

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



**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE  
REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
DISTRICT ASSEMBLIES FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2019**

**1.0. INTRODUCTION**

The Report of the Auditor-General on the Accounts of District Assemblies for the financial year ended 31<sup>st</sup> December, 2019 was presented to the House by the Hon. Majority Leader, Mr. Osei Kyei-Mensah Bonsu on 21<sup>st</sup> June, 2022 and was referred to the Public Accounts Committee (PAC) for examination and report to the House in accordance with Order 165(2) of the Standing Orders of the Parliament of Ghana.

The Committee subsequently met with the Metropolitan, Municipal and District Chief Executives (MMDCEs) and officials of the Assemblies and hereby submits this Report.

**2.0. ACKNOWLEDGEMENT**

The Committee is very grateful to all the MMDCEs and their staff for appearing before the Committee, including the Regional Ministers of the four regions where the meetings were held for the enormous support provided to ensure the security of the Committee members and the team of staff from Parliament and the media to carry out this important national assignment.

The Committee also appreciate the presence of all the media houses who gave the live broadcast to ensure that the work of the Committee is made public for the view of Ghanaians.

### **3.0. REFERENCE**

The Committee was guided in its deliberations by the following legal Instruments:

- i. The Constitution of the Republic of Ghana, 1992;
- ii. The Standing Orders of the Parliament of Ghana;
- iii. The Public Financial Management Act, 2016 (Act 921);
- iv. The Public Procurement Act 2003 (Act 663);
- v. The Public Procurement (Amendment) Act 2016 (Act 914);
- vi. The Audit Service Act, 2000 (Act 584);
- vii. The Internal Audit Agency Act, 2003 (Act 658);
- viii. The Income Tax Act 2015 (Act 896);
- ix. The Value Added Tax Act, 2013 (Act 870);
- x. Local Governance Act, 2016 (Act 936);
- xi. The Public Financial Management Regulations 2019 (L.I. 2378);
- xii. Financial Memoranda for District Assemblies; and
- xiii. Guidelines on the Utilisation of Internally Generated Funds.

### **4.0. PURPOSE OF THE AUDIT**

The audit was undertaken in accordance with Article 187 of the 1992 Constitution of the Republic of Ghana, which mandates the Auditor-General to audit the Public Accounts of Ghana and all public offices, institutions, and organizations and report to Parliament.

The purpose of the audit was for the Auditor-General to verify and ascertain that the financial statements, and utilisation of the Internally Generated Funds of the various, Metropolitan, Municipal and District Assemblies in particular, are in conformity with the applicable laws and guidelines regulating public financial management in general.

## **5.0. METHODOLOGY**

The Committee in doing this, received both oral and written submissions from the officials of all the MMDAs indicted by the Auditor-General and also reviewed the Status Report on the findings and implementation of the recommendations of the Auditor-General by the Assemblies.

All the witnesses who appeared before the Committee subscribed to the Oath of a Witness and answered questions relating to the issues/queries raised by the Auditor-General in his Report and on issues of general public interest.

## **6.0. SUMMARY OF AUDITOR-GENERAL'S REPORT**

The Auditor-General in pursuit of his mandate under Article 187 (2) of the 1992 Constitution of the Republic of Ghana and Section 84 of the Public Financial Management Act, 2016 (Act 921), audited the accounts of 258 Metropolitan, Municipal and District Assemblies for the financial year ended, 31<sup>st</sup> December, 2019.

The Report indicated that Two (2) Assemblies were unable to submit their financial statements by the statutory deadline of 28<sup>th</sup> February, 2020 and therefore relied on the accounting records to audit the two (2) Assemblies.

The Auditor-General was also guided by International Standards of Auditing including the International Organisation of Supreme Audit Institutions (INTOSAI) and English-Speaking Sub-Group of the African branch of International Standards of Auditing (AFROSAI-E) as well as INTOSAI auditing standards to make his recommendation in accordance with Section 13 of the Audit Service Act, 2000 (Act 584).

The Auditor-General set out to ascertain whether:

- a. the accounts of all MMDAs have been properly kept;
- b. all public monies collected have been fully accounted for, and rules, regulations and procedures are sufficient to provide effective check on the assessment, collection and proper allocation of revenue;
- c. monies have been expended for the purposes for which they were appropriated and expenditures made as authorised;
- d. essential records were maintained and the rules and procedures applied were sufficient to safeguard and control public assets;
- e. programmes and activities of the Assemblies have been undertaken with due regard to Economy, Efficiency and Effectiveness in relation to the resources used and the results achieved; and
- f. to ascertain the extent of compliance with applicable laws regulating public Financial Management in Ghana.

At the end of the audit, the Auditor-General identified extensive weaknesses and deficiencies in the internal controls and operations of the Assemblies. The Report also found a pervasive non-compliance with existing Legislative Instrument and Frameworks, Managerial lapses and Weak monitoring procedures at both ministerial, managerial and legislative levels of the Assemblies. The lapses identified were mainly related to Cash, Contract, Procurement and Stores, and Tax Irregularities.

