploma (HND) and Certificate courses without accreditation ever since the old accreditation expired in 2008. We advised Management, as a matter of urgency, to put the necessary structures in place to enable the School renew its accreditation.

155. Due to Management's failure to pursue for the Bill of Ghana School of Surveying and Mapping to be passed into Law, the School has been operating without any legal frame work or regulations, despite our previous audit recommendation. We reiterated that Management should pursue for the passing of the bill, in order to regularize the existence of the school.

156. We noted that key positions like, Registrar and Internal Auditor were not created and filled with the requisite personnel, since the establishment of the School in 1921. We recommended that Management should take steps to create and fill the above-mentioned

positions, as a matter of urgency, to improve the effective and smooth running of the school.

157. Contrary to Section 30 (1)(2)(a) of the Audit Service Act 2000, Act 584, Management had not established an Audit Report Implementation Committee (ARIC) for the School ever since it was established. We therefore advised Management to establish the ARIC (now Audit Committee) as early as possible in conformity with the law.

158. Management failed to bond 23 officers who were being sponsored by the Commission for various programmes at the Ghana School of Surveying and Mapping. We recommended that Management should bond the officers, for them to serve the Commission for the period specified by the Condition of Service of the Commission, and our office notified for verification.

159. Contrary to Section 30(1) of the Financial Administration Act, 2003 (Act 654), Management of Ghana School of Surveying and Mapping failed to keep the relevant store records to enable us conduct stores audit. We urged Management, as a matter of urgency, to assign a permanent supply officer to the school to manage the stores. Management should also ensure that the store keeper maintains the relevant store records as required by the FAA 2003. Meanwhile the relevant store records for 2014 and 2015 should be compiled and our office inform for verification.

160. Despite our previous audit recommendations, Management of Ghana School of Surveying and Mapping failed to maintain asset register to control the Equipment and other office facilities. We recommended that, Management should prepare and maintain an Assets Register which contains the required information, to ensure proper control of the school's assets.

Land Valuation Division

161. 16 payment vouchers amounting to GH¢11,075.07 in respect of the 2014 and 2015 financial years were not presented for audit. We recommended that, Management provides the payment vouchers for our examination or consider the payments disallowed and the total amount of GH¢11,075.07refunded by the authorising and paying officers.

162. Contrary to Section 0315 to 0316 of the Store Regulation, purchases made during the years under review amounting to GH¢41,104.47 were not routed through stores documents, to leave an audit trail. We urged Management to account for the items and our office informed for verification. We also advised Management to ensure that all future purchases are routed through stores documents.

163. Our audit of fuel records of seven (7) pool vehicles of the Division revealed that, out of a total amount of GH¢43,400.00 of fuel issued to the drivers of the vehicles during the periods under review, only GH¢300 was accounted for in their log books, leaving a balance of GH¢43,100.00 unaccounted for. We recommended that the drivers of these vehicles be made to account for the fuel (Gh¢43,100.00), or the amount be adjusted to personal advance account in the name of the respective drivers.

Public Vested Lands Management Division (PVLMD}

164. Due to weak internal control systems, releases from Corporate Division amounting to GH¢98,240.00, which were received by two Officers of the PVLMD were neither recorded in the books of accounts nor lodged at the bank. We recommended to Management to strengthen the internal control system of the accounts unit to ensure that all funds released to the Division are properly recorded in the cash book, and are lodged at the bank, to prevent loss of funds to the state. Furthermore, Management should take immediate steps to retrieve the above stated

amount from the Officers involved and present the receipts for our verification.

165. We observed that receipts were not issued for release of funds received from the Corporate Division and other third parties amounting to GH¢431,992.00 for 2015 financial year. We advised Management to ensure the Accounts Unit complies with the Financial Administration Regulations, by issuing receipts for all income received, to prevent loss of funds to the Division and the state.

166. Contrary to Regulation 1 (1) of the Financial Administration Regulation (FAR), we noted that a deposit of GH¢117,393.09, and payments amounting to GH¢106,000.00 appearing in the bank account No. 1018632146086, had no supporting documents. This was due to improper handing over by the previous Accountant. We recommended to Management to call upon the previous Accountant to provide the relevant supporting documents and notify our office. This would enable us certify the transactions in the bank statement, otherwise, the authorizing/approving Officer(s) should be made to account for the referred amounts in the bank account of the Division.

167. Procurements amounting to GH¢31,866.00 made during the period under review were divided into parts, in order to avoid the lawful process of competitive tendering. This is in contravention of the provisions of the Procurement Act. We recommended to Management to put an immediate stop to the above practice and ensure compliance with the Procurement Act.

168. We observed that four former officers of the Division had their names appeared in the salary payment vouchers, after their separation from the establishment by way of retirement, resignation and death. This resulted in unearned salaries of GH¢12,282.92. Management was advised to take necessary steps to recover the total unearned salaries of

GH¢12,282.92, pay same to Government chest, and inform us to verify the Treasury Receipt supporting the payment without further delay.

Land Registration Division

169. Management was unable to pay back a loan of GH¢100, 000.00 taken from client's advert fund kept by the Division. The situation could affect prompt payment of cost of adverts on behalf of clients. We recommended that the loan should be paid back into the advert fund account as early as possible.

170. Procurement packages were intentionally divided into smaller units in order to avoid Public Procurement Act procedures. We could not therefore, ascertain transparency and value for money for these transactions. We recommended that Management should comply with the Public Procurement Act (PPA) in the future procurements.

171. Management failed to delete the name of a separated staff promptly from the payroll. This has resulted in the payment of unearned salary of GH¢5, 409.84. We recommended that efforts should be made to retrieve the unearned salary from the officer and pay same to chest.

172. An amount of GH¢93,200.00 and GH¢102,065.00 being IGF generated from Kumasi office of the Division for 2014 and 2015 respectively were not accounted for in the Division's financial statement. The amounts were rather, paid directly to the Corporate Division (Head Office). The situation affected the true state of affairs at the Division. We recommended to Management to ensure that, IGFs from the Regional offices of the Division are routed through the Division's office to the Corporate, in order that the amount could be incorporated in the Division's Financial Statements.

173. Management was unable to develop appropriate strategy to control and guide performance of various units of the Division. There is also no yardstick to measure performance at the Division. We recommended that, Management should, without further delay, develop appropriate strategy to direct activities of the Division.

MINISTRY OF YOUTH AND SPORTS

NATIONAL SPORTS AUTHORITY

174. Management's failure to comply with Procurement Law resulted in an awarding of Judgement debt amounting to $380,000.00 against the Authority. The irregularity also led to payment of high contract price for transporting passengers to All African Games in Congo Brazzaville in August, 2015. We recommended to Management to ensure that the Minister and the Deputy whose actions resulted in these irregularities is held liable for total amount of $442,015, being the judgement debt of $380,000.00 awarded against the National Sports Authority, and the difference in contract pricing amounting to $62,015($946,500.00 - $884,485.00), failing which the authorising and the paying officers shall be surcharged with the amount involved.

175. Management failed to remit 17.5% VAT component (entertainment tax) on the tickets sold, and taxes withheld from payments of goods and services totalling GH¢337,007.15 to the Commissioner-General of Ghana Revenue Authority (GRA). We recommended that Management should pay the amount with interest at the prevailing bank interest rate to Ghana Revenue Authority within 10 days after the receipt of the management letter and our office informed for verification, failing which the expenditures for which the monies were used for, shall be disallowed and authorising and paying officers shall be surcharged with the amount involved.

176. Management misapplied an amount of GH¢100,000.00 from US$2,000,000.00 (GH¢3,090,380.00) donated by AngloGold Ashanti to the Authority for the construction of multipurpose courts throughout the country. The action had affected the completion of the project. We recommended to Management to refund the amount into the multipurpose courts accounts within 30 days after the receipt of the management letter, failing which the authorising and the paying officers should be sanctioned in accordance with Regulation 8(4) of the FAR, 2004 which States "Sanctions for breach of financial discipline shall include reprimand, suspension, demotion, interdiction and termination."

177. Management failed to prepare and submit the financial statements for 2015/2016 financial years to the Auditor-General and Controller and Accountant-General as required by the Public Financial Management Act, 2016 (Act 921). We advised Management to prepare the financial statements for the two years and submit them to the stakeholders within 30 days after the receipt of the management letter, failing which, Management should be sanctioned by the Minister of Youth and Sports in accordance with Regulation 8(4) of the FAR, 2004.

178. Ten payment vouchers totalling GH¢89,258.37, being payments made for various activities including Board members allowances were without receipts, signed claim sheet and other relevant documents to account for them. We recommended that, Management should ensure these payments are receipted by the payees, and other relevant documents provided within 30 days after the receipt of the management letter, and inform our office for verification, failing which the authorising and the paying officers shall be surcharged with the amount involved.

179. Total amount of GH¢36,833.97 was paid in double from IGF of the Authority, and Controller and Accountant General to Mr. Joe Kpenge, the former Director-General of National Sports Authority as category four allowance. However, the Director-General had refunded only GH¢2,000.00 out of the unearned amount of GH¢36,833.97 paid by the Authority. We recommended to Management to recover the remaining GH¢34,833.97 plus interest at BOG prevailing rate from the Director-General within 30 days after the receipt of the management letter, failing which the expenditure shall be disallowed, and the authorising, paying and the Director-General shall severally be surcharged

180. Management paid an amount of GH¢13,252.50 to KM Consult Limited for hiring of a Toyota Matrix salon car for the period, 2 April, 2015 to 31 July. The vehicle was to be used by the former Director General when his official vehicle broke down and had refused to alternatively use one of the roadworthy vehicles of the Authority. We recommended to Management to recover the amount from the former Director General and pay same to the Authority's accounts within 30 days after the receipt of the management letter, failing which the authorising and the paying officers shall be surcharged with the amount.

181. We noted from a list of creditors that National Sports Authority owed total amount of GH¢10,937,925.70 to various suppliers and service providers but failed to keep creditors and creditors control ledgers to show the debits and credits of the credit transactions. We recommended that Management should keep individual creditors as well as creditors control ledgers and ensure that the credits and debits transactions of the creditors are recorded within 30 days after the receipt of the management letter.

182. The Authority had failed to rehabilitate the stadium, after two years of assessing the maintenance work needed to be carried out, thereby, worsening the corrosion of the steel component of the structures. We recommended to Management to renovate the stadium as early as possible, and ensure that the facility is regularly maintained.

183. Ten officers of the Authority who got separated through various reasons earned salaries for a period ranging from one to 28 months, leading to unearned salary totalling GH¢48,794.28. We advised Management to retrieve the unearned salary from the beneficiaries and pay same to government chest within 30 days after the receipt of the management letter, failing which the Human Resource and the Schedule officers may be surcharged with the amount.

184. The Authority has not developed a legal Framework, strategic and Human Resource Policies to regulate its operations over the years. Management activities are therefore performed without an approved legislation for directions. We recommended to Management to develop a Legal Framework and ensure its approval by parliament. Management should also develop Strategic and Human Resource Policies to direct the Authority's performance towards achieving its goals.

185. We noted that, the former Director General Mr. Joe Kpenge failed to prepare handing over notes to his successor Mr. Robert Sarfo-Mensah when leaving the office in May, 2017 contrary to Regulation 1(3) of FAR 2004. We advised Management to ensure proper handing over by the former Director-General to the new Director-General within 10 days after the receipt of the management letter, failing which the former Director-General should be sanctioned in accordance with Regulation 8(4) of the FAR, 2004.

186. We noted that, only 2,829 out of 8,290 destroyed seats in Kumasi Sports Stadium have been replaced. The seats got damaged by students during their inter college sports activities from 2014 to 2016. We recommended that efforts should be made by Management to ensure that the remaining 5,461 destroyed seats are replaced. Strict security measure should also be instituted to stop hooliganism during the annual sport festival.

187. The Ministry of Youth and Sports transferred a total amount of $1,000,000.00 between 27th August, 2015 and 13th September, 2015 to National Sports Authority towards the organization of 11th All Africa Games in Congo Brazzaville. However, a total payment of $19,100.00 out of the amount were made through Honour certificates without any receipts attached to properly account for them. In the absence of receipts to account for the payments, we may disallow the expenditure and surcharge the paying officer with the amount.

NATIONAL YOUTH AUTHORITY

188. We noted during the audit that, feeding grants for four semesters for nine Youth Leadership Training Institutes totalling GH¢1,362,786.00 are in arrears, thereby, affecting the operations of the Institutions. We urged Management to ensure that funds are released to the institutions to enable them effectively perform their functions.

189. The Authority procured three Toyota Corolla and three Nissan Navara LE (both 2016 model) totalling GH¢880,992 from Auto Mall Ghana Ltd on credit without authorisation from Minister of Finance, contrary to Section 25(4) of the Public Financial Management Act, 2016 (Act 921). The expenditure was also not budgeted for. We recommended to Management to adhere strictly to the dictates of the financial regulations by spending according to its budgetary allocations, in order not to put the Authority in financial distress, and

ensure the performance of the planned activities. Meanwhile, the Authority should apply to the Ministry of Finance to rectify the anomaly, failing which, the authorising officer shall be responsible for any judgement debt, penalty or interest payment.

190. Five Municipal and District Assemblies, sponsoring a number of students of Avenorpeme Youth Leadership Training Institute failed to settle the fees for the period 2013 to 2016 totalling GH¢46,055.00. We advised Management to recover the debts from the Assemblies, for the Institution to effectively carry out its programmes. Management should also establish sanctions for fees paying defaulters and apply them when the need arises.

191. We noted that 300 pieces of Lenovo laptops procured to organize Youth Technology and Entrepreneurial program at a total cost of GH¢610,389.00 are in the custody of the Youth Employment Agency in a non-conducive environment. We urged Management to liaise with the Youth Employment Agency to immediately return the laptops to its custody. Management should also ensure that the programmes are held as early as possible, to achieve the purpose of acquiring the laptops.

192. Technical and vocational equipment and tools totalling GH¢2,374,497.27**,** were procured for use at the various Youth Leadership Training Institutions across the country without proper store rooms and workshops to accommodate them. We advised Management to ensure that, conducive environment, workshops and spacious stores are provided for the Institutions as early as possible.

193. We noted that an Accounting officer- Adelaide Bomo Okraku at the Afranse Youth Leadership Skills Training Institute failed to properly handover her accounting records. We advised Management to ensure proper handing over by the Former Accounts Officer, of all the

Authority's properties including accounting records in her possession as early as possible.

194. The driver of the Authority's Toyota Fortuner with registration number GV 93-14 failed to report to the Police when the vehicle got involved in an accident on 6 December, 2016, in Tamale. We recommended that, Management should obtain the Police Report, to enable the Authority claim compensation from the Insurers without further delay. However, if the driver is found guilty, he should be made to repair the vehicle at his own cost.

195. Fourteen vehicles owned by the Authority were not covered by any insurance policy after the insurance policies covering them expired in 2014. We urged Management to insure all the vehicles, within 30 days of the receipt of the management letter and our office notified for verification.

196. Nine officers who were employed on December, 2014 have various essential recruitment documents missing on the personal files. We recommended that Management should ensure, all the necessary documents have been obtained from the Officers involved, and filed accordingly.

197. We noted during our audit that, record keeping procedures at the stores of the Authority does not follow the acceptable standards. We recommended to Management to enhance supervision over Stores activities. We also recommended that, the Store Keeper should be trained on stores management to enable her perform well in her line of duties.

198. The Authority failed to update its Inventory Register to effectively monitor and control its assets. We recommended to Management to ensure that, the inventory register is always updated

when items are acquired or disposed off. Meanwhile, Management should ensure that, all assets purchased within the period under review are recorded in the Inventory register.

199. The Authority failed to maintain a register of its unserviceable items for the period under review. We recommended to Management to ensure that unserviceable register is maintained in order to keep track of those items, whiles action is taken for their disposal

200. Management has not developed a Risk Management Policy to enable the Authority effectively manage risks. We recommended to Management to properly identify, assess, and document its risk exposures in order to effectively manage its resources.

MNISTRY OF TRADE AND INDUSTRIES

NATIONAL BOARD FOR SMALL SCALE INDUSTRIES

201. Out of forty-five application forms sampled and reviewed, we noted that five applicants did not provide adequate information on the forms but were able to access the funds. We urged Management to do due diligence on the future application forms before granting loans to the applicants. Meanwhile, Management should ensure that, the GHC51, 995 granted to the five applicants is retrieved from them or their guarantors by the end of 2018, failing which the authorising and the paying officers may be surcharged with the amount involved.

202. We noted during the examination of the loans schedule, and validation of the Financial Statements that, the Board recognises interest income on only the actual loans granted but not on unpaid interest due, contrary to recognition criteria spelt out in IAS 18. We urged Management to adopt appropriate method for recognising

interest income to reflect the actual interest earned for the period, and disclose same in the subsequent financial statements.

203. Contrary to Section 116 (1) and paragraph 8 (1) (c) (i) of the Income Tax Act 2015 (Act 896), the Board withheld tax at the rate of 10% instead of 20% on the sitting allowances paid to the Board of Directors and Committee members during 2015 financial year resulting in the under deduction of tax totalling GH¢6,290.00. We recommended to Management to recover the amount from the Board of Directors and the Committee members involved and pay same to the Commissioner-General of the Ghana Revenue Authority within 10 days after the receipt of the management letter and furnish our office with the receipts for verification, failing which the authorising and paying officers shall be surcharged with the amount.

204. Contrary to Section 1(1) of No. 42 Motor Vehicle (third Party Insurance) Act 1958, 15 vehicles owned by the Board were not covered by any insurance policy for 2016 financial year. We urged Management to insure all the official vehicles within 30 days after the receipt of the management letter and our office notified for verification.

205. Eight out of 17 vehicles of the Board were not using the GV green plate, even though six of these eight vehicles were duly re-registered in 2014 and were provided with the new green number plates. The remaining two vehicles had not been re- registered at all and therefore, had not been provided with the new GV green plate. We advised Management to fix the GV green plates on the six vehicles and re-register the remaining two vehicles for the GV green plates in compliance with the government directives and our office informed for verification.

206. We examined ownership documents of the Board's assets and noted that, the form A or form C of eleven vehicles were not filed. This

is because the documents are still in the name of the suppliers, after several years of the acquisition. We recommended that Management should ensure the ownership of these vehicles are transferred to the Board, and the documents filed accordingly.

207. Contrary to Section 52 (3) (4) & (5) of the Public Financial Management (PFM) Act 2016 (Act 921), the Board has not updated its asset register with the assets acquired in 2015 and 2016 financial years, and other required information. To control and safeguard the Board’s assets, we recommended that, Management should update its assets register with the new additions and the required information within 10 days after the receipt of the management letter failing which the schedule officer should be sanctioned by Management.

208. Our physical verification of the Board's assets showed that, 32 items in various locations had not been embossed with the Board’s identification marks. To avoid pilfering of the items, we advised Management to ensure that, all assets belonging to the Board are embossed within 30 days after the receipt of the management letter and out office notified for verification.

209. We noted that Management has not develop a risk management policy, to enable the Board manage it risk as and when it occurs despite our previous audit recommendations. We recommended to Management to develop a comprehensive risk assessment policy for the Board including the design of appropriate systems to mitigate the risks in the event that it does occurs within 30 days after the receipt of management letter.

210. Contrary to Section 118 (1)(2)(a) & (e) of the Labour Act, 2003 (Act 651), Management failed to provide the Security personnel with *Uniforms, Raincoats, Torchlight, Wellington Boots and Security Post* to enable them work under satisfactory, safe and healthy conditions.

We advised Management to comply strictly with the labour Act, by providing the Security men and Cleaners, the necessary and adequate safety appliances. We also urged Management to repair the water pumping machine to alleviate the burden of fetching water daily to fill the barrels.

MINISTRY OF INFORMATION

NATIONAL COMMISSION FOR CIVIC EDUCATION

211. The Commission transferred total amount of GH¢551,960.00 from donor and GoG Funds to its Regional and Districts offices for operational activities. However, the Commission failed to obtain the supporting official receipts from the recipients to show acknowledgement of receipt of the funds transferred. We recommended to Management to ensure that, the Accountant obtains official receipts in acknowledgement of the transfers made, within 30 days of the receipt of the management letter, failing which the expenditure shall be disallowed and the Accountant be made to refund the amount involved.

212. Management has not been deducting 5% rent from the monthly basic salaries of six officers occupying Government bungalows in accordance with the letter allocating the facilities to them. We recommended to Management to compute rent arrears involve, for the officers to refund by the end of 2018 financial year, otherwise, Officers who granted the accommodation, and Officers whose inaction caused the non- deduction of rent shall refund the amount involved.

213. The Commission withheld tax totalling GH¢1,857.80 from payment of goods & services and rent during the period under review

but failed to remit to the Commissioner General of Ghana Revenue Authority (GRA) as required by law. We recommended to Management to remit the tax amount of GH¢1,857.80 to the Commissioner General of Ghana Revenue Authority (GRA) within 10 days after the receipt of management letter and furnish our office with the receipts for verification.

214. The donor funds program Managers and the Accountants do not keep cash books to record funds received and the activities held to appropriately account for them. We recommended that, the Director of finance should improve supervision over the subordinate accountants, to ensure that donor funds transactions are recorded in a cash book and properly classified. This will ensure proper accountability and easy referencing.

215. The Commission's 135 vehicles and 66 motor bikes were not covered by any insurance policy and road worthy certificates, after the insurance policies and road worthy certificates covering them expired on 22 March, 2014. We urged Management to insure and obtain road worthy certificates for all official vehicles, motor bikes within 30 days of the receipt of the management letter, and our office notified for verification.

216. We noted that store items valued at GH¢38,031.20 purchased by the Commission for various projects were not recorded in the store ledger to provide audit trail. Therefore, we were unable to verify the receipt and usage of the items. We recommended that the items should be recorded within 30 days of the receipts of the management letter, and their final disposal disclosed for audit verification. Management should also ensure that, in future, records are maintained for all store items purchased.

217. 19 items in various locations had not been embossed with the Commission's identification marks. We advised Management to ensure that all assets belonging to the Commission are embossed as early as possible**.**

218. 43 items in various locations have become unserviceable or not functioning. We advised that, due process should be followed for the items to be repaired or disposed of without delay to avoid any further deterioration and congestion.

MINISTRY OF LABOUR AND EMPLOYMENT

NATIONAL PENSION REGULATORY AUTHORITY

219. The Authority invested a total amount of GH¢9,011,276.24 from its Internally Generated Funds (IGF) in fixed Deposit with three financial institutions during the year under review without any investment policy. We recommended to Management to ensure the establishment of an Investment policy to drive investments decisions of the Authority.

220. The Authority does not have an approved Scheme of Service to regulate the career progression of its staff. We recommended to Management to ensure that, the Authority gets the draft Scheme of Service approved to effectively streamline the progression of its staff.

MINISTRY OF WATER AND SANITATION

WATER RESOURCES COMMISSION

221. We observed during the audit that four (4) customers owed the Commission GH¢124,404.00 in respect of unpaid water bills which had lasted for more than a year.

222. We recommended to management to ensure that debts are collected as and when they are due to prevent the Commission from not being liquid.

MINISTRY OF INTERIOR

NATIONAL DISASTER MANAGEMENT ORGANIZATION (NADMO), SAVELUGU

223. Our review of the mechanized validated salary vouchers of the organization revealed that unearned salary totalling GH¢35,727.12 was paid to Mr. Alhassan Seidu Mahama with staff ID number 742465 who vacated post but his name continued to appear on the payroll of the organization.

224. We recommended to the Director, Mr. Alhassan M. Sulemana, to immediately put a block on the bank account of Mr. Alhassan Seidu Mahama and ensure the full recovery of the total unearned salary paid to him failure of which Mr. Alhassan M. Sulemana and Mr. Mahama Nashiru, the District Director and former Director respectively would be surcharged with the amount.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

INSTITUTE OF LOCAL GOVERNMENT STUDIES

225. Contrary to Section 8 (1) of the Internal Revenue Act, Act 592, Section 52(1) of the Value Added Tax Act, 2013 (Act 870) and the National Pensions Act, 2008 (Act 766), the Institute delayed in the payment of non-statutory and statutory payment of GH¢1,045,026.12 and at the time of audit, had just begun to discharge their obligations.

226. We advised management to take immediate steps to settle all statutory and non-statutory debts and subsequently adopt a more formalized payment plan to enhance the settlement of the statutory liabilities.

ENVIRONMENT SCIENCE AND TECHNOLOGY

CSIR-SAVANNA AGRICUTURAL RESEARCH INSTITUTE (CSIR-SARI)

227. We however noted that Management does not practice separation of duties as a staff can start and end a transaction. This is because SARI does not have written procedures and policies for stores staff in executing their duties.

228. We recommended to management to ensure that written processes and procedures are strictly followed.

229. We recommended to management to ensure that written processes and procedures are strictly followed.

GHANA GRAINS DEVELOPMENT PROJECT (CROP RESEARCH INSTITUTE)

230. to Section 38(2) of the Financial Administrative Act, 2003 Act (645), we noted during our audit that Fixed Assets acquired over the years were not recorded in the Fixed Asset Register. No proper records were kept on these Assets bought.

231. We recommended to management to ensure they keep records of all Fixed Asset and regularly update the register as and when assets are purchased, depreciated and disposed.

SOIL RESEARCH INSTITUTE KWADASO – KUMASI (COUNCIL FOR SCIENTIFIC AND INDUSTRIAL RESEARCH)

232. We noted that the Institute office building had not been insured against fire, burglary and theft as indicated in our previous management report.

233. We recommended that the Institute should have its building and other assets insured against fire, burglary and theft where practicable.

234. We observed that the Institute did not have any title document for the land on which the office buildings were situated.

235. We recommended that the Institute should liaise with appropriate Government agencies to take immediate step to obtain title deed for the Institute lands.

ENVIRONMENTAL PROTECTION AGENCY

236. We noted that the review of two environmental reports from Newmont Ghana Gold was held from 14 to 16 July 2016 at the Royal Senchi Hotel. The cost of the review was GH¢44,724.00. The processing fees paid by the company was US$15,000.00 (converted at GHS 4.3 to USD 1) yields GHS 64,500.00. This means, almost 70.0% of the processing fees was spent on the review work at Royal Senchi Hotel. The conference package alone out of the total expenditure was GH¢12,800 for three days.

237. We advised Management to consider putting policies in place to check document review expenses. For instance, a cap on the amount available to be spent on review meetings can be put in place to ensure that significant portion of the revenue from proponents are retained for other purposes.

238. The Agency on the 12 April 2017, wrote to Messrs Amandi Holdings Limited who was awarded a contract for the design and construction of the Green City Complex at Adoteiman with a Contract Identification Number GR/EPA/WK/0006/2014 terminating the contract. As at the time of the termination the Agency had paid GHS26,500,000.00 to the Contractor.

239. To eliminate the risk of the payments already made going down the drain, the Agency is in consultation with stakeholders to review the situation and make decisions including the possibility of rescinding the decision to terminate the contract. In that case, the contractor may be asked to work on the project to the value of the money that has been made available to it. In addition to the IGF as source of financing the Project, efforts will also be made with respect to the sourcing of external funding to help finance the Project implementation.

MINISTRY OF ROADS AND HIGHWAYS TRANSPRT SECTOR PROJECT (TSP) GHANA ROAD FUND COMPONENT

240. We noted during the audit that minutes of the management board meetings held on June 8, 2016 and November 23, 2016 were not signed by the board Chairman and the Board Secretary to authenticate a purported soliciting of GH¢100,000,000 from United Bank of Africa (Ghana) Limited.

241. Management should as a matter of urgency provide documentary evidence for the loan facility secured.

MINISTRY OF AGRICULTURE

COCOBOB

Head office

242. Five (5) organizations owed COCOBOD (Board) a total of US$134,474,502.15 for Cocoa sales made to them on credit. Out of this amount, US$128,019,263.02 have been outstanding for more than 4 years. We recommended to Management to ensure the timely recovery of these receivables and institute effective debt collection mechanism to minimize the high default rate.

243. COCOBOD granted seed fund to (7) Licence Buying Companies (LBCs) to purchase cocoa for the Board. However, at the end of the financial year, a total of GH¢22,245,655.05, including interest, remained outstanding. We recommended to Management to recover this amount in the required refund period, failing which the authorising and approving officers shall be surcharged in accordance with Section 18 (1)(b) of the Audit Service Act 2000, Act 584.

244. A total of GH¢5,380,089.88 was advanced by the Board to suppliers for various goods and services without evidence of work done or services provided. We recommend Management to strengthen supervision controls and provide evidence of goods supplied and services performed within thirty days after receipt of this report, for our review, failing which the authorising and approving officers may be surcharged.

245. A total of GH¢ 137,618.60 granted to 43 officers to undertake various activities had not been accounted for as at the end of the financial year. As a result, we could not confirm whether these expenditures were made for the intended purpose. We attributed this anomaly to lack of effective supervision by the Accounts Manager and we recommended to Management to ensure that this amount is properly accounted for within the stipulated timeframe, failing which the amount plus interest should be adjusted to the personal advance accounts in the Officers names, and recovered, in accordance with Regulation 288(1) of the Financial Administration Regulation (FAR) 2004.

246. Management supplied to 113 Private Fertilizer Retailers and License Buying Companies a total of 1,698,227 bags of fertilizers. The net amount receivable from the sale of the fertilizers during the period under review was GH¢115,214,942.00. However, no cash receipts had been made on the supplies at the end of the period under review, contrary to Section 91(1) of the Public Financial Management (PFM) Act 2016. We urged Management of the Board to ensure that these debts are immediately and effectively recovered from the Retailers and the LBCs failing which the Section 91 (2) of the Public Financial Management Act, Act 921, shall be applied. We also recommended that Management should put in place a mechanism that will ensure that

these Retailers and LBCs pay promptly for the fertilizers supplied, to avoid any loss.

247. Contrary to Section 30(1) of the Public Financial Management (PFM) Act, 2016, (Act 921), 233 contracts were awarded to the tune of GH¢5,170,484,613.48 as compared to the approved earmarked available funds of GH¢1,642,500,000.00, resulting in an extra-budgetary funding of GH¢3,519,131,496.41. We recommended that, Management should at all times ensure that, multi-year award of contracts should be based on actual funding available and not probable inflows. We further recommended that, Management should investigate the circumstances under which contracts were awarded above available earmarked funds and institute punitive measures where necessary.

248. A total amount of GH¢882,499,705.49 for Cocoa Road projects remained outstanding as the end of the 2016/2017 financial year. The Board also directed the suspension of all on-going Cocoa Road Projects. We therefore recommended that, Management should liaise with Ministry of Finance and Ministry of Food Agriculture to discuss the financing gap to settle the liabilities on time, after the special audits on the Cocoa Road Projects have been completed.

249. The Board has not recovered loans of US$32,638,122.58 and US$7,189,223.47 granted Cocoa Processing Company Ltd (CPC), a subsidiary of COCOBOD, and Producer Buying Company (PBC), respectively, contrary to Section 91(1) of PFM Act 2016. We therefore recommended that, Management should ensure timely recovery of these loans. We further recommend Management to make available to us, the sign loan agreements between COCBOD and borrowers within thirty days after receipt of this report.

250. Three Officers of COCOBOD whose contracts were terminated in January 2017, had in their possession official vehicles allocated to them, without paying the 5% of the written down value of the vehicles as prescribed in the Draft Policy Guidelines. We, therefore, recommended that Management should either, take immediate steps to value the vehicles and ensure that the required overdue amount is recovered from the separated staff, or ensure that the vehicles have been retrieved. Otherwise, the authorising Officer may be surcharged.

251. Head Office did not prepare consolidated financial statements for COCOBOD. The Board also delayed in effecting previous audit adjustment in the ledgers. Moreover, a total of 27 additional adjustments were passed to correct errors discovered during the audit. We recommend that Management should establish a Central Accounts Unit with the sole responsibility of preparing management accounts and consolidated financial statements.

Cocoa Marketing Company (CMC)

252. Four out of twenty Buildings belonging to CMC were without title deeds to substantiate ownership. We therefore recommended that Management should ensure the Estate Unit liaises with the Legal Department to obtain the title deeds for the four buildings.

Quality Control Company (QCC)

253. Contrary to Section 43(1) of Public Procurement Act (PPA) 2003 as amended, three instances of procurement totalling GH¢115,577.52 were made by QCC without the minimum 3 alternative quotations from suppliers. We recommended that Management should ensure full compliance with the Procurement Act and provide basis for evaluating the quotations.

254. QCC asset register was not updated regularly to reconcile with values shown in the Property, Plant and Equipment (PPE) schedule in the financial statements. We therefore recommended that Management should update the asset register with the required information and reconcile with the PPE schedule.

Cocoa Health and Extension Division (CHED)

255. The Divisional procurement threshold is limited to GH¢5,000.00 and it takes a minimum of 34 days and maximum of 329 days to procure transactions above the GH¢5,000.00 at the Division. We recommended that Management should establish standard processing times/milestones for procurement functions and liaise with Cocoa Board Central Procurement Unit to consider increasing the threshold for the Division to curtail long delays.

256. Contrary to Standard 2500 of the International Standards for the Professional Practice of Internal Auditing, the Internal Audit Unit (IAU) of CHED did not follow up on audit recommendations made and Management's intended action on all audit issues included in the report. We therefore urged Management to ensure that the Unit develop a follow-up monitoring tool to ensure that audit issues included in the report are duly monitored, indicating the status of implementation.

257. CHED did not have a planned maintenance strategy for its property, plant, and equipment. Therefore, maintenance is done on an ad hoc basis and upon request by staff. We therefore urged Management to develop and implement a capital assets maintenance plan.

Seed Production Division (SPD)-GH¢4,969,866.28

258. Contrary to Regulation 171(1) of the FAR 2004, a total of GH¢4,969,866.28 was expended above the approved budget without

appropriate virement authorization. We therefore recommended that Management should introduce clear virement procedures to effectively monitor budget implementation. The Officer whose inaction caused the irregularity should be sanctioned by Management.

259. The Division owns Cocoa Farms and Seed Gardens, which qualify as Bearer Plants but were not recognised as part of PPE of COCOBOD in the financial statements in accordance with the International Accounting Standards (IAS) 41. We recommended that Management should take steps to recognize cocoa farms and seed gardens in accordance with IAS 41.

Cocoa Research Institute of Ghana (CRIG)

260. Mr. Ernest Zaato (former Deputy Accounts Manager) received 11% as owner occupy allowance (GH¢16,358.85), even though he occupied COCOBOD's residential accommodation. He also failed to pay the 6% rent deduction of GH¢8,923.01 chargeable for occupying the COCOBOD's rented house. In accordance with Section 18(1)(b) of the Audit Service Act 2000, Act 584, we disallow the GH¢16,358.85 benefits paid to Mr. Ernest Zaato and recommended immediate refund of the accrued rent arrears of GH¢8,923.01, failing which Mr. Ernest Zaato and Management shall be severally and jointly surcharged with the total amount of GH¢25,281.86 in accordance with the Audit Service Act.

Cocoa Clinic

261. Contrary to Section 91 (1) of PFM Act 2016, Management of the Clinic did not recover a total of GH¢9,952,628.72 from 149 institutions who owed the Clinic in respect of health services delivered to them as at 30 September, 2017. We recommended that Management should strengthen its debt recovery strategy to ensure that the debts are recovered timely.

262. IT Unit of the Clinic did not have a formal business continuity and disaster recovery plan. We recommended that Management develops a Business Continuity and Disaster Recovery Plans to ensure timely restoration of operational support in case of systems failure and disasters.

Bunso Cocoa College

263. Contrary to Section 91(1) of PFM Act 2016, Management of Bunsu College has not collected from 56 organizations and individuals, a total of GH¢276,168.54 owed the College as at 30th September 2017. We recommended that Management should intensify its efforts to recover the debts without further delay.

264. Management failed to provide relevant documents to support GH¢609,719.97 out of a total of GH¢613,397.61 payments for various activities. We recommended that Management should ensure that payments are fully accounted for, with the relevant supporting documents within thirty days after receipt of the management letter for our verification. Failing which, the amount of GH¢609,719.97 may be disallowed, and any person by whose negligence or misconduct the loss or deficiency has been incurred shall be surcharged.

EXTRA MINISTERIAL AGENCIES

BANK OF GHANA

265. We noted that the Government net Credit for the current period was GH¢8,865,495,000, as compared to GH¢1,683,900,000 estimated. Thus, Government had borrowed in excess of 426.5% which was an improved position compared to last year's borrowing of 737.8% of the threshold.

266. We recommended to management that lending to Government should be actively monitored to ensure compliance with the Act without any failure. The Bank should further take steps to seek interpretation of the Act that best reflect the actual intent.

267. We observed that the gross financing of Bank of Ghana to the Government of Ghana and the State-Owned Enterprises per the 2017 audited financial statements of the Central Bank was GH¢ 15.75 Billion indicating an excess of GH¢294million over the set IMF limit for 2017.

268. Management was advised to actively monitor lending to Government of Ghana and its related agencies to ensure compliance with the requirements under the Fund program.

269. Management should further ensure LC's for Government and its related entities are fully funded when established to avoid unintended lending.

270. The Bank established Letters of Credit (LC's) to some state agencies with designated accounts. These accounts were not funded and remained outstanding as at 31 December 2017.

271. We recommended to Management that establishment of such LCs on behalf of Government should be actively monitored to ensure compliance with the lending limits set.

272. The Old Ghana Cedi component of the currency in circulation as at 31 December 2016 has increased from GH¢22,370,000.00 to GH¢ 22,530,000.00 as at 31 December 2017. This increase is a deviation from expectation.

273. We recommended to management to investigate why old currency part of the currency in circulation is increasing though the old cedi is no longer a legal tender since 2008.

PART III
DETAILS OF FINDINGS AND RECOMMENDATIONS

MINISTRY OF JUSTICE & ATTORNEY GENERAL'S DEPARTMENT

COPYRIGHT OFFICE

Introduction

274. This report covers the audited accounts of the Copyright Office for the financial year ended 31 December 2016.

Operational Results

275. The Copyright Office ended the year's operations with a surplus of GH¢398,581 registering an increase of 355.6% from the 2015 surplus of GH¢87,484. The details of the operational result are shown in table 3.

Table 3: Income statement for the year ended 31 December 2016

Income	**2016 GH¢**	**2015 GH¢**	**% Inc/ (Dec)**
Subvention (GoG)	236,314	353,711	(33.2)
Other Income	75,055	61,875	21.3
Blank Levy	549,010	339,863	61.5
Total	**860,379**	**755,449**	**13.9**
Expenditure			
Employee Compensation	236,314	298,155	(20.7)
Goods/ Services	225,484	369,810	(39.0)
Total	**461,798**	**667,965**	(30.9)
Surplus/Deficit	**398,581**	**87,484**	355.6

276. Total income increased by 13.9 from GH¢755,449 in 2015 to GH¢860,379 in 2016 as a result of 61.5% increase in Blank levy and 21.3% in other income during the period.

277. Total expenditure decreased by 30.9% from GH¢667,965 in 2015 to GH¢461,798 in 2016. The decrease was mainly due to a decrease in employee compensation and goods and services.

Table 4. Financial position as at 31 December 2016

Particulars		**2016 GH¢**	**2015 GH¢**	**% Inc/(Dec)**
Non- Current Assets		61,609	114,029	(46)
Current Assets		552,924	101,923	442.5
Current Liability		-	-	
Net Assets		**614,533**	**215,952**	184.6
Accumulated Fund		215,952	128,468	68.1
Surplus/ Deficit		398,581	87,484	355.6
		614,533	**215,952**	184.6

278. Non-Current asset of the Copyright Office decrease from GH¢114,029 in 2015 to GH¢61,609 in 2016 representing 46%. The decrease arose as a result of the depreciation charge for the year.

279. Current Assets also increase from GH¢101,923 in 2015 to GH¢552,924 in 2016 representing 442.5%. The increase was mainly due to an increase in Blank levy deposited in the bank and staff advances during the period.

280. The Copyright Office had a sound financial position as they had no liabilities**.**

MANAGEMENT ISSUES

Failure to Recover Staff Advances - GH¢4,190.00

281. Regulation 104(c) of the Financial Administration Regulations (FAR), 2004 (L.I.1802) requires a Head of Department authorized to administer a class of advance to ensure that advances are duly recovered in accordance with the agreement relating to them.

282. According to Management policy, officers are required to refund salary advances in four months instalments.

283. We noted that, Management granted salary advance totalling GH¢4,490.00 from Internally Generated fund to five Officers during the period under review. The beneficiaries however, failed to refund the advances in accordance with management policy. As at 31 December 2016, only GH¢300.00 was refunded, leaving a balance of GH¢4,190.00 yet to be refunded. Details are provided in table 5.

Table 5: Overdue salary advances

Date	Names	Amt Received GH¢	Repayment GH¢	Balance GH¢
31/12/2015	Bakuri Tampuri (old bal	340.00	-	340.00
17/08/2016	Gifty Botchway	600.00	150.00	450.00
17/08/2016	Bright Seyram Adzoma	350.00	-	350.00
25/02/2016	Mr. Amon Ashie	2,500.00	-	2,500.00
21/06/2016	Mr. Kofi Bafaya	200.00	100.00	100.00
24/02/2016	Mr. Isaac Nanortey	500.00	50.00	450.00
	TOTAL	**4,490.00**	**300.00**	**4,190.00**

284. We attributed the delay in recovery to lack of Management's commitment in enforcing its own established policy, coupled with the absence of penalty or sanctions to defaulters.

285. The inability of Management to recover loans on timely basis would not only deny staff who would need similar facilities in future but also deny the Copyright Office the needed resources to run its programmes.

286. We advised Management to ensure full recovery of the advances including interest directly from the salaries of the officers involved through Controller & Accountant General by the end of September, 2018. Management should also ensure that Officers comply with the policy, and sanction any defaulter.

287. Management responded that, they have recovered GH¢945.00 out of GH¢4,190.00 leaving a balance of GH¢3,245.00 and had given the Officers an ultimatum to pay their liabilities as early as possible.

ECONOMIC AND ORGANISED CRIMES OFFICE (EOCO)

Introduction

288. This report relates to the audited accounts of the Economic and Organised Crimes Office (EOCO) for the financial year ended 31 December 2016.

Operational results

289. The Office registered a surplus of GH¢ 654,828 in 2016 financial year as compared to a deficit GH¢ 930,305 recorded in 2015

representing an improvement of 170.4%. The details of the operational result are shown in table 6a.

Table 6a: Statement of Financial Performance for the year ended 31 December 2016

Income	2016 GH¢	2015 GH¢	Changes GH¢	% Changes
Government Subvention	15,542,835	12,096,141	3,446,694	28.5
Other Income:	254,457	1,170,000	(915,543)	(78.3)
Total Income	**15,797,292**	**13,266,141**	**2,531,151**	**19.1**
Expenditure				
Employees Compensation	12,814,219	12,041,938	772,281	6.4
Goods and Services	2,328,245	2,154,508	173,737	8.1
Total Expenditure	**15,142,464**	**14,196,446**	**946,018**	6.7
Surplus/ (Deficit)	**654,828**	**(930,305)**	**1,585,133**	170.4

290. Total income increased by 19.1% from GH¢13,266,141 in 2015 to GH¢15,797,292 in 2016. The increment in total income was mainly due to 28.5% increase in Government Subvention from GH¢12,096,141 in 2015 to GH¢15,542,835 in 2016. This fund was allocated for the acquisition of Vehicles.

291. Total expenditure incurred in 2016 amounted to GH¢15,142,464 as against GH¢14,196,446 in 2014, an increase of 6.7%. This was as a result of 6.4% and 8.1% increases in Compensation and Goods & Services respectively over the 2015 figures. The 8.1% increase in Goods and Services was mainly due to a depreciation charge of GH¢1,372,562 in 2016.

Table 6b: Financial position as at 31 December 2016

Items	2016 GH¢	2015 GH¢	Changes GH¢	% Changes
Non-Current Assets	8,225,644	7,444,058	781,586	10.5
Current Assets	9,441,954	10,381,520	(939,566)	(9.1)
Net Current Assets	9,441,954	10,381,520	(939,566)	(9.1)
Long-term Liabilities	9,352,148	10,164,957	(812,808)	(8.0)
Net Assets	**8,315,450**	**7,660,622**	**654,828**	**8.5**

292. Non-Current Assets increased from GH¢ 7,444,058 in 2015 to GH¢ 8,225,644 in 2016, representing an increase of 10.5%. This was mainly due to additions of to the Property, Plant and Equipment.

293. The Current Assets registered a decrease of 9.1% from GH¢10,381,520 in 2015 to GH¢ 9,441,954 in 2016. The decrease was as a result of decrease in bank balances.

294. The Long-term Liabilities which represent Exhibits held, awaiting court ruling, decreased by 8%, from GH¢10,164,957 in 2015 to GH¢ 9,352,148 in 2016.

295. The Office has no Current liability as at the reporting date.

MANAGEMENT ISSUES

Failure to declare assets by employees of EOCO

296. Regulation 27(1)(2) &(3) of the Economic and Organised Crime Office (Operations) Regulation, 2012 (L.I.2183) states "An officer and any other employee shall submit to the Executive Director a written declaration of;

a. The property or assets owned directly or indirectly by that officer or employee, and
b. The liabilities owed directly or indirectly by the officer or employee.

297. The declaration shall be as set out in the Fourth Schedule and shall be made by the officer or employee,

a. before taking office,
b. at the end of every two years, and
c. at the time of disengagement

and shall be submitted not later than six months after the occurrence of any of the events specified in this sub-regulation. An officer or any other employee who fails to declare the assets and liabilities of that officer or that employee is liable to disciplinary action for a serious breach of discipline by the Executive Director".

298. We noted that, 24 officers who were employed during the year under review have not declared their assets. We did not also find any assets or liabilities declaration documents for the 23 separated staff for the year under review. We further noted that, the existing employees including management staff do not declare their assets or liabilities every two years, as required by the above quoted Regulation. Similarly, the Acting Executive Director and the Deputies appointed in 2017 have not declared their assets as at the time of the audit.

299. Management refusal to enforce the Regulation has resulted in this anomaly.

300. The situation which defeats the purpose of the above quoted Regulation of ensuring employees honesty in the performance of their duties, could also lead to Staff engaging in corrupt practices.

301. The issue will be reported to the Commissioner for Human Rights and Administrative Justice in accordance with article 287 of the Constitution accordingly.

302. Management noted the recommendation for strict compliance.

Failure to submit Exhibit Recovery Returns

303. Public accountability requires that Regional Offices of any Public Entity submit monthly returns of any financial activities at the end of each month. These returns shall be accompanied by the duplicate copies of General Counterfoil Receipts (GCR) which is labelled 'audit portion to be sent with accounts' and the Deposit Slips (DS) indicating lodgement of the money collected into the appropriate account.

304. We noted during the review of the Exhibit Recovery accounts that, six out of the ten Regional Offices did not submit their Exhibit Recovery Returns for the 2016 financial year. Our Regional visitation however, revealed that, all the Regions made recoveries during the period under review. The Regions are; Ashanti, Brong Ahafo, Western, Central, Northern and Upper-East.

305. The lapse was as a results of Management's ineffective supervision to ensure that the Regional Directors discharge their duties effectively.

306. In the absence of the returns, the Head Office would not be able to reconcile the Exhibit Recovery accounts, to ascertain whether all recoveries made during the year have been lodged intact. Besides, Exhibit in the form of money could be used for unauthorised expenditures.

307. We urged Management to ensure that, the Regions involved submit the returns within 30 days after the receipt of the management

letter. Management should also ensure that, all Regional Offices submit their Exhibit Recovery Returns, together with duplicate GCRs and DSs on monthly basis. Furthermore, Management should introduce punitive measures to sanction Officers who fail to comply with the directive.

308. Management promised to ensure that all the other Regional Offices submit the appropriate returns as it is an existing directive to all the Regional Directorates.

Inadequate funding

309. Section 15 (a) and (b) of the Economic and Organised Crime Act, 2010 (Act 804) stipulates the mode of funding for the Office. It states that "the funds of the Office include moneys approved by Parliament and donations, grants and any other moneys that are approved by the Minister responsible for Finance".

310. Contrary to the above quoted Act, we noted that, funds released by government for the year 2016 to cater for goods and services activities was inadequate. Consequently, the Office could not execute all the planned activities for the year.

311. We attributed the anomaly to Parliament and Minister of Finance's failure to approve and release adequate funds to ensure the execution of the planned activities.

312. The insufficient funding has left the Office in a very precarious state. Therefore, the possibility of the Regional Office's spending the crime amounts recovered on administrative expenses cannot be ruled out, even though it is illegal.

313. We recommended that Parliament and the Minister of Finance should approve and release adequate funds to EOCO, for effective management of the Office. We also recommend to Parliament to

approve the retention of a percentage of moneys recovered by the Regions for their administrative expenses to ensure effective performance of their duties.

314. In response, Management stated that it would be grateful if our recommendations are upheld by the relevant Institutions.

Failure to maintain comprehensive Case Register

315. Best case management practices require that, a Case (Tracking) Register is maintained of all cases, updated where necessary, so as to enable Management track all cases when the need arises. The register also serves as a future reference document.

316. We noted during our audit that, Economic and Organised Crime Office (EOCO) has no comprehensive (National) Case Register to serve as a reference document of all its cases since its establishment in 2010.

317. Management and the Board failed to ensure that a comprehensive Case Register is maintained.

318. In the absence of Case Register, monitoring the progress of cases, and referring to unacquitted cases could be difficult.

319. We advised Management to maintain a comprehensive Case Tracking Register to record and track all cases nationwide. This will also serve as a reference document for all unfinished cases.

320. According to Management, the Office maintains Case Registers in all the units in which particulars of all reported cases are recorded. It is called 'Register of Offences Book'. Management however, promised to review the existing document and improve upon it.

Overdue debt - GH¢2,989.20

321. Regulation 110 of the Financial Administration Regulation, 2004, states "A head of department, or the officer to whom the duties of the head of department have been delegated in accordance with regulation 109 (delegation of administering authority), shall ensure that advances issued are duly recovered in accordance with the appropriate agreement".

322. The Regulation 112 also specifies the methods of recovery of Advances as:

a. deduction from payments due from Government to the borrower;
b. direct payment to the Government by the borrower or the borrower's proxy;
c. recovery from the borrower's estate; or
d. any other means which may appear to be feasible.

323. We noted during the review of staff debtors schedule that GH¢2,989.20 owed by 22 separated staff for a period ranging from six to twelve years are still classified as receivable in the 2016 financial statements. Details attached as appendix 'A'.

324. This anomaly was as the result of Management's failure to recover the debt from the former officers before their separation.

325. The inclusion of the over aged debt in the financial statements has led to overstating the current assets and distorting the true state of affairs of the Office's activities.

326. We recommended that Management should recover the debts through any of the aforementioned method, or seek authority from the Board of Directors to write off these over aged debts within 60 days after the receipt of the management letter, failing which the schedule

officer shall be surcharged with the amount. We also advised Management to ensure that, in future, advances are recovered in accordance with appropriate agreements.

327. Management noted our recommendation, and added that, the office had already written to the Ministry of Finance seeking authorisation to write of this amount from the books.

Under-staffing of legal department

328. Section10. (b)&(c) of the Labour Act, 2003 (Act 651) states among others that workers are to receive equal pay for equal work without distinction of any kind. It further specifies that, workers have the right to have rest, leisure and reasonable limitation of working hours and period of holidays with pay as well as remuneration for public holidays.

329. Our review of the staff strength of the Legal Department of EOCO revealed that, the Unit is under-staffed. It is made up of four permanent staff, one of them on secondment from the Attorney General's Office. The Officers therefore, work for long hours without rest, in contravention of the quoted section of the Labour Act 2003.

330. The anomaly resulted from poor remuneration and conditions of service at EOCO, making Legal Personnel leaving the Office for Organisations with better offers.

331. The under-staffing of the Legal Department has resulted in a backlog of cases that needed to be processed for court. Furthermore, the situation creates delays in providing feedback to the Regions on the status of their cases presented to the Legal Department.

332. We recommended to the Office to institute better conditions of service and remuneration that can attract and retain Legal Personnel.

333. Management responded that, they have initiated action to recruit the required personnel including legal officers. The draft service condition has already been prepared awaiting the Board's consideration.

334. We urged Management to expedite action.

Absence of Conditions of Service and Scheme of Service

335. Section 5 of the Economic and Organised Crime Act, 2010 (Act 804) states that "the Board shall formulate policies necessary for the achievement of the objects of the Office".

336. Our review of the Policies and working documents relevant for the achievement of the objectives of EOCO revealed that, the Office operates without Conditions of Service and Scheme of Service to motivate the employees in the performance of their duties.

337. The Board and Management's failure to prioritise its needs towards the achievement of the Office's mandate accounted for the anomaly.

338. The absence of these two very important working documents has led to a high labour turnover rate at EOCO. Considering the amount of resources deployed in recruiting and training staff, a high labour turnover rate is a further drain on the government. Besides, the staff are not motivated to effectively perform their duties, which could result in low productivity.

339. We recommended that, the Board and the Management should act swiftly on the formulation and adoption of Conditions of Service and Scheme of Service that will attract, motivate and retain the staff.

340. According to Management, there is a draft Condition of Service and Code of Conduct in place which will be presented to the Governing Board when constituted for its consideration.

Incomplete Asset Register

341. Section 52 (3) of the Public Financial Management (PFM) Act 2016 (Act 921) requires a Principal Spending Officer to maintain a register of assets under his/ her control or possession. The sub-section(4) & (5) states 'the register referred to in subsection (3) shall contain a record of the details of each parcel of land and each building and the terms on which the land or building is held, with reference to the conveyance, address, area, date of acquisition, disposal or major change in use, cost, lease term, maintenance contracts and other pertinent management details and details of the major assets'

342. Contrary to the above quoted Act, we noted during the review of the assets register that, even though vehicles acquired in 2016 were recorded in the register, the cost of sixteen of the vehicles amounting to GH¢415,561.40 was not included. The register does not also contain the required detailed information (the terms on which the land or building are held, address, cost etc.).

343. We attributed the lapse to Management's ineffective supervision on the schedule officer to ensure that, a comprehensive assets register is maintained and regularly updated when new assets are acquired.

344. The situation resulted in difficulty in reconciling the non-current assets figure in the financial statements with the figure recorded in the assets register.

345. We recommended that Management should update its assets register with the cost of all newly acquired assets and the required

detailed information as provided in the above Act, to ensure proper control of the Office’s assets.

346. According to Management, the asset register has now been updated with the cost of the sixteen vehicles procured in 2016. Meanwhile, steps are being taken to ensure conveyancing of the landed properties.

Official vehicles not insured

347. Section 1(1) of No.42 Motor Vehicles (Third Part Insurance) Act, 1958 states “subject to this Act, a person shall not use, or cause or permit any other person to use, a motor vehicle unless there is in force in relation to the user of that motor vehicle by that person or the other person, a policy of insurance or a security in respect of third party risks which complies with this Act. Sub- section (2) states” A person who acts in contravention of subsection (1) commits an offence and is liable on conviction to a fine not exceeding two hundred and fifty penalty units or to a term of imprisonment for one year or to both the fine and the imprisonment.

348. Contrary to the above quoted Act, we noted that, all the vehicles owned by EOCO, were not covered by any insurance policy.

349. According to Management, the anomaly was as a result of the non-availability of funds.

350. In the event of an accident involving any of the vehicles, Management will not be able to make any insurance claims. As a result, any cost incurred or loss suffered emanating from the accident will be solely borne by the Office.

351. We urged Management to look for funds to insure all the official vehicles and our office notified for verification.

352. Management in response said EOCO has never insured its Vehicles, as these are official Vehicles which are used for the day to day operations of the Office.

353. We reiterate our recommendation for compliance.

Vehicles not registered in the name of EOCO

354. Section 52 (1) of Public Financial Management Act, 2016 (Act 921) states that ‘A Principal Spending Officer of a covered entity, stated-owned enterprise or public corporation shall be responsible for the assets of the Institution under the care of the Principal Spending Officer and shall ensure that proper control systems exist for the custody and management of the assets’.

355. Also, to prove ownership of the official vehicles, all original copies of ownership documents including Invoices, Receipts, Vehicles Registration Certificates (VELD FORM ‘’A’’) or change of ownership documents (VELD FORM ‘C’) must bear the name of EOCO.

356. We examined ownership document of EOCO and noted that, forty-six vehicles and seven motorbikes belonging to the Office are still in the name of the suppliers several years after their acquisition despite our previous audit recommendations. Details attached as appendix ‘B’.

357. Management’s laxity in ensuring that documents on the Office’s vehicles bear its name to safeguard its assets, resulted in the anomaly.

358. The Office stands the risk of losing the vehicles in case of any litigation or theft if ownership documents are not obtained.

359. We recommended that Management should ensure that, the ownership of these vehicles are transferred to EOCO as early as possible.

360. Management noted our recommendation and promised to ensure the transfer of the ownership of the vehicles into the Office's name.

Improper management of the Vehicle Log Book

361. Regulation 1604 of Stores regulation 1984, states 'A vehicle Log Book shall be maintained for each vehicle and shall always be carried on the vehicle. Journeys undertaken shall be recorded and full particulars of receipts of fuel, oil and lubricants shall be entered up daily in the Log Book by the driver. Recordings in the Log Book shall be made in duplicate. All journeys recorded in the Log Book shall be certified by the officer using the vehicle'

362. Regulation 1605 also requires that the original sheet in the Log Book shall be detached and submitted to the officer in charge of transport, who shall file it, after satisfying himself concerning the rate of consumption and certifying that the journeys performed have been authorised.

363. We noted the following anomalies during the review of Vehicles log books of the twenty pool cars;

- No name and the signature of the Officials using the Vehicle,
- No records of the purpose of the Journey,
- In most cases the amount of fuel purchased or used was not recorded,
- No signature of the Department's Head,
- No name or signature of the Authorising officer,
- No date and time the vehicle was returned.

364. We noticed that the Transport Officer does not check/inspect the Vehicle Log Books as required by the above Regulations. This resulted in the anomaly.

365. We were therefore unable to authenticate whether the fuel allocated was accurately used for its purpose. Besides, fuel theft will be difficult to detect.

366. We recommended that, Management should organise training for all the Drivers and the Transport Officer on how to effectively use the log book in order to prevent occurrence of the anomaly in the future. Furthermore, Management should carry out review of the log books on regular basis.

367. Management noted our recommendation and promised to comply accordingly.

MINISTRY OF COMMUNICATION

DATA PROTECTION COMMISSION

Introduction

368. This report covers the audited accounts of the Data Protection Commission for the financial year ended 31 December 2016.

Operational results

369. The Commission registered a surplus of GH¢321,423.30 for 2016 financial year as compared to GH¢293,103.21 in 2015, an increase of GH¢28,320.09 or 9.66%. The surplus was as a result of the increase in World Bank fund. Details are showed in table 7.

Table 7: Income statement for 2016

Income	2016 GH¢	2015 GH¢	Increase/ Decrease GH¢	% Change
Internally Generated Fund	561,853	497,340	64,512	13.0
World Bank Funds	590,605	111,564	479,041	429.4
Total	**1,152,458**	**608,904**	**543,554**	**89.3**
Compensation of Employees	102,374	-	102,371	100.0
Goods and Services	728,663	315,801	412,863	130.7
Total	**831,035**	**315,801**	**515,233**	**163.2**
Excess of Income over Expenditure	321,423	293,103	28,320	9.7

Income

370. Total Income of the Commission increased from GH¢608,904 in 2015 to GH¢1,152,458 in 2016, an increase of GH¢543,554 or 89.27%. The increase was mainly due to increase in the registration of conference fees and World Bank funds.

Expenditure

371. The expenditure of the Commission also increase from GH¢315,801 in 2015 to GH¢831,035 in 2016, an increase of GH¢515,233 or 163.15%. The increase was due to the increases in allowances to retained staff, organization of conferences, recruited staff examinations and renting of a new office.

Financial Position

Table 8: Financial performance

Non- Current Assets	**2016 GH¢**	**2015 GH¢**	**Increase/ Decrease GH¢**	**% Changes**
Property, Plant & Equipment	284,660	190,637	94,024	49.3
Current Assets	799,838	475,981	323,857	68.0
Total Assets	1,084,499	666,618	323,858	68.0
Current Liabilities	208,234	73,648	134,586	182.7
Net Assets	876,265	592,969	283,296	47.8
Current Ratio	3.8:1	6.5:1		

372. Non- Current Assets increased by 49.3% fromGH¢190,637 in 2015 to GH¢284,660 in 2016. The increase was additional furniture and fitting acquired during the year.

373. Current Assets also increased from GH¢475,981 in 2015 to GH¢799,839 in 2016 representing 68%. Rent prepayment and accounts receivable contributed to the rise in the figure in 2016.

374. Current Liabilities increased from GH¢73,648 in 2015 to GH¢208,234 in 2016 representing 182.7%.

375. Current ratio of 3.8 in 2016 indicates that the commission will be able to meet its current liabilities as and when they fall due.

MANAGEMENT ISSUES

Inability to account for imprest- GH¢15,573.40

376. Regulation 289(1&2) of the Financial Administration Regulations (FAR), 2004 states "imprest shall be retired at the close of

a financial year and any imprest not so retired shall be adjusted to a personal advance account in the name of the imprest holder".

377. Our examination of payment vouchers for the period under review disclosed that special imprests to the tune of GH¢15,573.40 were granted to three Officers for accommodation and transport expenses for various travels. The Officers however, did not retire the imprests after returning from the programmes. Details are showed in table 9.

Table 9: Imprests not retired

Date	PV No.	Chq. No	Details	Amount GH¢	Remarks
17/03/16	DPC/026/16	205330	Accommodation and Transport expenses- Mrs. Teki Akuetteh Falconer and Mr Joseph Whittah	5,882.40	No Receipts and attachments
19/09/16	DPC/067/16	517489	Accommodation to Burkina Faso - Mrs Teki Akuetteh Falcone	1,655.00	No Receipt
14/10/16	DPC/075/16	900984	Accommodation 38th International Privacy Conference UK- Mrs Teki Akuetteh Falcone and Prof date- Bah	8,036.00	No Receipt
	Total			**15,573.40**	

378. The Principal Accountant inability to ensure that imprests are retired contributed to the anomaly.

379. Non-retirement of imprest is a violation of the Financial Administration Regulations stated above. We could not also, confirm whether the imprests were used for the intended purposes.

380. We recommended that the officers involved should be made to provide receipts and other supporting documents to retire the imprests within 10 days after the receipt of the management letter failing which, the amounts should be adjusted to their personal advance accounts as stipulated by the regulation stated above. Management should ensure that they account for the imprest before new ones are released to them.

381. Management's response indicated that it has taken note of the recommendation and would comply.

Inability to obtain official receipts-GH¢17,754.00

382. Regulation 28 (1) & (2) of Financial Administration Regulations (FAR), 2004 state "A collector who is satisfied that money tendered in is in order shall issue original receipt to the payer and shall deal with the duplicate and triplicate copies as required by the Departmental Accounting Instruction. Temporary receipts or receipts other than in the authorized form shall not be used for collection".

383. During our audit, we noted that the Commission paid total amount of GH¢17,754.00 to Public Service Commission for conducting examinations for the Commission's recruited officers. Data Protection Commission however, did not obtain official receipts from the Public Service Commission to account for the payments. Details of the payment shown in table 10.

Table 10: Payments without receipt

Date	PV No	Chq No	Details	Amount GH¢
15/04/16	DPC/029/16	205335	Examinations for recruitment	7,754.00
15/04/16	DPC/029/16	205334	Examinations for recruitment	10,000.00
				17,754.00

384. The Commission's inability to demand receipts from the Public Service Commission caused the anomaly.

385. Failure to obtain official receipts by Management could result in the monies falling into wrong hands other than the intended institution.

386. We advised Management to obtain Government Counterfoil Receipt (GCR) from the Public Service Commission for our verification within 10 days after receiving the management letter, failing which the paying officer, shall be surcharged with the GH¢17,754. We also advised Management to ensure that all future payments are appropriately acknowledged.

387. Management accepted our recommendation and would comply.

Lack of Segregation of duties

388. Best financial management practices require that, there should be segregation of duties to ensure a strong and effective internal control system, to safeguard the organization's assets.

389. Our review of the cash management and internal control processes of the Commission's financial operations revealed that, the Principal Accountant is responsible for making request for payments, writing cheques, authorizing payments, withdrawing and paying cash

to beneficiaries. He also prepared the cash books as well as bank reconciliation statements.

390. This practice is prone to the risk of misstatements, resulting from error or fraud, which may be difficult to detect.

391. Management's inability to seek clearance from Ministry of Finance to employ a cashier to help the Principal Accountant, contributed to the lapse.

392. We urged Management to seek clearance from the Ministry of Finance to ensure that, an employee is engaged as a cashier to relieve the Principal Accountant from the conflicting duties.

393. Management said efforts are being made to argument the staff in the accounts department so as to reduce the burden and allow for proper internal control of the financial system.

Outstanding Salary Advance for the former Executive Director - GH¢252,835.40

394. Regulation 110 of the FAR, 2004, L.I 1802 requires a head of department to ensure that advances issued are duly recovered in accordance with the appropriate agreement.

395. Mrs. Teki Akuetteh Falcone was appointed as an Acting Executive Director of the Commission in a letter dated 5th march 2013 and was confirmed as Executive Director in a four-year renewable contract effective May 29, 2014. The letter of appointment did not state her remuneration. Subsequently, the Fair Wages Commission determined the salary structure and allowances of the Data Protection commission. The Ministry of Finance later forwarded the salary structure to the Data Protection Commission but indicated the effective date of implementation as 1st January, 2017.

396. The Board chairman requested a review of the implementation date to provide for the period the former Executive Chairman has been working for the Commission. The Ministry in a letter signed by the Chief Director informed the Board chairman that until December 2014, the Executive Director was under the employment of the Ministry's e-transform project and was paid monthly salary. The former Executive Director's letter sighted disputed this allegation.

397. Due to the controversy surrounding the effective date of the implementation of the salary structure, the Board approved salary advance to the tune of GH¢252,835.40 to the former Executive Director**,** Mrs. Teki Akuetteh Falcone for the period April 2013 to December, 2016. The salary advance was to be reimbursed when the former Executive Director's salary is regularised.

398. The loan still remains unpaid because, the former Executive Director's salary issue had not been resolved. Details of the advances granted are shown in table 11.

