

- All government revenues are supposed to be banked and direct disbursements are not allowed. However, a total amount of **GH¢6,164** was disbursed directly from revenues collected.
- The auditors could not find any evidence to support payments totaling **GH¢282,958**. These irregularities were attributed to ineffective managerial supervision over the procurement function.
- Drug funds are to be used solely for drug related activities. The auditors observed that contrary to this policy an amount of **GH¢65,052** was paid out of the drug funds for non-drug related activities.
- Revenues totaling **GH¢18,833** were not paid into Government account and could not be accounted for.
- Imprest of **GH¢5,090** given to cashiers for petty expenses could not be accounted for.
- An air ticket valued at **GH¢2,086** was purchased and yet not utilized until it expired resulting in a financial loss.
- Payment vouchers amounting to **GH¢74,652** could not be produced to support expenditure made and included in the accounts.
- Store items valued at **GH¢5,975** could not be accounted for by a storekeeper in Nkenkasu Hospital.

Outstanding loans

There were overdue staff advances and indebtedness of some National Health Insurance Schemes at the end of the year as follows:-

DETAIL	AMOUNT (GH¢)
Staff advances	1,600,957
Due from National Health Insurance Schemes	3,327,041
TOTAL	4,927,998

Payroll Irregularities

There were several instances where names of separated staff were not promptly removed from the payroll and as a result a total amount of **GH¢145,534** was paid as unearned salaries.

Store Procurement Irregularities

- No entries in vehicle log books. Transport officers did not ensure drivers entered fuel purchases in their respective log books. As a result of this fuel purchases amounting to **GH¢12,780** could not be accounted for.
- Some hospitals procured goods and services worth **GH¢218,548** without obtaining quotations from three suppliers to ensure the competitiveness of the prices at which they purchased the goods and services. This contravenes the Public Procurement Act.
- Contrary to Stores Regulations 522 and 529 items worth **GH¢147,329** were purchased but not entered in the stores ledgers.
- There were items paid for but not supplied amounting to **GH¢7,377**.
- Drugs worth **GH¢5,559** in the stores had expired.

Contract irregularities

The Director in charge of the National Centre for Radiotherapy and Nuclear Medicine awarded an audit contract to a private firm of auditors without authorization by the Auditor General of Ghana. The amount was **GH¢10,000**.

Staff rent arrears

Management did not ensure the deduction of rent at source from staff occupying Government bungalows. As a result rent totaling **GH¢10,793** had not been collected at the year ended.

3.4 MINISTRY OF YOUTH AND SPORTS YEAR ENDED 31st DECEMBER, 2009

The summary of financial irregularities was as follows:-

DETAIL	AMOUNT (GH¢)
Tax irregularities	5,953
Imprest not accounted for	2,758
Unpaid staff advances	5,326
TOTAL	14,037

Tax Irregularities

The auditors reported that an amount of **GH¢5,953** being withholding taxes from payments to suppliers and service providers were withheld but not remitted to the tax authorities.

Imprest Not Accounted For

Accountable imprest of **GH¢2,758** paid to some officials had not been accounted for at the time of the audit. The recipients failed to submit relevant receipts to support the disbursement of the amount advanced to them.

Unpaid staff advances

Total staff advances of **GH¢5,865** were granted to some staff members. Out of this, only **GH¢539** had been recovered even though the dates for payment had passed leaving unpaid balance of **GH¢5,326**.

3.5 MINISTRY OF JUSTICE & ATTORNEY GENERAL'S DEPARTMENT YEAR ENDED 31st DECEMBER, 2009

There was no significant and unresolved adverse audit finding by the Auditor General during his audit of the accounts of the Ministry of Justice and Attorney General's Department for the year ended 31st December, 2009.

For this reason, no audit report was issued by the Auditor General at the conclusion of the audit of the Ministry for the year ended 31st December, 2009.

