

**IN THE FIRST 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 ON THE MANAGEMENT OF
ACCRA METROPOLITAN ASSEMBLY (AMA)
MARKETS**

JULY 2005

INTRODUCTION

1. The Performance Audit Report of the Auditor-General on Management of Accra Metropolitan Assembly (AMA) Markets was laid before Parliament on 18th March 2005. The Report was referred to the Public Accounts Committee by Mr. Speaker for consideration and report in furtherance to Order 165(2) of the Standing Orders of the House.

2. The Committee held two Sittings to deliberate on the Report. Evidence was taken from the Chief Executive and other officials of AMA. The Performance Audit Team led by Mr. Lawrence Ndaago of the Audit Service was also in attendance to explain further, the findings and recommendations of the audit.

3. The Committee will like to acknowledge with thanks, all officials who attended upon it and assisted in the deliberations.

REFERENCES

4. The Committee made reference to the following documents during the consideration of the Report:-
 - a. The Constitution of the Republic of Ghana, 1992.
 - b. The Local Government Act, 1993, Act 462
 - c. The Financial Administration Act, 2003, Act 654
 - d. The Audit Service Act, 2000, Act 584
 - e. The Standing Orders of the Parliament of Ghana
 - f. The Local Government (AMA) Establishment Instrument 1995 L.I. 1615

- g. The Financial Administration Regulation, 2004, L.I. 1802

OBJECTIVE OF THE AUDIT

5. The 1992 Constitution of Ghana (Art. 187(2) and (5)) mandates the Auditor-General to audit all public accounts of Ghana and report to Parliament any irregularities in such accounts and any other matter, which in the opinion of the Auditor-General ought to be brought to the attention of Parliament.

6. In accordance with this requirement of the Constitution, the Auditor-General conducted a performance audit on the management of markets under the jurisdiction of AMA. The audit covered the period 1999 – 2001.

7. Paragraph 37-39 of the second schedule of L.I. 1615 empowers AMA to carryout the following activities:

37 To build, equip, open, close and maintain markets, prohibit the erection of stalls in places other than markets and prevent the sale and purchase of goods or stocks near established markets or elsewhere.

38. To fix days and hours during each day on which a market may be held and prevent the sale and purchase of goods in markets on any day or at any hour, except those fixed.

39. To regulate and control markets including the fixing of and collection of stallages, rents and tolls.

8. The objective of the audit was therefore to find out whether AMA was managing its markets effectively and efficiently particularly in the areas of revenue generation for the Assembly and providing social services to the communities. Emphasis was placed on the management of market services, running operations of the markets, maintenance of structures in the markets, supervision and control of market activities and generation of revenue for development.

9. The overall objective was to identify problems associated with the provision and management of markets and to make recommendations towards improving the system.

SCOPE AND METHODOLOGY OF THE AUDIT

10. As indicated earlier, the audit covered three financial years of 1999, 2000 and 2001. The methods adopted by the audit team involved the review of documents including AMA by-laws, financial audit reports, interviews and inspection of selected markets. Officers interviewed included the Metropolitan Co-ordinating Director, Director of Finance, Market Supervisors, Revenue Collectors, Market Queens and Traders.

11. Out of a total of 25 markets under the Management of AMA, the audit visited five of these markets and these were: Agbogbloshie, 31st December, Mallam Atta, Osu and Timber Markets. The sample categorized the markets into three – big, medium and small. Agbogbloshie and 31st December represented big markets, Mallam Atta

represented medium and Osu and Timber markets represented small markets.

12. Similar visits were also conducted in some markets in Kumasi and Takoradi. The Audit Team also visited two privately managed markets in Accra - Dansoman Community Market (DCM) and Makola Market Company (MMC). The visits were to enable the audit make a comparative analysis of the different markets in terms of revenue generation, maintenance, management, scope of operations and supervision.

FINDINGS OF THE AUDIT

13. Five broad findings were made by the Audit Team in the following areas: Management of Market Services, Maintenance of Market Structures, Running Operations of the Markets, Supervision and Control of Market Activities and Revenue Generation.

