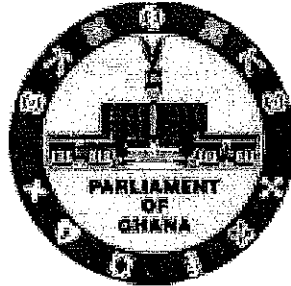


**IN THE FIRST SESSION OF THE SEVENTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA**



**REPORT OF THE
FINANCE COMMITTEE**

ON THE

**2018 ANNUAL ESTIMATES
FOR THE
MINISTRY OF FINANCE**

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11TH DECEMBER, 2017

1.0 INTRODUCTION

The *2018 Annual Budget Estimates for the Ministry of Finance* were laid in the House on Wednesday 15th November, 2017 and referred to the *Finance Committee* for consideration and report in accordance with Article 179 of the 1992 Constitution of the Republic of Ghana and Order 140 (4) of the Standing Orders of the House. This followed the presentation of the Budget Statement and Economic Policy of the Government for the 2018 Financial Year by the Minister for Finance, Hon. Ken Ofori-Atta.

The Hon. Minister for Finance, Mr. Ken Ofori-Atta, Deputy Minister for Finance, Hon Abena Osei-Asare and officials from the Ministry of Finance and its Agencies attended upon and assisted the Committee in its deliberations on the Estimates.

The Committee expresses its gratitude to the Hon. Minister and the Hon. Deputy Minister as well as the officials from the Ministry of Finance for attending upon the Committee.

2.0 REFERENCE DOCUMENTS

In considering the estimates, the Committee referred to and was guided by the following documents:

- i. The 1992 Constitution of the Republic of Ghana
- ii. Standing Orders of the House
- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2018 Financial Year.
- iv. Public Financial Management Act, 2016 (Act 921)

3.0 BACKGROUND

The Ministry of Finance exists to ensure macro-economic stability for the promotion of sustainable growth and development of Ghana and her people through:

- The formulation and implementation of sound financial, fiscal and monetary policies;

- The efficient mobilization, allocation and management of financial resources;
- Establishing and disseminating performance-oriented guidelines and accurate user-friendly financial management information system.
- Creating an enabling environment for investment.

In furtherance of the foregoing, the ministry is committed to the pursuit of excellence, transparency, probity and accountability in the management of financial resources.

4.0 OBJECTIVES AND FUNCTIONS

The goal of the Ministry is to ensure efficient and effective management of the economy towards the attainment of upper middle income status and poverty reduction.

Pursuant to the NMTDPF, there are eight (8) Policy Objectives that are relevant to the Ministry. These are:

- i. Boost revenue mobilization, eliminate tax abuses and improve efficiency
- ii. Improve public expenditure management and budgetary control
- iii. Ensure public debt sustainability
- iv. Develop a financial sector which is more efficient and responsive to private sector needs
- v. Ensure effective and transparent management of oil and gas revenues
- vi. Promote effective and efficient anti-corruption systems, financial integrity and revenue assurance
- vii. Strengthen economic planning and forecasting
- viii. Strengthen national policy formulation, development planning and monitoring and evaluation (M&E) processes at all levels.

The core functions of the Ministry include the following:

- ❖ Mobilization of external and internal resources
- ❖ Allocation of resources to all sectors of the economy
- ❖ Ensuring sustainability of public debt

- ❖ Preparation and implementation of the annual budget and economic and financial statement of Government
- ❖ Management of public expenditure
- ❖ Development and implementation of financial sector policies
- ❖ Development of an efficient financial sector integration into the global financial system
- ❖ Enhancing the institutional capacity of the Ministry and provision of public financial management training for public and private sectors

5.0 2017 BUDGET PERFORMANCE OF THE AGENCIES

MINISTRY OF FINANCE

5.1 FINANCE HEADQUARTERS BUDGET PERFORMANCE AS AT 30TH SEPTEMBER 2017

ITEM	2017 PROVISION GH¢	2017 ACTUAL EXPENDITURE AS AT 30/9/17 GH¢	VARIANCE GH¢	%UTILISATION
Compensation of Employees	30,815,416	14,138,991.89	16,676,424.11	45.88
Goods and Services	241,759,869	32,523,442.35	209,236,425.65	13.45
Capex	2,200,000	283,530	1,916,469.85	12.89
SUB-TOTAL	274,775,284	46,945,964.39	227,829,319.61	17.09
ABFA	1,900,000	1,345,078.00	554,922.00	70.79
Development Partner Fund	60,521,867	4,627,606.21	55,894,260.79	7.65
SUB-TOTAL	62,421,867	5,972,684	56,449,183	9.57
GRAND TOTAL	337,197,151	52,918,647	284,278,502	15.9

