

RESPONSE TO PERFORMANCE AUDIT REPORT – SCHOLARSHIP 2012- 2018

INTRODUCTION

1. GETFund was established by an Act of Parliament-Ghana Education Trust Fund Act, 2000 Act 581.
2.
 - 1) the object of the Fund is to provide finance to supplement the provision of education at all levels by Government.
 - 2) For the purpose of attaining this object, the monies from the Fund are to be expended as follows:
 - (a) to provide financial support to the agencies and institutions under the Ministry of Education, through the Ministry, for the development and maintenance of essential academic facilities and infrastructure in public educational institutions, particularly, in tertiary institutions;
 - (b) *to provide supplementary funding to the Scholarship Secretariat for the grant of scholarships of gifted but needy students for studies in the second-cycle and accredited tertiary institutions in Ghana;*
 - (c) to contribute monies from the Fund towards the operation of student loans schemes for students in accredited tertiary institutions through loan scheme mechanisms and agencies, approved by the Minister;
 - (d) to provide through National Council of Tertiary Education, grants to tertiary institutions;
 - (i) to train brilliant students as members of faculties;
 - (ii) to undertake research and other academic programmes of relevance to national development; and
 - (e) *to provide monies to support such other educational activities and programmes for the promotion of education as the Minister in consultation with the Board may determine.*

Mission;

To support the delivery of quality education to the citizens of Ghana from the basic to tertiary level through dynamic funding policies aimed at ensuring equitable provision of essential resources for all levels of education to all segments of the Ghanaian population.

1 Prior to 2008, GETFund Secretariat allocated and disbursed funds to Scholarship Secretariat in fulfilment of its obligation in section 2(2b) of Act 581. It is observed that GETFund Secretariat discontinued scholarship funding to the Scholarship Secretariat contrary to Section 2(2b) of Act 581 and administered scholarship on its own.

The GETFund Secretariat did not discontinue scholarship funding to the Scholarship Secretariat as alleged in your report. The GETFund disbursed funds to the Scholarship Secretariat up to 2009 and not 2008 as reported. In 2009 and 2010 the Scholarship Secretariat submitted a schedule of fees and stipends due Ghanaian Students studying abroad for the GETFund to transfer same to the Ghanaian Missions abroad. In 2011 as part of special allocations towards social intervention programmes, at the instance of Government, an amount of GHS 22m (twenty two million Ghana Cedis) was allocated and released to the scholarship Secretariat. Since then the GETFund has never received any request for release of funds from the scholarship Secretariat until in 2017. Contrary to your observation in *section 1* of your report, GETFund provides **supplementary funding** according to Section 2(2b) of the GETFund Act, 2000 (Act 581), not the entire funding needs of the Scholarship Secretariat. The procedure adopted therefore is for the Scholarships Secretariat to budget appropriately and to request the supplementary, if required. Once received, such requests have until now have been dealt with as and when funds are made available. It is important to stress that the GETFund is not the main source of funding to the Scholarship Secretariat, and because it is supplementary funding, the Fund can only consider and respond to specific requests made by the Scholarship Secretariat. It is not the case or the intention that the GETFund would make regular allocations and releases to the Scholarship Secretariat, regardless of their needs.

The GETFund administers scholarships under sections 2(2d) and 2(2e) of the GETFund Act 581 and in line with the Distribution Formula (DF) approved by Parliament every year. The focus of the GETFund scholarships is development of faculty for institutions of tertiary education and sponsorship of training programmes in priority areas of national development, particularly, in the area of science, Technology, Engineering and Mathematics and related skills (STEM). Thus, this is unlike the purpose of the supplementary funding that would be given to the Scholarship Secretariat.

2 It is again observed that in administering the scholarships, GETFund Secretariat did not establish any systems, policies and procedures to ensure the economic, efficient and effective use of public funds. The GETFund Administrator, at his discretion, made all decisions on who to award scholarships, leading to the imprudent administration of scholarships from 2012 to 2018.

We disagree with the notion that the scholarships are not being managed efficiently and effectively. Management response is captured in your report for 2012-2016 from the Former Administrator. The responses provided here relate to the period 2017 – 2018.

As must have been apparent from the audit, from 2012 to 2016, applications for GETFund scholarship were received from qualified Ghanaians to support them financially to further their studies. These applications were originally receipted and logged and submitted to the office of the Administrator. These applications were vetted and selected based on the relevance of the course of study to the manpower needs of the country and based on Government policy at the time. The selection was done by management and when approved, they were sent for processing of award letters to beneficiaries and payment of fees and stipends to the institutions and students.

It should be noted that with the appointment of the current Administrator and the new Board of Trustees on 14 March 2017, the processes for receipt and award of the scholarship in May 2018 could not have changed much. Meanwhile, the system inherited in 2017 was immediately put under review to get a better understanding of how the entire system worked and to identify weaknesses and fix them. This was the main reason the Board of Trustees, through the Hon. Minister of Education requested for the audit that was carried out.