OBSERVATIONS AND RECOMMENDATIONS

Management of Market Services

14. The Audit found out that management services such as sanitation and security provided by AMA were inadequate and unsatisfactory.

Sanitation

15. The Committee noted from the audit Report that sanitary services in some of the markets were non-existent. At the 31st December market, only one toilet building with 10 toilet outlets have been provided

for both traders and visitors to the market. This toilet facility was constructed about 40 years ago and was only renovated in 1988 by traders. The result is persistent long queues of people waiting to use the facility.

16. At the Mallam Atta market, the AMA has provided no such facility. The only facility available is privately owned and is located outside the market and this facility serves traders, visitors and residents of the adjoining community.

17. The Audit Team further noticed, in all the five markets visited, huge heaps of uncollected refuse and the drains were also choked with filth. This prevented the free flow of water especially when it rains. This often resulted in flooding during heavy down pours.

18. The sanitary situation in the two privately managed markets of MMC and DCM, visited by the Audit Team was in sharp contrast to what prevailed in the five AMA markets. At the DCM for instance, each shop has an in-built toilet facility. In these markets the drains and surroundings were well kept.

19. Your Committee was informed by AMA that all of its markets have toilet facilities either within or at the adjoining areas of the market. The officials however acknowledged that the facilities are inadequate and not in the best conditions. The officials of the Assembly further indicated that most of the markets were constructed during the pre-

colonial and immediate post colonial era at a time that the population of Accra was small.

20. AMA further informed the Committee that the toilet facility at the Mallam Atta market is publicly owned and not privately owned as indicated in the audit report. The facility is however under private management.

21. Also, due to unavailable land space for the construction of new toilet facilities, traders and visitors to the Agbogbloshie market now use a new facility at an adjoining terminal to the market. They also have the option of using facilities at MMC also adjoining Agbogbloshie.

22. AMA also attributed the poor refuse collection to some of the private refuse collectors. According to the Chief Executive some of the refuse trucks are very old and experience frequent breakdowns. The running cost of these trucks is also quite high.

23. He indicated that the Assembly is coming up with a proposal towards engaging only competent contractors with more than 30 trucks and a well-established workshop. The Assembly has also commenced the fabrication of its own refuse containers and are being placed at vantage sites within the metropolis.

Recommendation

24. Your Committee recommends that AMA should ensure that appropriate sanitary and security facilities are provided at the new site for the hawkers as well as the existing markets. This will help address some of the concerns raised in the Audit Report. The Committee is further urging AMA to strictly enforce the provisions of paragraph 37 and 38 of the second schedule of L.I. 1615

Security

25. With respect to security services, AMA is by law responsible for the opening and closing of markets for daily activities and determines when traders should leave the premises for the markets to be locked.

The audit however noted that the entrance and exit gates to the markets were not well secured and in very poor condition leading to rampant burglary of shops. Squatters, including drug peddlers and addicts have turned some of the markets into places of residence. Examples are the Mallam Atta and Agbogbloshie markets. In an attempt to secure their wares, some traders have engaged the services of private security personnel to guard their shops.

26. Fire outbreaks have also been recorded at some locations of the markets. An example is the current location of the MMC, formerly Makola No. 2 market which was burnt down in 1997. Another example is the second hand clothing wing (Tema station market) of the 31st December market which occurred in 2002. The Ghana National Fire Service traced the causes of the fires to illegal wiring, faulty electrical

wiring and naked fires from cooking activities taking place in the markets.

27. The security service at the MMC and DCM is the direct opposite of what obtains in AMA markets where they are securely locked with heavy metal gates and nobody except official security personnel are permitted into the markets when closed. Traders are also not allowed to carryout any electrical extension works by themselves.

28. The Assembly informed the Committee that it has since then instituted measures towards improving the security situation. New gates have been provided at some of the markets and there have been occasional swoops by security personnel to rid the markets of squatters.

29. The Assembly has also placed adverts in the media for the recruitment of metro-guards to augment the security system within the markets and the metropolis as a whole.

