



# 2nd Fiscal Recklessness Index 2020 Project

Rankings of Financial Irregularities  
for Ministries, Departments and  
Agencies (MDAs), 2015-2020

**IMANI – Oxfam  
2nd Fiscal Recklessness  
Index 2020**

**Rankings of Financial Irregularities for  
Ministries, Departments and Agencies  
(MDAs), 2015-2020**

**Submitted By  
IMANI Centre for Policy and Education  
(CPE), Ghana**

**For:  
Oxfam in Ghana**

**2022**

# Content

	Contents	ii
	Figures	iii
	Tables	iii
	List of Abbreviations	iv
	Executive Summary	v
	<b>INTRODUCTION</b>	<b>7</b>
01	1.1 Background	7
	1.2 Purpose of the Project	9
	1.3 Key Framing Issues	10
	1.4 Limitations of this research	10
	1.5 Report Outline	10
	<b>LEGAL FRAMEWORKS AND OVERSIGHT AGENCIES</b>	<b>11</b>
02	2.1 Key laws	11
	2.1.1 The 1992 Constitution – Accounting and Auditing	12
	2.1.2 Audit Service Act, 2000 (Act 584) & Civil Service Act, 1993 (PNDCL 327)	13
	2.1.3 Public Financial Management Act, 2016 (Act 921) & Regulation, 2019 (L.I. 2378)	13
	2.1.4 Public Procurement Act, 2003 (Act 663) as amended	14
	2.2 Key Standards, International Frameworks and Tools	18
	2.3 Institutional Arrangements and Political Economy Analysis	19
	2.4 Summary	21
	<b>METHODOLOGY</b>	<b>22</b>
03	3.1 Defining Irregularities	22
	3.2 Data cleansing	24
	3.3 Creating the Fiscal Reckless Index	25
	3.3.1 Normalisation	25
	3.3.2 Weighting	26
	3.3.3 The Fiscal Reckless Index	27
	<b>RESULTS AND DISCUSSION</b>	<b>28</b>
04	4.1 Trend Analysis of Financial Irregularities of MDAs (2015-2020)	29
	4.2 Fiscal Recklessness Assessment	33
	4.3 Root Cause Diagnostics: Key Causes of the Irregularities	39
	4.3.1 Tax Irregularities	43
	4.3.2 Cash Irregularities	44
	4.3.3 Outstanding loans/debts/advances irregularity	45
	4.3.4 Contract Irregularity	46
	4.3.5 Stores/ Procurement Irregularity	46
	4.3.6 Payroll Irregularity	47
	4.3.7 Rent Irregularities	47
	4.4 Summary	48
	<b>APPENDIX</b>	<b>49</b>
	A1 - Annual itemised irregularities (GHS)	49
	A2 - List of key experts interviewed	56

## Figures

Figure 1 Objectives of the project	9
Figure 2 Key standards, international frameworks and tools	18
Figure 3 Institutions for accounting, auditing and oversight of financial management	19
Figure 4 Trend of Financial Irregularities of MDAs (2015-2020)	30
Figure 5 Contribution of the Categories of Irregularities to Total Financial Irregularities (2015-2020)	30
Figure 6 Cumulative Financial Irregularities by Type (2015-2020)	32
Figure 7 Trend of combined tax and cash irregularities to the total financial irregularities (2010-2020)	33
Figure 8 Interrelationship of the pillars of the PFM system through the budget cycle	39
Figure 9 Fishbone of the causes (drivers and enablers) of financial irregularities	41

## Tables

Table 1 Summary of the key legal pretexts	15
Table 2 Broad definitions of irregularities	23
Table 3 interbank exchange rate-end of period	25
Table 4 Weight assigned to each irregularity area	26
Table 5 Composite (Nominal) Irregularity by MDA, 2015-2020 (GHS million)	35
Table 6 Composite (Nominal) Irregularity by MDA, 2015-2020 (%)	36
Table 7 MDA Fiscal Recklessness Score	37
Table 8 MDA Fiscal Recklessness Rank	38

# Abbreviations

<b>AG</b>	Auditor-General
<b>CAG</b>	Controller and Accountant-General
<b>CAGD</b>	Controller and Accountant-General's Department
<b>CSOs</b>	Civil Society Organisations
<b>FAR</b>	Financial Administration Regulation
<b>FRI</b>	Fiscal Recklessness Index
<b>FRS</b>	Fiscal Recklessness Score
<b>GAS</b>	Ghana Audit Service
<b>GHS</b>	Ghana Cedis
<b>GIFMIS</b>	Ghana Integrated Financial Management Information System
<b>GRA</b>	Ghana Revenue Authority
<b>IAA</b>	Internal Audit Agency
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IFMIS</b>	Integrated Financial Management and Information System
<b>INTOSAI</b>	International Organisation of Supreme Audit Institutions
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>MDA</b>	Ministries, Departments and Agencies
<b>MoF</b>	Ministry of Finance
<b>OSP</b>	Office of The Special Prosecutor
<b>PAC</b>	Public Accounts Committee
<b>PBB</b>	Programme Based Budgeting
<b>PFM</b>	Public Financial Management
<b>PPP</b>	Public-Private Partnership
<b>PUFMARP</b>	Public Financial Management Reform Programme
<b>USD</b>	United States Dollars

# Executive Summary

## Objective of the Study

This report analyses the Auditor-General's report of Ministries, Departments and Agencies (MDAs) in Ghana from 2015 to 2020 to reveal the fiscal recklessness of public institutions vis-à-vis the public financial management (PFM) safeguards. The goal of public financial management is to ensure effective delivery of public services to all citizens.

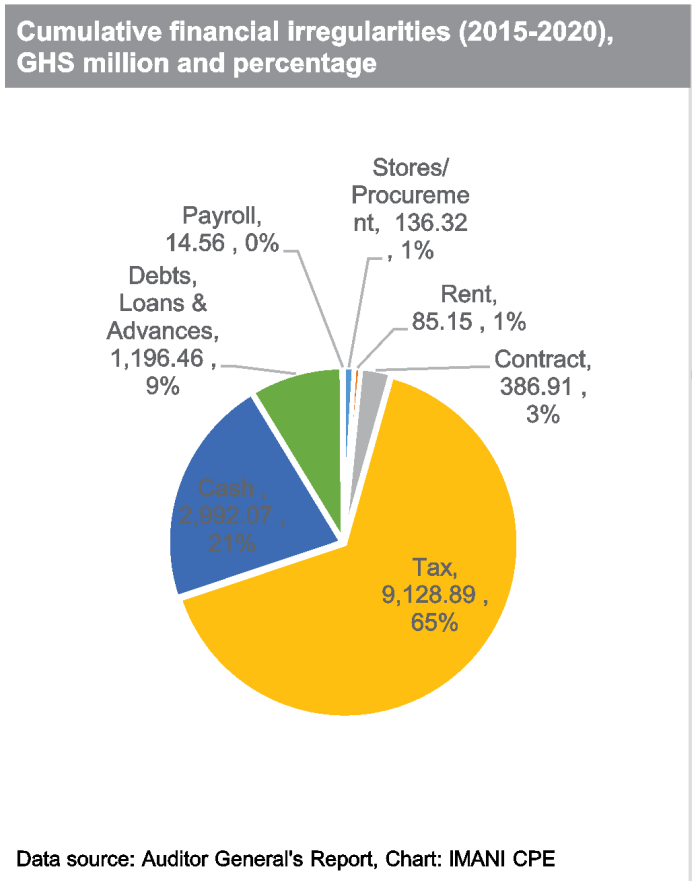
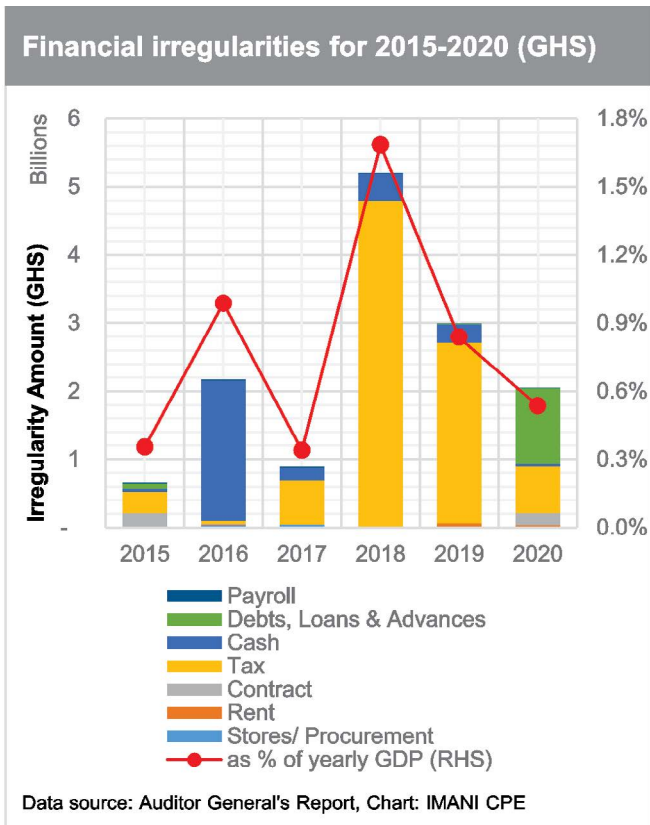
To carry out this task, we develop a Fiscal Recklessness Index (FRI) that effectively tries to measure the extent of fiscal discipline or otherwise of an MDA using the Auditor-General's report. This is complemented by qualitative analysis involving interviews with some selected stakeholders involved in PFM in Ghana. The rationale for the interviews was to understand why and how these irregularities keep occurring despite various legislative enactments such as the *Public Financial Management Act, 2016 (Act 921)*, *Public Financial Management Regulations, 2019 (L.I. 2378)* and the rollout of the Ghana Integrated Financial Management Information System (GIFMIS), among others.

