

IN THE FOURTH SESSION OF THE EIGHTH PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA



**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR-GENERAL ON THE PUBLIC ACCOUNTS OF GHANA (GENERAL
GOVERNMENT) FOR THE YEAR ENDED 31ST DECEMBER, 2022**

1.0 INTRODUCTION

The Report of the Auditor-General on the Public Accounts of Ghana (General Government) for the year ended 31st December, 2022 was presented to the House on 6th July, 2023 by the Hon. Deputy Majority Leader and referred to the Public Accounts Committee for examination and report in accordance with the Standing Orders of the Parliament of Ghana.

2.0 PROCEDURE

Pursuant to the referral, the Committee held a public sitting on the Report and was assisted in its work by a Deputy Minister for Finance; Hon. Mrs. Abena Osei Asare and the Controller and Accountant General, Mr. Kwasi Kwaning-Bosompem as well as a team of officials from the Ministry of Finance (MoF) and the Controller and Accountant General's Department (CAGD).

All witnesses who appeared before the Committee took the Oath of a witness and answered questions relating to the issues raised by the Auditor-General in his Report as well as issues of public interest.

3.0 ACKNOWLEDGEMENT

The Committee expresses its appreciation to the above-mentioned Hon. Deputy Minister, the Controller and Accountant General and the team of officials who appeared before the Committee as witnesses to assist the Committee in the consideration of the instant Report by the Auditor-General.

The Committee also extends its profound gratitude to the Ghana Broadcasting Corporation (GBC), the Parliamentary Press Corps and other media houses for the comprehensive coverage of the sittings of the Committee.

The Committee also commends the general public for their keen interest in the Public Sittings of the Committee in particular and parliamentary business in general.

4.0 REFERENCE DOCUMENTS

The Committee referred to and/or was guided by the following documents, *inter alia*, during its deliberations on the Report:

- i. The 1992 Constitution of the Republic of Ghana.
- ii. The Standing Orders of the Parliament of Ghana.
- iii. The Public Financial Management Act, 2016 (Act 921).
- iv. Public Financial Management Regulations, 2019 (L.I. 2378).
- v. The Audit Service Act, 2000 (Act 584).
- vi. The Public Procurement Act, 2003 (Act 663).

PARLIAMENT OF GHANA
OFFICE OF THE CLERK
LEGISLATION DEPARTMENT
ACCRA

- vii. The Public Procurement (Amendment) Act, 2016 (Act 914).
- viii. The Internal Audit Agency Act, 2003 (Act 658).

5.0 PURPOSE OF THE AUDIT

The Auditor-General audited the Public Accounts of Ghana (General Government) for the year ended 31 December 2022 in accordance with section 15 of the Audit Service Act, 2000 (Act 584).

The purpose of the audit was for the Auditor-General to examine the Financial Statements and to ascertain and certify whether, in his opinion, the statements present fairly financial information on the accounts in accordance with accounting policies of Government of Ghana and consistent with statements of the preceding year in accordance with international best practices.

It was also to enable the Auditor-General to state any reservation or make any comments that he considered necessary.

5.1 BENEFITS OF THE AUDIT

The general and relevant outcomes or benefits to the audited entities and all stakeholders that are expected to be associated with the Audit include the following:

- Accountability.
- Enforcement of Financial Discipline.
- Detection and prevention of fraud, waste and abuse.
- Improvement in the quality of financial information to stakeholders.
- Promotion of best practice.
- Good governance and check or safeguard against loss, misuse and damage to public property.

6.0 SUMMARY OF THE AUDIT FINDINGS

6.1 Inclusion of Government Legacy Assets

The Auditor-General noted that the Controller and Accountant General (CAG), in an effort to bring the government legacy fixed assets onto the whole government accounts, passed adjustments totaling Gh¢59,862,408,961 to the beginning accumulative depreciation balance of some non-current assets but then, did not provide explanatory notes to the accounts regarding the nature and impact of the adjustments on the current and prior year financial statements and whether the adjustments were because of change in accounting policy for Property Plant and Equipment.