Table 1: Source – Ministry of Finance

**5.2 CONTROLLER AND ACCOUNTANT- GENERAL'S DEPARTMENT BUDGETARY
PERFORMANCE AS AT AUGUST 2017 (GH¢)**

SOURCE	2017 APPROVED BUDGET	AMOUNT RELEASED AS AT END AUG 2017	AMOUNT RECEIVED AS AT END AUG 2017	AMOUNT UTILIZED AS AT END AUG 2017	PROJECTIONS TO THE END OF THE YEAR
GOG					
Compensation of employees	162,161,740.00	67,548,633.74	67,548,633.74	67,548,633.74	94,613,106.26
Goods and Services	3,799,929.00	2,124,964.45	803,049.84	803,049.84	2,996,879.16
Capex	800,000.00	-	-	-	-
SUB-TOTAL	166,761,669.00	69,673,598.19	68,351,683.58	68,351,683.58	97,609,985.42
IGF					
Goods and Services	4,919,067.00	5,423,804.12	5,423,804.12	4,663,009.08	1,283,319.88
Capex	1,788,057.00	-	-	-	-
SUB-TOTAL	6,707,124.00	5,423,804.12	5,423,804.12	4,663,009.08	1,283,319.88
DP FUNDS					
Goods and Services	2,074,330.00	2,960,000.00	-	-	-
Capex	8,297,321.00	-	-	-	8,297,321.00
SUB-TOTAL	10,371,651.00	2,960,000.00	-	-	8,297,321.00
GRAND TOTAL	183,840,444	78,057,402.31	73,775,487.70	73,014,692.66	107,190,626.30

Source: CAGD

5.3 FINANCIAL PERFORMANCE OF THE GHANA STATISTICAL SERVICE FOR

JAN TO NOV 2017

(IN GHANA CEDIS)

DETAILS	BUDGET CEILING	CUMMULATIVE EXPENDITURE AS AT NOV 30 2017	BALANCE TO END OF 2017	BALANCE TO END OF YEAR (%)
Compensation	18,703,019	13,464,435	5,238,584	28.0
Goods and Services	1,818,248	1,363,647	454,601	25.0
Assets	300,000	266,517	33,483	11.16
TOTAL	20,821,267	15,094,599	5,726,668	27.50%

SOURCE: GSS

5.4 INSTITUTE OF ACCOUNTANCY TRAINING

BUDGET PERFORMANCE OF THE INSTITUTE OF ACCOUNTANCY TRAINING FOR
2017

SOURCE	APPROVED BUDGET	ACTUAL EXPENDITURE AS AT END SEPT 2017	VARIANCE
Compensation of Employees	1,064,709	695,688.47	369,020.53
Goods and Services	321,808	151,669.54	170,138.46
Capex total	200,000	0	200,000
TOTAL	1,586,517.00	847,358.01	739,158.99

SOURCE: IAT

5.5 2017 BUDGET PERFORMANCE OF THE SECURITIES AND EXCHANGE COMMISSION AS AT END OF SEPTEMBER 2017

(FIGURES IN GH¢ MILLIONS)

YEAR	PERSONNEL EMOLUMENT	GOODS & SERVICES	CAPITAL EXPENDITURE	TOTAL EXPENDITURE	REVENUE FROM IGF
2017 Full Year Outlook	9,300,000	5,600,000	1,100,000	16,100,000	19,000,000
Actuals as at Sept 2017	5,500,000	4,000,000	58000	9,500,000	15,300,000
VARIANCE	3,800,000	1,600,000	1,042,000	6,600,000	3,700,000

Source: SEC

5.6 2017 FINANCIAL PERFORMANCE OF THE FINANCIAL INTELLIGENCE CENTRE

GH¢

	2017 APPROVED BUDGET	ACTUAL RELEASES AS AT SEPT	ACTUAL EXPENDITURE AS AT SEPT	VARIANCE Between Releases and Expenditure
Compensation of Employees	3,531,965.68	2,525,920.50	2,503,773.15	22,147.35
Goods and Services	910,407.00	682,806.22	625,727.39	57,078.83
CAPEX	200,000.00	nil	nil	N/A
TOTAL	4,642,372.68	3,208,726.72	3,129,500.54	79,226.18