Finally, the findings from the qualitative and quantitative analyses were further analysed using a Problem-Driven Political Economy Analysis (PDPEA) to identify the range of possible reform areas. This all-encompassing approach allows for harnessing the underlying data and the perspectives of multiple stakeholders on reducing financial irregularities in Ghana and ultimately improving public service delivery.

## Key Findings

1. **Ghana has enacted various laws and regulations over the years to improve public finances and service delivery.** Also, various standards guide public sector accounting and auditing in Ghana. Notable ones are the International Public Sector Accounting Standards (IPSAS), the International Standards on Auditing, the Ghana Integrated Financial Management Information System (GIFMIS) and the country's membership of the International Organisation of Supreme Audit Institutions (INTOSAI)
2. **Despite these laws and regulations and accounting and auditing standards, political economy issues (the country's underlying political settlements regime) continue to hamper the effective implementation of PFM systems,** resulting in the regular occurrence of financial irregularities. This includes over politicisation of government function and the lack of independence of state institutions coupled with weak corporate governance in the public sector.
3. **The Auditor-General, through the annual audit report, is able to disallow and surcharge officials for specific unaccounted expenditures.** However, the execution of the disallowance and surcharge mandate is, in our view, not enough unless this is followed by additional processes such as prosecutorial action that lead to the refund of misapplied State monies.
4. **Over the period from 2015 to 2020, a total of GHS13.9 billion in financial irregularities covering stores/procurement, cash, tax, payroll, rent, and contract irregularities were recorded.** Cumulatively, the total financial irregularities represent about 3.64% of 2020 GDP and an average of 0.52% of yearly GDP over the analysis period. The highest financial irregularities occurred in 2018 (GHS5.2 billion), representing more than a third of the overall financial irregularities of the MDAs, and double the average financial irregularities of MDAs.
5. **The analysis of fiscal indiscipline of MDAs clearly shows that tax and cash management are the main sources of fiscal recklessness among the MDAs in the last five years** — tax and cash irregularities constituted an average of 83% of the composite of financial irregularities. The financial irregularities over the period were largely driven by high tax irregularities (GHS 9.13 billion; 65.49%) caused by the failure of the Ghana Revenue Authority (GRA) to collect taxes due to the state and enforce compliance. Besides the tax irregularities, cash irregularities also constituted a significant proportion of the total financial irregularities. A total of GHS2.9 billion, representing about 21.4% of the total irregularities, was recorded between 2015 and 2020. The cash irregularities are largely driven by unapproved disbursement of funds, unapproved transfer of funds, and delays in the lodgement of public funds into the respective public accounts. Other relatively smaller irregularities comprised debts, loans & advances (GHS1.20 billion; 8.58%), contracts (GHS387 million; 2.78%), stores/procurement (GHS136 million; 0.98%); rent (GHS85 million; 0.61%) and payroll irregularities (GHS14.6 million; 0.10%).
6. **The Ministry of Finance (and subsidiary agencies) tops the list of MDAs as the most fiscally reckless MDA on an annual basis and also over the six years between 2015 and 2020.** For example, the Ministry of Finance had the highest combined Fiscal Recklessness Score (FRS) of 0.8797. Two key irregularities account for the trend observed at the Finance Ministry: (1) tax irregularities and (2) cash irregularities. For example, the Finance Ministry is responsible for 99.63% (GHS9.10 billion) of the combined GHS9.12 billion tax irregularities from 2015 to 2020. Likewise, the Finance Ministry accounted for 80.10% (GHS2.35 billion) of the combined GHS2.93 billion cash irregularities from 2015 to 2020 — this trend remains the same on a normalised data basis.

7. Following the Finance Ministry is the Ministry of Health as the second most fiscally reckless institution, with an FRS of 0.1007. The Health Ministry overtook the Finance Ministry as the most fiscally reckless MDA in 2020 (FRS: 0.5510 vs 0.3384 for the finance ministry). The third, fourth and fifth most fiscally reckless MDAs over the six years were the Ministry of Roads & Highways (FRS: 0.0284), Ministry of Employment (FRS: 0.0184), and Ministry of Foreign Affairs (FRS: 0.091).





## MDA Fiscal Recklessness Score

Ministry/Year	Fiscal Recklessness Score						
	2015	2016	2017	2018	2019	2020	2015-2020
Finance	0.4831	0.9694	0.7993	0.9991	0.9788	0.3384	0.8797
Health	0.1125	0.0063	0.0345	0.0052	0.0096	0.5510	0.1007
Roads & Highways	0.3067	0.0085	0.0006	-	-	0.0835	0.0284
Employment	0.0003	0.0318	0.2141	-	0.0002	0.0023	0.0184
Foreign Affairs	0.0003	0.0025	-	0.0006	0.0226	0.0222	0.0091
Justice & Attorney Gen.	0.0004	0.0366	-	0.0021	0.0002	0.0011	0.0074
Trade & Industry	0.1200	0.0012	0.0013	0.0001	0.0006	0.0001	0.0054
Judicial Service	0.0100	0.0293	0.0014	0.0000	0.0001	#N/A	0.0053
Local Government	0.0012	0.0173	0.0021	0.0000	-	0.0002	0.0050
Education	0.0077	0.0036	0.0014	0.0011	0.0004	0.0185	0.0041
Gender	-	0.0045	0.0361	0.0014	0.0000	0.0001	0.0032
Food & Agric.	0.0357	0.0016	0.0032	0.0008	0.0034	0.0011	0.0031
Tourism	-	0.0000	-	-	0.0125	0.0004	0.0029
Communication	-	-	0.0039	0.0005	0.0002	0.0105	0.0021
Other Agencies	0.0532	0.0010	-	-	-	0.0000	0.0021
Fisheries & Aquac. Dev.	-	-	0.0001	0.0000	0.0091	0.0019	0.0020
Interior	0.0007	0.0010	0.0045	0.0000	0.0051	0.0025	0.0018
Defence	0.0288	0.0000	0.0000	0.0000	-	0.0009	0.0013
Environment, Sc. & Tech	0.0317	#N/A	#N/A	#N/A	#N/A	#N/A	0.0013
Spec. Dev. Initiative	-	-	-	-	-	0.0065	0.0012
Works & Housing	0.0091	-	0.0000	0.0013	0.0001	0.0000	0.0010
Youth & Sports	0.0040	0.0022	-	-	0.0013	0.0000	0.0008
Lands & Nat. Reso.	0.0001	0.0043	0.0001	0.0002	-	0.0003	0.0007
Transport	0.0001	-	-	0.0000	0.0013	0.0000	0.0004
Water Resources	#N/A	0.0018	0.0001	#N/A	#N/A	#N/A	0.0003
Information	-	0.0002	0.0000	0.0003	-	0.0000	0.0002
Chieftaincy	0.0005	0.0000	0.0002	0.0000	#N/A	#N/A	0.0000
Gov't Machinery	#N/A	#N/A	0.0001	0.0001	#N/A	#N/A	0.0000

Source: Author's construct based on Auditor-General's Report (2015-2020). Note: #NA means that the respective MDA was not assessed in the respective year by the Auditor-General. For example, the Ministry of Environment, Science and Technology was assessed in 2015 but not subsequently in 2016-2020. The Ministry of Finance and Health, on the other hand, were assessed by the Auditor-General in all the respective years.