30. The Assembly is also holding discussions with the Ghana National Fire Service and the Ghana Water Company to reactivate some of the fire hydrants in and around the markets. These hydrants have been locked for sometime now.

Recommendation

31. The Committee wishes to recommend that AMA should take urgent steps to ensure that all the entrance and exit points to the markets are secured.

32. To this end all the rusted metal and insecure gates should be replaced. Security guards should also be deployed at night to secure the wares of traders.

33. The Assembly should also dialogue with the traders to educate them on the need to have an insurance cover for their properties. They should also be sensitized on the dangers of illegal wiring and sanctions instituted against those who indulge in the act.

Maintenance of Market Structures

34. The audit observed that maintenance of market structures was unsatisfactory and this was evident in the poor condition of market structures. Risky and hanging electrical wiring, collapsing stores/stalls, weak and rusted metal gates, collapsed and chocked gutters and rusted roofing sheets were all observed at Agbogbloshie, 31st December, Mallam Atta and Timber markets.

35. The audit also observed that during the period under review, AMA had no planned preventive maintenance schedule. The Metropolitan Engineers Department, which is responsible for maintenance, had not prepared a maintenance scheme for the past five years. The reason was

that previous schemes had not been implemented. Maintenance was thus carried out on adhoc basis.

36. The poor maintenance services were also noted to be attributable to inadequate funds. A review of financial statements of AMA from 1999-2001 disclosed that AMA did not make any budgetary provision for maintenance works in 1999. In 2000, ₦8.5m was budgeted for and only ₦2.1m was released; in year 2001, on the other hand, ₦20m was budgeted and ₦4.1m released.

37. In an effort to address the poor maintenance of market structures, the Committee was informed that AMA is proposing setting up Market Management Sub-Committees in each market in an effort to expedite decision making on the maintenance of these respective markets. The terms of reference of the Market Management Sub-Committees have been spelt out in a report of the Finance and Administration Sub-Committee of the Assembly. This report has since been submitted to the Metropolitan Authority for approval.

Recommendation

38. The Committee recommends that the AMA should expedite action on the establishment of the market management Sub-Committees in order to help improve the management of the markets. The Committee further recommends that a percentage of revenue derived from the respective markets should be set aside for the maintenance of the markets.

Running Operations

39. The effective management of the running operations of the AMA markets requires prompt response to emergency issues and cordial relationship between management, traders and other interest groups. The Committee however noted from the Report, delays in decision-making especially with regards to maintenance works, cumbersome information flow procedures and poor dialogue among various stakeholders in the markets.

40. Interviews conducted by the Auditors with the traders revealed that information flow and dialogue between AMA management and the traders is below the expectations of the traders. For instance, AMA increased the daily market toll from ₱300 to ₱500 in 2001 without consulting the traders. The interviews further revealed that the traders do not discuss their grievances directly with top management officials of AMA. Their concerns are rather channeled through Market Superintendents to top management. The Market Supervisor is not part of top management unlike his/her counterpart at the MMC, the Market Manager, who is part of top management and acts as a liaison between the traders and management.

41. During its deliberations, the Committee was informed that the Assembly always endeavours to ensure constant dialogue and consultation with market traders before arriving at any decision, particularly in fixing new market fees.

42. Officials of AMA further stated that there have been frequent meetings between the management of AMA and the market leaders and that the 31st December market in particular has an information office with a Public Address system which transmit information to the traders. The Assembly intends replicating this in other markets.

Recommendation

43. Your Committee wishes to recommend that the market management Sub-Committees to be established by the AMA should be empowered sufficiently to enable them take decisions on the management of the markets. The Assembly should also ensure that all stakeholders and Interest groups have representation on the Sub-Committees.

Supervision and Control

44. The audit also noted a general disorder in the markets with overcrowding at the peripheries, sale of goods on pavements and streets.

45. This, the Committee observed, was in contravention of paragraph 37 of the second schedule of L.I. 1615, which prohibits the erection of stores in places other than markets and prevents the sale and purchase of goods and stocks near established markets.

