

GHANA INTEGRITY INITIATIVE (GII)
(Local Chapter of Transparency International)



“SHOW ME THE MONEY”



An abridged version of the audit findings and observations of the Auditor General in five selected ministries and highlight of financial irregularities uncovered in the audit report of those ministries; including actions taken.

A PROJECT WITH TECHNICAL SUPPORT FROM THE
FINANCIAL ACCOUNTABILITY & TRANSPARENCY, AFRICA

Accra, November, 2013



MINISTRY OF FOREIGN AFFAIRS OF DENMARK
DANIDA INTERNATIONAL DEVELOPMENT COOPERATION



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PREFACE

For some time, there have been concerns about the lack of action on the part of the government on the findings and recommendations of the Auditor General on the Public Accounts of Ghana. One of the problems has been the functionality of the Audit Report Implementation Committees (ARICs) and the other has been the inability of the Judiciary to set up a Financial Tribunal to prosecute cases arising from the audit reports. This is what has motivated Ghana Integrity Initiative to take a look at past reports, particularly for the period 2009, 2010 and 2011 and the functionality of the ARICs in five selected Ministries. An attempt was also made to look at judgement debts although there was not much on this as the Commission on judgement Debts still sitting.

GII wishes to make it clear that the main purpose of the project and this publication was to draw the attention of the general public to some of the findings of the Auditor General most of which have, unfortunately, not been dealt with by the appropriate authorities, rendering the work of the Auditor General ineffective. It is our hope that the government will take this as a reminder of its responsibility to ensure that the Auditor General's findings and recommendations, as debated and approved by Parliament, are addressed without any reservation.

GII also expresses concern about delays of the Auditor General's reports as such delays can lead to officers indicted by the reports getting off the hook either through resignation, retirement or even death. GII acknowledges the fact that there has been a great improvement on this but this can further be improved.

Finally, it is our hope that Parliament and the Judiciary will sort out the problem with the appointment of the Financial Tribunal possibly with an amendment to the current law. In the mean time, GII feels that the Judiciary can get required professionals who are also lawyers and can meet the requirements of the Judiciary for a High Court judge, even if only for Accra, to start prosecuting cases arising from the Audit reports.

This publication was made possible by the financial support of the Strengthening Transparency, Accountability and Responsiveness in Ghana (STAR-Ghana) and the United Nations Development Programme (UNDP). GII wishes to express its gratitude to STAR-Ghana not only for this support but also for all the support that GII has received from it over the last three years.

The technical support for the project was provided by Financial Accountability and Transparency in Africa (FAT, Africa). GII is very grateful to FAT-Africa for this support. It is very much appreciated. However, FAT, Africa could not have done this without the cooperation of the officials of the study ministries, the Audit Service and Parliament, who provided the necessary information for the compilation of the report.

Once again, GII expresses its gratitude to all those who, in diverse ways, contributed to this publication.

Vitus Adaboo Azeem
Executive Director -GII

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ACRONYMS

- ARICs Audit Reports Implementation Committees
- CAGD Controller and Accountant General's Department
- CSO Civil Society Organization
- DACF District Assembly Common Fund
- GETFund Ghana Education Trust Fund
- MDAs Ministries, Departments and Agencies
- MOFEP Ministry of Finance and Economic Planning
- NHIF National Health Insurance Fund
- NYEP National Youth Employment Programme
- PAC Public Accounts Committee
- PSFM Public Sector Financial Management System
- STAR-GHANA :Strengthening Transparency, Accountability
and Responsiveness in Ghana
- VAT Value-Added Tax

"SHOW ME THE MONEY"

1. EXECUTIVE SUMMARY

This Project has been commissioned by the Ghana Integrity Initiative with joint funding from the Strengthening Transparency, Accountability and Responsiveness in Ghana (STAR-GHANA) and the United Nations Development Programme, Ghana Country Office¹. However, the aspect on Judgement Debts was funded only by STAR-Ghana. The technical support has been provided by the Financial Accountability & Transparency, Africa. The primary objective of the project is to present an abridged version of the audit findings and observations of the Auditor General in five selected ministries and to highlight financial irregularities uncovered in the audit report of those ministries and also to ascertain whether actions have been taken. The project further seeks to examine the existence and functionality of Audit Reports Implementation Committees (ARICs). Finally, the project examines judgement debts captured in the reports of the Auditor General on the Public Accounts of Ghana (Consolidated Fund) for the years 2009, 2010 and 2011.

