



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

**REPORT OF THE SPECIAL COMMITTEE ON  
APPOINTMENT OF AN AUDITOR TO AUDIT  
THE ACCOUNTS OF THE OFFICE OF THE  
AUDITOR-GENERAL**

**4<sup>TH</sup> DECEMBER 2003**

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**1.0 INTRODUCTION**

Mr. Speaker, the importance of appointing an independent/External Auditor to audit the books of accounts of the Office of the Auditor General was first provided for in Article 135(15) of the 1969 Constitution. This provision was reproduced in Articles 151(15) and 187(15) respectively of the Third and the Fourth Republican Constitutions (1979 & 1992).

1.1 Mr. Speaker, notwithstanding the crucial assignment imposed on successive Parliaments by these three Constitutions an Auditor was not and has not been appointed for this purpose.

1.2 Mr. Speaker, today the Third Parliament of the Fourth Republic is making history by fulfilling a Constitutional requirement of great importance. We need to commend both the Leadership and the Members of this Parliament for this significant initiative.

**2.0 BACKGROUND**

Mr. Speaker, on 1<sup>st</sup> July 2003 the Leadership invited reputable Auditing firms to submit proposals for appointment as Auditor to audit the Accounts of the Office of the Auditor General for the period 1<sup>st</sup> January 1992 – 31<sup>st</sup> December 2002.

2.1 The Leadership of Parliament after receiving a list of qualified indigenous Ghanaian Auditing Firms from the Institute of Chartered Accountants Ghana (ICAG) short-listed five auditing Firms.

- a. Egala, Atitso & Co.
- b. Opoku, Andoh & Co.
- c. Baah & Asante.
- d. Asamoah Bonsu & Co.
- e. Osei Kwabena & Co.

As at 30<sup>th</sup> September 2003 proposals had been received from **two** of the **five** Auditing firms short-listed after one had withdrawn. The two firms which submitted technical and financial proposals were:

- (1) Egala Atitso & Co;
- (2) Opoku, Andoh & Co.

2.2 Pursuant to Article 103(1) of the Constitution and Order 191 and 198 of the existing Standing Orders of Parliament, a special Committee comprising the under listed was composed on 22<sup>nd</sup> October, 2003 to study the proposals and recommend to the House the appointment of an Auditor to audit the Office of the Auditor General:

- |       |                           |  |
|-------|---------------------------|--|
| (i)   | Hon. Abraham Ossei Aidoo- | MP & Dep. Majority Leader<br>and Chairman of the Committee |
| (ii)  | Hon. Jacob Arthur         | - MP, Member   |
| (iii) | Hon. P.C. Appiah Ofori    | - MP, Member   |
| (iv)  | Mr. Mc Jewells J. Annan   | - Secretary to the Committee                               |

### 3.0 REFERENCE MATERIALS

- (i) The 1992, 1979 and 1969 Constitutions of Ghana



- (ii) The Standing Orders of The Parliament of the Republic of Ghana
- (iii) Audit Service Act, 2000 (Act 584)
- (iv) Financial Administration Regulations 1979 L.I. 1234
- (v) The Companies Code, 1963 (Act 179) as amended
- (vi) Audit Service Decree, 1972 (NRCD 49) as amended
- (vii) Financial Administration Decree, 1979 (SMCD 221) as amended.

#### 4.0 **ACKNOWLEDGEMENT**

The Committee hereby expresses its profound gratitude to:

The Chief Executive of the Institute of Chartered Accountants, Ghana.

#### 5.0 **DETAILED FUNCTIONS AND RESPONSIBILITIES OF THE APPOINTED AUDITOR**

Mr. Speaker, the Committee agreed in principle that the successful Auditor's functions and responsibilities shall include but not restricted to the following:

- (a) To examine in detail whether the Office of the Auditor General has kept proper books of Accounts and that the financial statements are in agreement with the books.
- (b) To determine whether all revenue, donations and other sources of funds have been properly accounted for as required by Legislation and professional rules.
- (c) To examine whether financial transactions especially expenditures in respect of procurement were properly authorized and that the necessary receipts and other supporting documents were properly received and kept.
- (d) To find out whether the Auditor General's Office has indeed audited all Public Accounts of Ghana and of all public offices

including the Courts, the Central and Local Government Administration, of the Universities and Public Institutions of like nature or Organisations established by an Act of Parliament as provided for in Article 187 (1) of the 1992 Constitution.