## Recommendations

1. **The Auditor-General must rigorously apply the disallowance and surcharge powers given to it under Article 187 (7) (b) of the 1992 Constitution.** The Supreme Court's interpretation of this provision, in the case of *Occupy Ghana Vrs Attorney General (J1 19 of 2016) [2017] GHASC 24*, further established that the Auditor-General's function as stated in the Constitution of Ghana, effectively goes beyond annual audit reports on public institutions, to taking all necessary steps to enforce compliance including in some cases initiating criminal prosecutions. While the Auditor-General's findings have led to improved transparency, the next layer in deepening accountability is to ensure that the Auditor-General continues to apply surcharge and disallowance powers given to it by the constitution.
2. **The Attorney General should further enforce punitive measures against persons/individuals found to have committed irregularities. It is important that institutions cited for irregularities ensure that officers responsible are punished without delay.** Fast tracking the creation of the financial court which was originally meant to be set up under the former Financial Administration Act can help in the speedy prosecution of people who embezzle public funds. A similar outcome can also be attained by using the already existing specialized Financial and Economic Crime Court of the High Court. Internally, MDAs should adhere to applying internal administrative sanctions and controls in cases where fiscal recklessness are not criminal in nature but only attributable to administrative procedures not being followed.
3. **The Auditor-General must also work closely with the Office of the Special Prosecutor (OSP)** to take legal action against individuals and institutions found to have criminally engaged in irregularities and thereby abused the public trust. The Auditor-General can refer suspicious transactions to the OSP to investigate and then prosecute. Given its specialised mandate, the potential prosecutions by the OSP could target large irregularities which have elements of criminality involved. The *OSP Act, 2017 (Act 959)* gives it the power to "investigate and prosecute alleged or suspected corruption and corruption-related offences involving public officers, politically exposed persons and persons in the private sector involved in the commission of the offence under any other relevant law", among others.
4. **Align the Ghana Audit Service function to the PFM cycle – that is, the Auditor-General's audit track areas must align with the entire PFM cycle.** There is currently a disconnect between Ghana's five-tier PFM cycle planning — planning, budgeting, procurement and contracting, accounting, and reporting and auditing — and the audit work undertaken by the Auditor-General. Ordinarily, if the audits are to ensure that the PFM systems of Ghana are working, then one would expect that the annual audit covers all the PFM areas instead of cherry-picking some aspects of the PFM cycle and auditing them on an annual basis while the rest remain unattended to.
5. **Further granular breakdown of the Auditor-General's report at the sub-agency level is needed to understand better which institutions are actually being the most fiscally reckless.** Splitting departments and agencies away from their oversight ministries in the auditing process can help achieve that goal. The challenge with being a central management agency is that sometimes irregularities and other lapses that emanate from subservient agencies are attributable to the parent MDA. Take the Finance Ministry for instance, it is both a central management agency and an MDA, yet simply because it releases funds to agencies it oversees directly, the latter's financial misdemeanors are rendered as owned by the ministry, as can be seen in its high fiscal recklessness score.
6. **Improve and have more specialised audits of specific MDAs based on random intelligent alerts.** The Auditor-General could undertake special intelligence-led audits in the management of several public funds if there is suspicion of probable procurement breaches. For this to happen, the Auditor-General's Department must be well-re-

sourced in terms of financial and technical (human) capacity. These specialised audits can also be triggered by the Public Accounts Committee (PAC) of Parliament, given their supervisory mandate to examine the audited accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure of the government.

7. **Strengthen the Public Accounts Committee to address the lag in accountability.** There is an accountability lag as the PAC continue to accumulate backlogs of AGs report, leading to delays in timely investigation of irregularities, and late implementation of sanctions and recommendations. The PAC is yet to investigate the AGs report of MDAs for 2020 and 2021, as it is currently sitting on the 2019 AG's report. PAC must ensure that the AG complies with the timelines for submitting reports to the House, as stipulated in the Ghana Audit Service Act.
8. **Strengthen both supply and demand-side transparency and accountability.** Several institutions such as the Ghana Audit Service, the Internal Audit Agency, Parliament and CSOs play key oversight roles. However, there is a need to deepen operational efficiency by tightening controls within MDAs by mandated sub-units.
9. **Continuous targeted and general tax education** by the Ghana Revenue Authority on multiple fronts by leveraging modern technology.

**The Finance  
 Ministry is re-  
 sponsible  
 for 99.63%  
 (GHS9.10 billion)  
 of the combined  
 GHS9.12 billion  
 tax irregularities  
 from 2015 to  
 2020.**



# Introduction

## 1.1 Background

**T**he *raison d'être* of public financial management is to achieve fiscal discipline, strategically allocate resources, and guarantee effective service delivery. That is, ensure the effective delivery of public services – that all citizens get the services that the government or public sector provides. The ministries' plans and budgets are to deliver these services. The last two decades have been marked by implementing numerous public financial management (PFM) strategies and programmes in Ghana. These include the Public Financial Management Reform Programme (PUFMARP, 1998-2003), the GIFMIS Project (2010-2014), and the Public Financial Management Reform Project (2015-2020), all aimed at enhancing revenue generation and controlling waste of public funds<sup>1</sup>.

While some significant transformations have been recorded over these periods, significant challenges remain. Through the reforms, the government operationalised the GIFMIS platform, which has integrated the financial management of 33 MDAs and 250 Spending Units, leading to improved transparency of public spending.

Additionally, macro-fiscal forecasting has been successful, programme based budgets have been contextualised in the Medium Term Expenditure Framework (MTEF), transitioned from manual to digitised payroll management, and successfully implemented the Treasury Single Account.

---

<sup>1</sup> [\(PDF\) Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability \(researchgate.net\)](#)

These notwithstanding, the PFM is saddled with many constraints. For example, the GIFMIS system does not cover all public funds; payroll management systems are not harmonised — 50% of payroll management is done manually<sup>2</sup>. Additionally, the internal audit controls have been ineffective due to a lack of resources and weak management systems. The persistent rise in financial irregularities arising from abuse of the PFM regulations and poor service delivery of public institutions attest to the fiscal indiscipline and inefficient resource allocation mechanisms. The gaps in the PFM are compounded by a relatively weak and polarised legislative oversight in demanding accountability and value for money.

**The coronavirus (COVID-19) pandemic has also revealed the vulnerabilities in Ghana’s fiscal state and created the need for more prudent measures to ensure efficient spending of limited public resources.** Currently, the government faces a twin problem of unsustainable debt levels and liquidity challenges, which are worsened by weak revenue mobilisation. Ghana’s tax-GDP ratio is relatively low compared with countries in the lower-middle-income country (LMIC) category, indicating tax administration challenges.<sup>3</sup> In 2022, the government estimates that interest payments will exceed one-third of total budgeted revenues<sup>4</sup>. Furthermore, the risk of missing the medium-term financing needs of the government remains high as Ghana has temporarily lost access to the international capital market, reflected in the recent downgrade by Moodys<sup>5</sup> and Fitch Ratings<sup>6</sup>.

Additionally, the government’s chances of meeting the fiscal consolidation strategy are even more challenging due to the proposed electronic levy targets being missed due to its late implementation. Furthermore, reliance on domestic debt may further hurt the government’s expenditure in the context of exceptionally high interest to expenditure ratio.

**In the wake of escalating public debt, low revenue mobilisation, high unemployment, and worsening welfare, the issue of prudent spending and efficient use of scarce resources have become paramount in Ghana.** There have been renewed calls to hold the government accountable in the use of public funds. In December 2018, Ghana passed the *Fiscal Responsibility Act, 2018 (Act 982)* and subsequently restructured the Internal Audit Agency to ensure efficient utilisation of public resources in addressing the socio-economic needs of citizens. Act 982 seeks, for example, to cap Ghana’s annual fiscal deficit to no more than 5% of GDP and maintain a primary annual surplus with clear sanctions for breaches. However, the outcome of the Auditor-General’s reports suggests profligate spending on the part of public institutions and flagrant violation of public financial management regulations and other legislation, which are attributable to weakening regulatory oversight. Between 2017 and 2020, total irregularities by Ministries, Departments, and Agencies (MDAs) amounted to GHS11.12 billion; there was more than a two-fold increase from GHS892.2 million in 2017 to GHS2.05 billion in 2020<sup>7</sup>.

2 Ibid

3 Acheampong, T., Bokpin, A. G., Duho, K. C., & Cudjoe, F. (2021). *Briefing Paper - Taxation and Ghana’s Post-Covid Economic Recovery*. IMANI Centre for Policy and Education. Available at <http://dx.doi.org/10.13140/RG.2.2.17789.69603>

Acheampong, T. & Amoah-Darkwah, E. (2020). *Performance of Ghana’s Economy and Capacity for Financing Key Medium-Term (2021-2024) Flagship Policies and Programmes*. Ghana Centre for Democratic Development (CDD Ghana). Available at <http://dx.doi.org/10.13140/RG.2.2.28240.12809>

4 [2022\\_Budget\\_Statement\\_v3.pdf \(mofep.gov.gh\)](https://www.mofep.gov.gh/2022_Budget_Statement_v3.pdf)

5 [Research: Rating Action: Moody’s downgrades Ghana’s rating to Caa1; outlook stable - Moody’s \(moody.com\)](https://www.moody.com/research/rating-action/moodys-downgrades-ghana-rating-to-caa1-outlook-stable)

6 [Correction: Fitch Downgrades Ghana to ‘B-’; Outlook Negative \(fitchratings.com\)](https://www.fitchratings.com/correction-fitch-downgrades-ghana-to-b-outlook-negative)

7 <https://ghaudit.org/web/wp-content/uploads/Reports/2020/2020-MDAs-Report-Final-Reviewed.pdf>

**This gross mismanagement of public resources often only makes media headlines with little to no sanctions applied to defaulting individuals and agencies.** Moreover, the public health emergency caused by the pandemic, resulting in the suspension of regular public financial management systems to accelerate rapid response, can compound the weak regulatory oversight if demand-side accountability is not reinvigorated.