The selected ministries were Ministry of Finance & Economic Planning, Ministry of Education, Ministry of Health, Ministry of Youth and Sports and Ministry of Justice and Attorney General's Department.

The report is presented in four parts. Part 1 provides the Executive Summary and an outline of the Public Sector Financial Management System. Part 2 summarizes the Audit Findings by the Auditor General of all MDAs in 2009, 2010 and 2011 and with emphasis on the five selected ministries. Part 3 reports on the existence and functionality of Audit Reports Implementation Committees and actions taken by the ministries to implement audit recommendations. Finally, Part 4 examines judgement Debts captured in the Auditor General's Reports.

The financial laws of Ghana demand strict accountability and transparency in the use of public funds and there are rules and regulations that govern both receipt and disbursement of such funds. Non-compliance with these rules, procedures and guidelines amount to financial indiscipline and depending on its materiality will be reported by the Auditor General. In this way, the principles of financial accountability are upheld.

¹ GII wishes to make it clear that the UNDP funding did not cover the part on judgement Debts

The financial accountability process starts with the preparation of the Annual Budget by the Executive arm of Government. This is scrutinized and approved by the representatives of the people in Parliament who issue an Appropriations Act. On the basis of the Appropriations Act, monies are released to the Ministries, Departments and Agencies (MDAs) to provide public goods and services, all monies received as revenue and all disbursements made by the MDAs are captured in accounting books and records from which annual financial statements are prepared. These financial statements are independently audited by the Auditor General and a report presented to the Parliament of Ghana.

In all the three years that we examined, we noted that the Ministries did not comply with the statutory financial reporting requirement as demanded by the Financial Administration Act, 2003 (Act 654). The Act requires MDAs to prepare annual financial statements and submit them for audit examination to the Auditor General. Indeed the Ministries have refused to comply with this requirement since 2003.

In the absence of the financial statements, the Auditor General has been obliged to restrict himself to an audit of the transactions of the MDAs as opposed to the audit of their financial statements. A transaction audit is necessarily limited and does not provide the scope envisaged by the Act.

The inability by the Ministries to prepare annual accounts is unacceptable and must stop. The difficulty in preparing the accounts is because of the absence of a functional computerized accounting system in use at the Ministries.

An earlier attempt to introduce a financial accounting system code named BPEMS as part of financial management reforms in the country in 2004 failed and a new system code named GIFMIS is now in the process of being introduced.

The audit examination of the Auditor General revealed a number of financial irregularities in all the ministries. The irregularities are recurring and have run through the audit reports over the years. Notable among these irregularities were:

- Major breakdown of controls over tax administration resulting in failure to withhold and collect taxes, failure to charge interest and levy penalties on monies owed to government and failure to obtain VAT Invoices;.
- Poor cash management practices;
- Non-collection of outstanding debts;
- Procurement/Contract irregularities;

- Payments not supported by appropriate documentation;
- Stores irregularities;
- Misappropriation of cash;
- Payment of unearned salaries and other payroll irregularities.

In the five selected ministries we noted the following:

The recurring financial irregularities at the Ministry of Finance & Economic Planning were tax irregularities, cash irregularities, outstanding loans, payroll irregularities, stores/procurement irregularities and contract irregularities. The total amount of financial irregularities for MOFEP amounted to **GH¢11,993,085**, **GH¢80,717,960** and **GH¢54,644,194** in 2009, 2010, and 2011, respectively.

At the Ministry of Education, the recurring irregularities included cash irregularities, outstanding loans and advances, payroll irregularities and store/procurement irregularities. The total amount of financial irregularities at the Ministry of Education amounted to **GH¢717,029**, **GH¢2,008,572** and **GH¢3,349,353** in 2009, 2010 and 2011, respectively

At the Ministry of Health, the recurring financial irregularities were tax irregularities, cash irregularities, outstanding loans, payroll irregularities, stores/ procurement irregularities, contract irregularities and staff rent arrears. Irregularities identified by the Auditor General amounted to **GH¢6,121,298**, **GH¢1,107,314** and **GH¢31,568,726** in 2009, 2010 and 2011, respectively.

The recurring financial irregularities at the Ministry of Youth and Sports were tax irregularities, petty cash not accounted for and unpaid staff advances. Irregularities identified by the Auditor General amounted to **GH¢14,037**, **GH¢1,151,966** and **GH¢278,733** in 2009, 2010 and 2011 respectively.