(e) To check whether the Office of the Auditor General in auditing (d) above did report the truth to Parliament, if so whether the report was consistent with International Auditing Standards (IAS), the Statement of Standard Accounting Practice (SSAP) among others.

(f) Report to Parliament whether in their opinion the Office of the Auditor General has conscientiously discharged his constitutional obligations and whether the financial statements of the Auditor General's office show a true and fair view of the state of affairs of the office.

#### **6.0 THE APPOINTED AUDITORS' REPORT TO PARLIAMENT**

The appointed Auditor shall submit his report to Parliament on or before eight months after the contract of Appointment has been signed. The Report shall cover the eleven-year period from 1<sup>st</sup> January 1992 – 31<sup>st</sup> December 2002.

The report shall as far as possible examine the effectiveness and the reliability of the Internal Control System in the Audit Service.

#### **7.0 CRITERIA FOR SELECTION**

Mr. Speaker, the Committee considered and adopted the following guidelines for selection:

- ❖ The Committee was looking for a reputable Ghanaian indigenous Auditing Firm, which has far reaching experience in accounting and auditing of the books of Accounts of Public and Private Organisations.
- ❖ The Committee was also interested in a firm that has the necessary Professional Staff, exposure, experience and resources to do the job within the shortest possible time. The firm should comprise of two or more partners.
- ❖ The Auditing Fee charged by the firm was also an important criterion considered by the Committee.
- ❖ Finally the Committee was prepared to recommend for appointment an Auditing Firm that fully exhibits deep knowledge and understands the scope of the assignment.

## 8.0 **PROPOSALS SUBMITTED**

The two firms, Messrs Egala Atitso and Associates and Messrs Opoku Andoh & Co. submitted both Technical and Financial proposals to Parliament in August 2003.

### 8.1 **Technical Proposals**

Mr. Speaker, your Committee studied the technical proposals of the two firms relating to the following:

- (a) Number of Partners available for the assignment
- (b) Qualifications and experiences of the Partners to be assigned to the audit exercise.
- (c) The number, qualifications and experiences of Audit Managers, Audit Seniors and Audit Clerks to be assigned.
- (d) The audit-plan, incorporating the audit approach and methodology to execute the assignment.



- (e) Detailed Curriculum Vitae of Key Staff.
- (f) The firm's previous audit assignments and its principal clientele.
- (g) The time frame for the execution of the audit assignment.

After studying the above proposals submitted by the firms, your Committee concluded that they were all capable of undertaking the assignment. There was very little to choose between them.

## 8.2 **Financial Proposals**

- (a) The Committee therefore proceeded to study the financial proposals in relation to the time frame submitted by the firms.

### (b) **Summary of Financial Proposals (11 years Audit work)**

	<b><u>Egala Atitso &amp; Associates</u></b>	<b><u>Opoku, Andoh &amp; Co.</u></b>
(i) Professional Fee	\$30,250	¢220,000,000
(ii) Reimbursable Costs (Accommodation, Transport, Report writing etc.)	5,500	22,000,000
<b>Total:</b>	<b>\$35,750.00</b>	<b>¢242,000,000</b>
<b><u>Add 12.5% VAT on</u></b>		
<b>Professional Fees</b>	<b><u>3,781.25</u></b>	<b><u>27,500,000</u></b>
<b><u>Total Cost</u></b>	<b><u>\$39,531.25</u></b>	<b><u>¢269,500,000</u></b>

**At the current Forex Exchange Rate of ¢9,500 : US\$1.00**

**\$39,531.25 is equivalent to ¢375,546,885.00.**

Messrs. Egala Atitso & Associates indicated that cedi equivalent of their fees will be based on the rate ruling on the date of payment.

