

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

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE**

**ON THE
PERFORMANCE AUDIT REPORT OF
THE AUDITOR-GENERAL INTO THE
ADMINISTRATION OF GOVERNMENT
OF GHANA SCHOLARSHIPS IN
SECOND CYCLE INSTITUTIONS
(SCHOLARSHIPS SECRETARIAT)**

July, 2007

INTRODUCTION

1. The Performance Audit Report of the Auditor-General on the Administration of Ghana Government Scholarships in Second Cycle Institutions was laid before Parliament on 22nd February, 2007. The Report was referred to the Public Accounts Committee for consideration and Report pursuant to order 165(2) of the Standing Orders of the Parliament of Ghana.

2. Article 187(2) of the 1992 Constitution enjoins the Auditor-General to audit the public accounts of Ghana and of all public offices and institutions of like nature. Section 13(e) of the Audit Service Act 2000 (Act 584) empowers the Auditor-General to examine the public and other government accounts in such a manner as he thinks fit and to determine whether in his opinion, programmes and activities have been undertaken with due regard to economy, efficiency and effectiveness.

3. The Performance Audit on the Administration of Government of Ghana Scholarships in Second Cycle Institutions was, thus, conducted by the Auditor-General pursuant to the above provisions of the Constitution and Act 584.

SITTINGS OF COMMITTEE

4. The Committee held one sitting outside the precincts of Parliament and one within Parliament to deliberate on the Report. The Committee was briefed on the content of the Report from the team that conducted the audit led by Mr. Yaw A. Sifah. The Committee also heard evidence from the Registrar and officials of the Scholarships Secretariat and the Ministry of Finance and Economic Planning.

REFERENCE

5. Your Committee referred to the following documents at its deliberations:
- i. The 1992 Constitution of Ghana
 - ii. The Standing Orders of the Parliament of Ghana
 - iii. The Audit Service Act, 2000 Act 584

PURPOSE AND SCOPE OF THE AUDIT

6. The purpose of the audit was to conduct an evaluation of the administration of Government of Ghana Scholarships by the various stakeholders and to make appropriate recommendations towards improving the system. The focus was on the selection, processing and funding of scholarships awards. The audit also examined the monitoring system of the awards.

7. The audit covered three academic years of 2002-2005 and the first term of the 2005/2006 academic year. Five Regions were surveyed by the audit and these were Upper East, Northern, Greater Accra, Central and Ashanti.

BACKGROUND

8. Government instituted a scholarship scheme after independence to award scholarships to deserving students at the secondary and tertiary levels of education. Two main scholarship schemes existed at the time - the Cocoa Marketing Board Scholarship Scheme and the Government of Ghana Scholarship Scheme. The Scholarships Secretariat was set up to administer the latter.

9. The Scholarships Secretariat currently administers four types of awards at the second cycle level and these are the Northern Extraction awards which are granted to students of northern extraction (at least one parent of the student must hail from one of the northern regions or the northern portions of Volta and Brong Ahafo Regions); Hardship awards for students who are unable to pay their fees due to low incomes of their parents; Merit awards based on meritorious academic performance; and President's Independence Day awards which is awarded to two students (male and female) from each Region. The latter type of award was instituted in 1998 and winners are handed the award on Independence Day by the President.

FINDINGS OF THE AUDIT

10. The findings are detailed under the following activities;
- i. Selection of beneficiaries;
 - ii. Processing of awards;
 - iii. Monitoring of awards; and
 - iv. Accountability arrangements between key players.

Selection of Beneficiaries

11. The audit noted that claims list of beneficiaries submitted to the Secretariat by schools were found to be unreliable because they were not subjected to rigorous checks before being forwarded to the Secretariat. A head count by the audit in 19 beneficiary schools in Upper East and Northern Regions revealed that in the 2005/2006 academic year, 230 students who had self-withdrawn, died, self-transferred or been dismissed had their names on the claims list resulting in the Secretariat paying a total of ₵133,093,410 for their award.

12. In addition, some lists, particularly from schools in the northern/demarcated territory, were prepared prior to the academic term to which the claim relates and were thus rendered irrelevant to the terms in which claims were made. As a result, payments were made to schools for beneficiaries who had severed their relationship with the schools.

13. Further, since the scheme was not publicized, it excluded some potential beneficiaries and included some unqualified students.

Processing of Awards

14. The audit noticed extensive delays in the processing of merit awards by the Secretariat. It was observed that the processing period sometimes extends to five academic terms.