**Civil Society Organisations (CSOs) play a critical role in achieving fiscal transparency by monitoring the budgets and expenditures of public institutions and demanding accountability where fiscal indiscipline is identified.** While the Auditor-General's reports provide much evidence of fiscal recklessness, their utilisation to exact accountability and advocate for responsible spending practices have been minimal in Ghana. Since the IMANI Centre for Policy & Education (IMANI CPE) published the [2015 league table of fiscal recklessness](#) among public institutions,

no such detailed assessment has been undertaken to assess the fiscal indiscipline of public institutions in the subsequent years.

**Thus, the 2020 Fiscal Recklessness Index seeks to, among other things, critically examine the Auditor-General's report on the expenditure of MDAs from 2015 to 2020 to bring to light the extent of fiscal indiscipline within public institutions.** It also seeks to increase awareness and understanding of citizens of government spending behaviour and strengthen the demand-side accountability for more fiscal prudence from citizens, civil societies, and the media. Additionally, the analysis would gauge the effectiveness of reforms such as the *Public Financial Management Act, 2016 (Act 921)* in addressing fiscal indiscipline in Ghana's public sector. It is expected that the ranking of MDAs based on their fiscal recklessness will drive public institutions to implement stricter expenditure controls and ensure value for money.

## 1.2 Purpose of the Project

The project's overarching aim is to strengthen demand-side accountability and increase citizens' awareness of the fiscal recklessness of Ghana's public institutions (Figure 1).

**Figure 1 Objectives of the project**



## 1.3 Key Framing Issues

Ghana has achieved improved levels of fiscal transparency following the adoption of the programme based budgeting (PBB) standards and the publication of the Auditor General’s report on the audited accounts of MDAs. In 2019, Ghana was the top West African country with a transparent budget system and third in SSA after South Africa and Uganda<sup>8</sup>. Ghana’s budget transparency performance score (54) was higher than competitors like Rwanda (39), Ivory Coast (34), Botswana (38), and Nigeria (21), who recorded minimal transparency<sup>9</sup>. Since 2006, Ghana has consistently maintained a limited budget transparency based on the Open Budget Survey rankings. However, the performance falls below sufficient factors to achieve full budget transparency. This fiscal transparency can further be deepened if the findings of the Auditor General can be optimally utilised to determine public institutions that fail to effectively enforce the restraint and commitment controls established in the *Public Financial Management Act 2016 (Act 961)*.

Using the Auditor-General’s report of MDAs’ financial irregularities as a guide, we assess the fiscal recklessness of Ghana’s public institutions. The assessment outcome is a Fiscal Recklessness Index that ranks MDAs based on their financial irregularities. In addition, some selected stakeholder interviews are conducted to understand the drivers of the identified irregularities.

## 1.4 Limitations of this research

The report relies on the Auditor-General’s report on the public accounts of Ghana as presented to Parliament and the Public Accounts Committee. Due to a

lack of data on the full resolution of the different forms of irregularities identified, this work does not include the report of the Public Accounts Committee in the computation of the fiscal recklessness of the MDAs. However, the PAC’s report is captured in explaining the factors driving the financial irregularities of the MDAs.

The explanatory notes on the causes of the irregularities over the period are limited to the summary of causes presented in the reports by the Auditor-General due to the non-disclosure of the full audit reports of the institutions. The analysis also takes cognisance of the effect of the quality of audit on the outcome of the reported financial irregularities. However, it takes no responsibility for the errors because the Auditor-Generals’ reports over the period have been approved by Parliament to reflect the true state of financial irregularities of the MDAs.

## 1.5 Report Outline

The rest of this report is structured as follows:

[Section 2](#) provides oversight of the key laws, regulations and oversight bodies responsible for public financial management, especially in the context of checking and preventing irregularities in Ghana.

[Section 3](#) outlines the methodology we used in constructing the fiscal recklessness index (FRI).

[Section 4](#) provides the results of the analysis and discusses the underlining root causes using political economy analysis.

8 [Open Budget Survey 2019](#)

9 [Open Budget Survey 2019](#)

# Legal Frameworks and Oversight Agencies

This section provides oversight of the key laws, regulations, and oversight bodies responsible for public financial management, especially in checking and preventing irregularities in Ghana. The following legal frameworks are reviewed:

- The 1992 Constitution – Accounting and Auditing
- Audit Service Act, 2000 (Act 584) & Civil Service Act, 1993 (PNDCL 327)
- Public Financial Management Act, 2016 (Act 921) & Regulation, 2019 (L.I. 2378)
- Public Procurement Act, 2003 (Act 663) as amended

## 2.1 Key laws

Effective public financial management and accountability systems depend on the strength of a country's institutions and laws and regulations on financial matters. In Ghana, the quest for financial transparency and accountability is ingrained in the 1992 Constitution. For instance, Articles 187, 188 and 189 of the 1992 Constitution of Ghana establish and define the roles of the Auditor-General, Deputy Auditor-General(s), Audit Service and Audit Service Board. Besides the Constitution, Ghana has declared its commitment to follow international best practices in auditing and public financial management through membership in international auditing bodies.



### 2.1.1 The 1992 Constitution – Accounting and Auditing

The 1992 constitution of Ghana provides a framework for public sector accounting and audit-related institutions that covers all state and quasi state-related institutions in public-private partnership arrangements.

Article 195 of the 1992 Constitution provides the basis for the President to appoint a Controller and Accountant-General who shall be the Chief Accounting Officer of the government and the Chief Advisor to the Finance Minister and government in matters relating to accountancy.

The Auditor-General is mandated to audit all public institutions, as provided by Article 187 Clause 2:

***“The public accounts of Ghana and of all public offices, including the courts, the central and local government administrations, of the Universities and public institutions of like nature, of any public corporation or other body or organisation established by an Act of Parliament shall be audited and reported on by the Auditor-General.”***

Articles 187, 188 and 189 of the 1992 Constitution of Ghana focused on specific state institutions that have the role of accounting and auditing. For instance, article 187 relates directly to the work of the Auditor-General and the role that the office has to play in auditing various state-related institutions.<sup>10</sup> The auditor shall present the final audited accounts to Parliament, which shall debate the contents and, in some cases, appoint a committee to deal with matters arising from it. Clause 5 of Article 187 states that:

***“The Auditor-General shall, within six months after the end of the immediately preceding financial year to which each of the accounts mentioned in clause (2) of this article relates, submit his report to Parliament and shall, in that report, draw attention to any irregularities in the accounts audited and to any other matter which in his opinion ought to be brought to the notice of Parliament.”***

Article 187 Clause 7(a) underscores the independence of the Auditor-General, noting that

***“In the performance of his functions under this Constitution or any other law the Auditor-General - shall not be subject to the direction or control of any other person or authority.”***

The punitive powers of Disallowance and surcharge are provided by Article 187 Clause 7(b):

***“In the performance of his functions under this Constitution or any other law the Auditor-General may disallow any item of expenditure which is contrary to law and surcharge (i) the amount of any expenditure disallowed upon the person responsible for incurring or authorising the expenditure; or (ii) any sum which has not been duly brought into account, upon the person by whom the sum ought to have been brought into account; or (iii) the amount of any loss or deficiency, upon any person by whose negligence or misconduct the loss or deficiency has been incurred.”***

The constitution also spells out the responsibilities of the Audit Service and the Audit Service Board under Articles 188 and 189, respectively. This provides a corporate governance system through which the Audit Service can be directed and controlled.

Moreover, the 1992 Constitution encourages debating and interrogating the details of the Auditor-General’s report. Thus, the Public Accounts Committee (PAC) has been established under Article 103 Clause 6.<sup>11</sup> It states that:

***“A committee appointed under this article shall have the powers, rights and privileges of the High Court or a Justice of the High Court at a trial for— (a) enforcing the attendance of witnesses and examining them on oath, affirmation or otherwise; (b) compelling the production of documents; and (c) issuing a commission or request to examine witnesses abroad.”***

Article 187 Clause 6 states that:

***“Parliament shall debate the report of the Auditor-General and appoint where necessary, in the public interest, a ‘Committee to deal with any matters arising from it.’”***

10 The Auditor General shall be audited and reported upon by an auditor appointed by Parliament.

11 <https://www.parliament.gh/committees?com=27>

### 2.1.2 Audit Service Act, 2000 (Act 584) & Civil Service Act, 1993 (PNDCL 327)

Although the 1992 constitution of Ghana provides a brief description of the scope of work of the Audit Service and the Civil Service, specific laws have been enacted which explain in detail the specific responsibilities, rights and obligations of the institutions or persons under the Services. The Audit Service Act 2000 (Act 584) and the Civil Service Act, 1993 (PNDCL 327) provide a detailed explanation of the works of the Audit Service, the Civil Service, and the execution of supreme audit in Ghana.