These deficiencies created avenues for some officials to mismanage and misappropriate resources of the Assemblies to a financial value of GH¢19,534,611.67 out of a total revenue of GH¢388,149,602.69 or 5.03% realized by the Assemblies.

A summary of the irregularities is presented in Table 1.

**Table 1. Summary of Irregularities**

| Type of Irregularity                       | No. of MMDAs Involved | Cash Value (GH¢)     | % of Irregularity |
|--|-----------------------|----------------------|-------------------|
| Cash Irregularity                          | 227                   | 16,085,998.24        | 82.35             |
| Procurement and Store Irregularities       | 14                    | 245,639.90           | 1.26              |
| Payroll Irregularities                     | 31                    | 504,349.18           | 2.58              |
| Statutory Tax and Deduction Irregularities | 61                    | 534,121.78           | 2.73              |
| Contract Irregularities                    | 12                    | 2,164,502.57         | 11.08             |
| <b>Total</b>                               | <b>345</b>            | <b>19,534,611.67</b> | <b>100.00</b>     |

Additionally, thirty-three (33) Assemblies failed to account for four hundred and Seven (407) General Counterfoil Receipts (GCRs) and market tickets with unspecified cash value.

The Auditor-General attributed the infractions to the failure of the Ministry of Local Government, Rural Development and Decentralisation to implement the admonitions and recommendations in the previous Reports of the Auditor-General and Parliament. He urged the Minister to ensure that all the recommendations in this Report are fully implemented to improve upon and raise the standards of financial administration in the Assemblies. In this regard, the Auditor-General made the following recommendations:

- a. **Cash Irregularities:** the recommendation was that, in the absence of supporting documents to authenticate the propriety of payment vouchers, the District Coordinating Directors and District Finance Officers involved should refund the amounts involved. All unretired imprests should also be treated as advances to the imprest holders and recovered accordingly.

- b. **Contract Irregularities:** that the Assemblies should immediately address the issue of abandoned projects, ensure that payments are made only based on certificates which have been duly certified by engineers and supported by Monitoring Reports and that, any official found culpable for contract irregularities that have occasioned loss to the Assembly must be surcharged.
- c. **Procurement Irregularities:** The Auditor-General recommended strict compliance with relevant regulations on procurement and stores management to avert the reoccurrence of irregularities on procurement. He further recommended that officers who infringed on the Public Procurement Laws should be sanctioned in accordance with Section 54 of Act 663.
- d. The Auditor-General also urged strict compliance with the Public Financial Management rules to avoid penalties for delay in the remittance of taxes and failure to withhold taxes. He again, recommended that any official whose actions or inactions caused a tax penalty to the Assemblies should be surcharged with the amount.

#### **7.0. ERRORS AND OVERSTATEMENT**

The Committee noted that the total value of irregularities in the Report was overstated by GH¢287,396.73. This brings the total amount of infractions down to GH¢19,247,214.94 from GH¢19,534,611.67 as stated by the Auditor-General in the Report. The overstatement was identified in the following areas as captured in the Table 2:

**Table 2: Errors and Overstatement in the 2019 Report**

| MMDA                        | Nature of Irregularity      | Value of Irregularity in AG's Report (GH¢) | Actual Value of Irregularity (GH¢) | Overstatement / Under Statement (GH¢) |
|-----------------------------|-----------------------------|--|------------------------------------|---------------------------------------|
| Oforikrom M/A               | Uncollected Revenue         | 387,784.67                                 | 328,813.00                         | 58,971.67                             |
| Ahafo Ano North M/A         | Misappropriation of Revenue | 73,322.00                                  | 0.00                               | 73,322.00                             |
| Offinso M/A                 | Misappropriation of Revenue | 1,650.00                                   | 0.00                               | 1,650.00                              |
| Upper Denkyira East D/A     | Unsubstantiated Payment     | 10,500.00                                  | 0.00                               | 10,500.00                             |
| Ayawaso M/A                 | Uncollected Revenue         | 2,868.00                                   | 12,500.00                          | (9,632.00)                            |
| Bibiani/Anhwiaso/Bekwai M/A | Unpresented Value Books     | 5,252.00                                   | 3,334.00                           | 1,918.00                              |
| Effia-Kwesimintsim M/A      | Unlawful Payments           | 109,344.09                                 | 0.00                               | 109,344.09                            |
| Nzema East M/A              | Unlawful Payments           | 3,600.00                                   | 0.00                               | 3,600.00                              |
| Savelugu D/A                | Unrecovered Rent            | 24,583.00                                  | 16,097.00                          | 8,486.00                              |
| Sekondi Takoradi M/A        | Unearned Salary             | 20,056.24                                  | 0.00                               | 20,056.24                             |
| Nzema East D/A              | Suppliers with the same TIN | 9,180.73                                   | 0.00                               | 9,180.73                              |
| <b>Total</b>                |                             | <b>648,140.73</b>                          | <b>360,744.00</b>                  | <b>287,396.73</b>                     |

The errors affected the value of irregularities regarding uncollected revenue, misappropriation, unsubstantiated payments and unpresented value books as identified by the Auditor-General. The adjusted value of irregularities are as follows:

Table 3: Adjusted Summary of Irregularities in the 2019 Report of the Auditor-General on the Accounts of MMDAs.

| SN | Type of Irregularity              | Value per Auditor-General's Report 2019 (GH¢) | Overstatement (GH¢) | Adjusted Irregularities (GH¢) |
|----|-----------------------------------|---|---------------------|-------------------------------|
| 1  | Cash Irregularities               | 16,085,998.24                                 | <b>258,159.76</b>   | 15,827,838.48                 |
| 2  | Stores/Procurement Irregularities | 245,639.90                                    | 9,180.73            | 236,459.17                    |
| 3  | Payroll Irregularities            | 504,349.18                                    | 20,056.24           | 484,292.94                    |
| 4  | Tax Irregularities                | 534,121.78                                    | 0.00                | 534,121.78                    |
| 5  | Contract Irregularities           | 2,164,502.57                                  | 0.00                | 2,164,502.57                  |
|    | <b>Total</b>                      | <b>19,534,611.67</b>                          | <b>287,396.73</b>   | 19,247,214.94                 |

#### 8.0. STATUS OF IMPLEMENTATION OF AUDITOR-GENERAL'S RECOMMENDATIONS

The Committee noted that substantial number of the infractions uncovered by the Auditor-General had been addressed by the Assemblies upon receipt of the summons from the Committee.

The Committee therefore observed that the affected Assemblies had either regularised the transactions or refunded monies expended without due regards to the laid down regulations. A total amount of GH¢15,902,667.67 or 82.62% out of a total infraction of GH¢19,247,214.94 was resolved leaving a balance of GH¢3,344,547.27 or 17.38%) unresolved. Table 2 show a summary of resolved and outstanding issues at the time of Committee sittings.



**Table 4: Resolved and Outstanding Irregularities**

| Type of Irregularity                       | Cash Value (GH¢)     | Amount Resolved (GH¢) | Amount Outstanding (GH¢) | % of Irregularities Resolved |
|--|----------------------|-----------------------|--------------------------|------------------------------|
| Cash Irregularity                          | 15,827,838.48        | 13,063,941.81         | 2,763,896.67             | 82.54                        |
| Procurement and Store Irregularities       | 236,459.17           | 167,680.17            | 68,779.00                | 70.91                        |
| Payroll Irregularities                     | 484,292.94           | 216,963.04            | 267,329.90               | 44.80                        |
| Statutory Tax and Deduction Irregularities | 534,121.78           | 534,121.78            | 0.00                     | 100                          |
| Contract Irregularities                    | 2,164,502.57         | 1,919,60.87           | 244,541.70               | 88.70                        |
| <b>Total</b>                               | <b>19,247,214.94</b> | <b>15,902,667.67</b>  | <b>3,344,547.27</b>      | <b>82.62</b>                 |

The Committee further observed that the infractions were resolved through direct cash refunds/payments, presentation of supporting documents to authenticate payments and general compliance with financial management rules and regulations as recommended by the Auditor-General.

The Committee recommended that outstanding amounts should be recovered from the officers involved and reiterated the recommendation that officers whose actions or inactions resulted in the malfeasance should be sanctioned notwithstanding the fact that the malfeasance have been rectified.

## **9.0. UNRESOLVED AUDIT ISSUES, COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS**

The following unresolved irregularities were found pending resolution:

### **9.1. Commitment of Expenditure without the Use of the GIFMIS - GH¢7,396,149.42**

In contravention of Section 25 of the Public Financial Management Act 2016, Act (921), fourteen (14) Metropolitan, Municipal and District Assemblies (MMDAs) made payments totaling GH¢7,396,149.42 without the use of the Ghana Integrated Financial Management Information System (GIFMIS) from commencement of the procurement process through to payment.

The Committee noted that all the fourteen (14) MMDAs have desisted from the practice and now use the GIFMIS platform for all payments.

The Committee recommends that the Controller and Accountant-General should ensure the deployment of the GIFMIS platform in all the Districts and train staff of the Assemblies on the use of the system for a smooth processing of payments and other financial transactions to curtail such infractions.

### **9.2. Uncollected Revenue -GH¢1,705,263.49**

Thirty (30) Assemblies failed to collect revenue to a tune of GH¢1,705,263.49 in contravention of Regulation 46 of the Public Financial Management Regulations, 2019 (L.I. 2378). The Auditor-General recommended to the Assemblies to take measures, including legal action to recover the amount from the defaulters.