4. SUMMARY OF AUDIT FINDINGS OF ALL MDAs YEAR ENDED 31st DECEMBER, 2010

4.1 NON FINANCIAL IRREGULARITIES

The Financial Administration Act demands that every MDAs should prepare a full set of accounts for the Auditor General to certify for accuracy. In spite of this law, only four Ministries were able to submit their accounts to the Auditor General. Of the four, only one, Ministry of Health, submitted the full set of accounts as required by law.

FINANCIAL IRREGULARITIES

In general, the Auditor General found the following financial irregularities:

1. Poor cash management practices resulting in failure to pay revenue collected into the Consolidated Fund.
2. Unauthorized payments.
3. Non-availability of adequate records on revenue collected.
4. Inadequate controls over procurement, payroll and contract irregularities.

The overall financial impact of the above weaknesses was as follows:

DETAIL	AMOUNT (GH¢)
Tax irregularities	72,414,244
Cash irregularities	94,545,872
Stores / Procurement	684,375
Outstanding loans	4,665,375
Payroll irregularities	498,259
Contract irregularities	283,578
Staff rent arrears	82,838
TOTAL	173,174,541

TAX IRREGULARITIES – GH¢72,414,244

Uncollected taxes by VAT, IRS, CEPS as at the end of 2010 stood at **GH¢72,414,244**. This compared with **GH¢7,392,358** in 2009 showed that the uncollected tax for 2010 had gone up to 880% of the amount for 2009.

The lapse was attributed to:

1. Ineffective supervision of schedule officers.
2. Absence of sustained pursuit of taxpayers by tax collectors.
3. Failure to apply sanctions for non-payment of taxes.

CASH IRREGULARITIES

Cash irregularities were made up of:

- Misappropriation of revenue/other receipts
- Un-acquitted payments
- Dishonored cheques
- Unauthorized expenditure
- Non-availability of records on revenues collected
- Outstanding payment vouchers
- Mixed application of funds
- Unpresented value books

Cash irregularities detected by the Auditor General in 2010 was **GH¢94,545,872**. This compared with **GH¢226,277,124** in 2009 represents a percentage decrease of 58%. The financial irregularities were most prominent in the following Ministries:

- | | |
|---|----------------------|
| 1. Ministry of Water Resources, Works and Housing | GH¢72,899,015 |
| 2. Ministry of Aviation | GH¢9,533,055 |
| 3. Ministry of Finance and Economic Planning | GH¢7,775,571 |
| 4. Ministry of Youth and Sports | GH¢1,069,750 |
| 5. Ministry of Food and Agriculture | GH¢932,787 |

STORES & PROCUREMENT IRREGULARITIES – GH¢684,375

Stores and procurement irregularities amounted to **GH¢684,375**. The irregularities related to:

- Purchases not taken on inventory charge.
- Overpayment to suppliers.
- Unaccounted fuel coupons.

OUTSTANDING LOANS/DEBTS – GH¢4,665,375

These irregularities decreased from **GH¢28,984,710** in 2009 to **GH¢4,665,375**.

PAYROLL OVERPAYMENTS – GH¢498,259

The irregularities related mainly to crediting individual bank accounts of deceased pensioners with various amounts and payment of unearned salary to separated staff.

CONTRACT IRREGULARITIES – GH¢283,578

Contract management lapses include acceptance of goods supplied in excess of ordered quantities, thus committing management beyond budgeted expenditure.

STAFF RENT ARREARS

This is mainly caused by failure of management of MDAs to ensure that rent is deducted at source from staff salaries.

4.1 MINISTRY OF FINANCE & ECONOMIC PLANNING

YEAR ENDED 31st DECEMBER, 2010

NON-FINANCIAL IRREGULARITIES

The Audit Service Act, 2000 (Act 584) demands that all institutions and organisations subject to auditing by the Auditor General shall establish an Audit Report Implementation Committee (ARICs) to pursue the implementation of findings and recommendations of the Auditor General approved by Parliament as well as Internal Audit reports. This law became effective in year 2000.