Table 11: Outstanding salary advance

Month	**Year**	**Monthly Salary Advance GH¢**	**Total GH¢**
January-December	2015	3,105.21	37,262.52
December	2015	Salary advance in lieu of salary for April 2013 to Dec. 2015	178,310.36
January - December	2016	3,105.21	37,262.52
			252,835.40

399. We recommended to the Board and Management to resolve the salary matter of the former Executive Director, and ensure that the

outstanding loan is refunded into the Commission's Account and inform our office for verification as soon as possible.

400. Management said, they have written to Ministry of Communication to change the effective date of the salary structure and they are waiting for the response.

401. We urged Management to expedite action.

MINISTRY OF EDUCATION

ENCYCLOPAEDIA AFRICANA PROJECT

Introduction

402. This report covers the audited accounts of the Encyclopaedia Africana Project for the financial years January 2013 to 31 December 2014

Operational Result

403. The Secretariat recorded a deficit of GH¢2,801 in 2014 which represents 68.4%, reduction of the previous year's deficit of GH¢8,858. Table 12 shows the details of the performance of the Secretariat for the period.

Table 12: Comparative income statement for 2014 and 2013

Income	2014 GH¢	2013 GH¢	% Change
Subvention Administration & Service	202,457	139,096	45.6
Getfund	15,000	14,080	6.5
Other funds	3,002	950	216

Differed Income	3,790	-	100
Total Income	**224,249**	**154,126**	**45.5**
Expenditure			
Personnel Emoluments	191,460	120,005	59.5
Administrative Activities	35,590	42,979	(17.2)
Total Expenditure	**227,050**	**162,984**	**39.3**
Income Surplus	(2,801)	(8,858)	(68.4)

404. The Secretariat total income increased by 45.5% from GH¢154,126 in 2013 to GH¢224,249 in 2014. The rise was mainly due to an increase in subvention for Personnel Emolument by 59.5% from GH¢120,005 in 2013 to GH¢191,460 in 2014. This was as a result of the migration from the old salary structure to the Single Spine, and the payments of arrears from 2010 to 2014. Other income also increased by 216% but insignificant in terms of absolute figures.

405. Total expenditure also increased by 39.3% from GH¢162,984 in 2013 to GH¢227,050 in 2014. The significant increase in the personnel emolument by GH¢71,455 accounted for the rise.

406. Administrative expenditure fell by 17.2% from GH¢42,979 in the previous year to GH¢35,590 in 2014, due mainly to decrease in expenditure on staff development by GH¢11,080.

Financial Position

407. Table 13.

	2014 GH¢	**2013 GH¢**	**% Change**
Non-Current Assets	57,019	64,849	[12.1]
Current Assets	18,842	1,974	854.5
Current Liabilities	11,281	41,551	[72.9]
Net Current Asset	7,561	[39,557]	[119.1]

Long Term Liability	34,110	-	100
Current ratio	1.7:1	0.05:1	

408. The Secretariat's non-current assets decreased by GH¢7,830 or 12.1%, from GH¢64,849 in 2013 to GH¢57,019 in 2014. The fall was mainly due to depreciation of non-current asset with no additions for the years under review.

409. Current assets which represent the bank balance witnessed an increase of 854.5%, from GH¢1,974 in 2013 to GH¢18,842 in 2014.

410. The Net Assets of the Secretariat appreciated by 119.1% from a deficit of GH¢39,557 in the previous year to a positive of GH¢7,561 in 2014.

411. The current ratio for the year was 1.7:1 as against 0.05:1 in 2013. Though the ratio drastically appreciated, it is not strong enough to meet the financial obligations as and when they fall due. We urge Management to ensure improvement in its liquidity position.

MANAGEMENT ISSUES

Absence of Bond Forms on Personal Files

412. It is a policy requirement that, employees sponsored for educational programs with pay, enter into a bond as a commitment to return to their duty post after completion of their course. This is to ensure employers benefit from the sponsorship.

413. We noted that, the Secretariat sponsored two of its staff members for various educational programs but failed to ensure the beneficiaries signed bond forms. Details provided in Table 14.

Table 14: details of sponsored officers

Name	Rank	Program	Duration
Mr. Bright K. Fiadjoe	Principal Administration Officer	Master's Degree in Project Management	Two years
Mr. Theophilus Yohuno	Principal Accountant	Master Degree in Business Administration	Two years

414. Management failed to ensure that, the Officers are bonded before approving their sponsorships.

415. The Secretariat is at risk of not benefiting from its investment should they decide to resign after completing their educational programs.

416. We recommended that Management should ensure that, the two officers complete and sign a bond form, which will be put on their personal files. Any subsequent beneficiary should be made to complete a bond forms before the commencement of the course.

Absence of Vehicle Ownership Documents

417. To ensure adequate security and ownership of an Organization's vehicles, all original copies of Title documents including, Driver and Vehicle Licensing Authority (DVLA) Form 'A' or change of ownership documents DVLA Form 'C' must bear the name of the Organization. Also, road worthy certificates and Insurance cover should be in the name of the Organization.

418. We examined vehicles files of the Secretariat and noted that, one Nissan Pick-up and one Mahindra Pick-up with registration numbers GV 2387 C or GV 289-14 and GV 457-Z or GV 286-14 respectively, were still in the name of Ministry of Education.

419. The anomaly was due to Management's failure to liaise with the Sector Ministry to obtain the documents of the vehicles and transfer them into the Secretariat's name.

420. The Secretariat stands the risk of losing the vehicles if documents that give the right of ownership are not transferred to the Secretariat. Management may also encounter difficulty in obtaining any claims in case of accident.

421. We advised Management to liaise with the Ministry of Education, obtain the documents of the vehicles and ensure the transfer of the document to the Secretariat's name, in order to safeguard the vehicles.

422. Management agreed to liaise with the necessary departments for the transfer of ownership.

UNIVERSITY OF HEALTH AND ALLIED SCIENCES

Introduction

423. This report relates to the audited accounts of the University of Health and Allied Sciences for the year ended 31 December 2016.

Operational results

424. The University ended the year 2016 with a surplus of GH¢3,639,693 as against a profit of GH¢1,944,912 in 2015 which

represents 87.1% increase. Presented in the table 15 is the University's operational result for the year under review.

Table 15: Income Statement for 2016

Items	2016 GH¢	2015 GH¢	
Income Tuition Fees	9,513,177	5,305,050	
Government Grant & Subvention	16,455,813	9,730,514	
Deferred Grants		5,000,000	
Research Grants		77,298	
Loss/Gain on Disposal	(8,405)	97,792	
Other Income	6,900,643	3,727,486	
Total Income	32,861,228	23,938,140	
Expenditure			
Employee Compensation	14,212,474	11,081,516	
Administrative & General Expenses	9,708,235	7,777,880	
Depreciation	4,532,350	2,681,338	
Repairs and Maintenance	768,476	452,494	
Total Expenditure	**29,221,535**	**21,993,228**	
Surplus/(Deficit)	3,639,693	1,944,912	

425. Total Income for the period under review increased by 37.3% from GH¢23,938,140 in 2015 to GH¢32,861,228 in 2016. The significant increase was due to a 69.0% rise in Government Grants & Subvention in 2016.

426. Total Expenditure went up by 32.9% from GH¢21,993,228 in 2015 to GH¢29,221,535 in 2016. Employee Compensation, Administrative and General Expenses, and Depreciation increased by 28.3% 24.8% and 69.0% respectively.

Financial position

Presented in the table 16: is the financial position as at 31 December 2016.

Table 16: Financial position as at 31 December 2016

Item	2016 GH¢	2015 GH¢	% Change
Non- Current Assets	86,661,114	79,804,387	8.6
Current Assets	13,634,424	8,268,558	64.9
Non-Current Liabilities	76,109,315	74,961,333	1.5
Current Liabilities	12,890,514	5,853,037	120.2
Net Asset	87,405,024	82,219,908	6.3
Current Ratio	1.1:1	1.4:1	

427. Non-Current Assets increased from GH¢79,804,387 in 2015 to GH¢86,661,114 in 2016. This represents an 8.6% growth. The increase was as a result of 100 % addition to Lab Equipment in 2016.

428. Current Asset went up by 64.9% from GH¢8,268,558 in 2015 to GH¢13,634,424 in 2016. The rise in Receivables from Exchange Transaction from GH¢211,135 in 2015 to GH¢2,167,839 in 2016 accounted for this.

429. Current Liabilities increased significantly by 120.2% from GH¢5,853,037 in 2015 to GH¢12,890,514 in 2016. The rise was due to a 207.7% increase in Accounts Payable from GH¢791,012 in 2015 to GH¢2,434,293 in 2016.

430. The liquidity position of the entity as measured by current ratio dropped from 1.4:1 in 2015 to 1.1:1 in 2016. The University will barely meet its short-term debts as and when they fall due.

MANAGEMENT ISSUES

Draft Financial Statement

431. During the audit, we observed that the 2015 end of year transactions were not closed before the posting of 2016 transactions. As a result, the cumulative figures from January 2015 to December 2016 became the closing balances for 2016.

432. The following were omitted from the opening balances of the previous year's accounts.

Table 17.

Item	**Amount GH¢**
TC-Service Providers (Control)	(35,341.01)
PF – Employers Contribution	(317,502.72)
Insurance – Workers Compensation	(40,639.55)

433. Some items in the Trial Balance did not form part of the previous year's audited accounts. **Table 18**

Item	**Amount GH¢**
TC-Part-Time Lectures control	(1,352.70)
Suspense opening balances	(255,912.40)
Reserves – Endowment Fund	(5,020)

434. This omission could lead to a misstatement in the financial position.

435. Management was advised to liaise with the service providers of the software to adjust the opening balances to show the correct figures.

436. Management accepted our recommendations and had resolved all the outstanding issues in the 2016 accounts. They also agreed to consult the system administrators to scan the system for unusual transactions for remedial action.

No Administrative and Accounting policies and procedural manual

437. We noted during the audit that the University does not have an Administrative and Accounting policies that they use in administering their duties.

438. This could result in inconsistencies in the preparation of accounts as there are no guidelines to guide the accounts staff in fulfilling their duties.

439. Management responded that in 2012 when the University started its operations, it signed a Memorandum of Understanding (MOU) between itself and the University of Ghana to use their Policies and Regulations while UHAS later develop its own policies.

440. In 2015, the University contacted a consultant to develop a Financial Policy and Procedure Manual. This document has been developed and taken through all the approval stages awaiting the final stage of Council approval after which it becomes a working document. They submitted a soft copy to the audit team.

Unbudgeted expenditures

441. The following invoices for MTN internet for 2015 had been paid in 2016 without prior provision in the budget :

Table 19.

Date	Invoice Number	Amount GH¢
May and June 2015	FINV/00299449/15	18,915.15
October	FINV/00506280/15	12,402.69
November 2015	FINV/00601859/15	12,402.69
December 2015	FINV/00644713/15	12,402.68
November 2015	ECG – Gracia Hostel	1,664.78
Total		**57,788.00**

442. The finance department failed to monitor the accounts payable during the year. This can distort management plan and budget for the subsequent year.

443. We recommended to management to ensure they clear all outstanding bills unpaid and subsequently make provision to pay utility bills as and when they fall due.

444. Management accepted our recommendations and said they will ensure these anomalies do not recur.

Exemption from Taxes, duties and other charges- GH¢143,771.90

445. Section 35 of the University's Act 828, 2011 exempt the University from paying taxes, duties and other charges.

446. We noted that, payment of suppliers of goods and services showed the University incurred GH¢143,771.90 as VAT payment. The details are in the table 20:

Table 20.

Date	Description	Amount GH¢	VAT GH¢
29/04/2016	Computer and Accessories	2,351.25	498.75
20/06/2016	Mattresses	272,340	47,660
14/07/2016	Anatomy Tables	314,995.96	55,117.64
24/10/2016	Metal Bulk Red	234,042.47	40,495.53
	Total VAT Paid		**143,771.9**

447. Failure to implement the schools Act accounted for this payment.

448. We recommended to management to obtain VAT exemption letter from Ministry of Finance to give to their suppliers anytime they purchase goods and services.

449. Management accepted our recommendation and accepted to apply to MOF for the waiver letter.

GHANA SCIENCE ASSOCIATION

Introduction

450. This report covers the audited accounts of the Ghana Science Association for the financial years 1 January 2015 to 31 December 2016.

Operational result

451. The Association recorded a deficit of GH¢44,389 in 2016 financial year as compared to GH¢109,372 surplus registered in 2015, representing 140.6% reduction in performance. The details of the operational results are shown in table 21.

Table 21: Statement of Income and Expenditure for year ended 31 December, 2016

Income	2016 (GH¢)	2015 (GH¢)	% Change
Government Subvention	147,543	435,590	(66.1)
Other Income	131,307	167,027	(21.4)
Total	**278,850**	**602,618**	(53.7)
Expenditure			
Employees Compensation	147,543	257,712	(42.8)
Goods and Service	175,697	235,534	(25.4)
Total Expenditure	**323,239**	**493,246**	(34.5)
Excess of Income Over Expenditure	(44,389)	109,372	140.6

452. Total income decreased by 53.7%, from GH¢602,618 in 2015 to GH¢278,850 in 2016. This was mainly due to 66.1% and 21.4% reduction in Government subvention and other income respectfully.

453. 5657 Total expenditure also decreased by 34.5% from GH¢493,246 in 2015 to GH¢323,239 in 2016. This was as a result of 42.8% decline of Personal Emolument, from GH¢257,712 in 2015 to GH¢147,543 in 2016, and 25.4% decline of Goods and Services, from GH¢235,534 in 2015 to GH¢175,697 in 2016.

Table 22: Financial Position as at 31st December 2016

Item	2016 (GH¢)	2015 (GH¢)	% Change
Non-Current Assets	325,974	376,464	(13.4)
Current Assets	70,135	36,977	89.7
Less Current Liabilities	27,967	1,278	2973.4
Net Assets	42,168	36,067	16.9
Current Ratio	2.5:1	29.2:1	

454. Non-Current Assets of the Association decreased by 13.4% from GH¢376,464 in 2015 to GH¢325,974 in 2016. The decrease was due to the depreciation charge for the year.

455. Current assets however, increased by 89.7% from GH¢36,977 in 2015 to GH¢70,135 in 2016. The increase was due to the rise in the cash & bank balances and account receivables by 269% and 130% respectively. Cash & bank increased from GH¢11,351 in 2015 to GH¢41,900 in 2016, whilst accounts receivables increased from GH¢6,994 in 2015 to GH¢16,107 in 2016.

456. The liabilities of the Association which was mainly sundry creditors stood at GH¢27,966.63 in 2016, from GH¢1,278 in 2015 representing a rise of 2973.4%.

457. Liquidity position of the Association as shown by the current ratio of 2.5:1 in 2016 and (29.2:1 in 2015) indicates that the Association can meet its short-term obligations when they fall due.

MANAGEMENT ISSUES

Absence of Legal Mandate

458. Every public office is regulated by a constitutional instrument, Act of parliament or other applicable laws that mandate the establishment and existence of such office.

459. We noted during our review that, the Ghana Science Association's establishment is not backed by any legislative instrument to govern its operations. The Association is only supported with Executive Fiat issued by the first president, Dr. Kwame Nkrumah.

460. Management's inability to ensure that the existence of the Association is mandated by a legalised law caused the anomaly.

461. The absence of a Constitutional Instrument or Act of parliament could lead to performing inappropriate mandate, and the objective for establishing the Association could not be achieved.

462. We urged Management to liaise with Ministry of Education through NCTE to ensure that the Association to be legalized as a public office**.**

463. Management responded that, they had written to their legal advisor to assist in the process of securing a legislative instrument (LI) for GSA. Management promised to pursue further.

Expired Strategic Plan

464. The Ghana Science Association's strategic plan was to guide it position as a dominant advocate for effective promotion and popularization of science and technology for national development.

465. We however, noted that, the strategic plan which was developed in 2009, expired in 2013, and had since not been replaced with a newly developed one, to guide the operations of the Association, despite our previous audit recommendation.

466. Management's laxity in developing a new strategic plan to guide the Association's activities has caused the anomaly.

467. The ability to do effective advocacy for the promotion and popularization of science and technology for national development may be in doubt, due to the absence of a strategic plan.

468. We urged Management to prepare a new strategic plan as soon as possible, to enable the Association achieve its required objectives.

469. Management stated that, it was initially difficult to get members of Ghana Science Association for new strategy. However, a committee has been constituted and they have started meeting to draw up new strategic plan.

Improper Receipts and issues of Stores

470. Regulation 0502 (a) of the Stores Regulation, 1984 requires that, when goods are received, the receipted transaction should be immediately recorded on the appropriation ledger sheet and tally cards.

471. Regulation 0604 of the same stores Regulation also specify among others that issue of stores be made on a properly signed stores issue voucher and upon properly authorised requisition**.**

472. Contrary to the above quoted store regulations, we noted that not all items receipted at the stores were recorded. Items issued out from the store were also, not supported with authorised requisitions. Again, the Association does not keep store ledgers but relies on only tally cards, which are not frequently updated.

473. Management's inability to follow the dictates of the Store Regulations, contributed to this anomaly.

474. The condition could lead to difficulty in controlling stores and ensuring that issues are properly authorised for the right and intended purposes.

475. We recommended to Management to ensure that, items received into the stores are recorded in stores ledgers, and issues are made through store issue vouchers based on properly authorised requisitions.

476. Management responded that, they had taken note of the issues and will comply accordingly.

Non-Compliance with Government Directives

477. The office of the president, Flagstaff house directives number SCR/A.30/7 to the Ministry of Transport, launched the re-registration of all government vehicles belonging to MDA's RCC's and MMDA's with a special GV green plate, on January 6, 2014. This is to ensure proper control and effective management of the vehicles.

478. We observed during our inspection of the Association's vehicles that, a Toyota Pick-up with registration number GN 3497-15 had not been re- registered and therefore, had not been provided with the new GV green plate.

479. Management inability to comply with government directives accounted for this lapse.

480. The situation could lead to abuse and theft of government vehicles, thereby defeating the purpose of the directives.

481. We advised Management to re-register the vehicle as soon as possible to avoid any sanction. Management should also ensure that government directives are adhered to.

482. Management responded that, the supplier delayed in transferring ownership of the vehicle to Ghana Science Association that was the reason for the delay in changing to green plate. Management promised to comply with our recommendation.

MINISTRY OF HEALTH

FOOD & DRUGS AUTHORITY

Introduction

483. This report relates to the audited accounts of the Food & Drugs Authority for the financial years 1 January 2016 to 31 December 2017.

Operational Results

484. The Authority recorded a surplus of GH¢11,279,057 in 2017 financial year as compared to GH¢12,174,693 registered in 2016, representing 7.4% below the previous year's surplus. The comparative performance indicators for the two years are shown in the Table 23.

Table 23: Income statement for 2017

Income	**2017 GH¢**	**2016 GH¢**	**% Change**
Government of Ghana	13,598,866	13,842,697	-1.8
Internally Generated Fund	50,095,771	41,354,316	21.2
Donor	3,264,840	7,928,050	-58.8
Total Income	**66,959,477**	**63,125,063**	**6.1**
Expenditure			
Compensation of Employee	19,302,292	13,842,697	39.4
Goods and Services (including depreciation)	11,221,388	21,485,220	-47.8
Donor outflow	2,164,376	5,283,874	-59.0
Total Expenditure	**32,688,056**	**40,611,791**	**-19.5**
Transfer to consolidated Fund	22,992,364	10,338,579	122.4
Total Expenditure	**55,680,420**	**50,950,370**	**9.3**
Surplus/(Deficit)	**11,279,057**	**12,174,693**	**-7.4**

485. Total income registered an increase of 6.1% from GH¢63,125,063 in 2016 to GH¢ 66,959,477 in 2017. The upward movement was due to increases in Internally Generated Fund of 21.2%.

486. Total outflow also went up by 9.3% from GH¢50,950,370 in 2016 to GH¢55,680,420 in 2017. This was largely due to increase in Personal Emolument by 39.4% from GH¢13,842,697 in 2016 to GH¢19,302,292 in 2017. This was as a result of payment of high board allowance due to the re-constitution of the Board during the period. Payment of special allowance/Honorarium and 13% SSF contribution for casual staff also, contributed to the increase.

Financial Position

487. The Authority's financial position as at 31 December 2017 is shown in the table 24 below:

	2017 GH¢	**2016 GH¢**	**% Changes**
Non-Current Assets	37,240,667	29,368,954	26.8
Current Assets	8,140,450	5,815,597	40.0
Current Liabilities	NIL	1,082,492	NIL
Net Current Assets	8,140,450	4,733,105	72.0
Net Assets	45,381,117	34,102,059	33.1
Current Ratio		5.4:1	

488. Non- Current assets increased by 26.8% from GH¢29,368,954 in 2016 to GH¢37,240,667 in 2017. This is due to construction of Tema office complex of which GH¢9,175,305 was paid during the period.

489. Current Assets went up by 40.0% from GH¢5,815,597 in 2016 to GH¢8,140,450 in 2017. The rise was due to increase in bank balances at the end of the year.

490. Current ratio also increased as a result of non-availability of current liabilities thus putting the Authority in the position to meet its current liabilities as and when they fall due.

MANAGEMENT ISSUES

Variation of Contract without Approval – GH¢14,467,519.19

491. Section 38.2 of the contract agreement for the construction of Office Complex at Tema states that "the Project Manager shall not adjust rates from changes in quantities if thereby the initial Contract Price is exceeded by more than 15 percent, except with the prior approval of the Employer".

492. Section 17(2c) of the Public Procurement Act, 2003 (Act 663) also states that "In the performance of its functions, a Tender Committee shall refer to the appropriate Tender Review Board for approval, any procurement above its approval threshold". The second schedule of the Public Procurement (Amendment) Act, 2016 (Act 914) denotes Entity Tender Committee's threshold for works for subvented agencies and government departments to be GH¢1,500,000, or below.

493. We noted that the Authority awarded a contract in October, 2015 to M/S Deen Construction & Trading Ltd to construct an office complex at Tema. The contract price of the project was GH¢25,292,315.98, and was to be constructed for a period of 24 months to November, 2017.

494. Our review of the contract documents showed that the contract price of the project was increased by GH¢14,467,519.19, from GH¢25,292,315.98 to GH¢39,759,830.17, representing 57.2% increase. We however, did not find any approval from the Central Tender Review Committee for the variation.

495. A visit to the project site at Tema, and a review of the minutes of last site meeting held in August 2017 showed that the project was 72% complete.

496. Failure to seek approval from the Central Tender Review Board was in violation of the above stated contract terms.

497. We recommended to Management to seek a retrospective approval for the variation of the contract and submit the documents for our verification, failing which the Entity Tender Committee members should be sanctioned in accordance with Section 92 of the Public Procurement Act, 2003 (Act 663).

498. Management responded that the FDA applied to PPA for approval of a variation to the initial contract, and that it was standard practice to proceed with works while approval for the variation was sought. Management also stated that the approval process was ongoing and will be granted soon.

499. However, a letter from Central Tender Review Committee (CTRC) dated 29th September 2017, in responding to FDA's request for approval stated that, the Committee was unable to approve the variation because of the following reasons;

i. An amount of GH¢1,000,000.00 provided for physical contingency and added to the Variation Works did not seem to be consistent with the General Summary of the Original Contract.

ii. Failure of FDA to submit comprehensive evaluation reports, particularly for Specialist Works, where recommended amounts exceed Prime Cost Sums.

iii. No documentary evidence provided on availability of funds to cater for the Variation Works.

500. We attributed the delay in receiving approval from CTRC to Management's failure to address the lapses raised by the CTRC.

501. We therefore, advise Management to comply with our recommendation.

Unapproved Allowances - GH¢1,737,851.69

502. Section (5) of the Retention of Funds Act, 2007 (Act 735) states that Internally Generated Funds shall not be used for the payment of salaries, staff benefits and other allowances except where the allowances are directly related to the provision of services that will lead to increased revenue.

503. Our review of the payment vouchers showed that, in addition to the monthly Single Spine Salaries, Management paid clothing, fuel and maintenance allowances totalling GH¢1,737,815.69 from Internally Generated Funds to staff without any approval from the Minister of Finance or Fair Wages & Salaries Commission. Details are attached as Appendix 'A'.

504. We recommended that Management should recover the illegitimate amount paid from the staff, pay same into the Authority's accounts within 30 days after the receipt of the management letter, and inform our office for verification, failing which the authorizing and the paying officers shall be surcharged with the amount involved.

505. Besides, Management should seek approval from the Minister of Finance through the Fair Wages & Salaries Commission before any subsequent payments of allowances.

506. In response, Management stated that payment of Clothing, Fuel and Maintenance were categories 2 and 3 allowances which had been approved in Ministry of Finance letter dated 4 January 2016.

507. However, in reviewing the document presented by Management to show Minister of Finance's approval, we noticed that, there were missing pages, which made the document incomplete and unauthentic. We therefore could not rely on the document.

508. We advised Management to provide an authentic document showing the approval from the Ministry of Finance, failure which, Management should comply with our recommendation.

Failure to submit Reports on Training Seminar/Workshops

509. Best Staff Development practices require staff members who are sponsored to attend training, seminars, workshops and short term courses either home or abroad to submit Program Attendance Report and evidence of participation in the conference (e.g. a copy of the program showing participants name and title of the paper delivered), to Head of Human Resource Department on return.

510. Our review showed that 45 officers were sponsored to attend training, seminars and conferences in both home and abroad costing GH¢297,829.00, $113,690.00 and £16,700.00 during the year under review. We further noted that, the Authority organized training, seminar and workshops for officers, other individuals and organizations as part of their regulatory activities during the same period, with the total cost of GH¢311,565.19.

511. We however, did not find any reports submitted by the beneficiaries as an evidence of attending the programs. We did not also receive any report from the organizers of the trainings, seminars/workshops programmes held. Appendix 'B1 &B2' gives details.

512. Management failed to ensure that, the beneficiary officers submit reports on the programs as evidence of participation. Management did not also ensure that the organizers for training workshops for other individuals and organizations had submitted reports on the programmes.

513. We therefore could not ascertain whether the above stated amounts were spent in the interest of the Authority and the intended beneficiaries.

514. We recommended to Management to ensure that beneficiary officers submit reports on the seminars and conferences attended to the HR Department through their Heads of Department. Management should also ensure that, the organizers for workshops, training and seminars for other individuals and organizations have submitted their reports within 30 days of the receipt of the report, failing which the officers involved would be sanctioned.

515. Management accepted the recommendation for compliance.

Failure to Re-register Official Vehicles

516. Regulation 1602 of Stores Regulations 1984, states that ‘Except where the Director of Supply has approved an exemption, all vehicles shall bear visible printed marks “Government of Ghana” and the names of the Ministry or Department.

517. Furthermore, a directive from the Office of the President with reference number SCR/A30/7 dated 24th April, 2014 also instructed all Ministries, Departments and Agencies, to compile data and re-register all government vehicles and replace their number plates with government colour (green).

518. A physical inspection carried out on the Authority’s vehicles showed that, 30 out of the 99 vehicles and three motorbikes have not

been re-registered in accordance with the regulation and government directives, and therefore had not been provided with the new GV green number plates.

519. This omission was as a result of Management's refusal to comply with the Store Regulations and government directives.

520. Absence of government number plates could lead to misuse of official vehicles which will result in loss of funds to the Authority.

521. We recommended to Management to re- register the vehicles for the government green number plates within 30 days after the receipt of the management letter and our office notified for verification.

522. Management accepted the recommendation and stated that the registration process has started and they will expedite action on them as quickly as possible.

Installation of accounting software without approval

523. Section 11(5) & (6) of the Audit Service Act, 2000, (Act 584) State "All financial and accounting systems in respect of the accounts provided under subsection (1) shall be subject to prior approval of the Auditor-General and any change in such system shall be notified to the Auditor-General and shall be subject to prior approval before implementation." "Any head of a public institution or other body subject to auditing by the Auditor-General who fails to comply with subsection (5) is liable to be surcharged with the cost of any loss occasioned by defective internal controls of auditing."

524. Our review of the Internally Generated Fund (IGF) payments showed that Management paid an amount of GH¢9,900.00 to Holman Consulting Limited (HCL) for supporting the management of Pastel Accounting Software for the period under review. We further noted

that, Management engaged the consultant to provide the services since 1 January 2014, renewable on yearly bases. However, Management did not seek for approval from the Auditor-General before implementing the software.

525. Management's failure to adhere to the above quoted Act, caused the anomaly.

526. Consequently, we could not confirm the suitability of the software for the operations of the Authority.

527. We urged Management to seek a retrospective approval from the Auditor General before continuing using the software.

528. Management accepted our recommendation and promised to notify the Auditor General to ratify the usage of the Software.

IGF collections not lodged GH¢26,028.01

529. Regulation 15 (1) of the FAR, 2004, states "Any public officer or revenue collector who collects or receives public and trust moneys shall issue official receipt for them and pay them into the relevant Public Fund Bank Account within twenty-four hours of receipt except in exceptional circumstances to be identified by the Minister".

530. Regulation 8(4) of the same FAR also, states "Sanctions for breach of financial discipline shall include reprimand, suspension, demotion, interdiction and termination".

531. During our visit to the Kumasi office, we noted that the former Accountant, Kingsley L. Baan did not fully lodge into the bank accounts the Internally Generated Fund collected from January 2017 to August 2017. Total amount collected during the period was

GH¢645,717.92, out of which GH¢619,689.91 was banked, leaving a balance of GH¢26,028.01 unbanked. Details shown in table 25.

Table 25: IGF collections not banked

Months 2017	Amount collected	Amount lodged	Difference not lodged
January	72,176.00	65,096.00	7,080.00
February	96,716.00	107,187.00	(10,471.00)
March	74,739.00	69,792.00	4,947.00
April	61,537.12	58,907.00	2,630.12
May	82,042.10	66,475.85	15,566.25
June	114,125.64	109,511.00	4,614.64
July	69,125.06	65,819.06	3,306.00
August	75,257.00	76,902.00	(1,645.00)
TOTAL	**645,717.92**	**619,689.91**	**26,028.01**

532. Management's inability to effectively supervise the activities of the Kumasi office to ensure compliance with the control procedure in collections and lodgements of cash revenues, which includes banking of collections within 24 hours, accounted for the irregularity.

533. The omission has deprived the Authority the needed revenue for development.

534. We recommended that Mr. Kingsley L. Baan should be made to account for the unbanked collections including interest, at Bank of Ghana prevailing rate within 30 days after receiving the management letter. Management should also, discipline the Officer in accordance with Regulation 8(4) of the FAR 2004.

535. Management responded that, the issue has been reported to the Police for investigation and retrieval.

Clients inability to re-issue burglary cheques – GH¢11,925.00

536. Regulation 15(1) of the Financial Administration Regulations (FAR) 2004, LI 1804, requires every Public Officer or Revenue Collector who collects or receives public funds to issue official receipts for them and pay them into the relevant Bank Account within twenty-four hours of collections except under exceptional circumstances.

537. We noted from our visit to Tema office that, a total amount of GH¢23,840.00 collected on 27/1/2017 was stolen from the office on 28/1/2017 by armed robbers. The amount was made up of a cash of GH¢10,275.00 and a cheque of GH¢13,585.00. We further noted that, the Tema office requested the clients who issued the cheques to re-issue them to the Authority. However, only four of the cheques amounting to GH¢1,660.00 had been re-issued, leaving an outstanding of GH¢11,925.00 yet to be re-issued by the clients. Details provided in table 26.

Table 26: Burglary cheques not re-issued

Receipt Ref.	Date	Amount GH¢	Description	Payment Type	Re - Issued Cheques
7306469	1/28/2017	15.00	Unilever Gh Ltd	Cheque 927652	
7306469	1/28/2017	300.00	Unilever Gh Ltd	Cheque 927652	
7307542	1/28/2017	15.00	Unilever Gh Ltd	Cheque 003902	
7307542	1/28/2017	150.00	Unilever Gh Ltd	Cheque 003902	
7307551	1/28/2017	15.00	Nestle Gh Ltd	Cheque 927889	943742
7307551	1/28/2017	300.00	Nestle Gh Ltd	Cheque 927889	943742
7307552	1/28/2017	15.00	Nestle Gh Ltd	Cheque 926768	943741
7307552	1/28/2017	300.00	Nestle Gh Ltd	Cheque 926768	943741
7307554	1/28/2017	15.00	Afromix Co Ltd	Cheque 003367	
7307554	1/28/2017	300.00	Afromix Co Ltd	Cheque 003367	
7307556	1/28/2017	30.00	Trust Link Ventures	Cheque 002336	
7307556	1/28/2017	1,000.00	Trust Link Ventures	Cheque 002336	

7307557	1/28/2017	30.00	Trust Link Ventures	Cheque 002337	
7307557	1/28/2017	1,500.00	Trust Link Ventures	Cheque 002337	
7307558	1/28/2017	30.00	Trust Link Ventures	Cheque 002339	
7307558	1/28/2017	500.00	Trust Link Ventures	Cheque 002339	
7307559	1/28/2017	30.00	Trust Link Ventures	Cheque 002339	
7307559	1/28/2017	500.00	Trust Link Ventures	Cheque 002339	
7307560	1/28/2017	15.00	Wilman Africa Ltd	Cheque 608059	
7307560	1/28/2017	500.00	Wilman Africa Ltd	Cheque 608059	
7307561	1/28/2017	15.00	Wilman Africa Ltd	Cheque 608059	
7307561	1/28/2017	500.00	Wilman Africa Ltd	Cheque 608059	
7307562	1/28/2017	15.00	Wilman Africa Ltd	Cheque 608059	
7307562	1/28/2017	1,000.00	Wilman Africa Ltd	Cheque 608059	
7307563	1/28/2017	15.00	Wilman Africa Ltd	Cheque 608059	
7307563	1/28/2017	1,000.00	Wilman Africa Ltd	Cheque 608059	
7307566	1/28/2017	15.00	Cadbury Gh Ltd	Cheque 016529	
7307566	1/28/2017	300.00	Cadbury Gh Ltd	Cheque 016529	
7307567	1/28/2017	15.00	Nestle Gh Ltd	Cheque 014851	
7307567	1/28/2017	500.00	Nestle Gh Ltd	Cheque 014851	
7307569	1/28/2017	15.00	Goldcoast Matcom	Cheque 055740	
7307568	1/28/2017	15.00	Louis Dreyfus	Cheque 014871	

7307568	1/28/2017	300.00	Louis Dreyfus	Cheque 014871	
7307569	1/28/2017	300.00	Goldcoast Matcom	Cheque 055740	
7307570	1/28/2017	15.00	Conserveria Distribution	Cheque 606192	
7307570	1/28/2017	300.00	Conserveria Distribution	Cheque 606192	
7307571	1/28/2017	15.00	Afua Fresh Ltd	Cheque 323140	323407
7307571	1/28/2017	700.00	Afua Fresh Ltd	Cheque 323140	323407
7307573	1/28/2017	15.00	Unilever Gh Ltd	Cheque 003099	
7307573	1/28/2017	500.00	Unilever Gh Ltd	Cheque 003099	
7307574	1/28/2017	15.00	The Coca Cola Bottling	Cheque 927735	943740
7307574	1/28/2017	300.00	The Coca Cola Bottling	Cheque 927735	943740
7307575	1/28/2017	15.00	Conserveria Dist	Cheque 606231	
7307575	1/28/2017	500.00	Conserveria Dist	Cheque 606231	
7307576	1/28/2017	15.00	Markish Impex Ltd	Cheque 606200	
7307576	1/28/2017	500.00	Markish Impex Ltd	Cheque 606200	
7307577	1/28/2017	15.00	Markish Impex Ltd	Cheque 606200	
7307577	1/28/2017	500.00	Markish Impex Ltd	Cheque 606200	
7307578	1/28/2017	15.00	Supra Pharma Ltd	Cheque 003364	
7307578	1/28/2017	300.00	Supra Pharma Ltd	Cheque 003364	
7303600	1/28/2017	300.00	Letap Pharma Ltd	Cheque 1333190	
Cheque Collections		13,585.00			
Re-issued Cheques		1,660.00			
Outstanding Cheques to be re-issued		11,925.00			

538. The Tema office's inability to pursue the clients for re-issuing of the stale cheques, caused the anomaly.

539. The situation had deprived the Authority the needed revenue for development.

540. We recommended that, Management should ensure that the stale cheques are re-issued by the client within 30 days after receiving the management letter, failing which, Management of the Tema office shall be surcharged with the GH¢11,925.00. We also, advised Management to tighten the security at the Tema Office.

541. Management accepted our recommendation and added that effort is being made to retrieve all the cheques from the client. Letters were dispatched and follow ups are currently on-going to retrieve the cheques.

Unearned salary - GH¢2,044.60

542. Section 297 of Financial Administration Regulations (FAR) 2004, L.I. 1802 enjoins a head of department to immediately stop the payment of salary to a public servant, who either resigned or retired, dies or absents him or her-self from duty without leave or reasonable cause for a period as stipulated in the administration regulations of the establishment.

543. Regulation 298 of the same FAR 2004 again requires among others that a head of department should notify the bank for repayment into the Consolidated Fund of salary or other payments credited to the public servant's bank account.

544. We noted that Debeck D. Acheampong who resigned on 1 December, 2018 was paid his December salary, leading to an unearned salary of GH¢2,044.60**.** Even though Management informed the

Controller and Accountant-General (C&A-G) Department for the deletion of his name, his bankers were not informed to stop him from taking the salary and pay it into Government chest. Details shown in table 27.

Table 27: Unearned salary

Name	Office	Staff ID	Types of Separation	Date Separated	Months Paid	Unearned Amount GH¢
Debeck D. Acheampong	Procurement	729792	Resignation	1/12/2017	Dec. 2017	2,044.60

545. The anomaly was as a result of Management's inability to notify the Bank promptly to stop the payment of the unearned salary, thereby, causing a drain in the nation's finances.

546. We recommended that Management should recover the total amount of GH¢2,044.60, pay same into Government chest, obtain a Treasury Receipt to support the payment, and notify our office for verification within 30 days after receiving the management letter, failing which the Human Resource Officer, may be surcharged with the amount.

547. Management accepted our recommendation and the officer have been written to refund the unearned salaries.

Inability to fully serve a bond GH¢5,266.82

548. In reviewing personal files and noted that Mr Debeck Acheampong Darkwah, a procurement officer, was granted study leave with pay for two years, from 14th August, 2015 to 30th July, 2017.The Officer was to pursue Master of Science Degree Programme in Logistics and Supply Chain Management at the Kwame Nkrumah

University of Science and Technology on weekends. He was bonded to serve the Food and Drugs Authority for three years after the completion of the program. He however, resigned on 1ST December, 2017, barely four months after completing the program. We sighted Food and Drugs Authority's letter number FDA/ HRD/ SLA/18/0001, dated 1 February, 2018 to the officer stating that he was in breach of the bond.

549. Per the condition of the bond agreement, Mr Debeck Acheampong Darkwah, was indebted to the Authority to the tune of GH¢25,266.82. This is in respect of principal paid to him throughout the duration of the program and the interest thereon. As at the time of the audit in November, 2018, Management has recovered GH¢20,000.00 via GCB Cheque number 000078 leaving an outstanding amount of GH¢5,266.82, yet to be recovered. Details shown table 28.

Table 28: Inability to fully serve a bond

Details	**Amount GH¢**
Principal	14,622.00
Interest (20%) For 3 Yrs = GH¢14,622(1.20)(1.20)(1.20)	10,644.82
Total	**25,266.82**
Payment	20,000.00
Outstanding	**5,266.82**

550. Lack of beneficiary's commitment to the provisions on the bond form, and Management's laxity in ensuring that the full indebtedness is recovered, resulted in the anomaly.

551. In effect, the Authority has been deprived of the benefit which could have been derived from skills acquired by the beneficiary. Besides, GH¢5,266.82 is lost to the Authority if not recovered.

552. We recommended that, Management should recover the outstanding amount from him or his guarantors as early as possible.

553. Management accepted our recommendation and said that, the officer in question had been notified to settle the outstanding balance.

Inability to keep asset register

554. Section 52 (3) of the Public Financial Management (PFM) Act 2016 (Act 921) requires a Principal Spending Officer to maintain a register of assets under his or her control or possession.

555. Section 52 (4)&(5) of this same Act state ‘‘the register referred to in subsection (3) shall contain a record of the details of each parcel of land and each building and the terms on which the land or building is held, with reference to the conveyance, address, area, date of acquisition, disposal or major change in use, cost, lease term, maintenance contracts and other pertinent management details and details of the major assets’’.

556. Our review of the accounting documents revealed that the Authority does not keep an asset register to ensure effective control of the assets.

557. Non-keeping of an asset register does not facilitate validation of the asset value in the financial statements.

558. We attributed the situation to the head of accounts’ inability to supervise the schedule officer to ensure that a comprehensive assets register is maintained.

559. We recommended that the head of accounts should ensure the keeping of assets register with the relevant required information as provided in the above quoted law as early as possible.

560. Management accepted our recommendation and mentioned that efforts are underway to compile a comprehensive data on all Assets of the Authority.

PHARMACY COUNCIL, GHANA

Introduction

561. This report covers the audited accounts of the Pharmacy Council, Ghana for the financial year ended 31 December 2016.

Operational Results

562. The Council ended the 2016 financial year with an operational deficit of GH¢187,015 as against a surplus of GH¢1,306,712 recorded in the 2015 financial year, representing a decrease of 114.5%.

563. Table 2 shows a summary of the Council's performance indicators for the year 2016.

Table 29a: Income statement for 2016

Income	**2016 GH¢**	**2015 GH¢**	**% Change**
Internally Generated Fund	4,729,452	4,604,155	**2.7**
Government Subvention	1,492,310	1,407,826	**6.0**
Donor Fund	-	309,720	
Total Income	**6,221,762**	**6,321,701**	**(1.6)**
Expenditure			
Employee Compensation	2,741,010	1,800,086	**52.3**
Goods and Services	3,667,767	3,214,903	**14.1**
Total Expenditure	**6,408,777**	**5,014,989**	**27.8**
Surplus/(Deficit)	**(187,015)**	**1,306,712**	**(114.5)**

564. Total income registered a decrease of 1.6%, from GH¢6,321,701 in 2015 to GH¢6,221,762 in 2016. The downward movement was because Donor Funds were not received in 2016.

565. Total Expenditure increased by 27.8% from GH¢5,014,989 in 2015 to GH¢6,408,777 in 2016. The increase was largely due to an increase in Employees Compensation by 52.3%, from GH¢1,800,086 in 2015 to GH¢2,741,010 in 2016. The increase resulted from increases in the following allowances; Casual Labour, Car Maintenance, Council, Transfer Grant and Out of Station.

Financial Position

566. The Council's financial position as at 31 December 2016 is shown in Table 30.

Table 29b: statement of financial position as at 31 December 2016

	2016 GH¢	**2015 GH¢**	**% Change**
Non-Current Assets	1,740,930	1,177,082	47.9
Current Assets	1,789,670	2,555,651	(30.0)
Current Liabilities	36,825	51,943	(29.1)
Net Current Assets	1,752,845	2,503,708	(30.0)
Liquidity (Current Ratio)	**49:1**	**49:1**	

567. Non-Current Assets increased from GH¢1,177,082 in 2015 to GH¢81,740,930 in 2016, representing an increase of 47.9%. This was mainly due to additions to the Property, Plant and Equipment.

568. Current Assets decreased by 30.0%, from GH¢2,555,651 in 2015 to GH¢1,789,670 in 2016. The decrease was due to a reduction in the Cash and Bank Balances and Receivables by 29.4% and 66% respectively against the previous year's figures.

569. Current Liabilities also recorded a decrease of 29.1% from GH¢51,943 in 2015 to GH¢36,825 in 2016. This was mainly due to a reduction in Sundry Creditors.

570. The liquidity position as measured by current ratio is 49:1 in both 2015 and 2016 financial years. This indicates that the Council will be able to meet its short-term obligations by 49 times. It also indicates that the Council is highly liquid.

MANAGEMENT ISSUES

Failure to Withhold Tax on Goods and Services - GH¢1,315.58

571. Section 116(2) of the Income Tax Act 2015(Act 896) states "A residence person, other than an individual shall withhold tax on the gross amount of payment at the rate specified in the First Schedule when the person makes a payment to another residence person who does not fall within sub section (1) or section 114 for:

a. The supply or use of goods,
b. The supply of any works, or
c. The supply of services, in respect of contract between the payee and the resident person".

572. Paragraph 8(C)(v) & (vii) of the First Schedule as amended (reference, Income Tax Amendment Act, 2016, Act 907) specify 3%, 5% and 7.5% as tax rates to be withheld from payments for supply of goods, works and services respectively.

573. Furthermore, Section 117(3) of the Income Tax Act, 2015, (Act 896) states "A withholding agent who fails to withhold tax in accordance with this Division shall pay the tax that should have been withheld in the same manner and at the same time as tax that is withheld".

574. We noted that the Council failed to withhold taxes on 18 payments relating to goods and services procured from five suppliers, resulting in tax loss totalling GH¢1,315.58. Details attached as Appendix ‘A’.

575. Lack of knowledge of the new tax rate for goods and services resulted in the cause of this anomaly.

576. The omission has denied the government of a tax revenue of GH¢1,315.58, which could have been used to support developmental projects.

577. We recommended that, Management should pay the tax amount of GH¢1,315.50 to the Commissioner of GRA, and recover same from the payees as early as possible, and furnish our office with the receipts for verification. We also, advised Management to ensure that, the required tax rates are deducted from subsequent payments of goods and services.

578. Management accepted the recommendation and added that, they have written to all companies involved to retrieve the respective amounts and remit same to the Ghana Revenue Authority.

579. We urged Management to comply with our recommendation

Non-Maintenance of Assets Register

580. Section 52 (3) of the Public Financial Management (PFM) Act 2016 (Act 921) requires a Principal Spending Officer to maintain a register of assets under his/ her control or possession.

581. Section 52 (4) & (5) of this same Act also states “the register referred to in subsection (3) shall contain a record of the details of each parcel of land and each building and the terms on which the land or

building is held, with reference to the conveyance, address, area, date of acquisition, disposal or major change in use, cost, lease term, maintenance contracts and other pertinent management details and details of other major assets”.

582. We requested to be furnished with the Council’s Assets Register to enable us verify the assets valued of GH¢1,740,929.87 disclosed in the 2016 Financial Statements. However, the Register made available for our examination did not conform to the criteria quoted above. We therefore, relied on the Assets Figure on the certified 2015 Financial Statements, and the Additional assets procured in 2016 to validate the assets figure in the 2016 Financial Statements.

583. We attributed the lapse to lack of Management’s supervision on the schedule officer to ensure proper keeping of a comprehensive Asset Register and regularly updating it as and when new assets are acquired.

584. The omission could lead to disclosure of misleading assets figures in the Financial Statements. It could also result in misusing and stealing of the Council’s assets without Management detecting it.

585. We recommended to Management to expedite action in updating the Assets Register that conforms to the Public Financial Management Act and make it available for our examination without further delay.

586. Management responded that they have begun the compilation of an Asset Register for our verification.

587. We Urged Management to ensure early completion of the compilation.

Unserviceable Vehicles

588. Section 83(1) of Part V111 of the Public Procurement Act 2003 (Act 663) state that "The head of a procurement entity shall convene a Board of Survey comprising representatives of departments with unserviceable, obsolete or surplus stores, plant and equipment which shall report on the items and subject to a technical report on them, recommend the best method of disposal after the officer in charge has completed a Board of Survey Form."

589. Our physical inspection of the Council's vehicles revealed that eight of the them are unserviceable, and are parked in both Headquarters and the Regional offices, thereby, exposing them to the weather, and facilitating their deterioration. The details are provided in table 32.

Table 30: Unserviceable Vehicles

No.	Type of Vehicle	Registration No.	Chassis No.	Location
1	Nissan G 92 Pick-Up	GV 1290-14	AQ55988	Accra
2	Nissan D/C Pick-Up	GV 1295-14	ANDJ920000E015791	Accra
3	Nissan D/C Pick-Up	GV 1298-14	ANDJ920000E015768	Accra
4	Nissan D/C Pick-Up	GV 1299-14	ANDJ980000E000371	Wa
5	Nissan D/C Pick-Up	GV 1683 X	ANDJ980000E000369	Tamale

6	Nissan D/C Pick-Up	GV 330 Z	ANDJ920000E002779	C. Coast
7	Nissan D/C Pick-Up	GV 1304-14	ANDJ980000E002761	Accra
8	Great Wall D/C Pick-Up	GV 1307-14	LGWDBC17XBB612892	Accra

590. Management indicated that the reason for parking the vehicles is because they are very old and frequently breaking down, coupled with a high cost of maintenance.

591. The continuous parking of these vehicles on the compound under the mercy of the weather could lead to their further deterioration.

592. We recommended to Management to ensure that, these vehicles are disposed off as early as possible.

593. Management responded that, it recently wrote to the Health Minister notifying him about the unserviceable vehicles, which needed to be disposed off.

594. We urged Management to expedite action.

Failure to Appoint an Administrator

595. The Scheme of Service of Pharmacy Council requires that there shall be at post an Administrator to provide strategic leadership in the provision of professional administrative services to meet the operations of the various units of the Council.

596. We noted during our audit that the Council has no Administrator since January 2015 to provide strategic leadership for

the Council. Although the issue was discussed at a Board meeting, no concrete step has been taken to appoint an Administrator.

597. Management's failure to prioritise the needs of the Council and ensure that the desired ones are acquired first contributed to the anomaly.

598. The absence of an Administrator has led to the absence of an internal appraisal system to monitor the efficient utilisation of the Council's resources. The Administrator would have also facilitated the formulation of Human Resource Policy, supervise individual administrative units and sub-central administrative departments, and ensure the provision of amenities that would promote and enhance staff welfare.

599. We recommended that the Board and Management should as a matter of urgency, assign the function to a competent staff member on a temporary basis, whilst steps are taken to recruit a suitable candidate to fill the vacant position.

600. Management responded that it has presented the list of vacant positions to the Ministries of Health and Finance for Financial Clearance.

Under Staffing

601. Section 10(b) & (c) of the Labour Act, 2003 (Act 651) states among others that "workers are to receive equal pay for equal work without distinction of any kind". It further states that "workers have the right to have rest, leisure and reasonable limitation of working hours and period of holidays with pay as well as remuneration for public holidays."

602. Our review of the labour strength of the Council revealed that the Council is under-staffed and has created an environment where officers work for long hours in contravention of the above quoted provision of the Labour Act.

603. The anomaly resulted from the Ministry of Finance's refusal to grant the Council, Financial Clearance to recruit to meet their human resource needs.

604. The Under Staffing has resulted in so much pressure in the various departments with a number of personnel unable to go on annual leave. A visitation to the regional offices reiterates the above stated point. This was evident in the employment of temporal staff for over six months, contrary to the labour law, which requires temporal employment for a maximum period of six months.

605. We recommended to the Board and Management to seek Financial Clearance from the Ministry of Finance to enable the Council recruit to satisfy its human resource needs.

606. Management responded that it, has presented the list of vacant positions to the Ministries of Health and Finance for Financial Clearance.

607. We urged Management to pursue further.

Non-Existence of Strategic Policy

608. Good corporate governance practices require that, an entity set a vision and objectives for itself and design appropriate strategic plan to guide the realization of desired results.

609. A Strategic Plan is an organizational management tool that is used to set priorities, focus energy and resources, strengthen operations

and ensures that employees and stakeholders work together to achieve common goals to the realization of the Organization’s mission.

610. We noted that the Council has no Corporate Strategic Plan and Accounting Manual to govern and direct affairs towards attainment of its objectives.

611. The anomaly resulted from Management’s laxity in developing a Strategic Plan and Accounting Manual for the Council.

612. The Council therefore lacks benchmark or performance target for measuring the performance of its activities towards the achievement of the Organisation’s objectives.

613. We recommended to Management to develop a Strategic Plan and Accounting Manual as soon as possible, to guide and control the activities of the Council.

614. Management responded that the Strategic Policy Documents are in existence for our verification.

615. We however, observed that the document is in draft stage. We therefore advised Management to ensure that it is approved, for it to become operational.

GHANA RED CROSS SOCIETY

Introduction

This report covers the audited accounts of the Ghana Red Cross for the two years ended 31 December 2016.

Operational Results

616. The Society registered a Surplus of GH¢184,315 at the end of the 2016 financial year as against a deficit of GH¢538,141 in 2015, representing an improvement of 134.3% over the previous year's figure.

617. The details of the operational result are shown in table 31.

Table 31: Statement of Income for year ended 31 December, 2016

Income	**2016 GH¢**	**2015 GH¢**	**% Change**
External Support	3,940,551	4,296,764	-8.3
Fundraising –GRCS	514,238	514,462	-0.04
Total	**4,454,789**	**4,811,226**	-7.4
Expenditure			
General & Admin. Expenses	307,147	409,432	-25.0
Personal Emolument	744,214	614,865	21.0
Branch/Membership Dev't	38,971	57,605	-32.3
Programmes and Projects	3,180,142	4,267,465	-25.5
Total Expenditure	**4,270,474**	**5,349,367**	-20.2
Excess of Income Over Expenditure	184,315	-538,141	-134.3

618. Total income decreased by a margin of 7.4% from GH¢4,811,226 in 2015 to GH¢4,454,789 in 2016. This was mainly due to 8.3% reduction in External Support.

619. Total expenditure also recorded a substantial decrease of 20.2% from GH¢5,349,367 in 2015 to GH¢4,270,474 in 2016. The decrease was as a result of a reduction in General & Administrative expenses of 25.0%, Branch/Membership Development of 32.3%, and Programme/Projects expenses of 25.5%.

Table 32: Financial Position as at 31 December 2016

Item	2016 GH¢	2015 GH¢	% Change
Non-Current Assets	812,053	533,923	52.1
Current Assets	142,033	329,336	-56.9
Current Liabilities	710,905	804,393	-11.6
Net Current Assets	-568,872	-475,057	19.7
Liquidity ratio	**0.2:1**	**0.4:1**	

620. Non-Current Assets increased by GH¢278,130 or 52.1% in 2016 largely due to the increase in Work-In-Progress of the Red Cross Office Complex project valued at GH¢191,191, which is being finance through External Support.

621. Current Assets reduced by 56.9%, from GH¢329,336 in 2015 to GH¢142,033 in 2016. The fall was due to the close down of two bank accounts following the completion of their related projects.

622. Current Liabilities recorded a decrease of 11.6% from GH¢804,393 in 2015 to GH¢710,905 in 2016. This was mainly due to a waive off of Social Security outstanding penalty amounting to GH¢193,753 in 2015.

623. The liquidity position as measured by a current ratio of 0.2:1 in 2016 as compared with 0.4:1 in 2015 financial years indicating the inability of the Society to effectively meet its short-term debts as and when they fall due. We advised Management to pursue for government intervention.

624. The Society is an International organisation and therefore the nation cannot do without a Red Cross Society. We urged the Government to come to the aid of the Ghana Red Cross Society in terms of the payment of employee's salary to enable them work efficiently.

MANAGEMENT ISSUES

Payments Not Supported with Official Receipts - GH¢110,346.45

625. Regulation 28(1) of Financial Administration Regulations2004, L.I. 1802 states “a collector who is satisfied that money tendered is in order, shall issue an original receipt to the payer, and shall deal with the duplicate and triplicate copies as required by Departmental Accounting Instructions”.

626. We reviewed payments with the view to establish the genuineness and propriety of expenditures made during the audit period. We noted that eight payments made for goods and services totalling GH¢110,346.45 were not covered by receipts to authenticate them.

627. The lapse was due to Management’s inability to ensure that, monies disbursed were fully and properly accounted for with the relevant receipts.

628. As a result, we could not confirm whether these payments were genuine and were made for the intended purpose.

629. In the absence of valid receipts to substantiate the payments, we may disallow the expenditure and surcharge the Paying Officer and the Finance Officer with the total amount of GH¢110,346.45. We also, urged Officers who will undertake future transactions on behalf of the Society to obtain receipts to authenticate the payments.

630. Management in response said, they would find out where those receipts are and would inform us for verification.

631. We advise Management to expedite action.

Non-remittance of Income Tax - GH¢74,606.43

632. Section 117 (1) of the Income Tax Act, 2015 (Act 896) States "A withholding agent shall pay to the Commissioner-General within fifteen days after the end of each calendar month a tax that has been withheld in accordance with this Division during the month."

633. Contrary to the above quoted Act, Management failed to remit a total amount of GH¢74,606.43, being taxes withheld from employees' income during the 2015 and 2016 financial years, to the Commissioner General of Ghana Revenue Authority (GRA). Details attached as Appendix "B".

634. Management's failure to ensure prompt remittance of withheld taxes to Commissioner General of GRA resulted in this anomaly.

635. The omission has denied the State much needed revenue to support development projects.

636. We recommended to Management to remit the tax amount of GH¢74,606.43 to the Commissioner General of Ghana Revenue Authority (GRA) within 10 days after the receipt of the management letter and furnish our office with the receipts for verification. Management should also ensure that taxes withheld are remitted to the Commissioner General of GRA promptly to avoid sanctions and delay of inflows into the Consolidated Fund.

637. Management in response said, the society has financial challenge to honour the payment of staff salaries. The office would arrange for payment when financial position becomes better.

638. Management however, did not consider that, the taxes were withheld on behalf of GRA and must be remitted to them in accordance

with the Law. We therefore reiterated our recommendation for compliance.

Taxes not withheld - GH¢10,704.60

639. Section 116 (2) of the Income Tax Act, 2015, (Act 896) requires a resident person other than individual to withhold tax on the gross amount of the payment at the rate specified in the First Schedule when the person makes a payment to another resident person (a) for the supply of goods, (c) for the supply of services.

640. Paragraph 8(C)(v) & (vii) of the First Schedule as amended (reference, Income Tax Amendment Act, 2016, Act 907) specify 3% as tax rate to be withheld from payments for supply of goods and 7.5% as tax rate to be withheld from payments for supply of services.

641. Furthermore, Section 117 (3) of the Income Tax Act, 2015, (Act 896) states "A withholding agent who fails to withhold tax in accordance with this Division shall pay the tax that should have been withheld in the same manner and at the same time as tax that is withheld".

642. We noted from the examination of payment vouchers that, the Society failed to withhold 3% and 7.5% taxes totalling GH¢10,704.60 from payments made to the suppliers of goods and services. (Details attached as Appendix "C").

643. The situation occurred because Management failed to comply with the tax law.

644. The omission has deprived the State, much needed tax revenue of GH¢10,704.60 to support developmental programmes.

645. We recommended that, Management should pay the tax amount of GH¢10,704.60 to the Commissioner of GRA, within 30 days of the receipt of the management letter, and recover same from the payees, failing which the Spending Officer and the Accountant shall be surcharged with the amount. We also, advised management to ensure that, the required taxes are deducted from subsequent payments of goods and services.

646. Management did not respond to the observation.

Mishandling of Value Books

647. Regulation 214(1) of the Financial Administration Regulations (FAR), 2004 (L.I. 1802) enjoins a Head of Department to ensure effective and efficient control of stocks of value books. Additionally, best accounting practice requires value books to be recorded in a stock register, and kept by a responsible Officer/Accountant under lock and key. The books are issued sequentially upon requisition, to keep track on them.

648. We noted that, the stock register kept by the Society is not properly maintained. Only serial numbers of the Value books issued to officers and the officers' signatures are recorded in the register, leaving the unused value books unrecorded. We further noted many cancellations in receipt books with serial numbers; 0011601-0011650 and 0011301-0011350. One of the leaflets (0011345), had the original copy taken out, leaving both duplicate and triplicate copies blank. Also, there is no officer specifically in charge of issuing receipts to clients.

649. The lapses were due to poor supervision by the Head of the Finance and Administration to ensure proper control of the value books and revenue collections.

650. This situation if not checked could lead to pilfering of moneys collected without detection.

651. We recommended to Management and the Head of Finance to improve their supervisory role to ensure proper control of value books and collections of Internally Generated Funds (IGF). Management should also appoint an officer to be specifically in charge of the collections of IGFs. The Head of Finance should ensure that all value books have been recorded in the stock register, and are issued sequentially with the names of the collectors. Meanwhile, the Head of Finance should provide the missing receipt leaflet or shall be surcharged with the highest amount of revenue collections of the Society.

652. Management noted our recommendation and promised to implement it as early as possible.

Non-existence of Internal Audit Unit

653. Section 16(1)&(2) of the Internal Audit Agency Act, 2003 (Act 658) states "There shall be established in each MDA and MMDA, an internal audit unit which shall constitute a part of the MDA or MMDA. There shall be appointed for each internal audit unit personnel required to ensure an effective and efficient internal auditing of the MDA or MMDA."

654. Contrary to the above quoted Act, we noted that, the Society does not have an Internal Auditor or internal audit unit. The Head of Finance explained that, the Treasurer doubles as the Internal Auditor and occasionally reviews payment vouchers before payments are made.

655. Absence of an internal audit unit will lead to ineffective internal controls and ineffective risk management, leading to non-detecting of fraudulent activities within the Society.

656. Management’s laxity in ensuring that internal audit unit is established caused the anomaly.

657. We recommended to Management to ensure the establishment of an Internal Audit unit within 30 days after the receipt of the management letter, to ensure effective and efficient operations of the Society.

658. Management responded that, the recommendation had been noted and would be implemented when the financial position of the Society improves.

659. We urged Management to expedite action on our recommendation.

Building construction without contract agreement

660. Section 35 (1) of the Public Procurement Act, 2003 (Act 663) states “A procurement entity shall procure goods, services or works by competitive tendering except as provided in this Part”.

661. We noted that, the Society is constructing an Office Complex (Storey building) but failed to follow the procurement procedure as stated above.

662. Management engages a contractor, direct him to carry out a specific work on the building under the supervision of a coordinator (an officer), without any signed contract agreement. Although the project was initially awarded to a Contractor, the contract was terminated for lack of funds.

663. We attributed this lapse to Management’s laxity in following the procurement procedures.

664. We therefore, could not determine whether the Society is spending within the estimated cost. Again, any defect on the building cannot be assigned to a particular contractor.

665. We urged Management to ensure that the project is awarded to a contractor through the tenets of the Public Procurement Act, 2003 Act 663.

666. Management accepted the recommendation and promised to implement it immediately.

Failure to Maintain Assets Register

667. Section 52 (1) of the Public Financial Management (PFM) Act 2016, Act 921 states "A Principal Spending Officer of a covered entity, state-owned enterprise or public corporation shall be responsible for the assets of the institution under the care of the Principal Spending Officer and shall ensure that proper control systems exist for the custody and management of the assets".

668. Regulation 2(n) of FAR, 2004 further provides that, the financial duties of a Head of Department include among others, the compilation and maintenance of assets register of the department.

669. We noted that the Society failed to maintain assets register to safeguard its assets against theft and misuse. We further noted that, although the Society has Inventory Register (software) the register is not being updated.

670. The absence of records of the Society's assets poses a major risk because, assets stolen will leave no trail.

671. We attributed the lapse to Management's failure to supervise the scheduled Officer to ensure that, assets register is maintained.

672. We recommended that Management should ensure assets register is properly maintained and updated with any new purchase.

673. Management explained that the office currently has assets register but was being updated during the time of audit, Management would therefore ensure that it is completed on time and hand it over for verification.

674. We urge Management to provide the assets register within 30 days after the receipt of the management letter for our verification.

Vehicles Insurance Expired

675. Section 1(1) of No.42 Motor Vehicle (Third Party Insurance) Act 1958 states that "subject to this act, a person shall not use or cause or permit any person to use, a motor vehicle unless there is in force in relation to the user of the motor vehicle by that person or other person, a policy of insurance or security in respect of third party risks which complies with this Act".

676. Subsection (2) also indicates that a person who act in contravention of subsection (1) commits an offends and is liable conviction to a fine not exceeding two hundred and fifty penalty unit or a term of imprisonment for one year or both.

677. Contrary to the above quoted provisions, we noted during our review that 12 vehicles of the Society had their insurance expired as at the time of the audit in May 2017. List attached as Appendix "D".

678. Management's inability to redeem its financial obligations with an Insurance Broker whom the Society had contracted to have the vehicles insured when they fall due had resulted in the lapse.

679. The omission exposes the users of the vehicles and other road users (third parties) to risk of not being compensated in the event of an accident.

680. We recommended that Management should take step to insure the vehicles within 30 days of the receipt of the management letter and our office notified for verification.

681. Management is yet to respond to the observation.

Unserviceable vehicles and motor bikes

682. Section 83(1) of Part V111 of the Public Procurement Act 2003 (Act 663) state that "The head of a procurement entity shall convene a Board of Survey comprising representatives of departments with unserviceable, obsolete or surplus stores, plant and equipment which shall report on the items and subject to a technical report on them, recommend the best method of disposal after the officer in charge has completed a Board of Survey Form."

683. Our review of the Society's Transport Section revealed that eight vehicles and five motor bikes have become unserviceable. We further noted that the vehicles are packed at various locations in five regions, thereby, exposing them to the weather and facilitating their deterioration. Our interview with the Transport Officer indicated that, Management has taken steps to dispose off the vehicles but because of lack of funds, Management has not been able to complete the process. Details of the vehicles and the motor bikes attached as Appendix "E".

684. Management's failure to ensure early completion of the disposal process has resulted in this lapse.

685. The continuous lying of these vehicles and motor bikes on the various compound under the mercy of the weather could lead to their further deterioration.

686. We recommended to Management to ensure that these vehicles and motor bikes are disposed of as early as possible.

687. Management informed us that, the recommendation would be part of the agenda for the next Board meeting, and the items will be disposed of based on the resolution and directives at the meeting.

688. We urge management to expedite action.

Inadequate Records on New Employees

689. According to Section 27 2(a) of the Labour Act 2003, (Act 651), every employer is required to keep a record showing the date of employment and other detailed records of each worker employed.

690. During examination of staff records we noted that, 14 newly employed staff within the period 2015 and 2016 financial years do not have sufficient information in their Personal files. Details attached as Appendix 'F'.

691. Lack of properly documented human resource management policy and proper filing systems had caused the anomaly.

692. As a result, we could not determine whether management followed the right employment procedures of recruiting, interviewing etc. before the employment.

693. We recommended that Management should ensure, all the necessary information on the employment have been acquired and filed accordingly.

694. Management in response said they would contact the officers involved to retrieve all information needed.

MINISTRY OF ENERGY

CYLINDER MANUFACTURING COMPANY LIMITED

Introduction

695. This report relates to the audited accounts of the Ghana Cylinder Manufacturing Company Limited for the three financial years ended 31 December 2017.