At the Ministry of Justice & Attorney General's Department, recurring financial irregularities were payroll irregularities, stores/procurement irregularities and improper maintenance of accounting records at the Judicial Service. Total irregularities uncovered amounted to **GH¢48,469** in 2010, and **GH¢16,307,184** and **US\$65,929** in 2011. There were no adverse audit findings in 2009.

Although a key objective of this project was to ascertain the extent to which audit findings and recommendations have been implemented, this could not be verified beyond verbal assurances from key officials that actions had been taken. This is because it is not the normal practice of the Auditor General to ascertain whether actions had been taken on their audit recommendations of the previous year. The Auditor General, therefore, does not have any record on actions taken.

At the same time, the Ministries were reluctant to allow access to their books and records by the public.

Audit findings must be acted upon otherwise the whole audit assignment is rendered useless. The responsibility to ensure that actions are undertaken and sanctions applied as necessary is placed on the Audit Report Implementation Committees (ARICs). The creation of ARICs is mandated by section 30 of the Audit Service Act, 2000 (Act 584), which provides that bodies and organizations which are subject to audit by the Auditor General must establish an ARIC.

The primary function of the ARICs is to ensure that recommendations in Auditor General's reports, internal audit reports and reports of internal financial monitoring units are implemented. The ARICs are, therefore, required to examine the audit recommendations and propose strategies for the implementation of the recommendations to the heads or management of the institutions and follow-up to ensure that the recommendations are being implemented.

We could not be granted access to the books and records of the Ministries to verify what work had been done by the ARICs. We however interviewed key officials of the selected Ministries and the Audit Service. From these discussions, it was apparent that the Ministries generally did not attach particular importance to the role of the ARICs between 2009 and 2011. This was confirmed by the officers we interviewed. However, frantic efforts appear to have been made over the last year to establish the ARICs and ensure their efficacy because in recent times the Public Accounts Committee of Parliament demand assurance from Ministries who appear before them that they have functional ARICs.

There are a couple of challenges to be addressed to allow the ARICs to operate properly. Among the challenges are:

- The key officials of the institution who constitute the ARICs are the same people against whom adverse findings would have been made. To expect such officers to implement the findings against themselves is not a realistic assumption.
- Members of the ARICs as provided in the Act are very senior officers of the institutions with heavy work schedules making it difficult for such officers to afford the time commitment for the committee.

There is no budgetary provision for the ARICs secretariat in the various institutions in which they operate and yet they are supposed to undertake field trips to follow up on the implementation of audit recommendations.

- The failure or non-establishment of the Financial Tribunals on technical/legal grounds.

This report further examines judgement debts as captured in the Reports of the Auditor General on the Public Accounts of Ghana (Consolidated Fund) for the years 2009, 2010 and 2011. The report seeks to identify amounts of judgement debts paid, examine the causes, proffer remedies and make recommendations for CSO advocacy.

Judgement debts as contained in the reports of the Auditor General is an umbrella term composed of judgments obtained from a court of record against the state, compensation for lands compulsorily acquired for public causes and settlement claims entered into by the Attorney General on behalf of the state.

Total judgement debts paid from 2009-2011 amounts to **GH¢ 522,747,072**. The year 2009 recorded **GH¢28,858,200** while 2010 recorded **GH¢275,917,484**. In 2011 **GH¢217,971,388** was paid. Some beneficiaries traversed all the three years under consideration.

A review of the incidence of judgement debts revealed five categories i.e. Breach of Contract, Compensation for Land, Labour disputes, debts occasioned by infractions by the Security services and debts as a result of infractions by other government agencies.

Breach of Contract related payments recorded the highest at 73% (**GH¢382,776,899**) followed by Compensation for Land at 22% (**GH¢114,078,879**). Infractions committed by other Government Agencies leading to judgement debt followed at 4% (**GH¢23,071,255**). The remaining 1% was shared between Labour related payments of **GH¢2,047,471** and the Security Services of **GH¢772,568**.

Causes of judgement debts can be attributed to downright incompetence on the part of public officials, negligence on the part of the Attorney General's office and non adherence to the rule of law on the part of the security services, among others.

Recommendation for civil society advocacy to remedy the situation include the setting up of a Parliamentary Budget Office, splitting the functions of the office of Attorney General and Minister for Justice and getting parliamentary approval for negotiated settlements.