The CAG explained that the adjustment to the beginning accumulated depreciation was not because of a change in accounting (depreciation) policy but to provide more reliable and relevant information on government legacy fixed assets in line with IPSAS 17. He explained further that the adjustments were occasioned by the on-going deployment of standard Fixed Assets Register (FAR) to MDAs and MMDAs and to bring on board GoG legacy fixed assets onto the National Accounts in line with IPSAS 17.

The Auditor-General advised the CAG to provide disclosures and explanatory notes as to whether the adjustments were because of change in depreciation policy, description of the nature and impact of the adjustments to the current and prior year financial statements to ensuring accuracy and reliability of the financial statements figures.

6.2 Non-recognition of Post-Employment Benefits

The Auditor-General noted that the CAG did not recognize the liability for payments to current and future CAP30 staff in the statement of financial position as required by IPSAS 39. CAGD however, provided a disclosure in the accounts stating that it has established an Employees' Benefit Obligations of Gh¢10.3 billion in respect of pensions and gratuity payments for Government employees on the CAP 30 Pension Scheme for the next 20 years of which Gh¢1.7billion will be due in the 2023 financial year.

The Auditor-General recommended that the CAGD should provide the basis for the computation of the estimated Employee's Benefits Obligation of Gh¢10.3 billion; and complete the necessary consultation with the relevant stakeholders and recognize the liability in the accounts as required by IPSAS 39.

7.0 OBSERVATIONS AND RECOMMENDATIONS

The Committee after careful deliberations on the report noted that most of the issues in the report had been resolved and subsequently cleared by the auditors with only three issues outstanding as follows:

7.1 Non-Recovery of Loan Receivables - GH¢50,677,171,636.00

Best practice requires that before granting loans or advances to covered entities, recovery timelines are agreed on by all involved, coupled with effective collection plans to ensure timely collection of the debt to minimize non-payment and subsequent write-off.

The Audit noted that out of the 310 institutions indebted to the Government of Ghana (GoG), the CAG was able to recover from eight institutions an amount totaling GH¢13,867,733,821 representing 27.36 percent, leaving an outstanding balance of GH¢50,677,171,636.00 to be recovered.

The Auditor-General recommended that the CAG should as a matter of urgency, adopt a structured approach to recover the outstanding amount of GH¢50,677,171,636.00 from the debtors without further delay.

The Committee was informed that an amount of GH¢67,266,060.95 has been recovered as at end of February 2024, leaving an outstanding balance of GH¢50,609,905,575.05 as a result of continuous accumulation of additional debt.

The Committee recommends that the Auditor-General and the CAGD should perform an evaluation of the debts of defunct institutions and make recommendations to Parliament through the Ministry of Finance for a possible write-off.

7.2 Access to Integrated Tax Management Information System, Integrated Customs Management System and Ghana.gov

The Audit review of controls adopted in the preparation of the annual financial statements revealed that the CAG did not have access to the Ghana Integrated Tax Management Information System (GITMIS), the Integrated Customs Management System (ICUMS) and Ghana.gov to obtain first-hand information on total direct and indirect tax revenue of the Government of Ghana, but has to rely on collections as signed off and transmitted from Ghana Revenue Authority (GRA) for inclusion in the preparation of the Whole Government Accounts (WGA).

In view of the above challenge, the Auditor-General could not independently confirm the accuracy and completeness of tax revenue transmitted by GRA for inclusion in the Whole Government Accounts.

The Auditor-General therefore recommended that the CAG should liaise with Commissioner General of GRA for access to the GITMIS, ICUMS, and Ghana.gov to obtain first-hand information on the tax revenue to be included in the Whole Government Accounts for accurate financial reporting.

In response to this finding, the Controller and Accountant General informed the Committee that the Department presently has full access to the Ghana.gov platform and that the process for access to the GITMIS and ICUMS will be completed by close of 2024.

The Committee urges the Ministry of Finance to assist in facilitating the process to ensure that the CAG has direct access to these platforms for first-hand information for accurate financial reporting.

7.3 Financial Statement (Analysis)

The Report shows the financial position of the whole *Government of Ghana* for 2022 and same is compared with 2021 in table 1 below.