As at 31st December 2010, MOFEP had not complied with this law and had not established an ARIC. The effect is that there is nobody to ensure that audit findings are implemented.

SUMMARY OF IRREGULARITIES

1. Financial Irregularities

The summary of the financial impact of the various financial irregularities in the Ministry of Finance and Economic Planning and its Departments and Agencies in 2010 was as follows:

DETAIL	AMOUNT (GH¢)
Tax irregularities	72,140,132
Cash irregularities	7,775,571
Outstanding loans	44,216
Payroll irregularities	215,399
Stores/Procurement irregularities	428,231
Contract irregularities	114,411
TOTAL	80,717,960

DETAILS OF FINANCIAL IRREGULARITIES

Details of the various financial irregularities amounting to **GH¢80,717,960** are as follows:-

● Non-road Arrears Account

Payment vouchers covering payments totaling **GH¢2,478,422** from the non-road arrears account were not supported with receipts that indicated the payments related to outstanding commitments of previous years and there was no policy guideline for the administration of the account.

● Vehicle Loans and Salary Advances

No proper records were maintained for vehicle loans and salary advances. As a result of this, the status of recovery of loans totaling **GH¢2,288,860** granted to public servants in 2009 could not be determined.

● Weak supervision over Accounting Officers

Because of poor supervision over accounting officers at the Tema Metropolitan Finance Office, 28 payment vouchers amounting to **GH¢813,214** were omitted from returns forwarded to the Regional office to prepare the Government Financial Statements.

- **Payments not validated**
 Various MDAs in the Eastern and Brong Ahafo Regions could not produce receipted duplicate copies of payment vouchers to validate payments totaling **GH¢2,582,050**.
- **Unpresented Payment Vouchers**
 Payment vouchers with total face value of **GH¢19,419** could not be presented for audit at the Tain District Finance Office.
- **Late transfer into Consolidated Fund**
 A total of **GH¢148,286** were not promptly transferred into the Consolidated Fund in accordance with existing regulations.
- **Misappropriation by Mr. Christian Sakyi**
 Between October 2008 and June 2010, Mr. Christian Sakyi, the then Volta Regional Director of the Controller and Accountant General's Department misappropriated **GH¢542,919** being unclaimed salaries and pensions.
- **Akropong District Finance Office**
 Cash irregularities amounting to **GH¢37,210** was uncovered in the District Finance Office in Akropong.
- **Wrong Pensions Computations**
 There were a number of wrong calculations of gratuity due to retired officers during the year resulting in overpayment of **GH¢88,374**.
- **Payments to the Divestiture Implementation Committee**
 The VAT division paid an amount of **GH¢415,621** to the Divestiture Implementation Committee for the acquisition of a property but was unable to conclude the transaction. The amount has since not been refunded.
- **Misapplication of Funds**
 The Customs Division misapplied the sum of **GH¢326,882** from its Staff Housing Loan Scheme on expenses other than loans under the housing scheme.
- **Unsupported Payment Vouchers**
 Payment vouchers totaling **GH¢77,277** raised by the Customs Division office at Tamale were not supported with the necessary documentation to authenticate the payments.