2. BACKGROUND

To ensure that public funds entrusted to Government are properly protected every country puts in place a Public Sector Financial Management System (PSFM). The system is so designed to ensure that state funds in the hands of Government are properly protected and that from time to time and by law every 31st December, that is the end of the Financial Year, Government will account to citizens. As a citizen, it is your right to demand that government “Show Me the Money.” This publication is a simplified version of the reports of the Auditor General on five selected Ministries for the years ended 31st December, 2009, 2010 2011. The selected Ministries are:

- Ministry of Finance and Economic Planning;
- Ministry of Education;
- Ministry for the Interior;
- Ministry of Health;
- Ministry of Youth and Sports.

It is not the normal practice for auditors to examine all the accounting transactions of the institutions they audit. The extent of coverage will depend upon their assessment of risk. The findings and irregularities captured in the reports, therefore, relate to the sample that was examined. The sample size will probably range from about 5% to 20%. This means that if all the accounting transactions had been examined the irregularities could have been much more than the figures contained in this report.

2.1 PUBLIC SECTOR FINANCIAL MANAGEMENT SYSTEM (PSFM)

To safeguard public funds in the custody of the Government, the Government puts in place a Public Sector Financial Management System. PSFM is defined as the system by which Financial Management resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals.

It is said that the PSFM cycle flows from the:

- a) “Planning and preparation of the Annual National Budget based on agreed government policy priorities.

- b) The execution of the Annual National Budget.
- c) The implementation of its implied policy objectives.
- d) The process of accounting and reporting for expenditure and performance.
- e) The independent audit and scrutiny of that expenditure and performance.
- f) The Legislative adjudication of probity and efficiency.
- g) Finally, the feedback of lessons – learning for improved financial control and more efficient public sector performance.”

2.2 THE WESTMINSTER MODEL

Ghana adopts the Westminster model for its PSFM. In the Westminster Model:

- Government collects taxes, other non-tax revenues, grants and, with consent of Parliament and procures loans for the country. These constitute revenue sources.
- Before the year begins, government makes estimate of how much money they hope to collect from all sources.
- Government also determines and sets the national priorities for the ensuing year and on the basis of that allocates and distributes the resources in the Annual Budget Statement and Economic Policy of Government.
- The economic policies as well as the estimates are scrutinized, debated and approved by the representatives of the people in Parliament and an Appropriation Act is passed.
- On the basis of the Appropriation Act, resources in the form of money are released to the MDAs (Ministries, Departments and Agencies) etc.
- The system demands accountability and financial scrutiny and, therefore, the Controller and Accountant General Department (CAGD) is mandated to put in place suitable Accounting and Reporting Systems to capture all accounting transactions and provide personnel to undertake necessary accounting duties.
- The CAGD also prepares periodic management reports and Year End Financial Statements.

2.3 THE BUDGET CYCLE

The PSFM, as described above, has four interdependent phases as follows:-

Phase 1: The Formulation/Drafting Phase;

- Phase 2: The Approval/Legislation Phase;
- Phase 3: The Implementation/Monitoring Phase;
- Phase 4: The Audit/Assurance Phase.

THE FIRST PHASE OF THE BUDGET CYCLE

Formulation/Drafting Phase

In the first phase of the Budget Cycle, the economic policies and financial estimates are formulated for presentation to Parliament in the form of the Annual National Budget by the Minister of Finance and Economic Planning (now Ministry of Finance) on behalf of the President.

THE SECOND PHASE OF THE BUDGET CYCLE

The Approval/Legislation Phase

In the second phase of the Budget Cycle, the draft annual budget appropriately styled as the Budget Statement and Economic Policy of Government is submitted to Parliament for scrutiny, debate and approval.

THE THIRD PHASE OF THE BUDGET CYCLE

The Implementation/Monitoring Phase

The third phase of the Budget Cycle is the Implementation and Monitoring Phase where monies are released to MDAs on the strength of the Appropriation Act. The Minister of Finance through the Controller and Accountant General is mandated to put in place a public financial management system to among other things capture all accounting transactions. The accounting system should incorporate relevant internal controls and internal audit and should be able to generate periodic and year-end financial statements.

THE FOURTH PHASE OF THE BUDGET CYCLE

The Audit Assurance Phase

The fourth phase of the Budget cycle is referred to as the Audit/Assurance phase and it seeks to provide assurance to the public that the government has sufficiently accounted for its spending of the taxpayer's money and for its stewardship over public assets in the manner approved by the legislature. The audit is undertaken by the Auditor General and deliberated upon by the Public Accounts Committee of the Parliament of Ghana. The activities in this phase represent the most prominent accountability mechanisms.