Operational Results

696. The Company recorded a loss of GH¢2,536,612 in 2017 financial year as compared to a loss of GH¢142,143 registered in 2016. This represent a 1,684.6**%** decrease in the Company's financial performance over the period. The details of the operational result are shown in table 33.

Table 33a: Statement of Profit or Loss for the year ended 31 December, 2017

Income	**2017 GH¢**	**2016 GH¢**	**Changes GH¢**	**% Changes**
Revenue	7,875,947	9,451,915	(1,575,968)	(16.7)
Other Income	31,461	32,125	(664)	(2.1)
Total Income	**7,907,408**	**9,484,040**	**(1,576,632)**	**(16.6)**
Expenditure			**-**	

Cost of Sale	6,874,293	6,748,834	125,459	1.9
Gen & Admin Expenses	3,073,380	2,020,396	1,052,984	52.1
Finance cost	496,347	856,953	(360,606)	(42.1)
Total Expenditure	**10,444,020**	**9,626,183**	**817,837**	**8.5**
Surplus/ (Deficit)	**(2,536,612)**	**(142,143)**	**(2,394,469)**	**1,684.6**

697. Total income decreased by 16.6 % from GH¢9,484,040 in 2016 to GH¢7,907,408 in 2017. The decrease in total income was mainly due to 16.7% decrease in sales of Cylinders.

698. Total expenditure incurred in 2017 amounted to GH¢10,444,020 as compared to GH¢9,626,183 in 2016, an increase of 8.5%. This was mainly as a result of major repair and maintenance work coupled with improved condition of service which increased the staff cost by 90.3%.

Table 33b: Financial position as at 31 December, 2017

	2017 GH¢	**2016 GH¢**	**Changes GH¢**	**% Changes**
Non-Current Assets	14,166,194	12,899,126	1,267,068	9.8
Current Assets	8,322,998	8,007,419	315,579	3.9
Current Liabilities	14,222,494	8,727,689	5,494,805	63.0
Net Current Assets	(5,899,496)	(720,270)	(5,179,226)	719.1
Non-Current Liabilities	4,066,843	5,442,389	(1,375,546)	(25.3)
Net Assets	4,199,856	6,736,468	(2,536,612)	(37.7)
Liquidity Ratio	0.59 :1	0.92:1		

699. Non-Current Assets increased from GH¢12,899,126 in 2016 to GH¢14,166,194 in 2017, representing an increase of 9.8 %. This was mainly due to additions of to the Property, Plant and Equipment over the financial year.

700. The Current Assets increased slightly by 3.9 % from GH¢8,007,419 in 2016 to GH¢8,322,998 in 2017. This was as a result of increase in 2017 Inventories over the 2016 figure.

701. The Company's liquidity position has deteriorated over the period and could pose operational challenges if serious measures are not put in place.

702. The Company's liquidity ratio (Current ratio) decreased from 0.92:1 2016 to 0.59: 1 in 2017, this clearly showed that the Company might not be able to meet its short-term obligations as and when they fall due.

MANAGEMENT ISSUES

Payment of Unapproved allowances to the Board of Directors GH¢52,400.00

703. Section 65 of the adopted Company regulations of a Private Company Limited by shares for Ghana Cylinder Manufacturing Company Limited, states "The remuneration payable to any director in whatsoever capacity shall be determined or approved by the members in general meetings in accordance with Section 194 of the Companies Act, 1963 (Act 179)."

704. Section 194(1) of the Companies Act, 1963 (Act 179), states "Subject as hereinafter provided in this section, the fees and other remuneration payable to the directors in whatsoever capacity, shall be determined from time to time by ordinary resolution of the Company,

and not by any provision in the Regulations or in any agreement, which provision shall be null and void".

705. Our review of the first minute of the Board of Directors meeting of Ghana Cylinder Manufacturing Company Ltd held on the Thursday 21st September 2017, revealed that the Board determined and approved monthly fees and sitting allowances for themselves in contravention with Section 194(1) of the Companies Act, 1963, quoted above. The monthly fee was increased from GH¢650.00 for Chairman and GH¢550.00 for members to GH¢3,000.00 and GH¢2,000.00 respectively. The sitting allowance was also, increased from GH¢600.00 for Chairman and GH¢500.00 for members to GH¢1,000.00. Subsequently, the Board members were paid sitting allowances and monthly fees totalling GH¢52, 400.00. Details are shown in table 34 and 35.

Table 34: Allowances approved by the Board for themselves

Type of allowance	Amount GH¢
Monthly fee (Chairman)	3,000.00
Monthly fee (Members)	2,000.00
Board sitting allowance	1,000.00
Committee sitting allowance	300.00

Table 35: Sitting allowances and fees paid

Dates	Type of allowance	Amount GH¢
21/10/2017	Sitting allowance	11,000.00
13/10/2017	Sitting allowance	11,000.00
	Monthly fee for November 2017	15,200.00
	Monthly fee for December 2017	15,200.00
	Total Amount paid	**52,400.00**

706. The Board's flagrant disregard for the above quoted provisions of the law resulted in the irregularity.

707. We recommended that the Board should seek retrospective approval from the Ministry of Energy in consultation with the Ministry of Finance within 30 days after receiving the management Letter, to legitimize the payments and our office informed for verification. This should be communicated to the shareholders at annual general meeting for ratification, failing which the payments shall be disallowed and the members of the Board may be surcharged accordingly.

708. Management accepted our recommendation and explained that there was no Board, but would seek retrospective approval from the Ministry of Energy in consultation with the Ministry of Finance when the Board is constituted.

Purchases Not Accounted For - GH¢357,747.26

709. Regulation 183(3) of the Financial Administration Regulations, 2004 (L.I.1802) states "A head of department shall be accountable for the proper care, custody and use of Government stores from the time of acquisition until they have been used or otherwise disposed of in accordance with these Regulations".

710. Contrary to the above regulation, our review of store records of the Company disclosed that store items worth GH¢357,747.26 purchased and paid for were not accounted for by way of Goods Receipt Note (GRN) and Store Issue Vouchers, as the items were not taken on ledger charge and issued upon properly authorised store requisitions. Details provided in Table 36.

Table 36: Purchases not Accounted for

PV. Date	PV. No	description of item	QTY	Total Cost GH¢	Supplier/ Payee
28/07/15	351	Various ball bearings, oil seal, sprocket chain & V-belt	Assorted	4,181.99	Kwao Jackson Ent
20/08/15	668	Aluminium Burners	5000pcs	20,187.50	Gee Engineering
12/01/15	670		Cement	1,860.00	Adventure Trail Co. Ltd
12/01/15	672	Vehicle Parts	Alternator, Clutch Pot, 15 battery plate	1,150.00	Nhyira Ba &2 others
04/08/16	194	Sanitary Materials	Assorted	1,009.77	M.J.Y Enterprise
10/11/16	594	Consumable Items	10,000 &50boxes	2,700.00	K-LEX VENTURES
10/11/16	595	Welding Electrodes	157 packets	6,957.00	Air Liquid
10/11/16	596	Soap and Tissue	15Boxes &17Pks	3,695.00	Sandra Abiu
10/12/16	597	Carton boxes	5,000 pcs	5,000.00	Fon Packaging Ventures
14/10/16	620	Osugyeni	1000 pcs	10,000.00	Kofomen Ent
18/10/16	627	CHAIR EXE DAISY UT-C370	2PCS	778.00	Melcom Ltd
27/10/16	647	EXECUTIVE CHAIR NF-5003	2PCS	1,098.00	Melcom Ltd
31/10/16	655	Hydraulic Oil	6 Drums	13,448	Coscharis Ghan Ltd
31/10/16	659	Swivel Chairs	10pcs	4,690.00	Melcom
15/11/16	701	Adhesive Lebels		15,000.00	John M Taffah
30/11/16	731	Adhesive Lebels		6,049.00	John M Taffah

23/12/16	790	HP Pavillion Processor Core 15 Ram 8GB, HDD 1 Screen 15.6	1pc	4,000.00	Daniel Koffie-Ocloo
20/02/17	124	Curtain Materials	Assorted	1,913.00	CUI ZUO QUAN
13/03/17	168	Adhesive Labels	45000pcs	3,600	John M Taffah
1st August, 2017	n/a	office furniture	Assorted Furniture	250,430.00	K. ASENSO COMPANY LTD
Total				**357,747.26**	

711. The validity of these purchases could not be established for lack of documentary evidence to show that the items were received into stores, recorded and issued out upon properly authorised store requisitions.

712. The practice could lead to payment for items not delivered.

713. We urged Management to provide us with details of the receipts and utilisation of the items for authentication within 30 days after receiving the management letter, failing which, Management shall be sanctioned in accordance with Regulation 8(4) of the Financial Administration Regulations, 2004 (L.I.1802) which states ‘sanctions for breach of financial discipline’.

714. We further advised the Chief Executive Officer and the Accountant to exercise due diligence and intensify their supervision and monitoring over the Store and Warehouse officers to ensure that all items purchased are properly received, taken on ledger charge and GRNs or SRAs prepared in support of the transactions before authorizing the vouchers for payment. We also, advised Management

to ensure that all invoices, waybills and purchase orders relating to purchases are handed over to Stores for proper documentations.

715. Management accepted our recommendation for compliance.

Non-remittance of Withholding Tax - GH¢111,651.28

716. Section 117(1) of the Income Tax Act 2015(Act 896) states, “A withholding agent shall pay to the Commissioner-General within fifteen days after the end of each calendar month a tax that has been withheld in accordance with this Division during the month”.

717. Paragraph 56 of the Seventh Schedule of the same Act, states, “A person who without reasonable excuse fails to pay tax, including an amount treated by this Act as if it were tax, on or before the due date for payment commits an offence and is liable on summary conviction.”

718. We noted however that, the Accountant did not remit to the Commissioner of Domestic Tax Division of the Ghana Revenue Authority, an amount of GH¢111,651.28 which was withheld on goods and services procured from 2014 to 2017 financial years. The breakdown is shown in table 37.

Table 37: Withholding tax not remitted to GRA

S/N	Details	Year	Amount GH¢
1	Withholding Tax On Goods And Services	2014	37,859.27
2	Withholding Tax On Goods And Services	2015	9,110.23
3	Withholding Tax On Goods And Services	2016	23,420.04
4	Withholding Tax On Goods And Services	2017	41,261.74
	Total Liabilities		**111,651.28**

719. The Accountant’s disregard for the provisions in the tax laws, resulted in this irregularity.

720. This situation has denied the State the much-needed revenue to support national development.

721. We recommended that, the total amount of GH¢111,651.28 should be remitted to the Commissioner-General of Ghana Revenue Authority without further delay and the receipt submitted to our office for verification, failing which Paragraph 56 of the Seventh Schedule of the Income Tax Act stated above shall be enforced.

722. Management accepted our recommendation for compliance.

Failure to Withhold Taxes on Board Members' Allowances GH¢4,400.00

723. Section 116 (1) of the Income Tax Act, 2015 (Act 896) states among others that subject to subsection (3), a resident person shall withhold tax at the rate provided for in the paragraph 8 of the First Schedule where that person;

(a) Pays a service fee with a source in the country to a resident individual as fees or allowances, to a resident director, manager, trustee or board member of a company or trust.

724. Paragraph 8 (1)(c)(i), requires the service fees or allowances referred above are to be taxed or withheld at the rate of twenty (20) percent.

725. Section 117 (3) of the same Income Tax Act also states "A withholding agent who fails to withhold tax in accordance with this Division shall pay the tax that should have been withheld in the same manner and at the same time as tax that is withheld".

726. Contrary to the above stated tax laws, we noted that, the Company did not withhold taxes on the sitting allowances paid to the

Board of Directors during 2017 financial year, resulting in a tax loss of GH¢4,400.00. Table 38 shows the details.

Table 38: Tax not withheld

Date	Details	Payee	Gross Amount GH¢	Tax not withheld @ 20%
20/10/17	Sitting Allowance	Frank Boakye Agyen& Co	11,000.00	2,200.00
21/12/17	Sitting Allowance	Frank Boakye Agyen& Co	11,000.00	2,200.00
		Total	**22,000.00**	**4,400.00**

727. Board members resistance to the tax deduction on their allowances resulted in this anomaly.

728. The omission has denied the government a tax revenue of GH¢4,400.00 which could have been used to cater for other needs of the government.

729. We recommended to Management to pay the tax amount of GH¢4,400.00 to the Domestic Tax Division of the Ghana Revenue Authority without further delay and furnish our office with the receipts for verification. Management should also, ensure compliance with the tax laws with regard to payment of Board's sitting allowances.

730. Management accepted our recommendation and stated that they were taking urgent steps to ensure that the amount of GH¢4,400.00 is recovered from the Board members involved and furnish our office with receipts for verification.

Unaccounted Imprest - GH¢10,000.00

731. Regulation 288 (1) of FAR, 2004, (L. I .1802) states "Imprest shall be retired at the close of a financial year and any imprest not so

retired shall be adjusted to a personal advance account in the name of the imprest holder."

732. We noted that an amount of GH¢120,000.00 was granted to the Accounts Officer, Bright Fofo Ayeduvor as the office's accountable imprest between June and December 2017.

733. We however noted the following weaknesses in the management of imprest:

- The amount granted as standing imprest was too high in our estimation, and this defeats the purpose for granting imprest
- Lack of segregation of duties in the management of the imprest
- There were no memos raised to initiate the issuance of imprest
- Payments made out of the unaccountable imprest were neither authorized nor approved.
- An amount of GH¢10,000.00 for the period was not accounted for neither has it been adjusted to a personal advance account in the names of the imprest holders.

734. We therefore could not determine whether the monies were used for the intended purpose, and attributed the lapse to the weaknesses in internal control procedures.

735. We recommended that Bright Fofo Ayeduvor should be made to account for the GH¢10,000.00 within 30 days after the receipt of the management letter, failing which, the amount should be adjusted to a personal advance account in his name, and ensure that the money is refunded before new imprest is granted. Management should also, determine a reasonable amount that could be granted as imprest. Furthermore, management should ensure segregation of duties in the imprest management.

Management accepted our recommendation for strict compliance.

Unplanned Procurements

736. Section 21(1) Public Procurement Act, 2003 (Act 663) as amended, states ‘A procurement entity shall prepare a procurement plan to support its approved programme and the plan shall indicate

(a) contract packages,
(b) estimated cost for each package,
(c) the procurement method, and
(d) processing steps and times.

737. Section 7(3) & (4) of the Public Procurement (Amendment) Act, 2016 (Act 914 also state “A procurement entity shall submit to its entity tender committee not later than one month to the end of the financial year the procurement plan for the following year for approval and shall post the procurement plan on the website of the Authority. After budget approval and at quarterly intervals after that, a procurement entity shall submit an update of the procurement plan to the entity tender committee and shall post the update of the procurement plan on the website of the Authority”.

738. Our review of the Entity Tender Committee (ETC) meetings minutes disclosed that, thed Company submitted the draft procurement plan for 2017 to the Committee for review and approval on the 29th August, 2018, after the related year, 2017, had already ended. This indicated that, all the contracts which were awarded in 2017 financial year, were not planned.

739. Non-existence of a procurement unit and Governing Boards were the reasons for the anomalous situation.

740. The practice if not checked, could lead to superfluous and unapproved expenditures especially on contracts and procurement of goods.

741. We advised Management to comply with relevant provisions of the procurement law in awarding future contracts and procurements of goods.

742. Management in their response accepted our recommendation for compliance.

Non-existence of Procurement Unit

743. Section 19 (1) & (2) of the Public Procurement (Amendment) Act 2016, (Act 914) states, "The head of a procurement entity of each Ministry, Department and Agency and Metropolitan, Municipal and District Assembly shall establish a Procurement Unit within the entity which shall be headed and staffed by qualified procurement personnel. The head of a procurement entity shall appoint a head of procurement of the procurement entity who shall be the Secretary of the Entity Tender Committee' (ETC).

744. 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) also states 'Any person who contravenes any provision of this Act commits an offence and where no penalty has been provided for the offence, the person is liable on summary conviction to a fine not exceeding 2500 penalty units or a term of imprisonment not exceeding five years or both'.

745. Our review of the Company's organisational structure noted that the Company had no Procurement Unit since its establishment. We further noted that the Company attempted establishing one in 2017 by recruiting Mr Fushieni Adam to head the Unit, but the Officer, was re-assigned to the Stores Unit.

746. Management's indifferent in ensuring that the Procurement Unit is established in compliance with the procurement law was the cause of this anomaly.

747. We recommended that Management and the Board of Directors should establish a Procurement Unit, headed by the Secretary of the Entity Tender Committee, and staff it with the requisite personnel in compliance with the procurement law, within 30 days after the receipt of the management letter, 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) shall be enforced against the Management of the Company.

748. Management accepted our recommendation and stated that, as soon as the Board is reconstituted, steps would be taken to establish the procurement unit. Management also stated that despite the recruitment of staff to establish the procurement unit, the required competence was not met.

Inappropriate Method of Procurement

749. The Fifth schedule of the Public Procurement (Amendment) Act, 2016 (Act 914) spelt out the thresholds for procurement methods and its Contract Value Thresholds in table 39.

Table 39: Inappropriate Method of Procurement

Procurement Method	Contract Value Threshold
International Competitive Tender:	
a. Goods	Above GH¢10,000,000.00
b. Works	Above GH¢15,000,000.00
c. Technical Services	Above GH¢5,000,000.00

National competitive Tender: a. Goods b. Works c. Technical Services	 More than GH¢100,000.00 up to GH¢ 10,000,000.00 More than GH¢200,000.00 up to GH¢ 15,000,000.00 More than GH¢ 50,000.00 up to GH¢ 5,000,000.00
Price Quotation: a. Goods b. Works Technical Services	 Up to GH¢ 100,000.00 Up to GH¢ 200,000.00 Up to GH¢ 50,000.00
Restricted tender and Single Source Procurement and Selection	Subject to approval by the Board
Consultancy Services	No threshold limits but Single Source Subject to Public Procurement Authority Approval

750. The audit reviewed eleven contracts awarded in 2017 financial year and noted that, the Company used Request for Quotations procurement method in awarding all the contracts. However, the value of seven of these contracts exceeded the Request for Quotation method threshold. Details are shown in table 40.

Table 40: Contracts exceeding Request for Quotation method threshold

No	Details	Contractor	Contract Sum GH¢
1	Procurement of Office Furniture & Fittings	K. Asenso Co. ltd	250,430.00
2	Construction of one-storey office Block at GCMC premises	TDK. Atlantic Ltd	373,339.50
3	Procurement of semi-finished LPG cylinders	Ansu Trading Group ltd	17,329,320.00
4	Expansion of GCMC production floor	TDK. Atlantic Ltd	2,359,027.95

5	Renovation of GCMC Admin block	TDK. Atlantic Ltd	238,644.00
6	Supply & installation of 1000pcs/8hours cylinder production plant (phase 1, 2, & 3)	Africano Electro Ltd	26,082,696.36
7	Construction of Canteen & Training facility	TDK. Atlantic Ltd	484,575.59

751. We also noted that the Company engaged in a Single sourced procurement, by appointing a consultant (TIM Consulting Ltd) for omnibus consulting services without approval from Public Procurement Authority.

752. The Chief Executive officer’s inadequate knowledge in the procurement laws caused the infraction.

753. The practice indicated that, the contracts awarded were not subjected to the appropriate competitive procurement process. We therefore, could not establish whether value for money was achieved.

754. We advised Management to write to the Public Procurement Authority (PPA) to rectify these contracts in accordance with Section 50(3) of the Public Procurement (Amendment) Act, 2016 (Act 914) within 30 days after the receipts of the management letter, and inform our office for verification, 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) shall be enforced against the Management of the Company. We further advised Management to comply with the provisions in the Procurement Acts in future procurement dealings.

755. Management accepted our recommendation and stated that they have written to the Public Procurement Authority to ratify these contracts accordingly.

Improper Composition of Tender Evaluation Committee

756. Section 2.6.1 of the Public Procurement Manual of the Public Procurement Act, 2003 (Act 663) states "Members appointed to the panel may be staff of the Procurement Unit but no member of the Entity Tender Committee shall act as a member of the Tender Evaluation panel, except in an advisory capacity. To ensure transparency, members of the Tender Evaluation Panel shall not be directly involved in the approval of any award of contract".

757. Also, Section 20E (1) of the Public Procurement (Amendment) Act, 2016 (Act 914) states "A procurement entity shall appoint a tender evaluation panel with the required expertise to evaluate tenders".

758. We noted during the review of the Contract files that, three Officers of the Company who were members of the Entity Tender Committee (ETC) acted as members of the Tender Evaluation Panel and evaluated several tenders, contrary to the above-mentioned provisions. The Officers were;

Table 41: Tender Evaluation Committee

No.	Name	Designation
1	Mr. Ezekiel Mensah	Production Manager-Technical
2	Mr. Fushieni Adam	Head of Procurement (intended)
3	Mr. Ebenezer Berko	Senior Accounts Officer

759. We further noted that, though Tender Evaluated Panel was constituted for construction works, none of the members was an expert,

like, a Quantity Surveyor and a Civil Engineer, or has a technical knowledge in terms of construction works.

760. Management's ignorance of the provisions of the Procurement Act, resulted in this anomaly.

761. The act undermines transparency in procurement processes that ensure value for money.

762. We urged the Company to ensure that the provisions in the Procurement Act are strictly adhered to, in constituting tender evaluation panel for all future procurements, 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) shall be enforced against the Management of the Company.

763. Management accepted our recommendation for compliance.

Variation of Contract without Authority-GH¢7,577,337.30

764. Section 87 (1)&(2) of the Public Procurement Act, 2003, (Act 663) as amended by Section 48 of the Public Procurement (Amendment) Act, 2016, (Act 914) requires a Procurement Entity to inform the appropriate Tender Review Committee if the aggregate increase in the original price of a contract exceeds 10% of the original price of any proposed extension, modification or variations order with reasons.

765. We noted from our review of the records that, the Company awarded a contract for the Supply and installation of automatic welding LPG cylinder production plant 1000pcs/8hours (phase 1, phase 2,

phase 3) line 3KG, 6KG, 12.5KG &14.5KG for original Contract Sum of GH¢18,505,359.06 on the 26th July 2017.

766. This Contracts was revised (varied) by 40.84% to arrive at a new contract sum of GH¢26,082,696.36, and re-awarded the contract on 10th January 2018 to the same contractor without authority and approval from the Tender Review Committee. Details shown in table 42.

Table 42: Variation of Contracts

No.	Details	Original Contract Price GH¢	Revised Contract Price GH¢	Variation Value GH¢	Variation %
1	Supply and installation of automatic welding LPG cylinder production plant 1000pcs/8hours (phase 1, phase 2, phase 3) line 3KG, 6KG, 12.5KG &14.5KG	18,505,359.06	26,082,696.36	7,577,337.30	40.84

767. Non- adherence to the above quoted Procurement law by Management accounted for the irregularity.

768. Management's non-compliance with the law had undermined the transparency in contract management.

769. We recommended that Management should ensure that all future variations are referred to the appropriate authority for approval in conformity to the law. Meanwhile, we advised Management to seek retrospective approval from the Central Tender Review Committee to

rectify this anomaly within 30 days after the receipt of the management letter, and inform our office for verification 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) shall be enforced against the Management of the Company.

770. Management noted our recommendation for compliance.

Disposal of assorted Furniture and Fittings without Authority

771. Section 83(1)&(2) of the Public Procurement Act, 2003 (Act 663) as amended states 'The head of a procurement entity shall convene a Board of Survey comprising representatives of departments with unserviceable, obsolete or surplus stores, plant and equipment which shall report on the items and subject to a technical report on them, recommend the best method of disposal after the officer in charge has completed a Board of Survey form. The Board of Survey's recommendations shall be approved by the head of the procurement entity and the items shall be disposed of as approved'.

772. Contrary to the above quoted provisions of the Act, we noted that the Company disposed of 80 assorted Furniture and Fittings in 2017 without forming a Board of Survey to evaluate and present a technical report on the items, to ensure that the best method of disposal had been adopted. We could not also ascertain evidence of cash realised from the disposal and its accountability thereof. Details of the items are shown in table 43.

Table 43: List of items auctioned without Board of Survey Report

Item Description	Qty	Amount GH¢
3 in 1	1	10.00
swivel chair	1	50.00
swivel chair	1	25.00

single chair (SOFA)	5	25.00
Television	1	50.00
3 in 1	1	10.00
single chair	3	15.00
swivel chair	2	60.00
swivel chair	1	110.00
single chair	1	20.00
single chair	2	10.00
office table	1	10.00
boardroom chair	2	20.00
swivel chair	1	25.00
Table	1	20.00
boardroom chair	2	20.00
Sofa	3	15.00
single sofa	2	10.00
Table	1	20.00
swivel chair	1	25.00
cabinet	1	10.00
swivel chair	2	20.00
3 in 1 chair	3	20.00
swivel chair	2	10.00
Table	1	20.00
Chairs	2	20.00
swivel chair	1	25.00
table	1	20.00
3 in 1	1	10.00
single chair	2	10.00
swivel chair	1	30.00
swivel chair	1	25.00
conference table(top)	1	20.00
office table	1	10.00
Chairs	1	5.00

scrub container	1	50.00
Table	1	20.00
single chairs	4	30.00
single chair	2	10.00
Table	1	10.00
conference table	1	25.00
Tables	2	40.00
Shelves	3	60.00
Tables	2	40.00
cabinet	1	10.00
Tables	2	40.00
Tables	2	40.00
Small table	1	10.00
single chair	2	20.00

773. Management's inability to strictly abide by the Procurement laws caused the lapse.

774. The absence of the Board of Survey's report made it impossible for us to ascertain whether the best method was used in disposing of the furniture and fittings.

775. We advised Management to comply strictly with the Public Procurement laws in any subsequent disposal of the Company's assets. We also urged Management to account for the proceeds within 30 days after receipts of the management letter and our office informed for verification, failing which, the CEO and the Accountant shall be surcharged accordingly.

776. Management accepted our recommendation for strict compliance.

No records of the Tender Evaluation Panel Proceedings

777. Section 2.6.2of the Public Procurement Manual of the Public Procurement Authority states, ‘A formal evaluation report shall be prepared for each evaluation conducted and signed by all participating Members of the Panel. Recommendations of the Tender Evaluation Panel shall be unanimous, but any dissenting views shall be recorded within the evaluation report to be submitted to the Tender Committee. The Secretary to the Tender Evaluation Panel shall record minutes of all Panel meetings, which shall include:

- a register of attendance;
- a list of all submissions considered and the recommendations made;
- any conflicts of interest declared by members; and
- any dissenting opinions among Tender Evaluation Panel members.

778. We reviewed the evaluation reports files of the eleven contracts awarded by the Company in 2017 and noted the following anomalies:

- there was no register of attendance;
- absence of panel members signatures;
- the starting and closing time of the meetings were not stated in the reports; and
- no memo from the Secretary of evaluation panel when submitting the report to the Entity Tender Committee.

779. Evaluation Panel members’ ignorance of the provisions of the Procurement Manual resulted in this irregularity.

780. These anomalies cast doubts on the authenticity and transparency of the whole evaluation processes.

781. We advised Management to comply with the relevant provisions of the Procurement Laws in awarding future contracts

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) shall be enforced against the Management of the Company.

782. Management accepted our recommendation and stated that they will ensure strict compliance at all material time with relevant provisions of the Procurement law in awarding future contracts.

Awarding Contracts without due processes US$2,721,042.50 and GH¢1,393,050.00

783. Section 18(3) (a, b, c & f) of the Public Procurement (Amendment) Act, 2016 (Act 914) states "The Head of Entity shall, establish within the procurement entity, a Procurement Unit, staffed with qualified procurement personnel; empanel a competent and qualified evaluation panels; ensure that at each stage of procurement activity, procedures prescribed in this Act have been followed; and refer to the Entity Tender Committee (ETC) for approval, a procurement above the approval threshold of the Head of Entity".

784. We noted from the review of the contract files that the Company awarded contracts to the GASSMAN Ventures, Hangzhou Tianlong Steel Cylinder Co. Ltd and Guangdong Yingquan Steel Products Co. Ltd for the supply of finished and Semi-finished cylinders in 2015 and 2016 financial years, in the sum of US$2,721,042.50 and GH¢1,393,050.00. Though the Company wrote and obtained approval from the Public Procurement Authority (PPA) to use Restricted Tendering and Single Source method of procurement, the Chief Executive Officer Mrs Elizabeth Yawa Morny did not constitute evaluation panels to evaluate these contracts as required by law. The CEO also, did not seek approval from the ETC, though the values of the contract were above her threshold.

785. The Chief Executive Officer's ignorance of the provisions in the procurement law, caused the infraction.

786. As a result, the procurement of these contracts was not subjected to proper evaluation scrutiny and appropriate approval. We could not therefore, establish whether value for money has been achieved in the award of these contracts.

787. We advised that Management should strictly adhere to the relevant provisions in the procurement law in the award of future contracts 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) shall be enforced against the Management of the Company.

788. Management accepted our recommendation and stated that they will strictly adhere to the relevant provisions in the Procurement law in the award of future contracts.

Purchases without Alternative Quotations: GH¢278,752.88

789. Section 20 of the Public Procurement (Amendment) Act, 2016 (Act 914) states, "The procurement entity shall request quotations from as many suppliers or contractors as practicable, but shall compare quotations from at least three different sources that should not be related in terms of ownership, shareholding or directorship and the principles of conflict of interest shall apply between the procurement entities and their members and the different price quotation sources."

790. Our audit, however, revealed that, the Company procured goods and services worth GH¢278,752.88 but did not source for three or more alternative price quotations from different suppliers to ensure that the Company purchases from the lowest evaluated bid or the most

favourable sources, in order to obtain value for money. Details shown in table 44.

Table 44: Purchases without alternative quotations

PV. Date	PV. No	Description of Item	QTY	Total Cost GH¢	Supplier/ Payee
28/04/15	195	Aluminium Burners	1500pcs	5250	Gee Engineering
28/04/15	194	Adhesive Lebels	20,000pcs	3,600.00	John M Taffah
22/06/15	266	Electrical Materials	Assorted	3345	Poly World
5/6/2015	259	Packs of can milk, Key soap & T-Roll	22,10,10 ctns	2,464.00	Asante & Asante Ltd
30/06/15	276	Packaging Rubber	20,000.00pcs	11,844.00	Polytex Industries
20/08/15	668	Aluminium Burners	5000pcs	20,187.50	Gee Engineering
18/08/17	387	Dell Optiplex Desktop Com.	1pc	2,150.00	Can-West Ltd
17/08/15	376	Aluminium Scraps	449kg	1,962.13	Saha Mbala Ent
31/12/15	747	Packaging Rubber	20,500pcs	11,531.25	Polytex Industries
14/12/15	705	Nose Mask	Assorted	5,700.00	Mohadams Karimu Ent
11/10/2016	594	Consumable Items	10,000&50boxes	2,700.00	K-LEX VENTURES
11/10/2016	595	Welding Electrodes	157 packets	6,957.00	Air Liquid
11/10/2016	596	Soap and Tissue	15Boxes &17Pks	3,695.00	Sandra Abiu
12/10/2016	597	Carton boxes	5,000 pcs	5,000.00	Fon Packaging Ventures

14/10/16	620	Osugyeni	1000.00 pcs	10,000.00	Kofomen Ent
18/10/16	627	CHAIR EXE DAISY UT-C370	2PCS	778.00	Melcom Ltd
27/10/16	647	EXECUTIVE CHAIR NF-5003	2PCS	1,098.00	Melcom Ltd
31/10/16	655	Hydraulic Oil	6 Drums	13,448	CoscharisGhan Ltd
31/10/16	659	Swivel Chairs	10pcs	4,690.00	Melcom
15/11/16	701	Adhesive Labels		15,000.00	John M Taffah
30/11/16	731	Adhesive Labels		6,049.00	John M Taffah
8/12/2016	743	Osugyeni Semi-finished Stoves	894pcs	17,800.00	Montals Engineering
		Osugyeni Semi-finished Stoves	1,216 pcs	24,320.00	Montals Engineering
		Osugyeni Semi-finished Stoves	880 pcs	17,600.00	Montals Engineering
		Osugyeni Semi-finished Stoves	1010 pcs	20,200.00	Montals Engineering
16/12/16	769	Osugyeni Semi-finished Stoves	850 pcs	17,000.00	Kofson Engineering Wks
16/12/16	766	Clamps & Easy Gas Burner	1000pcs& 3 boxes	7,566.00	Chellemat
23/12/16	790	HP Pavilion Processor Core 15 Ram	1pc	4,000.00	Daniel Koffie-Ocloo

		8GB,HDD 1 TB Screen 15.6			
2/2/2017	72	Adhesive Labels	45,000pcs	3,600.00	John M Taffah
8/2/2017	72	Super Burner	2000pcs	13,580.00	Gassman Ventures
9/2/2017	86	Stationery	Assorted	2,835.00	Dadzie Books & Station
17/02/17	109	Electrical Items	Assorted	7,290.00	Monica Apuseyine
20/02/17	124	Curtain Materials	Assorted	1,913.00	CUI ZUO QUAN
13/03/17	168	Adhesive Labels	45000pcs	3,600	John M Taffah
Total				**278,752.88**	

791. We attributed this anomaly to Management's inability to comply with and adhere to the provisions in the Public Procurement Act, 2003 (Act 663).

792. Lack of competitive quotations or tendering could lead to over pricing.

793. We urged Management to strictly comply with the provisions in the Public Procurement Act, 2003 (Act 663) to promote competition and transparency in order to obtain maximum value for money in all future procurement, 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) shall be enforced against the Management of the Company.

794. Management accepted our recommendation for compliance.

Taxes not Withheld -GH¢89,872.48

795. Section 116(2)(3) of the Income Tax Act 2015(Act 896) states "A residence person, other than an individual shall withhold tax on the gross amount of payment at the rate specified in the First Schedule when the person makes a payment to another residence person who does not fall within sub section (1) or section 114 for

d. The supply or use of goods,
e. The supply of any works, or
f. The supply of services, in respect of contract between the payee and the resident person. Subsection (2) applies to a contract between the payee and a resident person, where the amount of the contract exceeds 2000 currency points". Paragraph 8(1c)(vi)(vii) of the First Schedule, as amended by section 2 of the Income Tax (Amendment) Act, 2016, (Act 907) spell out the tax rate as: Goods 3%, works 5% and services 7.5%.

796. Section 117 (3) of the same Income Tax Act also states "A withholding agent who fails to withhold tax in accordance with this Division shall pay the tax that should have been withheld in the same manner and at the same time as tax that is withheld".

797. Our review of the Company's payment vouchers disclosed that 22 payments to the tune of GH¢1,797,449.63 were made to TDK Atlantic Ltd, a contractor for construction works and supply of goods. The Accountant, however, did not deduct the 5% and 3%withholding tax in the sum of GH¢89,872.48 from the contractor and remit same to the Commissioner- General of the Ghana Revenue Authority as required by law. Details provided in table 45.

Table 45: Non-Withheld Tax

Date	PV. No	Cheque No.	Details of payments	Amount GH¢)	Payee/ supplier	5% WHT
08/01/2017	400	91	Payment for the installation of CCTV Razor Fencing	36,375.00	TDK Atlantic Ltd	1,818.75
08/09/2017	420	29	Part-payment for CCTV and Fencing for GCMC	50,000.00	TDK Atlantic Ltd	2,500.00
09/08/2017	468	74	Final payment for CCTV and Razor Fencing	27,887.13	TDK Atlantic Ltd	1,394.36
08/01/2017	398	89	Payment for office Stabilizer and Blutek UPS	7,410.80	TDK Atlantic Ltd	370.54
21/07/2017	386	9	Payment of repair work done at Administration Block	11,793.75	TDK Atlantic Ltd	589.69
14/09/17	476	82	Part-payment for Renovation of Administration Block	20,000.00	TDK Atlantic Ltd	1,000.00
30/11/17	570	563886	Payment on Account	50,000.00	TDK Atlantic Ltd	2,500.00
07/04/2017	354	50	Part-payment for Rehabilitation of Factory & Warehousing Roofing	50,000.00	TDK Atlantic Ltd	2,500.00
23/06/17	341	48	Part-payment for Rehabilitation of Factory & Warehousing Roofing	50,000.00	TDK Atlantic Ltd	2,500.00
21/07/17	382	69	Payment of repairs work done on the Production Block	2,580.20	TDK Atlantic Ltd	129.01

15/08/17	429	36	Final payment of Factory and Warehousing Rehabilitation	56,300.08	TDK Atlantic Ltd	2,815.00
28/08/17	446	55	Part-payment for the Canteen project	145,372.67	TDK Atlantic Ltd	7,268.63
10/02/2017	495	563813	Part-payment for Factory extension phase One (1)	530,000.00	TDK Atlantic Ltd	26,500.00
11/10/2017	549	105	Payment on Account for Canteen project	20,000.00	TDK Atlantic Ltd	1,000.00
12/04/2017	573	363887	Part-payment for Factory extension phase Two (2)	150,000.00	TDK Atlantic Ltd	7,500.00
14/12/17	604	563921	Payment for Expansion phase Two (2) on the Factory Floor	400,000.00	TDK Atlantic Ltd	20,000.00
25/01/18	38	137	Part-payment for Expansion of Factory Block	50,000.00	TDK Atlantic Ltd	2,500.00
18/01/18	22	563972	Part-payment for Expansion of Factory Block	50,000.00	TDK Atlantic Ltd	2,500.00
02/06/2018	46	563989	Part-payment for Expansion of Factory Block	50,000.00	TDK Atlantic Ltd	2,500.00
31/08/17	455	563804	Payment of work done on the Coastal Estate and Manet Gardens	10,500.00	TDK Atlantic Ltd	525.00
09/04/2017	460	563807	Payment of work done on the Coastal Estate and Manet Gardens	19,230.00	TDK Atlantic Ltd	961.50
30/05/18	123	563640	Part-payment of works done on the GCMC Managers Bungalow at	10,000.00	TDK Atlantic Ltd	500.00

			Coastal Estates and Manet Gardens			
Total				**1,797,449.63**		**89,872.48**

798. This infraction was as a result disregard for the tax laws, thereby denying the State the needed resources to support its developmental projects.

799. We recommended to Management to pay the tax amount of GH¢89,872.48 to GRA immediately and subsequently, recover the amount from the contractor, failing which the Chief Executive Officer and the Accountant of the Company be surcharged with the amount of GH¢89,872.48.

800. Management responded that, they are taking urgent steps to ensure that the said amount is recovered from the contractor to be remitted to the Ghana Revenue Authority.

Payments for Works without Supporting Documents - GH¢1,630,038.83

801. Regulation 39 (1)(2c and d) of the Financial Administration Regulations, 2004 (L.I 1802) states, "A head of department shall ensure that moneys are utilised in a manner that secures both optimum value for money and the intention of Parliament and the head of the accounts section of a department shall control the disbursements of funds and ensure that transactions are properly authenticated to show that amount are due and payable; and any order for disbursement that does not meet these requirements is rejected".

802. Section 7(1a) of the Public Financial Management Act, 2016 (Act 921) also states "A Principal Spending Officer of a covered entity shall ensure the regularity and proper use of money appropriated in that covered entity".

803. Section 98(1)(a) of the Public Financial Management Act, 2016 (Act 921) states “A person who refuses or fails to produce or submit any information required under this Act, commits an offence and where no penalty is provided for the offence, is liable on summary conviction to a fine of not less than one hundred and fifty penalty units and not more than two hundred and fifty penalty units or to a term of imprisonment of not less than six months and not more than two years or to both”.

804. Contrary to the above quoted laws, our review of the Company’s contract records revealed that a total amount of GH¢1,630,038.83 were paid to TDK Atlantic Ltd, a contractor for construction works undertaken by the Company. The Authorising and the approving Officers, however, did not authenticate these payments with the relevant supporting documents such as bill of quantities, Engineers’ reports and interim payments certificates. Details provided in table 46.

Table 46: Payment of works without Supporting Document

Date	PV. No	Details Of Payments	Amount GH¢	Contractor/ payee
1/8/2017	400	Payment for the installation of CCTV Razor Fencing	36,375.00	TDK Atlantic Ltd
9/8/2017	420	Part-payment for CCTV and Fencing for GCMC	50,000.00	TDK Atlantic Ltd
8/9/2017	468	Final payment for CCTV and Razor Fencing	27,887.13	TDK Atlantic Ltd
21/07/17	386	Payment of repair work done at	11,793.75	TDK Atlantic Ltd

		Administration Block		
14/09/17	476	Part-payment for Renovation of Administration Block	20,000.00	TDK Atlantic Ltd
30/11/17	570	Payment on Account	50,000.00	TDK Atlantic Ltd
4/7/2017	354	Part-payment for Rehabilitation of Factory &Warehousing Roofing	50,000.00	TDK Atlantic Ltd
23/06/17	341	Part-payment for Rehabilitation of Factory &Warehousing Roofing	50,000.00	TDK Atlantic Ltd
21/07/17	382	Payment of repairs work done on the Production Block	2,580.20	TDK Atlantic Ltd
15/08/17	429	Final payment of Factory and Warehousing Rehabilitation	56,300.08	TDK Atlantic Ltd
28/08/17	446	Part-payment for the Canteen project	145,372.67	TDK Atlantic Ltd
2/10/2017	495	Part-payment for Factory extension phase One (1)	530,000.00	TDK Atlantic Ltd
10/11/2017	549	Payment on Account for Canteen project	20,000.00	TDK Atlantic Ltd
4/12/2017	573	Part-payment for Factory extension phase Two (2)	150,000.00	TDK Atlantic Ltd

14/12/17	604	Payment for Expansion phase Two (2) on the Factory Floor	400,000.00	TDK Atlantic Ltd
31/08/17	455	Payment of work done on the Coastal Estate and Manet Gardens	10,500.00	TDK Atlantic Ltd
4/9/2017	460	Payment of work done on the Coastal Estate and Manet Gardens	19,230.00	TDK Atlantic Ltd
		Total	**1,630,038.83**	

805. We attributed this anomaly to Management's non-compliance with the provisions of the law.

806. In the absence of progress reports on the various contracts, we were unable to ascertain whether the contracts were executed according to specifications and whether work done commensurate with moneys paid.

807. None involvement of an engineer or an architect in the preparation of the bill of quantities and supervising the projects could be exploited by contractors to inflate prices, use of inferior and inadequate materials; indicating shoddy work done. As a result, value for money could not achieved.

808. We advised Management to provide these documents for our verification within 30 days after receiving the management letter, failing which, Management shall be sanctioned in accordance with Section 98(1)(a) of the Public Financial Management Act, 2016 (Act 921). Management should also ensure that qualified engineers, architects or consultants are engaged in construction projects to provide basis for price negotiation, proper supervision and authentic payments.

809. Management responded that our recommendation has been accepted and it is noted for compliance.

Absence of Contract Register - GH¢47,860,612.62

810. Management of the Company during the period under review made various payments to the tune of GH¢47,860,612.62 to various contractors for the expansion of the Factory, construction of office buildings, refurbishment of offices and supplies of goods and services.

811. We however, noted that a contract register, which is a very important document for recording contract details, was kept for only 2018 contracts. We were therefore, unable to ascertain the following relevant information on contracts awarded during the period under review to authenticate the payments.

a. Name of the contractor,
b. Nature of contract awarded,
c. Location of the contract,
d. Commencement and completion dates,
e. Contract sum,
f. Duration of contract,
g. Payments to contractors,
h. Outstanding payment on contracts

812. The absence of the register portrays lack of transparency in the award of contracts. This could lead to over payments and other procurement malpractices without detection, culminating into financial indiscipline.

813. The omission could be attributed to lack of effective supervision on the part of Management over procurement activities.

814. We recommended to Management to ensure that the contract register is updated with all the contracts awarded from 2015 to date,

detailing the aforementioned information, and our office duly informed for verification.

815. Management noted our recommendation for compliance.

Absence of Asset and Inventory Registers

816. Section 52 (3)(a) and (b) of the Public Financial Management Act, Act 921, 2016 enjoins heads of organisations and Principal Spending Officers to maintain a register of lands and buildings and all other assets under the control or possession of that Spending Officer.

817. Section 52(5) further states, 'the register referred to in Subsection (3)(b) shall contain a record of the details of each parcel of land and building and the terms on which the lands or building is held, the details of all major items of furniture and equipment including furniture and equipment issued for either government quarters or offices, large tools for government works, plant, equipment and vehicles'.

818. Contrary to the above provisions, we noted during our review that, the Company did not maintain asset and inventory registers to keep track of its assets and to ensure proper custody of them.

819. Management's inability to assign officers to be responsible for the maintenance of asset and inventory registers, caused the anomaly.

820. The situation could result in pilfering and mishandling of assets belonging to the Company, as well as inaccurate estimate of values in the Financial Statements.

821. We urged the Head of Accounts to maintain a register of all its assets in accordance with the Act stated above and inform our office

for inspection, failing which section 98(1)(a) of the PFM Act, 2016 (Act 921) shall be enforced.

822. Management accepted our recommendation

Purchased and use of Software without Approval from the Auditor-General

823. Section 11(3) of the Audit Service Act, 2000 Act 584 states "The public accounts of Ghana and of all persons and Institutions referred to in subsection (I) including computerized financial and accounting systems and electronic transactions shall be kept in such form as the Auditor-General shall approve and shall be subject to review by the Auditor-General".

824. Contrarily, Ghana Cylinder Manufacturing Company acquired a TALY software for its financial transactions without recourse to the Auditor-General.

825. This anomaly was caused by a deliberate disregard for the above quoted Act by Management.

826. For the software to be accepted for use, we advised Management to seek approval from the Auditor- General to regularise the transaction.

827. Management noted our recommendation for compliance.

Improper Maintenance of Vehicle Log books

828. Regulation 1604 of Stores Regulations 1984, states 'A vehicle Log Book shall be maintained for each vehicle and shall always be carried on the vehicle. Journeys undertaken shall be recorded and full particulars of receipts of fuel, oil and lubricants shall be entered up daily in the Log Book by the driver. Recordings in the Log Book shall

be made in duplicate. All journeys recorded in the Log Book shall be certified by the officer using the vehicle'.

829. Regulation 1605 also requires that the original sheet in the Log Book shall be detached and submitted to the officer in charge of transport, who shall file it, after satisfying himself concerning the rate of consumption and certifying that the journeys performed have been authorized.

830. Our review of the log books of four pool vehicles revealed that the entries in the books were beset with a number of anomalies as listed below;

- Fuel purchases were not recorded in the log books,
- The names and the signatures of the Officials who used the Vehicles at any particular time were not recorded,
- The purpose, names and signatures of the Officers authorising the journeys were also not detailed in the log books,
- The dates and the times the vehicles returned were as well not indicated in the log books.

831. We also noted that the Transport Officer did not check the Vehicle Log Books to ensure that all requirements of the regulation have been met.

832. The anomaly occurred as a result of poor managerial supervision exercised by the Transport Officer over the drivers.

833. We could not therefore confirm whether the fuel allocated to the vehicles were used in the furtherance of the Company's business.

834. We recommended that, Management should organise training workshops for all the Drivers and the Transport Officer on how to

effectively use the log book in order to prevent re-occurrence of this anomaly in the future. Management should also ensure that, the Transport Officer carries out reviews of the log books on regular basis.

835. Management accepted our recommendation for compliance.

Absence of Audit Committee

836. Section 86 (1) of the Public Financial Management Act, 2016 (Act 921) states, "There shall be established Audit Committee that shall serve one particular entity or any other entities in the same sector".

837. We noted that the Company did not have an Audit Committee to ensure the implementation of recommendations contained in audit reports and prepares an annual statement showing the status of implementation:

i. an internal audit report;
ii. Parliament's decision on the Auditor-General's report;
iii. Auditor-General's Management Letter; and
iv. the report of an internal monitoring unit in the covered entity concerned particularly, in relation to financial matters raised; and

838. The indifferent attitude of management towards the formation of this august committee accounted for this anomalous situation.

839. Absence of an Audit Committee does not ensure sound corporate governance.

840. We advised Management to constitute an Audit Committee as a matter of urgency in compliance with the Act to ensure prompt implementation of audit recommendations.

841. Management accepted our recommendation.

Non-existence of Internal Audit Unit

842. Section 16(1) & (2) of the Internal Audit Agency Act, 2003 (Act 658) states “There shall be established in each MDA and MMDA, an internal audit unit which shall constitute a part of the MDA or MMDA. There shall be appointed for each internal audit unit, personnel required to ensure an effective and efficient internal auditing of the MDA or MMDA concerned”.

843. Section 83 (1) & (3) of the Public Financial Management Act, 2016 (Act 921) also states,” A covered entity shall have an Internal Audit Unit. An Internal Auditor of the Internal Audit Unit of a covered entity shall

(a) appraise and report on the soundness and application of the system of controls operating in the covered entity;
(b) evaluate the effectiveness of the risk management and governance process of a covered entity and contribute to the improvement of that risk management and governance process;
(c) provide assurance on the efficiency, effectiveness and economy in the administration of the programmes and operations of a covered entity; and
(d) evaluate compliance of a covered entity with enactments, policies, standards, systems and procedures.”

844. We noted that the Company operated without an Internal Auditor or Internal Audit Unit since its establishment to perform the important duties spelt out in section 83(3) of the PFM Act quoted above.

845. Management’s disregard for the above law caused the infraction.

846. Non-existence of Internal Audit Unit does not provide reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

847. We recommended to Management to ensure the establishment of an Internal Audit Unit as soon as possible to ensure effective and efficient operations of the Company, failing which section 98(1)(a) of the PFM Act, 2016 (Act 921) shall be enforced.

848. Management accepted our recommendation for compliance. Management also stated that despite effort to attract competent Internal Audit personnel through interviews and referrals, the required competence has not been met.

Absence of Administrative Policies

849. Section 90 of the Public Financial Management Act 2016, Act 921 states "The governing body of a public corporation or state-owned enterprise shall establish and maintain.

a. policies,
b. procedures,
c. risk management and internal control systems, and
d. governance and management practices, to ensure that the public corporation or state-owned enterprise manages its resources prudently and operates efficiently in accordance with the objectives for which the public corporation or state-owned enterprise was established".

850. We noted during our audit that the Company did not have the following policies and operational manuals for effective and efficient management of the Company;

i. Human Resource Policy,

ii. Collective Bargaining Agreement,
iii. Scheme of Service,
iv. Accounting Manual
v. IT Policy, and
vi. Risk management Policy

851. Disregard for the law by both Management and the Governing Board resulted in this anomaly.

852. Absences of these important policies could affect the efficient and effective management of the Company in achieving the objectives for which it was established.

853. We recommended that, Management should establish these policies as soon as possible to ensure sound internal control systems and effective management of the Company.

854. Management accepted our recommendation.

Expenditure without Budget

855. Section 93(1) of Public Financial Management Act, 2016 (Act 921) states "The governing body of a public corporation or state-owned enterprise shall, not later than four months before the beginning of each financial year, submit to the Minister through the relevant sector Minister, a financial plan reflecting the proposed revenue and expenditure estimate of that public corporation or state-owned enterprise in respect of the ensuing financial year".

856. Section 25(4) of the same Act, also states "A Principal Spending Officer or any other public officer shall not commit Government to a financial liability, including contingent liability, unless that Principal Spending Officer is specifically authorised to do

so under this Act, the Regulations or directives issued pursuant to this Act".

857. We noted that Management did not submit its 2016 and 2017 budget to the Minister of Finance, as required by the above quoted PFM Act. The Company's governing board even, approved only the supplementary budget for 2017 on 21st December, 2017. This indicates that the financial transactions for the period were executed without budget guidelines.

858. The change of Chief Executive Officers and the governing boards was the cause of the irregularity.

859. Operating a Company without an approved comprehensive budget would adversely affect the judicious use of the Company's resources, since there will be no basis for controlling and monitoring the effectiveness and the efficiency of the Company's activities.

860. We recommended that Management must prepare and submit the ensuing years budget for approval by the Board, and ensure that they are submitted to the Minister of Finance through the Ministry of Energy not later than four months before the beginning of each financial year, in conformity with the PFM Act.

861. Management accepted our recommendation and stated that they will prepare and submit the budget for approval by the Board.

Unavailability of Store Records (Store Ledger, SRV/SRA)

862. Regulation 1(1c) of Financial Administration Regulations, 2004 (L. I 1802) states "Any public officer who is responsible for the custody, care and use of public stores shall keep proper records of all transactions and shall produce records of the transactions for inspection when called upon to do so by the Minister, the Auditor-General, the

Controller and Accountant-General or any officers authorised by them".

863. Store records include, Store Ledger, Tally Card, Stores Received Advice and Stores Issue Voucher. The vouchers (receiving and issue vouchers) should be duly signed by the storekeeper, the receiver and the supervisor. The storekeeper should ensure correct running balances are maintained on the Tally Cards.

864. We noted during our audit that, the Storekeeper of the Company did not keep the relevant records of the stores such as Store Ledger, Stores Received Advice, Store Issue Vouchers and Tally/ Bin Card for the period January 2015 to August 2016.

865. Inadequate knowledge in store management by the Officer in charge of stores, coupled with ineffective supervision by Management, caused the anomaly.

866. We could not reconcile Production and Sales records to the goods issued and received into Stores over the period.

867. We advised Management to ensure that the Store keeper, manages the stores properly by ensuring that, all relevant store records as required by the law are maintained and reconciled to Production and Sales records on regular basis. Management should also, organise in-service training for staff of the stores department.

868. Management responded that our recommendation has been noted for compliance

Failure to Conduct Annual Stock Taking

869. Regulation 1202 of the Stores Regulations 1984 stipulates that effective stocktaking shall be conducted regularly throughout the year

and at the end of the financial year to ensure that the records reflect the true stock position, which is essential to accurate provisioning and stock control processes.

870. We noted however that, Management of the Company did not ensure that this assignment was carried out during and at the close of December, 2015, 2016 and 2017 respectively.

871. This omission could affect the valuation of stocks. It could also result in over or under stocking with the resultant effects.

872. This important assignment was not carried out because Management of the Company did not find it needful.

873. We accordingly advised Management to ensure that stocktaking is carried out at least at the end of a financial year as required by the store regulation, to facilitate valuation of stock for inclusion in the financial statements.

874. Management responded that our recommendation is accepted and it is noted for compliance.

Recruitments without a Scheme of Service

875. Article 5.1 of the Conditions of Service of Ghana Cylinder Manufacturing Company states, "There shall be an approved Scheme of Service covering the entire employee of the organization which shall include;

a. Title of each post with grade;
b. Qualifications and methods for entry;
c. Schedule of duties assigned to each post;
d. Salary scales assigned to each grade or post;
e. Method of Progression"

876. The above not withstanding our payroll audit disclosed that the Company, over the years, made several appointments in respect of permanent, contract and casual staff, and terminating appointments without recourse to any prescribed method, law or approved Scheme of Service.

877. We attributed these lapses to the successive Chief Executive Officers and their Board of Directors' inability to ensure that a living scheme of service for the Company.

878. The absence of the Scheme of Service could lead to improper placement, job description and method for progression.

879. In order to engage the right calibre of staff, we urged Management and the Board of Directors to ensure that, the Scheme of Service is prepared and approved as soon as possible.

880. Management accepted our recommendation.

Arbitrary Salary Increment without approval

881. Article 16.1 of the Conditions of Service for the Ghana Cylinder Manufacturing Company states "Annual increment shall be granted to an employee within the appropriate scale in accordance with the prevailing regulations." Article 16.2 further states "The incremental date for all appointments shall be on the first day of the year".

882. Contrary to the provisions above, our payroll audit of the Company revealed that the Chief Executive Officer (C.E.O) of the Company, soon after assumption of office, arbitrarily increased the salaries and wages of the workers by 30% to 50%. She again, increased the number of staffs from 36 to 59.

883. We further noted that the salaries were increased without approval from the Governing Board, or, reference to any approved salary structure.

884. We attributed these lapses to non-compliance with the provisions contained in the Company's Conditions of Service.

885. The lapse has resulted in an astronomical increase in the wage of the Company, from GH¢44,531.81.in June, 2017 to GH¢112,404.78 as at December, 2017.

886. The increases in salaries and staff had however, not impacted on production and sales. This is because, there has been a long-standing shortage in the supply of 12.5kg and 14.5kg cylinders which are the major line of production and sales of the Company.

887. The situation if not checked, could consequently affect the profitability of the Company.

888. We recommended that Management should develop a Scheme of Service and ensure appropriate approval of a salary structure before implementation. We further urged Management to seek approval from the governing Board for all subsequent salary increments and appointments. Meanwhile, Management should seek retrospective approval from the Board to rectify the anomaly.

889. Management accepted our recommendation.

Improper Keeping and Maintenance of Value Books

890. Regulation 214 (1) & 215 of the Financial Administration Regulations, 2004 (L.I 1802) provides that "A head of department shall ensure the effective and efficient control of stocks of value books and

a person to whom Value Books are issued shall be personally responsible for the custody of the Value Books."

891. Our review of records of the Company disclosed the following lapses with regards to value books management;

- The Company has printed Goods Received Note (GRN), Requisition books, Job Cards, Local Purchase Orders in its name but had not recorded them in any book to show the quantities printed and quantities in stock.
- The Company did not keep value book stock register that records all value books sequentially and chronologically
- There were no proper records of requisitions, issues, receipts and signature of recipients of value books
- Value Books were being kept at stores instead of the Head of the Accounts Department keeping them under locked and key

892. We attributed these lapses to the inability of successive Chief Executive Officers and their Accountants to ensure that records of Value Books were kept, to ensure effective control of value books.

893. As a result, we could not ascertain the actual number of Value Books printed, how many have been used, in order to determine the actual stock.

894. We recommended that the CEO of the Company should, as a matter of urgency, ensure that the value books in stock are recorded in a stock register. The Accountant should also control the value books effectively by ensuring that, value books are issued out through approved requisitions. The CEO should also conduct an immediate audit of the value books to ascertain the stock balances and take custody of same.

895. Management accepted our recommendation.

THE PETROLEUM COMMISSION

Introduction

896. This report covers the audited accounts of the Petroleum Commission, Ghana for the financial year ended 31 December 2017.

Operational Results

897. The operations of the Petroleum Commission for the financial year, 2017 ended with a surplus of GH¢56,653,186 as compared with a surplus of GH¢47,803,835 for the previous year 2016. Details are provided in the table 47.

Table 47: Income & Expenditure for the year 2017

Income	**2017 GH¢**	**2016 GH¢**	**Diff. GH¢**	**% Change**
Internally Generated Fund	23,704,609	22,795,287	909,322	4.0
Receipts from Operation	63,380,769	47,075,519	16,305,250	34.6
Exploration Levy	3,188,371	3,364,353	(175,982)	(5.2)
Other Income (Grant, Sponsorship, Investment Income)	2,287,561	4,064,241	(1,776,680)	(43.7)
Total Income	**92,634,372**	**77,339,990**	**15,294,382**	**19.8**
Expenditure				
Personal Emolument	18,058,867	15,672,926	2,385,941	15.2
Goods and Services	10,996,991	8,532,957	2,464,034	28.9
Regulation, Promotions and Resource Management	6,925,328	5,330,272	1,595,056	29.9
Total Expenditure	**35,981,186**	**29,536,155**	6,445,031	21.8
Income Surplus/Deficit	**56,653,186**	**-47,803,835**	8,849,351	18.5

898. Total Income for the Commission increased by GH¢15,294,382 representing 19.8% from GH¢77,339,990 in 2016 to GH¢92,634,382 in 2017. The increase was mainly due to the increase in Receipt from Operations by GH¢16,305,250 representing 34.6% from GH¢47,075,519 in 2016 to GH¢63,380,769 in 2017.

899. Total Expenditure for the period under review also increased by GH¢6,445,031 representing 21.8% movement, from GH¢29,536,155 in 2016 to GH¢35,981,186 in 2017. This was due to increase in all the three components of the expenditure, namely; Personal Emolument, Goods and Services and Regulations, Promotions and Resource Management, by 15.2%, 28.8% and 29.9% respectively.

Financial Position

900. The Financial Position of the Commission as at 31 December 2017 is shown in table 48.

Table 48: Financial Position as at 31 December 2017

	2017 GH¢	2016 GH¢	Incr./Decr. GH¢	% Change
Non-Current Assets	28,737,832	30,429,659	(1,691,827)	(5.6)
Current Assets	112,932,225	53,277,128	59,655,097	112.0
Total Assets	141,670,057	83,706,787	57,963,270	69.3
Current Liabilities	2,309,876	999,792.00	1,310,084	131.0
Net Assets	139,360,181	82,706,995	56,653,186	68.5
Current Ratio	48.9:1	53.3:1		

901. Non-Current Assets decreased by GH¢1,691,827 or (5.6%) from GH¢30,429,659 in 2016 to GH¢28,737,832 in 2017. The decrease was due to the fact that the useful life span of quite a number of the assets expired during the period.

902. Current Assets also increased by GH¢59,655,097 representing 112.0% from GH¢53,277,128 in 2016 to GH¢112,932,225 in 2017. The increase was due to an increase in the Bank and Cash balance, short term investment and accounts receivables.

903. Current liabilities increased by GH¢1,310,084 from GH¢999,792 in 2016 to GH¢2,309,876 in 2017 representing an increase of 131.0%.

904. The liquidity position represented by current ratio slightly reduced from 53.3:1 to 48.9:1. However this will have no effect on the Commission’s ability to meet its short-term obligations as and when they fall due.

MANAGEMENT ISSUES

Transfers of Funds without Budgeting for it - GH¢572,422.78

905. Section 7 (1) of the Public Financial Management Act, 2016 (Act 921) states that “A Principal Spending Officer of a covered entity shall authorise commitment for the covered entity within the ceiling set by the Minister under Section 25”.

906. Regulation 2(c) of the Financial Administration Regulations, 2004, (L.I. 1802) also provides that “the head of government department shall secure the efficient and effective use of appropriations under departmental control within the ambit of government policy and in compliance with any enactment, regulations or instrument issued under the authority of any enactment”.

907. We noted that, contrary to article 178 of the Constitution, the Commission released a total amount of GH¢572,422.78 to the Ministry of Energy and Ministry of Petroleum as a support for the two Ministries

to organize various programmes. These amounts were however, not budgeted for by the Commission. Details provided in table 49.

Table 49: Unbudgeted Expenditures

Date	Doc. No.	Remarks	Amount GH¢	Payee
01.11.17	PS 1219	Sponsorship for launching of the Accelerated Oil	300,000.00	Ministry of Energy
08.02.17	PS 259	MoP delegation to FPSO naming-ubatrs	76,328.46	Ministry of Petroleum
28.09.17	PS 1074	Support to the Petroleum Hub Task Force	108,100.00	Ministry of Petroleum
05.12.17	PU 554	AP Invoices - S0246	87,994.32	Ministry of Energy
			572,422.78	

908. We further noted that the payments were in addition to a transfer of GH¢956,511.30 made to the Ministry of Energy through the Commission's GCB account number 1011130038656 dated 20 April 2017. This payment was in relation to the Memorandum of Understanding signed between the Ministry of Energy and the Commission in March 2015 to transfer 30% of the receipt from the exploration levy.

909. The anomaly occurred because Management did not consider the expenditures in the budget for the year under review.

910. The situation could lead to budget overrun or, non-performance of planned activities.

911. We recommended to Management to consider all its intended activities in preparing future budgets, and exercise budgetary control to ensure that expenditures are in accordance with the budget provisions.

912. Management explained that the expenditure was necessary because of the collaboration between the Commission and the Ministry in the execution of their Regulations, projects, policies and also in the promotion of Ghana's hydrocarbon basins pertaining to the upstream oil and gas sector. Management however, noted the budget overruns for compliance.

Study Leave with Pay Granted Mr. Alex Asiedu-Nimo

913. Section 11(a) of the Leave Policy of the Commission states that "an employee who has served the Commission satisfactorily for a period of not less than thirty-six (36) months may be granted study leave with pay to pursue academic training course related to his/her job and that of the Commission's needs.

914. We noted that, Mr. Alex Asiedu Nimo of the Engineering department who was employed by the Commission on September 1st, 2015 as a Reservoir Engineer was granted a one-year (11 September 2017 to 12 September 2018) study leave with pay to pursue a course in MSc Reservoir Evaluation and Management at the University of Heriot-Watt in Scotland, even though, he had not served the Commission for the mandatory three years. Mr. Alex Nimo as at the time of the study leave, has served the Commission for only two years.

915. The action may lead to agitation within the staff of the Commission, especially officers who were employed before Mr. Alex Nimo Asiedu but have not been given the same opportunity.

916. We urged Management to strictly comply or amend the Commission's policy on study leave.

917. Management explained the decision was taken in order to boost the technical capacity of the Engineering team particularly, in reservoir management so as to enable the Commission effectively supervise the operations of the impending two additional producing fields (i.e. TEN and OCTP fields). Management was again, of the view that, boosting the academic qualification of Alex Nimo Asiedu in the reservoir management which is a unique technical area, could strengthen the Commission's regulatory capability within the time needed for the two new fields to come into full operation since he was the most experienced in the team.

918. We therefore, urged Management to amend the study leave policy to suit emergency situations.

GHANA NATIONAL PETROLEUM CORPORATION (GNPC)

Introduction

919. This report relates to the audited Consolidated Financial Statements of the Ghana National Petroleum Corporation Group for the financial year ended 31 December 2016.

Operational Results

920. The financial year for the group ended with a Loss before Tax of GH¢96,823,215. This result compared with a Profit before Tax of GH¢44,455,114 generated in 2015 represents a 317.8% deterioration in the performance of GNPC Group. The detailed performance indicators on operational performance are shown in the table 50.