The Committee noted that an amount of **GH¢1,120,110.05** had been recovered, leaving an outstanding amount of **GH¢592,683.10** in the name of the following Assemblies:

**Table 5: Outstanding Uncollected Revenue**

| <b>ASSEMBLY</b>        | <b>AMOUNT<br/>(GH¢)</b> | <b>RECOVERY<br/>(GH¢)</b> | <b>OUSTANDING<br/>AMOUNT (GH¢)</b> |
|------------------------|-------------------------|---------------------------|------------------------------------|
| Asokore Mampong<br>M/A | 64,015.00               | 30,090.00                 | 33,925.00                          |
| Oforikrom M/A          | 328,813.00              | 303,409.67                | 25,403.33                          |
| Wenchi M/A             | 120,140.00              | 25,000.00                 | 95,140.00                          |
| Gomoa West D/A         | 48,963.50               | 1,800.00                  | 47,163.50                          |
| Yilo Krobo M//A        | 344,502.27              | 112,400.00                | 232,102.27                         |
| Ga North M/A           | 125,320.00              | 119,000.00                | 6,320.00                           |
| Ayawaso North M/A      | 19,014.00               | 3,000.00                  | 16,014.00                          |
| Savelugu M/A           | 24,532.00               | 16,097.00                 | 8,435.00                           |
| Bongo D/A              | 39,180.00               | 36,000.00                 | 3,180.00                           |
| Nzema East D/A         | 191,000.00              | 66,000.00                 | 125,000.00                         |
| <b>Total</b>           | <b>1,305,479.77</b>     | <b>712,796.67</b>         | <b>592,683.10</b>                  |

The Committee recommends that, the Assemblies concerned should recover the outstanding revenue from the debtors. The Assemblies should also intensify their revenue mobilisation so as to get more funds to run their various operations.

### **9.3. Unrecovered Advance/Rent GH¢1,666,944.86**

Contrary to the Public Financial Management Regulation 2019, (L.I. 2378) the audit revealed that forty-nine (49) MMDAs failed to recover advance and rent due to a tune of GH¢1,666,944.86.

The Auditor-General recommended the full recovery of the outstanding amount from the defaulters.

The Committee noted that, revenues amounting to GH¢902,605.16 had been recovered leaving an outstanding amount of GH¢764,339.70 in the name of the following Assemblies:

**Table 6: Outstanding Unrecovered Advance/Rent**

| <b>ASSEMBLY</b>               | <b>AMOUNT (GH¢)</b> | <b>Recovery (GH¢)</b> | <b>OUSTANDING AMOUNT (GH¢)</b> |
|-------------------------------|---------------------|-----------------------|--------------------------------|
| Asunafo South D/A             | 18,900.00           | 0.00                  | 18,900.00                      |
| Asutifi North D/A             | 461,029.03          | 0.00                  | 461,029.03                     |
| Asutifi South D/A             | 24,041.53           | 0.00                  | 24,041.53                      |
| Ahafo Ano North M/A           | 23,990.00           | 21,000.00             | 2,990.00                       |
| Wenchi M/A                    | 120,140.00          | 28,094.66             | 92,045.34                      |
| Gomoa West M/Ay               | 58,660.00           | 9,000.00              | 49,660.00                      |
| Abura- Asebu- Kwamankese D/ A | 13,560.00           | 6,000.00              | 7,560.00                       |
| Fanteakwa North D/A           | 3,099.00            | 670.00                | 2,429.00                       |
| Nsawam Adoagyiri M/A          | 58,240.00           | 0.00                  | 58,240.00                      |
| Savelugu M/A                  | 10,000.00           | 6,000.00              | 4,000.00                       |
| Ketu North D/A                | 15,535.00           | 9,238.00              | 6,297.00                       |
| Kpando M/A                    | 30,520.00           | 20,757.00             | 9,763.00                       |
| Bibiani/Anhwiaso/Bekwai M/A   | 37,390.00           | 30,000.00             | 7,390.00                       |
| Wassa Amenfi Central D/A      | 7,888.80            | 0.00                  | 7,888.80                       |
| Wassa Amenfi East D/A         | 22,008.00           | 12,802.00             | 9,206.00                       |
| Wassa Amenfi West             | 9,600.00            | 6,700.00              | 2,900.00                       |
| <b>Total</b>                  | <b>914,601.36</b>   | <b>150,261.66</b>     | <b>764,339.70</b>              |

The Committee recommended that the Assemblies indicted should recover the outstanding amount from the defaulters in compliance with the recommendations of the Auditor General.

#### 9.4. Unsupported Payments - GH¢1,529,941.57

The audit discovered that thirty-eight (38) MMDAs made payments amounting to **GH¢1,529,941.57** but failed to support the Payment Vouchers with the relevant expenditure particulars including receipts, invoices, minutes of meetings and other necessary documents to authenticate the payments in contravention of the Regulation 78 of the Public Financial Management Regulation, 2019 (L.I. 2378).

The Auditor-General recommended the recovery of the amount from the Coordinating Directors, Finance Officers and Schedule Officers.

The Committee noted that payment vouchers amounting to GH¢1,521,946.57 had been supported with the relevant supporting documents leaving an outstanding amount of GH¢7,995.00 in the name of:

|    |                                       |   |                    |
|----|---------------------------------------|---|--------------------|
| a. | Sefwi Wiawso Municipal Assembly       | - | GH¢1,920.00        |
| b. | Sekyere South District Assembly       | - | GH¢250.00          |
| c. | Effia-Kwasimintsim Municipal Assembly | - | GH¢5,825.00        |
|    | <b>Total</b>                          | - | <b>GH¢7,995.00</b> |

The Committee recommends the recovery of the total amount of GH¢7,995.00 from the Coordinating Directors and the Finance Officers of the three (3) Assemblies.