- **Utilization of Fuel Purchases**
No records were maintained for the receipt and disposal of fuel purchases amounting to **GH¢12,610**.
- **Failure to apply sanctions for non-payment of taxes**
Various District Tax Officers failed to apply sanctions for non-payment of taxes as stipulated under the tax laws. As a result, eleven (11) District Tax Officers recorded outstanding corporate taxes for the years 2007, 2008 and 2009. The amount involved totaled **GH¢25,814,439**.
- **Failure to remit Tax Deductions**
Tax deductions of **GH¢7,772,287** covering the period 2007-2009 was not remitted to the appropriate tax offices as a result of ineffective supervision of tax officers in the conduct of their collection duties.
- **Dud Cheques**
Between 2005 and 2009, cheques amounting to **GH¢480,169** for settlement of tax liabilities were returned unpaid.
- **Failure to collect National Reconstruction Levy**
Because of failure to notify taxpayers of their obligations, National Reconstruction Levy of **GH¢8,175** could not be collected.
- **Failure to File Tax Returns**
A number of companies and self-employed businesses in Accra and Kumasi failed to file their tax returns and the tax officers failed to impose penalties on the defaulters.
- **Provisional Tax Assessments**
Provisional Tax Assessments were not raised for 33 companies in Nima and Legon. As a result, the companies did not make any provisional payment.
- **Customers' Receipts for Withheld Taxes**
Tax Officers accepted customers receipts for taxes withheld and used them to offset their tax liabilities totaling **GH¢6,761**.

According to IRS Collection Manual and Administration practice, only triplicate copies of taxpayers receipt and duplicate copies of tax credit certificates could be accepted.

● **Unpaid VAT Arrears**

At the Large Tax Payers Unit of the VAT division in Accra and also in Sunyani, taxpayers were indebted in the sum of **GH¢1,486,300** as a result of poor debt recovery practices.

● **Unauthorized Rescheduling of Tax Debts**

The head of the Adabraka Tax Office exceeded his authorization limit and rescheduled debts of 3 traders amounting to **GH¢103,708**.

● **Returned Cheque Register**

The returned cheque registers at Osu Ringway and Okaishie Tax Offices disclosed that a number of traders issued dud cheques amounting to **GH¢376,858** for the settlement of their tax liabilities.

● **Taxes in Arrears**

A total amount of **GH¢36,577,702** covering the ten (10) year period (1999-2009) was owed by a number of importers and other customers of the Customs Division.

Management had not taken advantage of existing regulation and legal measures to recover the amounts owed.

● **Theft of Impounded Mercedes Benz Bus**

A Mercedes Benz bus impounded and kept at a State Warehouse in Kumasi was stolen resulting in a financial loss to the Customs Division.

● **Unearned Salaries**

The sum of **GH¢4,801** was wrongly paid as unearned salaries to five (5) former staff members of the Ghana Statistical Service.

● **Failure to Delete Names of Deceased Pensioners**

Due to delay in removing the names of deceased pensioners from the payroll, unearned salaries amounting to **GH¢210,598** were wrongly paid into their bank accounts.

● **Unpaid Staff Loans**

GH¢20,000 staff loan granted to Major General R. Baiden and **GH¢6,400** granted to a principal collector remained unpaid even though the two (2) officers were no longer in the employ of the Customs Division.

4.2 MINISTRY OF EDUCATION YEAR ENDED 31st DECEMBER, 2010

CASH IRREGULARITIES

Cash irregularities totaling **GH¢2,008,572** were uncovered at the headquarters of the Ministry of Education and some regional and district offices of the Ghana Education Service. These irregularities comprised the following:

- Outstanding advances and loans.
- Unsupported and un-receipted payments.
- Cash transfers not acknowledged.
- Failure to honour debt payments.
- Indebtedness of schools in respect of sports and cultural fees, and
- Unpresented payment vouchers.

SPECIFIC INSTANCES

Some specific instances of irregularities were as follows:-

● **Payments without supporting documents**

Six institutions and agencies under the Ministry of Education made payments totaling **GH¢353,498** but could not provide expenditure support documents to the auditors to justify and substantiate the payments.

Capitation Grants

- Four district education offices indicated that they had released capitation grants amounting to **GH¢187,182** to head teachers within their districts. However, they could not produce any official receipts from the head teachers to confirm receipt of the grants.
- A refund of **GH¢14,347** by the Tano North District Directorate of Education of the GES was not acknowledged with a receipt from the headquarters.
- Headquarters of the GES did not acknowledge receipt of **GH¢11,312** allegedly paid by the Kumasi regional office to them.