The Committee observed that the total government liabilities has almost doubled from GH¢459,025,282,230 in 2021 to GH¢810,470,457,793 in 2022.

The CAG explained that in lieu of complying with best accounting practices, there was the need to include some institutions which were originally not included in the whole-government accounts under the three (3) broad levels of Government namely: the Central Government, the Local Government and the State-Owned Enterprises (SOEs). He further explained that the Bank of Ghana (BoG) was included in the financial statement and hence all bank account balances at BoG became a liability, thereby inflating the total liability as shown in Table 1 below.

Table 1: Whole of Government Statement of Financial Position as at December 31, 2022

	2022 WHOLE OF GOVERNMENT GH¢	2021 WHOLE OF GOVERNMENT GH¢
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalent	37,945,281,710	52,652,449,939
Receivables	195,118,099,565	30,357,841,462
Prepayments	1,351,327,157	696,410,979
Inventory	3,872,566,062	2,299,229,376
TOTAL CURRENT ASSET	238,287,274,494	86,005,931,756
NON-CURRENT ASSETS		
Receivables	40,333,469,443	17,899,035,110
Equity Investments	38,768,842,993	29,331,159,853
Property, Plant & Equipment	226,728,222,550	91,618,176,240
Work-In-Progress	45,380,370,905	21,862,310,206
TOTAL NON-CURRENT ASSET	351,210,905,891	160,710,681,409
TOTAL ASSET	589,498,180,385	246,716,613,165
LIABILITIES		
CURRENT LIABILITIES		
Payables	237,963,153,746	67,051,469,322
Trust Monies	661,701,541	1,072,136,107
Bank Overdraft	40,896,436,791	
Domestic Loans	46,788,191,784	28,405,171,781
TOTAL CURRENT LIABILITIES	326,309,483,861	96,528,777,209
NON-CURRENT LIABILITIES		
Domestic Loans	239,820,968,164	192,486,717,317
External Loans	244,340,005,767	170,009,787,704
TOTAL NON-CURRENT LIABILITIES	484,160,973,932	326,496,505,020
TOTAL LIABILITIES	810,470,457,793	459,025,282,230
NET ASSET/LIABILITIES	(220,927,277,408)	(212,308,669,065)
FINANCED BY		
CHANGES IN NET ASSETS	(220,927,277,408)	(212,308,669,065)
TOTAL FINANCED BY	(220,927,277,408)	(212,308,669,065)

Source: Report of the Auditor-General on the Public Accounts of Ghana (General Government) for the year ended 31st December, 2022.

The Committee noted that government borrowing which constitute non-current liabilities increased by GH¢157,664,468,912.00 representing 48% within a year. The committee is of the view that government borrowing is becoming alarming.

8.0 AUDIT OPINION

The Auditor-General indicated in his report that due to significant uncertainties attached to some issues, he was unable to form an opinion as to whether the financial statements give a true and fair view of the financial position for the year ended 31st December, 2022.

These issues highlighted by the Auditor-General were: -

- i. Adjustments of beginning Accumulated depreciation;
- ii. Prior year adjustments without detailed disclosure;
- iii. Non-recognition of post-employment benefits; and
- iv. Non-disclosure of information about Interest in Other entities.

9.0 RECOMMENDATION AND CONCLUSION

The Committee has taken notice of the measures taken by the CAG to address the issues raised by the Auditor General in his report and is satisfied that when these errors were brought to the attention of the CAG, steps were taken to correct the errors and adjust the Financial Statements accordingly.

The Committee urges the CAGD to continuously implement measures to minimize errors and misstatements in the accounts whilst ensuring improved disclosure and transparency.

In view of the foregoing, the Committee recommends to the House to adopt this report and approve the Report of the Auditor-General on the Public Accounts of Ghana (General Government) for the year ended 31st December, 2022.

Respectfully submitted.



.....
HON. DR. JAMES KLUTSE AVEDZI (MP)
CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE



.....
MR. SAMUEL ADUAMOAH-ADDO
CLERK, PUBLIC ACCOUNTS COMMITTEE

PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
OSU - ACCRA