

EDUCATION ACCOUNTABILITY REPORT II



**(A SUMMARISED REVIEW OF THE KEY FINDINGS AND
RECOMMENDATIONS IN THREE DIFFERENT 2020 AUDITOR
GENERAL'S REPORTS IN GHANA'S EDUCATION SECTOR)**

Introduction

Africa Education Watch (Eduwatch) works with Civil Society Organizations, Governments, and the Private Sector to promote an equitable, accountable, and responsive education system that assures of quality and equal opportunities for all. As part of our mandate to promote accountability in the use of public funds to develop education, we have been collaborating with the Audit Service to advocate the implementation of recommendations in audit reports on the education sector to improve governance and accountability systems in Education Sector Institutions (ESIs).

Eduwatch publishes the Education Accountability Report (EAR) annually as a summarized guide to aid in advocating the implementation of major recommendations in the most recent Auditor General's (A-Gs) reports in the education sector of Ghana. The second edition of the report, EAR II, focuses on three different A-Gs reports on Pre-University Educational Institutions, Technical Universities, and the Ministry of Education (MoE) together with its Departments and Agencies for the year ended 31st December, 2020. It reviews and summarizes the A-G's audit findings and recommendations in areas relating to cash, tax, payroll, contract, asset, and procurement and stores irregularities, and makes further recommendations to improve accountability in the management of public funds in ESIs.



SUMMARY OF FINDINGS AND RECOMMENDATIONS

- a. Pre-University Educational Institutions could not account for GH¢41,778,456.97 in financial irregularities, indicating a 78% increase from the 2019 value of GH¢23,492,458.34.
- b. Technical Universities recorded a 92.32% decrease in quantum of amount involved in financial irregularities from the 2019 figure of GH¢170,614,483.00 to GH¢13,093,026.00 for the 2020 financial year.
- c. The Ministry of Education (MoE) and its Departments and Agencies could not account for a total amount of GH¢21,903,228.16 due to financial irregularities for the year ended 31st December 2020.
- d. This report recommends that, the Audit Service should consider dedicating the first section of its Audit Reports to reviewing compliance with previous audit recommendations. It further calls on the Presidency/Ministries to hold Governing Councils and Boards of the respective ESIs accountable for non-compliance to Public Financial Management and Procurement Laws and Regulations, while calling for Civil Society and media collaboration to demand action from the leadership of the relevant ESIs on the recommendations of the A-G.

HOW WAS THE REPORT COMPILED?

The report is a summarized review of key findings and recommendations in three different 2020 A-Gs reports on Technical Universities, Pre-University Educational Institutions, and the MoE and its Departments and Agencies. Data was collected through a review of three 2020 Audit Reports by staff of Eduwatch and analysed with data from previous years' Audit Reports (i.e., 2018 and 2019) to observe the trends in compliance. The reviewed reports are:

- a. Report of the Auditor-General on the Public Accounts of Ghana – Pre-University Educational Institutions for the year ended 31st December, 2020.
- b. Report of the Auditor-General on the Public Accounts of Ghana – Ministry of Education, Departments and Agencies for the year ended 31st December, 2020.
- c. Report of the Auditor-General on the Public Accounts of Ghana – Technical University for the year ended 31st December, 2020.

KEY FINDINGS

Pre-University Educational Institutions

A total of 813 Pre-University Educational Institutions in the sixteen (16) regions were audited by the A-G for the year ended 31st December, 2020. These educational institutions comprise of 505 Senior High Schools, 134 Senior High Technical Schools, 50 Colleges of Education, 27 Special Schools, 18 Vocational Institutes, 1 Senior High Commercial School, 1 Technical College of Education, 7 Agric Senior High Schools, 37 Nursing and Midwifery Training Schools, 29 Technical Institutes and 4 Community Day Senior High Schools.

Financial irregularities occurred in cash management, procurement and stores, payroll, contract management, and tax infractions in all 16 regions, with significant volumes of financial irregularities recorded in contract management (34%), cash management (31.8%) and procurement/stores irregularities (31.6%), with payroll (1.6%) and tax infractions (0.9%) accounting for the least. Compared to 2019, contract irregularities, among the 5 variables, recorded the highest increase of 827% from GH¢1,523,213.32 in 2019 to GH¢14,114,073.52 in 2020, followed by cash management irregularities, which recorded a 99% increase from GH¢6,713,698.31 in 2019 to GH¢13,352,792.21 in 2020. There were, however, declining trends in payroll (-7.6%), procurement/stores (-2.2%) and tax irregularities (-60.8%), giving an indication of some progress in compliance, as depicted in Table 1.