Duty advances not accounted for

Accountable imprest totaling **GH¢78,808** released to officers for official assignments were not accounted for after the completion of the assignments. There were no monitoring mechanisms to ensure that advances given to officers were promptly and properly accounted for.

Default in payment of sports and cultural fees

A number of district Directorates of Education and some second cycle institutions defaulted in the payment of sports and cultural fees in the sum of **GH¢92,759** for the 2010 academic year.

Unpaid Motor Bikes

Motor bikes sold on credit to some staff and teachers in two districts in the Central Region had not been paid for because of ineffective recovery mechanisms.

Imprest not accounted for

An imprest of **GH¢1,191,543** released to ten regional coordinators of the Non-Formal Education Division was not accounted for.

Indebtedness by NACVET

NACVET, an affiliate institution of the Ministry of Education, was indebted to ten companies and a staff member in the sum of **GH¢41,572**.

Payroll irregularities

Failure to delete the names of separated staff from the payroll and illegal payments to student teachers without approved study leave led to payroll irregularities amounting to **GH¢5,219,172**.

COTVET

COTVET an agency under the Ministry of Education wrongfully engaged casual laborers and paid them **GH¢3,738** from its Service/ Administration vote.

Over payment of salaries and allowances

There was an overpayment of salaries amounting to **GH¢3,856** in a district directorate. In Paga, the auditors noticed outstanding salary advances of **GH¢2,600**.

Procurement and store irregularities

DETAIL	AMOUNT (GH¢)
Purchases not in store records	113,996
Uncompetitive procurement	53,142
Goods paid but not supplied	9,000
Procurement outside the procurement plan	46,060
Shortage of store items	4,824
TOTAL	227,022

Lapses in tax administration

The auditors noted lapses in tax administration as follows

- Purchases from non-VAT registered suppliers and service providers.
- Uncollected and unremitted taxes.
- Delays in the payments of tax revenues.

4.3 MINISTRY OF HEALTH YEAR ENDED 31st DECEMBER, 2010

Financial Irregularities at the Ministry of Health comprised the following:

DESCRIPTION	AMOUNT (GH¢)
Tax irregularities	150,529
Cash irregularities	556,273
Outstanding loans	123,745
Payroll irregularities	103,201
Stores/Procurement irregularities	72,599
Contract irregularities	20,000
Staff rent arrears	80,967
TOTAL	1,107,314

Tax irregularities

Thirty seven (37) non VAT-Registered traders supplied goods worth **GH¢150,529** to the Cardiothoracic Unit at Korle-Bu in contravention of the VAT laws.

Cash Irregularities

Cash irregularities amounting to **GH¢556,273** were uncovered. These irregularities included the following:

- Embezzlement of revenue of **GH¢120,721** by the Accountant of the Nurses Training School in Tamale.
- Embezzlement of National Health Insurance Claims by the Claims officer Mr. Amewode Besso Hopeson, the Scheme Manager and the Accountant at the Adaklu Anyigbe Health Insurance Scheme amounting in total to **GH¢34,864**.

- Mr. Stephen Ahiable a Revenue Collector at Peki Government Hospital did not account for revenue collected of **GH¢11,286**.
- Mr. James Addom, a temporary Revenue collector failed to account for revenue collected of **GH¢232,585**.
- Mr. William Addo of Castle Clinic could not account for revenue of **GH¢19,041**.
- A number of treated patients left the hospital without settling their bills amounting to **GH¢66,214**.

Outstanding Loans

Outstanding loans of **GH¢123,745** included unrecovered staff advances of **GH¢42,254** and **GH¢81,491** of unpaid bills by patients.

Payroll Irregularities

There was payment of unearned salaries amounting to **GH¢103,201** in six health institutions.