Source: FIC

6.0 THE 2018 ANNUAL ESTIMATES FOR THE MINISTRY OF FINANCE

A total amount of **GH¢744,101,856** has been allocated to the Ministry of Finance and its Departments and Agencies for the year 2018. Details of the allocation are as follows:

COMPENSATION OF EMPLOYEES:

Government of Ghana	-	GH¢ 260,270,668
Internally Generated Funds	-	GH¢7,725,061
Donor Sources	-	<u>0</u>
Subtotal:		GH¢267,995,729

GOODS AND SERVICES:

Government of Ghana	-	GH¢114,921,894
ABFA	-	GH¢5,000,000
Internally Generated Funds	-	GH¢9,958,240
Donor Sources	-	<u>GH¢40,081,506</u>
Subtotal:	-	GH¢169,961,640

CAPITAL EXPENDITURE:

Government of Ghana	-	GH¢143,097,670
Internally Generated Funds	-	GH¢2,720,793
Donor Sources	-	<u>GH¢160,326,024</u>
Subtotal:	-	GH¢306,144,487
GRAND TOTAL	-	<u>GH¢744,101,856</u>

6.1 ALLOCATIONS TO DEPARTMENTS AND AGENCIES OF THE MINISTRY.

The amounts stated below represent allocations to the various Departments, Divisions and Agencies of the Ministry of Finance:

6.1.1 Finance Headquarters

The Headquarters of the Ministry has been allocated a total of GH¢450,676,076 to pursue its activities for the 2018 financial year:

Compensation of Employees:	GH¢46,011,496
Goods and Services:	GH¢102,438,556
Capex:	GH¢302,226,024
Total	<u>GH¢450,676,076</u>

This amount would be spent on the various units of the Headquarters as follows:

General Administration	GH¢46,336,174
Budget Division	GH¢15,527,362
Debt Mgt Division	GH¢77,861,363
External economic relations	GH¢96,868,577
Economic research and forecasting	GH¢882,380
Real sector division	GH¢ 7,330,711
Financial Sector Division	GH¢144,961,060
Public investment division	GH¢48,525,804
Monitoring and Evaluation	GH¢1,045,624
Revenue policy division	GH¢11,171,282
Legal Division	GH¢165,739

6.1.2 Controller and Accountant General's Department (CAGD)

For the year 2018, the Controller and Accountant General's Department (CAGD) has been provided the following allocations:

Compensation of Employees: GH¢ 177,705,444

Goods and Services:	GH¢9,189,595
Capex:	GH¢2,173,765
TOTAL	<u>GH¢189,068,804</u>

6.1.3 Ghana Statistical Service (GSS)

The Ghana Statistical Service has been allocated an amount of **GH¢76,950,609** for the 2017 Financial year. The breakdown is as follows:

Compensation of Employees:	GH¢25,703,019
Goods and Services:	GH¢50,947,590
Capex:	GH¢300,000
TOTAL	<u>GH¢76,950,609</u>

6.1.4 Public Procurement Authority (PPA)

For the year 2018, an amount of GH¢5,394,054 has been allocated to the PPA as follows:

Compensation of Employees:	GH¢3,610,418
Goods and Services:	GH¢1,583,636
Capex:	GH¢200,000
TOTAL	<u>GH¢5,394,054</u>

6.1.5 Institute of Accountancy Training (IAT)

The Institute of Accountancy Training (IAT) has been allocated an amount of **GH¢2,811,453** as budget estimate for the 2018 financial year to be spent as follows:

Compensation of Employees	GH¢2,364,708
Goods and Services	GH¢299,075
Capex	GH¢147,670
TOTAL	<u>GH¢2,811,453</u>

6.1.6 Securities and Exchange Commission (SEC)

The Securities and Exchange Commission (SEC) will for the year 2018 generate internally and retain an amount of **GH¢13,248,999** to be spent on its programmes and activities as follows:

Compensation of Employees:	GH¢7,725,061
Goods and Services:	GH¢4,576,910
Capex:	GH¢947,028
TOTAL	<u>GH¢13,248,999</u>

6.1.7 Financial Intelligence Center (FIC)

The Financial Intelligence Center has been allocated a Budget Estimate of **GH¢5,951,861** for the implementation of its programmes and activities for the 2018 financial year. The breakdown is as follows:

Compensation of Employees:	GH¢4,875,583
Goods and Services:	GH¢926,278
Capex:	GH¢150,000
TOTAL	GH¢5,951,861

7.0 OBSERVATIONS AND RECOMMENDATIONS

7.1 Policy Formulation and Implementation

The Committee observed that the Ministry of Finance has a key responsibility of formulating and implementing sound macro-economic policies, effective mobilization and efficient allocation of internal and external resources to all sectors of the economy and ensuring sustainable debt management.