Improvement to the processing of scholarships since May 2018/19 includes;

The following are some of the changes made to the processes for managing scholarships by the current Board of Trustees:

- Establishment of guidelines by the Board of Trustees
- Adverts on the GETFund website for application of GETFund scholarship
- There is strict deadline period for the receipt of applications.
- Applications are received and coded according to subject specialties
- Coded applications are kept in a file at the Administration unit after the deadline date.

- The sponsored students abroad are now required to execute a bond to return home after their studies and stay and work for at least two years after they return to Ghana.

As a result of going through elaborate due process, significant improvement has taken place in management of the public fund. It must be emphasized that the Board of Trustees maintains close supervision over the work of the Administrator and the Secretariat.

3 With a Board of Trustees in place to oversee the operations of GETFund Secretariat, it was expected that, the Board would restrain the Administrator when the Administrator was going overboard under its watch. Instead, the Board did not exercise its oversight responsibility to restrain the Administrator from using his discretion to award scholarships which depleted the Fund. The Board continuously discussed the way the scholarship budget was being overspent and the need to streamline the spending on scholarship awards but it failed to act on its decisions. GETFund Secretariat through its actions wasted public funds entrusted to its care.

It is significant to note that issues bordering on the Administrator going overboard related to the period 2012-2016. Under the current Board we can confirm that the Board works closely with the Administrator to ensure sound and prudent principles of management of public funds are adhered to. The Board has kept close monitoring of all activities of the GETFund. It is for this reason the Board Sub Committee on Education has overseen the setting of the selection criteria and approved by the Board.

The following is the process in place now to ensure efficient and effective system

- There is a selection criteria set out by the Education Sub-Committee of the Board of Trustees and approved by the Board.
- A panel was constituted including members of the Education Subcommittee of the Board of Trustees to interview selected applicants for 2019/2020 academic year.
- All applications were scrutinized
- Successful applications were then given final approval by management based on the budget allocated
- Payment is made equitably to all students.
- Payments to beneficiaries are done through the Banks.
- A transfer request is made supported by list of Institutions and beneficiaries for payment.

The Distribution Formula (DF)

A DF is usually prepared by Management on behalf of the Board of Trustees of monies expected to accrue to the GETFund. This is based on the government's objectives and goals for the year which is communicated to the Fund through the Minister of Education. The Formula takes accounts of all the sub-sectors, Agencies and Institutions within the Public Education Sector in the allocation of funds for consideration by Parliament. The Act 2000, (Act 581) and other policy statement of Government requires that some key areas of national interest be taken into accounts including;

- The promotion of the study of Mathematics, Science and Technology
- Advancement of female Education
- Reduction in the high level of deficiencies in some disadvantage areas of the economy
- Promotion of computer, vocational and technical Education, to mention but a few.
- The DF from which all funding decisions were made was prepared in consultation with the Ministry of Education (MoE) and other stakeholders and presented to the Finance Committee of the Board for their due diligence assessment before recommending it to the Board for approval.
- The Finance Committee, after it satisfies itself with due process, presents the DF to the Board of Trustees for approval.
- The approved Formula is then discussed with Parliamentary Select Committee on Education. This discussion with the Committee is led by the Minister of Education. Where changes are recommended, these may be brought back to the Board where necessary for consideration
- The final approved Formula is submitted to Hon. Minister of Education who submits same to the Rt. Hon. Speaker of Parliament with a covering letter. It is important to note that even at the floor of Parliament changes can be made to the DF where necessary before given approval for implementation.

All Agencies benefiting from the DF would then write to the GETFund to request for the release of their allocations through the relevant authorizing bodies and this is considered whenever funds are made available from the Minister of Finance.

The GETFund scholarship is mandated per the DF approved by Parliament. The GETFund Scholarship is administered per academic year and not fiscal year as observed in your report. This may have been the reason for the observation that the budgets for the period were exceeded during implementation.

There is prudent management of public funds at the GETFund because there is a DF which the Board supervised in its preparation. The Board of Trustees meet regularly as required by law during the period. In some instances, emergency meetings were held to consider significant issues presented by management hence matters relating to scholarship were not left to the Administrator to make decisions at his own discretion.

4 GETFund Secretariat did not institute measures to ensure scholarship expenditures stayed within scholarship budgets. The GETFund Secretariat exceeded scholarship allocation amount by 300 per cent from 2012 to 2014 and 100 per cent in 2015, 2016 and 2018; whilst in 2017, it exceeded its budgetary allocation amount by 60.98 per cent.

We also contest the alleged budget overrun over the period since this Board has been in-charge. As presented in Table 1 below, there is no budget overrun for 2017 and 2018.