Contract Irregularities

The Zabzugu/Tatale District Director of Health awarded a contract to Jabben Ventures for the construction of a CHPS compound for **GH¢20,000** without competitive bidding. The money was paid in advance and yet the work has not been undertaken more than a year after the money was paid.

Rent Arrears

Eight staff members of the Nurses Training College in Tamale did not suffer rent deductions from their salaries between January 2006 and December, 2009 amounting to **GH¢70, 185**.

There were other rent defaulters in Winneba Municipal Hospital of **GH¢9,707** and at Obuasi Government Hospital of **GH¢1,075**.

4.4 MINISTRY OF YOUTH AND SPORTS YEAR ENDED 31st DECEMBER, 2010

There were financial irregularities as follows:-

DETAIL	AMOUNT (GH¢)
Tax irregularities	82,216
Cash irregularities	1,069,750
TOTAL	1,151,966

National Youth Employment Programme (NYEP)

Owing to the absence of a legislative instrument for NYEP, it is denied regular release of funds for its operational activities. As a result of this, NYEP borrows from the banks to finance its activities and as at 31st December, 2009, it was indebted to the Agricultural Development Bank to the tune of **GH¢21,680,282**.

Under deduction of staff PAYE taxes

There was under deduction of PAYE taxes from staff amounting to **GH¢43,268**.

Non-deduction of taxes

Taxes amounting to **GH¢38,948** was not withheld from payments made to suppliers and service providers.

Un-receipted Revenues

Funds totaling **GH¢119,721** were received by NYEP but they did not issue any official receipt to cover the amount.

Unsupported Disbursement

Payments amounting to **GH¢43,159** were made in the Damongo office of the NYEP but there were no supporting documents.

Unsold tickets

The Ashanti Regional Sports Council could not account for unsold tickets worth **GH¢1,001,024**.

Unsupported payments

The Ashanti Regional Sports Council made payments totaling **GH¢68,726** which could not be supported with satisfactory documentation.

4.5 MINISTRY OF JUSTICE & ATTORNEY GENERAL'S DEPARTMENT

YEAR ENDED 31st DECEMBER, 2010

Non-financial irregularities

- The Registrar General's Department, the Judicial Service, the Public Records and Archives Administration Department and the Ministry of Justice did not prepare financial statements for audit.
- No Audit Report Implementation Committee had been set up for the Ministry and its Agencies as demanded by law.

Financial irregularities

DETAIL	AMOUNT (GH¢)
Payroll	8,862
Stores and procurement	39,607
TOTAL	48,469

PAYROLL IRREGULARITIES

Wrong payment of salaries

Six officers who were no longer with the Ministry were wrongfully paid salaries totaling **GH¢8,862**.

Goods purchased not in store records

Goods worth **GH¢33,327** purchased through petty cash were not accounted for in the store records.

Fuel and lubricants not accounted for

Fuel and lubricants purchased for the Kofi Annan Centre for Excellence amounting to **GH¢6,282** could not be accounted for.

5. SUMMARY OF AUDIT FINDINGS OF ALL MDAs YEAR ENDED 31st DECEMBER, 2011

GENERAL COMMENTS

In general, the Auditor General found the following irregularities:

1. Poor cash management practices resulting in failure to pay revenue collected into the Consolidated Fund.
2. Tax irregularities
3. Unauthorized payments
4. Non-availability of adequate records on revenue collected
5. Inadequate controls over the administration of contracts, payroll and procurement systems.

Financial Impact

The overall financial impact of the weaknesses was as follows:-

IRREGULARITIES	2011	2010
Tax irregularities	52,838,612	72,414,244
Cash irregularities	33,972,751	94,545,872
Outstanding loans	5,709,276	4,665,375
Payroll	1,021,063	498,259
Stores/Procurement	780,028	684,375
Contracts	24,946,637	283,578
Rent arrears	220,389	82,838
TOTAL	119,488,756	173,174,541

Tax Irregularities

Various taxes due for payment to IRS, CEPS and VAT remained uncollected and amounted to **GH¢52,807,323** and **GBP13,824** respectively. The irregularities were the result of poor supervision of schedule officers, failure to enforce tax laws and financial regulations as well as failure to sanction offending staff.