#### 9.5. Unrecovered Debts- GH¢1,161,288.11

The audit disclosed that management of three (3) MMDAs failed to recover debts amounting to **GH¢1,161,288.11** in contravention of Regulation 46 of the Public Financial Management Regulations, 2019 (L.I. 2378).

The Auditor-General recommended to Management of the Assemblies to recover the said debts.



The Committee was informed that two (2) MMDAs have recovered debt totalling GH¢194,241.98 leaving amount of GH¢967,046.13 in the name of Ejura Sekyedumasi unrecovered.

The Committee noted that the outstanding debt relates to unpaid bills by institutional customers of the Ejura Water Supply Scheme. The Committee further noted that, an amount of GH¢538,538.84 or 55.68% of the total debt is owed by government institutions and departments including the Ejura Municipal Assembly, Ghana Police Service, Ejura District Hospital and some educational Institutions. The huge indebtedness threatens the survival of the water scheme.

The Committee urges the institutions concerned to take steps to settle their indebtedness to the Water Scheme. Management of the water system was urged to endeavour to recover the debt from all the customers and put in place measures to forestall the accumulation of huge debts by consumers.

Additionally, Management of the water scheme is directed to cut water supply to all defaulting institutions as a measure to ensure prompt payment by the institutions and beneficiaries of the service.

#### **9.6. Misappropriation of Revenue - GH¢823,536.69**

The audit disclosed that Forty-four (44) MMDAs misappropriated a total revenue of GH¢823,536.69 in contravention of Regulation 46 of the Public Financial Management Regulations, 2019 (L.I.2378). The Auditor-General recommended that the Coordinating Directors and the Finance Officers should be held liable to pay the misappropriated revenue.



At the time of the Committee Sitting, misappropriated revenue amounting to GH¢672,119.04 had been recovered leaving an outstanding amount of GH¢151,417.65 in the name of:

**Table 7: Misappropriation of Revenue**

| <b>ASSEMBLY</b>          | <b>AMOUNT<br/>MISSAPPROPRIATED<br/>(GH¢)</b> | <b>RECOVERY<br/>(GH¢)</b> | <b>OUTSTANDING<br/>AMOUNT<br/>(GH¢)</b> |
|--------------------------|--|---------------------------|---|
| Asutifi South D/A        | 43,250.00                                    | 0.00                      | 43,250.00                               |
| Nswawam<br>Adoagyiri D/A | 10,770.00                                    | 4,780.00                  | 5,990.00                                |
| Jasikan D/A              | 3,137.00                                     | 500.00                    | 2,637.00                                |
| Biakoye D/A              | 22,209.50                                    | 0.00                      | 22,209.50                               |
| Wassa Amenfi East<br>D/A | 64,684.15                                    | 15,000                    | 49,684.15                               |
| Aowin M/A                | 19,227.00                                    | 0.00                      | 19,227.00                               |
| Sefwi Wiawso M/A         | 11,620.00                                    | 3,200.00                  | 8,420.00                                |
| <b>Total</b>             | <b>174,897.65</b>                            | <b>23,480.00</b>          | <b>151,417.65</b>                       |

The Committee recommends that the defaulted Institutions should reimburse the respective accounts from which the funds were misappropriated.

#### **9.7. Judgement Debt-GH¢282,722.50**

Contrary to Section 6 of the Public Financial Management Act, 2016 (Act 921), the audit revealed that the Ga West Municipal Assembly awarded a contract to Duratech Signs Limited for the supply and installation of 700 street sign posts with lettering and 1,000 house numbering plates at a contract sum of GH¢469,000.00 and failed to pay the contract price after paying total of GH¢190,000.00 to the supplier leading to the award of judgement debt of GH¢561,772.50 out of which GH¢230,000.00 had been paid to the contractor leaving a balance of GH¢331,772.50.

The Auditor-General recommended that the Municipal Chief Executive, Municipal Coordinating Director and the Municipal Finance Officer should be held liable to pay the avoidable cost of GH¢282,722.50 for negligence of duty. He further recommended prompt payments for contracts and supplies in future to prevent payment of judgment debts.

However, the Committee was informed that, the inability of the Assembly to pay the contractor was as a result of cash flow challenges. They indicated that the Assembly has agreed on payment terms and negotiated on the outstanding amount of GH¢331,772.50 down to GH¢120,000.00 of which an amount of GH¢52,000.00 had been paid leaving a balance of GH¢68,000.00.

The Committee urges the Assembly to ensure projects are awarded only when funds are available. Additionally, the Committee urges the Assembly to adhere to the agreed payment terms to avoid additional judgement debt.

#### **9.8. Wrongful Payment of Transfer Grant to Staff - GH¢206,099.36**

The Audit revealed that Three (3) MMDAs misapplied a total of GH¢206,099.36 for the payment of transfer grants to thirty-three (33) separated staff in contravention of Paragraph 2(g) of the revised rates of categories 2 and 3 allowances for the Public Service.