2.4 ACCOUNTABILITY MECHANISMS

The PSFM system is a mixture of Accounting, Financial and Management systems. Like all systems, they are only as good as the in-built checks and balances. Accountants refer to these checks and balances as internal checks and internal controls or accountability mechanisms. In everyday parlance, we will refer to these accountability mechanisms as Checks and Balances.

- All the four phases of the Budget Cycle contain crucial accountability mechanisms which go to determine the effectiveness of the overall PSFM. Thus, the extent to which public funds in the hands of Government are well protected depends on sound PSFM and the extent to which the checks and balances in the four phases of the Budget Cycle are allowed to function. Corruption is made easier if the accountability mechanisms are relaxed or not allowed to operate freely.

2.5 AUDITOR GENERAL

The Role of the Auditor General is in Phase 4 of the Budget Cycle. The Auditor General is to provide independent assurance that the public accounts as prepared by the MDAs and the Consolidated Public Accounts by the CAGD are accurate and that public funds have been expended for purposes intended by Parliament and with due regard to economy, efficiency and effectiveness. The Constitution demands that reports of the Auditor General are given to Parliament for action and not to the President.

2.6 THE PUBLIC FUNDS OF GHANA

The Public Funds of Ghana are maintained in the:

1. Consolidated Fund
2. Contingency Fund
3. Other public funds set up by or under the authority of an Act of Parliament.

Consolidated Fund

The consolidated fund holds:

1. All revenues or monies raised or received by Government.
2. Any other monies raised or received in trust for and on behalf of Government.

The Consolidated Fund shall not include:-

1. Revenues or monies payable into some other funds established for specific purposes by Parliament.

2. That portion of the Internally Generated Funds by a Department of Government that Parliament has authorized the Department to retain.

Contingency Fund

Our constitution permits the Government to set up a special fund for contingencies or unexpected conditions with the approval of Parliament. Such a Fund will be classified as Contingency Fund.

No such fund has been set up under our 1992 constitution.

Other Public Funds

Other Public Funds may be set up under the authority of Parliament. Examples of such funds are the Ghana Education Trust Fund (GETFund), the National Health Insurance Fund, (NHIF), the District Assemblies Common Fund (DACF), the Road Fund and the Petroleum Fund.

2.7 PUBLIC ACCOUNTS

The Public Accounts of Ghana comprise the financial statements of the various Ministries, Departments and Agencies (MDAs) of Government. Annual Financial Statements are prepared for all MDAs.

The Financial Statements of all the MDAs are then put together (consolidated) to produce the accounts of the central government. This is referred to as the Public Accounts of Ghana (ConsolidatedAccounts).

In respect of the accounts of the individual MDAs and the Consolidated Accounts, the Auditor General is to undertake audit examinations as he thinks necessary to ascertain whether in his opinion:

- a) The accounts have been properly kept;
- b) All public monies have been fully accounted for, and rules and procedures applicable are sufficient to secure an effective check on the assessment, collection and proper allocation of the revenue;
- c) Monies have been expended for the purposes for which they were appropriated and the expenditures have been made as authorized;
- d) Essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public property; and
- e) Programmes and activities have been undertaken with due regard to economy, efficiency and effectiveness in relation to the resources utilized and results achieved.

3. SUMMARY OF AUDIT FINDINGS OF ALL MDAs YEAR ENDED 31st DECEMBER, 2009

GENERAL REMARKS

In the year under review, that is, 2009, the significant financial irregularities were:

- A major breakdown of controls over tax administration
- Improper cash management
- Non collection of outstanding debts
- Procurement/contract irregularities
- Unsupported payments. These are payments not supported by appropriate documentation
- Stores irregularities
- Misappropriation of cash
- Payment of unearned salaries
- Non-submission of annual financial statements from the MDAs

According to the Auditor General, these irregularities have been recurring and have run through his reports over the years. He therefore found the situation 'very disturbing' noting that lasting solutions to the problems can save the nation millions of cedis, improve service delivery to tax payers and strengthen public confidence and trust in the accountability within our public sector.