Cash Irregularities

Cash irregularities uncovered by the auditors from their sample totaled **GH¢33,972,751**.

The cash irregularities occurred as a result of the following:-

- Misappropriation of revenue/other receipts.
- Failure by accounting officers to properly acquit payment vouchers or produce them for audit inspection.
- Failure to recover funds from dishonoured cheques issued in settlement of tax and other obligations.
- Imprest not accounted for.
- Unauthorized expenditure.
- Non-availability of records on revenue collected.
- Inability to present value books for inspection.

The cash irregularities were more pronounced in the following ministries:-

MINISTRIES	AMOUNT (GH¢)
Justice and Attorney General	16,375,045
Health	12,089,460
Education	2,621,483
Ministry of Finance	2,004,238
Employment and Social Welfare	276,723
Youth and Sports	237,865

Stores/Procurement Irregularities

Stores and Procurement Irregularities uncovered by the auditors from their sample amounted to **GH¢780,028** and related to the following:

- Purchases not taken on Ledger Charge.
- Contract variations.
- Payments for uncompleted works.
- Fuel coupons not accounted for.

In the opinion of the Auditors, these lapses were principally due to the failure of the MDAs to adhere to the Public Procurement Act and Store Regulations as well as poor supervision of subordinate officers and, in particular, non-application of sanctions.

Outstanding Loans

Loans continued to be granted without specifying terms of recovery and again responsible officials failed to monitor repayment schedules.

Total outstanding loans at the year-end stood at **GH¢5,709,276**.

It must be pointed out that **GH¢3,442,297** out of the total amount mentioned above was in respect of wrongful payment of vehicle insurance premium by the Ministry of Health.

Payroll Overpayments

There were payroll irregularities amounting to **GH¢1,021,063** involving:-

- Unearned salaries paid to separated staff.
- Wrong calculation of pension payments.
- Failure to ensure timely deletion of names of separated persons.

Contract Irregularities

There were significant contract management lapses particularly in the following ministries:-

- Ministry of Health.
- Ministry of Defecse.
- Ministry of Roads and Transport.

The total amount of contract irregularities detected by the auditors from their sample was **GH¢24,946,637**.

Staff Rent Arrears

MDAs did not ensure deduction of rent that was due from the salaries of staff in government bungalows. The total amount outstanding at the year-end was **GH¢220,389**.

AUDITOR'S COMMENTS

The Auditor General made the following significant comments.

Continuing Financial Irregularities

The Auditor General is concerned that financial irregularities in the MDAs have become an annual ritual. This is because the MDAs do not take effective action to address the basic problems of:

- Lack of monitoring and supervision and
- Non-adherence to legislation put in place to provide effective financial management of public resources.

In the opinion of Auditor General, efforts made by MDAs in the past have not been enough to deal with this outright disregard for established order in the conduct of public financial business.

Performance of Chief Directors

The Auditor General expressed dissatisfaction with Chief Directors and other key officials of the MDAs in the management of public resources and safeguarding of public property. He calls for more serious action from the Ministry of Finance and Economic Planning being the lead agency of Government in the administration of the public purse to ensure that MDAs comply with the financial laws and also in particular establish Audit Report Implementation Committees.

Internal Audit Units

The Auditor General recommended the strengthening and recognition of Internal Audit Units of the MDAs and the facilitation of the Internal Audit function to reduce the incidence of irregularities.