Table 1: Trend of Financial Irregularities

Type of Irregularity	2018 Amount (GH¢)	2019 Amount (GH¢)	% change over 2018	2020 Amount (GH¢)	% change over 2019
Cash Management	8,690,973.72	6,713,698.31	-22.8%	13,352,792.21	98.89%
Procurement /Stores	6,093,421.23	13,547,650.14	122.3%	13,246,146.53	-2.23%
Payroll	398,947.46	746,087.60	87%	688,955.46	-7.66%
Contract	1,742,522.83	1,523,213.32	-12.6%	14,114,076.52	826.60%
Tax	329,081.42	961,808.70	192.3%	376,495.25	-60.86%
Total	17,254,946.66	23,492,458.34	36.1%	41,778,465.97	77.84%

Source: Report of the Auditor-General on the Public Accounts of Ghana – Pre-University Educational Institutions for the year ended 31st December, 2020.

While the infractions for 2020 were similar to those in the preceding years; the incremental trend in the percentage of funds constituting financial irregularities raises very serious concerns on compliance to previous A-G's report and existing systems, regulations and laws relating to public finance management and procurement. For instance, while there was an increase in the volume of financial irregularities by 36% between 2018 and 2019, the 2020 figure of GH¢ 41.7 million represented a wider increase of 77.8% from 2019. This, according to the A-G is due to lack of commitment on the part of managements of these institutions to implement audit recommendations and to sanction offenders to enforce compliance with regulations.

Regional Analysis of Financial Irregularities.

Table 2 presents the regional breakdown of the various categories of financial infractions as noted in the A-G's report for 2020. As indicated earlier, whereas the overall quantum of funds involved in the reported irregularities increased by 77.8% over 2019, the report also shows significant increases on regional basis. Regions such as Upper West (GH¢ 10 million), Ashanti (GH¢ 7.5 million), Western (GH¢ 6.7 million) and Central (GH¢ 4.5 million) led the chart in terms of volume of financial irregularities for 2020, taking over from Central (GH¢ 5.5 million) and Upper West (GH¢ 2 million) in 2019 as regions with the highest volume of financial irregularities in 2019.

Table 2: Regional Breakdown of % Difference in Amounts Involved in Financial Infractions between 2019 and 2020 Figures

Regions	Amount Involved in Financial Irregularities in GH¢		Difference GH¢	% Difference (+ or -) over 2019
	2019 Amount	2020 Amount		
Western	907,924.36	6,782,906.74	5,874,982.38	+647
Western North	551,769.22	1,608,181.28	1,056,412.06	+191
Volta	643,529.93	1,299,576.85	656,046.92	+102
Upper West	2,068,528.05	10,094,169.38	8,025,641.33	+388
Upper East	6,698,891.72	1,062,904.48	-5,635,987.24	-84
Savanna	3,151.80	650,094.13	646,942.33	+20,526
Oti	237,263.45	442,569.78	205,306.33	+87
Northern	857,072.46	425,331.44	-814,741.02	-50
North East	148,926.52	2,582,462.58	2,433,536.06	+1,634
Greater Accra	2,527,305.14	1,106,190.38	-1,421,114.76	-56
Eastern	1,877,592.94	1,174,176.69	-703,416.25	-37
Central	5,071,408.40	4,569,918.87	-501,489.53	-10
Bono	78,343.89	764,736.39	686,392.5	+876
Bono East	394,754.66	1,165,334.10	770,579.44	+195
Ashanti	998,889.76	7,510,768.13	6,511,878.37	+652
Ahafo	427,106.04	539,144.75	112,038.71	+26

Source: Report of the Auditor-General on the Public Accounts of Ghana – Pre-University Educational Institutions for the year ended 31st December, 2020.

A review of the quantum of irregularities on regional basis in 2019 reveal newly formed regions including Savanna (GH¢3,151), Bono (GH¢78,343), North East (GH¢148), Oti (GH¢237,263.45), Bono East (GH¢394,754.66) and Western North (GH¢551,769.22) recorded the least amounts because they had the lowest number of institutions. However, the 2020 Audit Report shows an increase in the volume of financial irregularities in the new regions, with Savanna, North East and Bono recording percentage increases of 20,526%, 1,634% and 876% respectively, indicating no correlation between the number of institutions in a region and the volume of financial irregularities, and perhaps, giving credence to previous findings by the A-G and key informant suggestions that, weak internal audit capacity in many institutions is primarily responsible for the recurring financial irregularities.

The downward trends observed in the volume of financial irregularities in the Northern, Upper East, Greater Accra, Eastern and Central regions, recording respectively, 95%, 84%, 56%, 37% and 10% decreases in 2020, compared to 2019, is therefore, an indication of a gradual improvement in internal audit capacity and compliance to public financial management laws, regulations and procedures in those regions.