(c) **Time Frame**

Egala Atitso and Associates submitted a period of eleven (11) months for the completion of the assignment while Opoku, Andoh & Co. indicated that they could complete the assignment in six (6) months.

9.0 **BASIS OF OUR SELECTION**

The following certificates were inspected and their authenticity or otherwise confirmed:

- (i) Certificate of Incorporation
- (ii) Certificate to Practice issued by the ICA (G)
- (iii) Professional Qualifying Certificates Issued by Professional Accounting Bodies.

The Committee compared the **professional experience, technical abilities, Audit fees and the time frame for carrying out the assignment by the two firms.**

After considering the Technical and Financial proposals, the Committee decided to recommend to the House the appointment of Messrs Opoku Andoh & Co. as Auditors of the Office of the Auditor-General.

10.0 **THE SELECTION OF OPOKU, ANDOH & CO. AS EXTERNAL AUDITOR TO AUDIT THE OFFICE OF THE AUDITOR GENERAL**

Mr. Speaker, Opoku, Andoh & Co. was incorporated under the incorporated Private Partnership Act, 1962 (Act.153) in June 1993. Evidence and information available to the Committee indicate that the Firm has honoured its Tax obligation and also paid the necessary Social Security and National Insurance Trust Contributions.



#### 11.0 PRACTICING CERTIFICATE

The two main Partners, Mr. Peter Opoku and Mr. Samuel William K. Andoh have up to date practicing Certificate from both the Institute of Chartered Accountants Ghana and the Chartered Association of Certified Accountants.

#### 12.0 PROFESSIONAL EXPERIENCE OF OPOKU, ANDOH & CO.

Mr. Speaker, the firm currently has over **forty seven** major clients including the Department of National Lotteries, Ghana Shippers Council, Hotels and Restaurants, Construction Firms, Financial Institutions, Poultry Industry, Commercial and Industrial/Manufacturing Companies, Pharmaceutical/Medical Industry, Fishing Industry, Educational Institutions to mention but a few. The curriculum vitae of the Partners revealed extensive practicing experience at home and abroad.

#### 13.0 PROPOSALS

The proposals submitted to the Leadership indeed were not only comprehensive but also demonstrated that the firm has the capacity and personnel to do the job. Apart from spending one week in the Office of the Auditor General to acquaint itself with the scope of the task, the firm also presented a comprehensive audit plan including the audit approach and methodology to tackle the assignment.

#### 14.0 DURATION AND PROFESSIONAL FEES

Mr. Speaker, Opoku, Andoh & Co. submitted a total fee and charges of **Two Hundred and Forty-Two Million Cedis (¢242,000,000.00) (excluding VAT)**. It proposes to carry out the assignment covering the audit period of eleven years within six months.

It is to be noted that Messrs Egala Atitso & Co. quoted \$35,750 (excluding VAT) and a completion period of 11 months. Payment of Audit Fees to be made in Cedi equivalent at rates ruling at the date of payment.

15.0 **CONCLUSIONS AND RECOMMENDATIONS**

Mr. Speaker, the Committee after careful consideration of the foregoing has no option than to strongly recommend the Appointment of Opoku Andoh & Co. to the House as the Auditing firm to audit the Office of the Auditor General from January 1<sup>st</sup> 1992 to December 31<sup>st</sup> 2002 pursuant to Article 187(15) of the 1992 Constitution.

Humbly, Submitted for the approval of the House.



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**HON. ABRAHAM OSSEI-AIDOO**  
**MP & DEPUTY MAJORITY LEADER -**  
**CHAIRMAN OF THE COMMITTEE**



.....  
**HON. JACOB ARTHUR**  
**MP & MEMBER**



.....  
**HON. P.C. APPIAH OFORI**  
**MP & MEMBER**



.....  
**MC JEWELLS J. ANNAN**  
**SECRETARY TO THE COMMITTEE**

**4<sup>TH</sup> DECEMBER, 2003**