Table 50: Income and Expenditure Statement for 2016

Income	2016 GH¢	2015 GH¢	% Change
Revenue	509,829,979	543,711,866	(6.2)
Cost of Sales	(301,473,792)	(306,461,947)	(1.6)
Gross Profit	208,356,187	237,249,919	(12.2)
Other Operating Income	111,318,908	124,732,412	(10.8)
Share of Profit/ of Joint Venture	-	2,025,416	(100.0)
Total Income	**319,675,095**	**364,007,747**	**(12.2)**
Expenditure			
General & Administrative Expenses	380,248,946	257,216,428	47.8
Other Operating Expenses	24,286,932	55,800,439	(56.5)
Finance Cost	7,956,973	6,480,923	22.8
Share of Loss of Associate	3,965,831	54,843	7,131.2
Share of Loss of Joint Venture	39,628	-	
Total Expenditure	416,498,310	319,552,633	30.3
Profit/(Loss) before Tax	(96,823,215)	44,455,114	(317.8)
Income Tax Expense	(41,494)	(79,107)	(47.5)
Profit/(Loss) for the year	**(96,864,709)**	**44,376,007**	**(318.3)**
Gross Profit Margin	**40.9**	**43.6**	**(6.3)**

921. Total Income for the group fell by 12.2% from GH¢364,007,747 in 2015 to GH¢319,675,095 at the end of 2016. This was mainly due to the loss of Bullion revenue over the same period.

922. Total Expenditure however rose by a significant 30.3% from GH¢319,552,633 in 2015 to GH¢416,498,310 in 2016. This trend was caused mainly by a significant increase in Petroleum Project Expenditure, General Operating Expenses and Personnel Emoluments.

923. Gross Profit Margin fell from 43.6% in 2015 to 40.9% in 2016. This represents a decrease of 6.3% over the period and this is as a result in the fall in revenue in the 2016 financial year as compared to what was generated in 2015. Details is shown in table 51.

Table 51: Financial Position

Item	**2016 GH¢**	**2015 GH¢**	**% Change**
Non-Current Assets	3,454,033,522	2,535,059,292	36.3
Current Assets	4,092,266,910	3,022,076,604	35.4
Current Liabilities	288,927,238	107,181,284	169.6
Net Current Assets	3,803,339,672	2,914,895,320	30.5
Non-Current Liabilities	1,590,699,722	820,197,296	93.9
Net Assets	5,666,673,472	4,629,757,316	22.4
Current Ratio	14.2:1	28.2:1	

924. Non-Current assets increased from GH¢2,535,059,292 in 2015 to GH¢3,454,033,522 in 2016. This change represented a rise of 36.3% and is mainly attributed to a very significant increase in the value of Petroleum Projects and to a lesser extent, additions to Intangible Assets.

925. Current Assets also rose by 35.4% increasing from GH¢3,022,076,604 in 2015 to GH¢4,092,266,910. An increase of

GH¢239,992,834 in Trade and other Receivables as well as an over GH¢100 million increase in Cash and Bank Balances were mainly responsible for the rise in the value of Current Assets over the period.

926. Current Liabilities similarly increased but by a whopping 169.6% over the period as it rose from GH¢107,181,284 in 2015 to GH¢288,927,238 in 2016 and was caused by a significant increase of GH¢181,704,460 in the value of Trade and Other Payables over the period.

927. Non-Current Liabilities almost doubled after it rose from GH¢820,197,296 in 2015 to GH¢1,590,699,722 in 2016. The increase represented a change of 93.9% over the period and can be attributed to the increase of GH¢746,079,448 in the value of Medium-Term Loan in the group.

928. Current Ratio reduced drastically from 28.2:1 in 2015 to 14.2:1. This is because the increase in the value of Current Liabilities (169.6%) far outweighed the increase in the value of Current Assets (35.4%) over the same period.

929. This should be a major cause of concern for the group as this could lead to an unfavourable situation if the trend is allowed to continue.

MANAGEMENT ISSUES

Delays in the Completion of Annual Audit and the Filing of Annual Returns

930. According to Section 95 of the Public Financial Management Act, 2016 (Act 921), the governing body of a public corporation or a state-owned enterprise shall

a) Cause to be prepared, not later than two months after the end of each financial year, an annual account in respect of the financial year; and

b) Submit to the Minister, not later than four months after the end of each financial; and audited financial statement.

931. There were significant delays in the completion of the annual audit of the GNPC group in both 2015 and 2016. The audited financial statements for 2015 was signed in December 2016 whiles that of 2016 was signed in October 2017. These delays were due to the timing of the appointment of the auditors and the delays in the commencement of the audit as well as Reporting currency issues and its implications on the 2016 financial statements.

932. There were delays also in the Financial Statements Close Process (FSCP). The FSCP transforms transactions in the entity's accounting records into the financial statements and its related disclosures. It took a long time to extract the final trial balance and produce the draft financial statements for the purpose of the audit. This was because the Corporation kept excel sub-ledgers and general ledgers alongside what was maintained in the Navision Application Software. Delays were also experienced in receipt of the audited financial statements of the various subsidiaries as well as the non-availability of the financial statements of Prestea Sankofa Gold Limited which is also a subsidiary of the Corporation.

933. The status quo is not compliant to the existing laws of Ghana and this could lead to adverse consequences for the Corporation and its subsidiaries. This could have some impact on the Ghanaian economy because GNPC is a vital institution that supports the growth and development of the nation. Also delays in the FSCP could affect the timeliness and reliability of the financial statements and its related

disclosures which might have a resultant adverse effect on decisions made by stakeholders of the Corporation.

934. We recommended to management to liaise with the Auditor-General to ensure the appointment of auditors on time to address the existing infraction of the PFM Act.

935. Management were also charged with ensuring that accounting software is made fully operational in order to guarantee timely financial reporting. Also reporting timelines should be agreed with the subsidiaries to ensure timely completion of audit for the GNPC Group.

936. Management is also required to define the strategic position of GNPC on the issue of Prestea Sankofa Gold Limited.

937. Management acknowledged the above recommendations and gave assurances that steps will be taken to address the issues raised.

NATIONAL PETROLEUM AUTHORITY (NPA)

Introduction

938. This report covers the audited accounts of the National Petroleum Authority (NPA) for the financial year ended 31 December 2016.

Operational Results

939. The Authority recorded a surplus of GH¢52,515,553 in 2016 compared to GH¢88,126,708 in 2015 representing a decrease of 40.4% over the financial year. This situation is explained by the fall of Total Income generated by NPA and also an increase in Total Expenditure incurred during the year.

940. The details for the operational results are provided in the Table 52.

Table 52: Income Statement for 2016

Income	**2016 GH¢**	**2015 GH¢**	**% Change**
Exchange Operating Income	54,523,515	51,370,655	6.1
Non-Exchange Operating Income	60,439,136	46,899,542	28.9
Total Operating Income	**114,962,651**	**98,270,197**	**17.0**
Other Income			
Finance Income	20,235,205	12,890,511	57.0
Net Exchange Income	2,418,398	46,510,628	(94.8)
Other Operating Income	4,809,613	2,288,950	110.1
Other Income	8,664,307	8,090,751	7.1
Other Income	36,127,523	69,780,840	(48.2)
Total Income	**151,090,174**	**168,051,037**	**(10.1)**
Expenditure			
Operating Expenses	48,428,110	43,253,950	12.0
Administrative Expenses	50,118,415	36,653,599	36.7
Finance Charges	28,096	16,780	67.4
Total Expenditure	**98,574,621**	**79,924,329**	**23.3**
Surplus	**52,515,553**	**88,126,708**	**(40.4)**

941. Total Income reduced by 10.1% after it decreased from GH¢168,051,037.00 in 2015 to GH¢151,090,174.00 in 2016.The reduction was due to a 94.8% and 48.2% fall in the value of Net Exchange Income and Other Income respectively during the year.

942. Total Expenditure on the other hand increased by 23.3% or GH¢18,650,292.00 from GH¢79,924,329.00 in 2015 to GH¢98,574,621.00 in 2016. This was mainly as a result of a 36.7% increase in Administrative Expenses. Details is shown in table 53.

Financial Position

Table 53: Financial Position

Item	2016 GH¢'000	2015 GH¢'000	% Change
Non-Current Assets	96,492,624	28,997,920	232.8
Intangible Assets	10,537,768	10,565,662	(0.3)
Current Assets	190,337,769	200,787,011	(5.2)
Current Liabilities	21,189,549	16,687,534	27.0
Net Current Assets	169,148,220	184,099,477	(8.1)
Net Assets	276,178,612	223,663,059	23.5
Current Ratio	9.0: 1	12.0: 1	

943. Non-Current Assets increased by GH¢67,494,704,000.00 or 232.8% from GH¢28,997,920,000.00 in 2015 to GH¢96,492,624,000.00 in 2016 and this was mainly due to 85% completion of the Authority’s Head Office building which was added to the Property Plant and Equipment during 2016.

944. Intangible Assets decreased by a margin of 0.3% which was due to amortization charge for the year.

945. Current Assets also fell by 5.2% from GH¢200,787,011,000.00 in 2015 to GH¢190,337,769,000.00 and this was largely attributable to a reduction in the Investment in Securities.

946. Current Liabilities however increased by 27.0% or GH¢4,502,015,000.00 from GH¢16,687,534,000.00 in 2015 to GH¢21,189,549,000.00 in 2016. This was mainly due to an increase in Accounts Payables over the course of the year 2016.

947. The liquidity position as measured by the current ratio decreased from 12.0:1 in 2015 to 9.0:1 in 2016. The Authority can still meet its short-term obligations as and when they fall due.

MANAGEMENT ISSUES

Transfer of Excess Funds into the Consolidated Fund

948. Section 51(2) of the National Petroleum Authority Act, 2005 (Act 691) states, "Where after having defrayed the outstanding expenses, the Authority has an excess amount, the Authority shall transfer that amount to the Consolidated Fund unless the Minister for Finance in consultation with the Minister approves the retention by the Authority of part or the whole of that excess amount".

949. It was noted during the audit that there was no evidence of transfer of excess funds of the Authority into the Consolidated Fund. It is important to note that this issue has been previously included in the management letters relating to the audit of NPA.

950. The actions of the management of NPA contravenes the Act and could have legal implications if not addressed. Non-payment of these excess amount into the Consolidated Fund deprives the government of much needed funds to support the running of the affairs of the state.

951. Management were advised to work out a mechanism that will seek to ensure compliance with the provisions of Act 691 whiles maintaining its autonomous outlook.

952. In response, management claimed that consistent with the autonomous status of the Authority that allowed the entity to fashion out its programmes and strategic plans in consonance to its mandate per the NPA Act, the Authority has been involved in recapitalization and expansions that necessitate ploughing back any surplus to further the objectives of the Authority as authorized by its Board and approved by the Sector Ministry.

953. Management, again, stated that Section 47(3) of the Public Financial Management Act, 2016 (Act 921) provides that a covered entity may retain revenue collected or received, where the revenue is in the form of a levy, licence fee or administrative penalty and the covered entity is authorized through appropriation by Parliament to retain the revenue. Management said that the Authority is in a process through the Sector Ministry to regularize its retention of the aforementioned revenue streams which currently are the only sources of revenue for the Authority's programmes and activities and emphasized that not retaining such revenue would seriously jeopardize the operations of the Authority and may result in serious consequences for the nation.

Procurement transaction entered into with no Contract-GH¢14,698,217.80

954. Section 65(2) of the Public Procurement Act, 2003 (Act 663) states, "When the tender documents require the supplier or contractor whose tender has been accepted to sign a written procurement contract conforming to the tender, the procurement entity and the supplier or contractor shall sign the procurement contract within 30 days after the notice referred to in subsection (1) is despatched to the supplier or contractor".

955. Subsection (3) also states that where a procurement contract is required to be signed, the contract shall enter into force on the commencement date indicated on the contract.

956. It was revealed during the audit that the Board gave approval for an amount of GH¢14,698,217.80 as a supplementary budget to be paid to Berock Ventures towards the furnishings of the Head Office which was not part of the cost of the Building originally.

957. This supply was awarded to Berock Ventures even though no formal contract was signed between the two parties.

958. The absence of a formal contract will make it difficult for the Authority to seek redress or damages in a law court in case of a breach of contract on the part of the supplier. This practice also contravenes the Act which requires every procurement transaction to be covered by a signed contract.

959. Management was advised to ratify the agreement with Berock Ventures and put in place mechanisms to ensure that all future transactions are covered by formal contracts signed by all parties to the transaction.

960. In defence, management confirmed that though the purchase of furniture for the new building was not part of the original contract, the transaction was approved by the then Governing Board prior to referring it to the appropriate procurement entity for approval.

961. However, due to the change of government in 2016, the process was stalled because the Governing Board was dissolved prior to the swearing in of the President. Management also informed the audit team this particular transaction has been the subject of an audit by the Public Procurement Authority (PPA) who are expected to come out with their recommendations on the matter.

PETROLEUM FUNDS

Introduction

962. This report relates to the audited financial statements of Petroleum Funds for the year ended 31 December 2017.

Operational Results

963. The fund recorded a Surplus of US$9,299,573.00 in the financial year ended 31 December 2017 as compared to US$5,770,463.00 in 2016, representing a growth of 61.2%. The performance indicators are shown in the Table 54.

Table 54: Income statement for 2017

Income	**2017 US$**	**2016 US$**	**% Change**
Investment Income	9,327,020	5,794,058	61.0
Total Income	9,327,020	5,794,058	61.0
Expenditure			
Bank Charges	27,447	23,595	16.3
Total Expenditure	**27,447**	**23,595**	**16.3**
Surplus	**9,299,573**	**5,770,463**	**61.2**

964. Total Income grew by 61.0% or US$3,532,962.00 over the 2016 figure of US$5,794,058.00 to register an amount of US$9,327,020.00 in 2017. This growth was influenced by substantial increases in income from both the Ghana Stabilization and Ghana Heritage Funds.

965. Total expenditure also rose by 16.3% from US$23,595.00 in 2016 to US$27,447.00 in 2017 and this was due mainly to increase in Bank Charges for the Ghana Heritage Fund Euroclear Account.

Financial Position

966. The statement of financial position of the fund as at 31 December 2017 is shown in the Table 55.

Table 55: Financial Position as at 31 December 2017

Item	2016 US$	2015 US$	% Change
Assets	710,480,275	512,267,505	38.7
Equity	710,480,275	512,267,505	38.7

967. In 2017, Assets registered a growth of 38.7% from US$512,267,505.00 in 2016 to US$710,480,275 in 2017. This was as a result of Investments increasing from US$254,768,499 in 2016 to US$454,267,714 in 2017 representing a growth of 78.3%.

968. The Fund Accounts also increased by 38.7% or US$198,212,770.00 from US$512,267,505.00 in 2016 to US$710,480,275.00 in 2017.

MANAGEMENT ISSUES

Amounts unpaid into the Petroleum Holding Fund - US$220.64

969. Section 3 (2) of the Petroleum Revenue Management Act 2011 (Act 815) states, "The petroleum revenue assessed as due in each month shall be paid by direct transfer into the Petroleum Holding Fund by the fifteenth day of the ensuing month by the entities obliged to make the payment".

970. Sub-section 4 also states that where the liability of an entity to make a payment is not discharged on or before the due date, the entity shall pay as a penalty, an additional five percent of the original amount for each day of default or the default rate established under any other law, whichever is higher.

971. As at 31 December 2017, a total of US$220.64 million was outstanding to be paid into the Petroleum Holding Fund. Of the total amount, US$219.53 million represents amounts due from Ghana Gas Company Limited for gas sold by Ghana National Petroleum Corporation (GNPC) and US$1.11 million surface rental fees unpaid by various entities.

972. The estimated amount of penalties computed based on Section 3 (4) of Act 815 is US$5.75 billion.

Table 56: Outstanding surface rental fees as at 31 December 2017

No.	Name of Entity	Amount per Assessment US$	Amount Unpaid US$
1	Britannia - U Ghana Limited	354,397	354,397
2	Swiss African Oil Company Limited	287,671	287,671
3	ENI Ghana Exploration and Production Limited	121,018	57,970
4	Sahara Energy Fields Ghana Limited	296,815	296,815
5	GOSCO/Heritage Exploration & Production Ghana Limited	111,950	111,950
6	Saltpond Offshore Producing Company Limited	605	605
7	Medea Development International Limited	78,250	20
8	CAMAC Energy Ghana Limited	75,400	400
9	Ecoatlantic/A-Z Petroleum Products Ghana Limited/Petrogulf	47,200	30
10	Blue Star Exploration Ghana Limited	8,750	25
11	UB Group	37,750	25
12	UB Resources Limited	55,022	25
	Total	**1,474,828**	**1,109,933**

973. Non-payment of petroleum revenue into the Petroleum Holding Fund constitute a breach of Act 815 and will lead to the loss of investment income which would have been earned if the monies had been paid into Fund on time.

974. Fund managers should put in place measures to ensure that monies assessed as due are collected promptly and also all late payments should attract penalty as stipulated by Act 815.

975. In response, management claimed that the indebtedness of the Ghana National Gas Company (GNGC) to GNPC is for raw gas purchased amounting to US$230 million as at the end of December 2017. This has been caused by the inability of the Volta River Authority (VRA) to pay GNGC for gas supplied for power generation. The Ministry of Energy is working to resolve issues about indebtedness of state-owned enterprises in the Energy Sector.

976. With regards to other debts, the Petroleum Commission (PC) acknowledged the default of US$1.1 million in surface rental payments by four contractor groups. There have been collaborative efforts with the Ghana Revenue Authority (GRA) to enable the assessment of surface rental, the collection of which is the responsibility of GRA.

Investment Policy for the Petroleum Funds

977. Section 30 (1a) of the Petroleum Revenue Management Act 2011 (Act 815) includes as part of the functions of the Investment Advisory Committee (IAC), the responsibility to formulate and propose to the Minister the investment policy and management of the Ghana Stabilization Fund and the Ghana Heritage Fund and the Minister shall submit it for approval by Parliament.

978. As at 31 December 2017, the Investment Policy for the Petroleum Funds was yet to be finalized.

979. Details of Investments made by the Ghana Heritage and Stabilisation Funds are shown in table 57.

Table 57: Investment Policy

Fund Account	**Total number of securities Held US$**	**Amount invested**	**Net Gains/ Losses (Change in Market Value) US$**	**Market Value of Investment US$**
Ghana Heritage Fund	73	284,660,824	3,871,941	288,532,765
Ghana Stabilisation Fund	44	169,606,890	(476,506)	169,130,384
TOTAL	**117**	**454,267,714**	**3,395,435**	**457,663,149**

980. In the absence of an approved Investment Policy, investment decisions that are made by the fund managers may be subjective and not yield the desired levels of investment income for the Fund.

981. Management was advised to ensure that the Investment Policy for the management of the Petroleum Funds is finalized and approved in order to guide investment decisions made by the fund managers.

982. Management informed the audit team that the Investment Advisory Committee (IAC) was being constituted and once that was completed, they will work with the Fund Managers and all relevant stakeholders to finalize the Investment Policy.

Constitution and Meetings of the Investment Advisory Committee (IAC)

983. Contrary to Section 33 (1) of the Petroleum Revenue Management Act 2011 (Act 815) which requires the Investment Advisory Committee (IAC) to meet once every quarter, it was discovered during the audit that that IAC of the Fund was yet to be constituted and thus no meetings were held in 2017.

984. The above condition is in breach of the Act and in addition, matters requiring the attention of the IAC may not be addressed in a timely manner. Furthermore, because the IAC is yet to be constituted, there is no benchmark set against which the performance of the Fund can be measured.

985. The Fund managers were urged to ensure that the constitution of the IAC is done as soon as possible.

Distribution to Ghana National Petroleum Corporation (GNPC)

986. Clause 6 of the Petroleum Revenue Management (Amendment) Act 2015 (Act 893) places responsibility on the Minister to ensure that the Bank of Ghana transfers to the National Oil Company, the relevant portion of the petroleum revenue due to that National Oil Company under subsection (2) not later than three working days after the receipt of petroleum revenue into the Petroleum Holding Fund.

987. It was noted during the audit that the distribution of petroleum revenue to the Ghana National Petroleum Corporation (GNPC) for the 35th to 40th Jubilee liftings and the 1st to 4th TEN liftings were made more than three working days after receipt of the petroleum revenue into the Petroleum Holding Fund. Details for this finding are shown in the table 58.

Table 58: Distribution to GNPC

Lifting	Bill of Lading Date	Date of receipt into Petroleum Holding Fund	Date of distribution to GNPC
35th Lifting – Jubilee	27-Dec-16	26-Jan-17	28-Mar-17
36th Lifting – Jubilee	09-Mar-17	07-Apr-17	12-May-17
37th Lifting – Jubilee	13-May-17	12-Jun-17	22-Jun-17
38th Lifting – Jubilee	03-Jul-17	02-Aug-17	28-Sep-17
39th Lifting – Jubilee	08-Sep-17	10-Oct-17	05-Dec-17
40th Lifting – Jubilee	25-Oct-17	24-Nov-17	27-Dec-17
1st Lifting – TEN	08-Dec-16	07-Jan-17	30-Jan-17
2nd Lifting – TEN	20-Mar-17	19-Apr-17	30-May-17
3rd Lifting – TEN	18-Jun-17	18-Jul-17	25-Aug-17
4th Lifting – TEN	06-Oct-17	06-Nov-17	29-Dec-17

988. The above contravenes Act 893 and deprives the National Oil Company of funds needed to support its operations.

989. Fund managers were advised to ensure that distribution of Petroleum Revenue should be made in accordance with the provisions contained in Act 893.
Management informed the audit team that the Ministry of Finance is working with the Bank of Ghana to automate the process to ensure that distribution timelines are always complied with.

Amounts owed by Oranto/Stone Energy for Surface Rentals and Royalties US$115,316.00

990. Section 3(2) of the Petroleum Revenue Management Act 2011 (Act 815) states, "The petroleum revenue assessed as due in each month shall be paid by direct transfer into the Petroleum Holding Fund by the fifteenth day of the ensuing month by the entities obliged to make the payment".

991. Sub-section 4 also states that where the liability of an entity to make a payment is not discharged on or before the due date, the entity shall pay as a penalty, an additional five percent of the original amount for each day of default or the default rate established under any other law, whichever is higher.

992. It was discovered during the audit that an amount of US$115,316.00 was due from Oranto/Stone Energy in respect of invoices for surface rental fees for the period February 2012 to April 2014 and this remains unpaid as at 31 December 2017. Table 59 provide details of the amount owed by Oranto/Stone Energy.

Table 59: Amounts owed by Oranto/Stone Energy

Details	**Amount**
Surface Rental Fees:	**US$**
2012	56,250.00
2013	57,438.00
2014	74,836.00
Total Fees	**188,524.00**
Amount Paid	(73,208.00)
Amount Outstanding	**115,316.00**

993. Non-payment of petroleum revenue into the Petroleum Holding Fund constitute a breach of Act 815 and will lead to the loss of investment income which would have been earned if the monies had been paid into Fund on time. Fund managers should put in place measures to ensure that monies assessed as due are collected promptly and all late payments should attract penalty as stipulated by Act 815.

994. Management were advised to ensure that steps are taken to follow up on long outstanding debts so that amounts due to the Petroleum Funds are promptly collected and appropriately invested. The above condition also falls in the category of late payment and hence should attract a penalty according to Section 3 (4) of Act 815.

995. In response, management informed the audit team that records at the Petroleum Commission (PC) indicate that Oranto relinquished its block in 2014 with an outstanding surface rental payment of US$115,316.00. They also stated that Royalties are only payable by producing companies and as such it was not applicable to Oranto/Stone Energy.

996. Management however stated that the Ghana Revenue Authority (GRA) has the mandate to follow up on the payment of surface rental fees and that the Petroleum Commission had already provided all the necessary support to enable GRA expedite collection of the amount owed.

Late Publication of 2017 reports by the Public Interest and Accountability Committee (PIAC)

997. Section 56 of the Petroleum Revenue Management Act 2011 (Act 815) tasks the Public Interest and Accountability Committee (PIAC) to publish a semi-annual report and an annual report in at least two state owned national daily newspapers by the 15 of September and 15 of March each year.

998. It was noted during the audit that the 2017 semi-annual report was published on 11 December 2017 whiles the 2017 annual report was published on 25 June 2018.

999. The above delays in reporting constitute a breach of the provisions of Act 815 and hence PIAC were urged to ensure compliance to that the provisions of Act 815 regarding the publication of reports on petroleum funds.

1000. In response, management explained to the audit team that the reports are dependent on data and information from its stakeholders which include the Ministry of Finance (MOF), Bank of Ghana (BOG), Ghana National Petroleum Corporation (GNPC), Petroleum Commission (PC), Ghana National Gas Company (GNGC), Ghana Revenue Authority (GRA), Ghana Infrastructure Investment Fund (GIIF) and the International Oil Companies. Management further explained that a critical part of the data required for PIAC's work is the allocation and utilization of the Annual Budget Funding Amount (ABFA) from the Ministry of Finance and the production and liftings data from GNPC.

1001. For 2017, ABFA allocations and expenditure data were received on 25 September 2017 when the semi-annual report was overdue, while the data for the annual report was received in bits (most of it in April 2018) even though the report was due in March 2018. Similarly, petroleum and production data were received on 13 September 2017 and 25 April 2018 for the semi-annual and annual reports respectively.

1002. Management further emphasized that the delays in the transmission of data for PIAC's analysis have been persistent and that has made it difficult for PIAC to comply with the established timelines for the reports. In order to resolve these persistent delays, PIAC has engaged the reporting entities on the matter and sought their cooperation to avoid this breach.

KPONG GENERATING STATION RETROFIT PROJECT (KGSRP)

Introduction

1003. This report relates to the audited financial statements of the Kpong Generating Station Retrofit Project (KGSRP) for the year ended 31st December 2017.

Operational Results

1004. The 2017 financial year ended with an excess receipt over payment of €1,997,488 as against a surplus of €8,455,720 representing a 76.4% decrease in the surplus over the period. The performance indicators for the year under review are shown in Table 60.

Table 60: Receipts and Payments Statement for 2017

Receipts	**2017 Euro**	**2016 Euro**	**% Change**
Balance Brought Forward	8,455,720	9,906,574	(14.6)
Interest Earned	28,164	-	-
Refund of Ineligible Expenditure	441,076	-	-
Disbursement of AFD Loan	-	8,423,667	(100.0)
Total Receipts	**8,924,960**	**18,330,241**	**(51.3)**
Payments			
Goods, Works and Services	6,927,472	9,874,521	(29.8)
Total Payments	**6,927,472**	**9,874,521**	**(29.8)**
Excess Receipts over Payments	**1,997,488**	**8,455,720**	**(76.4)**

1005. Total Receipts for the period was €8,924,960 as compared to €18,330,241 which translates into a 51.3% reduction over the period. There was no disbursement of the AFD Loan in 2017 but in 2016 disbursement totalled €8,423,667 and this was the major factor that accounted for the significant fall of Total receipts.

1006. Total Payments also dropped from €9,874,521 in 2016 to €6,927,472 in 2017. This represented a 29.8% decrease over the two periods.

Financial Position
Table 61

	2017 Euro	2016 Euro	% Change
Non-Current Assets	37,509,282	31,028,900	20.9
Current Assets	2,445,728	8,897,946	(72.5)

1007. Non-Current Assets increased by 20.9% after it increased from €31,028,900 in 2016 to €37,509,282 in 2017. This was due to an additional €6,480,382 Project Costs incurred during the year.

1008. Current Assets also fell drastically from €8,897,946 in 2016 to €2,445,728 in 2017. This change translates into a 72.5% fall in the value of current assets over the period. The decrease is explained by a drastic reduction in the closing bank balance from 2016 to 2017.

MANAGEMENT ISSUES

Financing Gap required to complete the Project

1009. During the audit, a report was sighted from the AFD Supervision Mission and this report stated a financing gap of approximately €13 million as at June 2, 2017. The report claimed this was the additional amount needed before the four (4) turbines could be completely retrofitted.

1010. The need for additional funds to ensure project completion has been necessitated due to changes and delays to the original supervision contract.

1011. Further delays in securing additional funds to complete this Project means that there is a likelihood that the cost of completion will keep escalating which will adversely affect the cash flows of KGSRP.

1012. Management was advised to do all that is necessary to ensure that additional funds are brought in to complete this Project in a timely manner to prevent any further delays or project suspension.

1013. In response, management informed the audit team that the Volta River Authority (VRA) has secured a bridge finance from the financial market to continue the project in 2017. Discussions are also ongoing with other International Banks including the European Investment Bank (EIB) to seek long term funding in order to complete the project in 2019.

Ineligible Payments made with Project Funds - €448,240.00

1014. Regulation 39 (2c) of Financial Administration Regulations2004 (LI 1802) states, “The head of the accounts section of a department shall control the disbursements of funds and ensure that transactions are properly authenticated to show that amounts are due and payable.”

1015. The current loan agreement requires VRA to pay for all taxes and specific expenses that may not be approved by the financier. Our review of payment authorisations during the audit revealed that expenses amounting to the cedi equivalent of €448,240.00 as at 31 December 2017 was related to income taxes, customs duties and expatriate PAYE tax expenses and had been paid through the special bank account of the project.

1016. The use of this loan facility for the above ineligible expenditure means that the core activities for which the funds were procured for might be ignored and stall the completion of the project.

1017. We advised management to take steps to ensure that all ineligible payments are completely refunded to the Project.

1018. Management acknowledged the finding with a response that they will ensure that all ineligible payments will be refunded by June 2018.

VOLTA LAKE TRANSPORT COMPANY LIMITED

Introduction

1019. This report discusses the audited financial statements of Volta Lake Transport Company Limited for the year ended 31st December 2015 and 31st December 2016.

Operational Results

1020. The Company's operations for the 2016 financial year ended with a loss of GH¢6,728,748 as compared to a loss of GH¢7,349,811 in 2015. The reduction represents an improvement of 8.5% over the previous year's performance although it should be noted that the Company is still making losses and is not even able to generate enough funds through its revenue to cater for its direct costs of sales. The Table performance indicators are shown in table 62.

Table 62: Trading, Profit or Loss Account

Income	**2016 GH¢**	**2015 GH¢**	**% Change**
Revenue	8,379,488	7,530,815	11.3
Cost of Sales	(10,413,410)	(9,629,811)	8.1
Gross Profit	(2,033,922)	(2,098,996)	(3.1)
Other Income	1,405,593	1,458,151	(3.6)
Total Income	**(628,329)**	**(640,845)**	**(2.0)**
Expenditure			
General & Administrative Expenses	6,100,419	6,708,966	(9.1)
Total Expenditure	**6,100,419**	**6,708,966**	**(9.1)**
Profit/(Loss) for the year	**(6,728,748)**	**(7,349,811)**	**(8.5)**
Gross Profit Margin	(24.3)	(27.9)	(12.9)

1021. Revenue for the year increased by 11.3% from GH¢7,530,815 in 2015 to GH¢8,379,488 in 2016. This was mainly due to a marginal increase in revenue generated from Ferry Services. Gross profit margin also improved slightly from (27.9%) in 2015 to (24.3%) in 2016. This situation leaves much to be desired as the company's inability to meet its direct cost of sales may soon threaten its very existence.

1022. Total expenditure also fell from GH¢6,708,966 in 2015 to GH¢6,100,419 in 2016. This decrease represents a 9.1% difference over the period. A fall in Depreciation Charges and End of Service Benefits was mainly responsible for the decrease in expenditure within the 2016 financial year.

Financial Position

Table 63: Financial Position

	2016 GH¢	**2015 GH¢**	**% Change**
Non-Current Assets	205,032,696	80,739,306	153.9
Current Assets	3,282,476	2,696,612	21.7
Current Liabilities	19,884,231	14,805,933	34.3
Net Current Assets	(16,601,755)	(12,109,321)	37.1
Non-Current Liabilities	32,213,479	15,670,311	105.6
Net Assets	156,217,462	52,959,674	195.0
Current Ratio	0.2	0.2	

1023. Non-currents Assets increased by 153.9% during the year after it rose from GH¢80,739,306 in 2015 to GH¢205,032,696 in 2016. This was mainly due to a revaluation exercise which resulted in a gain of GH¢111,674,226 during the 2016 financial year.

1024. Current assets also increased from GH¢2,696,612 in 2015 to GH¢3,282,476 in 2016 representing an increase of 21.7% over the period. A rise in the value of Inventories, Account Receivables and

Cash and Cash Equivalent was responsible for the difference over the two periods.

1025. Current Liabilities rose from GH¢14,805,933 in 2015 to GH¢19,884,231 in 2016 representing a 34.3% increase as at the year end. An increase of GH¢3,250,605 in the value of Accounts Payables was mainly responsible for this upsurge.

1026. There was also a 105.6% increase in the value of Non-current Liabilities during the financial year as it increased by GH¢16,543,168. The rise came from an increment in deferred income during 2016.

1027. Current Ratio remained stable at 0.2:1 over the two years. However, it is important to note that this current ratio means Volta Lake Transport is not in the position to settle its short-term liabilities as and when they fall due.

2015 MANAGEMENT ISSUES

Payment of full month salaries to separated employees on the month of departure - GH¢37,315.25

1028. Regulation 298 Clause 1 of the Financial Administration Regulations (L.I. 1802) requires the head of department to cause the immediate stoppage of salary to a public servant when that public servant has

a) Been absent from duty without leave or reasonable cause for a period as stipulated in the administrative regulations of the establishment;
b) Been absent from duty on leave without pay;
c) Been convicted of an offence involving theft or fraud, or a sentence of imprisonment;
d) Resigned;

e) Retired; or
f) Died

1029. It was noted during the audit that Volta Lake made payment for full month's salaries to employees irrespective of the date of separation from the company as a result of retirement, death or resignation.

1030. It was also observed that even though one Mr. Fred Sangmor (a retired staff) retired on 14th of August 2015, payments of his full salaries were made up to January 2016.

1031. A letter authorizing payments from Management dated January 2015 was also sighted without the approval of the Board of Directors. Table 64 shows the details.

Table 64: Payment of full month salaries to separated employees

Name	Date of Separation	Reasons for Departure	Last month Net Salary
Francis Fiagbey	23/03/2015	Retirement	843.16
Abraham Yeboah	15/04/2015	Retirement	1,114.82
Alexander Yeboah	14/09/2015	Retirement	953.05
Elizabeth Adjator	22/10/2015	Retirement	2,298.61
Fred Sangmor	14/08/2015	Retirement	3,249.68
Blessed Danquah	7/2/2015	Death	2,015.88
Paul Seidu Gariba	19/11/2015	Retirement	2,180.93
Bonney Samuel Kweku	23/07/2014	Retirement	2,980.49
Tetteh Percy Paul Ayikwei	18/05/2014	Retirement	2,998.49
Otu Joseph	14/02/2014	Retirement	890.37
Dzigbede Nathaniel	28/06/2014	Retirement	1,741.41
Edmund Asare	23/12/2014	Retirement	642.53
Adams Sulemana	15/05/2014	Retirement	719.42
Danquah Paul Kwesi	25/05/2014	Retirement	1,542.22
Asilefe Godwin	16/01/2014	Retirement	875.50
Osakonor Emmanuel	12/4/2014	Retirement	713.64

Mikado Emmanuel	19/08/2014	Retirement	1,129.58
Botchwey Stephen	20/09/2014	Retirement	877.55
Asare Emmanuel	12/12/2014	Retirement	1,293.48
Godking Kwadwo Thompson	15/01/2014	Retirement	1,607.22
Nelson Koffie	10/2/2016	Retirement	6,647.22
Total			**37,315.25**

1032. The above instances were due to lack of management supervision and has led to the incurring of unsubstantiated Staff Costs which could have an impact on the Company's cash flow.

1033. We recommended to management that all excess payments made to separated staff be deducted from the employees' entitlements. We advised management to pro-rate salaries to separated staff in the last month of their employment.

1034. Management responded to these observations by claiming excess payment to Mr. Sangmor had been deducted from his outstanding leave commuted to cash. Also, a memo had been sent to the Board for approval to regularize salary payments on separation from the Company.

Annual Leave - GH¢11,838.13

1035. The Human Resource Policy of VLTC requires all employees to take their annual leave for any particular year within the period 1 January to 31 December of that same year. It further states that accumulation of leave from the previous year may not be normally granted.

1036. It was observed during the audit that leave days are accumulated for all employees and carried forward contrary to the company's HR policy. Out of a total of two hundred and twenty-three (223) employees, only forty-five (45) were up to date with their annual leave obligation as at the year end. Employees who were due to retire during the year were not made to take their accumulated leave days prior to retirement and these were commuted into cash upon their separation from the company. For example, Mr. Fred Sangmor had one hundred days accumulated leave prior to his retirement date on 14th August 2015. This accumulated leave days was commuted to cash at a cost of GH¢11,838.13 to VLTC. The leave roster is not enforced by the HR unit and the heads of various departments or management and hence this unfavourable situation. This means the company will incur additional costs in the form of leave days commuted to cash.

1037. We recommended to management to ensure that the prepared and approved leave roster is enforced for all employees with immediate effect.

1038. Management claimed efforts have been made towards adhering to recommendation by auditors. Leave rosters have been drawn and is being adhered to. Also, all employees due for their leave are issued with an advice to proceed on leave.

Unavailability of Motor Vehicle with Registration Number GN 5752-13

1039. According to Section 65 of the Financial Administration Act, 2003 (Act 654) which relates to the Transfer of Government Property it clearly states that "No transfer, lease or loan of property owned by government shall be made to any person except in accordance with the appropriate law for the time being in force".

1040. The audit revealed that one motor vehicle (a Nissan Pick Up) with registration number GN5752-13 which had not been fully depreciated was unavailable during the physical verification of Non-current assets exercise.

1041. Management revealed that the vehicle was in the possession of the former Director Mr. Nelson Coffie who retired in February 2016. No correspondence was sighted from the Board approving the allocation of this vehicle to the former employee of VLTC.

1042. There was also no document to prove that the vehicle had been sold to him. The inability of management to safeguard the assets of the company may lead to the company being impacted adversely operationally and could in future result in cash flow problems as there might be a need for a replacement of the asset.

1043. We advised management to take all necessary actions against the former Director in order to retrieve the vehicle as soon as possible.

Non-Payment of Second-Tier Contributions - GH¢473,402.41

1044. Section 96 of the National Pensions Act, 2008 (Act 766) spells out the mandatory contributions to include:

a) Subject to Section 3(1) and (2) an employer of an establishment shall, remit a mandatory contribution of five per centum to approved trustees of occupational pension schemes, out of the total contribution of eighteen and a half per centum made on behalf of the worker.

b) The contribution shall be remitted by the employer within fourteen days from the end of each month.

c) The minimum contribution shall be five per centum of the approved monthly equivalent of the national daily minimum wage.

d) Where an employer deducts contributions from the salary of a worker, the contributions shall be held by the employer in trust until remitted to the trustees of the occupational pension scheme.

1045. During the audit, we noted that the company failed to submit its monthly returns and also failed to make monthly payments in respect of the second-tier pension scheme as required by Act 766. VLTC currently owes GH¢473,402.41 in respect of second tier contributions to United Pension Trustees Limited.

1046. This observation is in contravention of legislation and could lead to sanctions against the company as well as employee unrest.

1047. Management have been advised to ensure all second-tier contributions are paid immediately deductions are made and efforts should be made towards settling the contributions owed which are yet to be paid to the pension trustee

2016 MANAGEMENT ISSUES

Inadequate Security for the Server Room of VLTC

1048. Section 52 of the Public Financial Management Act, 2016 (Act 921) requires a Principal Spending Officer to put in place control systems that safeguard assets and prevent theft, loss, wastage and misuse.

1049. Our audit of VLTC revealed that the company's data/server room where all information is backed up did not have adequate security to restrict unauthorized access. The server room door just had a simple door with no metal burglar proof available. There was also no security person on guard at the room.

1050. This situation of inadequate security could lead to unauthorized access to or loss of sensitive information. VLTC's operations could be affected in case of loss of systems responsible for storing back up information.

1051. We urged Management to immediately ensure the fixing of a burglar proof system to ensure adequate security for the server room of the company.

MINISTRY OF TRANSPORT

GHANA SHIPPERS' AUTHORITY

Introduction

1052. This report covers the audited accounts of the Ghana Shippers' Authority for the financial years 1 January 2016 to 31 December 2017.

Operational Results

1053. The 2017 financial year ended with a surplus of GH¢15,322,212 representing 13.8% increase of the previous year's surplus of GH¢13,460,434. The comparative performance indicators for the two years are shown in Table 65

Table 65: Income statement for 2017

Income	2017 GH¢	2016 GH¢	% Change
Revenue (Internal Generated Fund)	38,242,969	36,150,589	5.8
Other Income	12,145,361	14,994,913	(19.0)
Finance Income	961,810	1,113,094	(13.6)
Total Revenue	**51,350,140**	**52,258,596**	(1.7)
Less Expenditure			

General & Administration Expenses (Including Personnel Emoluments)	34,923,745	37,807,647	(7.6)
Finance Cost	1,104,183	990,515	11.5
Total Operating Expenses	**36,027,928**	**38,798,162**	**(7.1)**
Surplus Of Income Over Expenditure	**15,322,212**	**13,460,434**	**13.8**

1054. Total income declined from GH¢52,258,596 in 2016 to GH¢51,350,140 in 2017, representing a short fall of 1.7% over the period. The decrease was largely due to the 19.0% decrease in other income in 2017, which was as a result of the decline in exchange gain, from GH¢4,147,792 in 2016 to GH¢1,340,530 in 2017.

1055. Total Expenditure also decreased by 7.1% from GH¢38,798,162 *in* 2016 to GH¢36,027,928 in 2017. This was mainly attributed to the provision of impairment of GH¢5,604,715 in 2016 Financial year.

1056. The Authority's financial position as at 31 December 2017 is shown in Table 66.

Table 66: Balance sheet as at 31 December 2017

Items	**2017**	**2016**	**%**
	(GH¢)	**(GH¢)**	**Change**
Non-Current Assets	72,330,217	72,633,193	(0.4)
Current Assets	39,269,671	32,146,516	22.2
Current Liabilities	30,293,486	33,162,852	(8.7)
Net Current Assets	81,306,402	71,616,857	13.5
Liquidity ratio	**1.3:1**	**1:1**	

1057. Non-Current Assets decreased by GH¢302,976 or 0.4 % in 2017, largely due to the disposal of Assets during the year.

1058. Current Assets went up by 22.2%, from GH¢32,146,516 in 2016 to GH¢39,269,671 in 2017. The increase in Current Assets was as a result of the increase in accounts receivables, from 25,366,635 in 2016 to 31,735,296 in 2017. The recognition of impairment in 2016 contributed to the low account receivables in 2016.

1059. Current Liabilities recorded a decrease of 8.7%, from GH¢33,162,852 in 2016 to GH¢30,293,486 in 2017. This was due to part payment of the interest on loans and borrowings in 2017.

1060. The liquidity position as measured by a current ratio is 1.3:1 in 2017 as compared with 1:1 in 2016 financial year. The slight improvement was largely resulted from the increase in accounts receivables. The Authority's ability to meet its short-term obligations as and when they fall due has not been encouraging over the years. We urged Management to improve on it liquidity position.

MANAGEMENT ISSUES

Deficiency in updating Shipping Lines indebtedness - GH¢23,009,618.58

1061. The Authority is mandated by, Regulation 8(1)(3)(4)(5) of the Ghana Shippers Authority Regulations, 2012 (L.I 2190) to levy a service charge of two per cent of the gross freight value of a shipment to or from this country on a shipping line that operates in this country. A representative or an agent of a shipping line that operates in this country should pay the service charge within a period of fourteen days after the receipt of the requisite invoice by the Authority.

1062. Best accounting practices also requires that, debit notes or demand letters are sent to debtors at reasonable intervals to update and remind them of their indebtedness.

1063. We noted that in the previous years, the shipping lines have not been making full payments of the invoices which are sent to them by the Authority. The Authority has also not been reminding the Shipping Lines of their outstanding debts when current Service Charge bills are sent to them. The Shipping Lines therefore accept the current bills due and honour them, leaving the outstanding debts unpaid. This resulted in overdue bills totalling GH¢34,108,063.14 as at 31 December, 2016.

1064. Management, under the circumstances, had to adopt impairment policy, approved by the Board to reduce the Trade receivables by GH¢11,098,444.56 (covering the period 2005 to 2013). Thereby, recognising GH¢23,009,618.58 as Trade receivables in the 2016 financial statements.

1065. Inadequate communication mechanisms to swiftly update the shipping lines on their full indebtedness contributed to the situation.

1066. In order to avoid further provision of impairment and bad debts, we recommended that, Service Charge bills sent to the Shipping Lines should include outstanding debts and a reasonable time for settlements.

1067. The finance department should also be fully automated and networked with freight department to ensure swift updates of Shipping Lines payments and indebtedness.

1068. Management accepted our recommendation.

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

1069. Parties in agreement are required to be responsible to their agreed obligations.

1070. We noted that tenants occupying portions of Takoradi Shippers Centre at Takoradi agreed with the Authority to pay their rent in advance (yearly or half yearly). However, as at 31 December, 2017, four out of the eight Tenants owed rent amounting to GH¢279,202.30 for a period ranging from five to 28 months. Details shown in table 67.

Table 67: Rent in arrears

Name	Period Owed	Monthly Rent Charge GH¢	Total Amount Owed GH¢	Space Occupied	Rate Per Square Metre
Macro Logistics	24 months	6,615.31	158,765.43	125.29	12 USD
Macdan Shipping	28.7 months	2,594.70	74,545.60	86.49	30 Cedis
Macro Shipping	6 months	6,564.09	40,091.27	124.32	12USD
Bake and grill	5 months	1,200.00	5,800.00		
Total			**279,202.30**		

1071. The Companies failure to comply with the conditions in the tenancy agreement has denied the Authority rent revenue of GH¢279,202.30.

1072. We attributed the anomaly to Management's inability to enforce the Termination Clause in the Tenancy agreement against the defaulters.

1073. We advised Management collect the rent arears by October 2018 or terminate the Tenancy agreement accordingly.

1074. Management responded that the Authority has written to the affected tenants to demand overdue rents. Some have pleaded for time in view of the slowdown of economic activities in Takoradi, whilst

Management continues to engage the others to ensure that the arrears are promptly settled and there is hope that, the strategies adopted will yield positive results.

PSC TEMA SHIPYARD LIMITED

Introduction

1075. This report relates to the audited financial statement of PSC Tema Shipyard Limited for the year ended 31 December 2015.

Operational results

1076. The company closed its operations for the year 2015 with a deficit of GH¢1,272,376 as against the previous deficit of GH¢1,491,333 in 2014 which represents 14.7% increase. The performance indicators are shown in table 68.

Table 68: Trading, Profit and Loss Account for the year ended 2015

Items	2015 GH¢	2014 GH¢	% Change
Revenue	17,585,451.00	22,163,676.00	(20.7)
Cost of Sales	11,478,143.00	12,819,341.00	(10.5)
Gross profit	6,107,308.00	9,344,335.00	(34.6)
Add Other Income	2,062,924.00	2,471,964.00	(16.5)
Finance income	1,353.00	34,511.00	(96.1)
Total Income	**8,171,585.00**	**11,850,810.00**	**(31.0)**
Expenditure			
General Administrative expense	10,848,945.00	11,136,288.00	(2.6)
Profit before tax	(2,677,360.00)	714,522.00	(474.7)
Income Tax Expense	1,404,984.00	(2,205,855.00)	(163.7)
Profit after tax	(1,272,376.00)	(1,491,333.00)	(14.7)
Gross Profit Margin	34.7	42.2	

1077. Gross Profit Margin reduced from 42.2% in 2014 to 34.7% in 2015. This was due to 20.7% decrease in Revenue from GH¢22,163,676 in 2014 to GH¢17,585,451 in 2015.

1078. Revenue went down by 20.7% from GH¢22,163,676 in 2014 to GH¢17,585,451 in 2015. This was as a result of reduction in Ship Repairs from GH¢15,028,959 in 2014 to GH¢11,892,116 in 2015.

1079. Total Expenditure also decreased by 2.6% from GH¢11,136,288 in 2014 to GH¢10,848,945 in 2015. Reduction in Provision for doubtful debt from GH¢4,141,954 in 2014 to GH¢3,187,318 in 2015 accounted for this.

Financial Position

1080. Table 69 is the financial position summary for the entity as at 31 December 2015

Table 69: Assets and Liabilities as at 31 December 2015

Item	2015 GH¢	2014 GH¢	% Change
Non- Current Assets	6,442,383	4,854,321	32.7
Current Assets	17,793,584	13,901,104	28.0
Non- Current Liabilities	-	993,082	-
Current Liabilities	19,534,417	11,788,417	65.7
Net Asset	4,701,550	6,967,008	(32.5)
Current Ratio	0.9:1	1.2:1	

1081. Non-Current Asset went up by 32.7% from GH¢4,854,321 in 2014 to GH¢6,442,383 in 2015. The increment in Non-Current Assets was due to increase in Property, Plant and Equipment.

1082. Current Asset also increased from GH¢13,901,104 in 2014 to GH¢17,793,584 in 2015 representing a 28% increase. This was mainly due to Trade and Other Receivables moving from GH¢8,426,561 in 2014 to GH¢12,366,547 in 2015.

1083. Current Liabilities recorded 65.7% increase from GH¢11,788,417 in 2014 to GH¢19,534,417 in 2015. The increase was largely due to increase in Trade and Other Payables by 149.87% in 2015.

1084. The company's liquidity position as measured by Current ratio of 0.9:1 in 2015 as against (1.2:1) in 2014 indicates that, the entity would not be able to meet its short-term financial obligation as and when they fall due.

MANAGEMENT ISSUES

Company engaged in sole sourcing - GH¢29,090.93

1085. Contrary to section 40(1a) of the Public Procurement Act 2003 Act 663 which states that 'A procurement entity may engage in single-source procurement under section 41 with the approval of the Board,

(a) where goods, works or services are only available from a supplier or contractor, or if a supplier or contractor has exclusive rights in respect of the goods, works or services, and no reasonable alternative or substitute exists;

1086. We noted during the audit that the company had engaged in sole sourcing amounting to GH¢29,090.93 without complying with the provisions of the Public Procurement Act. Details is shown in table 70.

Table 70: Listed the examples:

Date	**Payee**	**Payment voucher**	**Cheque Number**	**Transaction Details**	**Amount GH¢**
02/10/2015	Ojeyz Security Management	0911	005570	Purchase of gas detector	11,524.46
06/08/2015	Ederick Ltd	0694	005337	Purchase of Air condition	17,566.47
Total					**29,090.93**

1087. This is as a result of non-compliance with the Procurement Act.

1088. In our opinion, this could result in the company not obtaining value for money as goods procured from just one source may not meet excepted requirements.

1089. We recommended to management to ensure that all portions of the Procurement Act are duly complied with.

1090. Management accepted our recommendation.

Auction of obsolete Assets - GH¢235,547.58

1091. Section 84 of Public Procurement Act 2003, Act 663 states that, Disposal of obsolete and surplus items shall be by

(a) Transfer to government departments or other public entities, with or without financial adjustment;
(b) Sale by public tender to the highest tenderer, subject to reserve price;
(c) Sale by public auction, subject to a reserve price; or
(d) Destruction, dumping, or burying as appropriate.

1092. We however noted during the audit that, the company in the course of the year disposed of various classes of asset with the cost value of GH¢235,547.58 but they not keep proper documentation as there was no evidence on how the buyers of the asset were selected in accordance with the Public Procurement Act.

1093. Management's failure to ensure that these Regulations are adhered to lead to this error. This could lead to fraud or theft during and after the sale of those assets.

1094. We recommended to management to ensure that due processes are followed as per the Public Procurement Act.

1095. Management responded that, auction was done by the stores department and documentation on the valuation reports by STC, appointment of the auctioneer and publication of the auction were all kept and available for audit inspection.

Fixed Asset Register not maintained

1096. Contrary to Regulation 1c of Financial Administration Regulations 2014 (L.I.1808) which requires that a fixed assets register should be maintained and kept up-to-date at all times.

1097. We noted that the company did not keep a comprehensive fixed asset register hence unable to undertake fixed asset verification. There was no embossment on the fixed assets.

1098. This was due to ineffective supervision by management.

1099. This can result in improper monitoring the company's fixed asset. It is the duty of management to safe guard the asset of the company to avoid damaging and losses of fixed assets.

1100. We recommended to management to emboss and register all fixed asset procured by the company and kept in a fixed asset register.

1101. Management responded that the Estate Manager has been tasked to emboss all fixed asset. Proposals are underway to activate the fixed asset module in the ACCPAC Software to automate the fixed asset register.

MINISTRY OF LANDS AND NATURAL RESOURCES

LANDS COMMISSION

Introduction

This report covers the audited accounts of the Lands Commission for the financial years 1 January 2014 to 31 December 2015.

Operational results

1102. The activities of the entire Lands Commission for 2015 financial year ended with a surplus of GH¢21,954,239 as compared to a deficit of GH¢2,065,886 recorded in 2014. The performance indicators for the two years are shown in Table 71.

Table 71: Income and Expenditure for 2015

Income	2015 GH¢	2014 GH¢	Change GH¢	% Change
Govt. Subvention	31,285,769	28,090,353	3,195,415	11.4
IGF	114,092,081	92,154,803	21,937,278	23.8
Total Income	**145,377,850**	**120,245,156**	**25,132,694**	**20.9**
Expenses				
Personal Emolument	29,634,675	26,091,702	3,542,973	13.6
Goods Service	23,214,639	13,135,731	10,078,908	76.7
Other Expenses	4,582,214	8,982,451	(4,400,237)	(49.0)
Transfer into Consolidated Fund	65,992,083	74,101,159	(8,109,075)	(10.9)
Total Expenses	**123,423,611**	**122,311,042**	**1,112,569**	**0.9**
Surplus/Deficit	**21,954,239**	**(2,065,886)**	24,020,125	(1,162.7)

1103. The Total Income of the Commission increased by GH¢25,132,694 representing 20.9%, from GH¢120,245,156 in 2014 to GH¢145,377,850 in 2015. The increase was due to increases in both Govt. Subvention and Internally Generated Fund by 11.4% and 23.8% respectively.

1104. Total expenditure went up slightly by 0.9%, from GH¢122,311,042 in 2014 to GH¢123,423,611 in 2015. The slight change in the total expenditure was largely due to an increase in Good and Services by 76.7%, from GH¢13,135,731 in 2014 to GH¢23,214,639 in 2015, and a decrease in Other Expenses by 49%, from GH¢8,982,450 in 2014 to GH¢4,582,214 in 2015.

Financial Position

The financial position of the Commission for the review period is provided in Table 72.

Table 72: Financial Position for 2015

Item	2015 GH¢	2014 GH¢	Change	% Change
Non-Current Assets	8,118,527	5,890,071	2,228,456	37.8
Current Assets	26,177,509	6,648,883	19,528,626	293.7
Total Assets	**34,296,036**	**12,538,954**	**21,757,082**	**173.5**
Current Liabilities	196,686	393,842	(197,157)	(50.1)
Net Assets	34,099,351	12,145,111	21,954,239	180.8
Current Ratio	133.1:1	16.9 :1		

1105. Non-Current Assets of the Commission increased by GH¢2,228,456.01 representing 37.8%, from GH¢5,890,071 in 2014 to GH¢8,118,527 in 2015. The increase was attributed to additions to assets during the year.

1106. Current Assets also increased by GH¢19,528,626 representing 293.7% from GH¢6,648,883 in 2014 to GH¢26,177,509 in 2015, mainly due to increase in cash and bank balance from GH¢6,641,848 in 2014 to GH¢26,172,124 in 2015.

1107. The Commission’s Current Liabilities decreased by GH¢197,157 representing 50.1% from GH¢393,842 in 2014 to GH¢196,686 in 2015.

1108. Current ratio of 133:1 in 2015 indicates that the Commission will be able to meet its current liabilities as and when they fall due.

MANAGEMENT ISSUES

Corporate

Outstanding ground rent as at 31 December, 2015 - GH¢1,655,840.00

1109. Regulation 17(a) of the Financial Administration Regulations, 2004 (L.I. 1802) states that, “a head of department shall ensure that all Non-Tax Revenue are efficiently collected”.

1110. The Commission’s sources of Internally Generated Funds (IGF) include collection of ground rent. The Greater Accra Rent Management Unit of the Commission collects ground rent from 33 areas in the Greater Accra and Tema metropolis. Ledgers are maintained for each area. Total revenue received for ground rent for the period under review was GH¢16,247,628.49.

1111. We sampled and examined five of the 33 ledgers kept for ground rent and noted that 483 lessees/assignees owed ground rent totalling GH¢1,655,840.00.00 for the period December 1975 to December 2015. Details and the summary provided in Table 73.

Table 73: Outstanding ground rent - GH¢1,655,840.00

Ground Area	Debtors Figure GH¢	Period In Arrears
East Lagon	251,344.00	1975 – 2015
Airport residential Area	380,851.00	1979 – 2015
South Lagon	441,491.00	1981 – 2015
East lagon Ambassadorial area	212,608.00	1988 – 2015
Osu	369,546.00	1987 – 2015
Total	**1,655,840.00**	

1112. Interaction with the Head of the Ground Rent Management Unit indicated that the laxity in collection of the rent was due to the ignorance of the lessees/assignees of their obligation. Management occasionally assigns its task force to remind the lessees/assignees of their obligation for collection.

1113. This situation if not rectify will lead to loss of revenue to the Commission with its adverse financial effects.

1114. We recommended that, Management of the Ground Unit should organize the lessees/assignees and educate them on their obligation to pay the ground rent. Management should as well, device necessary strategies and measures to retrieve the outstanding debt of GH¢1,655,840.00 from the five ground areas. In addition, Management should mobilize forces for the collection of similar debts from the other ground areas without further delay.

1115. Management is yet to respond

Improper record keeping on ground rent collections

1116. In a related development, we noted that proper records were not maintained on the rents collected to facilitate easy scrutiny of the records. The situation contravenes Regulation I (c) of the FAR2004 which requires any public officer who is responsible for the conduct of financial business on behalf of the government of Ghana to keep proper records of all transactions and to produce records of the transaction for inspection when called upon to do so by the Minister, the Auditor General or Controller and Accountant General.

1117. Our examination revealed the following weaknesses in the record keeping on the Ground Rent collections:

a. The ledgers were not updated.
b. Tenants who default in paying their rent on due date are supposed to be charged interest. The portion of the interest so charged is not shown in the ledger for easy referencing.

c. Entries are only made in the ledgers when payments are made by tenant without showing the total amount due, and outstanding balance to be paid.

d. The rent ledgers are not self-explanatory rendering it difficult for a third party to detect any underpaid rent.

e. We further noted that the rates charged are based on the location of the area; i.e. whether it is a residential, industrial or commercial area. The rate charge per annum is revised every seven years for residential areas and between three to five years for commercial areas. The formula for the calculation of the rent for a period is not transparent. It was therefore difficult to determine whether the tenant has been rightly charged the rent for the period.

1118. The anomaly occurred because the head of accounts failed to analyse figures from the rent Section to ascertain whether the right charges have been paid by the respective tenants. He also failed to ensure all outstanding debts are accurately captured for follow up.

1119. The situation, if not rectified to make the system more transparent, the rent charges could be understated without detection. Individuals could as well enrich themselves at the expense of the Commission.

1120. We recommended that Management should ensure the rent ledger is redesigned to indicate the following, for easy referencing and more transparency to third parties: -

- plot number,
- lessee's name,
- rent per annum,
- period of arrears,
- outstanding rent at any point in time
- amount currently paid, and
- date of payment.

1121. Management should also ensure that the records are updated every year, and should consider computerizing the system to make it more transparent. Also formula for the calculation of the rent should be transparent to make it easy for computation.

1122. Management is yet to respond.

Payments without official receipts – GH¢766,337.36

1123. Best cash management practice requires payees to acknowledge receipt of payments by the issuance of receipts and /or signing the relevant column of the payment voucher. This will serve as evidence that funds were expended for the intended purpose and paid to the intended beneficiaries. Additionally, issuance of official receipt enhances accountability.

1124. We noted that the paying officer failed to obtain official receipts for payments totalling GH¢766,337.36 made to various Corporate Organisations that rendered services to the Commission for the period under review.

1125. We attributed this lapse to poor supervision by the Accountant over the Paying Officer as well as lack of post transaction review by the Internal Auditor.

1126. As a result, we could not confirm the propriety of payments amounting to GH¢766,337.36.

1127. We recommended that, the head of accounts should strengthen supervision and ensure that the payments are acknowledged with official receipts to authenticate them, or the amount of GH¢766,337.36 be refunded by the Paying Officer. We also advised the Internal Auditor to carry out periodic post audit of transactions.

1128. Though Management responded that the receipts were available for the audit team's verification, Management could not produce them for our scrutiny. We therefore stand by our earlier recommendation.

Failure to transact business with VAT registered entities - GH¢40,026.00

1129. Our review revealed that, Management procured items worth GH¢40,026.00 in 2015 from non VAT registered entities. The practice breaches Section 30(2) of the Financial Administration Act (FAA) 2003, which requires Government departments to procure from VAT registered suppliers.

1130. Management's non-compliance with the provision of the FAA has caused a loss of GH¢7,004.55 as VAT/NHIL revenue to the state as depicted in Table 74.

Table 74: Procurement from Non-VAT Registered Entities

Date	P.V No	Amount GH¢	VAT Amount (17.5%) GH¢	Details
15/5/15	Corp337/15	1,250.00	218.75	Repairs on vehicle Auto Annex
15/9/15	Corp705/15	2,400.00	420.00	Purchase of waist bin Limited
2/11/15	Corp905/15	36,376.00	6,365.80	Purchase of air ticket Travel Consult
Total		**40,026.00**	**7,004.55**	

1131. We recommended that, Management of the Commission should in future deal with only VAT registered entities in its procurement activities.

1132. Management responded that it was an oversight, and promised to comply with our recommendation.

Inconsistencies in award of contract - GH¢84,135.00

1133. Section 15(4) of the Public Procurement Act (PPA) 2003 states that "The head of an entity is responsible to ensure that provisions of this Act are complied with, and concurrent approval by any Tender Review Board shall not absolve the head of entity from accountability for a contract that may be determined to have been procured in a manner that is inconsistent with the provisions of this Act."

1134. Section 22(1) of the PPA also provides that a contract would be awarded to a tenderer who possesses a professional and technical qualification, financial resources and meet such other criteria as the procurement entity consider appropriate, among others.

1135. We reviewed a contract awarded to Contra Focus Limited, for the purchase and installation of air conditions with the view to establish the appropriateness of the award. We noted that the evaluation report on the contract file dated October 2014 indicated that five companies were shortlisted by the Commission. Out of this, three were disqualified for allegedly not meeting the tendering criteria.

1136. We further noted the following deviations in the award of the contract to Contra Focus Limited: -

a. Contra Focus Limited provided tender security from SIC, Insurance Company contrary to the requirement of tender document; the basis on which the other two companies were disqualified.

b. Contra Focus offered the lowest tender price of GH¢73,635.00 per the evaluation report, and that was one of the reasons for awarding the contract to him. We however observed that GH¢84,135.00 was paid to Contra Focus per payment voucher number corp177/15 of 01/04/15 as against the tender price of GH¢73,635.00; a difference of GH¢10,500.00 higher than the tender price.

c. The list of firms that bought the tender document as indicated in the evaluation report did not included Contra Focus Limited.

d. One of the conditions for awarding the contract to Contra Focus limited was to deliver the items to the Commission in 28 days after signing the contract on 22 December 2014. However, the items were supplied on the 19 March 2015, representing 58 days over the required delivery date.

1137. From the foregoing, it is evident that Management disregarded the provisions of the PPA. Management action had weakened the controls in the procurement process. As a result, we could not certify that value for money was obtained for the amount spent on the procurement.

1138. We recommended to Management to enforce controls in the procurement process and ensure that future awards follow procedures as prescribed by the PPA. Meanwhile the amount of GH¢10,500.00 being the difference between the tender price and the actual payment should be recovered from the supplier, or the authorising and approving Officers should be jointly surcharged.

1139. Management in their response stated that there was a price variation in the process. However, Management could not produce any approved variation letter or document to buttress its assertion. We therefore stand by our initial recommendation.

Absence of contract register

1140. Section 1.10.2 of the Public Procurement Authority Manuals on the Public Procurement Act 2003 (Act 663) requires a Procurement Unit to have the general responsibility of maintaining Procurement Dossiers and Contract Registers.

1141. Each Procurement entity must ensure that, complete documentation is maintained in respect of all procurement activities, contracts and agreement entered into.

1142. The Commission during the period under review awarded contract for the construction of office buildings and refurbishment of offices to various contractors. We observed that, a total amount of GH¢6,139,177.23 was paid to these contractors for the period reviewed.

1143. Management however failed to maintain a contract register, a very important document, to record the under listed details for effective monitoring of payments on contracts;

a. Name of the contractor
b. Nature of contract awarded
c. Location of the contract
d. Commencement date
e. Contract sum
f. Duration of contract
g. Payments to contractors
h. Outstanding payment on contracts

1144. The absence of the contract register made it difficult for us to confirm payments made to date. This could lead to over payment and other procurement malpractices without detection, culminating into financial indiscipline.

1145. Management's failure to effectively supervise to ensure that the register is properly kept contributed to the omission.

1146. We recommended that a contract register should be procured and updated with all the required information as stated above on all contracts awarded by the Commission without further delay and our office duly informed for verification.

1147. Management is yet to respond.

Mixing of Internally Generated Funds (IGF) and Government of Ghana (GoG) funds

1148. We noted that IGF and the GoG funds of the Commission were kept in the same bank account at Bank of Ghana. Our further review of the records disclosed that the Commission failed to maintain an analysis cash book to properly separate the transactions of each account. Consequently, the Accountant could not prepare reconciliation statements to indicate balance for both the IGF and the GoG accounts.

1149. Inter mingling of the GoG accounts with the IGF accounts had resulted in Management's inability to provide accurate budgetary returns to the Ministry of Finance. The lapse could also prevent the early detection of over spending on an account.

1150. We recommended that the GoG and the IGF accounts should be separated to ensure proper record keeping for the activities of both funds.

1151. Management in their response indicated that the GoG and IGF accounts have now been separated.

Fuel not accounted for - GH¢18,930.00

1152. Regulation 183(3) of the Financial Administration Regulations (FAR) 2004, states that "A head of department shall be accountable for the proper care, custody and use of Government stores from the time of acquisition until they have been used or otherwise disposed of in accordance with this regulations".

1153. We noted that fuel coupons amounting to GH¢18,930.00 were issued from Account Office to the Transport Officer for onward distribution to the Commission's pool vehicles in 2015. Our review however revealed the following flaws;

a. The Transport Officer did not keep any ledger for fuel coupons issued to him from the Accounts Section.

b. Fuel coupons issued from the Transport Officer to the pool vehicle drivers were not recorded in any ledger for the drivers to acknowledge receipt.

c. The drivers also did not record fuel coupons issued to them in their respective log books.