The Audit Service Act, 2000 (Act 584) replaces the provisions of previous regulations, like the 1972 Audit Service Decree (NRCD 49), the Financial Administration Decree, 1979 (SMCD 221), revocation of the Public Officers (Auditor-General) Instrument, 1962 (L.I. 204) and expands Articles 187, 188 and 189 of the 1992 Constitution of Ghana.

The Act provides details on the various provisions in the constitution while providing specificity to the issues. Reporting and disclosure of the reports of the Audit Service are one of the relevant issues covered by the Act. For instance, Article 25 of the law states that”

***“(1) The Auditor-General shall publish his reports on the public accounts of Ghana and the statement of foreign exchange receipts and payments of the Bank of Ghana as soon as the reports have been presented to the Speaker to be laid before Parliament. (2) The Auditor-General shall submit copies of the published reports to— (a) the Government Archivist; (b) all public and University libraries in Ghana; (c) the libraries of the Ghana Institute of Management and Public Administration (GIMPA) and the Managing Development and Productivity Institute (MDPI); (d) members of the Board; and (e) any other institution approved by the Board.”***

The Audit Service Act, 2000 (Act 584) also has specific financial provisions which provide some punitive measures on offences under Article 33. This encompasses denying the Auditor-General access to accounting records, failure to keep proper accounting records, provision of false information to the Auditor-General, suppressing information willfully, and obstruction of the performance of the functions of the

Auditor-General.

The enactment of the Civil Service Act 1993 (PNDCL 327) repealed various past regulations like the Civil Service Act (C.A. 5), the Civil Service (Disciplinary Code Regulations) (Revocation) Decree, 1973 (NRCD 197), the Civil Service (Amendment) Decree, 1978 (SMCD 199), the Civil Servant (Amendment) Decree, 1967 (NLCD 134); and the Section 7 of the Constitutional (Consequential and Transitional Provisions) Decree, 1979 (AFRCD 56). The 1993 Act spells out the various details about the work of the Ministries and Departments, pointing out that the Civil Service is part of the Public Service. The Audit Service has a responsibility to conduct an audit of the financial transactions and records of the Civil Service.

### 2.1.3 Public Financial Management Act, 2016 (Act 921) & Regulation, 2019 (L.I. 2378)

Financial management is paramount in the public sector to address challenges with corruption, lack of transparency and accountability. There have been various efforts to develop laws and regulations to guide the accounting and financial management systems in Ghana’s public sector. The most recent law and regulations on this are the Public Financial Management Act, 2016 (Act 921) & Public Financial Management Regulation, 2019 (L.I. 2378). The aim of Act 921 is:

***“To regulate the financial management of the public sector within a macroeconomic and fiscal framework; to define responsibilities of persons entrusted with the management and control of public funds, assets, liabilities and resources, to ensure that public funds are sustainable and consistent with the level of public debt; to provide for accounting and audit of public funds and to provide for related matters.”***

The Act also provides a framework for the various institutions, accounts and systems to manage public finances. One of the notable institutions is the Controller and Accountant-General’s Department. Article 8 Clause 1 of Act 921 states that the

***“President shall, in accordance with article 195 of the Constitution, appoint a Controller and Accountant-General who shall be the Chief Accounting Officer of the Government and the***

***chief advisor to the Minister and Government in matters relating to accountancy.”***

Further details of the specific responsibilities of the Controller and Accountant-General are presented in Act 921 Article 8 Clause 4.

The Act also highlights the relevant role of the Auditing function in providing oversight role over the finances of the government. There are provisions for internal audit in Article 83 and external audit in Article 84. The Act requires the Principal Spending Officers to provide annual updates of financials to the Minister and the Auditor-General. This is captured in Article 85: Clauses 1 and 2:

***“A Principal Spending Officer shall, on an annual basis, submit the following to the Minister and Auditor-General: (a) a report on the status of implementation of recommendations made by the Auditor-General in respect of that covered entity; and (b) a report on the status of implementation of recommendations made by Parliament in respect of that covered entity. (2) The Attorney-General shall, on an annual basis, submit a report on the status of any action commenced on behalf of the Government to the Minister, Auditor-General and Parliament following findings of the Auditor-General and recommendations of the Public Accounts Committee of Parliament.”***

The Act 921 is accompanied by the Public Financial Management Regulation, 2019 (L.I. 2378) which provides further clarity. The coverage of the Regulation covers public corporations, state-owned enterprises, local government authorities and others.

The enactment of Act 921 saw the repeal of other previous Acts or Sections of Acts like the Financial Administration Act, 2003 (Act 654); and (b) the Loans Act, 1970 (Act 335), Section 16(8) of the Internal Audit Agency Act, 2003 (Act 658), and Section 30 of the Audit Service Act, 2000 (Act 584).

## 2.1.4 Public Procurement Act, 2003 (Act 663) as amended

Procurement is a major area of concern when it comes to financial management and addressing issues of corruption in the public sector. The legal system of Ghana has covered the procurement activities within the public sector with the enactment of the Public Procurement Act, 2003 (Act 663) as amended. The Public Procurement Act, 2003 (Act 663) is a law that, amongst others, is meant to provide for public procurement, establish the Public Procurement Board, make administrative and institutional arrangements for procurement, stipulate tendering procedures and provide for purposes connected with these.

Regarding the mandate of the Board, section (2) of the PPA states that:

“The object of the Board is to harmonise the processes of public procurement in the public service to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner.”

There is a strong nexus between the work of the Public Procurement Board and the Auditor-General, especially with regard to financial reporting and auditing. The Board is expected to keep proper books of account which should be audited annually by the Auditor-General or an auditor appointed by the Auditor-General. This is clearly identified as part of the statutory audits required under Article 91 (1-3):

***“(1) The Auditor-General shall conduct annual audits of the procurement activities of entities and shall furnish copies of reports on the audits to the Board upon request from the Board. (2) The Auditor-General shall also carry out specific audits into the procurement activities of entities and compliance by contractors, suppliers and consultants with the procurement requirements in this Act and regulations made under this Act at the request of the Board. (3) The statutory audit of procurement activities may be relied upon by the Board to institute measures to improve the procurement system.”***

**Table 1 Summary of the key legal pretexts**

Laws/Sections	Key Positions of the Law	Brief Comment
<b>The 1992 Constitution</b>		
Article 187(2)	“The public accounts of Ghana and of all public offices, including the courts, the central and local government administrations, of the Universities and public institutions of like nature, of any public corporation or other body or organisation established by an Act of Parliament shall be audited and reported on by the Auditor-General.”	Various accounts to be audited and reported on by the Auditor-General
Article 187(5)	“The Auditor-General shall, within six months after the end of the immediately preceding financial year to which each of the accounts mentioned in clause (2) of this article relates, submit his report to Parliament and shall, in that report, draw attention to any irregularities in the accounts audited and to any other matter which in his opinion ought to be brought to the notice of Parliament.”	When the Auditor-General is supposed to submit his/her report to Parliament
Article 187(6)	“Parliament shall debate the report of the Auditor-General and appoint where necessary, in the public interest, a ‘Committee to deal with any matters arising from it.”	Parliament to debate on the Auditor-General’s report
Article 187(7a)	“In the performance of his functions under this Constitution or any other law the Auditor-General - shall not be subject to the direction or control of any other person or authority.”	Independence of the Auditor-General
Article 187(7b)	“In the performance of his functions under this Constitution or any other law the Auditor-General may disallow any item of expenditure which is contrary to law and surcharge (i) the amount of any expenditure disallowed upon the person responsible for incurring or authorising the expenditure; or (ii) any sum which has not been duly brought into account, upon the person by whom the sum ought to have been brought into account; or (iii) the amount of any loss or deficiency, upon any person by whose negligence or misconduct the loss or deficiency has been incurred.”	Disallowance and surcharging by the Auditor-General
Article 103(6)	“A committee appointed under this article shall have the powers, rights and privileges of the High Court or a Justice of the High Court at a trial for— (a) enforcing the attendance of witnesses and examining them on oath, affirmation or otherwise; (b) compelling the production of documents; and (c) issuing a commission or request to examine witnesses abroad.”	The powers of the Public Accounts Committee