7.2 Finance Headquarters

In the year 2017, the Finance Headquarters successfully prepared and executed the 2017 Annual Budget and Economic Policy of Government. The Ministry also presented a mid-year review of the budget in accordance with the Public Financial Management Act, 2016 (Act 921).

In the year 2018, the Ministry's programmes would include a mid-year review of the 2018 Budget and Economic Policy of Government, attendance and participation in the Spring Meetings, preparation and

dissemination of the PFM Regulations and attendance and participation in meetings with the International Monetary Fund (IMF).

In 2017, the Ministry successfully coordinated two International Monetary Fund (IMF) Mission visits to Ghana and completed the fourth review under the Extended Credit Facility (ECF) leading to an extension of the programme to December 2018.

The Ministry in 2017 prepared and submitted the 2016 ECOWAS Multilateral Surveillance Report and updated the ECOWAS Multilateral Surveillance Statistical Database. The Ministry also participated in the 2017 Mid-year West African Monetary Zone (WAMZ) Finance Ministers (F10) Technical Meeting on the 2018 African Union Budget organized in Addis Ababa, Ethiopia.

7.3 Public Private Partnerships

The Ministry of Finance has facilitated the incremental supply of Public Private Partnership (PPP) projects in the market to attract private interest and investment in line with the PPP policy. The cumulative number of PPP transactions has increased to eleven. These include the Office Complex Project of the Securities and Exchange Commission (SEC) and the Takoradi Port Dry Dock and Integrated Terminals Project which is currently at the PPP procurement stage with expected financial close scheduled for the end of 2017.

The Committee was informed that a total of sixteen Expressions of Interest have been received in respect of the Integrated Terminal at the Takoradi Port.

Again, it is expected that by the end of 2017, the market sounding for the Boankra Inland Port and Eastern Railway Project will be completed by the Ministry.

7.4 Treasury Single Account

The restructuring of Government Accounts at Commercial Banks and the Bank of Ghana was successfully completed in support of the implementation of the Treasury Single Account (TSA). As a result, out of the 4,000 GoG Bank Accounts at commercial banks, 1,985 have been closed and the moneys therein transferred. The TSA process is scheduled for completion in 2018.

7.5 ESLA Bonds

The Ministry of Finance in 2017 sponsored the issue of the Energy Sector Bond on the back of ESLA receivables through a special purpose vehicle ESLA PLC. The bonds which were issued as the first tranche of up to GHS 6 billion under a GHS10 billion ESLA bond programme, comprised of bonds with tenures of 7-years and 10-years. The 7-year bond was said to have been oversubscribed and closed on Friday 27th October 2017, priced at 19% (yield).

7.6 Mid-year Review and Preparation of the 2019 Budget

The Ministry of Finance will in the 2018 financial year continue with its core mandate of sound macro-economic management. The Ministry would among other things prepare and submit to Parliament the Mid-Year review of the 2018 Budget. Also, on the Authority of His Excellency the President, the Ministry will prepare for presentation to Parliament the 2019 Budget and Economic Policy Statement of Government.

7.7 Ghana Statistical Service

The Ghana Statistical Service (GSS) in the year 2017 continued the collection of market price data from 43 market centers nationwide for the purpose of monthly computation of the Consumer Price Index (CPI) in 2018. The year-long data collection phase for the Ghana Living Standards Survey round seven (GLSS-7) is complete, paving the way for the data analysis and report writing to begin. The field data collection for the maternal health survey which took off in June 2017 was said to be completed while the piloting of Agricultural Integrated Survey (AGRIS) is ongoing.

7.8 Financial Intelligence Center

In the year 2017, the FIC successfully coordinated a stakeholder review of the draft Mutual Evaluation Report which was submitted to GIABA. The report was adopted by the GIABA Technical Commission/Plenary held in May, 2017 in Monrovia, Liberia. The

report was then subsequently forwarded to the GIABA Ministerial Committee (GMC) for approval.