Table 1 – Allocation and Cost of Scholarship

<i>Year</i>	<i>Scholarship Allocation (GHS)</i>	<i>Total Amount Spent (GHS)</i>
2017/18	53,809,000	53,084,614
2018/19	45,000,000	30,993,241

There appears to be a fundamental error in the calculation of your expenditure on scholarship as;

- a. The Board makes decision based on the approved budget
- b. Decisions are closely tied to the budget for the year
- c. There is assurance that no budget overrun under the watch of the current Administrator and Board of Trustees.

The scholarships are administered per academic year and not fiscal year and this ought to inform the analysis of budget and expenditure.

However, one of the most likely instances in which, this may happen is when students encounter challenges with their research work and need a period of extensions with additional provision for

stipends, or foreign exchange volatility. And so, as explained by the Former Administrator and captured in your report in paragraph 79, it would be prudent to support students who have encountered challenges in their studies to complete their programmes instead of abandoning them and put to waste all previous payments made.

5 Additionally, GETFund failed to establish a robust selection process to ensure the scholarships were granted to gifted but needy Ghanaians. The selection process for scholarship award by GETFund Secretariat was non-structured, unfair, dominated by one person and porous. This allowed unqualified applicants to benefit rather than brilliant but needy Ghanaians as contemplated by Act 581.

We respond as follows;

- This is not the experience of the current Board
- From 2017 there is sufficient evidence of significant changes to the scholarship administration and in 2019/2020 academic year, interview system have been introduced
- The issue of gifted and needy Ghanaians students is and express part of Scholarship Secretariat's mandate and focus. Ours is focused on skills development for the development of the economy as well as faculty development for the accredited tertiary institutions.
- Whereas Section 2(2b) of the GETFund Act, 2000 (Act 581) requires the Board to provide supplementary funding to the Scholarship Secretariat for the granting of scholarship to gifted but needy students for studies in the second cycle and accredited Tertiary Institutions in Ghana, section 2(2e) mandated GETFund to provide monies to support such other educational activities and programmes. Section 2(2d) and 2(2e) form the basis of the mandate of sponsorship of applicants.
- This mandate is peculiar to the Fund and historically stakeholders have seen the need for specific and critical areas of training needs locally and abroad for the promotion of education and to help talented Ghanaian students to develop the needed manpower skills for Government business in specific, and generally for the manpower needs of the Country. This includes sponsorship for short courses and training programmes. This was done in consultation with key stakeholders and was duly provided for in the budget and approved by Parliament.

The following is the process in place;

- There is a selection criteria set out by the Education Sub-Committee of the Board of Trustees and approved by the Board.
- A panel is constituted including members of the Education Subcommittee of the Board of Trustees for the interviewing of selected applicants from 2019/2020 academic year.
- All applications are scrutinize
- Successful applications were then given final approval by management.
- Payment is made equitably to all students.
- Payments to beneficiaries are done through the Banks.
- A transfer request is made supported by list of Institutions and beneficiaries for payment.

As reported under paragraph 3 above, under the current Board we can confirm that the Administrator is working with the Board to ensure sound and prudent principles of management of public funds are adhered to. The Board has kept close monitoring of all activities of the GETFund. It is for this reason the Board Sub Committee on Education has overseen the setting of the selection criteria and approved by the Board. It is therefore untrue to conclude that the entire process is dominated by one person resulting to unqualified applicants benefiting from the scholarships awarded at GETFund.

We have also taken notice of the selection process of GNPC as captured in your report. This will be studied for consideration.

6 Finally, GETFund did not institute controls to secure the efficient and effective disbursement of public funds resulting in the payment of GHS 1,895,238.31 for course extensions, change of schools and cost of deferrals which could have been minimized. Refer to paragraph 78 of your report for responses from the Former Administrator for the period 2012-2016.

For 2017 to 2019, there have been isolated cases of extensions and deferrals. This is applicable to Doctoral Degrees (Phd) under certain necessary conditions. The school would normally write to GETFund for the justification of the extension and mostly cover cost of living expenses and not fees. We have also instituted monitoring systems to ensure that the system is not abuse. However the following controls have been put in place to ensure efficient and effective spending of public funds regarding the scholarships;