15. Processing of the other types of award - Northern, Hardship and President's Independence Day Awards – was on the other hand observed to be expeditious, usually within the term of submission

16. The audit however observed delays in release of feeding grants and final examination fees. Feeding grants were noted to be received by schools at the end of the term to which the grants relate. This consequently puts a huge financial burden on schools with large numbers of beneficiaries.

17. Further, as a result of delays in the payment of the final examination fees, some schools often request parents to pay upfront the final examination fees with a promise of a refund anytime the Secretariat honours its obligation. The audit could however not ascertain whether refunds were eventually made to such parents.

18. The audit further noted that claims for final examination fees were not submitted for beneficiaries of the President Independence Day awards contrary to the terms of the award.

Monitoring of Awards

19. The audit noted that effective monitoring of awards was not properly done by the Secretariat, heads of schools and the Internal Audit Department of the Ghana Education Service (GES). The Scholarship Secretariat has not undertaken any effective monitoring exercise since 2002/2003. As a result, 36 students in the demarcated territory who were suspended, repeated or deborderised signed the claims list and benefited from the award to the tune of ₵20,832,021. It was further noted that the Secretariat did not act on terminal reports of beneficiaries; students who were thus repeated because of poor academic performance continued to benefit from the awards.

20. Conditions for enjoying the awards were also not strictly implemented because school heads lacked adequate knowledge of the rules governing the awards according to the audit. It was noted that 345 day students in the demarcated territory and 26 students outside the demarcated territory benefited from the awards amounting to ₦199,640,115 and ₦15,045,342 respectively even though the scholarships awards are feeding grants for boarding students.

21. It was further observed that a total of 35 students in the non-demarcated territory enjoyed more than one scholarship award contrary to the policy of the Secretariat that beneficiaries of its scheme are not to enjoy more than one award. The audit team was informed of instances where beneficiaries of double/triple awards applied and were paid accumulated credit balances on their accounts.

22. The audit further revealed that proper books of accounts were not kept on scholarship's transactions. The audit observed instances where awards were not credited to the individual beneficiary's ledger. Award winners were accordingly made to pay fees unknowingly. In the demarcated territories, scholarships receipts were debited to the schools' receipts cashbook instead of the individual students' ledgers. It was therefore difficult to determine the amount standing in the name of each beneficiary at any given time. These lapses recur because the Internal Audit Department of GES does not focus on scholarships awards as a major thrust area in its routine audits.

Accountability Arrangements

23. The audit noted that the Secretariat did not submit periodic reports on the state of implementation of the scheme to the Office of the President, the supervisory unit of the Secretariat. Likewise, there were no formal reporting relationships between GES and Scholarships Secretariat. Stewardship accounting was thus brought into question.

OBSERVATIONS BY THE COMMITTEE

Delay in Processing of Awards

24. Your Committee was informed that as a result of delays encountered previously in the release of funds, Government directed that funding of the awards be provided by the GETFund. This has been complied with and GETFund has since been financing the various awards. The problem of untimely release of funds has therefore been mitigated, according to officials of the Secretariat.

25. The officials however acknowledged that processing of merit awards still remains a problem. They indicated that the problem results from the cumbersome and rigorous selection procedure stipulated in the guidelines. According to the guidelines, each school is required to forward the names of 10 of their best students to the GES out of which two are selected from each school for the award.

26. The Committee also observed that the delays were as a result of understaffing in the Secretariat. The Committee was informed that the Secretariat was unable to recruit staff as a result of inadequate office space. The Committee was however assured that the Secretariat has commenced the process of constructing a new office and its staff will be augmented once the project is complete.

Beneficiary Lists Prepared in Advance

27. The Committee observed from the Report that schools in the demarcated territory often compiled lists of beneficiaries long before the commencement of the academic term to which the lists relate. The result was that monies were paid to schools on behalf of beneficiaries who had either been withdrawn, repeated, transferred, etc. The Audit accordingly recommended to the Secretariat to instruct schools to desist from such practice.

28. Your Committee is however of the opinion that if schools are to wait till the commencement of the school term to compile lists of beneficiaries and forward same to the Secretariat, the result might be a further delay in the release of feeding grants to the respective schools. Your Committee is of the view that it might take a school a minimum of three weeks upon commencement of the academic term to obtain signatories of all potential beneficiaries and thereby prolong the process.