Also, an action plan to address the strategic deficiencies identified during the National Risk Assessment (NRA) and Mutual Evaluations (ME) was developed in 2017 and same was approved by the Inter-Ministerial Committee on Anti-Money Laundering for implementation.

In 2018, the Center has programmed to prepare and disseminate 120 Intelligence Reports (IRs) to Law Enforcement Agencies (LEAs) to assist in investigations and prosecutions.

The FIC will also organize outreach/training programmes for six hundred (600) Accountable Institutions (AIs) and Civil Society Organizations (CSOs).

Again, the Center will in 2018 support the establishment of unclaimed asset scheme.

7.9 Controller and Accountant General's Department

In the year 2017, the Controller and Accountant General's Department (CAGD) completed the first phase of the verification of staff on the Government Payroll with SSNIT biometric data. A payroll and personnel verification audit was conducted in three regions resulting in the identification of two payroll issues of overpayment in Bolgatanga of which refunds were recovered to government chest.

The GIFMIS has been rolled out to 54 IGF receiving institutions, including the Korle-Bu, Komfo Anokye, Cape Coast and Tamale Teaching Hospitals. Also 60 MMDAs and three statutory funds (Energy Fund, Road Fund and GETFund) have all been rolled onto the GIFMIS platform. Additionally, the Human Resource Management Information System (HRMIS) has also been rolled out to 21 public institutions.

The CAGD will in 2018 continue to perform its functions of the efficient management of the Treasury System, Payroll and Accounting Operations in the Public Sector.

7.10 Public Procurement Authority

In order to rationalize the management of sole sourced contracts, the Public Procurement Authority (PPA) has established a Due Diligence/ Value for Money Unit to conduct background checks on bidders and establish price reasonableness prior to approval of Single Source and Restricted Tenders. Also, the Standard Tender Documents have been revised to include the Sustainable Public Procurement (SPP) criteria and align them with the Procurement Act, 2016 (Act 914). Again, the PPA online procurement planning software has been enhanced in line with the amended Public Procurement Act for improved procurement planning and management.

7.11 Securities and Exchange Commission

The SEC in 2017 performed its functions of regulating the securities and capital market sector.

To enhance its capacity to deliver superior services for the nation, the Commission will in 2018 acquire a Regulatory Software comprising a Regulatory Compliance Portal, Market Surveillance Software, and a Risk Management Software to enable it to better supervise and regulate the sector.

The Commission further intends to purchase vehicles to replace its over-aged fleet, procure a generator and solar back-up system as well as purchase computers and furniture for the additional 15 anticipated to be hired in the year 2018.

7.12 Institute of Accountancy Training

The Institute of Accountancy Training provides general and financial management training programmes for the Civil and Public Services. The Institute's training programmes are also open to the general public.

The Institute is bedeviled with logistical constraints and persistent delays in the payment of part-time lecturers through the mechanized payroll system.

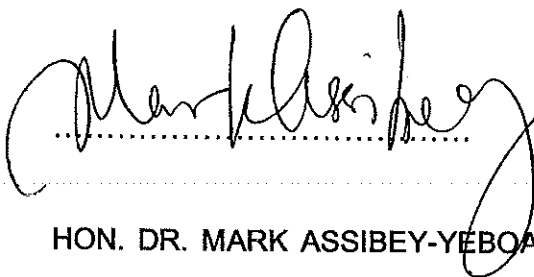
For the year 2018, the Institute plans to train 200 students in Accounting and Public Administration.

8.0 CONCLUSION


The Committee has critically examined the 2018 Annual Estimates for the Ministry of Finance and found the programmes for which the sums have been allocated to be laudable.

The Committee therefore respectfully recommends to the House to adopt this report and approve the sum of *Seven Hundred and Forty-Four Million, One Hundred and One Thousand, Eight Hundred and Fifty-Six Ghana Cedis* (GH¢744,101,856) for the Ministry of Finance and its Agencies for the 2018 financial year.

Respectfully Submitted.



HON. DR. MARK ASSIBEY-YEBOAH
(CHAIRMAN, FINANCE COMMITTEE)



MS. EVELYN BREFO-BOATENG
(CLERK, FINANCE COMMITTEE)

7TH DECEMBER, 2017