- a) Evaluate scholarship management process to determine if collaboration exist and timely communication across the all departments exist to review when there is adverts on the GETFund website with detail information and requirement for the application of scholarships in line with budget
- b) Documentation exist of the roles and responsibilities of the key personnel involved in the management of our scholarship system
- c) Development and monitoring of organization wide scholarship reporting systems to enable adequate review and feedback to all stakeholders for appropriate decision making
- d) Accounting and Financial management recording and reconciliation of scholarship systems are adequately assigned to qualified personnel for accountability and performance review
- e) There is adequate evaluation of scholarship management processes to determine if leading practices from other Institutions are in place
- f) There is selection criteria set by the Education Sub-Committee of the Board to ensure that all conditions and requirements prescribed by the Board are met and followed.
- g) Establishment of Scholarship Committee to critically evaluate all awardees were rigorously vetted in line with the selection criteria set out by the Education Committee of the Board of Trustees.
- h) All applications are coded according to subject specialties to enable the selection team met the requirement of the GETFund Act
- i) Award letters are clearly instructive to awardees of what is expected of them before, during and after completion of their courses. Award letters clearly states that under no circumstances should extension or deferral be made without prior authorization of management in consultation with the Board. All students have been formally informed that no further financial commitment will be considered if these instructions were not adhered to.
- j) All approved scholarships are pre audited and signed by relevant officers before payment request to the Bank
- k) All payments are verified by the Audit department before payment and transfers are made. This is signed by the Administrator, the Board Chairman and another member of the Board of Trustees. In the absence of the Board Chair, two other Trustees signs.
- l) Quarterly scholarship management report to be submitted by the scholarship committee to management for review.

Other relevant miscellaneous information

Validation of information in the Audit Report

In paragraph 13 you reported that the GETFund Administrator (2017-2019) provided responses to the audit report which were incorporated in your report. We wish to draw your attention to the fact that the Administrator did not provide any response to your audit observations in respect of the period 2017-2019 because you did not give him the opportunity to do so. This contradicts the requirement of professional practice of auditing. You did not discuss your findings with management and the only correspondence on the audit after your fieldwork was the management letter reference PSAD/PAU/PROJS/A/05 dated 16 August 2019.

Administrative process

Selection Criteria for beneficiaries of GETFund scholarship from 2018/2019 were carried out by the Education Sub-Committee and approved by the Board of Trustees.

Paragraph 39

The Board of Trustees are active in the exercise of their oversight responsibilities as stated and required by law.

40. GETFund Secretariat exceeded the allocations for scholarships and yet could not meet all its commitments causing hardships to beneficiaries

Refer to table1

We do not know where you got your figures from and would have expected that you confirmed this with your auditee before drawing your conclusion.

Paragraph 48 -55

It is unfortunate to conclude that the selection process was porous. We would have appreciated if you were specific to the period to which you have drawn this conclusion since we have provided in 3 above of the selection process of the current scholarships. Hence it cannot be justified that unqualified applicants benefited at the expense of brilliant and needy Ghanaians.

Table 5 of Paragraph 53 indicated that applicants were awarded scholarship without admission letter. All scholarships award were granted based on admission letters submitted by the applicants. Every award letter makes reference to the course/programme of study for which the student is being sponsored to pursue together with fee schedules. These cannot be obtained without sighting the admission letter. It is therefore not accurate that 1,248 beneficiaries did not submit admission letters. The audit team requested for electronic version of the records which was provided. If they failed to obtain the necessary documentation, they should have discussed this with the auditee to corroborate the evidence before drawing such inaccurate conclusions.

Under the current Board we can confirm that the Administrator is working closely with the Board to ensure sound and prudence principles of management of public funds are adhered to. The Board has kept close monitoring of all activities of the Secretariat. It is for this reason the Board Sub Committee on Education has overseen the setting of the selection criteria and approved by the Board.

Additionally, not having English language proficiency result does not render one unqualified for admission as the schools usually would have taken that into account before offering admission. These are mostly waived for applicants from English speaking countries such as Ghana.

Paragraph 70 and 73

The GETFund did not cause inefficient use of public funds in respect of the extensions of programmes as you have suggested in your report. It was clearly stated that the extensions were due to circumstances beyond the control of the fund. Also as reported in our response in paragraph 6 above, there were limited cases of extensions of Doctoral Degree programmes, which were adequately vetted and approved. In the previous draft report, management responses together with the Former Administrator's response captured in the report sufficiently deals with this and so we expected the Auditors to have varied their conclusions.

It is instructive to note that this audit was at the instance of the Board through the Minister of Education. Given the budget overrun in the period 2012-2016, the Board needed to appreciate

the nature of the issues relating to the scholarships and needed to adopt measures to fine tune the scholarship management system. The overall objective of the audit therefore was to help make the scholarship system more efficient and effective.

It is imperative to note that the Administrator on his own cannot award scholarship as this is a shared responsibility with the Board of Trustees. Signing of award letters is only an administrative function.

Conclusion

In our opinion, adequate processes exist for the management of scholarships to qualified Ghanaians. These can be strengthened in scholarship oversight and best practice associated with;

- Documenting the roles and responsibilities of the scholarship unit
- Developing periodic scholarship training for personnel
- Documenting the roles and responsibilities of the new scholarship committee and
- Assigning the cost centre responsibilities to the appropriate department or Managers to enable accurate reporting.

We have noted your recommendation. We however would like to state that whether the Board continues to award scholarship or not is a matter of policy.