1154. The situation was due to negligence on the part of the Transport Officer to ensure accountability of fuel coupons issued to him.

1155. We therefore could not ascertain whether the fuel coupons amounting to GH¢18,930.00 was used in the interest of the Commission.

1156. We recommended that the Transport Officer should keep a ledger to record all fuel coupons issued to him by the Accounts Sections as well as fuel coupons issued from him to the drivers. This would facilitate reconciliation with the records in the Accounts Section. The drivers should also be educated on the importance of keeping a logbook. Meanwhile the Transport Officer should be made to account for the fuel coupons amounting to GH¢18,930.00, or refund same to chest and our office informed for verification.

1157. Management responded that our recommendation has been noted for compliance.

Poor maintenance of unserviceable items

1158. Chapter 1101 and 1104 of Stores Regulations 1984 requires supervisors and Officers directly in charge of stores and equipment to determine what surplus, obsolescent and unserviceable stores, segregate them from general stock and have them transferred from the main stock to a subsidiary ledger. It is their further responsibility to take immediate action to dispose of such categories of stores and, when necessary to report the circumstances to the appropriate authority for disposal action.

1159. We observed during a verification exercise at the Stores and some offices that a number of items have become unserviceable and deteriorating. We also noted that an unserviceable ledger was not maintained to record these items to ensure accountability.

1160. The manner in which the unserviceable stores had been dumped in the stores could hasten deterioration, thereby, reduce their net realisable values.

1161. The inability of Management to constitute a Board of Survey promptly to examine and advice on the best method of disposal resulted in the anomaly. The supervising officer's disregard to the relevant provision of the stores regulation also contributed to the lapse.

1162. We recommended that Management should take the appropriate steps to dispose of the unserviceable stores in accordance with the existing regulations. Management should also ensure that unserviceable ledger is maintained to record all unserviceable items in order to ensure accountability.

1163. Management is yet to respond.

Unapproved Policies of the Commission

1164. Policies are developed to reflect Organisational objectives. It also serves as guide for both employers and employees in the performance of their duties towards the achievement of the pre-determined objectives and the strategic goals of the Organisation.

1165. We noted however, that Management had not finalised the following essential strategic policies to help streamline the operations of the Commission's.

a) Human resource policy to promote sound labour recruitment, development and training of employees.

b) Information Technology policy which is key to the Commission's processes and a catalyst in resolving other technical IT problems.

c) Risk Management policy which enhances risk awareness in the management processes and the appropriate strategies to mitigate the impact of effect of risk occurrence.

1166. The omission of the stated policies could contribute to the Commission's inability to develop overall Strategic policy to guide and lead Management towards achieving the Commission's Mission and Vision in the long term. Also, the absence of these policies which serves as a yardstick for measurement of performance, made it difficult for the team to access Management's performance.

1167. We recommended that the above policies which are needed for the growth, and improvement of the performance of the Commission, should be finalised and implemented without further delay.

1168. Management accepted our recommendation for compliance

Survey and Mapping Division

Non- Payment of Withholding Tax of - GH¢25,442.07

1169. Section 87(1) of the Internal Revenue Act 2000, Act 592 states that ‘a withholding agent shall pay to the Commissioner a tax that has been withheld or that should have been withheld under this subdivision within fifteen days after the end of the month in which the payment subject to withholding tax is made by the withholding agent.

1170. We noticed during our audit that the Survey and Mapping Division withheld taxes of GH¢10,966.80 and GH¢14,475.27 during 2014 and 2015 financial years respectively. The Division however, failed to pay the amounts to the Domestic Tax Revenue Division (DTRD) of Ghana Revenue Authority (GRA) as required by law. Details attached as Appendix ‘D’.

1171. Management grossed over the dictates of the regulation and refused to remit the amount as scheduled resulting in the anomaly. Non-payment of the amount to DTRD of GRA had denied the government of the much-needed resources for the various developmental projects.

1172. To avoid payment of penalty, we recommended to Management to pay the amount to DTRD of Ghana Revenue Authority without delay and furnish our office with the receipts for verification.

1173. At the instance of the audit team, Management issued cheques with numbers 202770, 202771 and 202772 dated 31 December 2016, amounting to GH¢24,894.96 for payment to DTRD of GRA. We however advised Management to desist from delaying payment of withholding tax to avert sanctions.

Unpresented Payment Vouchers of - GH¢102,613.30

1174. Regulation 202 of the Financial Administration Regulations (FAR) 2004, states that ‘An officer responsible for keeping financial and accounting records in accordance with regulation 1 shall ensure that the necessary books and forms for the purpose, are provided but the non-availability of the books, and forms shall not relieve the officer from responsibility’.

1175. Notwithstanding the aforementioned regulation, Management failed to submit ten payment vouchers totalling GH¢102,613.30 for our examination. The vouchers were raised to pay for various activities within 2014 and 2015 financial years.

1176. We attributed the anomaly to improper filing, and poor record keeping by the accounts section.

1177. Consequently, we could not determine whether the payments were authorised, goods were supplied or service rendered, and payments were rightly taxed and subsequently remitted to the Commissioner of Domestic Tax Revenue Division (DTRD).

1178. We recommended to Management to provide the payment vouchers together with supporting documents for our examination, or the amount be recovered from the paying officer.

Official vehicles not insured

1179. Section 3(1) of the Motor Vehicle (Third Party Insurance) Act 1958 requires that, Subject to the provisions of this Act, no person shall use, or cause or permit any other person to use a motor vehicle, unless there is in force in relation to the user of that motor vehicle by such person or such other person, as the case may be, such a policy of insurance or such security in respect of third party risks as complies with the provisions of this Act.’ Also, Road Worthy Certificates and

Insurance cover should be in the name of the Survey and Mapping Division.

1180. Contrary to the above stated regulation, we observed that, six vehicles owned by the Division were not covered by any insurance policy. Details are provided in table 75.

Table 75 - List of vehicles not insured

No.	Type of vehicle	Vehicle No.	Chassis No.	Ownership	Location	Remarks
1	Toyota Land Cruiser	GV 695-14	JTECB09J103 022313	SMD	H/O Pool Car	Insurance Not Seen
2	Mitsubishi Pagero	GV 577-14	JMYLNV96W AJ000710	SMD	H/O	Insurance Not Seen
3	Ford Ranger	GV 550-14	MNCLSFE40 AW811474	SMD	H/O	Insurance Not Seen
4	Toyota Hilux Pick-Up	GV 543-14	AHTFK22G80 3004115	SMD	H/O	Insurance Not Seen
5	Toyota S. Wagon	GV 575-14	JTECB09J-503016062	SMD	H/O	Insurance Not Seen
6	Nissan Patrol Station Wagon	GV 722-14	JNITCSY61Z 0555810	SMD	H/O	Insurance Not Seen

1181. In the event of motor accident or natural disaster, the Division would not be able to obtain any compensation for the loss or damaged cause by the accident.

1182. We urged Management, as a matter of urgency, to ensure all official vehicles are insured and our office notified for verification.

1183. Management responded that they have taken note of the recommendation, and adequate steps are being taken to insure the vehicles.

Improper management of the vehicle log books

1184. Regulation 1604 of Stores Regulation 1984, states that "A vehicle Log Book shall be maintained for each vehicle and shall always be carried on the vehicle. Journeys undertaken shall be recorded and full particulars of receipts of fuel, oil and lubricants shall be entered up daily in the Log Book by the driver. Recordings in the Log Book shall be made in duplicate. All journeys recorded in the Log Book shall be certified by the officer using the vehicle".

1185. Regulation 1605 also requires that the original sheet in the Log Book should be detached and submitted to the officer in charge of transport, who should file it, after satisfying himself concerning the rate of consumption and certifying that the journeys performed have been authorized.

1186. Our review of the vehicle Log Books of the pool cars revealed the following anomalies;

- Journeys undertaken were not recorded and certified by the officer using the vehicle,
- Full particulars of receipt of the fuel purchased were not entered in the Log Book,
- The vehicle numbers were not indicated in their respective Log Books
- The was no indication that the Transport Officer review the rate of consumption of fuel vis-à-vis the journeys performed and
- The date and the time the vehicles returned were also not recorded.

1187. This anomaly was due to poor supervision by the Transport Officer and improper record keeping. The Drivers lack of knowledge on the proper way to keep a Log Book cannot be ruled out.

1188. As a result, we were unable to confirm whether the fuel allocated was accurately used for its purpose.

1189. We recommended to Management to organize training for all the drivers and the Transport Officer on how to effectively use the Log Book. This would prevent the reoccurrence of the anomaly in future.

Management accepted the recommendation, and promised to organize training for all the Drivers and the Transport Officers on how to effectively use the log books.

Failure to dispose of unserviceable/ obsolete items

1190. Section 83(1) of the Public Procurement Act 2003 (Act 663) states that "The Head of a Procurement entity shall convene a Board of Survey comprising representatives of departments with unserviceable, obsolete or surplus stores, plant and equipment which shall report on the items and subject to a technical report on them, recommend the best method of disposal after the officer in charge has completed a Board of Survey Form.

1191. Section 83(2) of the same Act further states that "The Board of Survey's recommendations shall be approved by the Head of the Procurement entity and the items shall be disposed of as approved".

1192. We observed during the audit that, 56 items in various locations have become unserviceable or not functioning. Management had however, not taken any steps to dispose of the items involved. The unserviceable items include computer monitors, printers, ceiling fans, wooden chairs, air conditions, telephones, UPS and executive swivel chairs. These items are listed in Appendix ‘G’ attached.

1193. Management’s laxity in identifying the obsolete items and follow due process to dispose of the items had resulted in the delay of disposal.

1194. Excessive delay may result in the items occupying the limited space in the affected offices and compounds, thereby hindering free flow of work.

1195. We advised that due process should be followed for the items to be repaired or disposed of without delay to avoid any further deterioration and ease congestion.

1196. Management stated that they have taken note of the recommendation, and promised to take adequate steps to form a Board of Survey to dispose of the listed items.

Improper basis for the preparation of Financial Statements

1197. Regulation 186 of FAR, 2004 states that “The Public Accounts and other government accounts shall generally be prepared on Accrual basis except that the specific basis and procedures for preparing the accounts shall be determined by the Controller and Accountant-General.

1198. Contrary to above principle, we noted during our review of the financial statements that the Division We urged Management to value its Office Building and Vehicles and include the value in subsequent year’s financial statements to reflect the true state of affairs of the Division.

1199. Management responded that they have taken note of the recommendation and would convey the anomaly to the Corporate Headquarters for deliberations.

Ghana School of Surveying and Mapping

Absence of a Strategic Plan

1200. Good Corporate Governance Practices requires an entity to set a vision and objectives and design appropriate strategic plan to guide realization of the desired result. A Strategic Plan is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations and ensures that employees and stakeholders work together to achieve common goals to the realization of the organization’s mission.

1201. We noticed that Ghana School of Surveying and Mapping under Survey and Mapping Division of Lands Commission has no Corporate Strategic Plan, Accounting Policies and Human Resource Management Policies to govern and direct the affairs of the School since its establishment in 1921. There was also no documented job description for its staff to facilitate performance appraisal of staff.

1202. The anomaly was due to Management failure to develop a Strategic Plan, for the School to function properly in the discharge of its mandate.

1203. The Achievement of the School’s mandate in the short, medium and long term will be in doubt since Management has failed to put in place a strategic plan to guide the operations of the School.

1204. We advised Management, as a matter of urgency, to develop a strategic plan, and Human Management Policy for the School, to serve as a guide for staff and other stakeholders.

1205. Management accepted our recommendation and promised to ensure that Strategic Plan is prepared to guide the efficient running of the school.

Absence of Board of Directors (BOD)

1206. For effective management and running of an Institution, it is required that there should be a Governing Council to formulate policies and direct the affairs of the Institution towards the achievement of its goals.

1207. We noticed during our audit that Ghana School of Surveying and Mapping has no Governing Board or Council to formulate policies and direct the state of affairs for effective management and smooth running of the School since August 2014, when the old Board's tenure of office elapsed.

1208. The anomaly resulted from Management's failure to make concerted effort to inform the appropriate authority for a new Board to be constituted for the school.

1209. The absence of the Governing Board has negatively affected the effective and smooth running of the School.

1210. We urged Management to consult the appropriate authority to constitute a Board as soon as possible to ensure smooth and effective running of the School.

1211. Management accepted our recommendation and indicated that, they are in the process of inaugurating the Board of Governors of the school with the full compliments of nominating bodies, Institutions and authorities.

Expiration of the School's Accreditation Since 2008

1212. It is a general requirement for Tertiary Institution that runs Diploma, Higher National Diploma or Degree Programmes to obtain accreditation from National Accreditation Board and renew it regularly. Accreditation is the legal permit that gives an Institution the legal backing to run any tertiary course.

1213. We observed that Ghana School of Surveying and Mapping has been operating, offering Higher National Diploma (HND) and Certificate courses without accreditation certificate since the old certificate expired in 2008.

1214. Undue delay by Management to put the necessary structures in place to meet the accreditation requirement has contributed to the lapse.

1215. The School is currently operating illegally, and stands the risk of being charged legal and reputational damages in the event of litigation.

1216. We advised Management, as a matter of urgency, to put the necessary structures in place to enable the School renew its accreditation.

1217. Management accepted our recommendation and indicated that steps have been taken to rectify the situation and that currently, Intuitional Authorization had been given.

Operating Training School without Legal Framework

1218. For effective management and running of an Institution, it is required that, there should be a legal framework to regulate its operations.

1219. We noticed that Ghana School of Surveying and Mapping has been operating without any legal framework or regulations despite our previous audit recommendation. Further check revealed that a Bill for the School has been drafted since 2008 but has not yet been passed into law.

1220. The anomaly was as a result of Management's failure to pursue for the Bill to be passed into Law.

1221. An Institution operating without legal framework could cause the school to functioning outside its core mandate.

1222. We reiterated that Management should pursue for the passing of the bill, in order to regularize the existence of the school.

1223. Management accepted our recommendation and promised to expedite action on passing the draft bill of the school into an Act; with the assistance of relevant Institutions and authority.

Absence of Key Management Personnel

1224. For effective management and running of an Institution, key positions are required to be created and filled with competent personnel to oversee the administration of the school towards the realization of its goals.

1225. We noted that key positions such as, the Registrar and the Internal Auditor had not been created and filled with the requisite personnel since the establishment of the school in 1921.

1226. This was as a result of absence of the Human Resource Policy and the Legal framework to determine the required establishment for the school.

1227. The absence of these key personnel is impacting negatively on the effective and smooth running of the school.

1228. We recommended that Management take steps to create and fill the above-mentioned positions as a matter of urgency, to improve the effective and smooth running of the school.

1229. Management accepted our recommendation, and promised to seek out for the right calibre of key personnel to take up the positions.

Absence of Audit Report Implementation Committee (ARIC)

1230. Section 30 (1)(2)(a) of the Audit Service Act 2000, Act 584 enjoins an institution, body or organization which is subject to auditing by the Auditor General to establish an Audit Report Implementation Committee (ARIC). It should be the duty of the ARIC to ensure that the head of an institution, body or organization pursues the implementation of matters in all audit reports as well as the Auditor General's reports endorsed by Parliament and financial matters raised in the reports of internal monitoring units in the institution, body or organization.

1231. We noted during the audit of the School that Management had not established an Audit Report Implementation Committee (ARIC) (now Audit Committee) for the school ever since the Act was established.

1232. The lapse could result in audit recommendations and other monitoring reports not being fully implemented.

1233. We therefore advised Management to establish the ARIC as early as possible in conformity with the law.

1234. Management accepted our recommendation and indicated that efforts are being made to establish the school's Audit Report Implementation Committee (ARIC) as soon as the Board of Governors is instituted.

Twenty-three employees not bonded

1235. Section 8.10(b) of the Conditions of Service for the Commission states that "sponsorship shall be granted to an employee who has served the Commission satisfactorily for a period of (six years inclusive of probation period) five years after probation to pursue a course of training relating to the employee's scope of work with the approval of the Commission. Such an employee shall be bonded to serve the Commission for a period equivalent to the study period plus two (2) years".

1236. Our review of the 2014/2015 students' list revealed that 23 of them were officers of the Commission, and were being sponsored by the Commission for various programmes. The sponsorship was under the Commission's staff development activity. However, the officers were not bonded to serve the Commission for the period specified by the Condition of Service of the Commission. Details attached as Appendix 'H'.

1237. Management failed to ensure that the officers are bonded before approving their sponsorships.

1238. Inability to adhere to the regulation as quoted above, could lead to loss of human capital for the Commission, should the beneficiaries leave after the completion of their courses.

1239. We recommended that Management should bond the officers, for them to serve the Commission for the period specified by the Condition of Service of the Commission, and the Audit office notified for verification.

1240. Management accepted our recommendation and promised to bring to the attention of the Head of Human Resource, Lands Commission, to take the appropriate action to correct the situation.

Non- availability of Store records

1241. Section 30(1) of the Financial Administration Act, 2003 (Act 654) requires that each government department should maintain adequate records of stores. Also items received or issued out of stores should be recorded after they have been checked and found to be in order. The item(s) should be recorded in the Store Ledger, on a Tally Card, Stores Received Advice or Stores Issue Voucher. The vouchers (receiving or issue vouchers) should be duly signed by the Storekeeper, officer at the receiving bay/ the receiver and the supervisor. The storekeeper should ensure correct running balances are maintained on the Tally Cards.

1242. We noted during our audit that the Management of Ghana School of Surveying and Mapping failed to keep relevant stores records such as Store Ledger, Stores Received Advice, Store Issue Vouchers and Tally/ Bin Card as required by the stated law.

1243. The anomaly was due to the absence of a permanent Supply Officer at the school to manage the stores.

1244. We were therefore unable to conduct stores audit, in order to confirm the receipts and efficient use of the store items procured. The omission could also lead to unsupplied items not noticed, pilfering and misused of stores.

1245. We urged Management as a matter of urgency to request a permanent Supply Officer from the Stores Inspectorate Division to man the school's stores. Management should also ensure that the store keeper maintains the relevant store records as required by the FAA 2003. Meanwhile the relevant store records for 2014 and 2015 should be compiled and our office inform for verification.

1246. Management accepted our recommendation and indicated that they would ensure that the requisite books are acquired for the effective monitoring of the usage of items in the store.

Non-Maintenance of Assets Register

1247. Regulation 2(n) of Financial Administration Regulations2004 (FAR) requires a Head of Department to compile and maintain assets register of the department as determined by the Controller and Accountant-General. Good asset management practice requires that an Institution records its properties in a register and in a format that will give vital information like; the value of the asset, when bought, depreciation calculations etc. and ensure regular maintenance and control to safeguard the assets or the properties.

1248. We noted that, despite our previous audit recommendations, Management failed to ensure an asset register is maintained to control the equipment and other office facilities. Additionally, no records were kept to show the movement of the Survey Equipment and Instruments which the students normally send to the field for their practical work.

1249. This was due to Management's failure to adhere to good assets management practice, and non-implementation of previous audit recommendations.

1250. Failure to maintain an asset register could lead to misuse and theft of the items, and inadequate information on the assets for future planning.

1251. We recommended that, Management should prepare and maintain an Assets Register which contains the required information to ensure proper control of the school's assets.

1252. Management accepted our recommendation and promised to ensure that an Assets Register is immediately opened and carefully maintained to safeguard the assets of the School together with Survey Instruments and Equipment.

Cash Basis of Preparing Financial Statements Instead of Accrual Basis

1253. Regulation 186 of the Financial Administration Regulations2004 states that "The Public Accounts and other government accounts shall generally be prepared on Accrual basis except that the specific basis and procedures for preparing the accounts shall be determine by the Controller & Accountant General".

1254. We discovered during the examination and validation of the Financial Statements that the school used cash basis in preparing its 2014 and 2015 Financial Statements instead of Accrual. This is in contravention of the Financial Administration Regulation, 2004.

1255. Management's Non-adherence to the Accounting Standard (IPSAS) accounted for this anomaly.

1256. As a result, we were unable to ascertain the Students Debtors and Creditors balances. Again, the Assets values were written off instead of depreciating them over their useful lives to ensure accurate information keeping for effective decision making.

1257. We advised Management to take the necessary steps to change the basis for the preparation of financial statement from Cash to Accrual basis in the subsequent years, to ensure compliance with International Public Sector Accounting Standards (IPSAS). Financial Administration Regulation.

1258. Management accepted our recommendation and promised to change from Cash basis to Accrual basis of preparing Financial Statement of the school. This takes effect from 2016.

Land Valuation Division

Unpresented Payment Vouchers - GH¢11,075.07

1259. Regulation (1) of the Financial Administration Regulations (1802) states that 'Any public officer who is responsible;

(a) for the conduct of financial business on behalf of the Government of Ghana,

(b) the receipt, custody and disbursement of public and trust moneys, or

(c) for the custody, care and use of public stores,

1260. Shall keep proper records of all transactions and shall produce records of the transactions for inspection when called upon to do so by the Minister, the Auditor-General, the Controller and Accountant-General or any officers authorised by them.

1261. We noted during the period under review that, payment vouchers amounting to GH¢11,075.07 in respect of the 2014 and 2015 financial years were not presented for audit. (Refer appendix 'I').

1262. This could be attributed to making payments before raising the necessary vouchers, and the Accountant's inability to properly preserve paid vouchers.

1263. As a result, we could not ascertain whether:

- payments were authorized & approved
- Goods were supplied or service rendered
- payments in respect of transaction were properly classified and included in accounts
- payments were made with the right tax charged, and subsequently paid to Domestic Tax Revenue Division (DTRD) of Ghana Revenue Authority (GRA).

1264. We recommended that, Management provides the payment vouchers for our examination or consider the payments disallowed, and the total amount of GH¢11,075.07 refunded by the authorising and paying officers.

1265. Management responded that they have taken note of the various payment vouchers involved and are taking steps to the put them together for our examination.

Items Not Routed Through Stores - GH¢41,104.47

1266. Section 0315 to 0316 of the Stores Regulations 1984 states that, 'The original Stores Receipt Voucher shall be endorsed to the effect that goods have been received and entered on the stock control form. This endorsement must be signed by the officer responsible for stock control or stores accounting. The endorsed original of the Stores Receipt Voucher shall always be attached to the Payment Voucher on which payment is made to the supplier.'

1267. Contrary to the above stated regulations, purchases made during the years under review amounting to GH¢41,104.47 were not routed through stores documents to leave an audit trail. The Procurement Officer explained that, the items were purchased and sent to project site at different district, hence, their inability to record such items. Refer to Appendix 'J' attached.

1268. Failure to adhere to the above quoted regulations by the officers' in-charge of procurement and stores has resulted in this anomaly.

1269. We could therefore not ascertain whether the goods purchased were in accordance with the specifications laid down when the orders were placed. The situation could also cause items not delivered to go undetected, which would be a loss to the Division.

1270. We urged Management to account for the items, and our office informed for verification. We also recommended that Management should ensure that future purchases are routed through stores documents.

1271. Management accepted our recommendation and stated that it had not been the practice of the Division to condone such lapses but corrective measures had been put in place to discourage such practice.

Fuel Not Accounted for - GH¢43,400.00

1272. Section 1604 of Stores Regulations 1984 states that, "A Vehicle Log Book shall be maintained for each vehicle and shall always be carried on the vehicle. Journeys undertaken shall be recorded and full particulars of receipts of fuel, oil and lubricants shall be entered daily in the Log Book by the driver.'

1273. Our audit of fuel records of seven (7) pool vehicles of the Division revealed that, out of a total amount of GH¢43,400.00 of fuel issued to the drivers of the vehicles during the periods under review, only GH¢300 was accounted for in their log books, leaving a balance of GH¢43,100.00 unaccounted for.

1274. This anomaly occurred due to Management's laxity in enforcing control over the use of vehicle log books.

1275. We could therefore not authenticate whether fuel worth GH¢43,100.00 were used for the furtherance of the Division's activities.

1276. We recommended that Management should ensure that Drivers adhere to the internal controls put in place, by recording all fuel received into vehicle log books to enhance accountability. Meanwhile, the drivers of these vehicle should be made to account for the fuel (GH¢43,100.00), or the amount be adjusted to personal advance account in the name of the respective drivers.

1277. Management explained that, they can confirm that the fuel had been properly utilized but that Drivers failed to enter them in the log books. They further stated that, the Transport Officer has now been given clear instructions to ensure that any fuel coupons issued are logged into the log book before subsequent ones are issued to them.

Public Vested Lands Management Division/PVLMD

Missing of funds released to the Division – GH¢98,240.00

1278. Regulation 15(1) of the Financial Administration Regulations2004, states "Any public officer or revenue collector who collects or receives public and trust moneys shall issue official receipts for them and pay them into the relevant public fund bank account within 24 hours of receipt except in exceptional circumstances to be identified by the Minister".

1279. Again, in order to ensure full disclosure of Income in the financial statement, all releases of funds to the Division must be recorded in the books of accounts.

1280. A review of the records available revealed that Retained IGF and GoG amounting to GH¢98,240.00 released by the Corporate Division to the PVLMD and received by two Officers during the years under review were not recorded in the cash book. The amounts were also not lodged in the bank accounts of the Division. Details provided in Table 76.

Table 76: Missing of funds released

Date	PV. No	Chq No.	Details	Recipient	Amount GH¢
21/11/14	633/14	446271	Release of IGF to Mgt for activities under the 2014 budget	Agatha Eshun	50,000
26/11/14	-	446251	Release of funds	A. Moses	48,240
Total					**98,240**

1281. The above anomaly has resulted in a loss of GH¢98,240.00 to the PVLMD and to the state. It would also impact negatively on the operations of the Division, because the planned activities could not be achieved.

1282. We attributed the anomaly to weak internal control systems and lack of supervision by Management on the operations of the Accounts Unit.

1283. We recommended to Management to take immediate steps to retrieve the amount involved from the two officers and present the receipts for our verification. Furthermore, Management should strengthen the internal control systems of the accounts unit, to ensure that all funds released to the Division are properly recorded in the cash books, and have been lodged at the bank, to prevent loss of funds to the state.

1284. In response, Management stated that our recommendation has been noted for compliance.

Receipts Not Issued for Cheques Received - GH¢431,992.00

1285. Regulation 28 (1) of the Financial Administration Regulations (FAR) 2004, (LI 1802) states that a collector who is satisfied that money tendered is in order shall issue an original receipt to the payer and shall deal with the duplicate and triplicate copies as required by departmental accounting manual.

1286. We noted that the Accounts Unit of PVLMD received cheques for releases of funds and other income from the Corporate Division and third parties totalling GH¢431,992.00 during 2015 financial year. The income from the Corporate was to cater for the Administrative expenses of the Division, and the income from the third parties resulted from the services rendered by the Division to the payees. The cheques and the amounts were though recorded in the cash book, no receipts were issued for them. Details are attached as Appendix 'L'.

1287. Failure to issue receipts for cheques received contravenes the FAR stated above. It could also result in diversion of the cheques into wrong accounts without notice, which would indicate loss of funds to PVLMD and the state.

1288. We blamed the above anomaly on lack of supervision by Management on the operations of the Accounts unit.

1289. We advised Management to ensure the Accounts Unit complies with the Financial Administration Regulations, by issuing receipts for all income received, to prevent loss of funds to the Division and the state.

1290. Management accepted the recommendation for compliance.

Unsubstantiated Debits & Credits in Bank Statement

1291. Regulation 1 (1) of the FAR 2004 (LI 1802) requires that any public officer concerned with the receipt, custody and disbursement of public funds should keep proper records of the transactions and produce such records for inspection when called upon to do so by the Auditor General.

1292. Our review of the records revealed that a deposit of GH¢117,393.09 and payments amounting to GH¢106,000.00 were made in the PVLMD Account No. 1018632146086 at Bank of Ghana without any supporting documents. We further noted that a transfer of GH¢30,000 from the above stated Bank of Ghana account to account no. 2011130017791 at Ghana Commercial Bank belonging to the Eastern Regional Lands Commission. The transfer was for the Regional Office to organize Technical Workshop for Record Officers on 24th December 2014. This was also without any supporting Documents.

1293. The Senior Accountant explained that he had not seen any records in relation to the transactions since he assumed office at the Division in September, 2014.

1294. Failure to keep proper documents on transactions did not only contravene the above stated regulations but also prevented us from ascertaining whether the transactions were made in the interest of the Division.

1295. We attributed the irregularity to lack of Management's supervision on the operations of the accounts Unit. Management again, did not ensure proper handing over by the previous Accountant of the Division.

1296. We recommended to Management to call upon the previous Accountant to provide the relevant supporting documents and notify our office. This will enable us certify the transactions in the bank statements, otherwise, the authorizing/approving officer(s) shall be made to account for the referred amounts in the bank account of the Division.

1297. Management stated that the transactions were late GoG releases to the Regions as administrative support for their operations which were captured and reported in 2013 financial statement which have been audited and certified.

1298. We could not agree with the Management's response because the referred transactions were made during the 2014 financial year, and could not therefore be reported in 2013 financial records.

1299. We therefore reiterated to Management to take the necessary steps to provide the documents for the referred transactions for our inspection, in order to authenticate them, failing which the amount be recovered from the authorizing and the paying officers.

Procurement Divided into Parts - GH¢31,866.00

1300. Section 21(1a & b) of the Public Procurement Act 2003, (Act 663) states that "procurement entity shall prepare a procurement plan to support its approved program and the plan shall indicate:

- Contract package and
- Estimated cost for each package".

1301. Section 21 (5) of the same Act also states that "a procurement entity shall not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures stated in the Act."

1302. Our examination of the records of the Public Vested Lands Management Division for the period under review showed that, procurements amounting to GH¢31,866.00 were divided into parts, in order to avoid the lawful process of competitive tendering. This is in contravention of the provisions of the Procurement Act. Details are attached as Appendix 'N'.

1303. We blamed the above anomaly on a deliberate attempt by Management to circumvent the procurement procedures stated in the Procurement Act.

1304. In effect, we could not ascertain the credibility and transparency of the transactions made.

1305. We recommended to Management to put an immediate stop to the above practice and ensure compliance with the procurement act.

1306. Management accepted the recommendation for future compliance.

Unearned Salaries – GH¢12,282.92

1307. Regulation 297 of Financial Administration Regulations L.I. 1802 requires a head of department to immediately stop the payment of salary to a public servant, who either resigned or retired, dies or absents himself from duty without leave or reasonable cause for a period as stipulated in the administration regulations of the establishment.

1308. We observed that four former officers of the Division had their names appearing in the salary payment vouchers after their separation from the establishment by way of retirement. This resulted in unearned salaries of GH¢12,282.92. Details are attached as Appendix 'O'.

1309. We blamed Management for the above situation because, though Controller & Accountant General was informed, Management failed to notify the banks.

1310. We recommended to Management to ensure that the total unearned salaries of GH¢12,282.92 are recovered and paid back to Government chest without further delay.

1311. In response, Management accepted the recommendation and stated that efforts will be made to retrieve the above stated amount and pay same to chest.

Land Registration Division

Failure to Refund GH¢100,000.00 Borrowed from Advert Fund Account

1312. Clients of Land Registration Division (LRD) of Lands Commission deposit moneys into the Division's advert account. The Division uses the money deposited to advertise on behalf of the clients in the Ghanaian Times newspaper. The adverts are in connection with the clients' applications for registration of titles to their lands.

1313. We noted that LRD on 24/11/2014, borrowed an amount of GH¢100,000.00 from the advert fund account to settle the Division's outstanding financial commitments. Management promised to refund the amount into the account when the Division receives its first quarter releases of IGF support from Corporate Headquarters in 2015.

1314. Our further review disclosed that as at the end of 2015, this amount has not been refunded to the advert account.

1315. This action amounted to misapplication of fund, which could affect prompt payment for cost of advert made on behalf of the clients.

1316. We recommended to Management to refund the amount into the advert account as early as possible.

1317. Management stated in response that an amount of GH¢20,000 has been refunded, which we later verified. The balance of GH¢80,000 is however, yet to be refunded into the account.

Fragmentation of Procurement Orders – GH¢71,690.50

1318. Section 21(5) of Public Procurement Act (PPA) 2003 (Act 663) prohibits a procurement entity from dividing a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures for public procurement.

1319. We noted that Management had designed a strategy to ensure that procurement orders were kept within the threshold that qualified for the use of price quotation. This resulted in the procurement orders divided into smaller packages before awarding. Appendix 'P' refers.

1320. Management's deliberate action to prevent procurement orders from entering a threshold that requires application of competitive bidding processes had caused this lapse.

1321. We were therefore unable to confirm the fairness and transparency of these transactions, as the procurement procedures did not assure us that value for money was obtained.

1322. We urged Management to comply with the provisions in the Public Procurement Act as quoted above in the future procurements.

1323. Management stated in its response that, it will do well to improve the procurement procedures for transparency.

Unearned Salary - GH¢5,409.84

1324. Regulation 298 of the Financial Administration Regulation (FAR), 2004, L.I. 1802 necessitates that a head of department should cause the immediate stoppage of payment of salary to a public servant when that public servant has been absent from duty without leave or reasonable cause for a period as stipulated in the administrative regulation of the establishment. In addition, Regulation 305 obliges a head of department or a head of a management unit to examine and certify the personal emolument payment vouchers to ensure that only staffs belonging to the units are on the payment vouchers.

1325. However, during our review of payroll of Land Registration Division for the year 2015, we noted that Ivy Seutaah Tensogo a separated officer by way of retirement with effect from 1 November, 2015 earned her salary until March 2015. This resulted in an unearned salary of GH¢5,409.84. Details provided in Table 77.

Table 77: Unearned Salary

Name	Grade	Type of Separation	Date Separated	Date of Last salary	Period of Separation	U
Ivy Seutaah Tensogo	Land Admin. Technician	Study leave without pay	1st November, 2015	March, 2016	November 2015 to March 2016	

1326. The irregularity was due to Management's failure to validate and confirm only staff at post at the end of every month before payment of salaries to staff.

1327. We recommended that Management should trace the officer, recover the unearned salary from her and lodged same into the consolidated fund.

1328. Management responded that, it has so far written to the bank to pay the unearned salary back to government chest.

Omission of GH¢93,200.00 and GH¢102,065.00 IGF from 2014 & 2015 Financial Statements

1329. Good corporate governance practices require that, organisational structure of an entity should clearly define authorities, responsibilities, reporting relationships and hierarchies of command. This is documented and communicated to all units.

1330. We noted that this important corporate governance practices have not been established and practised by the Division; hierarchies of command and reporting relationships have not been clearly defined.

This has caused the Kumasi office of the Division preparing returns and paying the IGF directly to the Corporate Division (Head Office). Though Corporate Division remit funds to the Regional Office to cater for office rent and goods and services, the IGF from the Region should have been routed through LRD, for them to retain the required 50% of the amounts before forwarding the other 50% to the Corporate Division (Head Office).

1331. As such, the LRD had been denied the receipt of GH¢ 97,632.50 (GH¢ 93, 200.00 + GH¢ 102, 065.00/2) being 50% of the Region's IGF for 2014 and 2015 financial years. Besides, the amounts were omitted from the Division's Financial Statements for the period.

1332. The anomaly led to an understatement of the Internally Generated Fund figures in the Division's financial statements, and overstatement of the Internally Generated Fund figures in the Corporate Division's financial statements prepared for the period under review.

1333. We recommended that Management should establish a well-defined organisational structure, specifying lines of commands and hierarchies of communication for all the units. Again, Management should ensure that, IGFs from the Regional offices of the Division are routed through the Division's office to the Corporate, in order that the amount could be incorporated in the Division's Financial Statements.

1334. Management accepted our recommendation to establish a well-defined organisational structure.

Non-Existence of Strategic Policies

1335. Policies are essential documents which are developed to reflect entities core objectives and guide both employers and employees in performance of their task and duties towards achievement of pre-determined objectives and strategic goals.

1336. We noted that Land Registration Division has not developed the following essential strategic policies to help identify its core mandate, draw a plan to guide performance of its activities, in a manner that will ensure achievement of the set targets.

a. Human resource policy has not been established to promote a sound staff recruitment, development and training of employees and to ensure engagement of qualified labour to help execute the core mandate and the strategic policy of LTRD towards achievement of strategic objectives.

b. Information Technology (IT) which is now bedrock for business success and act as catalyst in resolving rapid and ever-changing IT environment has not been established.

c. Overall strategy policy has also not been developed to guide and lead Management's actions towards achievement of the Division's vision and mission in both short and long terms.

1337. The absence of these policies which should have served as yardstick for the measurement of Management's performance could not help the audit to measure the Division's performance reliably.

1338. We recommended that, Management, without further delay, should develop appropriate strategic to direct activities of the Division.

1339. Management's response was that, it has accepted our recommendation, and further stated that Human Resource Policy has been finalised and presently await the approval of Public Service Commission.

Non control of value books

1340. Regulation 209(1) of Financial Administration Regulations states that "the term "value book "applies to any form book, or any electronic device used in public financial business, the improper use of which might occasion loss of public or trust moneys or loss to members of the public". Regulation 214 (1) also states that "A head of department shall ensure the effective and efficient control of stock of value book".

1341. We observed that, LRD uses about fourteen (14) different application forms to complete land registration processes for individuals, bodies and companies. These forms are printed by Controller and Accountant General Department (GAGD) at GH¢6 per form for the Division. During the period under review, the application forms were sold to the public at GH¢10 each.

1342. Our further review disclosed that, the forms are not effectively and efficiently controlled to safeguard public or trust moneys. The stock of the forms was not properly kept and maintained. Again, the actual stocks of forms in stock are not known to Management, and Management had never attempted to take physical stock of the forms (the value books). This practice contravenes the regulations quoted above.

1343. Under this circumstance, the likelihood of abuse of the revenue generation system cannot be ruled out because, movement of the value book or usage of value book cannot be reconciled with the stock, in order to determine the actual stock balance.

1344. We recommended that, Management should immediately take stock of the forms, reconcile with the ones in use, and our office informed for verification as early as possible. Management should also ensure efficient and effective control of the forms, to avoid loss of public funds.

1345. Management accepted our recommendation.

LANDS COMMISSION - SUNYANI

Delay in transfer of funds from Zenith Bank account to Consolidated fund -GH¢143,318.67

1346. Regulation 17 (b-c) of the Financial Administration Regulations 2004 (L.I 1802) states that ‘‘a head of department shall ensure that all Non-tax revenue immediately lodged in the designated Consolidated Fund Transit bank accounts except in the case of Internally Generated Funds retained under an enactment; and monitor and ensure that all Non-Tax Revenue lodged into the transit bank accounts are promptly transferred into the main Consolidated Fund bank account.

1347. We noted that funds deposited at Zenith Bank by the Commission in respect of IGF accounts took two to three months before being transferred by the bank into the Consolidated Fund Account.

1348. As at September 2018, funds not transferred by Zenith bank into the Consolidated Fund, stood at GH¢143,318.67. The funds were deposited between January 2018 and July 2018.

1349. This could be attributed to failure on the part of Management in ensuring immediate transfer of funds into the Consolidated Fund Account by the bank. This could result in the bank trading with the money.

1350. We recommended the immediate transfer of the total amount of GH¢143,318.67 into the Consolidated Fund without any further delay.

ADMINISTRATOR OF STOOL LANDS NKORANZA SOUTH

Ground and farm rent defaulters-GH¢125,866.00

1351. Section 2(d) of the FAR, 2004 stipulates that "A head of government department shall secure the due and proper collection of Government revenue collectable by the department within the terms of any enactment or of instructions issued under the authority of any enactment."

1352. Our review of the records of the Administrator of Stood Lands – Nkoranza revealed that defaulters in the payment of ground and farm rent as at 30/6/18 stood at GH¢125,866.00.

1353. Management's failure to put in place mechanisms that will ensure the effective collection of ground and farm rent revenues on behalf of the State resulted in the anomaly.

1354. Non-tax revenue which should accrue to the Administrator of Stool Lands was thus retained unlawfully by the defaulters.

1355. We recommended that the Municipal Stool Lands Officer should pursue recovery of the amounts and also introduce measures that will ensure the prompt payment of ground and farm rent by tenants to improve revenue generation.

ADMINISTRATOR OF STOOL LANDS
KENYASE

Delayed lodgements to bank - GH¢130,160.50

1356. The Financial Administration Regulations 2004, (L.I. 1802) Regulation 15(1) requires that "any public officer or revenue collector who collects or receives public and trust moneys shall issue official receipts for them and pay them into the relevant Public fund Bank Account within twenty-four hours of receipt except in exceptional circumstances to be identified by the Minister."

1357. Contrary to the above regulation, we noted during examination of revenue records that, 17 Collectors belatedly lodged various amounts of revenue collected totalling GH¢130,160.50 during the period under review. The average delay in lodgement ranged between 22 and 177 days.

1358. The inability of the District Stool Lands Officer to effectively monitor and supervise the collectors, ensuring that collections were lodged daily brought about this infraction.

1359. We are of the view that the overlapping of the days could result in teeming and lading and misappropriation of funds.

1360. We recommended that all revenues collected should be banked in line with the above quoted regulation. The District Stool Lands Officer should be sanctioned for his failure to discharge his responsibility.

Failure to present two GCRs for audit

1361. Regulation (1) of the Financial Administration Regulations 2004, LI1802 requires that "any public officer who is responsible for the conduct of financial business on behalf of the Government of Ghana, the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of public stores, shall keep proper records of all transactions and shall produce records of the transactions for inspection when called upon to do so by the Minister, the Auditor – General, the Controller and Accountant – General or any officers authorized by them".

1362. Our review of the Organization's Stock Register of value books revealed that two Revenue Collecting Agents failed to present two General Counterfoil Receipt (GCR) books for audit. Details are shown in table 78.

Table 78: Failure to present two GCRs for audit

S/No.	GCR No. From	To	Date issued	Issued to
1	656801	656900	26/11/2015	David Amoah
2	658601	658700	10/12/2015	Owusu Kuma Vincent

1363. Ineffective supervision on the part of the Accounts Officer and weak internal controls resulted in the anomaly which could be exploited to the detriment of the Organization.

1364. We urged management to retrieve the value books for our verification, failure of which the officers should be surcharged with a determined value of the four GCRs.

ADMINISTRATOR OF STOOL LANDS
GOASO

Delay in Payment of Revenue to Bank -GH₵35,896.00

1365. Regulation 15 (1) of the Financial Administration Regulations, 2004 (L.I. 1802) stipulates that "Any public officer or revenue collector who collects or receives public and trust moneys shall issue official receipts for them and pay them into the relevant Public Fund Bank Account within twenty four hours of receipt except in exceptional circumstances to be identified by the Minister".

1366. On the contrary, we noted that, it took about one month for four (4) revenue collectors to pay a total revenue of GH¢35,896.00 into the account of the Administrator of Stool Lands.

1367. We blame the anomaly on Municipal Officer of the Administrator of Stool Lands for failure to request and insist on lodgement of revenue into the account of the Administrator of Stool Lands within twenty-four hours as required by law. The lack of supervision could result in teaming and lading by the revenue collectors.

1368. We recommended that the Municipal Finance Officer of the Administrator of Stool Lands should ensure that all revenue collected are paid into the accounts of the Administrator of Stool Lands within twenty-four hours as required.

Share of Stool Lands revenue not retained (10)-GH¢10,714.70.

1369. Section 8(1) (a)-(c) of the office of the Administrator of Stool Lands Act, 1994 (Act 481) demand that ten percent of the revenue accruing from stool lands shall be paid to the office to cover administrative expenses.

1370. Contrary to this provision, Asunafo North Municipal Officer of the Administrator of Stool Lands failed to retain ten percent of revenue amounting to GH₵10,714.70 accrued from stool lands in the Asunafo North Municipal Assembly.

1371. The Municipal Officer explained that by a directive from the Regional Stool Lands officer, the total gross revenue was paid into the Stool Land Pool Account Number 7011130004996 operated by the Brong-Ahafo Regional Office of the Administrator of Stool Lands, and the 10 percent amounting to GH¢10,714.70 was not remitted back to him.

1372. The anomaly resulted in lack of funds to run the Municipal Office of the Administrator of Stool Lands.

1373. We recommended that the Municipal Officer should liaise with the Regional Director of Stool Lands to remit the 10% retention of GH¢10,714.70. Administrator of Stool Lands within twenty-four hours as required.

LANDS COMMISSION, TAMALE

Failure to pay rent on official bungalows- GH¢13,216.96

1374. Ministry of Finance and Economic Planning of Ghana directive requires that occupants of Government bungalows pay rent at the rate of ten percent (10%) of their basic salary.

1375. Our review of documents at Lands Commission, Tamale revealed that, three staff of the Commission occupying government bungalows failed to pay rent. Details are as shown table 79.

Table 79: Failure to pay rent on official bungalows

No	Name	Bungalow No	Staff ID	Date Of Occupancy	Basic Salary GH₵	10% of Basic Salary GH₵	No. of months in arrears	Amount Due GH¢
1	Salifu Masahadu Zanye	SSNIT Flat. 12E	796397	1/6/2014	1,964.24	196.42	48	9,428.16
2	Acheampong Wilfred	Old SSNIT Flat. 21A	540388	1/6/2017	2,846.13	284.61	12	3,415.32
3	Martin Kankoh	Old SSNIT Flat. 21A	4147	1/5/2018	1,867.38	186.74	2	373.48
Total								**13,21.96**

Failure to pay rent on official bungalows Failure to pay rent on official bungalows

1376. Failure on the part of management to submit their records to the Controller and Accountant General's Department for the deduction to be made at source caused the irregularity.

1377. This has denied the government of rent income for national development.

1378. We urged management to recover the accumulated rent arrears from the three (3) officers and pay same to government chest.

Abandoned vehicle (GV 856-14) at a mechanic's garage

1379. Section 52(1) of the Public Financial Management Act 2016, Act 921 states: "A Principal Spending Officer of a covered entity, state-owned enterprise or public corporation shall be responsible for the assets of the institution under the care of the Principal Spending Officer and shall ensure that proper control systems exist for the custody and management of the assets."

1380. An inventory check conducted on the Lands Commission, Tamale, revealed that a Ford Ranger Pick-up with registration number GV 856-14 had been abandoned at a private garage for over two years.

1381. The Transport Officer indicated that lack of funds made it impossible to repair the vehicle.

1382. Apart from exposing the vehicle to the vagaries of the weather, its parts could also be stolen.

1383. We recommended to the Regional Land Officer to tow the vehicle from the mechanic's garage without further delay, failing which any losses arising would be charged against him.

MINISTRY OF YOUTH AND SPORTS
NATIONAL SPORTS AUTHORITY

Introduction

1384. This report covers the audited accounts of the National Sports Authority for the financial two financial years ended 31 December 2016.

MANAGEMENT ISSUES

Payment of Judgement Debts - US$442,015 .00

1385. Section 65 (1) of the public Procurement Act, Act 663 states that "for tender that has been ascertained to be the successful tender in accordance with this Act shall be accepted and notice of acceptance of the tender shall be given within 30 days of the acceptance of the tender to the supplier or contractor submitting the tender".

1386. We noted that the Tender Evaluation Committee of the Authority recommended Messrs Litina Travel and Tours Limited to be considered for the award of the contract of transporting passengers to All African Games in Congo Brazzaville. This was after the Authority had gone through the procurement processes, and had satisfied itself that the Company quoted the lowest contract price of $884,485.00 with the highest technical score of 86%.

1387. However, the Minister for Youth and Sports and his deputy declined awarding the contract to Messrs Litina Travel and Tours Limited. This was because the Company refused to partner M/S African Origin Travel and Trading Limited who quoted US$946,500.00 as contract price and technically scored 47%, in taking up the contract. The Minister therefore, allowed African Origin Travel and Trading Limited to airlift the passengers on 30th and 31st August 2015 to Congo Brazzaville without any signed contract.

1388. Messrs Litina Travel and Tours Limited considered the Minister's action as a violation of the public procurement Act and on her right. The Company therefore brought a writ of summons against the Authority on 18/9/15 and made a special damage claim of US$380,000.00.

1389. On 10th November,2016 the High Court of Justice, Commercial Division Accra, ruled in favour of Messrs Litina Travel and Tours Limited and awarded a cost of US$380,000.00 against National Sports Authority as compensation for the loss of profit the Company suffered and further ordered that National Sports Authority to comply with section 65 (1) of public procurement Act.

1390. The Minister's refusal to comply with Procurement Law and deliberate action of circumventing the procurement process resulted in the judgement debts and high payment for the contract.

1391. We recommended to Management to ensure that the Minister and the Deputy whose actions resulted in these irregularities is held liable for total amount of US$442,015, being the judgement debt of US$380,000.00 awarded against the National Sports Authority, and the difference in contract pricing amounting to US$62,015 (US$946,500.00 - US$884,485.00), failing which the authorising and the paying officers shall be surcharged with the amount involved.

1392. Management stated in their response that the observation has been forwarded to the Minister and his Deputy and they are still waiting for their response.

1393. We urged Management to comply with our recommendations.

Misapplication of value added tax and withholding tax amount-GH¢337,007.15

1394. Section 117(1) of the income Tax Act, 2015 (Act 896) states "A withholding agent shall pay to the Commissioner-General within fifteen days after the end of each calendar month a tax that has been withheld in accordance with this Division during the month."

1395. We noted that 17.5% VAT component (entertainment tax) on the tickets sold, and taxes withheld from payments of goods and services during the two- year period under review amounting to GH¢297,941.89 and GH¢39,065.26 respectively, were not fully remitted to the Commissioner-General of Ghana Revenue Authority (GRA). Out of the total tax (VAT and withholding tax) of

GH¢451,097.55, only GH¢114,090.40 was remitted to the Commissioner-General, leaving a total amount of GH¢337,007.15 unpaid. Details of the amount not remitted to the Commissioner, shown in table 80.

Table 80: Withholding tax and VAT not fully remitted to GRA

Year	Tax Deducted GH¢	Amount Paid GH¢	Difference GH¢
2015 (VAT)	143,773.54	15,181.65	128,591.89
2016 (VAT)	241,262.89	71,912.89	169,350.00
2015 (5% WHT)	27,534.19	5,227.50	22,306.69
2016 (5% WHT)	38,526.93	21,768.36	16,758.57
Total	**451,097.55**	**114,090.40**	**337,007.15**

1396. Management violated the law by misapplying tax revenue for administrative expenses. This constitute financial indiscipline as stated in regulation 8(1) of the Financial Administration Regulation, 2004 which states "Instructions or directives contained in these Regulations or in Departmental Accounting Instructions for which no variation is permissible, in any circumstances whatsoever, shall be deemed to include a provision that any contravention will amount to a breach of financial discipline."

1397. Management's action had resulted in non-payment of tax revenue of GH¢337,007.15 to GRA to support government projects.

1398. Management explained that their budgetary allocations were not timely released to them, hence the use of the tax revenue to keep running Administrative activities.

1399. We recommended that Management should pay the amount with interest at the prevailing bank interest rate to Ghana Revenue Authority within 10 days after the receipt of the management letter and our office informed for verification, failing which the expenditures for which the monies were used for, shall be disallowed and authorising and paying officers shall be surcharged with the amount.

1400. Management responded that, it has made arrangement with GRA to pay the said amount in piece meal.

1401. However, the arrangement schedule was not made available for our verification. We therefore urged Management to remit the total tax amount of GH¢337,007.15 to GRA within 10 days after the receipt of management letter.

Misapplication of multi-purpose courts fund - GH¢ 100,000.00

1402. Section 32(3)(b)&(c) of the Public Financial Management Act, 2016 (Act 921) state "a virement that involves a change in the spending plans approved by the Minister for the current financial year shall require the prior written approval from the Minister; a virement may be made from a recurrent expenditure to capital expenditure as well as from one capital expenditure to another capital expenditure but shall not be made from a capital expenditure to a recurrent expenditure."

1403. We noted that in 2010, Anglogold Ashanti donated an amount of USD2,000,000.00 (GH¢3,090,380.00) to the Authority for the construction of multipurpose courts throughout the country. The Authority however, withdrew GH¢100,000.00 for administrative expenses without approval from the Minister of Finance. Details shown in Table 81.

Table 81: Transfer of funds from multipurpose courts Accounts to the Authority's operational Accounts

Date	P.V. No	Cheque No.	Details	Amount
24/12/2014	38/12	363031	Transfer to Account 4	100,000.00

1404. Management's failure to abide by the above stated regulation resulted in the misapplication of the fund.

1405. The action which is a breach financial discipline as stated in Regulation 8(1) of FAR, 2004, had also affected the completion of the construction of the multipurpose courts, as 40%of the project still remained uncompleted.

1406. Management explained that, they had financial difficulties during the period therefore, used the funds to run the office.

1407. We recommended to Management to refund the amount into the fund accounts within 30 days after the receipt of the management letter, failing which the authorising and the paying officers should be sanctioned in accordance with Regulation 8(4) of the FAR, 2004 which States "Sanctions for breach of financial discipline shall include reprimand, suspension, demotion, interdiction and termination."

1408. Management responded that, henceforth all government funds would be used for its intended purposes.

2. We urged Management to comply with our recommendation.

Failure to prepare 2015/2016 financial statements

1409. Section 80)1) of the Public Financial Management Act, 2016 (Act921) states "A Principal Spending Officer of a covered entity shall within two months after the end of each financial year prepare and submit to the Auditor-General and Controller and Accountant-General, the accounts and information set out in the schedule".

1410. Contrary to the above quoted Act, Management failed to prepare and submit the financial statements for 2015/2016 financial years to the Auditor-General and Controller and Accountant-General.

1411. We attributed this lapse to inadequate record keeping, laxity on the part of the Accounts Officers, and Management's failure to ensure compliance with the provision of the Act.

1412. The situation stifles effective planning and decision making by stakeholders. Additionally, Management's stewardship within the two years of managing public funds cannot be easily measured. The state of affairs also, constitutes breach of financial discipline as stated in Regulation 8(1) Financial Administration Regulations (FAR).

1413. We advised Management to prepare the financial statements for the two years and submit them to the stakeholders within 30 days after the receipt of the management letter, failing which, Management should be sanctioned by the Minister of Youth and Sports in accordance with Regulation 8(4) of the FAR which states "Sanctions for breach of financial discipline shall include reprimand, suspension, demotion, interdiction and termination".

1414. Management promised that the two years financial statements will be ready soon.

1415. We urged Management to comply with our recommendation.

Unaccounted for expenditures -GH¢ 89,258.37

1416. Regulation 39(c) of the Financial Administration Regulations (FAR), 2004 (L.I. 1802) also states “the head of the accounts section of a department shall control the disbursements of funds and ensure that transactions are properly authenticated to show that amounts are due and payable”.

1417. Our examination of the payment vouchers revealed that, 10 payment vouchers totalling GH¢ 89,258.37 being payments made for various activities including Board members allowances were without receipts, signed claim sheet and other relevant documents to account for them. Attached as appendix ‘A’ gives details.

1418. The omission was as a result of poor supervision by the Accountant over the Cashier’s duty, and lack of post transaction review by the Internal Audit Unit.

1419. This anomaly made it difficult to confirm whether these payments were genuine and value for money was obtained.

1420. We recommended that, Management should ensure these payments are receipted by the payees, and other relevant documents provided within 30 days after the receipt of the management letter, and inform our office for verification, failing which the authorising and the paying officers shall be surcharged with the amount involved.

1421. Management stated that, it is pursuing the parties involved to sign for the monies they received.

1422. We urged Management to comply with our recommendation.

Double payment of category four allowance - GH¢36,833.97

1423. Section 5 of the Retention of funds Act, 2007 (Act 735) states that "Internally Generated Funds shall not be used for the payment of salaries, staff benefits and other allowance except where the allowance are directly related to the provision of service that will lead to increased revenue".

1424. Regulation 39(c) of the Financial Administration Regulations (FAR), 2004 (L.I. 1802) also states "the head of the accounts section of a department shall control the disbursements of funds and ensure that transactions are properly authenticated to show that amounts are due and payable".

1425. We noted that a total amount of GH¢36,833.97 was paid to Mr. Joe Kpenge, the former Director-General of National Sports Authority as category four allowances from IGF without authority from the Minister of Finance. The payment covered the period, June 2014 to September 2015. Details provided in Table 82.

Table 82: Category four allowance from IGF

Details	**2014**	**2015**	**Total**
Accommodation 20% of basic	4,974.93	7,107.04	12,081.97
Security Day and Night	2,800.00	4,000.00	6,800.00
House help	10/31	2,000.00	3,400.00
Garden Boy	1,400.00	2,000.00	3,400.00
Utilities (Water, Electricity and Tel.	2,100.00	3,000.00	5,100.00
Clothing	2,492.00	3,560.00	6,052.00
Total	**15,166.93**	**21,667.04**	**36,833.97**

1426. Our further enquiries revealed that the Director-General later received the same payment directly from Controller &Accountant-General but he refused to refund the amount he earlier received from National Sports Authority.

1427. Management's disregard to the tenet of the Retention Act and the FAR contributed to the mis-management of the Authority's scarce resource.

1428. Management responded that, the former Director-General refunded GH¢2,000.00, leaving an amount of GH¢34,833.97 which he promised to refund later when other benefits due him are paid.

1429. We recommended to Management to recover the remaining GH¢34,833.97 plus interest at BOG prevailing rate from the former Director-General within 30 days after the receipt of the management letter, failing which the expenditure shall be disallowed, and the authorising, paying and the former Director-General shall severally be surcharged.

1430. We urged Management to comply with our recommendation.

Mismanagement of resource GH¢13,252.50

1431. Regulation 39(c) of the Financial Administration Regulations (FAR), 2004, (L.I. 1802) states "the head of the accounts section of a department shall control the disbursements of funds and ensure that transactions are properly authenticated to show that amounts are due and payable".

1432. We noted that, Management paid an amount of GH¢ 13,252.50 to KM Consult Limited for hiring of a Toyota Matrix salon car, at a cost of GH¢ 150.00 per day, from 2 April, 2015 to 31 July, 2015. We further noted that, the vehicle was hired for the use of the former Director General after his official vehicle broke down and was sent for repairs. The vehicle was hired because, the Director-General refused to alternatively use one of the roadworthy vehicles of the Authority.

1433. The transport officer explained that he was not consulted before the vehicle was hired, and alleged that, the former Director-General took the decision alone.

1434. We considered this payment as misuse of scarce resources of the Authority.

1435. We recommended to Management to recover the GH¢ 13,252.50 from the former Director General and pay same to the Authority's accounts within 30 days after the receipt of the management letter, failing which the authorising and the paying officers shall be surcharged with the amount.

1436. Management stated that, they had written to the officer, but were yet to receive any response from him.

1437. We urged Management to comply with our earlier recommendation.

Failure to maintain creditors ledger – GH¢10,937,924.70

1438. Regulation 1(1) of FAR 2004, requires any public officer who is responsible for the receipt, custody and disbursement of public funds and trust monies, to keep proper records of all transactions. Also, Regulation 274(a) of FAR 2004 specifies among others, ledgers as part of accounting records.

1439. We noted from a list of creditors that National Sports Authority owed total amount of GH¢10,937,924.70 to various suppliers and service providers but failed to keep creditors control ledger show the debits and credits of the credit transactions. The List Attached as appendix 'B'.

1440. Under this circumstance the Authority's liability at any given date cannot be ascertained reliably. This is because part payments made to the suppliers and the service providers cannot be traced.

1441. Management's poor supervision over the work of the Accounts Officers contributed to the anomaly.

1442. We recommended that Management should keep creditors and creditors control ledgers, and ensure that the transactions are recorded within 30 days after the receipt of the management letter.

1443. Management did not respond to our recommendation.

Non maintenance of the Stadium facilities

1444. Regulation 2(h) of the Financial Administration Regulations2004, requires heads of government department to preserve in good order and secure the economical use of all equipment and stores used by the department.

1445. We noted that, the Authority contracted Architectural and Engineering Service Limited (AESL) in June, 2015 to assess the extent of the maintenance work needed to be carried out at the stadium and estimates the cost for the rehabilitation. AESL estimated the cost as GH¢12, 615,125.00. Management however, had not taken any action, after two years of the assessment.

1446. As a result, the corrosion of the steel component of the structure has worsened to a critical point that needed a complete replacement.

1447. The Authority's inability to consider the stadium as a strategic asset, coupled with lack of maintenance plan had caused the lapse.

1448. We recommended to Management to renovate the stadium as early as possible, and ensure that the facility is regularly maintained.

Unearned Salary – GH¢48,794.28

1449. Regulation 297(1) (a) of the FAR, 2004, L.I. 1802 necessitates that a head of department should cause the immediate stoppage of payment of salary to a public servant when that public servant has been absent from duty without leave or reasonable cause for a period as stipulated in the administrative regulation of the establishment.

1450. In addition, Regulation 304(1) (a) obliges a head of department or a head of a management unit to examine and certify the personal emolument payment vouchers to ensure that only staff belonging to the units is on the payment vouchers.

1451. Regulation 298 (3)(b) of the same FAR further requires that, action for the stoppage should include notification to the Controller and Accountant General where salary payments are made directly to the officer's bank account; notification to the bank for repayment into the Consolidated Fund of salary or other payments credited to the public servant's bank account.

1452. We noted that, ten officers of the Authority who got separated through various reasons earned salaries for a period ranging from one to 28 months, leading to unearned salary totalling GH¢48,794.28. Attached as Appendix 'C' gives details.

1453. Management's failure to delete the affected officers' names from the payroll immediately they became separated, stop or notify Controller and Accountant-General and the officers' bankers had resulted in the lapse.

1454. The schedule officer explained that, information on separated staff from the H/R Department always come late, resulting in his inability to delete names of the separated staff promptly from the payroll.

1455. We advised Management to retrieve the unearned salary from the beneficiaries and pay same to government chest within 30 days after the receipt of the management letter, failing which the Human Resource and the Schedule officers shall be surcharged with the amount.

Non-existence of corporate strategy policy and legislative instrument

1456. Effective management and running of an Institution require that, its core mandate should be backed by Legislative Instrument to make its operational activities legitimate. Also, a corporate strategic plan including Accounting Policy and Human Resource policy should be designed to drive the vision and objectives of the Institution towards the realization of its goal.

1457. We noted that the Authority has not developed a legal Framework and strategic policy to regulate its operations over the years. Management activities are therefore performed without an approved legislation for directions. Again, there is no Human Resource Policy to guide, control and manage Human Resource activities of the Authority.

1458. Under the circumstances, there is no yardstick against which management's performance could be measured.

1459. Management inability to adapt a good corporate management practices contributed to the omission.

1460. We recommended to Management to develop a Legal Framework and ensure its approval by parliament. Management should also develop Strategic and Human Resource Policies to direct the Authority's performance towards achieving its goals.

1461. Management responded that, a position paper on the (L.I) has been submitted to the Ministry for the Minister's consideration and also a committee is set up to work on the strategy plan.

1462. We urged Management to expedite action.

No handing over note

1463. Regulation 1(3) of Financial Administration Regulations(FAR) 2004 (L.I.1802) states that "where a public officer is proceeding on transfer, leave or is for any other reason being relieved of the duties under sub-regulation (1), the officer shall hand over the financial and accounting records to the person taking over from the officer". In addition, Regulation 1(6) specifies that a public officer who fails to prepare the handing over statement under sub regulation (4) is in a breach of financial discipline as defined in 8(1).

1464. Contrary to the above quoted regulations, we noted that, the former Director General Mr. Joe Kpenge failed to prepare handing over notes to his successor Mr. Robert Sarfo-Mensah when leaving the office in May, 2017.

1465. As a results, Managerial records and other relevant documents were not readily obtained to ensure smooth continuity of administrative process of the Authority.

1466. We attributed the lapse to lack of co-ordination, co-operation and disagreement among the Management staff.

1467. We advised Management to ensure proper handing over by the former Director-General to the new Director-General within 10 days after the receipt of the management letter, failing which the former Director-General should be sanctioned in accordance with Regulation 8(4) of the FAR, 2004.

1468. Management stated that, it is still pursuing the outgone Director-General, Mr. Joe Kpenge to prepare and submit a handing over note to the new Director-General.

1469. We urged Management to expedite action.

Non replacement of the destroyed 5,461 seats at Kumasi Stadium

1470. Section 52(1)(2)(a) of the Public Financial Management Act, 2016 (Act 921) states "A Principal Spending Officer of a covered entity, state-owned enterprise or public corporation shall be responsible for the assets of the institution under the care of the Principal Spending Officer and shall ensure that proper control systems exist for the custody and management of the assets. A control system specified in subsection (1) shall be capable of ensuring that preventive mechanisms are in place to eliminate theft, loss, wastage and misuse."

1471. We noted that, between 2014 and 2016, 8,290 seats at Kumasi stadium were destroyed by students during their annual inter-college sports activities. Management therefore, on 27/03/15, engaged M/s Consar Limited who constructed the stadium, to replace 2,829 out of the 8,290 destroyed seats. The total cost of the 2,829 seats was GH¢203,688.00. Management Forwarded the invoice to Ashanti Regional Education Director.

1472. This amount was subsequently settled by Ashanti Regional Education office.

1473. Management is yet to bill the Regional Education Service for the replacement of the remaining 5,461 seats.

1474. The Regional Director of the Authority's failure to institute adequate safety and security measures to moderate and control riot during students' annual inter-college sporting activities is contributing to the destruction.

1475. The situation, if allowed to continue, could result in more destruction of state property.

1476. We recommended that efforts should be made by Management to ensure that the remaining 5,461 seats destroyed are replaced. Strict security measure should also be instituted to stop hooliganism during the annual sport festival, and any student or school found misbehaving or damaging property should be identified on the spot and made to pay for the cost of damages immediately.

1477. Management is yet to respond to our observation.

Use of Honour Certificate to cover amount above petty expenses

1478. Financial Administration Regulations 39(2)(c) states "The head of the accounts section of a department shall control the disbursements of funds and ensure that transactions are properly authenticated to show that amounts are due and payable."

1479. We noted that, the Ministry of Youth and Sports between 27th August, 2015 and 13th September, 2015 transferred total amount of USD $ 1,000,000.00 to National Sports Authority towards the organization of 11th All Africa Games in Congo Brazzaville. The amount was to be used to pay per-diem to the sports men and women, honorarium to coaches and officials, and other tournament related expenses.

1480. We reviewed the underlying documents accounting for the amount and noted that, a total of $19,100.00 for various expenses were made through Honour certificates without any receipts attached to properly account for them. Details Attached as Appendix 'D'.