46. The control of the use of market facilities was also noted to be ineffective. At Mallam Atta market, 30 stores were locked and about 50

stalls were empty. The Audit Team was informed that most of the owners of these stores and stalls have moved outside of the market to sell their wares on the pavements and streets. The activities of hawkers have become a nuisance to both legitimate traders and visitors to the markets.

47. The Committee noted that street hawking has become a menace in not only the market centers, but other principal streets within the capital city. Several factors were noted to be responsible for the upsurge in the phenomena including unemployment, increase in population and rural-urban migration.

48. To address the inconvenience associated with the phenomena, AMA has commenced a decongestion exercise in some pilot markets including the 31st December market.

49. According to the Chief Executive of AMA, the insanitary conditions within the markets are partly attributed to the congestion in the markets. The decongestion exercise will therefore help address the problem. He indicated that a site has been earmarked around the Kwame Nkrumah Circle to relocate the hawkers, and that monies have been advanced to the Assembly by MOFEP for the development of the new site.

Recommendation

50. Your Committee wishes to recommend that AMA should expedite action on the development of the new site to facilitate the relocation of hawkers. AMA should also invoke the repossession clause when necessary to deter traders who leave their stores and stalls to sell in the street.

Revenue Generation

51. According to the audit, AMA has no efficient and effective mechanism to set revenue targets and to meet such targets. The AMA, in setting its revenue targets for a given period, only takes the previous year's revenue figures and adds a percentage increase of that figure. The new figure becomes the revenue target for the year. The percentage increase ranges between 15% and 20%. This method of setting targets is highly subjective and depended on the previous year's performance.

52. The AMA has no data on all chargeable facilities and fee-paying users in the markets. Even though a register of storeowners in the markets exists, it does not represent a true reflection of all fee-paying traders in the markets.

53. A comparative study of revenue targets set by the three metropolitan assemblies of AMA, Kumasi Metropolitan Assembly (KMA) and Shama Ahanta East Metropolitan Assembly (SAEMA) revealed that

AMA targets were relatively low even though it has the highest number of markets - KMA has 18 markets whilst SAEMA has only six.

54. The ineffective control and monitoring of revenue collectors, markets supervisors and cashiers resulted in leakages in the revenue collection system. These leakages were observed to be in the area of suppression of GCRs and value books, unaccounted for revenues collected and short payments of revenues into AMA's account.

55. The audit further revealed that revenue collectors were not motivated to enable them exceed revenue targets. No benefits exist for collectors who exceed their targets. The result is that revenue targets are always met but not exceeded.

56. The Chief Executive of AMA admitted before the Committee the leakages within its revenue generation system and added that the issue is being addressed. He indicated that inadequate and unreliable data on its revenue sources is a major impediment to improving the Assembly's revenue. The Assembly in 2002 therefore commenced a process to collect and collate data on ratable and taxable properties within the metropolis. It is the belief of the Assembly that the availability of reliable data will help reduce significantly the leakages within the collection system.

57. The Assembly has also privatized on a pilot basis, revenue collection in some parts of the metropolis and this is yielding positive results.

58. One other source of revenue leakage identified by AMA was fake ticketing and the Assembly has been collaborating with the security agencies to arrest culprits.

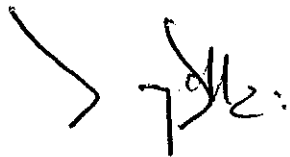
Recommendation

59. Your Committee wishes to urge AMA to expedite action on its data collection. The data collected should be updated periodically.

60. The Assembly should also monitor carefully the results of the pilot privatization scheme of its revenue generation to determine whether it can be replicated in other areas.

The Assembly is further urged to set realistic revenue targets for its revenue Collectors and to institute a handsome reward packages for Collectors who exceed their targets.

Respectfully submitted.



**HON. SAMUEL SALLAS-MENSAH
CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE**



**CAMILLO PWAMANG
CLERK, PUBLIC ACCOUNTS COMMITTEE**

26th JULY 2005