The Auditor-General recommended that Management of the three (3) MMDAs should recover the amount of GH¢206,099.36 from the staff involved or in default the Coordinating Directors and Finance Officers would be jointly held liable for the refund.

The Committee noted during the deliberation that ten (10) out of the thirty-three (33) staff had refunded an amount of GH¢71,014.61 leaving an outstanding amount of GH¢135,084.75 standing in the name of twenty-three (23) staff of the Ablekuma North Municipal Assembly of whom 17 are at post, 2 are on transfer and 2 are on retirement.

The Committee recommended the recovery of the sum from the Officers involved within two (2) months failing which Management would be surcharged with the amount.



### 9.9. Unpresented GCRs with face Value - GH¢161,434.00

The audit disclosed that 90 collectors in ten (10) MMDAs failed to account for 130 GCRs, 720 market tickets, 113 lorry park tickets, and 11 drinking bar licence with total face value of GH¢161,434.00 in contravention of Section 11 of the Audit Service Act, 2004 (Act 584) and Regulation 46 of Public Financial management Regulation 2019 (L.I. 2378).

The Auditor-General recommended the recovery of the face value of the General Counterfoil Receipts (GCRs) from the Revenue Collectors.

The Committee noted that an amount of GH¢124,734.00 had been recovered leaving a balance of GH¢36,700.00 in the name of:

|    |                          |   |                     |
|----|--------------------------|---|---------------------|
| 1. | Wassa Amenfi Central D/A | - | GH¢3,200.00         |
| 2. | Wassa Amenfi West D/A    | - | GH¢29,800.00        |
| 3. | Aowin M/A                | - | GH¢3,700.00         |
|    | <b>Total</b>             | - | <b>GH¢36,700.00</b> |

The Committee recommends the recovery of the face value of the value books from the Finance Officers and the Revenue Collectors responsible with the assistance of the Police within One month.

### 9.10. Unpresented GCRs

The audit revealed that 33 MMDAs failed to account for 407 GCRs in contravention of Section 11 of the Audit Service Act, 2004 (Act 584) and Regulation 46 of Public Financial management Regulation 2019 (L.I. 2378).

The Auditor-General recommended the recovery of the Value Books from the Revenue Collectors.

However, the Committee noted that 380 GCRs have been accounted for leaving twenty-seven (27) in the name of the following Assemblies:

**Table 8: Outstanding GCRs unaccounted for**

| SN | Assembly              | No. of GCRs | No. Accounted for | No. Outstanding |
|----|-----------------------|-------------|-------------------|-----------------|
| 1  | New Juabeng South M/A | 5           | 0                 | 5               |
| 2  | Ayawaso East M/A      | 1           | 0                 | 1               |
| 3  | Agortime Ziope D/A    | 3           | 0                 | 3               |
| 4  | Ellembelle D/A        | 2           | 0                 | 2               |
| 5  | Sekondi Takoradi M/A  | 2           | 1                 | 1               |
| 6  | Shama M/A             | 14          | 4                 | 10              |
| 7  | Tarkwa Nswaem M/A     | 3           | 1                 | 2               |
| 8  | Sefwi Wiawso M/A      | 2           | 0                 | 2               |
| 9  | Suaman D/A            | 3           | 2                 | 1               |
|    | <b>Total</b>          | <b>35</b>   | <b>8</b>          | <b>27</b>       |

The Committee recommends the recovery of the estimated revenue to be generated by the value books from the Finance Officers and the Revenue Collectors as well as the guarantors of the revenue collectors.

**9.11. Failure/Delayed Payments of Auctioned Proceed into the Consolidated Fund - GH¢73,020.00**

Three (3) MMDAs failed to lodge auction proceeds amounting to GH¢73,020.00 into the designated consolidated fund transit accounts contrary to Regulation 46 of the PFMR, 2019 (L.I. 2378). The Auditor-General recommended that the sum be transferred from the MMDAs IGF account into the designated Bank of Ghana account.

The Committee noted that an amount of GH¢3,000.00 had been paid to the NTRA by Assin South District Assembly leaving a balance of **GH¢48,160.00** in the name of the following Assemblies:

**Table 9: Unpaid Auction Proceeds**

| <b>MMDA</b>       | <b>AMOUNT realized from auction (GH¢)</b> | <b>Transfer to NTR (GH¢)</b> | <b>OUTSTANDING (GH¢)</b> |
|-------------------|---|------------------------------|--------------------------|
| Assin South D/A   | 15,860.00                                 | 3,000.00                     | 12,860.00                |
| Akuapem North M/A | 35,300.00                                 | 0.00                         | 35,300.00                |
| <b>Total</b>      | <b>51,160.00</b>                          | <b>3,000.00</b>              | <b>48,160.00</b>         |

The Committee recommends that the two Assemblies should pay the outstanding amount of GH¢48,160.00 to the designated NTR account in compliance with the recommendations of the Auditor-General.