1481. Weak control procedures over disbursement of funds during the event, resulted in these unjustified payments.

1482. In the absence of receipts to account for the payments, we disallow the expenditure and surcharge the paying officer with the amount.

Construction of Multi-Purpose Courts

1483. In 2010, Anglo Gold Ashanti donated an amount of USD2,000,000.00 (GH¢3,090,380.00) to the National Sports Authority to construct Multi-purpose courts at different locations throughout the country.

1484. National Sports Authority awarded 20 of the Multi-purpose court contracts to different contractors at a fixed contract sum of $100,000.00, converted into cedis at the prevailing dollar to cedis rate at the time of the award. The contract was awarded in batches. The first batch was awarded on 13th October 2010 and was expected to be completed by 31st December 2011. The second batch was awarded on December 2011 and was expected to be completed by March 2012. The last batch was awarded on 18th February 2012 and the expected date of completion was 17th May 2013.

1485. Twelve (12) out of the 20 multi-purpose court projects were supervised by Architectural & Engineering services Limited (AESL) and the remaining eight were supervised by ACP Ltd.

1486. We noted three scenarios during our visits to the project sites as follows;

a. Eleven of the projects had not been completed at all.
b. Four of them which were allegedly completed were having defects
c. Five of the them had been completed with no defects

1487. We recommended to Management to implement our recommendations accordingly.

NATIONAL SPORTS AUTHORITY, TAMALE

Unlawful retention of Internally Generated Fund (IGF) – GH¢148,911.30

1488. Section 3 of Ministries Departments and Agencies (Retention of Funds) Act, 2007 (Act 735) states: "A Ministry, Department and Agency specified in the first column of the Third Schedule may,

(a) raise or receive moneys in respect of the performance of its functions; and
(b) retain out of moneys raised or received, the percentage stipulated under the second column of the Schedule."

1489. Regulation 17 (b) of the Financial Administration Regulations 2004 (L.I. 1802) also states: "ensure that all Non-Tax Revenue is immediately lodged in the designated Consolidated Fund Transit bank accounts except in the case of Internally Generated Funds retained under an enactment."

1490. The National Sports Authority – Aliu Mahama Sports Stadium is not part of institutions captured in the Retention Act, 2007 (Act 735).

1491. We however noted that IGF raised in the period under review totalling GH¢145,381.30 was retained and expended by management, contravening the regulations stated above.

1492. The accountant explained that they were compelled to use the funds because they did not receive enough funds from the national headquarters to cater for expenses on goods and services.

1493. This action reduced the government's inflow by GH₵145,381.30.

1494. We urged management to comply with the law.

Overdue receivables-GH¢66,850.00

1495. Our review of records relating to stadium facility usage revealed that an amount of GH¢66,850.00 was owed the Aliu Mahama Sports Stadium by five institutions. The list is shown in table 83.

Table 83: Overdue receivables

No	Name of debtor	Programme	Period	Amount GH¢
1.	Regional Coordinating Council (RCC)	Hajj 2017 Trade Fair (Agric)	August 2017 – October 2017	15,000.00 15,000.00
2.	Vodafone Ghana Ltd.	Installation of Multi-Service Access Note (MSAN)	2008 - 2017	28,900.00
3.	Miss Damba	Traditional show	December 2017	5,000.00
4.	Vodafone Ghana Ltd.	Gym usage	2015 - 2017	2,150.00

5.	Tamale Technical University	Seminar	November 2017	800.00
	Total			**66,850.00**

1496. Management's failure to effectively pursue its debt collection is the cause of the delay in payment.

1497. The practice has resulted in revenue tired up in debts, denying the Government of Ghana the needed revenue for development programs.

1498. We recommended to management to implore effective means to collect the amount owed it from the affected institutions.

Unpaid Utility Bills- GH¢1,455,452.85

1499. Section 7(2) of the Public Financial Management Act, 2016 (Act 921) states among others that, a Principal Spending Officer shall establish an effective system of risk management and internal controls in respect of the resources and transactions of a covered entity.

1500. The indebtedness of the Aliu Mahama Sports Stadium to Volta River Authority (VRA)/NEDCO). and the Ghana Water Company Ltd. (GWCL) as at 31 December 2017 stood at GH¢304,298.85 and GH₵1,151,154.00 respectively. The Stadium had already suffered series of disconnections from the service providers because of the failure on the part of management to settle the debts.

Details are shown table 84

Utility Type	Metre Number	Date Received	Amount Owed GH₵
Electricity Bill	200609626612	5 December 2017	304,298.85
Water Bill	1202-0713-0079	19 January 2018	1,151,154.00
		Total	**1,455,452.85**

1501. Disconnection of utility services to the Facility does not only affect the performance of administrative duties, but also the ability of management to effectively cater for the grass on the playing pitches.

1502. We recommended to management to report the matter to the national headquarters to have the issues addressed.

Failure to Obtain Title Deed for Stadium Land

1503. Section 52 (1), (3a) and (4) of the Public Financial Management Act, 2016 (Act 921) among others states that, a Principal Spending Officer of a covered entity shall be responsible for the assets of the institution and shall ensure that proper control systems exist for the custody and management of the assets. The Officer shall also maintain a register of lands and buildings under his/her control or possession which shall contain a record of the details of each parcel of land and building and the terms on which the land and building is held, with reference to the conveyance, address, area, date of acquisition, cost, lease terms and other pertinent management details.

1504. Our review of asset management of the Aliu Mahama Sports Stadium, Tamale revealed that the Stadium had no Title Deed to the land it occupies. Management had on file only site plan of the land at the time of our audit.

1505. Poor asset management over the Stadium's property is attributed for this lapse.

1506. There is the risk that the Stadium losing part of its land encroachment.

1507. We recommended to management to do the needful in order to obtain the Title Deed to the Stadium's land.

Absence of Fire Certificate

1508. Regulation 1 of the Fire Precaution Regulations, 2003 (L.I.1724), states among others that, unless exempted, a fire certificate shall be required for premises used for the purpose of entertainment, recreation and as a place of work.

1509. Our review of records revealed that the Aliu Mahama Sports Stadium, Tamale did not have a fire certificate. Our physical inspection around the Stadium also revealed that fire extinguishers had expired, smoke detectors non-functional and fire hydrant hoses worn-out.

1510. Failure on the part of management to comply with the law caused the anomaly.

1511. Absence of standard firefighting equipment at the Stadium exposes the staff, people who patronise the facility and properties to a higher risk in the event of fire outbreak.

1512. We urged management to fix the anomalies and apply to the Ghana National Fire Service for fire certificate.

NATIONAL YOUTH AUTHORITY

Introduction

1513. This report covers the audited accounts of the National Youth Authority for the period 1 January 2013 to 31 December 2016.

Operational result

1514. The Authority registered a surplus of GH¢3,463,103 in 2016 as against a deficit GH¢434,082 in 2015 representing an increase of 697.8%.

Table 85: Statement of Income for year ended 31 December, 2016

Income	2016 (GH¢)	2015 (GH¢)	% (Inc/Dec)
Government Subvention	10,332,306	5,840,320	76.4
other Income	27,093	88,496	(38.1)
Total Income	**10,359,399**	**5,928,816**	**74.7**
Expenditure			
Personnel Emolument	5,169,863	4,972,271	4.0
Administrative Expenses	581,666	578,702	1.0
Goods and Services	1,144,767	811,925	41.0
Total	**6,896,296**	**6,362,898**	**8.4**
Surplus/(Deficit)	**3,463,103**	**(434,082)**	**697.8**

1515. Total Income increase by a margin of 74.7% from GH¢5,928,816 in 2015 to GH¢10,359,399 in 2016. This was mainly due to a 76.4% increase in the Government subvention from GH¢5,840,320 in 2015 to GH¢10,332,306 in 2016.

1516. Total expenditure of the Authority also increased by a margin of 8.4% from GH¢6,362,898 in 2015 to GH¢6,896,296 in 2016. This was largely due to the increase in the Goods and Services expenditure from GH¢811,925.20 in 2015 to GH¢1,144,767 in 2016.

Table 86: Financial Position as at 31st December 2016

Item		2016 (GH¢)	2015 (GH¢)	% (Inc/Dec)
Non-Current Assets		5,360,320	1,661,408	222.6
Current Assets		80,619	454	17,657.5
Current Liability		880,992	565,018	55.9
Net Assets		4,559,947	1,096,844	315.7
Liquidity ratio		**0.092:1**	**0.0008:1**	

Non-Current Assets

1517. Non-Current Assets of the Authority increase from GH¢1,661,408 in 2015 to GH¢5,360,320 in 2016 representing a 222.6% increase over the previous year. This was largely due to the procurement of the Technical and Vocational tools and Equipment and Lap tops for the Youth Leadership Training Institutes and Youth in ICT programme during the year.

Current Assets

1518. Current Assets which comprise of cash at the bank increase by a margin of 17668.0% from GH¢454 in 2015 to GH¢80,619 in 2016.

Current Liability

1519. Current Liability increase from GH¢565,019.31 in 2015 to GH¢880,992.00 in 2016 representing a 55.9% increase over the previous figure.

1520. The increase was due the purchase of six motor vehicles on credit from the Automall Ghana Ltd.

Liquidity

1521. The Authority's liquidity position as shown by the current ratio of 0.092:1 for 2016 and 0.0008:1 for 2015 indicate that the Authority will not be able to discharge its short-term obligations when they are due. We urged Management to rectify the liquidity position.

MANAGEMENT ISSUES

Delays in the release of feeding grants to Youth Leadership Training Institute-GH¢1,362,786.00

1522. Regulations 38(2) of the Financial Administration Regulation, 2004, L.I 1802 state that "a head of department shall report an insufficiency of funds which is likely to result in serious curtailment of services to the Principal Accounts Holder".

1523. We noted during the audit that, feeding grants for four semesters for nine Youth Leadership Training Institutes totalling GH¢1,362,786.00 are in arrears. The last grant received was for the second semester of 2015. The Institutions therefore, operate by engaging suppliers who are ready to extend credit facilities to them, thereby, violating the procurement procedures.

1524. We attributed this anomaly to government's lack of commitment to resource the Institutions to ensure efficient delivery of their functions.

1525. The situation affects the operations of the Institutions, and if not rectified, could force the Principals to close down the Institutions. The possibility of the schools buying inferior goods cannot be ruled out, because they are left with no choice than to accept what is available to them. The purpose for which the Institutions were established would be defeated if the anomaly persists.

1526. We urged Management to ensure that funds are released to the Institutions to enable them effectively perform their functions.

1527. Management in their response, explained that, Ministry of Finance is yet to release funds to settle the feeding grants after several request and follow ups.

1528. We urged Management to keep on pursuing the Ministry of Finance for the release of the feeding grants.

Vehicles procured on credit and not budgeted for - GH¢880,992.00

1529. Section 25(4) of the Public Financial Management Act, 2016 (Act 921) states "A Principal Spending Officer or any other public officer shall not commit Government to a financial liability, including contingent liability, unless that Principal Spending Officer is specifically authorized to do so under this Act, the Regulations or directives issued pursuant to this Act.

1530. Our examination of the financial records revealed that, the Authority procured three Toyota Corolla and three Nissan Navara LE (both 2016 model) totalling GH¢880,992 from Auto Mall Ghana Ltd on credit without authorisation from Minister of Finance. These expenditures were also not budgeted for. Details shown in Table 87.

Table 87: Vehicles procured on credit without authority

Description	**Suppliers**	**Amount GH¢**
Toyota Corolla (3No.s)	Auto Mall Ghana ltd	423,612.00
Nissan Navara (3 No.s)	Auto Mall Ghana ltd	457,380.00
Total		**880,992.00**

1531. We attributed this lapse to Management's failure to adhere to laid down rules and regulations.

1532. The possibility of the Authority forgoing its planned activities could not be ruled out because, monies meant for the activities might be channelled towards the payment of the vehicles. Again, any default in payment could result in judgment debt, or payment of interest thereon.

1533. We recommended to Management to adhere strictly to the dictates of the financial regulations by spending according to its budgetary allocations, in order not to put the Authority in financial distress, and ensure the performance of the planned activities. Meanwhile, the Authority should apply to the Ministry of Finance to rectify the anomaly, failing which, the authorising officer shall be responsible for any judgement debt, penalty or interest payment.

1534. Management did not respond to the observation.

Delays in payment of sponsorship fees -GH¢46,055.00

1535. Regulations 2(d) of the Financial Administration Regulations states that, “the head of government department shall secure the due and proper collection of government revenue collectible by the department within the terms of any enactment or instructions issued within or approved by the Controller and Accountant General.”

1536. We noted during our visit to Avenorpeme Youth Leadership Training Institute that five Municipal and District Assemblies, sponsoring a number of students of the Institute failed to settle the fees for the period 2013 to 2016 totalling GH¢46,055.00. Details shown in Table 88.

Table 88: Unpaid sponsorship fees

No.	Name of District	Term	Amount GH¢
1	Akatsi South District Assembly	2nd Term-2016	12,300.00
2	Keta Constituency	2016	2,385.00
3	Keta Municipal Assembly	2014/2015	5,244.00
4	Akatsi South District Assembly	2015	17,700.00
5	Anlo Constituency	2013	8,426.00
	Total		**46,055.00**

1537. We attributed this lapse to lack of commitment by Management of the Assemblies to settle their indebtedness to the Institute, coupled with Management's refusal to establish sanctions for fees paying defaulters and apply them when the need arises.

1538. The situation had led to financial challenges of the Institution, which is affecting its programme of activities.

1539. We advised Management to recover the debts from the Assemblies, for the Institution to effectively carry out its programmes. Management should also establish sanctions for fees paying defaulters and apply them when the need arises.

1540. Management indicated in their response that necessary steps will be taken to recover the monies from the Assemblies.

300 pieces of Lenovo Laptops procured without proper storage - GH¢610,389.00

1541. Regulations 2(h) of the Financial Administration Regulations, 2004 states that, "the Head of department shall preserve in good order and secure economical use of all equipment and stores used by the department".

1542. The National Youth Authority with the support of the Youth Employment Agency in 2016 procured 300 pieces of Lenovo Lap tops at a total cost of GH¢610,389.00 to organize the Youth Technology and Entrepreneurial programme. The programme was scheduled to take place in Accra, Kumasi and Tamale. The items were delivered in November 2016 to the Authority and subsequently transferred to the warehouse of the Youth Employment Agency for storage. We observed during our visit to the warehouse that, the laptops were not kept in a conducive environment. The warehouse partly gets flooded when it rains and some of the pallets are broken down. There is also, no proper ventilation in the warehouse.

1543. The anomaly was due to Management's failure to insist on taking custody of the equipment for safe keeping.

1544. The laptops could get damaged because of the exposure to bad weather, thus defeating the purpose for which they were acquired. This could also lead to financial loss to the state, since any damage to the laptops could lead to acquiring new ones to replace them.

1545. We urged Management to liaise with the Youth Employment Agency to immediately return the laptops to its custody. Management should also ensure that the programmes are held as early as possible, to achieve the purpose of acquiring the laptops.

1546. Management in their response indicated that, they would liaise with the Youth Employment Agency to return the items for safe keeping.

Procurement of Vocational & Technical Tools and Equipment without the necessary infrastructure to accommodate them-GH¢2,374,497.27

1547. Section 52(1) of the Public Financial Management Act, 2016 (Act 921) provides that a Principal Spending Officer of a covered entity, state-owned enterprise or public corporation shall be responsible for the assets of the institution under the care of the Principal Spending Officer and shall ensure that proper control systems exist for the custody and management of the assets.

1548. The Authority has the responsibility of implementing policies and programs that will provide the relevant environment for the general empowerment of the Ghanaian youth, as well as facilitating equitable access to opportunities that will ensure the fulfilment of their potential, whiles at the same time guaranteeing them worthy employment for their meaningful contribution to national development.

1549. In this regard, the Authority, with the support of the Youth Employment Agency, procured technical and vocational equipment and tools valued at GH¢2,374,497.27, for the various Youth Leadership Training Institutions across the country. These equipment and tools were delivered to the Authority in November 2016, receipted into stores, and later, issued to the various Youth Leadership Training Institutions.

1550. We however, noted from five out of seven selected Institutions visited that, no store rooms and workshops to accommodate these valuable equipment and tools. Institutions with store rooms were also facing problem with congestion, as the equipment and the tools are kept on the floor, exposing them to hazardous conditions, and preventing easy movement within the stores. The environments are also not conducive for effective teaching and learning. Details is shown in table 89.

Table 89: State of affairs in the Institutions

No.	Name of Institution	Remarks
1	Asamankase Youth Leadership Training Institute	1. Leakages in the class rooms 2. Dilapidated hostel 3. Class rooms used as workshop 4. Principal office used as a temporary store
2	Fawuhuyeden Youth Leadership Training Institute	1. No workshop for practical lessons 2. Leakages in the class rooms 3. Abandoned Assembly hall project. Construction at lentil level

		4. Dilapidated kitchen and dining halls 5. No adequate store rooms. Items kept on the floor and also in the corridor
3	Nalerigu Youth Leadership Training Institute	1. Dilapidated hostel 2. No sign post at the entrance 3. Dilapidated class rooms
4	Takroase	Equipment kept in the staff common room, making the room congested
5	Avenorpeme	1. Principal office used as a temporal store room 2. Dilapidated kitchen and dining hall 3. Dilapidated water tank

1551. Management's laxity in prioritising the needs of the Institutions had resulted in this anomaly.

1552. The continuous keeping of these valuable equipment and tools at non-conducive environment could lead to their deterioration.

1553. We advised Management to ensure that, conducive environment, workshops and spacious stores are provided for the Institutions as early as possible.

1554. Management in their response stated that the items were procurement through a collaboration with Youth Employment Agency (YEA) to help in retooling the various Youth Leadership Training Institute. Management added that, Ministry of Youth & Sports has requested the YEA to help in putting up workshops for all the Institutions.

1555. We urged Management to expedite action.

Failure to handover accounting records

1556. Regulation 1(3) of Financial Administration Regulations(FAR) 2004 (L.I.1802) states that "where a public officer is proceeding on transfer, leave or is for any other reason being relieved of the duties under sub-regulation (1), the officer shall hand over the financial and accounting records to the person taking over from the officer". In addition, Regulation 1(6) specifies that a public officer who fails to prepare the handing over statement under sub regulation (4) is in a breach of financial discipline as defined in 8(1).

1557. We noted during our visit to Afranse Youth Leadership Skills Training Institute that, the Accounting officer- Adelaide Bomo Okraku, applied for her annual leave and later wrote a resignation letter dated 11 January 2016 to the National Coordinator. The Deputy Coordinator-Finance & Administration via letter no. NYA/OP/0.118/OS of 22/2/2016 instructed the Officer to hand over any property of the Authority in her possession before leaving, but she failed to do so.

1558. The anomaly could be attributed to Management's laxity in supervising the works of the Accounts Officer, and ensuring that the former Officer hand over properly before leaving.

1559. We therefore, could not determine the genuineness of the available financial transactions at Afranse Youth Leadership Skills Training Institute, during the period of the audit.

1560. We advised Management to ensure proper handing over by the Former Accounts Officer, of all the Authority's properties including accounting records in her possession as early as possible.

1561. Management stated that they have taken notice of the recommendation and would ensure the proper handing over of the accounting records as indicated.

Accident involving a Toyota Fortuner – GV 93 – 14 (GT 7038 -11) without Police Report

1562. Regulation 1616 of the Stores Regulations 1984 states that, "Any accident involving a government vehicle must be reported to the Police immediately by the driver in charge of the vehicle and thereafter to the officer in charge of the departmental vehicles, who will also report immediately to the Head of Department".

1563. Contrary to the above quoted regulation, the driver of the Authority's Toyota Fortuner with registration number GV 93-14 failed to report to the Police when the vehicle got involved in an accident on 6 December, 2016, in Tamale. The vehicle, before the accident, was being used by the former CEO. It was alleged that, at the time of the accident, the vehicle was being driven by a relative of the former CEO. The Vehicle is currently parked at the premises of the Authority unrepaired, preventing the Authority from using it for the purpose of which it was acquired.

1564. We attributed the anomaly to lack of Management's commitment to pursue the case.

1565. The absence of the police report made it difficult for the team to determine the culprit and the cause of the accident for appropriate sanction. The situation would also make it difficult for the Authority to put in claims from its Insurance Company, which could lead to loss of funds to the Authority.

1566. We recommended that, Management should obtain the Police Report, to enable the Authority claim compensation from the Insurers without further delay. However, if the driver is found guilty, he should be made to repair the vehicle as his own cost.

1567. Management did not respond to the observation but gave a copy of the letter requesting for a Police Report to the former CEO.

Non-renewal of vehicle insurance policies

1568. Section 1(1) of No.42 Motor Vehicles (Third Part Insurance) Act, 1958 states "subject to this Act, a person shall not use, or cause or permit any other person to use, a motor vehicle unless there is in force in relation to the user of that motor vehicle by that person or the other person, a policy of insurance or a security in respect of third party risks which complies with this Act. Sub section (2) states" A person who acts in contravention of subsection (1) commits an offence and is liable on conviction to a fine not exceeding two hundred and fifty penalty units or to a term of imprisonment for one year or to both the fine and the imprisonment.

1569. Similarly, Section 94 (1a&b) of the Road Traffic Act 2004, ACT 683 states" a person shall not (a) drive or use, or (b) permit any other person to drive or use, a motor vehicle on a road unless is in force in respect of the motor vehicle a road use certificate provided for under this Act.

1570. Contrary to the above stated Acts, we noted that 14 vehicles owned by the Authority were not covered by any insurance policy after the insurance policies covering them expired in 2014.

1571. Management's insufficient attention to the renewal of the insurance and road worthy certificates had resulted in the omission.

1572. In the case of accident, Management may face difficulty in obtaining any claims involving the affected vehicles. Also, any third party who suffers any form of injuries or loss of life might not receive any compensation. Thus, making the department liable for compensating the victim(s).

1573. We urged Management to insure all the vehicles, within 30 days of the receipt of the management letter and our office notified for verification.

1574. Management explained that the anomaly was due to financial constraints during the period under review.

1575. We advised Management to comply with our recommendation.

Absence of documents on Personal Files

1576. According to Section 27 2(a) of the Labour Act 2003, (Act 651), every employer is required to keep a record showing the date of employment and other detailed records of each worker employed.

1577. Best human resource management practice also requires employers to place on the personal files of each employee, copies of their Academic Certificates, Curriculum Vitae, Application Letter, and National Service Certificate, as an evidence that the officer has successively gone through an interview process and also performed his/ her National Service before being employed.

1578. Our review of the personal files of the staff revealed that nine officers who were employed on December,2014 have the following omissions on their personal files:

i. two officers did not have their Academic Certificates
ii. one officer did not have Curriculum Vitae (CV)

iii. eight officers did not have their National Service Certificates and
iv. five officers did not have their Medical Certificates on file.

1579. We attributed the anomaly to Management's laxity in ensuring that newly employed officers are having the required documents on their files.

1580. We therefore, unable to identify officers without the requisite qualifications to ensure efficient productivity.

1581. We recommended that Management should ensure, all the necessary documents have been obtained from the Officers involved, and filed accordingly.

1582. Management in response, submitted medical certificates of four of the affected officers.

1583. We urged Management to expedite action in obtaining other required documents

Improper record keeping at the stores

1584. Regulation (1c) of the Financial Administrations Regulation (FAR) 2004 LI. 1802, states that "Any Public Officer who is responsible for the custody, care and use of public stores shall keep proper records of all transactions and shall produce records of the transaction for inspection when called upon".

1585. Regulation 0502 and 0617 of the Stores Regulations, 1984 also necessitate that, receipt transactions are immediately be recorded on the appropriate ledger sheet and tally cards, and all issues be entered on the tally cards on the same day on which the issues are made. The issues should be entered on day ledger sheets or stock control cards within 24 working hours of the issues.

1586. We noted during our audit that, record keeping procedures at the stores of the Authority does not follow the acceptable standards. The Stores Ledger was not well maintained; store issues were not recorded, leading to long standing balances of items such as doors, photocopiers, digital cameras etc. in the Stores books. We also noted many cancellations, which made it difficult for us to authenticate the stores records.

1587. The lapses resulted from Management's poor supervision, coupled with the Storekeeper's lack of basic knowledge in store keeping principles.

1588. This could lead to misuse, pilfering and improper accountability of store items, which would indicate a loss to the State.

1589. We recommended to Management to enhance supervision over Stores activities. We also recommended that the Storekeeper should be trained on stores management to enable her perform well in her line of duties.

1590. Management agreed to implement our recommendation

Non-maintenance of unserviceable ledger

1591. Regulation 1104 of the Stores Regulation states "that unserviceable, surplus or obsolete store shall be segregated from the general stocks and shall be transferred from the main Stock Control ledger to a subsidiary ledger."

1592. Our review of the Store records revealed that the Authority does not maintain a register for its unserviceable items. Attached as appendix **“G”** gives the list of the unserviceable goods found in the Authority’s premises.

1593. We attributed this lapse to Management’s inadequate supervision over the stores officer.

1594. Management may not be able to determine the quantities of unserviceable goods in order to initiate the disposal process.

1595. We recommended to Management to ensure that unserviceable register is maintained in order to keep track of those items, whiles action is taken for their disposal.

1596. Management agreed to implement the recommendation.

MINISTRY OF TRADE AND INDUSTRIES

NATIONAL BOARD FOR SMALL SCALE INDUSTRIES

Introduction

1597. This report covers the audited accounts of the National Board for Small Scale Industries for two financial years ended 31 December 2016.

Operational results

1598. The Board recorded a deficit of GH¢337,392 in 2016 financial year as compared to GH¢438,216 registered in 2015 representing 23% improvement in performance. The details of the operational results are shown in table 90.

Table 90: Statement of Income and Expenditure for the year ended 31 December 2016

Income	2016 GH¢	2015 GH¢	% Changes
Subvention	6,132,627.00	5,541,951.00	10.7
Profit on Disposal	6,900.00	8,309.00	(17.0)
Other Income	1,418,857.00	4,333,389.00	(67.3)
Total Income	**7,558,384.00**	**9,883,649.00**	**(23.5)**
Expenditure			
Compensation of Employees	6,006,525.00	5,340,654.00	12.5
Goods and Services	1,883,034.00	4,965,311.00	(62.1)
Consolidated Account	6,217.00	15,900.00	(60.9)
Total Expenditure	**7,895,776.00**	**10,321,865.00**	**(23.5)**
Surplus	(337,392.00)	(438,216.00)	(23.0)

1599. Total income decreased by 23.5% from GH¢9,883,649.00 in 2015 to GH¢7,558,384.00 in 2016. The decrease in the total income was mainly due to 67.3% decrease in Other Income from GH¢4,333,389.00 in 2015 to GH¢ 1,418,857.00 in 2016.

1600. Total expenditure incurred in 2016 amounted to GH¢7,895,776.00 as against GH¢10,321,865.00 in 2015 representing a decrease of 23.5%. This was as a result of 62.1% and 60.9% decreases in Goods & Services and Transfer to Consolidated account respectively over 2015 figures.

Financial position as at 31 December 2016

Table 91: Financial position

	2016 GH¢	2015 GH¢	% Changes
Non-Current Assets	681,549.00	846,015.00	(19.4)
Current Assets	2,994,933.00	3,168,324.00	(5.5)
Current Liabilities	26,099.00	26,013.00	0.3

Non-current Liabilities	3,049,994.00	3,049,994.00	-
Net Current Assets	2,968,834.00	3,142,311.00	(5.5)
Net Assets	600,389.00	938,332.00	(36.0)
Current Ratio	114.8: 1	121.8: 1	

1601. Non-Current Assets decreased from GH¢846,015.00 in 2015 to GH¢681,549.00 in 2016, representing a decrease of 19.4%. This was mainly due to disposal and depreciation charge during the period under review.

1602. The Current Assets registered a slight increase of 5.5% from GH¢3,168,324 in 2015 to GH¢2,994,933 in 2016. This was as a result of decrease in bank balances from GH¢1,901,488.00 in 2015 to GH¢1,586,754.26 in 2016.

1603. Though Current ratio reduced slightly from 121.8: 1 in 2015 to 114.8: 1in 2016, the Board has the ability to meet its short-term obligations as and when they fall due.

MANAGEMENT ISSUES

Loans granted without adequate information

1604. It is the Board's requirement that, in filling loan application form to enable one access a loan, the applicant must provide adequate information. This information includes (but not limited to); residential address, business address, passport size photo of the applicant, reliable mobile number, and two guarantors who shall also provide adequate information about themselves including the passport pictures, addresses, mobile numbers, etc.

1605. Out of 45 application forms sampled and reviewed, we noted that, five applicants did not provide adequate information on the forms, but they were able to access the funds, contrary to the Board's Loan assessment requirements as stated above. Our further enquiry showed that, these applicants could not be reached on the mobile numbers provided on the forms. They were also among the 42 loan defaulters. Details of the five debtors are provided in table 92.

Table 92: Loan defaulters with inadequate information

Names	Amount Borrowed GH¢	Date of Borrow-ing	Amt Paid GH¢	Balance Outstand-ing As At 28 February 2017 GH¢	Remarks
Ramec Ltd	11,443	5/1/2015	-	11,443	*Payment term expired in December 2016*
Mohammed Yussif Ventures	11,443	29/11/2014	-	11,443	*Payment term expired in August 2016*
Acquah's Catering Services	11,443	5/1/2015	510	10,933	*Payment term expired in December 2016*
Green Spice Kitchen	11,443	5/1/2015	2,070	9,373	*Payment term expired in December 2016*
Healthcare Base Consult	11,443	29/9/2014	2,640	8,803	*Payment term expired in August 2016*
Total	**57,215**		**5,220**	**51,995**	*Payment term expired in 2016*

1606. The anomaly was as a result of Management's failure to do due diligent on the applicants' forms, to ensure, the criteria for assessing the loans are met before approving them.

1607. The possibility of Management's inability to retrieve the loans could not be ruled out, which would indicate financial loss to the State.

1608. We urged Management to do due diligence on the future application forms and ensure that the criteria for assessing the loans are met before granting them. Meanwhile, Management should ensure that, the GH¢51,995 granted the five applicants is retrieved from them or their guarantors, failing which the authorising and the paying officers shall be surcharged with the amount.

1609. Management promised to comply with our recommendation.

Inappropriate basis for recognising interest income in the Financial Statements

1610. International Accounting Standard (IAS) 18 requires that Interest income is to be recognised on accrual basis with reference to time proportion that takes into accounts the effective yield on the asset.

1611. In addition, it is the best practice to recognise interest income on accrual basis with reference to time proportion of the nominal interest rate attached to the instrument (loan). This means that interest income in the financial statements should reflect interest due for the year not interest received.

1612. We noted during the examination of the Loans schedule and validation of the Financial Statements that the Board recognised interest income on only the actual loans granted but not on unpaid interest due in the Financial Statements, contrary to the recognition criteria spelt out in IAS 18 as quoted above.

1613. Management's adopting a convenient way of accounting, accounted for this lapse.

1614. We urged Management to apply the appropriate method for recognising its interest income to reflect the actual interest earned for the period in preparing it subsequent financial statements.

1615. Management promised to comply with our recommendation.

Failure to withhold the correct amount of Tax - GH¢6,290.00

1616. Section 116 (1) of the Income Tax Act, 2015 (Act 896) state 'Subject to subsection (3), a resident person shall withhold tax at the rate provided for in the paragraph 8 of the First Schedule where that person; (a) pays a service fee with a source in the country to a resident individual as fees or allowances, to a resident director, manager, trustee or board member of a company or trust'. Paragraph 8 (1) (c) (i), requires that the service fees or allowances referred above to be taxed or withheld at the rate of twenty (20) percent.

1617. Contrary to the above stated Tax law, we noted that, the Board withheld tax at the rate of 10% instead of 20% on the sitting allowances paid to the Board of Directors and Committee members during 2015 financial year, resulting in the under deduction of tax amount of GH¢6,290.

1618. Management's unawareness of the 2015 new Income Tax rates had caused this anomaly.

1619. The omission has denied the government a tax revenue of GH¢6,290 which could have been used to support developmental projects.

1620. We recommended to Management to recover the amount from the Board of Directors and the Committee members involved and pay same to the Commissioner-General of the Ghana Revenue Authority without further delay and furnish our office with the receipts for verification within 10 days after the receipt of the management letter, failing which the authorising and the paying officers shall be surcharged with the amount. Management should also ensure compliance with the tax law by applying the 20% rate or the prevailing tax rate in the payment of allowances in future.

1621. According to Management, all payments were processed on the GIFMIS platform and the applicable withholding taxes had been pre-calculated on the system, and at the time of processing the payments, the taxes withheld were the withholding taxes on the system.

1622. However, in order to comply with the tax law as quoted above, Management should have prepared manual payment voucher to pay the difference. We therefore reiterate our recommendation for compliance.

Official vehicles not insured

1623. Section 1(1) of No. 42 Motor Vehicle (third Party Insurance) Act 1958 states that, 'Subject to this Act, a person shall not use, or cause or permit any other person to use, a motor vehicle unless there is in force in relation to the user of that motor vehicle by such person or the other person, a policy of insurance or a security in respect of third party risks which complies with this Act.' The Section (2) states "A person who acts in contravention of subsection (1) commits an offence and is liable on conviction to a fine not exceeding two hundred and fifty penalty units or a term of imprisonment for one year or both the fine and the imprisonment".

1624. Contrary to the above stated Act, we noted that 15 vehicles of the Board were not covered by any insurance policy for 2016 financial year.

1625. According to Management, the anomaly was as a result of non-availability of funds.

1626. In the case of any of the vehicles involving in an accident, Management may face difficulty in obtaining a claim.

1627. We urged Management to ensure that the vehicles are insured as soon as practicable, and our office notified for verification.

1628. Management promised to comply with our recommendation as soon as the financial situation of the Board improves.

Vehicles not registered in the name of NBSSI

1629. Section 52 (1) of Public Financial Management Act, 2016 (Act 921) states that ‘ A Principal Spending Officer of a covered entity, stated-owned enterprise or public corporation shall be responsible for the assets of the institution under the care of the Principal Spending Officer and shall ensure that proper control systems exist for the custody and management of the assets’.

1630. Also, to prove ownership of official vehicles, all original copies of ownership documents including Invoices, Receipts, Vehicles Registration Certificates (VELD FORM ‘’A’’) or change of ownership documents (VELD FORM ‘’C’’) must bear the name of the organisation.

1631. We examined ownership documents of the Board’s assets and noted that, the form A or form C of eleven vehicles were not filed. Our further scrutiny showed that ownership documents of the vehicles are still in the name of the suppliers after several years of their acquisition. Details attached as Appendix ‘D’.

1632. Management’s Laxity in ensuring that, documents on the Board’s vehicles bear its name had caused the anomaly.

1633. The Board stands a risk of losing the vehicles in case of any litigation or theft, if ownership documents are not obtained.

1634. We recommended to Management to ensure that, ownership of these vehicles is transferred to the Board.

1635. Management said it had taken note of the recommendation and had written to the various institutions to complete the Form C to transfer ownership of the vehicles to the Board.

Incomplete Asset Register

1636. Section 52 (3) of the Public Financial Management (PFM) Act 2016 (Act 921) requires a Principal Spending Officer to maintain a register of assets under his/ her control or possession. The subsection (4) & (5) also states ‘the register referred to in subsection (3) shall contain a record of the details of each parcel of land and each building and the terms on which the land or building is held, with reference to the conveyance, address, area, date of acquisition, disposal or major change in use, cost, lease term, maintenance contracts and other pertinent management details and details of the major assets’.

1637. We noted during the review of the asset register that, it had not been updated with the assets acquired in 2015 and 2016 financial year. The register did not also contain the details of information as stated in the above quoted Act.

1638. We attributed the lapse to lack of Management's supervision to ensure that, the schedule officer maintains a comprehensive asset register and update it as and when new assets are acquired.

1639. The situation could result in misuse and theft of the Board's assets without Management detecting it.

1640. To control and safeguard the Board's assets, we recommended that, Management should update its assets register with the new additions and the required information within 10 days after the receipt of the management letter, failing which the schedule officer should be sanctioned by Management.

1641. Management promised to comply with our recommendation.

Failure to create a conducive working condition for security personnel and cleaners

1642. Section 118. (1)(2)(a) &(e) of the Labour Act, 2003 (Act 651) states among others 'it is the duty of an employer to ensure that every worker employed by him or her works under satisfactory, safe and healthy conditions. Without limiting the scope of subsection (1), an employer shall; provide and maintain at the workplace, plant and system of work that are safe and without risk to health; supply and maintain at no cost to the worker adequate safety appliances, suitable fire-fighting equipment, personal protective equipment, and instruct the workers in the use of the appliances or equipment.'

1643. Contrary to the above quoted Act, we noted that Management failed to provide the Security personnel with Uniforms, Raincoats, Torchlight, Wellington Boots and Security Post to enable them work under satisfactory, safe and healthy conditions. We further noted poor sanitary conditions in the washrooms of the Board. The cleaners fetch water on daily basis to fill the barrels for both upstairs and downstairs officers without nose guards and hand gloves.

1644. Non- adherence to health and safety standards as required by the Labour Act quoted above, and the breakdown of the water pumping machine are the causes of this lapse.

1645. Working in unsatisfactory, unsafe and unhealthy conditions pose health risks to the officers.

1646. We advised Management to comply strictly with the labour Act by providing the Security men and Cleaners, the necessary and adequate safety appliances to enable them work under satisfactory, safe and healthy conditions.

1647. We also urged Management to repair the water pumping machine within 30 days after the receipt of the management letter, to alleviate the burden of fetching water daily to fill the barrels.

1648. Management promised to comply with our recommendation as soon as the financial situation of the Board improved.

MINISTRY OF INFORMATION

NATIONAL COMMISSION FOR CIVIC EDUCATION

Introduction

1649. This report covers the audited accounts of the National Commission for Civic Education for the period 1 January 2014 to 31 December 2016.

Operational Results

1650. The Commission registered a surplus of GH¢237,624 in 2016 financial year as compared to a deficit of GH¢1,689,132 recorded in 2015 representing an increase of 114.1%. The details of the operational result are shown in table 93.

Table 93: Income Statement for the year ended 31 December 2016

Income	**2016 GH¢**	**2015 GH¢**	**% Change**
Subvention - GOG	30,620,825	29,207,542	4.8
Service Donor Fund	6,160,004	2,445,856	151.9
Total Income	**36,780,829**	**31,653,398**	**16.2**
Expenditure			
Compensation of Employees	28,875,502	28,363,007	1.8
Goods and Services	2,034,022	1,825,867	11.4
Service Donor Fund	5,633,681	3,153,656	78.6
Total Expenditure	**36,543,205**	**33,342,530**	**9.6**
Surplus	**237,624**	**(1,689,132)**	**114.1**

1651. Total income increased by 16.2% from GH¢31,653,398 in 2015 to GH¢36,780,829 in 2016. The increment in total income was due the significant increase of 151.9% in Service Donor Fund, from GH¢2,445,856 in 2015 to GH¢6,160,004 in 2016.

1652. Total expenditure incurred in 2016 amounted to GH¢36,543,205 as against GH¢33,342,530 in 2015, representing an increase of 9.6%. This was largely as a result of 78.6% increase in Donor Fund expenditure over the 2015 figure.

Financial Position

1653. The details of the financial position are shown in table 94.

Table 94: Balance sheet as at 31 December 2016

Item	2016 GH¢	2015 GH¢	% Change
Non-Current Assets	1,838,928	2,164,533	(15.0)
Current Assets	1,090,681	527,452	106.8
Current Liabilities	62,916	62,916	-
Net Assets	2,866,693	2,629,069	9.0
Current Ratio	17.3:1	8.4:1	

1654. Non-Current Assets decreased from GH¢2,164,533 in 2015 to GH¢1,838,928 in 2016, representing a decrease of 15.0%. This was mainly due to the depreciation charges of GH¢325,605 during the 2016 financial year without acquiring new assets.

1655. The Current Assets registered a significant increase of 106.8% from GH¢527,452 in 2015 to GH¢1,090,681 in 2016. The increase was as a result of increases in bank balances and accounts receivables.

1656. The Commission's Current liabilities of GH¢62,916.00 recorded in both 2015 and 2016, represented proceeds from the sale of unserviceable vehicles and motorbikes. The amount was paid into the Commission's accounts instead of the Consolidated Fund. The Commission however, refunded the money into the Consolidated Fund during the audit in May 2017.

1657. The current ratio of 17.3:1 in 2016 shows that, the Commission will be able to meet it short-term obligations as and when they fall due.

MANAGEMENT ISSUES

Non-acknowledgement of Receipt of Funds Transferred – GH¢551,960.00

1658. Regulation 28(1) of the Financial Administration Regulations (FAR) 2004, states that, "official receipts shall be issued by the recipient of money to the payer to acknowledge receipt of the money and shall deal with the duplicate and triplicate copies as required by Departmental Accounting Instructions".

1659. Our examination of payment vouchers disclosed that, the Commission transferred total amount of GH¢551,960.00 from donor and GoG funds to its Regional and Districts offices for operational activities. However, the Commission failed to obtain the supporting official receipts from the recipients to show the acknowledgement of receipt of the funds transferred.

1660. The paying officer failed to insist that the recipients issue official receipts to acknowledge the transfers.

1661. We therefore, could not confirm whether the transfers were made to the intended recipients.

1662. To ensure proper accountability and effective control over the use of Government funds, we recommended to Management to ensure that, the Accountant obtains official receipts in acknowledgement of the transfers made, within 30 days of the receipt of the management letter, failing which the expenditure shall be disallowed and the Accountant be made to refund the amount involved.

1663. The Commission accepted the recommendation for compliance.

Non-deduction of Government Rent from NCCE Staff Salaries

1664. Regulation 17 (a) of the Financial Administration Regulations (FAR) 2004, states that "A head of department shall ensure that all Non-Tax Revenue are efficiently collected".

1665. Public officers who occupy government residential facilities, with the exception of those whose condition of service entitled them to free accommodation, are required to suffer rent deductions from their monthly basic salary.

1666. Notwithstanding the aforementioned provisions, we noted that, Management has not been deducting 5% rent from the monthly basic salaries of six officers occupying Government bungalows in accordance with the letter allocating the facilities to them. The officers have not been paying rent ever since they were granted the accommodations. All effort to get the previous year's pay slips to compute the rent arears proved futile. Details of officers in the bungalows are provided in table 95.

Table 95: Officers in Government Bungalows

Name Of Occupant	Type Of Accommodation	Regional District- (Location)	Date Of Occupancy	Rank
Georgina Barnes	2 Bedroom Block No 77, B3	Adenta Ssnit Flat	1995	Civic Education Officer
Evans Acquaye	2 Bedroom Block No 77, B1	Adenta Ssnit Flat	1/1/2015	Senior Civic Education Officer
Salomey Heyman	2 Bedroom Block No 77, B7	Adenta SSNIT Flat	9/7/2015	Deputy Director
Kojo Tito Voegborlo	2 Bedroom Flat Hse No E5 Rm 2	Sakomono SSNIT Flat	2001	Commission Secretary
Comfort Asabea	2 Bedroom Flat Hse No. E5 Rm 3	Sakomono SSNIT Flat	26/8/2015	Principal Civic Education Officer
Patrick Asiedu	SSNIT Flat	HO (BIK 016/G/R B 1) (HO SSNIT)	25/6/2016	Deputy Regional Director

1667. The Commission's failure to inform Controller & Accountant General's Department(C&AGD) to deduct the 5% rent from the salaries of the affected officers accounted for this irregularity.

1668. The situation could lead to a loss of rent revenue to the state if not recovered.

1669. We recommended to Management to compute rent arrears involved, for the officers to refund, by the end of 2018 financial year, otherwise, officers who granted the accommodation, and officers whose inaction caused the non- deduction of rent shall refund the amount involved.

1670. Management should subsequently ensure required monthly rent deductions from the salaries of the officers involved.

1671. Management accepted the recommendation and indicated that the Estates and Finance departments will ensure compliance with the recommendation.

Non-Payment of Withholding Tax - GH¢1,857.80

1672. Section 117(1) of the Internal Revenue Act 2015, Act 896 states "A withholding agent shall pay to the Commissioner General within fifteen days after the end of each calendar month a tax that has been withheld in accordance with this Division during the month".

1673. A review of paid vouchers disclosed that taxes withheld from payment of goods & services and rent totalling GH¢1,857.80 during the period under review was not remitted to the Commissioner General of Ghana Revenue Authority (GRA) within fifteen days following the month of withholding as required by law. Details attached as Appendix 'B'.

1674. Management's failure to ensure prompt remittance of withheld taxes to GRA was the cause of this anomaly.

1675. Non-payment of withheld tax to GRA denied the government the necessary resources needed to support developmental projects.

1676. We recommended to Management to remit the tax amount of GH¢1,857.80 to the Commissioner General of Ghana Revenue Authority (GRA) within 10 days after the receipt of management letter and furnish our office with the receipts for verification. Management should also ensure that taxes withheld are remitted to the Commissioner General of GRA promptly to avoid sanctions and delay of inflows into the Consolidated Fund.

1677. Management accepted our recommendation to rectify the omission.

Improper Record Keeping of Donor Fund

1678. Regulation 1(1) & (2) of the Financial Administration Regulation, 2004, states "Any public officer who responsible

a. for the conduct of financial business on behalf of the Government of Ghana,

b. the receipt, custody and disbursement of public and trust moneys, or

c. for the custody, care and use of public stores.

d. Shall keep proper records of all transactions and shall produce records of the transactions for inspection when called upon to do so by the Minister, the Auditor-General, the Controller and Accountant-General or any officers authorised by them;

e. A public officer who fails to keep or produce any records under sub-regulation (1) is in a breach of financial discipline as defined in Regulation 8(1)".

1679. We noted during the audit that, the donor funds program Managers and the Accountants do not keep cash books to record funds received and the activities held to appropriately account for them. Rather, the officers submit returns, payment vouchers and the necessary attachments to show only the transactions on expenditures. These transactions have not been classified under appropriate expenditure heads.

1680. The head of finance did not supervise his accounts officers effectively to ensure proper record keeping.

1681. This practice does not enhance transparency and accountability. The omission does not also facilitate expenditure analysis.

1682. We recommended that, the Director of finance should improve supervision over the subordinate accountants, to ensure donor funds transactions are recorded in a cash book and properly classified. This would ensure proper accountability and easy referencing.

1683. Management accepted the recommendation to improve supervision and keep separate Cash Book for the respective development partners.

Non-renewal of insurance policies of Official Vehicles

1684. Section 3(1) of No.42 Motor Vehicles (Third Part Insurance) Act, 1958 states "subject to this Act, a person shall not use, or cause or permit any other person to use, a motor vehicle unless there is in force in relation to the user of that motor vehicle by that person or the other person, a policy of insurance or a security in respect of third party risks which complies with this Act. Subsection (2) states" A person who acts in contravention of subsection (1) commits an offence and is liable on conviction to a fine not exceeding two hundred and fifty penalty units or to a term of imprisonment for one year or to both the fine and the imprisonment.

1685. Similarly, Section 94 (1a&b) of the Road Traffic Act 2004, ACT 683 states" a person shall not (a) drive or use, or (b) permit any other person to drive or use, a motor vehicle on a road unless is in force in respect of the motor vehicle a road use certificate provided for under this Act.

1686. Contrary to the above stated Acts, we noted that (135) vehicles and (66) motor bikes owned by the Commission were not covered by any insurance policy and road worthy certificates, after the insurance policies and road worthy certificates covering them expired on 22 March, 2014.

1687. Management's insufficient attention to the renewal of the insurance and road worthy certificates had resulted in the omission.

1688. In case of accident, Management may face difficulty in obtaining any claims involving the affected vehicles and motor bikes.

1689. We urged Management to insure and obtain road worthy certificates for all official vehicles, motor bikes within 30 days of the receipt of the management letter and our office notified for verification.

1690. Management attributed the lapse to financial constraints, and added that, the Commission would recommence insuring the vehicles as soon as they receive adequate funds under their Goods and Services budget.

1691. We urged Management to expedite action.

Project stores items not recorded - GH¢38,031.20

1692. Section 35(1 & 2) of the Financial Administration Act, 2003 (Act 654) state "A head of department is accountable for the government stores from the time of acquisition to the time they are of no further use or value to the government. Accountability is discharged when government stores have been consumed in the course of public business, and records are available to show that the government stores have been consumed."

1693. However, we noted that store items valued at GH¢38,031.20 purchased by the Commission for various projects were not recorded in the store ledgers to provide audit trail. Therefore, we were unable to verify the receipt and usage of the items.

1694. The lapse resulted from Management's disregard for proper store control.

1695. This could lead to pilfering and misuse of stores.

1696. We recommended that the items should be recorded within 30 days of the receipts of the management letter, and their final disposal disclosed for audit verification. Management should also ensure that, in future, records are maintained for all store items purchased.

1697. Management accepted the recommendation and promised to ensure that items purchased for programmes are routed through stores before they are used.

NATIONAL COMMISSION FOR CIVIC EDUCATION
BECHEM

Failure to keep proper records of transactions of public funds GH¢3,300.00

1698. Financial Administration Regulations2004(L.I.1802) Regulation 1(1) states that, "Any public officer who is responsible for the conduct of financial businesses of the Government of Ghana, the receipt, custody and disbursement of public and trust monies, or for the custody, care and use of public stores, shall keep proper records of all transactions and shall produce records of the transactions for inspection when called upon to do so by the Minister, the Auditor-General, the Controller and Accountant –General or any officers authorized by them."

1699. We noted that, the Municipal Director received an amount of GH₵ 3,300.00 from the Regional Office for its activities but failed to keep proper records of transactions of the amount.

1700. The director explained that, the documents were at the Regional Office but could not produce them for review.

1701. In the absence of the transactional trails of the expenditure incurred, the audit team could not vouch for the prudent use of the money.

1702. We recommended that, the documents are produced for audit or the amount involved is refunded by the Director.

MINISTRY OF LABOUR AND EMPLOYMENT

NATIONAL PENSION REGULATORY AUTHORITY

Introduction

1703. This report covers the audited accounts of the National Pension Regulatory Authority for the financial year ended 31 December 2017.

Operational Result

1704. The year 2017 ended with total surplus of GH¢8,475,753 representing 10.64% decrease of the previous year's total surplus of

GH¢9,484,757. The comparative performance indicators for the two years are shown in the Table 96

Table 96: Statement of Income for year ended 31 December, 2017

Income	**2017 GH¢**	**2016 GH¢**	**% (Inc/Dec)**
Gov't of Ghana Subvention	389,949	1,561,317	(75)
Donors & Other Receipts	4,944,788	5,121,244	(3.4)
Internally Generated Funds	21,834,457	13,369,689	63.3
Total Income	**27,169,194**	**20,052,250**	35.5
Statutory Payments			
15% Payment to MELR	7,423,715	2,001,683	270.9
Net Income			
Administrative Expenditure			
Compensation of Employees	5,404,690	3,208,654	68.4
Goods & Services	5,865,036	5,357,156	9.5
Total Expenditure	**18,693,441**	**10,567,493**	76.9
Surplus/(Deficit)	**8,475,753**	**9,484,757**	(10.6)

1705. Total income increased from GH¢20,052,250 in 2016 to GH¢27,169,194 in 2017 representing an increase of 35.5% over the period. The rise was mainly due to the increase in the revenue from Registration, Renewals, Fees and charges. Government subvention however, reduced by 75%, from GH¢1,561,317 in 2016 to GH¢389,949 in 2017 because the Authority was weaned off from government payroll after the first quarter of the year.

1706. Total Expenditure also increased by 76.9%, from GH¢10,567,493 in 2016 to GH¢18,693,441 in 2017. This could be attributed to the increase in compensation of employees by 68.4%, from GH¢3,208,654 in 2016 to GH¢5,404,690 in 2017. The increase resulted from the payment of salary arrears during the period.

Table 97: Statement of Financial Performance as at 31st December 2017

Item	2017 GH¢	2016 GH¢	% Inc/Dec
Non- Current Assets	6,295,626	6,243,058	0.8
Current Assets	21,982,230	31,726,473	(30.7)
Current Liabilities	(5,225,649)	(23,393,078)	(77.7)
Net Assets	23,052,207	14,576,453	58.2
Liquidity Ratio	4.21:1	1.36:1	

Non-Current Assets

1707. The non-current assets of the Authority increased by a margin of 0.8% from GH¢6,243,058 in 2016 to GH¢6,295,626 in 2017. This was as a result of additions to Equipment, Computers, Furniture and Motor Vehicles.

Current Assets

1708. Current asset decreased by 30.7%, from GH¢31,726,473 in 2016 to GH¢21,982,230 in 2017. The decrease is largely due to decrease in short term investment from GH¢29,760,439 in 2016 to GH¢18,362,991 in 2017.

Current Liability

1709. Current Liability of the Authority also reduced by margin of 77.7% from GH¢23,393,078 in 2016 to GH¢5,225,649 in 2017. The decrease was as a result of payment of an amount of GH¢20,390,651 to SSNIT 1ST Tier Account which was wrongly paid into the Authority's Account.

1710. The liquidity position measured in current ratio increased from 1.36:1 in 2016 to 4.21:1 in 2017. This indicates that, the Authority can meet its short-term obligations when they fall due.

MANAGEMENT ISSUES

Lack of Investment Policy

1711. Section 90 of the Public Financial Management Act 2016, Act 921 states that "the governing body of a public corporation or state-owned enterprise shall establish and maintain

a. policies,
b. procedures,
c. risk management and internal control systems, and
d. governance and management practices, to ensure that the public corporation or state-owned enterprise manages its resources prudently and operates efficiently in accordance with the objectives for which the public corporation or state-owned enterprise was established."

1712. Investment Policy outlines organisation's investment procedures, objectives and strategies.

1713. Our audit revealed that the Authority does not have investment policy to guide the investment activities of the Authority. Meanwhile, the Authority invested a total amount of GH¢9,011,276.24 in fixed Deposit from its Internally Generated Funds (IGF) with three financial institutions during the year under review. Details provided in table 98.

Table 98 - Fixed Deposit Investment

Type of Investment	Name of Bank	Value Date	Maturity Date	Amount Invested GH¢
182 – Day Fixed Deposit	THE ROYAL BANK	12/06/17	11/12/17	5,211,276.24
182 – Day Fixed Deposit	CAPITAL BANK	04/08/17	02/02/18	1,800,000.00
182 – Day Fixed Deposit	FIRSTBANC	04/05/17	2/11/17	2,000,000.00
Total				**9,011,276.24**

1714. Laxity on part of both Management and the Board in establishing the investment policy resulted in this anomaly.

1715. The omission could lead to wrong investment decisions, which could also result in the loss of the amount invested and the interest that might have been accrued to the Authority.

1716. We recommended to Management to ensure the establishment of an Investment policy to drive investment decisions of the Authority.

1717. Management responded that investment policy has been prepared pending approval from the Board to be added as an addendum to the Accounting manual.

1718. We urged Management to ensure early approval of the policy.

Scheme of Service in Draft

1719. Chapter 2.1 of the Conditions of Service for the NPRA provides that ‘there shall be an approved scheme of service covering all staff of the Authority’.

1720. We noted however, that the Authority is yet to finalise the draft Scheme of Service it has prepared to regulate the career progression of its staff.

1721. The Board and Management's failure to prioritise its needs towards the achievement of the Authority's mandate accounted for the anomaly.

1722. Management may use ad hoc measures in measuring its staff performance. Also, the system for rewarding employee performance may not be consistent.

1723. We recommended to Management to ensure that, the Authority gets the draft Scheme of Service approved to effectively streamline the progression of its staff.

1724. Management in response, produced a draft Scheme of Service which they said has been reviewed by Public Services Commission (PSC), but requires further discussion and final correction. Management added that, the Authority is scheduling to meet PSC for the final review and approval.

1725. We urged Management to expedite action to finalise the document since it's long overdue.

Delay in the Execution of Mandate

1726. Management stated that, a paper was raised to the Minister of Employment and Labour Relations on the need for the unification as provided by Section 213 of Act 766. The recommendations made to that effect include:

a) Amend Section 213 of Act 766 to extend the time due to the lapse of time of the period given in the Act from 2010 to 2014.

b) Allow only new entrants to be unified from January 2017
c) Repeal portions of C.I. and L.I. 2222 on Pensions.
d) Draft Regulations for the unification.

1727. Management added that, the recommendations have actually been written as a Cabinet Memo for discussion and approval.

MINISTRY OF WATER AND SANITATION

WATER RESOURCES COMMISSION

Introduction

1728. This report relates to the audited accounts of the Water Resources Commission for the year ended 31 December 2017.

Operational results

1729. The Commission ended the year 2017 with a deficit of GH¢294,931 as compared to a deficit of GH¢3,879,175 in 2016 representing a 92.4% drop. Presented in the table 99 below is the Commission's operational result for the year under review.

Table 99: Income Statement for 2017

Income	**2017 GH¢**	**2016 GH¢**	**% Change**
Tuition Fees	1,872,750	1,889,773	(0.9)
Other Income	1,795,583	1,972,558	(9.0)
Total Income	3,668,333	3,862,331	(5.0)
Expenditure			

Staff Cost	1,359,161	1,454,760	(6.6)
Commission's Emoluments	25,441	150,351	(83.1)
Administrative Expenses	2,316,056	5,062,782	(54.3)
Auditor's Remuneration	30,000	28,500	5.3
Financial Cost	1,771	18,647	(90.5)
Depreciation Charges	198,309	194,610	(1.9)
Capital Expenditure Write-Off	16,246	15,984	1.6
Amortization of Intangible Assets	16,280	20,382	(20.1)
Project	-	795,490	(100.0)
Total Expenditure	3,963,264	7,741,506	(48.8)
Surplus/(Deficit)	(294,931)	(3,879,175)	(92.4)

1730. Total Income went down by 5% from GH¢3,862,331 in 2016 to GH¢3,668,333 in 2017. The decrease was mainly due to a 9% decrease in Other Revenue from GH¢1,972,558 in 2016 to GH¢1,795,583 in 2017.

1731. Total Expenditure decreased by 48.8% from GH¢7,741,506 in 2016 to GH¢3,963,264 in 2017.

Financial position

1732. Presented in the table 1001 is the financial position as at 31 December 2017.

Table 100: Financial position as at 31 December 2017

Item	2017 GH¢	2016 GH¢	% Change
Non- Current Assets	1,036,911	984,260	5.3
Current Assets	2,367,570	2,741,950	(13.7)

Non-Current Liabilities	2,313,601	2,608,532	(11.3)
Current Liabilities	53,969	133,418	(59.5)
Net Asset	3,350,512	3,592,792	(6.7)
Current Ratio	43.9:1	20.6:1	

1733. Non-Current Assets rose from GH¢984,260 in 2016 to GH¢1,036,911 in 2017. The 5.3% rise was due to additions to Plant, Property and Equipment from GH¢886,671 to GH¢915,054 in 2017.

1734. Current Assets decreased by 13.7% from GH¢2,741,950 in 2016 to GH¢2,367,570 in 2017. The fall was as a result of a 26.6% decrease in Trade Receivables.

1735. Current Liabilities also decreased by 59.5% from GH¢133,418 in 2016 to GH¢53,969 in 2017. This was due to decrease in Accountable Imprest of GH¢81,846 in 2016.

1736. The liquidity position of the entity as measured by current ratio was 43.9:1 (2016: 20.6:1). This means the Commission will be able to meet its short-term debts as and when they fall due.

MANAGEMENT ISSUES

Inability to Collect debts owed - GH¢124,404.00

1737. Section 57(1) states except as provided for in these Regulations any loss of trust moneys shall be replaced from the Consolidated Fund, and the person to whom the moneys belong shall not suffer from the loss.

1738. We observed during the audit that the following customers had outstanding bills unpaid which had lasted for more than a year.

Table 101: Inability to Collect debts owed

Account Name	Balance as at 1/1/2017	Balance as at 31/12/2017
Crystal Lake Fish LTD	17,404	17,404.00
Clark Sustainable Resource	50,332	50,332
Oware Mines	32,668	32,668.00
Azumah Resources	24,000	24,000.00
Total		**124,404.00**

1739. The anomaly occurred due to management's failure to ensure the monies were collected from their debtors. These debts when collected can be used in running the commission effectively.

1740. We recommended to management to ensure that debts are collected as and when they are due to prevent the Commission from not being liquid.

1741. Management said they will intensify their monitoring visits to their debtors and actively pursue debt collection on timely basis.

NKORANZA WATER SUPPLY SYSTEM

Loss of VAT Revenue - GH¢450.00

1742. Section 41 of the VAT Act, 2013 (Act 870) states that, a taxable person shall, on making a taxable supply of goods or services, issue to the recipient, a tax invoice in the form and with the details that are prescribed by the Commissioner-General.

1743. We noted that, the Accountant failed to obtain VAT invoices from Royal Max Ventures in respect of a motor procured for N130 borehole amounting to GH¢15,000 (VAT of GH¢450.00 inclusive) on PV No. 16/04/18 of 20/04/18.

1744. Failure to obtain VAT invoices from suppliers may result in the suppliers under-declaring their indebtedness to the Ghana Revenue Authority regarding VAT and hence denying the state the needed funds for development.

1745. We recommended that the Accountant should obtain the VAT invoice from the Royal Max Ventures and notify our office for our verification.

Loss of VAT for purchases from Non-VAT Registered Entities - GH¢2,945.00

1746. Regulation 183(4) of the Financial Administration Regulations (FAR), 2004 (L.I. 1802) requires all public institutions to procure their stores from only VAT registered entities to facilitate the collection of VAT revenue for national development.

1747. We noted during our examination of payment vouchers that management of the Water Supply System procured the services of Dass Water Engineering Works, a non-VAT registered contractor on PV. No. 26/05/18 dated 30/05/18 for the drilling of a borehole at the cost of GH¢17,000.00 thereby denying the state 17.5% tax revenue of GH¢2,945.00.

1748. We recommended to the Accountant to pay the amount to GRA and recover same from the supplier.

Failure to remit workers contributions to the Pension's Fund - GH¢1,696.21

1749. Section 3 (1) of the National Pensions Act, 2008 (Act 766) provides that an employer of an establishment shall deduct 5% of a worker's salary for each month representing a worker's contribution to the pension's fund. It also provides in sub-section 2 and 3 that an employer shall pay an employer's contribution of 13.5% for each month in respect of each worker. Out of the total contribution of eighteen and a half per centum an employer shall within fourteen days from the end of each month transfer *thirteen* and half per centum to the first-tier mandatory basic national social security scheme; and five per centum to the second-tier mandatory occupational pension scheme on behalf of each worker.

1750. We noted that, management failed to remit total SSNIT deductions of GH¢1,696.21 in favour of two officers (Nyame Baffoe Johnson and Enock Antwi Barima). Details are shown in table 102.

Table 102: Failure to remit workers contributions

Name	Period without Remittance	Month of first Remittance	Amount not remitted
Nyame Baffoe Johnson	January, 2017 to April, 2018	May, 2018	1,008.56
Enock Antwi Barima	August, 2016 to May, 2017	June, 2017	687.65
Total			**1,696.21**

1751. We attributed the anomaly to management's disregard for the provisions in the Pensions Act.

1752. The anomaly denied the workers the right of savings and the interest that would have accrued on these contributions.

1753. We recommended that the Ag. Accountant, Mr. Ebenezer Gyan should take immediate steps to remit funds to SSNIT.

Customer Indebtedness - GH¢975,355.74

1754. Regulation 17(a) of the Financial Administration Regulation, 2004 (LI 1802) states "a head of department shall ensure that all non-tax revenue are efficiently collected".

1755. Contrary to the above Regulation, we noted that bills to customers amounting to GH¢975,355.74 as at 31 June, 2018 was not collected. The details are provided in table 103.

Table 103: Customer Indebtedness

Customer Type	**Indebtedness GH¢**
Domestic	624,472.25
Institutions	317,406.71
Commercial	9,708.60
Public standpipes	23,767.18
Total	**975,354.74**

1756. We attributed the lapse to the failure of management to take pragmatic steps to collect revenue due the operational Unit. This could affect the revenue base of the Unit thereby affecting the efficiency of service delivery.

1757. We therefore advised management to pursue the defaulters to settle their debts to keep the system running.

BUSUNYA WATER SYSTEM

Outstanding debts owed by customers - GH¢10,059.20

1758. Regulation 17(a) of the Financial Administration Regulation, 2004 (LI 1802) states "a head of department shall ensure that all non-tax revenue is efficiently collected".

1759. We noted during the audit of Busunya Water Supply System that both the Public, Commercial and Government Institutions owed the system an amount of GH¢10,059.20 as at 30th June, 2018. Details shown in table 104.

Table 104: Outstanding debts owed by customers

No.	Customers	Value
1	Commercial Institutions	1,606.60
2	Domestic	307.60
3	Private Institutions	3,461.00
4	Public Stand Pipes	457.60
5	Commercial Flat	286.6
6	Police Service	2,321.90
7	Busunya District Assembly	1,617.90
	Total	**10,059.20**

1760. Management failure to put in place measures to recover the amount owed by the customers was the cause of this anomaly.

1761. The failure by customers to pay for water supplied would not only impede the efficient and effective running of the water system but also could collapse the Busunya Water Supply System.

1762. We urged management to develop workable measures including taken legal actions to recover money owed by their customers.

WATER AND SANITATION BOARD - WENCHI

Unremitted tax-GH¢4,774.96

1763. In contravention of Section 117 of Income Tax Act, 2015 (Act 896), the Accountant, Mr Joseph Osei Ampofo of Wenchi Water and Sanitation Management Team withheld taxes amounting to GH¢4,774.96 from total payment of GH¢94,935.10 for goods and services but failed to remit same to the Commissioner of Ghana Revenue Authority (GRA), Domestic Tax Revenue Division more than two years after the taxes had been withheld.

1764. The anomaly had denied the government of tax revenue inflow amounting to GH¢4,774.10.

1765. We recommended that the Accountant, Mr Joseph Osei Ampofo should as a matter of urgency remit the amount of GH¢4,774.10 to the Commissioner of GRA, Domestic Tax Division and make the evidence available for review.

Payments without Authority Notes-GH¢84,411.02

1766. Regulation 43 of the Financial Administration Regulations, 2004 (L. I. 1802) states that: 'a payment shall be made only to the person or persons named on the payment voucher or to their representatives duly authorized in writing to receive the payment.'