Another regular observation in the A-G's report is the finding that, 79 GETFund and other special funded projects under construction in 27 institutions in eight (8) regions had been delayed or abandoned for periods up to 14 years contrary to Section 7 of the Public Financial Management Act, 2016 (Act 921) which stipulates that a Principal Spending Officer shall ensure the regularity and proper use of money appropriated in that covered entity. Key informants indicate that the age-old issue of abandoned GETFund projects is both financial and political; requiring an expedient approach. Governments must be intentional on completing projects of predecessors to minimize the cost to the nation, as the continued delay in completing these projects accumulates avoidable cost overruns by contractors. However, with GETFund capped at 25% and partially securitized by the Ministry of Finance, the immediate ability to finance the completion of these abandoned/delayed projects remains uncertain without a demonstrable political will.

Selected ESIs

The ESIs audited include the MoE and agencies – the Ghana Education Service (GES), Ghana Library Authority (GhLA), Non-Formal Education (NFED) - now Complementary Education Agency (CEA), National Council for Curriculum and Assessment (NaCCA) and the Free Senior High School Secretariat.

The Audit Report revealed that, financial irregularities recorded in the ESIs amounted to GH¢ 21.9 million; resulting from irregularities in contract management, payroll, cash management, taxes, outstanding debt/loans/advance, and store/procurement. Cash irregularities recorded the highest (94%) volume of financial irregularities which valued at GH¢20,672,033.36, with tax (0.09%) and contract (0.02%) recording the least, per Table 3.

Table 3: Summary of Irregularities at the Ministry of Education and its Departments and Agencies for 2020

Irregularity	Tax	Cash	Debt/ Loans/ Advance	Payroll	Stores/ Procurement	Contract	Total
Amount (GH¢)	20,683.00	20,672,033.36	7,675.00	601,282.00	596,554.80	5,000.00	21,903,228.16
Percentage	0.09%	94.38%	0.04%	2.75%	2.72%	0.02%	100

Source: Report of the Auditor-General on the Public Accounts of Ghana – Ministry of Education, Departments and Agencies for the year ended 31st December, 2020.

While most of the irregularities were recorded at GES District Offices, in terms of volume, they are quite minimal. About 90% of the volume of financial irregularities occurred in only two reported actions. The first and largest is a cash irregularity under the MoE where the Free Senior High School Secretariat was reported to have misapplied a total of GH¢19,217,802.00 meant for various planned activities of the Free SHS. These funds were advanced to NaCCA and GES for implementing activities under the Ghana Accountability and Learning Outcomes Project (GALOP). This action, according to the A-G, contravened Section 7 of the Public Financial Management Act, 2016 (Act 921) which stipulates that a Principal Spending Officer in a covered entity shall ensure the regularity and proper use of money appropriated in that covered entity.

The second is a significant finding on payroll administration, where the A-G’s report revealed the apparent lack of responsiveness of heads of some ESIs in ensuring the deletion of names of separated staff from their payroll. The A-G identifies 63 staff who after vacating their posts, were still being paid unearned salaries amounting to GH¢601,282.10.

It is worth mentioning that the practice of separated staff continuing to receive their salaries is a recurring one in every A-G’s report in the education sector. While key informants blame the bureaucracy involved in taking off such persons from the public payroll as the challenge responsible for this age-old scenario, others see the lack of responsiveness by some ESI heads as deliberate, raising suspicions of possible connivance with the beneficiary ‘ghost names’ to share their unearned salary. Further investigations are required by security agencies to ascertain the actual cause of the delayed responsiveness of some ESI heads to delete the names of former staff from their payrolls to establish any possible individual or systemic complicity that requires remedy.

Technical Universities

Institutions audited for the year ended 31st December, 2020 included Tamale, Bolgatanga, Cape Coast, Ho, Koforidua, Kumasi, Wa, Accra, Takoradi and Sunyani Technical Universities.

The A-G's audit report on Technical Universities for the year ended 31st December, 2020 recorded a total amount of GH¢13,093,025.55 in various irregularities including contract, tax, store, procurement, cash, payroll and outstanding debtors/loans/recoverable charges. The outstanding debts/loans/recoverable charges accounted for the highest percentage (29.77%) in terms of the amount involved in the financial irregularities whereas tax accounted for the least percentage (0.07%) as presented in Table 4. Overall, the 2020 A-G's report unearths a significant positive situation of a 92% reduction in the volume of funds involved in financial irregularities as compared with the amount involved in 2019 (GH¢ 170,614,483).