NON-FINANCIAL IRREGULARITIES

The Financial Administration Act, 2003 (Act 654) requires MDAs to prepare their annual financial statements and submit them within three months upon the end of the year to the Auditor General for audit examination. The financial statements should comprise:

1. A Balance Sheet showing the assets and liabilities of the MDAs.
2. A Statement of Revenue and Expenditure of the MDAs.
3. A Cash Flow Statement for the year.
4. Notes to the Accounts.

Since 2003, MDAs have not complied with this statutory financial reporting requirement. For this reason, the Auditor General has not been able to issue an audit opinion in respect of the MDAs from 2003 when the Financial Administration Act was passed and again is unable to do so for 2009.

FINANCIAL IRREGULARITIES

The total financial repercussion of the errors, lapses and irregularities captured by the Auditor General for the year ended 31st December, 2009 amounted to **GH¢267,403,411**. This amount is detailed as follows:

DETAIL	AMOUNT (GH¢)
VAT/ IRS/ CEPS uncollected taxes and others	7,392,358
Cash irregularities	226,277,124
Outstanding loans	28,984,710
Payroll overpayments	3,204,156
Stores / Procurement irregularities	1,270,295
Contract irregularities	229,685
Staff rent arrears	45,083

VAT/IRS/Uncollected Taxes and Others

Tax irregularities in 2009 amounted to **GH¢7,392,358**. The lapses arose from ineffective supervision over schedule officers, lack of adequate monitoring and recovery of outstanding taxes.

Cash Irregularities

Cash irregularities were attributable to:

- Un-acquitted payments. These are payments allegedly made but in respect of which there is no record of acknowledgment by the recipient.
- Un-presented payment vouchers. These are payments allegedly made and recorded in the books of account but in respect of which there are no supporting documentation and vouchers.
- Misappropriation of revenue and other receipts.
- Misapplication of funds. This occurs when funds are used not for the budgeted items.

The irregularities on the whole were due to the following:

- Intransigence of petty cash imprest holders to promptly account for the imprest.

- Ineffective supervisory control over revenue collection.
- Failure on the part of officers entrusted with the disbursement of funds to obtain supporting documents for funds they disbursed.

Outstanding loans/debts

Outstanding loans and debts for 2009 amounted to **GH¢28,984,710**. A substantial portion of this amount was due to amounts owed to CEPS by four oil marketing companies.

Payroll over payments

Payroll irregularities amounted to **GH¢3,204,156**. This included payroll irregularities of **GH¢2,440,708** at the Benin mission in Cotonou where Miss Vivian Asempapa and Mrs. Ofosu Appiah were wrongly paid a total sum of **CFA 2,789,980**. And a further sum of **CFA 4,997,830** supposedly paid to a cook and a butler at the residence of the Head of Mission.

Stores procurement irregularities

The irregularities covered items paid for but not supplied, items/fuel purchases not taken on ledger charge and procurement without alternative price quotations all of which amounted to abuse of the procurement laws.

Contract irregularities

Contract irregularities of **GH¢229,685** were as a result of non-compliance with the Public Procurement Act, 2003 (Act 663).

Staff rent arrears

Staff rent arrears of **GH¢45,083** were caused by failure to deduct rent at source from staff members' salaries.

3.1 MINISTRY OF FINANCE AND ECONOMIC PLANNING (MOFEP)

YEAR ENDED 31st DECEMBER, 2009

NON-FINANCIAL IRREGULARITIES

The VAT Service incurred a budget over-run of **GH¢432,003**. This means that it spent that much money over and above what they were authorized to spend in that year. This contravenes Regulation 170 of the Financial Administration Regulations.

SUMMARY OF FINANCIAL IRREGULARITIES

The summary of financial irregularities at MOFEP in the year ended 31st December, 2009 was as follows:-

DETAIL	AMOUNT (GH¢)
Tax irregularities	6,746,375
Cash irregularities	1,287,463
Outstanding loans	3,491,908
Payroll overpayments	346,872
Stores/Procurement irregularities	116,892
Contract irregularities	3,525
TOTAL	11,993,035

Tax irregularities

There were tax irregularities such as:-

- Failure to withhold tax.
- Uncollected taxes.
- Failure to charge interest and levy penalty on tax defaulters.
- Failure to obtain VAT invoices.

All such tax irregularities detected by the auditors amounted to **GH¢6,746,375**.

Cash irregularities

- Inappropriate payment of top up allowances.