1767. The Accountant of Wenchi Water and Sanitation Management Team, Mr. Joseph Osei Ampofo did not demand Authority Notes from individuals who signed and collected sums of money totalling GH¢84,411.02 paid on behalf of alleged beneficiaries.

Table 105: Payments without Authority Notes

YEAR	AMT (GH¢)
2016	9,030.00
2017	73,274.49
2018	2,106.53
Total	**84,411.02**

1768. The anomaly was caused by dereliction of duty by the Accountant and failing to demand valid Authority Notes from the alleged beneficiaries before making payments.

1769. We could therefore not authenticate the genuineness of the payments.

1770. We asked the Accountant, Mr Joseph Osei Ampofo to substantiate the payments failing which the payments shall be disallowed, and he may be surcharged with the total amount.

Severed Receipt Books, Leaflets and 16 missing Daily Record of Monies Received Books

1771. Regulation 221 of Financial Administration Regulations, 2004 (L.I. 1802) requires that where the nature of revenue collection is such that the amount due to government cannot be calculated without reference to a duplicate receipt, or the number of tickets issued, the loss of receipt books or tickets without proof of their destruction shall be deemed to have occasioned a loss of revenue.

1772. Two Revenue Collectors of the Management Team, Messrs Rafatu Mohammed and Cecilia Dome-Effah completely removed 94 pages of both the original and duplicate copies of 31 Daily Record of Monies Received, (document for revenue collection)

1773. In addition, the Accountant Mr Joseph Osei Ampofo could not also account for 16 Daily Record of Monies Received value books containing 50 pages each. Table 106.

Table 106: Rafatu Mohammed

YEAR	NO OF REC. BOOKLETS	NO. OF REC Severed
2016	7	27
2017	13	41
2018	3	14
Total	**23**	**82**
CECILIA DOME-EFFAH		
YEAR	**NO OF REC. BOOKLETS**	**NOT OF REC Severed**
2017	7	11
2018	1	1
Total	**8**	**12**

Table 107: ACCOUNTANT- JOSEPH OSEI Ampofo (Value books missing)

S/N	FROM	TO		S/N	FROM	TO		S/N	FROM	TO
1	5701	5750		7	10551	10600		12	11501	11550
2	10201	10250		8	10601	10650		13	11951	12000
3	10351	10400		9	10651	10700		14	12651	12700
4	10451	10500		10	10801	10850		15	15951	16000
5	10501	10550		11	10851	10900		16	16351	16400
6	20251	20300								

1774. The infraction occurred as a result of negligence on the part of the Accountant, Mr. Joseph Osei Ampofo to properly scrutinize the booklets after they were issued to acknowledge receipt of revenues collected from the two Revenue Collectors.

1775. As a result, the audit team could not ascertain the total revenue collected on each of the Severed Leaflets and the 16 missing value books. We also could not confirm whether the amounts collected were accounted for.

1776. We requested the Accountant, Mr Joseph Osei Ampofo and the two Revenue Collectors, Messrs. Rafatu Mohammed and Cecilia Dome-Effah to produce the said severed value book leaflets and the 16 missing value books for our audit failure of which they would be sanctioned.

RESETTLEMENT WATER BOARD – NTOTROSO

Unauthorised/unapproved payments – GH¢54,688.60

1777. Regulation 39 (a) of the Financial Administration Regulations2004 (L.I. 1802) requires an institution to ensure that payments out of its funds are correctly made and properly authorized.

1778. We noted that payment totalling GH¢54,688.60 for several items were not authorized by the chairman but the account officer went ahead to effect payments.

1779. This anomaly was due to the fact that there was no proper control system in place. The Accounts Officer transacts his business as and when the need arises without recourse to authority.

1780. We were of the view that payments without authorization/approval could result in over expenditure or fictitious payments.

1781. We urged management to collaborate with the District Assembly to ensure that proper systems are put in place so that lines of duties are segregated for internal check and effective administration of the Water Board.

Failure to lodge revenue - GH¢16,529.70

1782. Regulation (1) Section 15 of the Financial Administration Regulations2004, states that "any public officer or revenue collector who collect or receives public and trust moneys shall issue official receipts and pay them into the relevant public fund bank account within twenty-four hours of receipts in exceptional circumstances to be identified by the minister."

1783. We noted from the cash book that out of a total revenue of GH¢52,805.90 collected, only GH¢36,529.70 was deposited into the Board's Account leaving a balance of GH¢16,529.70 un-lodged. Details of the transactions are shown table 108.

Table 108: Failure to lodge revenue

Month	Details	Cashbook GH¢	Cash deposited GH¢	Amount un-lodged GH¢
January	sale of water	3,125.50	500.00	2,625.50
Feb	sale of water	3,663.40	2,644.00	1,019.40
Mar	sale of water	6,816.20	8,121.60	-1,305.40
Apr	sale of water	5,356.30		5,356.30
May	sale of water	2,135.60	4,188.00	-2,052.40
Jun	sale of water	1,972.30		1,972.30

Jul	sale of water	2,162.10		2,162.10
Aug	sale of water	3,045.50		3,045.50
Sep	sale of water	12,992.90	12,992.90	-
Oct	sale of water	6,923.80	5,829.70	1,094.10
Nov	sale of water	2,310.60	1,000.00	1,310.60
Dec	sale of water	2,301.70	1,000.00	1,301.70
TOTAL		**52,805.90**	**36,276.20**	**16,529.70**

1784. The anomaly arose as a result of lack of control by the District Assembly over funds collected by the revenue collector.

1785. Failure to account fully for revenue collected could lead to misappropriation of revenue.

1786. We recommended that revenue collected should be lodged in gross and on time. Meanwhile management should refund un-lodged revenue of GH¢16,529.70 into the Board's account.

COMUNITY WATER AND SANITATION BOARD BECHEM

Purchases from non-VAT Registered Suppliers – GH¢2,349.54

1787. Value Added Tax (Amendment) Act, 2017 (Act 948) states that, the combined rate of the tax which was 17.5% has been reduced to a flat rate of three percent calculated on the value of taxable supplies with respect to retailers and wholesalers of goods.

1788. On the contrary, the Water and Sanitation Management team-Bechem procured store items worth GH¢78,317.86 from non-VAT registered entities resulting in 3% tax revenue loss of GH¢2,349.54.

1789. We recommended that management should make their purchases from VAT registered entities to ensure that sufficient revenue is collected to enable government carry through its programs. Meanwhile the total amount of GH¢2,349.54 should be paid to GRA by management.

MINISTRY OF INTERIOR

National Disaster Management Organization (NADMO), Savelugu

Payment of Unearned Salary – GH¢35,727.12

1790. Regulation 297(1) of the FAR, 2004 (L.I.1802) states that ‘‘a head of department shall cause the immediate stoppage of payment of salary to a public servant when that public servant has (a) been absent from duty without leave or reasonable cause for a period as stipulated in the administrative regulations of the establishment; (b) been absent from duty on leave without pay; (c) been convicted of an offence involving theft or fraud, or a sentence of imprisonment; (d) resigned; (e) retired; or (f) died.

1791. Regulation 298(1) also requires the head of department to; (a) notify the Controller and Accountant General where salary payments are made direct to the officer’s bank account; (b) notify the bank for repayment into the Consolidated Fund of salary or other payments credited to the public servant’s bank account; (c) issue of the appropriate salary input to the section responsible for stopping payments on the payroll; and (d) notify the internal auditor.

1792. Our review of the mechanized validated salary vouchers of the organization revealed that unearned salary totalling GH¢35,727.12 was paid to Mr. Alhassan Seidu Mahama with staff ID number 742465 who vacated post but his name continued to appear on the payroll of the organization.

1793. The failure of the Director during validation of monthly pay vouchers of organization to promptly notify the serving bank to freeze and ensure the transfer of the unearned salaries into the consolidated fund accounted for the anomaly.

1794. This has resulted in the payment for services not rendered to the organization and denied the state the use of this fund for other pressing recurrent expenditure.

1795. We recommended to the Director, Mr. Alhassan M. Sulemana, to immediately put a block on the bank account of Mr. Alhassan Seidu Mahama and ensure the full recovery of the total unearned salary paid to him failure of which Mr. Alhassan M. Sulemana and Mr. Mahama Nashiru, the District Director and former Director respectively would be surcharged with the amount.

MINISTRY OF FINANCE

NATIONAL INSURANCE COMMISSION

FIRE MAINTENANCE FUND

Introduction

1796. This report relates to the audited accounts of National Insurance Commission for the year ended 31 December 2017.

Operational results

1797. The Commission recorded a surplus of GH¢778,466 in 2017, thus registering a 43.4% increase over 2016 surplus of GH¢542,898. Details of the performance indicators of the Commission's operational are shown in table 109.

Table 109: Income statement for 2017

Income	**2017 GH¢**	**2016 GH¢**	**% Change**
Income	934,590	716,387	30.50
Total Income	934,590	716,387	30.50
Expenditure			
Total Expenditure	156,124	173,489	(10.00)
Surplus	**778,466**	**542,898**	**43.40**

1798. Total income increased by 30.5% from GH¢716,387 in 2016 to GH¢934,590 in 2017. The increase was due to an increase in Investment Income from GH¢167,545 in 2016 to GH¢365,620 in 2017 showing a 118.2% rise.

1799. Total Expenditure decreased from GH¢173,489 in 2016 to GH¢156,124 in 2017, this represents a 10.0% decrease. This was due mainly to a decrease in expenditure on Public Education from GH¢37,817 in 2016 to GH¢5,745 in 2017.

Financial Position

1800. The financial position of the Institute is presented in the table 110.

Table 110: Financial position as at 31 December 2017

Item	**2017 GH¢**	**2016 GH¢**	**% Change**
Current Assets	2,171,130	1,391,701	56.0
Current Liabilities	4,700	3,737	25.8

Net Asset	2,166,430	1,387,964	56.1
Current Ratio	461.9:1	372.4:1	

1801. Current Assets recorded a 56.0% increase from GH¢1,391,701 in 2016 to GH¢2,171,130 in 2017. The increment was due to an increase in Short Term Investment from GH¢649,363 in 2016 to GH¢1,747,059 in 2017.

1802. Current Liabilities also increased by 25.8% from GH¢3,737 in 2016 to GH¢4,700 in 2017. This was due to an increase in Account Payables.

1803. The Commission's liquidity position as measured by Current Ratio of 461.9:1 in 2017 as against (2016: 372.4:1) indicates that the Commission can meet it short-term financial obligations as and when they fall due.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

INSTITUTE OF LOCAL GOVERNMENT STUDIES

Introduction

1804. This report relates to the audited accounts of the Institute of Local Government Studies for the year ended 31 December 2016.

Operational results

1805. The Institute ended the year 2016 with a Surplus of GH¢959,748 as compared to a surplus of GH¢1,344,937 in 2015 representing a decrease of 28.6%.

1806. Presented in the table below is the Institute's operational result for the year under review.

Table 111: Income Statement for 2016

Income	2016 GH¢	2015 GH¢	% Change
Rentals	968,668	798,830	21.3
Collaborations	4,724,872	2,783,164	69.8
Academic Development Programme	1,415,347	1,823,991	(22.4)
Management Development Programme	93,900	116,200	(19.2)
Other Income	25,981	21,152	22.8
Amortised Deferred Income	56,616	75,488	(25.0)
Total Income	**7,285,384**	**5,618,825**	**29.7**
Expenditure			
Compensation	1,183,831	1,190,084	(0.5)
Goods and Services	5,141,805	3,083,804	66.7
Total Expenditure	**6,325,636**	**4,273,888**	**48.0**
Surplus/(Deficit)	**959,748**	**1,344,937**	**(28.6)**

1807. Total Income rose from GH¢5,618,825 in 2015 to GH¢7,285,384 in 2016, this represent 29.7% increase. The increment was largely due a 69.8% rise in Collaborations from GH¢2,783,164 in 2015 to GH¢4,724,872 in 2016.

1808. Total Expenditure also went up by 48% from GH¢4,273,888 in 2015 to GH¢6,325,636 in 2016. This was due mainly to a 66.7% increase in Goods and Services from GH¢3,083,804 in 2015 to GH¢5,141,805 in 2016.

Financial position

1809. Presented in the table 113 is the financial position as at 31 December 2016.

Table 112: Financial Position as at 31 December 2016

Item	**2016 GH¢**	**2015 GH¢**	**% Change**
Non- Current Assets	1,161,302	1,235,129	(6.0)
Current Assets	3,945,809	2,754,878	43.2
Non-Current Liabilities	4,018,897	3,115,765	29.0
Current Liabilities	1,088,214	874,242	24.5
Net Asset	4,018,897	3,115,765	29.0
Current Ratio	3.6:1	3.2:1	

1810. Non-Current Assets decreased by 6.0% from GH¢1,235,129 in 2015 to GH¢1,161,302 in 2016. This was mainly due to Depreciation charges within the year under review.

1811. Current Asset however increased by 43.2% from GH¢2,754,878 in 2015 to GH¢3,945,809 in 2016. The increase was as a results 82.9% rise in Cash and Cash Equivalent from GH¢1,050,203 in 2015 to GH¢1,921,302 and an 18.8% rise in Accounts Receivables from GH¢1,704,675 in 20115 to GH¢2,024,507 in 2016.

1812. Current Liabilities went up from GH¢874,242 in 2015 to GH¢1,088,214 in 2016 representing a 24.5% rise. The increment was due to increases in the owing of Social Security Fund and PAYE.

1813. The Institute's liquidity position as measured by current ratio of 3.6:1 (2015: 3.2:1) indicates that, the Institute can meet its immediate financial obligations as when they fall due.

MANAGEMENT ISSUES

Current Issues

Asset Purchased not Embossed and non-maintenance of fixed asset register

1814. Contrary to Regulation 2(n) of the Financial Administrative Act (FAA) 2003, Act 654 and Stores Regulation 1513, we observed during our audit that the Institute non-current asset register was not available, and asset purchased during the year under review were not embossed.

1815. Fixed asset register must be kept to effectively monitor the fixed assets and immediately identify losses when they occur. Non-existence of the register would lead to poor tracking of the assets, location of the asset, date of purchase of the asset and accumulated depreciation on the asset.

1816. Assets purchased during the year but were not labelled with serial numbers can easily be stolen.

1817. We recommended to management to immediately label all assets that belong to the Institution to safeguard the assets and to ensure that they keep a proper fixed asset register.

1818. Management responded that the Institute have a policy of embossing their assets quarterly. They added that the Institute would take the necessary steps to ensure that they adhere to the recommendations.

1819. In addition, management said they maintain and updates non-current asset register which shows, the acquisition, type of asset, units, serial number/identity code, and cost of asset, payment reference, accumulated depreciation, net book and location. They added they would be glad to receive specific professional guidance on how the records could be maintained to earn its full title of a non-current register.

Non statutory and statutory payments - GH¢1,045,026.12

1820. Contrary to Section 8 (1) of the Internal Revenue Act, Act 592, Section 52(1) of the Value Added Tax Act, 2013 (Act 870) and the National Pensions Act, 2008 (Act 766), the Institute had delayed in the payment of non-statutory and statutory payment and at the time of audit, had just begun to discharge their obligations. Table 113 is the outstanding debts which were outstanding at the time of audit.

Table 113: Non statutory and statutory payments

ITEM	AMOUNT GH¢
PAYE	295,794.89
SSF	407,680.99
ECG	298,128.00
WITHHOLDING TAX	43,422.24
Total	**1,045,026.12**

1821. Continuous delay in the payment of statutory and non-statutory obligations would attract penalties for the Institution and would affect the Government as a revenue leakage for improvement. The non-payment of the SSF deductions may affect staff when they go on pension.

1822. We advised management to take immediate steps to settle all statutory and non-statutory debts and subsequently adopt a more formalized payment plan to enhance the settlement of the statutory liabilities.

1823. Management responded that the Institute has made significant progress in the settlement of statutory payments. Social Security Contributions to the tune of GH¢388,037.41 has been paid and we are currently up to date for 2017 payments. Withholding tax obligations has also been halved whiles current obligations are also settled. They added that they could continue to engage with the relevant state Institutions to ensure they meet their obligations.

Budget Allocation

1824. According to Section 15(1) of the Financial and Miscellaneous Provision of the Institute's Act 2003, the Institute is required to benefit from budgetary allocations from Parliament.

1825. However, our review of the Institute's Fund reveals that the Institute does not receive any annual budgetary allocation of funds to support or implement its mandate from Parliament.

1826. Failure of not getting funds from Government will limit the Institute executing its core functions in all areas. This could lead to a high tendency to deny the Institution of funds to train government staff and will limit the growth of the Institute.

1827. We recommended to management to collaborate with the Institute and the regulatory authority and ensure that funds due them are given to them on time to be able to implement their duties without delay.

1828. Management accepted our recommendation.

ENVIRONMENT SCIENCE AND TECHNOLOGY

CSIR-SAVANNA AGRICUTURAL RESEARCH INSTITUTE (CSIR-SARI)

Introduction

1829. This report relates to the audited accounts of CSIR-Savanna Agricultural Research Institute (CSIR-SARI) for the year ended 31 December 2015.

Operational results

1830. The operations of the Institution for the year under review ended with a surplus of GH¢4,811,416 as compared to a deficit of GH¢324,381 in 2014 showing a percentage movement of (1,583.3) % in performance. Details of the performance indicators are shown in the table 114.

Table 114: Revenue and Expenditure Statement for 2015.

Income	**2015 GH¢**	**2014 GH¢**	**% Change**
Revenue Compensation	8,864,097	11,425,998	(22.4)
Goods and Services	44,561	-	-
IGF	894,655	579,720	54.3
Donor -Grant	14,697,291	-	-
Total Income	**24,500,604**	**12,005,718**	104.1
Expenditure			
Compensation of Employees	13,259,467	11,569,550	14.6
Goods and Services	6,019,648	577,961	941.5
Consumption of Fixed Assets	410,073	182,588	124.6
Total Expenditure	**19,689,188**	**12,330,099**	59.7
Surplus / (Deficit)	**4,811,416**	**(324,381)**	**(1583.3)**

1831. Total Income went up by 104.1% in 2015 from GH¢12,005,718 in 2014 to GH¢24,500,604 in 2015. This significant change was due to a Donor Grant of GH¢14,697,291 received in 2015.

1832. Total Expenditure also increased by 59.7% from GH¢12,330,099 in 2014 to GH¢19,689,188 in 2015. The main reason for the increase was due to a 941.5% rise in Goods and Services from GH¢577,961 in 2014 to GH¢6,019,648 in 2015.

Financial Position

1833. The Institution's financial position, as at 31 December 2015 is shown in the Table 115.

Table 115: Balance sheet as at 31 December 2015

Item	2015 GH¢	2014 GH¢	% Change
Non-Current Asset	1,550,613	214,634	622.5
Current Assets	5,107,816	1,392,657	266.8
Current Liabilities	1,148,069	908,346	26.4
Net Asset	5,510,360	698,945	688.4
Current Ratio	4.5:1	1.5:1	

1834. Non-Current Assets went up significantly by 622.5% from GH¢214,634 in 2014 to GH¢1,550,613 in 2015. The increase was due to a rise in Infrastructure, plant and Equipment from GH¢ 191,634 in 2014 to GH¢1,249,643 in 2015.

1835. Current Assets increased from GH¢1,392,657 in 2014 to GH¢5,107,816 in 2015 representing 266.8% increase. This was due to a 368.0% and a 732.8% rise in Stock and Cash & Cash Equivalent respectively.

1836. Current Liabilities also rose by 26.4% from GH¢908,346 in 2014 to GH¢1,148,069 in 2015. The increase was due to a rise in Bank Overdraft from GH¢949 in 2014 to GH¢256,535 in 2015.

1837. The Liquidity position as measured by the Current ratio of 4.5:1 for 2014 and 1.5:1 for 2014 financial year shows an improvement in the liquidity position. This indicates that the Institution can meet its short- term obligations as and when they fall due.

MANAGEMENT ISSUES

Internally Generated Fund not properly managed

1838. Contrary to Regulation 1 of the FAR, 2004, we noted during our audit that the Institute lacked adequate control over billing and collection of revenue generated. The following were noted;

- The Commercialization Department did not have any approval fee sheet to establish the rates or charges for the goods.
- The invoices issued had no invoice numbers, this made it difficult to perform a complete test on invoices paid.
- The invoices were not billed for a consistent amount of time and were not billed at regular time which increased the likeliness of incomplete billings.

1839. All the twelve (12) internally generated funds entries selected for testing lacked adequate supporting documentation.

- Invoices issued had no invoice numbers on Combined Harvester, Breeder Seeds and Tractor hired.
- No invoices were issued on hired facilities, soil analysis/Laboratories, Agrometeo services, consultancy fees, Gbewaa Rice, Sale of Farm produce, sale of fertilizer and chemicals, sale of Inoculant and others.

1840. The Institute inability to ensure that proper accounting practices in recognising revenue generated are followed was the cause for these anomalies.

1841. These could lead to loss of revenue as monies received cannot be properly accounted for.

1842. We recommended to management to review procedures for the collection of revenue and implement strong controls to ensure that the right strategies are implemented. Invoices must be properly numbered for accurate accountability.

1843. Management in its response said the invoices were issued for all sales items except that they were not serially numbered. Management accepted our recommendation and corrected some of the issues. They attached a copy of the corrected invoices for verification.

Foreign Exchange Rate understated

1844. We noted during the audit that CSIR-SARI donor income received in foreign currency (USD) were converted at year end using 3.5 exchange rate as against 3.7950 by Bank Ghana as at 31 December 2015. Management did not exercise due diligence in ensuring that the appropriate rate was applied in the exchange of the currency.

1845. This oversight may lead to a misstatement in the financial statement as balances from the foreign currency might be over/understated.

1846. We recommended to management to at all-times use the Bank of Ghana's prevailing rate to establish the average exchange rate when converting foreign account balances to cedi.

1847. Management accepted our recommendation.

Inventory

1848. Regulation 4(2) of the Financial Administration Regulations2004 requires that the Departmental accounting instructions shall contain relevant procedures for the keeping of accounts, preparation and format of financial statements, Department chat of Account, Departmental Accounting System-whether manual or mechanized and all Administrative issues relating to the keeping and preparation of Government accounts.

1849. We however noted that Management does not practice separation of duties as a staff can start and end a transaction. This is because SARI does not have written procedures and policies for stores staff in executing their duties.

1850. SARI does not have written procedures or manual to guide them in the areas of inventory counting at the stores, disposal of obsolete inventory and approval of adjustment in the inventory books.

1851. Management did not ensure that their policies and procedures regarding stores are adhered. This can lead to misstatements in the inventory balances.

1852. We recommended to management to ensure that written processes and procedures are strictly followed.

1853. Management responded that the procedure for the disposal of obsolete inventory is a request to the sector ministry through CSIR Head Office. Management has notified the Director General about the situation pending auction sale. CSIR-SARI inventory is kept in 3 separate stores namely Spare parts stores, General stores and Tool and Lubricants stores. They said there is shortfall of staff as there are only 2 staff in charge of that section. As an interim measure, management has transferred Mr. Mohammed Wumbei to assist the department.

GHANA GRAINS DEVELOPMENT PROJECT (CROP RESEARCH INSTITUTE)

Introduction

1854. This report relates to the audited accounts of the Ghana Grains Development Project (Crop Research Institute) for the year ended 31 December 2015.

Operational results

1855. The Institute ended the year under review with a deficit of 84.3% from GH¢773,810 in 2014 to GH¢ 121,274 in 2015. Presented in the table 116 is the Institute's operational result for the year under review.

Table 116: Income and Expenditure Statement for 2015

Item	2015	2014	%
	GH¢	GH¢	Change
Income	8,168,358	8,795,058	(7.1)
Expenditure	(8,289,632)	(9,568,868)	(13.4)
Surplus/(Deficit)	(121,274)	(773,810)	(84.3)

Total Income for the period under review decreased by 7.1% from GH¢8,795,058 in 2014 to GH¢8,168,358 in 2015. The decrease was due to a 7.1% fall in Recurrent Grant in 2015. Total Expenditure also went down by 13.4% from GH¢9,568,868 in 2014 to GH¢8,289,632 in 2015. The fall was as a result of a 10.4% decrease in Salaries & Wages from GH¢8,857,786 in 2014 to GH¢7,933,997 in 2015.

Financial position

1856. Presented in table 117 is the financial position as at 31 December 2015.

Table 117: Financial position for 2015

Item	2015	2014	%
	GH¢	GH¢	Change
Non- Current Assets	190,839	206,522	(7.6)
Current Assets	728,361	782,542	(6.9)
Non-Current Liabilities	750,298	871,572	(13.9)
Current Liabilities	168,902	117,492	43.8
Current Ratio	4.3:1	6.7:1	

1857. Non-Current Assets decreased from GH¢206,522 in 2014 to GH¢190,839 in 2015. The reduction was as a result of a reduction in Capital Work-In-Progress from GH¢108,587 in 2014 to GH¢ 119,472 in 2015.

1858. Current Asset also went down by 6.9% in 2015 from GH¢782,542 in 2014 to GH¢728,361 in 2015. The decrease was as a result of a 20.9% reduction in Cash and Bank Balances from GH¢707,630 in 2014 to GH¢559,500 in 2015.

1859. Current Liabilities on the other hand went up from GH¢117,492 in 2014 to GH¢168,902 in 2015. This represents a 43.8% growth. The rise was due to a 211% increase in Trade Union Congress from GH¢4,248 in 2014 to GH¢13,215 in 2015.

1860. The liquidity position of the entity as measured by current ratio stood at 4.3:1 in 2015 and 6.7:1 in 2014 financial years meaning the company would be able to meet its short-term debts as and when they fall due.

MANAGEMENT ISSUES

Non maintenance of Fixed Asset Register

1861. Contrary to Section 38(2) of the Financial Administrative Act, 2003 Act (645), we noted during our audit that Fixed Assets acquired over the years were not recorded in the Fixed Asset Register. No proper records were kept on these Assets bought.

1862. Ineffective monitory and control of these Assets could cause lead to the loss of the Assets of the Institute.

1863. We recommended to management to ensure they keep records of all Fixed Asset and regularly update the register as and when assets are purchased, depreciated and disposed.

1864. Management accepted our recommendation.

Delay in Audit of Financial Statement

1865. Sections 80 (1) states that a Principal Spending Officer of a covered entity shall, within two months after the end of each financial year, prepare and submit to the Auditor-General and Controller and Accountant-General, the accounts and information set out in the Schedule.

(2) A Principal Spending Officer of a public corporation shall, within two months after the end of each financial year,

(a) prepare, in the format determined by the Controller and Accountant-General, a summary statement of financial performance of that public corporation;

(b) submit the summary statement to the Controller and Accountant-General and the Auditor-General; and *(c)* submit a copy of the summary statement to the Minister.

(3) The accounts submitted under subsection (1) shall

(a) be prepared in accordance with accounting standards and its associated policies;

(b) indicate the basis of accounting used in the preparation of the accounts; and

(c) indicate the action taken by the covered entity as regards the recommendations of Parliament on the report of the Auditor-General.

1866. We noted that the financial statement of CSIR-Ghana Grain Development Project for 2015and 2016 have not be duly prepared and was long overdue as at 28 November 2017.

1867. The delay was due to the late release of Funds by Government to the Project and Non-continuous nature of governorship where at one time there was no Board in place.

1868. Issues that need immediate action to be resolved will be outdated at the time the audit report is issued.

1869. We recommended to management to make effort to be abreast with the Financial Statements submissions to the Auditor-General and others as prescribed by law.

1870. Management responded that the anomalies was mainly due to the late appointment of Auditors by the Auditor General.

SOIL RESEARCH INSTITUTE KWADASO – KUMASI (COUNCIL FOR SCIENTIFIC AND INDUSTRIAL RESEARCH)

Introduction

1871. This report is on the audited account of the Soil Research Institute Kwadaso, Kumasi of the Council for scientific and industrial research (CSIR) for the year ended 31 December 2017.

Operational results

1872. The details of operations of the institutions are provided in the table 118.

Table 118: Income and Expenditure statement for 2017

Income	2017 GH¢	2016 GH¢	% Change
Government Subvention	7,991,902	7,407,567	7.9
Internally Generated Funds (IGF)	607,552	579,867	4.8
Total Income	**8,599,454**	**7,987,434**	**7.7**
Expenditure			
Wages and Salaries	4,143,581	3,881,800	6.7
Allowances	2,555,095	2,274,562	12.3
Repairs & Maintenance	17,846	132,702	(86.6)
Travelling & Transport	246,363	180,529	36.5
Financial Charge	3,407	5,266	(35.3)
Administrative and General	379,177	327,351	15.8
Research and Donor Project	797,155	1,230,485	(35.2)
Total Expenditure	**8,142,625**	**8,032,694**	**1.4**
Surplus/(Deficit)	**456,829**	**(45,259)**	**1,109.4**

1873. Total Income for the Institute in 2017 increased by 7.7% from GH¢7,987,434.00 in 2016 to GH¢8,599,454.00 in 2017. This was due to a 7.8% rise in Government Subvention. IGF also increased from GH¢579,867.00 in 2016 to GH¢607,552.00 in 2017.

1874. Expenditure incurred in 2017 totalled GH¢8,142,625.00 as against GH¢8,032,694.00 in 2016 indicating a marginal increase of 1.4%. This was largely due to a 12.3% increase in allowances from GH¢2,274,562.00 in 2016 to GH¢2,555,095.00 in 2017 and a 6.7% rise in Wages and Salaries from GH¢3,881,800.00 in 2016 to GH¢4,143,581.00 in 2017.

Financial position

1875. The Institute's financial position, as at 31 December 2017 is shown in table 119.

Table 119: Statement of Financial Position as at 31st December 2017

Item	2017 GH¢	2016 GH¢	% Change
Non-Current Assets	578,629	331,064	74.8
Current Assets	405,137	334,937	21.0
Current Liabilities	146,393	265,387	(44.8)
Net Assets	837,373	400,614	109.0
Current Ratio	2.8:1	1.3:1	

1876. Non-Current Assets increased by 74.8% from GH¢331,064.00 in 2016 to GH¢578,629.00 in 2017 due to additions to Property, Plant and Equipment for the year.

1877. Current Assets moved from GH¢334,937.00 in 2016 to GH¢405,137 in 2017 representing a 21.0% increase. This was as a result of a 35.0% increase in Bank and Cash balances.

1878. Current liabilities fell by a margin of 44.8% from GH¢265,387.00 in 2016 to GH¢146,393.00 in 2017. This was mainly due total settlement of Sundry Creditors and a drop in Superannuation benefits in 2017.

1879. The liquidity position as measured by the current ratio of 1.3:1 for 2016 and 2.8:1 in 2017 financial year shows a rise in the liquidity position. This indicate that the Institute can meet its short-term obligations as and when they fall due.

MANAGEMENT ISSUES

Insurance of Office Building

1880. According to Section 184 (1) of the Insurance Act, 2006 (Act 724), every commercial building shall be insured with an insurer against the hazards of collapse, fire, earthquake, storm and flood, and an insurance policy issued for it.

1881. Safeguarding of assets principle requires that all valuable property, plant and equipment be insured against unforeseen eventualities like theft, fire, bad weather, etc.

1882. We noted that the Institute office building had not been insured against fire, burglary and theft as indicated in our previous management report.

1883. In case of a fire outbreak, the Institute is likely to incur enormous losses. There would also be an interruption of operational activities of the Institute.

1884. We recommended that the Institute should have its building and other assets insured against fire, burglary and theft where practicable.

1885. Management responded that, the building has been revalued by valuers from Building and Road Research Institute. This was a pre-condition by the State Insurance Company who visited our premises. A reminder letter was issued but the company is yet to respond. Meanwhile, fire precautionary measures are being taken by management, such as, yearly reconditioning of fire-fighting equipment and training of staff on fire prevention.

Land Title Registration

1886. Regulation 272 (1 and 2) of the Financial Administration Regulations2004, L.I. 1802 states that "For the purposes of these Regulations legal documents are documents which might be required to be produced in court to establish a claim or settle a dispute and the following sub-categories may be identified:

(a) title documents conferring or recording ownership of any property including title deeds, bonds, stock or share certificate;

(b) title deeds relating to the administration of any fund, account or property".

1887. We observed that the Institute did not have any title document for the land on which the office buildings were situated.

1888. The non-existence of this title document could lead to unnecessary land litigations by encroachers and unscrupulous developers.

1889. We recommended that the Institute should liaise with appropriate Government agencies to take immediate step to obtain title deed for the Institute lands.

1890. Management responded that, the preparation of the lease document is receiving attention as stated in Otumfour's letter dated 14/08/2017.

Vehicle Maintenance Logbook

1891. Section 52 (1) of the Public Financial Management Act, 2016 Act 921 states that, "a Principal Spending Officer of a covered entity, state-owned enterprise or public corporation shall be responsible for the assets of the institution under the care of the Principal Spending Officer and shall ensure that proper control systems exist for the custody and management of the assets".

1892. We noted that there were no vehicle maintenance logbooks kept neither were there any records kept in any book.

1893. Non-availability of logbook renders control and effective maintenances of vehicles ineffective.

1894. We recommended that vehicle maintenance logbook and its records should be kept for all the Institute's vehicles.

1895. Management was of the view that, a vehicle logbook has been issued to all vehicles and these books are being kept in the respective vehicles by the Drivers. A quarterly maintenance book for all vehicles is also maintained.

Vehicle Insurance

1896. Section 52 (1) and (2) of the Public Financial Management Act, 2016 Act 921 states that, "a Principal Spending Officer of a covered entity, state-owned enterprise or public corporation shall be responsible for the assets of the institution under the care of the Principal Spending Officer and shall ensure that proper control systems exist for the custody and management of the assets.

1897. A control system specified in subsection (1) shall be capable of ensuring that: *(a)* preventive mechanisms are in place to eliminate theft, loss, wastage and misuse".

1898. Vehicles with the following details were not insured during the year.

- Nissan Navara GV 508-14
- Nissan Navara GV 512-14
- Nissan Navara GV 509-14
- Nissan Pick-up GV 488-14
- Nissan Pick-up GV 506-14
- Nissan Pick-up GV 50-Z
- Nissan Pick-up GV 616-E
- Nissan Pick-up UE 2092-C

1899. The Institute will incur huge loss in the case of any accident. Legal action might be taken against the Institute should there be any accident.

1900. We admonished that the Institute should have all its vehicle insured.

1901. Management responded that, all but Nissan pick-up GV 50-Z are not road worthy due to one fault or another. They have therefore been parked waiting for funds to repair. The Nissan pick-up GV 50-Z however was transferred from the Ministry of Agric and therefore the documents are with the ministry.

ENVIRONMENTAL PROTECTION AGENCY

Introduction

1902. This report relates to the audited accounts of Environmental Protection Agency (EPA) for the year ended 31 December 2014.

Operational results

1903. The details of operations of the institutions are provided in the table 120.

Table 120: Income and Expenditure statement for 2016

Income	**2016 GH¢**	**2015 GH¢**	**% Change**
Government Subvention	2,037,715	5,899,205	(65.5)
Amortization	227,734	178,722	27.4
Internally Generated Fund	51,432,034	43,633,198	17.9
SBS-NREG Fund	27,127	178,682	(84.8)
Other Income	3,084,927	8,678,592	(64.5)
Total Income	**56,809,537**	**58,568,399**	**(3.0)**
Expenditure			
Personal Emoluments	13,934,886	7,869,690	77.1
Service & Programme Activities	20,555,946	13,384,058	53.6
General & Administration Expenses	13,896,988	14,124,094	(1.6)
Financial & Professional Charges	255,432	277,372	(7.9)
Total Expenditure	**48,643,252**	**35,655,214**	**36.4**
Surplus/(Deficit)	**8,166,285**	**22,913,185**	**(64.4)**

1904. Total Revenue decreased from GH¢58,568,299.00 in 2015 to GH¢56,809,537.00 in 2016. This represents 3% decrease; the decrease was largely due to a 65.5% drop in Government Subvention from GH¢5,899,205.00 in 2015 to GH¢2,037,715.00 in 2016. A 64.0%

decrease in Interest on Investment which is a component of Other Income, also contributed to the decrease in Revenue.

1905. Total Expenditure on the other hand recorded a 36.4% increase from GH¢35,655,214.00 in 2015 to GH¢48,643,252.00 in 2016. This was as a result of a 77.1% increase in Personal Emoluments from GH¢7,869,690 in 2015 to GH¢13,934,886 in 2016 and a 53.6% increase in Service and Programme Activities from GH¢13,384,058.00 in 2015 to GH¢20,555,946.00 in 2016.

Financial position

Table 121 shows the financial position of the Agency for the year ended 31 December 2016.

Table 121: Financial position as at 31 December 2016

Items	2016 GH¢	2015 GH¢	% Change
Non-Current Assets	81,178,296	59,719,246	35.9
Current Assets	26,389,181	28,872,479	(8.6)
Current Liabilities	143,820	633,110	(77.3)
Net Assets	107,423,657	87,958,615	22.1
Current Ratio	183.5:1	45.6:1	

1906. The Non-current assets of the Agency increased from GH¢59,719,246.00 in 2015 to GH¢81,178,296.00 in 2016. This represents a 35.9% increase; the increase was due to a 51.8% rise in Work-in-progress from GH¢30,676,643.00 in 2015 to GH¢46,554,179.00 in 2016.

1907. Current Assets decreased by 8.6% from GH¢28,872,479.00 in 2015 to GH¢26,389,181.00 in 2016. This was mainly due to a 49.8% decrease in the Agency’s Short-Term Investments.

1908. Current liabilities dropped significantly by 77.3%. This was because there was no bank overdraft in the year 2016.

1909. Liquidity status as measured by a current ratio of 183.5:1 (2015:45.6:1) puts the Agency in a favourable position to meet its short-term debts whenever they fall due.

MANAGEMENT ISSUES

Coordination Between Cash Office and Account Office

1910. Section 1 of the Financial Administration Regulations2004, subsection (1) states that, any public officer who is responsible;

a) for the conduct of financial business on behalf of the Government of Ghana,
b) the receipt, custody and disbursement of public and trust moneys, or
c) for the custody, care and use of public stores. Shall keep proper records of all transactions and shall produce records of the transactions for inspection when called upon to do so by the Minister, the Auditor-General, the Controller and Accountant-General or any officers authorised by them.

1911. We noted from our review of the cheque payment vouchers (CPV) that, some of the ledgers narrated as the account to be debited for some expenditures are usually different from the actual ledger debited in the Pastel Accounting Software. This makes vouching the expenses to the Pastel Accounting Software challenging. Our enquiry revealed a lack of coordination between the cash office where the CPV is written and the account office where the details of the CPV are inputted into the Pastel.

1912. This could lead to errors such as double counting because there are instances where the CPV could not be traced in the ledger that was supposed to be debited. There is the likelihood to assume that the transaction has not been captured and as such should be recaptured. These errors if not identified and rectified could accumulate and impede the truth and fairness of the financial statement of the Agency.

1913. We urged Management to ensure that items entered into the Pastel Accounting Software are reviewed for consistency with the documentary evidence before postings are done. Again, the coordination and communication between the account office and the various cost and revenue centres of the agency should be enhanced to ensure that transactions are properly understood and appropriately captured.

1914. Management accepted our recommendation

Payment of rent advance

1915. We observed that the Agency rents private facilities to house its area offices and residences. However, the Agency paid rent advances in a manner which were in contravention with the Rent Act, 1963 (Act 220). The Act requires tenants to pay not more than six (6) months' rent advance to a landlord.

1916. The Agency paid a total of GH¢185,439.42 as rent for the year to 31 December 2016. All the payments observed were in advance for periods exceeding six months. Table 122 provides schedule of some cases in point:

Table 122: Payment of rent advance

Facility	Amount Paid (GHS)	Number of Months
Adidome Area Office	7,200	24
Nandom Area Office	14,400	36
Kasoa Area Office	42,240	24
Konongo Area Office	21,000	60
Konongo Area Residence	12,000	24
Total	**96,840**	**168**

1917. A breach of the Rent Act constitutes a breach of governing laws and regulations and the associated sanctions may apply. Again, payment of rent in advance in excess of the prescribe advance period may result in the lock-up of funds which could be invested in other key areas of the Environmental Protection Agenda of the Agency.

1918. We urged Management to ensure that it considers the Rent Act during the negotiations of future rental arrangement so as not to lock-up funds in rent advance payments.

1919. The Agency pays for longer period to secure the properties for a reasonable period. Again, in terms of cost, it is the best option because anytime the shorter period expires there could be the need for renegotiations of rent, which may result increase in the amount. These reasons accounted for payment of rents for reasonably longer periods.

1920. Management shall develop controls that will ensure that where long-term payments are being made, the cost is not exorbitantly high.

Out-of-Office Technical Review Committee Meeting

1921. Section 1 of the Financial Administration Regulations2004, subsection (1) states that, any public officer who is responsible;

a) for the conduct of financial business on behalf of the Government of Ghana,
b) the receipt, custody and disbursement of public and trust moneys, or
c) for the custody, care and use of public stores. Shall keep proper records of all transactions and shall produce records of the transactions for inspection when called upon to do so by the Minister, the Auditor-General, the Controller and Accountant-General or any officers authorised by them.

1922. We noted that the review of two environmental reports from Newmont Ghana Gold was held from 14 to 16 July 2016 at the Royal Senchi Hotel. The cost of the review was GH¢44,724.00. The processing fees paid by the company was US$15,000.00 (converted at GHS 4.3 to USD 1 yields GHS 64,500.00). This indicates that 69.0% of the processing fees was spent on the review work at Royal Senchi Hotel.

1923. Reinvesting only a small portion of revenue obtained (31%) from proponents in the review of their documentations may deny the Agency of the cash resources needed to support its operations and administrative expenses.

1924. We advised Management to consider putting policies in place to check document review expenses. For instance, a cap on the amount available to be spent on review meetings can be put in place to ensure that significant portion of the revenue from proponents are retained for other purposes.

1925. Management said the Technical Review Committee of the large mining companies usually consist of selected staff from the mining department of the Agency, Minerals Commission and other external organizations. The technical nature of such reports demands serene environments for a proper review. At this review, the proponents were billed extra amounts by mutual consent to cover for the expedited review which the proponent requested for. This was over and above the normal charges for regular reviews. Nevertheless, the audit observation has been noted and Management has come out with a policy on such reviews to ensure that the technical review expenses are reasonably controlled.

Bank Reconciliation

1926. Section 1 of the Financial Administration Regulations2004, subsection (1) states that, Any public officer who responsible;

a) for the conduct of financial business on behalf of the Government of Ghana,
b) the receipt, custody and disbursement of public and trust moneys, or
c) for the custody, care and use of public stores. Shall keep proper records of all transactions and shall produce records of the transactions for inspection when called upon to do so by the Minister, the Auditor-General, the Controller and Accountant-General or any officers authorised by them.

1927. We observed that for Account III, a cheque amounting to GH¢31,168.00 for Coconut Groove written on 24 February 2016 went stale and has not been removed from the bank reconciliation until September 2016. Again, we noted in relation to the National Environmental Fund (NEF) Account that there were two instances that cheques were stale but were still part of the unpresented cheques on the bank reconciliation statements. The officer in charge explained that he noticed the stale cheques earlier, however he required an authorization from his superior before he could get access into the system to make the appropriate changes. Details are shown in table 123.

Table 123: **Bank Reconciliation**

Date	Reference	Description	Amount (GHS)
1-Jun-15	327	VVU Catering Services 003629	2,660.00
20-Jan-16	20146	GRA	1,700.00

1928. Again, we observed that although the reconciliation statements are prepared monthly, they were not dated hence we could not verify whether they were done within a reasonable time after month end. Further, we noticed that no reconciliation statements were prepaid on the Holding Account until December 2016.

1929. This is a breach of section 4.1.2 of the Accounting Policies and Procedures manual for EPA. Again, errors in these bank reconciliations could go undetected for a considerable period which may lead to bank balances being misstated.

1930. Management should ensure that bank reconciliation statements are prepared for each month by designated accounts officers and reviewed by a senior officer.

1931. Management said a schedule officer will prepare the bank accounts reconciliation statement for review by the Acting Director of Finance, and for sign off by the Deputy Executive Director, Finance & Administration.

Contract No. GREPAWK/0006/2014 for Design and Construction of Green City Complex Environment Protection Agency in Adoteiman, Danfa in the Eastern Region of Ghana

1932. In accordance with sections 35, 47 and 48 of the Public Procurement Act 2003 (Act 663), the agency through a board resolution in 2014, set out to construct a Green City Complex which was expected to be a model complex that takes into consideration all the environmental and safety considerations.

1933. Following this, the Agency published a notice on 11 March 2014 inviting tender documents from potential contractors. Three tenders were received and two were selected by the In-house Tender Review Committee of the Agency. These are:

- Group Five Property Developers (PTY) limited which quoted US$ 347,946,000; and
- Amandi Holding Limited which quoted US$215,770,000.

1934. The report of the In-house Tender Review Committee, together with the tender documents selected were forwarded to the Central Tender Review Board on 8 October 2014 as is required under Schedule 3 of the Public Procurement Act 2003 (Act 663).

1935. Our review of the minutes of the Board of Governors of the Agency however indicated that board should have been informed and their input incorporated in the report before it was sent to the Central Tender Review Board, but this was not done.

1936. The Central Tender Review Board raised a number of concerns after their review of the tender documents submitted and forwarded to the agency on 17 October 2014. However, before the concerns could be addressed, the then Minister for Ministry of Environment, Science, Technology and Innovation, Hon. Akwasi Oppong Fosu (MP) directed that the project, with several others being executed by the agencies under the Ministry should be halted until another directive to the contrary was issued. Subsequently, Hon. Mahama Ayariga (MP, who became the Minister of the Ministry of Environment, Science, Technology and Innovation in the stead of Hon. Akwasi Oppong Fosu (MP)) instructed that the project should continue.

1937. The responses to the queries raised by the Central Tender Review Board was thus submitted to the Board on 11 May, 2015, and on 15 May, 2015, a reply from the Central Tender Review Board recommended that the agency should engage M/S Amandi Holdings Limited for the concept development and design review to a stage where reliable estimated cost of the project could be ascertained and to report back to the Board for its concurrent approval.

1938. The estimated cost of the project was ascertained to be US$ 111,104,840.04 in consultation with Amandi Holdings limited, and a consultant, FAS Consult Limited, and this was communicated to the Central Tender Review Committee on 22 July, 2015 and on 7 August, 2015, the Board gave a concurrent approval to the agency to employ M/S Amandi Holdings Limited to execute the project at the estimated price.

1939. On 14 August 2015, the Environmental Protection Agency signed a contract with Messrs Amandi Holdings Limited for the design and construction of the Green City Complex at Adoteiman with a Contract Identification Number GR/EPA/WK/0006/2014.

1940. Under the contract, the scope of work to be undertaken by the contractor comprise of a design phase which include preliminary and detailed design of the various components of the complex, and a construction phase which include the construction of various components of the complex.

1941. For ease of execution and financing, the entire project was divided into two phases and the first phase was subdivided into 1A and 1B. Phase 1A was expected to cost US$56,355,200 and Phase 1B was expected to cost US$54,740,640. Hence the total cost of the Phase 1 was expected to amount US$111,104,840. This was to be funded by the Environmental Protection Agency from its Internally Generated Funds. The Phase was expected to be completed within 36 months after signing of the contract. The second which comprise of other works was expected to cost US$126,242,160 and was expected to be financed by the contractor. Hence, overall, the Environmental Protection Agency agreed to finance 70% of the project cost and the rest was to be financed by the contractor during the construction stage.

1942. The payment schedule was such that at the signing of the contract, Environmental Protection Agency was expected to provide funds representing 16% of the Phase 1A Project cost amounting to US$8,197,120. In value terms, this should amount to about US$37,975,520. Other payments were planned to be made as per the project financing arrangement of the contract.

Abrogation of the Contract

1943. On the 12 April 2017, the Agency wrote a letter to the contractor indicating that the agency was unable to continue with the project. Two key reasons were given as follows:

1. The Agency was not making any headway with a litigation over the land on which the Project was to be undertaken; and
2. The government has requested that 30% of the Internally Generated funds be made available to support the national budget, hence affecting the finances of the Agency.

1944. The contractor was therefore requested to terminate all works on the Project and submit a statement of account detailing the funds so far paid to them, expenditures incurred on the projects and balance remaining and to return the balance to the Agency.

1945. The contractor submitted a reply on 24 May 2017 indicating that the manner in which the contract was being abrogated had not taken account of the responsibilities of each of the parties to the contract as well as agreements reached in several meetings held between the parties and hence it could lead to litigations. The contractor further provided statement of account.

1946. The contractor indicated that the total invoices submitted to the Agency amounted to US$8,197,120 and the Agency paid a total of US$6,916,016.26 out of the amount invoiced. The payments were made as follows in table 124.

Table 124: Abrogation of the Contract

Date	Rate of Exchange	Paid in GHS	Equivalent in US$	Balance in US$
10/11/2015	3.83	7,500,000.00	1,958,224.54	6,238,895.46
30/12/2015	3.7969	10,000,000.00	2,633,727.51	3,605,167.94
4/2/2016	3.8545	5,000,000.00	1,297,185.11	2,307,982.83
18/02/2016	3.889	3,000,000.00	771,406.53	1,536,576.30
14/07/2016	3.9452	1,000,000.00	253,472.57	1,283,103.74
Total paid		**26,500,000.00**	**6,914,016.26**	
Balance		**5,430,095.00**	**1,283,103.74**	

1947. The total expenses incurred at the time of the response amounted to US$ 3,457,934. Hence, a balance of US$3,456,082 should be refunded to the Agency. However, the contractor further indicated that this amount could not be refunded as such an action could amount to losses to the contractor and suggested that there are other works in respect of the Agency for which the contractor could be allowed to apply the funds.

1948. We visited the site earmarked for the project and could not find any physical evidence of work done except concrete pillars which have been erected to demarcate the land as well as metal shipping containers which we understand were used as site office. We also saw two gentlemen who indicated that they were the guards of the property but have always been attacked by some unknown persons who claim the land belongs to them. We therefore could not immediately ascertain whether the items of expenses listed in the Contractor's response are in facts expenses which have been genuinely incurred in respect of the project.

1949. Beige Capital has filed a suite in court challenging the Agency's ownership of the land. While we sighted a document purporting to be the title certificate of the land in favour of the Agency, it has been submitted to court in defence of the Agency's ownership of the land. Beige Capital could dispossess the Agency of the land if no strong defence is presented in court.

1950. Further, we did not cite a response to the contractor indicating that the Agency is probably satisfied with the statement of accounts presented by the contractor. This may imply that amount of US$6,914,016 paid for which there exist no physical structure or documentary works done could go unrecovered. Considering that the total revenue of the Agency at the end of 2016 amounted to GH¢56,809,537, the US$ 6,914,016 is significant in terms of the financial performance of the Agency.

1951. The Board should take steps to review the response received from the contractor to ensure that the list of expenditures provided were incurred in respect of the project and to request for a refund of any balances outstanding as we believe that the manner of termination of the contract as employed by the Agency is in accordance with sub-clause 15.5 of the FIDIC Conditions of Contract for Construction to which the contract with identification number GR/EPA/WK/0006/2014 is subject to. However, the Board must be aware of all the legalities surrounding the contractual agreement and be guided to take the most appropriate steps in order to avoid any litigations and claims against the Agency.

1952. Further, the Board should take necessary steps to submit all documentary evidences available to the Agency to the court as soon as possible to provide a strong defence against the issues raised by Beige Capital to secure the land for the Agency.

1953. The project had commenced but had to be suspended because of a case brought about Beige Capital concerning the ownership of the land. The case is pending before the Accra High Court. Though the litigation is ongoing, it is good to note that the Agency has a land title certificate over the land and our lawyers are working hard to submit this to the court. They are very optimistic that the Agency will win the case.

1954. The project payments made were made in accordance with the terms of the signed contract, which provides that upon contract execution, that 16% of the contract sum was due for payment. Along the line, the Agency had however written to the contractor to exercise its right to terminate the contract. The response from the contractor listed certain expenditures that it had incurred, and we are in the process of validating these claims with the Project Consultant. Also, per the terms of the contract, some initial activities include project design, land surveying and soil testing, which activities would incur costs that would naturally amount to intangible assets.

1955. To eliminate the risk of the payments already made going down the drain, the Agency is in consultation with stakeholders to review the situation and make decisions including the possibility of rescinding the decision to terminate the contract. In that case, the contractor may be asked to work on the project to the value of the money that has been made available to it. In addition to the IGF as source of financing the Project, efforts will also be made with respect to the sourcing of external funding to help finance the Project implementation.

MINISTRY OF ROADS AND HIGHWAYS TRANSPRT SECTOR PROJECT (TSP) GHANA ROAD FUND COMPONENT

Introduction

1956. This report relates to the audited account of Ministry of Roads and Highways Transport Sector Project (TSP) Ghana Road Fund component

Operational results

1957. The details of operations of the fund are provided in the table 125 below

Table 125: Income statement for 2016

Income	2016 GH¢	2015 GH¢	% Change
Fuel Levy	1,260,368,561	254,812,900	394.6
Tolls	63,530,925	64,745,894	(1.9)
DVLA Fees	45,019,739	29,695,471	51.6
International Transit Fees	2,783,909	2,446,456	13.8
Other Income	339,227,597	1,527,636	22,106.0
Total Income	**1,710,930,731**	**353,228,357**	**384.4**
Expenditure			
Ghana Highways Authority	464,483,799	127,354,255	264.7
Department of Urban Roads	667,250,571	205,829,655	224.2

Department of Feeder Roads	343,326,969	62,435,419	449.9
Other Agencies	402,796,854	44,421,891	806.8
UBA/SSNIT loan Interest	94,691,940	73,054,653	29.6
Bank Charges	38,532,761	186,902	20,516.6
Total Expenditure	**2,011,082,894**	**513,282,775**	**291.8**
Surplus/(Deficit)	**(300,152,163)**	**(160,054,418)**	**87.5**

1958. Total Income increased by 384.4% from GH¢353,228,357.00 in 2015 to GH¢1,710,930,731.00 in 2016. This was largely due to 394.6% increase in Fuel Levy from GH¢254,812,900.00 to GH¢1,260,368,651.00 in 2015 and 2016 respectively. Other Income also increased by 22,106.0% from GH¢1,527,636.00 in 2015 to GH¢339,227,597.00 in 2016.

1959. Total Expenditure also went up by 291.8% from GH¢513,282,775.00 in 2015 to GH¢2,011,082,894.00 in 2016. The rise resulted from increases in the expenditures of Ghana Highways Authority, Department of Urban Roads, Department of Feeder Roads and Other Agencies.

Financial position

1960. The financial position of the fund as at 31 December 2016 is summarised in table 126.

Table 126: Financial position

Items	**2016 GH¢**	**2015 GH¢**	**% Change**
Current Assets	1,029,065,374	24,200,229	4,152.3
Current Liabilities	829,034,538	674,267,886	23.0
Non-Current Liabilities	1,153,146,029	2,895,393	39,726.9
Current Ratio	1.2:1	0.04:1	

1961. Current Assets rose significantly by 4152.3% to GH¢1,029,065,374.00 in 2016 as against GH¢24,200,229 in 2015. The increase was due to a 7,401.6% rise in cash and bank from GH¢10,622,081 to GH¢796,823,704 in 2015 and 2016 respectively.

1962. Current liabilities also rose by 23.0% from GH¢674,267,886.00 in 2015 to GH¢829,034,538.00 in 2016. This was as a result of 146.6% increase in Account Payables from GH¢336,136,728.00 in 2015 to GH¢829,034,538.00 in 2016.

1963. Non-current liabilities increased from GH¢2,895,393.00 in 2015 to GH¢1,153,146,029.00 in 2016, representing 39,726.9% rise. The growth was as a result of the United Bank of Africa Ghana limited loan acquired.

1964. The fund's liquidity position as measured by current ratio of 1.2:1(2015:0.04:1) indicates the Fund can barely meet its immediate financial obligation as and when they are due.

MANAGEMENT ISSUES

Short-Term Loan of GH¢100,000,000

1965. Section 177(2) of the Ghana Company Act 1963 (Act 179) states that any such minute, if purporting to be signed by the chairman of the meeting at which the proceedings took off or the next succeeding meeting, shall be prima facie evidence of the proceedings.

1966. Section 201(1) of the Act also states that every company shall cause minutes of all proceedings of meetings of its directors and any committee of directors to be entered in a book or books kept for the purpose.

1967. We noticed during the audit that minutes of the management board meetings held on June 8, 2016 and November 23, 2016 were not signed by the board Chairman and the Board Secretary.

1968. As a result of this, there was no documentary evidence to indicate that the Ghana Road Fund management board duly convened and held a meeting to solicit GH¢100,000,000 from United Bank of Africa (Ghana) Limited. Also missing was documentary evidence of a resolution by the management board to access the said facility.

1969. The Board Chairman Hon. Alhaji Inusah Abdulai Fuseini processed the loan facility without the involvement of the entire membership of the Management Board.

1970. Due process was not followed in securing the loan facility which could implicate the entire process.

1971. Management should as a matter of urgency provide documentary evidence for the loan facility secured.

1972. Management responded that the issue had been reported to the Board and was being investigated.

ROADS & HIGHWAYS (ABIDJAN-LAGOS TRADE & TRANSPORT FACILITATION PROJECT), IDA CREDIT NUMBER 4695-GH

Introduction

1973. This report relates to the audited accounts of the Ministry of Roads & Highways (Abidjan-Lagos Trade & Transport Facilitation Project), IDA Credit Number 4695-GH for the year ended 31 December 2016.

Operational Results

1974. The year under review ended with a Bank balance of US$8,991 which is lower than US$112,454 reported for 2015. Performance indicators for 2016 and cumulative financing and expenditure are shown in the table 127.

Table 127: Operational Results

	2016	**2015**	**Cumulativ**
Funds Received	**US$**	**US$**	**US$**
Direct Payments	-	25,149,043	69,801
Replenishments	-	11,999,994	38,400
Total Funds Received	**-**	**37,149,037**	**108,201**
Expenditure			
Works	-	39,235,896	106,056
Consultancy & Training	79,886	234,791	1,549
Operating Costs	23,625	104,578	591
Total expenditure	**103,511**	**39,575,265**	**108,197**
Surplus/(Deficit)	**(103,511)**	**(2,426,228)**	

1975. No Funds were received for the year 2016 as against US$37,149,037 in 2015, representing a decline of 100%. The decline was as a result of no Direct Payment and Replenishments in 2016.

1976. Total Expenditure for the 2016 was US$103,511 as against US$39,575,265 in 2015. This was due to no consultancy and Training and 77.4% fall in Operating Cost for the year under review from US$104,578 in 2015 to US$23,625 in 2016.

1977. The Project`s Cumulative Expenditure to date amounted to US$108,197,486. Cumulative expenditure on Works to date amounted to US$106,056,756, representing 98.0% of the Total Project Cost.

Financial Position

1978. The Authority's financial position, as at 31 December 2016 is shown in table 128

Table 128: Statement of Financial Position as at 31st December 2016

Items	2016 US$	2015 US$	% Change
Bank Balances	8,991	112,454	(92.0)
Current Assets	112,502	39,575,265	(99.7)
Total Current Assets	**121,493**	**39,687,719**	**99.7**

1979. Current Assets decreased from GH¢39,575,265 in 2015 to GH¢112,502 in 2016 representing a 99.7% decrease.

MINISTRY OF AGRICULTURE

COCOBOB

Introduction

1980. This report relates to the audited accounts of COCOBOD for the period 1 October 2016 to 30 September 2017.

Operational results

1981. The Board recorded a loss of GH¢395million in 2017 financial year as compared to a loss of GH¢199million registered in 2016. This represent a 98.2% decrease in the Board financial performance over the period.

1982. The details of the operational result are shown in table 129.

Table 129: Statement of Financial Performance

Income	2017 GH¢ 000	2016 GH¢ 000	Changes GH¢ 000	% Changes
Sale of Cocoa Beans	10,245,118	9,145,815	1,099,303	12.0
Other Income	545,441	405,597	139,844	34.5
Total Income	10,790,559	9,551,412	1,239,147	13.0
Expenditure				
Direct Cost	**8,941,268**	**8,069,365**	**871,903**	**10.8**
Operating Expenses	1,627,112	1,202,952	424,160	35.3
Finance cost	616,878	478,195	138,683	29.0
Total Expenditure	11,185,258	9,750,512	562,843	14.7
Surplus/ (Deficit)	(394,699)	(199,100)	(195,599)	98.2

1983. Total income increased by 13.0 % from GH¢9,551 million in 2016 to GH¢10,791 million in 2017. The increment in total income was due to 12% and 34.5% increases in Sale of Cocoa Beans and Other income respectively. The increase in Sale of Cocoa Beans was largely as a result of increased cocoa production.

1984. Total expenditure incurred in 2017 amounted to GH¢11,185 million as compared to GH¢9,751 million in 2016, an increase of 14.7%. This was mainly as a result of 35.3% and 29.0 % increases in Operating Expenses and Finance cost respectively over the 2016 figures. The increase in the Operating Expenses could be attributed to increases in Staff costs and the Depreciation charge for the year. Details is shown in table 130.

Table 130: Financial position as at 30 September, 2017

	2017 GH¢ 000	2016 GH¢ 000	Changes GH¢ 000	% Changes
Non-Current Assets	2,325,217	2,208,024	117,193.00	5.3
Current Assets	4,849,518	2,921,684	1,927,834.00	66
Current Liabilities	4,628,208	1,471,070	3,157,138.00	214.6
Net Current Assets	221,310	1,450,614	(1,229,304.00)	-84.7
Non-Current Liabilities	2,241,285	2,958,697	(717,412.00)	-24.2
Net Assets	305,242	699,941	(394,699.00)	(56.4)
Liquidity Ratio	1.05	1.99		

1985. Non-Current Assets increased from GH¢ 2,208 million in 2016 to GH¢2,325 million in 2017, representing an increase of 5.3 %. This was mainly due to additions to the Property, Plant and Equipment during the financial year.

1986. The Current Assets increase significantly by 66% from GH¢2,921 million in 2016 to GH¢ 4,849 million in 2017. This was as a result of increases in Inventories, Trade and other receivables during the period. The high level of the Inventories, resulted from the delay in awarding the contracts for the supply of Consumables and inputs during the period. Also increase in Cocoa production contributed to the high level Cocoa beans stock at the end of the financial year.

1987. The Board's liquidity ratio (Current ratio) decreased from 1.99:1 2016 to 1.05: 1 in 2017. This clearly showed that the Board might not be able to meet its short-term obligations as and when they fall due. The significant deterioration in the liquidity position of the Board is mainly due to borrowing of unsecured Cocoa bills from Bank of Ghana and increased in the disbursement of the 3year Medium Term facility.

1988. The Board's liquidity position has deteriorated over the period and could pose operational challenge if serious measures are not put in place.

MANAGEMENT ISSUES

Head office

Overdue Receivables -US$134,474,502.15

1989. Section 91(1) of Public Financial Management Act 2016, Act 921 provides that, the Board of Directors of a public corporation shall ensure the efficient management of the financial resources of the public corporation including the collection and receipt of moneys due to that public corporation.

1990. We noted during our review of Accounts receivables that, five (5) organizations owed COCOBOD (Board) a total of US$134,474,502.15 for Cocoa sales made to them. Out of this amount, a total of US$128,019,263.02 have been outstanding for more than 4 years. Details are shown in the table 131.

Table 131: Overdue Receivables

Companies	Total Debt US$	More than 4 yrs US$	Percentage
Receivables:			
C P C	56,199,745.59	51,270,154.37	91%
Afrotropic Coc. Proc.	6,459,061.39	6,422,619.00	99%
Wamco	49,517,974.26	49,517,974.26	100%

Plot Ent.	20,057,720.91	18,568,515.39	93%
Real Products	2,240,000.00	2,240,000.00	100%
Total	**134,474,502.15**	**128,019,263.02**	**95%**

1991. The lapse was due to ineffective debt collection mechanism employed by the Board and non-proactive legal action instituted to recover the over-due receivables.

1992. The untimely recovery of these receivables has resulted in uncertainty in their realisation, which has negatively affected the liquidity position of the Board.

1993. We therefore recommended that, Management should ensure the timely recovery of these receivables and institute effective debt collection mechanism to minimize the high default rate.

1994. Management responded as follows

a) **CPC debt to COCOBOD**
The CPC's debt is paid on account whilst further cocoa deliveries are made to the company. The company faced financial difficulties after contracting loans from banks for retooling and installation of new machinery. Considering the country's drive for increased local processing of cocoa and the fact that CPC Ltd. is 57.6% owned by COCOBOD, an agreement was reached with the Management of CPC for payment on account whilst further bean deliveries are made to the factory to compel CPC's repayment. A new model has been introduced where further bean deliveries are made on the back of Bank Guarantees to ensure prompt payment.

b) **Afrotropic Cocoa Processing**:
The Management of COCOBOD and CMC (GH) Limited met with Afrotropic Cocoa Processing when an agreement was reached to supply cocoa beans on the back of Bank Guarantee

with value equivalent to the beans supplied. This is to ensure prompt payment for beans supplied.

c) **WAMCO:**
WAMCO's debt remains outstanding as a result of difficulties encountered by the Joint Venture (JV) agreement between COCOBOD (on behalf of the Government) and the German counterparts. Working capital difficulties and machine breakdowns compelled the company to shut operations for more than three years. A negotiated arrangement has been put in place for the Joint Venture to be resuscitated and to re-commence cocoa processing. The Ministry of Finance will be consulted in the manner to deal with the WAMCO debt in the light of the weak financial situation of the company and the Government's drive to increase local processing of cocoa as a way of value addition and employment creation.

d) **Plot Enterprise:**
The outstanding balance owed by the company has been handled on the basis of payment on account, to allow the company to remain in business and structure payments as and when sales are made. COCOBOD now require bank guarantee in order to continue with cocoa bean deliveries.

e) **Real Products**:
CMC obtained judgment in the Sekondi High Court. When CMC proceeded to execute the judgment, it found that Prudential Bank had already gone into execution by attaching the factory to satisfy a judgment debt of US$6 million against Real Products. CMC therefore filed an application to the Court praying for an order that after Prudential Bank is paid from the proceeds of the sale, the balance thereof should be paid to CMC

to satisfy the debt owed to it by Real Products. The factory has not been sold."

1995. We reiterate our recommendation that Management should ensure the timely (in accordance with the agreement reached with the Organisations) recovery of these receivables and institute effective debt collection mechanism to minimize the high default rate.