Audit Service Act, 2000 (Act 584)		
Article 25	“(1) The Auditor-General shall publish his reports on the public accounts of Ghana and the statement of foreign exchange receipts and payments of the Bank of Ghana as soon as the reports have been presented to the Speaker to be laid before Parliament. (2) The Auditor-General shall submit copies of the published reports to— (a) the Government Archivist; (b) all public and University libraries in Ghana; (c) the libraries of the Ghana Institute of Management and Public Administration (GIMPA) and the Managing Development and Productivity Institute (MDPI); (d) members of the Board; and (e) any other institution approved by the Board.”	Publishing the Auditor-General’s report and archiving copies
Civil Service Act, 1993 (PNDCL 327)		
Section 89	“A civil servant who holds the office of (a) head of a Ministry, government department or any other equivalent office in the service, or (b) an ambassador, shall, on appointment and at the end of the term of office, submit to the Auditor-General a written declaration of the property or asset owned by, or liabilities owned by, that servant  whether directly or indirectly.”	Declaration of assets
Public Financial Management Act, 2016 (Act 921)		
Article 1	“to regulate the financial management of the public sector within a macroeconomic and fiscal framework; to define responsibilities of persons entrusted with the management and control of public funds, assets, liabilities and resources, to ensure that public funds are sustainable and consistent with the level of public debt; to provide for accounting and audit of public funds and to provide for related matters.”	The object of the PFM Act
Article 8(1)	“President shall, in accordance with article 195 of the Constitution, appoint a Controller and Accountant-General who shall be the Chief Accounting Officer of the Government and the chief advisor to the Minister and Government in matters relating to accountancy.”	Appointment of the Auditor-General
Article 85(1&2)	“A Principal Spending Officer shall, on an annual basis, submit the following to the Minister and Auditor-General: (a) a report on the status of implementation of recommendations made by the Auditor-General in respect of that covered entity; and (b) a report on the status of implementation of recommendations made by Parliament in respect of that covered entity. (2) The Attorney-General shall, on an annual basis, submit a report on the status of any action commenced on behalf of the Government to the Minister, Auditor-General and Parliament following findings of the Auditor-General and recommendations of the Public Accounts Committee of Parliament.”	Report on status of implementation of recommendations by the Auditor-General

<b>Public Financial Management Regulation, 2019 (L.I. 2378)</b>		
Article 13(2&3)	<p>“(2) The Ghana Integrated Financial Management Information System shall be the core electronic platform of Government to be used for (a) budget preparation, (b) budget execution, (c) revenue management,</p> <p>(d) expenditure administration, (e) cash management, asset management, (g) debt management, (h) payroll management, (l) accounting and financial reporting, (j) human resource management, and (k) public investment management by a covered entity to improve efficiency in managing public funds including the Consolidated Fund. internally generated funds, statutory funds and donor funds. (3) The Ghana Integrated Financial Management Information System includes the following components: (a) Financial Accounting System; (b) Payroll System; (c) Human Resource Management Information System: (d) Strategic Planning and Budget System; (e) Debt Management System; (f) Revenue System; (g) Public Investment Management System; (h) Treasury and Fund Transfer System; (i) Procurement System; (j) Public Investment and Asset Management System: and (k) any other system determined by the Minister.”</p>	Establishment of GIFMIS
Article 216	<p>“(1) For the purpose of subsection (1) of section 80 of the Act, the Principal Spending Officer of a covered entity shall, within six months after the end of each financial year, publish on the website of the covered entity, the annual reports of all expenditures financed by internally generated funds, donor funds, and statutory funds. (2) The publication under subregulation (1) shall include (a) the financial statements specified in subregulation (1) of regulation 215; and (b) the report of the Auditor-General on the annual reports. (3) The Controller and Accountant-General shall specify the form of the annual reports of a covered entity.”</p>	Publication of annual reports of covered entity
<b>Public Procurement Act, 2003 (Act 663) as amended</b>		
Section 2	<p>“The object of the Board is to harmonise the processes of public procurement in the public service to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner.”</p>	The object of the Public Procurement Board
Article 91(1-3)	<p>“(1) The Auditor-General shall conduct annual audits of the procurement activities of entities and shall furnish copies of reports on the audits to the Board upon request from the Board. (2) The Auditor-General shall also carry out specific audits into the procurement activities of entities and compliance by contractors, suppliers and consultants with the procurement requirements in this Act and regulations made under this Act at the request of the Board. (3) The statutory audit of procurement activities may be relied upon by the Board to institute measures to improve the procurement system.”</p>	Auditing of procurement activities

**Source: Authors’ construct, 2022**

## 2.2 Key Standards, International Frameworks and Tools

There are various standards that guide public sector accounting and auditing in Ghana (Figure 2).

These provide international best practices and frameworks which provide comparative, relevant and reliable financial information on the activities of the public sector. The notable ones are the International Public Sector Accounting Standards (IPSAS), the International Standards on Auditing, the Ghana Integrated Financial Management Information System (GIFMIS) and the membership of the International Organisation of Supreme Audit Institutions (INTOSAI).









In 2014, Ghana announced the adoption of the accrual-based IPSAS as the framework for the preparation, presentation, and disclosure of general-purpose financial statements. Implementation has been procedural and is meant to be completed in 2023. The Public Financial Management Act, 2016 (Act 921) provides a legal basis for the adoption of the full accrual-based IPSAS financial reporting, which is support taking over the cash-based IPSAS or the modified variants. Institutions like the Controller and Accountant-Generals Department and the Institute of Chartered Accountants Ghana are playing leading roles in fully implementing this standard in Ghana. The auditing role has also been paramount as regulated by the Institute of Chartered Accountants Ghana. Ghana, under the Companies Act, 2019, (Act 992), has adopted the International Standards on Auditing as issued by the International

Auditing and Assurance Standards Board (IAASB).

Globally, there have been calls for the public sector to utilise an Integrated Financial Management and Information System (IFMIS). This is a system that financial information systems with other information systems, such as human resources, payroll & pension, e-procurement and revenue (tax and customs). These new systems have been noted to provide tangible benefits for managing the public sector, especially in the developing country context where financial administration is done in silos.

The IFMIS has the benefits of resulting in improved management of resources (value for money), more optimal resource allocation, lower transaction costs, better fiscal management, reduced fraud and corruption, as well as improved transparency and accountability. In Ghana, the GIFMIS was launched in 2009 but was introduced in 2014 for the 2015 budget.<sup>12</sup> Since then, there have been continuous efforts to achieve a full and all-time usage of the system in all public sector management and reporting issues. The new system has replaced all the stand-alone Legacy Financial Management systems at the Ministries, Department, Agencies, (MDAs) and the Metropolitan, Municipal and District Assemblies (MMDAs).<sup>13</sup> The use of this integrated system provides a more comprehensive source of information for the purpose of conducting audits.

Figure 2 Key standards, international frameworks and tools

								
International Federation of Accountants	International Auditing and Assurance Standards Board	International Public Sector Accounting Standards Board	International Organization of Supreme Audit Institutions	Ghana Integrated Financial Management and Information System	Controller and Accountant General's Department	Public Procurement Authority	Ghana Audit Service	Parliament of Ghana

Source: Authors' construct, 2022

12 <https://mofep.gov.gh/publications/programme-based-budgeting>

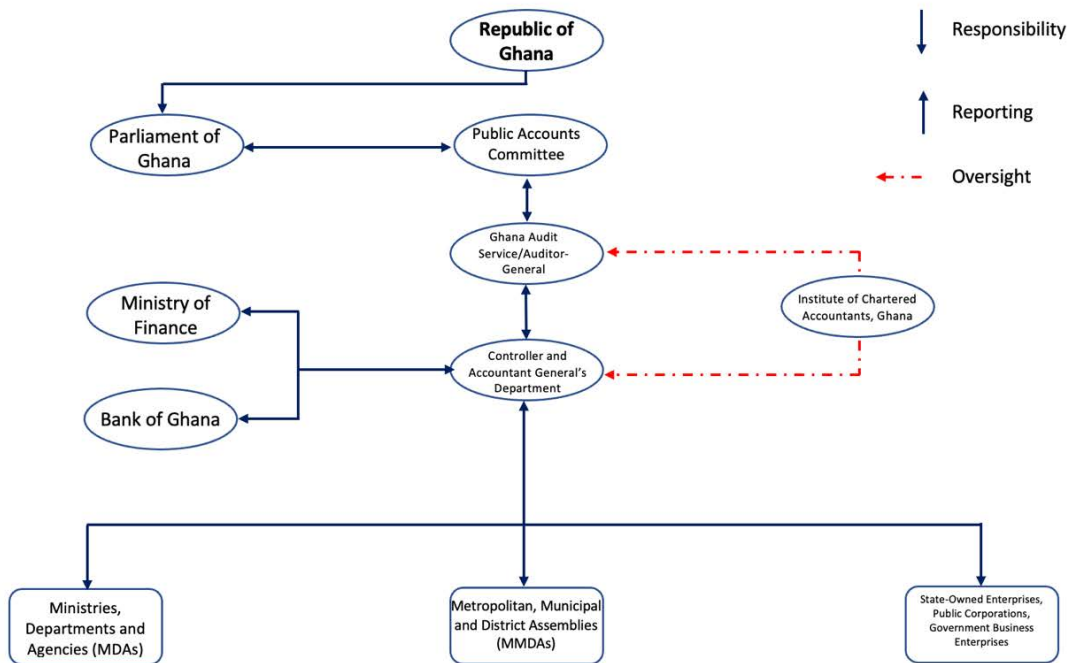
13 <https://ghaudit.org/elibrary/index.php/information-systems-and-manuals/gifmis>

## 2.3 Institutional Arrangements and Political Economy Analysis

There are political economy issues that come to play regarding the financial management and administration of the public sector. Thus, the various legal and regulatory frameworks usually tend to provide guidelines on the interrelations among institutions so as to achieve effective management of state finances in a consolidated manner. Figure 3 provides a pictorial depiction of the role of relevant state institutions in ensuring accountability and providing oversight role

over reports on the finances of the state. The diagram reflects the flow of responsibility, reporting and oversight actions by relevant institutions. Embedded in the relationships are various political economy and influence dynamics that affect the transparency and accountability status of Ghana's public financial management system.