A total amount of **GH¢913,901** was wrongfully paid to some staff members at MOFEP. These were allowances which under existing policy guidelines should not have been paid. The staff members were from the Minister's Secretariat, the Chief Director's Secretariat and the Budget and Economic Management Divisions. In most cases, the auditors observed that the top up allowances of the beneficiary officers were denominated in US Dollars and were higher than their gross monthly salaries.

● **Sponsorship for further studies**

An officer who was due to go on retirement was sponsored to undergo further studies at GIMPA at a cost of **GH¢18,258** as per letter dated 23rd September, 2008. Shortly after the commencement of the course, the officer Mrs. Effie B. Simpson retired from the civil service on attaining the age of 55.

● **Cash misappropriation**

An Accounts Clerk at Apam misappropriated cash totaling **GH¢72,738**. Another store keeper in Cape Coast could not account for revenue totaling **GH¢2,157**.

● **Unauthorized payment vouchers**

Twelve payments worth **GH¢89,437** were made by the Apam District School Feeding Programme without authorized supporting payment vouchers.

● **Un-acquitted payment vouchers**

There were a number of un-acquitted payment vouchers in five departments under MOFEP with total face value of **GH¢101,081**.

● **Payments without payment vouchers**

The Statistical Service could not produce twenty six payment vouchers to support total payment of **GH¢38,274**. Similarly, Dodowa and Apam Treasury Offices were unable to present payment vouchers totaling **GH¢51,617** for audit.

● **Outstanding loans**

Four oil marketing companies owed a total of **GH¢3,491,908** as at 31st December, 2009 to CEPS in respect of oil lifting.

Payroll overpayments

- In Dodowa un-earned salaries totaling **GH¢19,447** were wrongfully paid to six separated staff.
- In five district treasury offices unclaimed salaries totaling **GH¢78,578** were being held by various Commercial Banks instead of being transferred into the Consolidated Fund.
- As a result of incorrect calculation of pension benefits there was an overpayment of death gratuities and payments to deceased pensioners amounting to **GH¢248,247**.

● **Contract irregularities**

There was a payment of **GH¢3,525** to a building contractor which was not supported with a certification or an inspection report from an architect or engineer.

3.2 MINISTRY OF EDUCATION YEAR ENDED 31st DECEMBER, 2009

FINANCIAL IRREGULARITIES

The summary of financial irregularities detected by the Auditor General for the year ended 31st December, 2009 was as follows:-

DETAIL	AMOUNT (GH¢)
Cash irregularities	379,960
Outstanding loans	236,266
Payroll overpayments	59,078
Stores / Procurement irregularities	41,725
TOTAL	717,029

Cash irregularities

Supporting documents could not be produced to authenticate payments made of **GH¢379,960**.

Outstanding loans

Total loans of **GH¢ 236,266** were outstanding as follows:

DETAIL	AMOUNT (GH¢)
Staff debtors	54,100
Sports fees owed by educational institutions	130,431
Others	51,735
TOTAL	236,266

Payroll Irregularities

There were payroll irregularities of **GH¢59,078** being unearned salaries paid to separated (retired, resigned or sacked) staff.

Stores Procurement Irregularities

There was non-compliance with laid down procurement rules and procedures as well as store regulations. Fuel purchases were not routed through stores records and vehicle log books and there was payment for some unsupported items. Stores and procurement irregularities for the year was **GH¢41,725**.

Non Financial Irregularities

The Internal Audit Unit Manual of the Ministry requires that the Unit undertakes regular independent appraisal of the activities of GES and issue periodic appraisal reports to ensure efficiency and economic use of resources.

During the year under review the Unit did not review and appraise activities performed and financed from the Director General's Account and HIPC funds at GES. There was no evidence of pre or post audit and no internal audit reports were issued.

3.3 MINISTRY OF HEALTH YEAR ENDED 31 DECEMBER, 2009

FINANCIAL IRREGULARITIES

The summary of Financial Irregularities of the Ministry of Health for the year ended 31st December, 2009 was as follows:-

DETAIL	AMOUNT (GH¢)
Tax irregularities	33,837
Cash irregularities	602,945
Outstanding loans	4,927,998
Payroll overpayments	145,534
Stores/Procurement irregularities	390,191
Contract irregularities	10,000
Staff rent arrears	10,793
TOTAL	6,121,298

Cash irregularities

There were instances of misappropriation of revenue totaling **GH¢140,683** as a result of weak supervision over revenue collectors and accounting officers.