29. It would be recalled that the PAC in its Report on the Auditor-General's Report on the Pre-University Educational Institutions for the period ended 30th June 1996, which was laid during the third Session of the Second Parliament of the Fourth Republic, expressed concern over delays in the administration of scholarships (Ref. para. 8-17). The Committee noted in the said Report that scholarships meant for students at the beginning of the academic term were received at the end of the term and sometimes much later. The result was that heads of schools were compelled to use funds such as textbook user fees and 5% withholding tax deductions to feed students, contrary to the provisions of the financial regulations.

30. In order to resolve the issue, the Committee at the time agreed with various stakeholders on a timetable for the submission, processing and release of funds for beneficiaries. It was agreed that the schools should submit the beneficiaries' lists to the Scholarships Secretariat by the first week of the academic term.

31. It is thus the view of your Committee that implementing the recommendation of the Auditor-General may revert to the situation that necessitated the then PAC to propose the timetable. However, in order to counter the problems associated with the advance list, your Committee wishes to suggest periodic monitoring. In the event that a given school was overpaid for a

particular term, the overpaid figure should be deducted from the subsequent term's allocation.

Day Students on Scholarships Bill

32. Your Committee observed from the Report that day students benefited from awards contrary to the guidelines for the awards. It was noted by the Committee that the awards were intended as feeding grants for students in boarding schools.

33. The Committee noted that some students were not in boarding houses because of limited residential facilities at the schools. These students were therefore made day students. It is the view of the Committee that these students would have been given residential status and therefore benefit from the awards had there been enough residential facilities.

34. The Committee was also informed that the day students were fed by the schools. It is the considered opinion of the Committee that the status quo be maintained. The Scholarship Secretariat should however review its guidelines for the award of scholarships to reflect the above reality.

Accountability Arrangements

35. The Committee observed that the Secretariat was set up through an administrative fiat to administer scholarships during the immediate post-independence era. The Secretariat is under the Office of the President and reports directly to the Chief of Staff. There is no legal instrument governing the operations of the Secretariat.

36. Having operated for more than forty years, it is the considered view of the Committee that the time has come for the Secretariat to be appropriately established by an Act of Parliament. This will help streamline the reporting and

accountability relationship between the Secretariat and other bodies and also empower the Secretariat to execute its mandate.

RECOMMENDATIONS

37. To ensure efficiency and effectiveness in the administration of Ghana Government Scholarships in second cycle institutions, your Committee wishes to make the following recommendations in the areas of:

- a) Selection of beneficiaries;
- b) Processing of awards; and
- c) Monitoring of awards and;
- d) Accountability

Select beneficiaries

38. Heads of schools should endorse the list of beneficiaries after class masters have confirmed that only legitimate students have signed the claims list. This will ensure that credible lists are forwarded to the District and Regional Directors of GES for vetting.

39. Furthermore, the Secretariat should instruct schools to submit provisional claims list one week after schools have reopened. The Secretariat should however be informed later to rectify any anomalies detected. Additionally, the scheme should be given wide publicity by the Secretariat just like the CMB and other foreign awards

Processing of awards

40. The Secretariat should remove all inefficiencies in the processing of awards or reduce process time to ensue prompt release of funds to the beneficiary schools.

Monitoring of Awards

41. The Secretariat in collaboration with GES should take advantage of the annual conference for Heads of Assisted Secondary School (CHASS) to organize seminars for the latter to enhance their knowledge of the awards. Your Committee further urges the Scholarships Secretariat to review its guidelines and regulations governing the award to take cognizance of current realities. GES Internal Auditors should also consider scholarships award as a major thrust area in their routine audits. Furthermore, the Secretariat should undertake regular monitoring to add value to the awarding processes.

Accountability Arrangements


42. To improve on accountability, the Scholarships Secretariat should be appropriately established by an Act of Parliament to streamline its reporting and accountability relationships as well as empower the Secretariat to effectively execute its mandate.

CONCLUSION

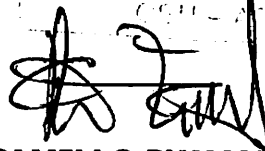
43. Your Committee is of the view that if these far reaching recommendations are implemented the Ghana Government Scholarships scheme would be greatly transformed towards achieving efficiency and effectiveness in its administration.

44. The Committee, therefore, urges all the stakeholders in the administration of the Scholarships especially the Scholarships Secretariat to initiate the transformation process by ensuring that the Secretariat is appropriately established by an Act of Parliament

45. Respectfully submitted.



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12/07/2007