**Figure 3 Institutions for accounting, auditing and oversight of financial management**



**Source: Authors' construct, 2022**

Parliament generally plays an oversight role over the finances of the state through the scrutiny of the Auditor-General's report submitted to it. With the support of the Public Accounts Committee of Parliament, the legislative arm of the government provides dialogue and discussions on the specific details of the audit report and the finances of the state. However, the fundamental basis for the financials and the audit reports are the specific financial records of the Ministries, Departments and Agencies (MDAs), Metropolitan, Municipal and District Assemblies (MMDAs)

and State-Owned Enterprises (SOEs) based on transactions over a fiscal year.

**The Controller and Accountant-General provides accountancy services to support the MDAs and the production of accounting reports in line with the IPSAS.** These financial reports which are submitted to the Auditor-General form the basis for the supreme audit role of the Ghana Audit Service. The audit is conducted in line with international standards and the local legal frameworks. Both the Ghana Audit



Service and the Controller and Accountant General's Department benefit from the oversight and capacity building efforts of the Institute of Chartered Accountants, Ghana.

For instance, the Institute currently has a Memorandum of Understanding (MoU) through which the Controller and Accountant General's Department is trained on the use of the International Public Sector Accounting Standards (IPSAS) and the Ghana Integrated Financial Management Information System (GIFMIS). The Bank of Ghana and the Ministry of Finance are also relevant parties that support both the expenditure and budget allocation sides of the financial management processes in Ghana's public sector.

**Despite the significant role of the audit function in driving financial management in Ghana, there are political economy issues which persist:** over politicisation of government function and the lack of independence of State institutions with the ineffective corporate governance in the public sector continues to be problem areas. The Auditor-General through the annual audit report can disallow and surcharge officials for specific unaccounted expenditures. Nevertheless, execution of the disallowance and surcharge mandate is not enough unless this is followed by additional processes that lead to the refund of the state monies.

The surcharges and disallowances should be complemented with efforts by the government through the Attorney General or the Office of the Special Prosecutor (for grand irregularities) to take legal action to recoup the funds for the state. There are specific political economy issues that undermine the transparency and accountability of Ghana's public financial management, despite the efforts to establish regulatory and institutional frameworks.

As regards the Parliament and the specific role of the

Public Accounts Committee, there are challenges that undermine its function in achieving effective public financial management. Over the years there has been evidence of late submission of the audit reports, a follow-up system that is dysfunctional, extreme partisanship of the members of the committee and inadequate technical capacity to analyse the audit reports critically.<sup>14</sup>

As regards the Ghana Audit Service and the work of the Auditor-General, there are still concerns about limited independence of the Service and corporate governance limitations.

This can be viewed from the perspective of the requirements of INTOSAI at the international level and the Ghana Audit Service's proposals for the amendment of the 1992 constitution.<sup>15</sup> Recent development in the Service led to concerns by international bodies like INTOSAI to recall the need for the country to commit to best practices on Supreme Audit Institutions.

These concerns relate to the possibility of the executive interfering with the work of the Auditor-General. Out of the 7 board members of the Audit Service Board, 5 of them are appointees of the President which creates a problem about the independence of the board to have oversight responsibility over the Ghana Audit Service.<sup>16</sup> Also, there are calls for Ghana to adhere to Principle 8 of the Mexico Declaration, stating that the Ghana Audit Service should have "financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources".

The Ghana Audit Service should be provided with the necessary and reasonable human, material, and monetary resources.<sup>17</sup>

14 Dauda, H., Sayibu Suhuyini, A., & Antwi-Boasiako, J. (2020). Challenges of the Public Accounts Committee of Ghana's Parliament in ensuring an efficient public financial management. *The Journal of Legislative Studies*, 26(4), 542-557. <https://doi.org/10.1080/13572334.2020.1784527>

15 GAS (n.d.) Ghana Audit Service paper on Proposals For Amendment of the 1992 Constitutional Provisions on the Office of the Auditor-General and the Audit Service. Ghana Audit Service. <https://www.ghaudit.org/reports/Proposals+for+Constitutional+Amendment.pdf>

16 Asare, K. (2018) The Audit Service Board and the Independence of the Auditor General [Article]. <https://citinewsroom.com/2018/12/the-audit-service-board-and-the-independence-of-the-auditor-general-article/>

17 IDI (2020), IDI issues statement on current situation at Ghana Audit Service. INTOSAI Development Initiative. <https://www.idi.no/elibrary/independent-sais/1183-idi-statement-ghana-audit-service/file>

## 2.4 Summary

The effectiveness of public financial management in development is paramount as it ensures transparency, accountability and value for money. Thus, the framers of the Constitution and other laws have consistently and progressively provided regulatory guidance to achieve public financial management.

Using the legislative arm of government as an oversight body, the Public Accounts Committee has been given the authority of a High Court to scrutinise and act on the results of the audit report. Under this mandate, the Auditor-General has been working with other state entities to oversee the financials of the public sector.

There are political economy issues that are at play which undermine the work of the Auditor-General. Despite the progress in improving the independence of the Auditor-General, the independence of the Auditor-General still risks being undermined. Moreover, the lack of both financial and human capital resources are areas that have to be considered. The complexity of the financial transactions and the related accounting standards require the capacity building of the Ghana Audit Service staff to carry out their audit work. With current efforts to use Computer-Assisted Auditing Tools and Techniques (CAATTs), there must be commensurate capacity building efforts to enable the staff to conduct high-level analytics to enhance their recommendations.



# Methodology

This section describes the methodology which adopted for this work, namely quantitative analysis of financial Irregularities for MDAs as published in the Auditor-General's reports from 2015-2020. This is supported by qualitative analysis involving interviews with some selected stakeholders involved in public financial management in Ghana to understand why and how these irregularities keep occurring despite various legislative enactments such as the *Public Financial Management Act, 2016 (Act 921)*, *Public Financial Management Regulations, 2019 (L.I. 2378)* and the rollout of the Ghana Integrated Financial Management Information System (GIFMIS), among others.

## 3.1 Defining Irregularities

Act 921 highlights 'regularity' —in addition to probity, efficiency and effectiveness—, as defined standards expected of covered entities in the conduct of their activities. To ensure correct use of public funds, Act 921 further notes, under section 7 (1): that a principal spending officer of covered entities shall ensure the

regularity and proper use of money appropriated in that covered entity. Our analysis looks at the anomaly created when this standard is not strictly adhered to.

Black's Law Dictionary (Revised 4th Edition) defines irregularity as the lack of adherence to some prescribed rule or mode of proceeding; often consisting in omitting to do something that is necessary or a formal defect contrary only to the practice authorised by law. In the Ghanaian context, certain key offices under Ghanaian law are charged with the function of ensuring that such irregularities are prevented from occurring. In relation to ensuring that conducts associated with the management of public funds are concerned, the Auditor-General, for instance, as provided for under Article 187(7) of the 1992 Constitution is given the role of disallowing items of expenditure which is contrary to law and further surcharging persons whose negligence and misconduct resulted in such irregular loss or deficiency. The categories of irregularities, as uncovered by the Auditor-General during the years under review include tax irregularities, cash irregular-

ities, indebtedness/loans/advances, payroll irregularities, stores/procurement irregularities, rent payment irregularities and contract irregularities.

Generally, the Auditor-General's report does not provide a clear definition for the seven typologies of irregularities; however, the team used a trend of rea-

sons for flagging the transactions and respective legal provisions to develop the working definition in [Table 2](#) below. The ambiguities related to the definitions are compounded by the lack of definition of an irregularity in the PFM laws.

**Table 2 Broad definitions of irregularities**

Irregularity	Definition
Tax irregularities	Tax irregularities occur as a result of tax fraud/evasion. This is the deliberate attempt by persons to evade tax due the government or to delay meeting tax payment deadlines. This is often done with or without the collusion of tax officials. In the context of the period under review, the following were frequent: delayed payment of outstanding PAYE and withholding tax. Section 81(1) of the Internal Revenue Act, 2000 (Act 592) requires that 'an employer shall withhold tax from the payment of an amount to be included in ascertaining the income of an employee from the employment. Section 135(2) of Act 592 also states that "tax that has not been paid when it is due and payable may be sued for and recovered in any court by the Commissioner-General." Additionally, Section 136 of the same Act mandates the Commissioner-General to recover any unpaid tax by distress proceedings against the immovable property of a person liable to pay tax. Evidence of breaches of the above provisions over the six year period were captured under Tax Irregularities by the Auditor-General
Cash irregularities	Cash irregularities occur as a result of discrepancies in the proof of receipt and flow of cash payments. Under the period under review, cash irregularities involved a number of irreconcilable bank-related fund transfers. Regulation 2(g) of the Financial Administration Regulation, 2004 (LI 1802) for example, stipulates that, the head of a government department shall manage and reconcile the bank accounts authorised for the department by the Controller and Accountant-General. The Auditor-General's reports had frequently had reasons to recommend compliance with cash management procedures and for involved banks to make available relevant bank statements to enable them to track all revenue and lodgements received on behalf MDAs by banks.
Indebtedness/loans/advances	Unfulfilled obligations either by Government Institutions or suppliers to meet repayment terms of funds made available to either parties were captured under this category of irregularities. Either outstanding loans/debts of individuals and institutions had not been paid, sale of equipment had not been recovered, debts owed to suppliers of works and services to MDAs remained unpaid, or management of MDAs relaxed the conditions in the above criteria which resulted in continued debt. Similarly, advances issued often remained unrecovered in breach of Regulation 110 of the Financial Administration Regulation, 2004- which provides that "a head of department or the officer to whom the duties of the head of department have been delegated shall ensure that advances issued are duly recovered in accordance with the appropriate agreement.