In a related development, Alhaji Mohammed Osman of Mali-Bi-Mart, an auctioneer appointed by the East Gonja Municipal Assembly kept auction proceeds for thirteen(13) months before paying into the NTRA in contravention of Regulation 46 of the PFMR, 2019 (L.I. 2378). The Auditor-General recommended the recovery of interest amounting to GH¢5,683.34 from the auctioneer for the period the auction proceeds were kept. The Committee however noted that, the amount remains unrecovered.

The Committee recommends the recovery of the sum of GH¢5,683.34 from Alhaji Mohammed Osman of Mali-Bi-Mart. The Committee further recommends to the Ministry of Interior to revoke the licence of Alhaji Mohammed Osman of Mali-Bi-Mart and further ban him from engaging in government of Ghana auctions.

#### **9.12. Use of Unapproved Software - GH¢21,200.00**

Four (4) Metropolitan, Municipal and District Assemblies (MMDAs), procured and used accounting software for the preparation of their final accounts without the approval of the Auditor-General contrary to Section 11 of the Audit Service Act, 2000 (Act 584).

The Auditor-General recommended to the MMDAs to seek retrospective approval to regularise the use of the accounting software.

At the time of the public hearing two (2) out of the four (4) MMDAs had complied with the recommendation of the Auditor-General. Komenda- Edina-Eguafo-Abrem and Assin Foso Municipal Assemblies however informed the Committee that they had written various letters to the Auditor-General for approval but had not received any response to that effect.

The Committee urges the Auditor-General to speed up the process for validating the software to ensure they meet the required standards. In the absence of an explicit approval from the Auditor-General, the Committee recommends to the Assemblies to discontinue the use of the software.

#### **9.13. Delayed and Abandoned Projects - GH¢244,541.70**

The Report revealed that, contrary to section 52 of the Public Financial Management Act, 2016 (Act 921), the Techiman Municipal Assembly expended a total amount of GH¢244,541.70 on two (2) projects which were at various stages of completion but were delayed or abandoned.

The Auditor-General recommended to Management to complete the projects as early as possible before awarding new ones, so that the communities would derive the intended benefits of the projects.

During the Committee sittings, it came to the fore that one of the two projects was completed leaving the Construction of 1No2 Unit semi-detached staff quarters at Techiman on which work was steadily progressing.

The Committee recommends that the Assembly should ensure timely completion of the project to avoid cost overruns.

#### 9.14. Unearned Salary- GH¢370,789.21

It was observed that Twenty-Seven (27) MMDAs failed to recover unearned salaries totaling GH¢370,789.21 from separated staff in contravention of Regulation 92 of the PFMR, 2019 (L.I. 2378).

This anomaly occurred as a result of Management's failure to notify the bankers of the separated staff to return the unearned salaries to chest or submit inputs to the Controller and Accountant-General's Department for deletion of the names of the separated staff.

The Auditor-General recommended that the respective Coordinating Directors and the Finance Officers of the MMDAs involved should recover the unearned salaries from the separated staff or be surcharged with the total amount.

The Committee noted that an amount of GH¢156,612.71 had been recovered leaving an outstanding amount of GH¢214,176.50 standing in the name of the following MMDAs:

**Table 10: Outstanding Unearned Salaries**

| MMDA                | Name of Separated Staff    | Reason for Separation | Total Unearned Salary (GH¢) | Amount Recovered (GH¢) | Outstanding (GH¢) |
|---------------------|----------------------------|-----------------------|-----------------------------|------------------------|-------------------|
| Asunafo South D/A   | Issah Osman                | Vacation of post      | 3,603.10                    | 2,600.00               | 1,003.10          |
|                     | Yeboah Kwadwo              | Vacation of post      | 4,442.80                    | 0                      | 4,442.80          |
| Dormaa East D/A     | Danquah Eric Kwaku Anguah  | Vacation of post      | 1,785.30                    | 0                      | 1,785.30          |
| Ahafo Ano North M/A | One (1) unidentified staff | Interdiction          | 35,846.88                   | 0                      | 35,846.88         |
| Nkoranza South D/A  | Margaret Pokua             | Retirement            | 5,590.20                    | 0.00                   | 5,590.20          |
| Assin North D/A     | One (1) unidentified staff | Vacation of Post      | 9,571.08                    | 0.00                   | 9,571.08          |
| Birim Central M/A   | One (1) unidentified staff | Vacation of Post      | 41,740.94                   | 12,000.00              | 29,740.94         |

|                       |                      |                                     |                   |                  |                   |
|-----------------------|----------------------|-------------------------------------|-------------------|------------------|-------------------|
| Kpandai D/A           | Yakubu Charles       | Vacation of post                    | 42,574.16         | 12,000.00        | 30,574.16         |
| Nanton D/A            | Abass Abdul Razak    | Ghost Name                          | 10,001.20         | 0.00             | 10,001.20         |
|                       | Abdul Razak Rauf. S. | Ghost Name                          | 10,001.20         | 0.00             | 10,001.20         |
| Ketu South D/A        | 4 unidentified Staff | Retirement and Study Leave with Pay | 55,563.40         | 0.00             | 55,563.40         |
| Unidentified Assembly | Kwame Djan           | Retirement                          | 10,049.60         | 0.00             | 10,049.60         |
|                       | Kwadwo Medease       | Retirement                          | 2,366.91          | 0.00             | 2,366.91          |
|                       | Thomas Nketshia      | Deceased                            | 5,373.18          | 0.00             | 5,373.18          |
|                       | Edward Simon         | Retirement                          | 2,266.55          | 0.00             | 2,266.55          |
| <b>Total</b>          |                      |                                     | <b>240,776.50</b> | <b>26,600.00</b> | <b>214,176.50</b> |