Non-recovery of advances to Licences Buying Companies - GH¢22,245,655.05

1996. Section 4 of the Ghana Cocoa Board (Amendment) Law, 1991 (PNDCL 265) states "any person or purchasing organisation authorised to purchase cocoa by the Board that has received any money from the Board to purchase cocoa for the Board and has not purchased the cocoa or has purchased part only of the cocoa, shall repay such money or the balance thereof as the case may be to the Board within three months after the commencement of this Law."

1997. Our examination of advances to Licence Buying Companies (LBCs) revealed that, seven (7) companies were granted seed fund at various times to purchase cocoa for the Board. However, as at the end of the 2016/2017 financial year a total amount of GH¢22,245,655.05 including interest remained outstanding as shown in Table 132.

Table 132: Non-recovery of advances to Licences Buying Companies

Ref	Description	Date Granted	Seed Fund Granted (GH¢)	Seed Interest Accrued (GH¢)	Total Gross Amount (GH¢)
1	Aboafo Buyers	2013-2014	1,496,667.48	381,749.75	1,878,417.23
2	Diaby Co. Ltd.	2012-2013	5,839,764.51	4,495,097.44	10,334,861.95
3	Marpie Ent.	2010-2011	209,422.80	159,475.54	368,898.34

4	Farmers Alliance	2009-2011	355,395.00	233,149.76	588,544.76
5	Fortune Tree C. Ltd.	2016	2,498,122.16	701,306.07	3,199,428.23
6	Sunshine Commodities	Not provided	0.00	68,117.74	68,117.74
7	Splendid Business Services Ltd.	2015-2016	4,745,480.00	1,061,906.80	5,807,386.80
Total			**15,144,851.95**	**7,100,803.10**	**22,245,655.05**

1998. We further noted that, these LBCs did not deliver the cocoa but the Board failed to redeem the advances from their bank grantees within the stipulated time of three months. Also, the Board failed to blacklist these seven LBCs for non-performance and had continued to renew their licences to buy Cocoa for the 2017/2018 financial year.

1999. The untimely recovery of the seed advance grant within the guarantee period from the non-performing LBCs, prevented the Board from recovering the amount of GH¢22,245,655.05 from the bank guarantees.

2000. We recommended to Management to recover this amount in the required refund period, failing which the authorising and approving officers shall be surcharged in accordance with Section 18 (1)(b) of the Audit Service Act 2000, Act 584.

2001. Management responded as follows:

a) Aboafo Buyers

COCOBOD obtained judgement against Unique Insurance as the Guarantor for Aboafo Buyers Company. The Guarantor filed an application for an order for stay of execution and a Notice of Appeal. The docket then disappeared from the

Registry of the Court. We have since built a docket for the Registry of the Court from our own docket and applied to the Registry to place the matter of the hearing of the application for stay of execution before a judge. The matter is therefore pending.

b) Diaby Company Limited
Seed Fund was guaranteed by N.T.H.C. We obtained judgement against N.T.H.C on 7th November 2017 as the guarantor for Diaby Company Limited. COCOBOD has initiated steps to execute the judgement.

c) Marpie Enterprise
The company is in operation after changing its name to Hyperlink Enterprise. The debt has been recovered.

d) Farmers Alliance
The License of Farmers Alliance has been restored and the company is in operation. Recovery of the outstanding amount will be made from the company's cocoa deliveries.

e) Fortune Tree Company Ltd.
The guarantor, Capital Bank, is in liquidation and the receiver has been notified to make good the debt.

f) Sunshine Commodities
COCOBOD obtained judgement against the company in March 2008 for the sum of GH¢68,117.74. Subsequently COCOBOD initiated the recovery process to go into execution. Unfortunately, COCOBOD was unable to trace any asset of the company to enable execution to be done.

g) Splendid Business Services Ltd.

The company's license has been restored to continue cocoa purchasing operations and recovery will be made from the company's cocoa deliveries even though there is an ongoing suit to recover the debt."

2002. We reiterate our earlier recommendation that, Management should ensure timely recovery of the amount from the seven LBCs and suspend their registration with the Board, or any person by whose negligence or misconduct the loss or deficiency has been incurred shall be surcharged with the amounts involved.

Unliquidated advances for goods and services to various vendors

2003. Regulation 39 (1) of the FAR 2004, requires the head of department to ensure that moneys are utilised in a manner that secure both optimum value for money.

2004. Our review of the advance to suppliers showed that a total of GH¢5,380,089.88 was advanced by the Board to suppliers for various goods and services activities without evidence of work done or services provided. The details are shown in Table 133.

Table 133: Unliquidated advances for goods and services to various vendors

		ADVANCE TO SUPPLIERS			
No	**Date**	**Particulars**	**Reference**	**Amount unaccounted for (GH¢)**	**PAYEE**
1	14/5/2015	Advances to procure Dinning & TV set for Dr Baah	REF; PS/B.185/9	4,800.00	One plus one furniture city
2	2/6/2015	50% Advance payment for Legal Service Provided to COCOBOD	623B	2,005,320.00	Lithur Brew & company

3	25/11/2015	Advance payment for 4no. tricycles for 2015 farmers day	MAS/MB/1 /23RD NOV. 2015	28,094.10	Modern auto services ltd
4	30/11/2015	Payment for maintenance works @ no.14 Onyasia, Roman Ridge, Accra	SEL.V.21/5 7	6,762.10	M & K (Ghana) ltd
5	1/3/2016	Payment for furnishing items to the official residence of Dr Dwomoh	PG-9205	4,200.00	One plus one furniture city
6	7/4/2016	Advance payment for the supply of 100pcs COCOBOD cloth	FM/CM/04/ 0/240/16	14,998.71	Premium African Textiles
7	15/6/2016	Payment for repair of swimming pool pump @ CE's residence	ED/GCB/3 4-5/V.4/86	552.25	Aquatec Services
8	22/6/2016	Advance payment for servicing generator @ COCOBOD guest house-Jasikan	AW160411 008	1,379.00	Rana motors
9	15/7/2016	50% advance payment for energy audit of cocoa house	EF/CB/001	4,025.00	Energy foundation
10	30/9/2016	Payment for corner cook top burners for use @ CE's residence	4952	5,677.68	Vaniado company ltd
11		**Subtotal B/D from 2015/2016**		**2,075,808.84**	
12	20/01/2017	PMT iro (8) eight copies cadastral	55567	1,500.00	Hohoe Reg. Off.

		site plans- Hohoe Regional Office			
13	31/05/2017	PMT iro dialysis treatment for Kwabena Opoku-Ameyaw	61695	3,640.00	Kwabena Opoku-Ameyaw
14	06/06/2017	PMT iro urological treatment for Madam Jane Aniagyei	62208	10,661.48	Jane Aniagyei
15	22/06/2017	PMT iro medical treatment for Albert Djaba - retired staff	62801	14,212.06	Albert Djaba
17	01/08/2017	PMT iro knee replacement surgery for Ebenezer K. Tetteh	64672	75,600.00	Ebenezer K. Tetteh
18	03/08/2017	Paterson Simons-20% pmt iro cargo handling eqpt by PASICO	66419	3,143,521.37	Paterson Simons & Co (Africa) ltd
19	11/09/2017	Issuer fees on PASICO letter of credit	69547	55,146.13	Paterson Simons & Co (Africa) ltd
	Totals: Advances to Corp. & Org			**5,380,089.88**	

2005. This anomaly was the result of failure of the Director of Finance to review regularly the advances to suppliers and ensure timely liquidation of the advance granted.

2006. The continuous un-liquidation of advances did not give evidence to substantiate whether the goods have been supplied or services performed.

2007. We recommend Management to strengthen supervision controls and provide evidence of goods supplied and services performed within thirty days after receipt of this report, for our review, failing which the authorising and approving officers would be surcharged.

2008. Management disagreed with us and stated that "all suppliers and contractors who received advance payments for supply of goods and services have duly rendered the service or supplied such goods." They also attached sample copies of letters received from staff, acknowledging receipt of items or services rendered.

2009. We reviewed the documents submitted and conclude per the evidence, GH¢5,380,089.88 still remain unaccounted for.

Impest Not Accounted for -GH¢ 137,618.60

2010. Regulation 288(1) of the FAR states "Imprest shall be retired at the close of a financial year and any imprest not so retired shall be adjusted to a personal advance account in the name of the imprest holder." COCOBOD Policy Guidelines also states "An account shall be rendered to Account Manager for all accountable imprest within TWO (2) WEEKS, after completing the transaction for which the imprest was granted. For trekking officers, the account shall be rendered within TWO (2) WEEKs after the return of the officer to base."

2011. On the contrary, we noted from our review of the staff ledger balances that Accountable Imprest totalling GH¢ 137,618.60 granted to eight (8) officers to undertake various activities had not been accounted for at the end of the financial year as detailed table 134.

Table 134: Imprest not accounted for

No.	Name of Payee		Period Granted	Amount to be accounted for (GH¢)
1	Noah K. Amenyah	06/7/2017-30/9/2017	10, 925.00	
2	K. Asiedu Mensah		5/10/2016-5/6/2017	43,396.00
3	Charles Ampiah		16/3/2016	800
4	Mary Yaa Allotey		27/7/2017	810
5	Alberta N. K. Aidoo		7/12/2016-5/9/2017	18,104.50
6	Joseph Nsiah		24/4/2017-2/8/2017	43,718.20
7	Alex Baffoe		14/8/2017-2/8/2017	5,655.00
8	David Asare		7/8/2017	14,209.90
	Total			**137,618.60**

2012. We attributed this anomaly to lack of effective supervision by the Accounts Manager to ensure full retirement of accountable imprest within the stipulated timeframe.

2013. As a result of this, we could not confirm whether these expenditures were made on the intended purpose. The practice if not checked, could lead to fictitious claims and abuse of the system.

2014. We recommend to Management to ensure that this amount is properly accounted for within the stipulated timeframe, failing which the amount plus interest should be adjusted to the personal advance accounts in the Officers names, and recovered, in accordance with Regulation 288(1) of the Financial Administration Regulations (FAR) 2004.

Failure to Issue VAT Invoice - US$228,300.80 - GH¢18,592.00

2015. Section 41 (1) of the VAT Act, Act 870, 2013 states that "A taxable person shall on making a taxable supply of goods or services, issue to recipient a tax invoice in the form with details that are prescribed by the Commissioner-General".

2016. M/S AMPS Family Company Limited was sole sourced to supply 50,000 bags of Amps Ammonium Sulphate Fertilizer on 13 March 2016 at a unit price of US$$28.00. An invoice forward to COCOBOD on 5th December 2016 pointed out that 46,592 bags of the fertilizers has been delivered and amount of US$1,304,576 (46592 x US$28) was due to be paid to the Company. The statement on the invoice showed that the amount (US$1,304,576) was VAT/NHIL inclusive.

2017. The company however failed to issue invoice VAT to support the claim. Management also failed to separate the VAT/NHIL component of the amount before effecting payment to the supplier. The VAT/NHIL of US$228,300.80 (17.5% x 1,304,576.00) was not calculated and deducted from the amount before the withhold tax rate applied to the amount.

2018. We further noted that, three suppliers added a total of GH¢18,592.00 as VAT/NHIL to the cost of items supplied but failed to issue VAT invoices as prescribed by the Value Added Tax Act. Details provided in Table 135.

Table 135: VAT charged without VAT invoice

No.	Description	P.V. No.	Pay date	Amount	VAT charged	Payee	Remarks
1	Supply of sanitary Appliances for Bung No.28, AU Village	NIB/6060/17/324	13/7/17	17,366.50	2,586.50	EYA Enterprise LTD	single sourced, VAT added but no VAT invoice,
2	Payment for Uniform materials procured for CHED & CRIG	UT/OP/17/94	30/11/16	90,099.00	13,419.00	PRINT EX LIMITED	VAT ADDED BUT NO vat Invoice added
3	Supply of sanitary Appliances for Bung No.28, AU Village	NIB/6060/17/324	13/7/2017	17,366.50	2,586.50	EYA Enterprise LTD	single sourced, VAT added but no VAT invoice,
Total				**124,832.00**	**18,592.00**		

2019. Failure on the part of Management, as well as the Internal Audit Unit to properly review the bill before effecting payment was the cause for this anomaly.

2020. The situation did not give us assurance that the Company and the suppliers are registered to collect VAT. We could not also confirm that, US$228,300.80 and GH¢18,592.00 VAT/NHIL collected had been paid to the Commissioner of Ghana Revenue Authority (GRA).

2021. We recommended that Management should immediately contact the Company and the suppliers for the accountability of the amounts added to the prices as VAT and inform our office for verification.

2022. Management stated that Companies which charge VAT/NHIL account to the necessary authorities in respect of the VAT/NHIL charged and collected. The company will therefore account for the VAT and NHIL to the appropriate authorities.

Audit Position

2023. We advise Management to obtain VAT receipts for the amount paid as VAT/NHIL from the Company and the suppliers involved, and inform our office for verification, or the Approving and Authorising officers shall be surcharged with the VAT/NHIL amount.

Unrecovered fertilizer sales from Agents-GH¢115,214,942

2024. Section 91(1) of the Public Management Act, 2016 states that, ‘The Board of Directors of a public corporation governed by this Act shall ensure the efficient management of the financial resources of the public corporation including the collection and receipt of moneys due to that public corporation’. Sub-Section (2) further states that ‘where a public corporation wilfully or negligently fails to ensure that moneys due to that public corporation are collected or received, the Minister shall, upon the recommendation of the Auditor-General, withdraw or suspend the emoluments of the members of the governing body of the public corporation, either jointly or severally’.

2025. Our review of CODAPEC/HI-TECH activities revealed that, Management supplied to 113 Private Fertilizers Retailers and License Buying Companies, a total of GH¢1,698,227 bags of fertilizers. The net amount receivable from the sale of the fertilizer during the period under review was GH¢115,214,942.00.

2026. We however, noted that, no payment was received from the Private Fertilizer Retailers and the License Buying Companies in lieu of the fertilizers supplied during the period under review. Attached as Appendix 'B' is a schedule of the summary of fertilizer received by the Agents.

2027. Failure to recover the amount from the Retailers and the LBCs was as a result of ineffective debt collection mechanism employed by the Board.

2028. The non-recovery of the debt has contributed to the derail of the financial position of COCOBOD and could result to loss of funds, if not recovered.

2029. We therefore, urged Management of the Board to ensure that these debts are immediately and effectively recovered from the Retailers and the LBCs failing which the Section 91 (2) of, Act 921 stated above shall be applied. We also recommended that Management should put in place a mechanism that will ensure that these Retailers and LBCs pay promptly for the fertilizers supplied, to avoid any loss.

2030. We therefore, urged Management of the Board to ensure that these debts are immediately and effectively recovered from the Retailers and the LBCs failing which the Section 91 (2) of the Public Financial Management Act, Act 921 stated above shall be applied. We also recommended that Management should put in place a mechanism that will ensure that these Retailers and LBCs pay promptly for the fertilizers supplied to avoid any loss.

Unrecovered Outstanding Loans - US$39,827,346.05

2031. Section 91(1) of Public Financial Management Act 2016, Act 921 provides that, the Board of Directors of a public corporation shall ensure the efficient management of the financial resources of the public corporation including the collection and receipt of moneys due to that public corporation.

2032. We noted during our review of loan receivables that, Cocoa Processing Company Ltd (CPC), a subsidiary of COCOBOD and Producer Buying Company (PBC) owed COCOBOD US$32,638,122.58 and US$7,189,223.47 respectively.

2033. We further noted during the review that the amount owed by CPC resulted from conversion of accumulated Cocoa sales to CPC. We however, did not see the Loan agreement on the file. We again, noted from the review of the file that, the former Chief Executive of COCOBOD, Anthony Fofie, per letter dated 3rd February 2013, with reference No. CE/30/V39/CPC/93, confirmed to the previous auditors that, the loan will be repaid over 10 years with five years moratorium on principal at the rate of 5% per annum during the moratorium period. He further stated that, the principal will be repaid in equal annual instalment at an interest rate of Libor plus 2. Meanwhile, the first instalment of the loan should had been paid on January 2017, but as 30th of September 2017, CPC had not made any payment.

2034. We also noted from the review that, the debt owed by PBC resulted from COCOBOD's extension of the US$10,000,000 Loan facility, to PBC at an interest rate of 8.5% on the construction of the Sheanut Plant at Buipe. The first instalment for repayment should have started on 31/12/2011 and the full amount was to be paid over 8 years. The total disbursement on the loan was US$10,515,977.94. However, as at 30th September, 2017, balance still outstanding was US$7,189,223.47.

2035. The lapse was due to the fact that CPC is a subsidiary financial distress company and ineffective debt collection mechanism employed by the Board to collect the debt from PBC.

2036. The untimely recovery of these debts has resulted in uncertainty in their realisation, which is negatively affecting the liquidity position of the Board. Also, the non-availability of the signed loan agreements did not give us assurance that, the loan terms indicated in the various communications between the Board and the debtors are accurate. This could again, render the recoverability of these loans uncertain.

2037. We therefore recommended that Management should ensure timely recovery of these loans. We further recommend Management to make available to us, the sign loan agreements between COCBOD and borrowers within thirty days after receipt of this report.

2038. Management stated that it is a known fact that CPC is financially distressed and COCOBOD has engaged PBC to set off the balances against each other on the 50,000-ton capacity warehouse COCOBOD bought for US$8,849,665.05.

2039. We reiterate our recommendation that Management should provide us the signed loan agreements between COCOBOD and the borrowers within thirty days after receipt of this report and ensure timely recovery of these loans.

Unearned Salary - GH¢5,216.37

2040. Regulation 297 of L.I. 1802 enjoins a head of department to immediately stop the payment of salary to a public servant, who either resigned or retired, dies or absents himself from duty without leave or reasonable cause for a period as stipulated in the administration regulations of the establishment.

2041. We noted from our review of payroll that Bamfor Linda Brenda, a Nursing Officer with Staff ID number 1151970 resigned from the Board in August 2017 but was paid an unearned salary of GH¢5,216.37 in September 2017.

2042. The anomaly was as a result of Management's failure to promptly delete her name in the payroll before payment. This has led to a loss of GH¢5,216.37 to Board.

2043. In accordance with Section 17 of the Audit Service Act 2000, Act 584, we disallow the benefits paid to Ms. Bamfor Linda Brenda and recommended immediate refund of GH¢5,216.37 from her. Failure which Ms. Bamfor Linda Brenda and Management shall be held liable to surcharged in accordance with the Audit Service Act. Again, Management should ensure timely actions are taken to prevent such occurrences in the future.

2044. Management responded that, they have made Bamfor Linda Brenda inactive on payroll upon advice received in October 2017. This amount paid will be recovered upon payment of her entitlement.

2045. We urged Management to deduct the amount involve from her entitlement immediately to save public funds from loss of value.

Award of contracts under Cocoa Roads above available funding-GH¢3.52billion

2046. Section 30(1) of the Public Financial Management Act 2016, Act 921, states "A Principal Spending Officer shall, plan and manage the activities of a covered entity in accordance with the policy statement and financial estimates of that covered entity." Also, Section 22 (2) of the Cocoa Board Act of 1984, as amended, requires that the expenditure of the Board shall be in accordance with the approved estimate.

2047. Our review of the Cocoa Road Projects indicated that the Producer Price Review Committee (PPRC) in collaboration with COCOBOD and the Government of Ghana agreed that an amount of One Hundred and Fifty Million United States Dollars (US$150 million) should be set aside from the appropriations to develop roads in cocoa growing communities. This agreement commenced in 2014/2015 financial year and as at the end of 2016/2017, a total amount of GH¢1,642,500,000.00 had been accrued as funds earmarked to develop cocoa roads as shown in table 136.

Table 136: Award of contracts under Cocoa Roads above available funding

S/N	**Financial Year**	**US$ per GH¢**	**Amount Budgeted GH¢**
1	2014/2015	150m @ 3.2	480,000.00
2	2015/2016	150m @ 3.8	570,000.00
3	2016/2017	150m @ 3.95	592,500.00
Total			**1,642,500.00**

2048. Our further review of previous financial statements of COCOBOD indicated that in August 2016, the Ministry of Finance set up a Cocoa Roads Trust Fund (independent of Ghana Cocoa Board) with the mandate to administer funds contributed to the Trust Fund. Under this arrangement, COCOBOD was only required to make annual contribution of US$150m to the Trust Fund.

2049. However, we noted that during the period between 2015 and 2017, a total number of 233 contracts were awarded to the tune of GH¢5,170,484,613.48 as compared to the approved earmarked available funds of GH¢1,642,500,000.00, resulting in an excess of GH¢3,519,131,496.41.

2050. In response to the request of the Central Tender Review Board (CTRB), to ascertain the availability of funds to commit and pay the total contract awarded of GH¢5,170,484,613.48, the CEO of COCOBOD (Dr. Stephen Opuni) per the letter referenced CE/282/9/016/110 and dated 16th December 2016 said that, the Cocoa Road program was on-going for 5 years. He further stated that, US$950million was earmarked for the entire period. In our view, this response from Dr. Opuni led CTRB to give approval to the contract amounting to GH¢5,170,484,613.48.

2051. Although, there was an agreement which stipulated that, an allocation of US$150million should be made towards the cocoa roads project, due care was not exercise to ensure that implementation of multi-year contract projects are based on availability of funding. This has created the situation of arrears build-up, over commitments and delayed payments of projects.

2052. We therefore recommended that, Management should at all times ensure that, multi-year award of contracts should be based on actual funding available and not probable inflows. We further recommended that, Management should investigate the circumstances under which contracts were awarded above available earmarked funds and institute punitive measures where necessary.

2053. Management responded that The Board of Directors, and Management directed the suspension of the Cocoa Roads project and set up a Committee to undertake a value for money assessment. The Committee is yet to submit its final report to Management. The Board's decision and next line of action will be informed by the report.

Unpaid certificates on Cocoa Road Projects- GH¢882,499,705.49

2054. Best practice requires the need for an entity to ensure timely recognition of liabilities or contingencies and estimate the required amount to settle the obligation.

2055. During our review of the 233 Cocoa Road Projects, we noted that a total amount of GH¢882,499,705.49 remained outstanding as the end of the 2016/2017 financial year, even though payment is to be made one month after a certificate has been raised. Details shown in the table 137.

Table 137: Unpaid certificates on Cocoa Road Projects

Description	Stage of certificate vetting of contractors' claims			
	With PVs	**Without PVs**	**Unvetted**	**Amount GH¢**
Ghana Highways Authority	93,976,203.07	10,958,016.47	347,224,515.68	452,158,735.22
Department of Feeder Roads	50,520,034.97	11,209,232.00	146,445,269.76	208,174,536.73
Department of Urban Roads	18,229,945.63	3,643,354.60	13,172,062.05	35,045,362.28
GOG Ceded projects (Pending Certificate)	50,934,091.90	0		50,934,091.90
Unpaid Retention	136,186,979.36	0	0	136,186,979.36
Total	**349,847,254.93**	**25,810,603.07**	**557,775,939.39**	**882,499,705.49**

2056. We further noted from the Board minutes on 18th May 2017 that, the Board directed the suspension of all ongoing Cocoa Road Projects.

2057. The non-payment of the outstanding liabilities is attributed to the suspension by the Board and insufficient budgetary allocation for the projects. This could result to escalation of the projects cost.

2058. We therefore recommended that, Management should liaise with Ministry of Finance and Ministry of Food Agriculture to discuss the financing gap to settle the liabilities on time, after the special audits on the Cocoa Road Projects have been completed.

Management responded that the Interim Payment Certificates pending as at 27th December, 2017 is GH₵695,378,634.59 excluding the amount for retention held in the books.

2059. We maintained that the review of records indicated that the total liability as at the end of the period under review stood at GH₵882,499,705.49 which includes retention due to be paid to contractors.

Purchases from Non-VAT Registered Persons

2060. Regulation 183(4) of the Financial Administration Regulations, 2004, states that, ‘A department shall procure government stores from only Value Added Tax (VAT) registered persons or entities and any department that requires an exemption for any specific case shall apply to the Minister with the necessary justification’.

2061. Contrary to this legal requirement, our review of procurement records indicates that, the Board procured goods and services worth GH¢142,378.35 from non-VAT registered entities. Details is shown in Table 138.

Table 138: Purchases from Non-VAT Registered Persons

No	Description	PV. No.	Pay date	Amount	Computed VAT not charged	Payee	Remarks
2	Supply of plumbing fixtures for Rehab. Of Washrooms	HFC /CP/ 17/601	22/9/17	20,040.00	2,597.78	EYA Enterprise LTD	single sourced, purchase from NON-VAT registered person
3	payment for paving of driveway & compound @Bung No. 7 CFC	FB/ CP/17/660	28/09/17	24,505.25	3,176.61	African Concrete Products ltd	single sourced, purchase from NON-VAT registered person
4	Supply of Roofing sheets @ Guest HSE NO.1 Sefwi Wiaso	UT/ OP/17/323	13/7/17	19,392.60	2,513.86	TMK Metals Co. Ltd	Purchases from NON-VAT registered person
5	Payment for supply of roofing sheets for Rehab. Of Office Block @ Diaso	FNB /CP/ 17/263	22/6/17	16,421.37	2,128.70	Instyle Industries Limited	Purchases from NON-VAT registered person
6	Supply and installation of Air Conditioners @ NO. 15,	GCB /RH/ 17/556	31/5/17	16,461.75	2,133.93	LT Consult	single sourced, purchased from non-

	5th CIR Road.						VAT persons
8	Payment to Install Concertina Wire on Fence wall @ Kejebril	GCB /RH/ 17/6 5	9/11/16	32,445.37	4,205.88	Wire Weaving Industrie s (GH) Ltd	Non- VAT purchase , Non deductio n of withhold ing tax
9	Advance for the erpair of leaking roofing @Swedru Central stores	UT/ OP/1 7/30	26/10/1 6	13,112.01	1,699.71	Aluwork s Limited	single sourced, one quotatio n added, VAT added but no VAT invoice
Total				**142,378.35**	**18,456.47**		

2062. The anomaly was caused by the failure of the Internal Auditor to effectively audit and appropriately advised Management on the breach of the quoted provision in the VAT Act.

2063. Management's non-compliance with the VAT Act resulted in a loss of GH¢ 18,456.47 in VAT/NHIL revenue to the Government.

2064. We advised Management to comply with the provision of the VAT Act in future procurement transactions.

2065. Management stated that COCOBOD deals in billion and the GH¢142,378.35 worth of goods and services procured from non-VAT persons were done under ticket of emergency with petty cash.

Unserviceable Vehicles (18 Vehicles)

2066. Section 83(1) of the Public Procurement Act 2003, Act 663 states "The head of a procurement entity shall convene a Board of Survey comprising representatives of departments with unserviceable, obsolete or surplus stores, plant and equipment which shall report on the items and subject to a technical report on them, recommend the best method of disposal after the officer in charge has completed a Board of Survey form."

2067. Our audit of the COCOBOD's Transport Section revealed that the Chief Executive failed to convene a board of survey to dispose of the 18 vehicles which became unserviceable during the period under review as shown in the table 139.

Table 139: Unserviceable Vehicles

S/N	Vehicle Number	Type of Vehicle	Location
1	GW 1063 S	Land cruiser	Club House
2	GE 2886 X	Nissan Pick Up	Club House
3	GT 1827 Y	Nissan Pick Up	Club House
4	GW 1019 T	Toyota Condor	Club House
5	GW 1017 T	Toyota Condor	Club House
6	GT 7217 U	Toyota L/C	Club House
7	GT 7334 V	Toyota L/C	Club House
8	GT 1933-09	Toyota L/C V8	Club House
9	GT 1954-09	Toyota L/C V8	Club House
10	GE 5006 V	Toyota P/U	Club House
11	GN 5024 Z	Toyota P/U	Club House
12	NG 5034 Z	Toyota P/U	Club House
13	GN 9219 Z	Toyota P/U	Club House
14	GT 7215 U	Toyota Pick Up	Club House
15	GR 7489 W	Truck Cesspit	Club House

16	GT 1826 Y	Nissan Pick Up	Club House
17	GT 7338 V	Toyota L/C	Club House
18	GT 1762 Y	Nissan Pick Up	COCOBOD

2068. This was caused by the failure of Management to constitute Board of survey to dispose the vehicles.

2069. The continuous exposure of the unserviceable vehicles to the mercy of the weather could lead to its further deterioration.

2070. We recommended to Management to constitute a Board of Survey to dispose off the unserviceable vehicles.

2071. Management responded that the vehicles were declared unserviceable and parked in the year 2017 and they were informed of the need to dispose them on 28th December 2017."

2072. We recommend immediate disposal of the vehicles to prevent further deterioration.

Unrecovered vehicles from separated staff

2073. Section 17.1(d) of the Draft Cocoa Board policy states "Beneficiaries retiring or leaving the service of the Board shall acquire the saloon vehicle allocated them by paying 5% of the written down value of the vehicle."

2074. Regulation 1 (5 b) of the Financial Administration Regulation, 2004 also states "An officer handing over financial and accounting duties to a relieving officer shall prepare and sign a statement in triplicate showing details of all keys, cash and bank balances, public stores and equipment on hand."

2075. We noted that three former Officers of COCOBOD whose contracts were terminated in January 2017, had in their possession official vehicles allocated to them as shown in the table 140.

Table 140: Unrecovered vehicles from separated staff

Vehicle No.	Type	Officer	Rank	Date of S
GY 2289-13	AUDI A4	Charles T.K. Dodoo	Director (F/A)	3
GY 2291-13	AUDI A4	Alex Asiedu	Director (Gen. Service)	3
GM 4020-14	BMW Saloon	Dr. Francis Oppong	Deputy Chief Executive (A &QC)	3

2076. We further did not obtain evidence of payment of the 5% of the written down value of the vehicle as prescribed in the Draft Policy Guidelines.

2077. We attributed this anomaly to the failure of the Director of Finance to refer the need to value the said vehicles to the Asset Disposal Committee to initiate valuation in compliance with the Draft Policy Guidelines.

2078. In our view, the failure to ensure that these vehicles are submitted to the Asset Disposal Committee could deny COCOBOD from realizing the residual value from the disposal of the said vehicles.

2079. We therefore recommended that Management should either, take immediate steps to value the vehicles and ensure that the required overdue amount is recovered from the separated staff, or ensure that the vehicles have been retrieved. Otherwise, the authorising Officer will be surcharged.

2080. Management responded that the Director of Human Resource has made recommendations to Management for consideration and that the Director of Finance cannot vary the Policy of the Board.

Failure to exercise due diligence in the preparation of financial statements

2081. Section 95 (a) of the Public Financial Management Act 2016, Act 921 provides that the governing body of a public corporation or a state-owned enterprise shall cause to be prepared, not later than two months after the end of each financial year, an annual account in respect of that financial year.

2082. Our review of the accounting system and financial reporting of COCOBOD Head Office revealed that, Head Office did not prepare consolidated financial statements for the Head Office and its Divisions (i.e. Cocoa Health Extension Division, Quality Control Company, Bonsu College and Seed Production Division) for the 2016/2017 financial year. Though the Head Office and the Divisions prepare separate financial statements, we noted that, the Accounts Units under Head Office and the Divisions did not collaborate to ascertain the combined financial position of the COCOBOD.

2083. We further noted that COCOBOD delayed in effecting previous audit adjustment, in the ledgers. The adjustments were the material differences in the opening balances between the audited accounts and COCOBOD’s ledgers. Also, a total of 27 additional adjustments were passed to correct errors discovered during the audit.

2084. The anomaly could be attributed to COCOBOD’s reliance on its immediate past external auditors for the preparation of the consolidated financial statements. This could also be ascribed to the absence of dedicated Unit responsible for the preparation of the consolidated financial statements for COCOBOD. The accounts codes of Head Office not in harmony with that of the Divisions and its units, also contributed to the lapse.

2085. In our view, absence of consolidated financial statements does not provide meaningful financial information for effective decision making by Management and the Board.

2086. We recommend that Management should establish a Central Accounts Unit with the sole responsibility of preparing management accounts and consolidated financial statements.

2087. Management responded that it is the normal practice with COCOBOD and Divisions to each Unit prepares its financials for audit. The consolidation is then done after the audit. They further stated that, they took up all audit adjustments except for late ones KPMG did not communicate to them. The differences in account codes amongst Head Office and Divisions are due to differences in activities and different account headings. COCOBOD is therefore unable to use same account codes for Head Office and Divisions as being suggested.

Cocoa Marketing Company (CMC)

Absence of title deeds to four CMC Properties

2088. Section 52(3), (4) and (5) of the Public Financial Management Act, 2016, Act 921 provides among other things that a Principal Spending Officer of a covered entity, state-owned enterprise or public corporation shall maintain a register that shall contain a record of the details of each parcel of land and each building and the terms on which the land or building is held, with reference to the conveyance, address, area, date of acquisition, disposal or major change in use, cost, lease terms, maintenance contracts and other pertinent management details.

2089. Our review of CMC Listed Properties and confirmation of documentations covering the purchases and transfers of ownership showed that, four out of twenty Buildings were without title deeds to substantiate ownership.

2090. Laxity on the part of the Estate Manager and the Legal Unit to secure title deeds after the acquisition of the property has contributed to this anomaly.

2091. In the absence of the supporting title, we were not able to confirm the ownership of the landed properties.

2092. We therefore recommended that Management should ensure the Estate Unit liaises with the Legal Department to obtain the title deeds for the four buildings.

2093. Management agreed with our recommendation and stated that, the Estate and Legal Departments will engage the respective Government agencies to obtain the underlying documents in respect of the four landed properties.

Quality Control Company (QCC)

Award of contract to unqualified supplier - GH¢191,818.

2094. Section 22 (1)(b) of the Public Procurement Act (PPA) 2003, Act 663, states “a tenderer in public procurement shall have the legal capacity to enter the contract”.

2095. During our review of payment vouchers, we noted that a total amount of GH¢191,818.13 was paid to Sambest Company Limited to evacuate chemicals from Nsawam. However, no prequalification proceeding was conducted at the Registrar General to provide assurance of whether the supplier was duly registered. Table 18 shows the details of transaction of payments made to Sambest Company Limited. Details are shown in table 141.

Table 141: Award of contract to unqualified supplier

Date	PV No./Cheque No	Amount GH¢
17/08/17	5684/013598	78,130.12
11/09/17	6138/014054	67,296.08
29/09/17	6496/014422	46,391.93
Total		**191,818.13**

2096. The anomaly was as a result of failure of the Procurement Officer to conduct prequalifying proceedings on all suppliers under the specified criteria and maintain an accredited supplier's register.

2097. The continuous failure to conduct prequalified proceedings on suppliers could lead to QCC dealing with unaccredited service providers.

2098. We therefore recommended that Management should ensure the maintenance of an accredited suppliers register and deal with vendors who are qualified. In the interim, Management should cease dealing with Sambest Company Limited until the vendor is duly registered and prequalified.

2099. Management agreed with the recommendation and stated that, to avoid recurrence of such errors, the Procurement Unit has been instructed to maintain accredited suppliers register on yearly basis.

Purchases without obtaining three Quotations - GH¢115,577.52

2100. Section 43(1) of the Public Procurement Act 2003, Act 663 states "The procurement entity shall request quotations from as many suppliers or contractors as practicable, but from at least three different sources."

2101. Contrarily, three instances of procurements totalling GH¢115,577.52 were made by QCC without the minimum 3 alternative quotations from suppliers as shown in table 142.

Table 142: Purchases without obtaining three quotations

PV/Cheque	Details	Amount GH¢	Payee
026/007927	Supply of reagent, consumables and glassware	99,134.48	Wagtech GH. Ltd
032/007932	Part supply of 300pcs of canvas bags	7,857.00	Nes Ventures
1252/009156	Supply of various power supply equipment and stabilizers	8,586.04	Sollatek GH. Ltd
Total		**115,577.52**	

2102. This anomaly occurred due to the failure of Procurement Officer to obtain at least three quotations to ensure compliance with the PPA.

2103. Failure to obtain at least three different quotations has denied the QCC from obtaining competitive prices and value for money.

2104. We recommended that Management should ensure full compliance with the Procurement Act and provide basis for evaluating the quotations.

2105. Management explained that, Wagtech Ghana Ltd is the sole supplier of reagents, solvents and consumables for the laboratory. Again, the documentations for the purchases from Sollatek Electronics GH Ltd specified the reason for buying from the Company.

Non update of Fixed Asset Register

2106. Section 52 (1) of the PFM Act 2016, Act 921 states "A Principal Spending Officer of a covered entity, state-owned enterprise or public corporation shall be responsible for the assets of the institution under the care of the Principal Spending Officer and shall ensure that proper control systems exist for the custody and management of the assets".

2107. We noted that QCC asset register was not updated regularly to reflect the Property, plant and equipment schedule in the financial statements as shown in table 143.

Table 143: Non-update of Fixed Asset Register

Assets	Financial Statement GH¢	Fixed Asset Register GH¢	Difference GH¢
Land & Build.	64,248,884.00	46,234,013.79	18,014,870.21
Furni & Equip	7,101,367.00	6,825,175.87	276,191.13
Plant & Mach	22,923,595.00	21,600,303.80	1,323,291.20
Capital WIP	8,770,250.00	0	8,770,250.00
Total	**103,044,096.00**	**74,659,493.46**	**28,384,602.54**

2108. In our view, the absence of an updated asset register could deny QCC the opportunity to clearly identify its fixed assets.

2109. We therefore recommended that Management should update the asset register with the required information and reconcile with the PPE schedule.

2110. Management agreed with the recommendation and stated that, they have put in place a Committee to identify all assets available and trace them to the assets register.

Cocoa Health and Extension Division (CHED)

Delays in procurement activities above threshold

2111. Section 42 of the Procurement Act, 2003 Act 663 provides that. a procurement entity may engage in procurement by requesting quotations in accordance with Section 43,

(a) for readily available goods or technical services that are not specially produced or provided to the particular specifications of the procurement entity; and

(b) for goods where there is an established market if the estimated value of the procurement contract is less than the amount in Schedule 3.

2112. We noted that the Divisional procurement threshold is limited to GH¢5,000.00 and any procurement above the stated threshold is referred through the Divisional Procurement Advisory Committee (PAC) to the Chief Executive of Cocoa Board for approval. Our further review of sampled transactions showed that it takes a minimum of 34 days and maximum of 329 days to procure transactions above GH¢5,000.00 as shown in table 144.

Table 144: Delays in procurement activities above threshold

Item	Vendor	Amount GH¢	Date of Requisition	Date of Receiving	No of days delayed
Furniture	Alemarg	30,743.88	15/11/16	10/10/2017	329
Vehicle Tyres	Megmel Ventures	17,753.90	20/4/17	11/10/2017	174
Furniture	Daneburys	15,980.00	20/3/17	5/10/2017	205
Furniture	Alemarg	6,975.50	15/2/17	20/3/17	34
Steel Cabinent	Four ‘A’ Ltd	16,686.00	14/7/17	9/10/2017	87

2113. This anomaly was as a result of the bureaucratic process in the procurement referrals through the PAC to the CEO for authorization and the application of a low threshold at CHED.

2114. The use of a low threshold, considering the operational nature of CHED applications, continuous to result in delays in the procurement process which negatively affect the timely implementation of operations and deny intended users from the use of items requested.

2115. We recommended that Management should establish standard processing times/milestones for procurement functions and liaise with Cocoa Board Central Procurement Unit to consider increasing the threshold for the Division to curtail long delays.

2116. Management agreed with the recommendation and stated that they will liaise with Cocoa Board Central Procurement Unit to consider increasing the threshold for the Division.

Inadequate extension staff ratio to Farmers

2117. Section 2.4(b) (viii) of the Cocoa Board Policy Guidelines states "The object of CHED is to provide lean, professional and cost effective back up extension services to meet the technical needs of old and new cocoa farmers to enhance their productivity and income".

2118. During our review of the oversight and management of the cocoa extension services, we noted that, the current staff strength of Cocoa Extension Public-Private Partnership (CEPPP) stood at 417 instead of the targeted 800, leading to a shortfall of 383 Officers. The staff strength, compared to the expected COCOBOD target and that of the United Nations Food and Agricultural Organization's (UNFAO) recommended ratio indicate that, CHED extension staff ratio, to enable them reach out to a number of farmers is low, as shown the table 145.

Table 145: Inadequate extension staff ratio to farmers

Description	Ratio at 22/12/17	Cocoa Board Expected Ratio	UNFAO Benchmark
Farmers	1918	1000	500
Extension officer	1	1	1

2119. We further noted that, extension staff do not have adequate logistics such as vehicles or motor bikes to aid their mobility to visit a number of cocoa farm communities within their designated zones.

2120. This lapse was as a result of non-recruitment of staff to augment the extension service officers and provision of adequate logistics such as motorbikes to make them mobile.

2121. This situation compels extension officers to travel long distances to engage with the farmers and sometimes, do not meet the target number of farmers per their visit.

2122. In our view, weak farmer-extension services may deny farmers acquiring new knowledge and skills in good agricultural (cocoa farming) practices, as well as orient them to consider farming as a business venture which can impact positively on their productivity, income and livelihood.

2123. We urged Management to take steps to recruit extension officers to improve the farmer-extension officers' ratio and provide adequate logistics to aid in their work performance.

2124. Management agreed with the recommendation and stated that steps have been taken to improve staff ratio to farmers. Again, Management is in the process of providing motorbikes and other logistics to staff for efficient delivery of their duties.

Absence of Capital Assets Maintenance strategy

2125. Paragraph 37.1 of the Cocoa Board Policy Guidelines provides that maintenance undertaking through repair or replacement of parts must retain value of assets with specific objectives of: maximize the useful life of the Board's asset; maintain current value of the building and machinery; minimize breakdown; maintain health and safety; ensure effective and efficient use of facilities; ensure planned and corrective maintenance programmes in a timely and cost effective manner; and ensure that the buildings and facilities as well as the compounds are in pleasing condition.

2126. We noted that CHED does not have a maintenance strategy to provide a systematic approach in ensuring planned and corrective programmes of its property plant and equipment. We further noted that maintenance are done on ad hoc basis and upon request by staff.

2127. The absence of a capital asset maintenance strategy may create a condition that could lead to unstructured approach in maintaining CHED's assets towards the achievement of the overall Organisational objectives.

2128. We therefore urged Management to develop and implement a capital assets maintenance plan.

2129. Management explained that under planned maintenance activities, a list of properties due for renovation is generated at the beginning of the year and submitted for consideration and approval. However, the inability to carry out some of the proposed maintenance plans are due to financial constraints.

2130. In our view, organization's capital assets face the problem of ageing and as the condition of these assets deteriorates, the level of service supported by those assets diminishes. We therefore reiterate our recommendation that, CHED should develop an asset maintenance strategy to efficiently and effectively address its maintenance issues, in order to continue to satisfy the delivery of service.

Seed Production Division (SPD)

Budget virement without approval - GH¢4,969,866.28

2131. Regulation 171(1) of the FAR 2004 states "Where circumstances arise in which the operating requirements of a department make it necessary to rearrange the budget provision of or subheads, items or sub-items or sub-sub-items within the ambit of a single head, savings under one classification may be utilised to provide for extra expenditure under another without affecting the total funds to be disbursed from the head.

2132. Contrary to the above Regulation, we noted that, a total amount of GH¢4,969,866.28 was expended above the approved budget expenditure lines without appropriate virement authorization. Even though these variances occurred, we noted that the Division did not exceed its overall budget provision for the period. Details of the expenditure lines with variances shown in table 146.

Table 146: Over expenditure against Budget virement without approval

No	Details	A Budget GH¢	B Actual GH¢	(A-B) Variance GH¢	Percentage (%) of Variance
1	Estate & Property Cost	3,265,819.57	3,735,656.87	-469,837.30	14.39
2	Overtime Allowance	278,992.85	424,177.33	-145,184.48	52.04

3	Rent Subsidy	68,511.07	120,255.61	-51,744.54	75.53
4	Table Allowance	60,743.78	99,928.12	-39,184.34	64.51
5	Office And General Expenses	644,969.94	1,215,327.47	-570,357.53	88.43
6	Handling Charges	5,000.00	22,690.00	-17,690.00	353.8
7	External Donation	5,000.00	15,437.90	-10,437.90	208.76
8	Transport-Repairs and Maintenance	535,000.00	870,791.88	-335,791.88	62.76
9	Direct Research and Agronomy	5,499,693.72	7,302,423.72	1,802,730.00	32.78
10	Nursery Expenses	1,900,000.00	3,370,973.31	-1,470,973.31	77.42
11	Land Documentation and Compensation	50,000.00	105,935.00	-55,935.00	111.87
	TOTAL	**12,313,730.93**	**17,283,597.21**	**-4,969,866.28**	

2133. Non-adherence to budgetary control, coupled with, ineffective budget monitoring accounted for this anomaly.

2134. Overspending Budget without proper authorisation could result in the abuse of Public Funds and financial indiscipline. Also, funds could be reallocated to other expenditure items at the sole discretion of the Executive Director of SPD.

2135. We therefore recommended that Management should introduce clear virement procedures to effectively monitor budget implementation.

2136. Management agreed with our recommendation to ensure compliance.

2137. We again recommend that, the Officer whose inaction caused the irregularity should be sanctioned by Management.

High maintenance cost on over-aged vehicles

2138. Section 36.1(c) of the Cocoa Board Draft Guidelines spells out the duration of time for the replacement of the various vehicles of each category of vehicle as outlined below:

i. Four Wheel Drive vehicles (4x4) shall be replaced after seven (7) years or 250,000 kilometres whichever comes first.

ii. Ambulances shall be replaced after twelve (12) years or 200,000 kilometres whichever comes first.

iii. Trucks, tankers and the like shall be replaced after ten (10) years or 250,000 kilometres whichever comes first

iv. Saloon cars shall be replaced after four (4) years for Directors and five (5) years for Managers.

2139. Our review of the budgetary analysis showed that an amount of GH¢870,791 was spent on vehicle repairs and maintenance instead of the budgetary amount of GH¢535,000 resulting in an over expenditure of GH¢335,791.88 representing budget overrun of 62%.

2140. We further noted from the review of listed vehicles that, the average age of vehicles used by SPD are beyond 6 years, whilst the estimated usage period is 5 years. Details shown in table 147.

Table 147: High maintenance cost on over-aged vehicles

Age Analysis	Number of Vehicles	Percentage
More than 5 years	74	76
Between 5 to 3 years	16	17
Less than 2 years	7	7
Total	**97**	**100**

2141. The continuous usage of over-aged vehicles to support daily operations of SPD was as a result of unavailability of funds to ensure timely replacement of the vehicles.

2142. The non-replacement of over-aged vehicles, with, frequent break downs had led to the increased in the cost of their repairs and maintenance.

2143. We recommended that Management should adopt a strategy to gradually replace the essential over aged vehicles to support its operations and curtail the high maintenance cost.

2144. Management agreed to comply with our recommendations and explained that the replacement of vehicles shall be based on the availability of funds.

Non-Recognition of Agricultural Assets (Bearer Plants)

2145. The amended International Accounting Standards (IAS) 16 and 41 for Bearer Plants which is to be applied by entities from periods beginning on or after 1 January 2016 requires Bearer Plants and Agricultural Produce to be split into two assets with different measurement models. It further states that Bearer Plants will be presented as non-current assets under IAS 16 and measured at either cost or fair value and Agricultural Produce presented as current assets at fair value less cost to sell under IAS 41.

2146. We noted that, the Division owns Cocoa Farms and Seed Gardens, which qualify as Bearer Plants but were not recognised as part of PPE of COCOBOD in the financial statements, in accordance with the IAS as stated above.

2147. We attributed the non-recognition to the inadequate knowledge and lack of training of accounting staff on the IAS 41 as a result, full compliance with International Financial Reporting Standards (IFRS) (IAS 41) had not been adhere to.

2148. We recommended that Management should take steps to recognize cocoa farms and seed gardens in accordance with IAS 41.

2149. Management stated that the issue will be discussed with COCOBOD Management for further action.

Cocoa Research Institute of Ghana (CRIG)

Non-deduction and wrongful payment of rent allowance – GH¢25,281.85

2150. Regulation 2(d) of the Financial Administration Regulations, 2004 (L.I.1802) provides that the head of government department shall secure the due and proper collection of government revenue collectable by the department within the terms of its enactment. Paragraph 23.3(b) & 23.4(c) of the COCOBOD Draft Policy Guidelines also indicate that, rent deductions of 6% shall be made from the salary of employees who have been provided with accommodation. Staff residing in their own premises shall be entitled to 11% of the basic salary.

2151. Our review of the payroll showed that, Mr. Ernest Zaato (former Deputy Accounts Manager) was provided an accommodation at Kukurantumi, house number KC 234, since May 2015. However, Mr. Zaato continued to receive the 11% as owner occupy allowance from June, 2015 to December, 2016, leading to wrongful payment totalling GH¢16,358.85. He was also not being deducted the 6% rent charges of GH¢8,923.01 for occupying the COCOBOD's rented house for the same period. The total amount of GH¢25,281.86 for the wrongful payment and non-deduction of rent is shown in the table 148.

Table 148: Non-deduction and wrongful payment of rent allowance

Period	Number of Months	Basic Salary GH¢	Non-deduction of Rent (6%) GH¢	Allowance for Owner Occupier (11%) GH¢	Total Wrongful Payments GH¢
2015 (June–Sept)	4	27,462.68	1,647.76	3,020.88	4,668.64
2015 (Oct – Dec)	3	20,905.86	1,254.36	2,299.65	3,554.01
2016 (Jan – Dec)	12	100,348.20	6,020.89	11,038.32	17,059.21
Total			**8,923.01**	**16,358.85**	**25,281.86**

2152. Failure of the Estate Manager and the Accounts Manager to take prompt actions to ensure the deduction of the rent charges and stoppage of the rent allowance contributed to the lapse.

2153. The wrongful benefits enjoyed by Mr. Ernest Zaato, which resulted from the untimely actions of the Estate and Accounts Manager has resulted in an avoidable loss of GH¢25,281.86.

2154. In accordance with Section 18(1)(b) of the Audit Service Act 2000, Act 584, we disallow the GH¢16,358.85 benefits paid to Mr. Ernest Zaato and recommended immediate refund of the accrued rent arrears of GH¢8,923.01, failing which Mr. Ernest Zaato and

Management shall be severally and jointly surcharged with the total amount of GH¢25,281.86 in accordance with the Audit Service Act.

2155. Management stated that a demand letter will be written to the former Deputy Accounts Manager (Mr. Ernest Zaato) to refund the amount.

Cocoa Clinic

Indebtedness of corporate bodies to Cocoa Clinic - GH¢9,952,628.72

2156. Section 9(1) of the PFM Act states “The Board of Directors of a public corporation governed by this Act shall ensure the efficient management of the financial resources of the public corporation including the collection and receipt of moneys due to that public corporation.”

2157. Our review of the debtors’ ledger of the Clinic revealed that, as at 30 September, 2017, 149 Institutions owed Cocoa Clinic to the tune of GH¢9,952,628.72. This was in respect of health services delivered to them. Detail is attached as Appendix ‘C’.

2158. The huge amount of receivable was due to ineffective debt collection mechanism, because, the Clinic failed to issue demand notice to recover the debt. This has negatively affected the cash flow position of the Clinic, hence, the inability of the Clinic to deliver efficient and professional medical services.

2159. We recommended that Management should strengthen its debt recovery strategy to ensure that the debts are recovered timely.

2160. Management agreed with our recommendation and stated that, details of some default companies have been forwarded to the Legal Department of COCOCBOD for the necessary legal action.

Non-disposal of unserviceable vehicles

2161. Section 83(1) of the Public Procurement Act 2003, Act 663 states “The head of a procurement entity shall convene a Board of Survey comprising representatives of departments with unserviceable, obsolete or surplus stores, plant and equipment which shall report on the items and subject to a technical report on them, recommended the best method of disposal after the officer in charge has completed a Board of Survey form.”

2162. Our physical inspection of inventory at the Cocoa Clinic revealed that, three vehicles had become unserviceable. Details of the unserviceable vehicles is provided in the table 149.

Table 149: List of unserviceable vehicles

No.	Vehicle description	Reg. No.	Year Procured	Age
1	Nissan Mini Bus	GT 5120-T	2002	16
2	Reanult Water Tanker	GT 2694-W	2005	13
3	Benz Ambulance	GV 1574-B	1996	22

2163. This condition was due to the absence of a replacement strategy for official vehicles.

2164. The continuous exposure of the unserviceable vehicles to the mercy of the weather could lead to its further deterioration.

2165. We recommended to Management to constitute a Board of Survey to dispose of the unserviceable vehicles.

2166. Management explained that a formal request had been submitted to COCOBOD, Head Office, seeking authorization for a possible disposal of the unserviceable vehicles.

Bunso Cocoa Institute

Investment above 15% Investment Portfolio Policy – GH¢890,625.00

2167. Section 33.10 of the Structure and Operational guideline on investment diversification of the COCOBOD requires that, with the exception of Government of Ghana Treasury Bills, and call deposits, not more than 15% of the entity's total investment portfolio shall be invested in a single security type or with a single financial institution.

2168. We however noted that the Deputy Finance Manager invested more than 15% each of the College`s funds in each of four financial institutions. The anomaly could be attributed to the Deputy Finance Manager's failure to explore more financial institutions. Details shown in Table 150.

Table 150: Investment above 15% Investment Portfolio Policy

No.	Name of Institution	Account Type	Portfolio	Facility	Amount Invested GH¢	Invest-ment Date	Maturity Date	% Invested
1	Capital bank (GCB)		Investment 1	Fixed Deposit	200,000.00	10-Aug-17	9-Nov-17	19.22
2	GCB Bank Ltd	Account 3	Investment 2	Treasury Bill	290,625.00	4-Sep-17	4-Dec-17	27.93
3	GT Bank		Investment 3	Fixed Deposit	200,000.00	4-Jul-17	3-Oct-17	19.22
4	CAL Bank Ltd		Investment 4	Fixed Deposit	200,000.00	4-Jul-17	3-Oct-17	19.22
Total					**890,625.00**			

2169. In our view, failure to adequately diversify the College`s invested funds could lead to losses in the event that the financial institution is unable to pay back the invested amount.

2170. We recommended that Management should disinvest in the financial institutions where the College's investment had exceeded the 15% and spread the funds in other financial institutions in line with the Ghana Cocoa Board investment policy.

2171. Management agreed with our recommendation and stated to comply with the investment policy.

Indebtedness to the College - GH¢276,168.54

2172. Section 91 (1) of the Public Financial Management (PFM) Act, 2016, (Act 921) states "The Board of Directors of a public corporation governed by this Act shall ensure the efficient management of the financial resources of the public corporation including the collection and receipt of moneys due to that public corporation."

2173. Our review of the financial statement revealed that 56 organizations and individuals owe the College an amount of GH¢276,168.54 as at 30th September 2017.

2174. This was due to the failure on the part of Managers to pursue for the recovery of the debt from the debtors.

2175. Non-payment of the debt had negatively affected the cash flow of the College and the service delivery.

2176. We recommended that Management should intensify its efforts to recover the debts without further delay.

2177. Management agreed with our recommendation.

EXTRA MINISTERIAL AGENCIES

BANK OF GHANA

Introduction

2178. This report relates to the audited accounts of Bank of Ghana for the year ended 31 December 2017.

Operational Results

2179. The Bank ended the year under review with a deficit of GH¢1,637,532,000 as compared to a surplus of GH¢709,482,000 in 2016, representing a 330.8% decrease. Details of the performance indicators of the Bank's operational results are shown in the table 151.

Table 151: Income and expenditure statement for 2017

Income	**2017 GH¢000**	**2016 GH¢000**	**% Change**
Interest Income	2,392,417	2,411,429	(0.8)
Fee and Commission Income	85,415	79,762	7.1
Other Operating Income	562,011	211,732	165.4
Exchange Differences	-	818,340	-
Dividend Income	18,281	23,263	(21.4)
Total Income	**3,058,124**	**3,544,526**	**(13.7)**
Expenditure			
Interest Expenses	2,245,036	1,565,672	43.4
Administration	805,863	630,232	27.9
Exchange Differences	90,032	-	-
Premises and Equipment Expenses	77,662	74,184	4.7
Currency Issue Expenses	230,766	160,951	43.4
Impairment Loss	1,246,297	404,005	208.5
Taxation	-	-	-
Total Expenditure	**4,695,656**	**2,835,044**	**65.6**
Profit/(Loss) for the year	**(1,637,532)**	**709,482**	**(330.8)**

2180. Total Operating Income decreased by 13.7% to GH¢3,058,124,000 in 2017 from GH¢3,544,526,000 in 2016. The fall was primarily due to no Exchange Gains in the year. Dividend income reduced by 21.4% to GH¢18,281,000 in 2017 from GH¢23,263,000 in 2016. Interest income also decreased by GH¢19,012,000 or 0.8%, moving from GH¢2,411,429 in 2016 to GH¢2,392,417 in 2017. Fees and Commission Income and Other Operating Income went up by 7.1% and 165.4% respectively.

Expenditure

2181. Total Expenditure increased by 65.6% to GH¢ 4,695,656,000 in 2017 from GH¢ 2,835,044,000 in 2016. All components of expenditure increased with Impairment Loss being the major driver of the increment. It increased by 208.5 to GH¢ 1,246,297,000 in 2017 from GH¢404,005,000 in 2016.

Financial Position

2182. The financial position of the Bank as at 31 December 2015 is summarised in the table 152.

Table 152: Financial Position as 31 December 2017

	2017 GH¢000	**2016 GH¢000**	**% Change**
Total Assets	55,196,551	49,735,561	11.0
Liabilities	53,159,631	45,703,133	16.3
Net Assets (Equity)	2,036,920	4,032,428	(49.5)
Total Liabilities/Total Assets	0.96:1	0.92:1	

2183. Total Assets increased by 11.0% from GH¢49,735,561,000 in 2016 to GH¢55,196,551,000 in 2017. This rise was primarily due to significant increases in Cash and Balances with other banks as well as Securities which went up by 75.6% and 11.0% respectively.

2184. Total liabilities increased by 16.3%, from GH¢45,703,133,000 in 2016 to GH¢53,159,631,000 in 2017. Primarily accounting for the increase was Deposits, especially deposits from Government of Ghana which increased by 117.9% or GH¢3,724,083,000. Total Deposits went up by 29.8% from GH¢11,875,105,000 in 2016 to GH¢15,409,226,000 in 2017.

2185. The liquidity position as measured by Current Ratio reduced marginally in 2017. The results of 1.0:1 (2016: 1.1:1) indicates that bank would barely be able to meet its immediate financial obligations as they fall due.

2186. The result indicates liabilities absorbing 92.9% of Total Assets from a position of 92.0% in 2016. This steady growth suggests that the Bank might have to fall on all or huge portion of Total Assets in defraying liabilities.

2187. The deficit position recorded by the bank impacted on this result. 2017 posted a negative 80.39% return on capital as compared to a positive 17.6% in 2016.

2188. This indicator has reduced to 0.27 times in 2017 from 1.45 times in 2016. The Bank stand at a risk of not being able to cover interest liabilities.

MANAGEMENT ISSUES

Government Borrowing in Excess of Limit Imposed by the Bank of Ghana Act

2189. Section 16 of the Bank of Ghana Act, 2002 (Act 612) and as Amended by Act, 918, states that total loans, advances, purchases of treasury bills and securities made by the Bank of Ghana by way of financing Government, shall not exceed 5% of the Total Revenue of the previous fiscal year. It further states that the Governor shall notify the Minister of Finance and Parliament of the attainment of the limit. The Minister upon this notification shall report to Parliament on the remedial measures to be taken.

2190. We observed the Government net Credit for current period was GH¢8,865,495,000 contrary to GH¢1,683,900,000 estimated. Thus, Government had borrowed in excess of 426.5% which was an improved position compared to last year's borrowing of 737.8% of the threshold. Details is shown in table 153.

Table 153: Government Borrowing in Excess of Limit

Description	2017	2016
	GH¢000	GH¢000
Gross Credit to Government	15,748,941	15,454,464
Deposits- Government of Ghana	6,883,446	3,159,363
Net Credit to Government	8,865,495	12,295,101
Previous Year's Gross Revenue	33,678,000	29,351,652
5% of Gross revenue	1,683,900	1,467,583
Net Credit to Government	8,865,495	12,295,101
Excess Borrowing	7,181,595	10,827,518
Excess %	426.5	737.8
Gross credit as % of total Revenue	47	53
Net credit as % of total Revenue	26	42
(Decrease)/Increase in Net Credit as % of Total Revenue	(10)	11

2191. This was as result of Management's view that the benchmark is the float and not the stock of indebtedness.

2192. The current level of Government borrowing from Bank of Ghana violates the provisions of Section 16 of the Bank of Ghana Act, 2016 (Act918).

2193. We recommended to management that lending to Government should be actively monitored to ensure compliance with the Act without any failure. The Bank should further take steps to seek interpretation of the Act that best reflect the actual intent.

2194. Management has taken note, stating that the phrasing of Section 16 of the Bank of Ghana (Amendment) Act, (Act 918) does not reflect the operational computation applied in determining credit to Government.

2195. According to management, based on their operational computation, the Bank in 2017 rather received repayments from Government to the tune of 11.0% of domestic revenue to Government.

Government of Ghana and the International Monetary Fund (IMF) Programme

2196. The terms of International Monetary Fund (IMF) Extended Credit Facility Arrangement Program states that the gross financing of the Bank of Ghana to the Government of Ghana and State-Owned Enterprises for 2017 is limited to GH¢15.45 Billion.

2197. We observed that the gross financing of Bank of Ghana to the Government of Ghana and the State-Owned Enterprises per the 2017 audited financial statements of the Central Bank was GH¢ 15.75 Billion indicating an excess of GH¢294million over the set IMF limit for 2017. Table 154 is the detail computation.

Table 154: Government of Ghana and the International Monetary Fund (IMF) Programme

Description	2017 GH¢000	2016 GH¢000
Loans and Advances:		
Government	-	-
Quasi-Government Institutions	2,380,636	2,337,923
	2,380,636	2,337,923
Securities	13,062,862	13,116,541
Matured LC's to Government Institutions not Funded	305,443	-
Gross Credit to Government	15,748,941	15,454,464
Gross Financing of BoG to the Government and SoE's target set for 2017 & 2016	15,454,464	15,612,772
Excess over IMF Target	294,477	(158,308)

2198. The excess was due to unfunded letters of Credit to Quasi Government Institutions that matured during the year and were honoured by the Bank of Ghana.

2199. Sanctions may be attracted due to violation of set targets under the IMF Program.

2200. Management was advised to actively monitor lending to Government of Ghana and its related agencies to ensure compliance with the requirements under the Fund program.

2201. Management should further ensure LC's for Government and its related entities are fully funded when established to avoid unintended lending.

2202. Management responded stating that per their operational computation, the Bank in 2017 rather received repayments from Government to the tune of 10.95% of domestic revenue and did not lend to Government.

Unfunded Letters of Credit outstanding as at year end

2203. Section 16 of the Bank of Ghana Act, 2002 (Act 612) and as Amended by Act, 918, states that total loans, advances, purchases of treasury bills and securities made by the Bank of Ghana by way of financing Government, shall not exceed 5% of the Total Revenue of the previous fiscal year.

2204. The Bank established Letters of Credit (LC's) to some state agencies with designated accounts. These accounts were not funded and remained outstanding as at 31 December 2017. Details are as shown in table 155.

Table 155: Unfunded Letters of Credit outstanding as at year end

Institution	LC Reference	Amount US$	Amount GH¢
Ghana Railway Authority	IMP/LC/GOV/14/5	19,203,939.78	
Ministry of Transport and Communication	SBLC/GOV/16/6	25,058,448.40	
Ministry of Water Resources, Works and Housing	SBL/GOV/16/5		24,935,286.00

2205. The Ministry of Finance had not made funds available at the time the LCs matured. Neither were funds made available to the Central Bank at the end of the year to cater for the LCs.

2206. This lapse puts the Central Bank at the risk of breaching the limit for lending to the Government of Ghana. Thus, going contrary to Section 16 of the Bank of Ghana Act, 2002 (Act 612) and as Amended by Act, 918.

2207. We recommended to Management that establishment of such LCs on behalf of Government should be actively monitored to ensure compliance with the lending limits set.

2208. Management responded that they continue to take the necessary actions aimed at retrieving the outstanding amount owed by Government through the Banking Department.

2209. Management's persistent demand on the Controller and Accountant General as well as close monitoring of the nominated accounts used for the issuance of the LCs had ensured that total outstanding payment on SBLC/GOV/16/6 has been cleared while that of SBLC/GOV/16/5 has been reduced to US$24,344,000.00.

2210. The Banking Department has secured an agreement with the Controller and Accountant General to reduce the outstanding debt on a monthly basis by GH¢ 30,000,000.00. Although it is yet to be implemented, a reminder has been sent to the Controller to fulfil their part of the agreement.

2211. Management assured that they will continue to monitor the various accounts nominated for the LCs and will debit the accounts appropriately as and when the accounts are funded.

2212. The Bank of Ghana Act, 2002 Act 612 states in section 3 that "The Bank shall have the sole right to issue and redeem currency notes and coins in the country." Section 41(4) further states that "The Bank may, on giving not less than three months' notice in the Gazette, call in any of its currency notes and coins on payment of the face value; and the notes or coins with respect to which a notice has been given under this subsection shall, on the expiration of the notice, cease to be legal tender."

2213. The Old Ghana Cedi component of the currency in circulation as at 31 December 2016 has increased from GH¢22,370,000.00 to GH¢ 22,530,000.00 as at 31 December 2017. This increase is a deviation from expectation.

2214. The Bank monitoring and statistical analysis are currently focused on the New Ghana Cedi; the Old Cedi not being monitored.

2215. This could present difficulties in the measuring of actual liabilities and further lead to misstatements.

2216. We recommended to Management to investigate and address this issue.

2217. Management responded that available records from the Currency Management Department on the Old Cedi, shows a consistent downward trend in the derived Old Cedi component of the Currency in Circulation figure.

2218. Notwithstanding, a team from both the finance and Currency Management Departments has been constituted and tasked to investigate the cause of the anomaly to forestall its occurrence in future.

Mission Statement

The Ghana Audit Service exists

To promote

- good governance in the areas of transparency, accountability and probity in Ghana's public financial management system

By auditing

- to recognized international standards, and reporting our audit results

And

- reporting to Parliament