5.1 MINISTRY OF FINANCE AND ECONOMIC PLANNING

YEAR ENDED 31st DECEMBER, 2011

Financial Irregularities

Summary of financial irregularities detected by the Auditor General for the year ended 31st December, 2011 was as follows:-

DETAIL	AMOUNT (GH¢)
Tax irregularities	52,582,370
Cash irregularities	2,004,238
Payroll overpayments	49,676
Stores/Procurement	4,993
Rent arrears	2,917
Total	54,644,194

Tax Irregularities

Tax irregularities on selected sample amounted to **GH¢52,582,370**.

- Nine Domestic Tax Revenue Offices failed to withhold taxes amounting to **GH¢4,769,016** on rent, audit, legal and professional fees.
- Ninety-seven companies in Accra defaulted in the payment of **GH¢1,254,931** deducted from the emoluments of employees.
- A review of tax files of 1,335 companies and 829 entities in 10 district tax offices disclosed that taxpayers were owing as much as **GH¢33,591,254** at the end of the 2010 year of assessment.
- Funds totaling **GH¢166,583** were held in various collection accounts and not promptly transferred into the consolidated funds at the bank of Ghana.
- In a couple of tax offices in Tema and Accra, landlords and property owners were owing **GH¢2,669,645** in respect of rent tax.

- Cheques valued at **GH¢261,974** issued by tax payers in settlements of their tax liabilities were returned by their bankers unpaid.
- A review of tax files at a number of tax offices disclosed that audited accounts submitted by tax payers had not been examined at all. The failure to examine tax payers returns can lead to non-payment of tax.
- Ms. Naa Shorme Ocquaye an Assistant Revenue Officer at Adabraka could not account for revenues collected by her and amounting to **GH¢56,290** and **US\$25,351**.
- In Adabraka 242 traders owed the VAT Division a total of **GH¢6,070,649** as at the end of 2010 and yet no action had been taken to prosecute these traders for the unpaid taxes.

Cash irregularities

Cash irregularities were widespread and amounted to **GH¢ 2,004,238**. The irregularities occurred mainly through

- Misappropriation of revenues.
- Inability to produce payment vouchers and supporting documents for audit inspection.
- Petty Cash imprest not accounted for.
- Unauthorized expenditure.

Payroll irregularities

Failure to promptly delete the names of deceased pensioners from the payroll and the overstatement of service periods resulted in the payment of unearned pension salaries totaling **GH¢49,676**.

Stores procurement irregularities

In Kintampo, some payments amounting to **GH¢4,993** for the purchase of tiles, stationery and office consumables were not entered in the stores records and were purchased without management obtaining at least three quotations as required by the financial laws.

Non-payment of rent

Two occupants of Government bungalows owed **GH¢2,917** for unpaid rent. This denied the state revenues that could have been used to rehabilitate some of the bungalows.

5.2 MINISTRY OF EDUCATION YEAR ENDED 31st DECEMBER, 2011

FINANCIAL IRREGULARITIES

The summary of financial irregularities at the Ministry of Education for the year ended 31st December, 2011 was as follows:

DETAIL	AMOUNT (GH¢)
Tax irregularities	27,552
Cash irregularities	2,621,483
Outstanding loans irregularities	2,600
Payroll irregularities	451,364
Stores and procurement irregularities	160,273
Contract irregularities	86,081
TOTAL:	3,349,353

Tax irregularities

Tax irregularities uncovered by the Auditors from their sample amounted to GH¢27,552 and attributed to a couple of factors notably;

- Non- deduction of withholding taxes in line with the tax laws of the country.
- Failure to pay to the Ghana Revenue Authority, taxes deducted at source from payments made by the Ministry to various suppliers of goods and services.
- Purchasing from non- VAT registered suppliers in violation of the procurement laws of the country.

Cash irregularities

A number of cash irregularities were uncovered by the Auditors. The lapses related to the following.

- Payments made to suppliers were not acknowledged as having been received by these suppliers. The financial regulations demand that all payments must be acknowledged with receipts from the payees.
- Proper custody was not provided for payment vouchers. As a result some payment vouchers could not be produced for audit verification by the auditors.