Table 4: Trend Analysis of Irregularities (2019 and 2020)

Type Of Irregularity	2019 GH¢	% of 2019 Total Amount	2020 GH¢	% of 2020 Total Amount	% Change (+ or –) over 2019
Outstanding Debtors/Loans/ Recoverable charges	8,094,230	4.74	3,897,983	29.78	-51.84
Cash	7,925,991	4.64	3,412,427	26.06	-56.95
Payroll	262,571	0.15	283,998	2.17	8.16
Procurement	48,960,038	28.70	1,898,239	14.50	-96.12
Tax	23,242	0.01	8,671	0.07	-62.69
Stores	3,240	0.00	258,015	1.97	7863.43
Contract	105,345,171	61.74	3,333,692	25.46	-96.84
Total	170,614,483	100%	13,093,026	100%	-92.33

Source: Report of the Auditor-General on the Public Accounts of Ghana – Technical University for the year ended 31st December, 2020

Trends in Financial Irregularities in Technical Universities from 2017 to 2020

An analysis of the trends in financial irregularities identified in the 10 Technical Universities between 2019 and 2020 reveal that, while majority (61.74%) of the breaches occurred in the category of contracts irregularities in 2019, outstanding debtors/loans/ recoverable charges topped the chart of irregularities in 2020 with 29.78%, followed by cash irregularities which increased its comparative percentage share of the volume of financial irregularities from 4.6% in 2019 to 26.06% in 2020, in spite of a reduction in the actual value of financial irregularities from GH¢ 7.9 million to GH¢ 3.4 million in 2020. Procurement irregularities was the third dominant in 2020 accounting for 14.50% of total financial irregularities, compared to 2019 where it was second with 28.70% of the total value of the irregularities.

CONCLUSION

The 2020 A-G's Reports on ESIs, like previous reports, recorded various forms of financial irregularities valued at a total of GH¢41,778,456.97 in Pre-University Educational Institutions, GH¢13,093,025.55 in Technical Universities and GH¢21,903,228.16 in selected ESIs under the MoE. These unaccounted funds resulted from malfeasance, cash management, procurement and stores, contract management, payroll, asset management, rent payments, advances and tax irregularities. While there were improvements in Technical Universities by a 92% reduction in the volume of funds involved in financial irregularities recorded in 2020 as against 2019, pre-university institutions, including second cycle schools recorded an increase of 78% in financial irregularities in 2020, as compared to 2019, with newly formed regions performing poorly compared to established regions. This obviously is due to weak internal audit and financial management capacity. Cases of former staff receiving salaries after vacating their posts, abandoned projects, over payment of salaries, non-payment of withheld taxes etc., continue to recur in successive A-G's reports in the education sector. These raise the need for a sustainable solution to minimize the recurrence of financial irregularities and demand accountability from persons found culpable of participating in the irregularities.

RECOMMENDATIONS

The following recommendations are hereby proffered to improve and ensure strict adherence to both local and international financial regulations and best practices among ESIs.

1. The MoE and the Office of the President must hold members of the Boards of Directors and Governing Councils of ESIs responsible for major financial irregularities in the A-G's reports. Board members who supervise the occurrence of significant financial irregularities should be dismissed.

2. Boards of ESIs must be oriented on their roles in ensuring compliance with Public Financial Management and Procurement Laws and Regulations, and supervise the implementation of Audit Report recommendations by their management, and appraised accordingly by the appointing authority.
3. The MoE must develop a plan to complete all the 79 abandoned infrastructure projects identified in the report. The plan must include a reliable source of funding and timelines for completion.
4. The MoE must adopt a robust monitoring system to ensure all misappropriated funds identified in the A-G's reports are duly recovered from various agencies, departments, institutions and individuals and feedback submitted to the A-G.
5. The MoE must consider conducting medium term internal auditing of its agencies before the end of the fiscal year. This will enhance their external audit readiness.
6. The MoE must in collaboration with the Audit Service and the Public Service Commission ensure qualified internal auditors are deployed to all ESIs in the newly created regions, while building the capacity of existing ones.
7. The Audit Service should consider allocating the first section of its reports to review the implementation of recommendations made in the previous year's reports and sanction appropriately.
8. The Public Accounts Committee of Parliament must demand an appraisal of the implementation of Audit Recommendations in previous Audit Reports ahead of their public hearings on new audit reports.
9. Civil Society Organisation and the media must collaborate to demand action from ESIs in the implementation of audit report recommendations to achieve accountability in the management of education sector funds.
10. Heads of ESIs whose agencies were cited for major breaches should be sanctioned publicly to deter others from repeating same. This includes staff of ESIs or related agencies whose actions or inactions may have led to the continuous payment of separated staff.

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