The Committee recommends that the total amount of GH¢20,004.40 paid to two unknown persons (Ghost Names) at the Nanton District Assembly should be recovered from the Validating Officer, the then District Coordinating Director, Mr Wumbei Ibn Zackaria and the District Finance Officer, Mr. Baba Zackaria for renegeing on their responsibility to supervise the validating officer. All the Assemblies involved directed to pursue the separated officers for the recovery of the outstanding unearned salaries of GH¢194,172.10 in compliance with the recommendation of the Auditor-General.

#### **9.15. Overpayment /Unlawful Payment of half Salaries - GH¢68,445.29**

The Audit reported that two (2) MMDAs overpaid their staff a total amount of GH¢68,445.29 in contravention of Section 7 of the Public Financial Management Act, 2016 (Act 921).

The Auditor-General recommended the recovery of the total amount from the two officers.

It was noted that an amount of GH¢15,291.89 paid to Ms. Emily Osei Agyemang had been recovered leaving a balance of GH¢53,153.40 in the name of Mr. Kwamena Mensah-Adams of Komenda-Edina-Eguafo- Abirim Municipal Assembly.

The Committee further noted that Mr. Kwamena Mensah-Adams, was interdicted for alleged forgery, jumped bail and had vacated post since May, 2014 but had been paid half salary amounting to GH¢53,153.40 for the entire period..

The Committee therefore recommends the full recovery of the sum of GH¢53,153.40 from Mr. Kwamena Mensah-Adams including the bail bond.

#### **9.16. Uncompetitive Procurement-GH¢68,779.00**

Five (5) Metropolitan, Municipal and District Assemblies (MMDAs) procured goods and services totalling GH¢68,779.00 without sourcing for alternative quotations in contravention of Section 20 of the Public Procurement (Amendment) Act, 2016, (Act 914). The Auditor-General, in addition to urging MMDAs to ensure strict compliance with the Public Procurement Act, also recommended that the Coordinating Directors and the Finance Officers who supervised the transactions should be sanctioned in accordance with Section 51 of the Public Procurement (Amendment) Act, 2016 (Act 914).

The Committee is of the view that, most corruptions in the public sector are procurement related and that the State loses substantial resources through the manipulation of the procurement processes.

The Committee therefore recommends that, the officers who supervised the transactions in Awutu Senya East Municipal Assembly and Manso Akroso District Assembly should be sanctioned in accordance with the Public Procurement Act.

In this regard, the Committee recommends to the Attorney-General to take immediate steps to prosecute all the officers who supervised this transactions in accordance with Section 51 of the Public Procurement (Amendment) Act, 2016 (Act 914).

## 10.0. CONCLUSION

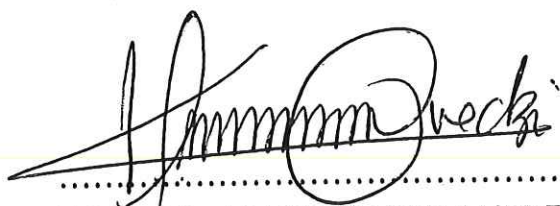
A review of the Auditor-General's Report revealed persistent weak internal control systems in all the Assemblies resulting in the failure of accounts officers and other unit heads to adhere to the financial management rules and regulations on daily basis.

The Committee recommends to the Ministry of Local Government Rural Development together with the heads of the MMDAs to implement all the recommendations captured in the Auditor-General's Report and this Report by the Public Accounts Committee to Parliament in accordance with Section 88 of the Public Financial Management Act 2016, (Act 921).

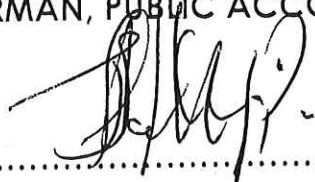
The Committee further urges the Attorney-General to ensure that all those MMDAs the Committee found to have breached the Public Procurement Act and other Financial Laws and guidelines are prosecuted to serve as deterrent and to also desist from their actions.

The Committee therefore recommends to the House to adopt its Report on the Report of the Auditor-General on the Public Accounts of Ghana on the Account of District Assemblies for the year ended 31<sup>st</sup> December, 2019, with its recommendations in accordance with Order 165(3) of the Standing Orders of the House.

Respectfully submitted.



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



.....  
JOANA A.S. ADJEI (MRS.)  
CLERK TO THE COMMITTEE



NOVEMBER, 2022