Payroll irregularities	Payroll Irregularities involve payments of unearned salaries to separated staff either as a result of delays in deleting their names from the payroll or delays in transferring unclaimed pensions and salaries to Government chest by particular banks.
Stores/procurement irregularities	Lack of due-diligence and lack of compliance with the provisions of procurement law prior to procurements were captured under store/procurement Irregularities. It was evident that some MDAs encouraged uncompetitive procurement having applied the restrictive and single source procurement methods in awarding contracts without the prior approval of the Public Procurement Authority and in breach of section 43(1&3) of the Public Procurement Act, 2003, Act 663- which states that “the procurement entity shall request quotations from as many suppliers or contractors as practicable, but from at least three different sources and each supplier or contractor shall only give one price quotation and shall not change its quotation. Further, in some instances purchases made by MDAs were not routed through Stores, contrary to the provisions in Regulation 0502 of the Stores Regulation, 1984 which requires that store items purchased should be routed through Stores before issues are made.
Rent payment irregularities	Weak enforcement and supervisory role of some heads of MDAs resulted in defaults in the payments of rents to these institutions, especially in relation to Government bungalows as highlighted by the Auditor-General’s reports.
Contract irregularities	Contract irregularities involve the failure of parties to a contract to meet related obligations in the performance of the terms of the contract. During the six-year period a number of contract irregularities occurred. These included: claims made by companies with regards to work done on behalf MDAs which were yet to be paid and which risked eventual judgement debts being imposed by the courts, abandoned projects, delays in the execution of projects, shoddy constructional works, and non-execution of works after payment of mobilisation fees, among others.

**Source: Authors’ construct**

## 3.2 Data cleansing

The first step in our methodology involved extracting the financial irregularities data from the “*Report of the Auditor-General on the Public Accounts of Ghana for Ministries, Departments and Other Agencies (MDAs)*”<sup>18</sup> for the years 2015 to 2020. The Auditor-General classifies financial weaknesses and other irregularities under seven broad categories, namely Tax Irregularities, Cash Irregularities, Indebtedness/loans/Advances, Payroll Irregularities, Stores/Procurement Irregularities, Rent payment Irregularities, and Contract Irregularities.

Following the extraction of the data, we then converted some of the amounts which are reported in other currencies – namely US dollars and Euros – to cedis to allow a like for like comparison. For example, in 2020, the Auditor-General reported combined tax irregularities of US\$423,574.00 and GHS691,947,793.56 respectively. To allow a like for like comparison, the US\$423,574.00 amount was converted to cedis using the end year end-year exchange rate as published by the Bank of Ghana (Table 2). This step is repeated for all other foreign currency denominated irregularities for 2015 to 2020.

18 All the reports are publicly accessible at <https://ghaudit.org/web/reports/>

**Table 3 interbank exchange rate-end of period**

Year	USD	GBP	EUR
2015	3.79	5.63	4.15
2016	4.20	5.20	4.44
2017	4.42	5.97	5.30
2018	4.82	6.17	5.51
2019	5.53	7.32	6.21
2020	5.76	7.87	7.06

**Source: Summary of Economic and Financial Data (www.bog.gov.gh)**

e then created a longitudinal data table in Microsoft Excel with the year identifier and the seven irregularity attributes which is then subsequently used for the descriptive analysis and also to create the **Fiscal Recklessness Index (FRI)**.<sup>19</sup>

### 3.3 Creating the Fiscal Reckless Index

The Fiscal Reckless Index (FRI) is a composite index which shows the ranking of the financial irregularities over the years under review as attributable to the various MDAs within the Auditor-General’s report.

Two steps are needed to construct the index:

- **Normalisation of the nominal (absolute) figures for the financial irregularities** over the years under review (2015-2020)
- **Weighting to be assigned to each irregularity component**

#### 3.3.1 Normalisation

The choice of either normalising or standardising data based on its distributional properties is key in data analysis and forecasting.<sup>20</sup>

The extant literature shows that normalisation works best when one is certain that underlying data and its distribution data does not follow the normal (Gaussian) distribution. Normalising a dataset deals with extremities or outliers and always ensures that the normalised values range between 0 and 1. In the context of the expansive range (yearly dataset in thousands, millions and billions at the same time) of the various irregularities published by the Auditor-General, normalisation could serve as a very useful tool to deal with extremities of the data range.

Standardisation, on the other hand, is helpful when the underlying data is noted or shown to follow a bell curve/Gaussian/normal distribution – in other words, the data points are clustered around the mean. A

<sup>19</sup> The data table can be publicly accessed at [https://www.dropbox.com/s/4p44cpenjccovqa/Data%20Sheet-%20OXFAM%20PROJECT-META%20SHEET\\_21.04.22.xlsx?dl=0](https://www.dropbox.com/s/4p44cpenjccovqa/Data%20Sheet-%20OXFAM%20PROJECT-META%20SHEET_21.04.22.xlsx?dl=0)

<sup>20</sup> Vafaei, N., Ribeiro, R. A., & Camarinha-Matos, L. M. (2018). Data normalisation techniques in decision making: case study with TOPSIS method. *International journal of information and decision sciences*, 10(1), 19-38.  
 Jajuga, K., & Walesiak, M. (2000). Standardisation of data set under different measurement scales. In *Classification and information processing at the turn of the millennium* (pp. 105-112). Springer, Berlin, Heidelberg.  
*Normalization vs Standardization—Quantitative analysis* (2019). Available at: <https://towardsdatascience.com/normalization-vs-standardization-quantitative-analysis-a91e8a79cebf> (Accessed: 22 April 2022).  
*Normalization vs Standardization - GeeksforGeeks* (2020). Available at: <https://www.geeksforgeeks.org/normalization-vs-standardization> (Accessed: 22 April 2022)

standardised dataset following a normal distribution has a mean of 0 and standard deviation of 1. However, unlike in normalisation where the expected value of the realisations of the data will fall between 0 and 1, there is no specific upper or lower bound for the maximum and minimum values in standardised data-

sets. In other words, the lower and upper bounds are asymptotic to the x-axis.

After careful review of the distributional properties of the underlying data, it was decided that normalisation is the best approach and as such this was used.<sup>21</sup>

Normalisation	Standardisation (Z-score normalisation)
$X_{normalised} = \frac{X_t - \min(X)}{\max(X) - \min(X)}$ <p>where <math>X_t</math> is the absolute (nominal) irregularity as reported in the Auditor-General's report; are the <b>min (X)</b> and <b>max (X)</b> values (range) of the respective irregularity component which are used for scaling.</p>	$X_{standardised} = \frac{X_t - \mu}{\sigma}$ <p>where <math>X_t</math> is the absolute (nominal) irregularity as reported in the Auditor-General's report; <math>\mu</math> is the sample mean of the respective irregularity component, and <math>\sigma</math> is the sample standard deviation of the respective irregularity component.</p>

### 3.3.2 Weighting

We initially assigned the same weights to each component, but this was changed to proportional weights based on total contribution to either the yearly or cumulative (2015-2020) variance. The reason for this

change is that using the latter is a fairer reflection of the contribution of each irregularity component to the yearly and cumulative amounts. Table 4 shows the weights assigned to each irregularity area.

**Table 4 Weight assigned to each irregularity area**

Year	2015	2016	2017		2019	2020	Cumulative (2015-2020)
Stores/ Procurement	3.17%	1.66%	4.68%	0.13%	0.69%	0.52%	0.98%
Rent	0.02%	0.42%	0.01%	0.08%	1.42%	1.44%	0.61%
Contract	30.28%	0.60%	0.00%	0.11%	0.00%	8.35%	2.78%
Tax	46.98%	1.98%	73.41%	92.15%	88.62%	33.76%	65.49%
Cash	7.33%	94.83%	21.40%	7.48%	9.25%	1.72%	21.46%
Debts, Loans & Advances	11.97%	0.31%	0.30%	0.01%	0.01%	53.99%	8.58%
Payroll	0.25%	0.20%	0.20%	0.04%	0.02%	0.22%	0.10%
<b>SUB-TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Source: Authors' estimates based on Auditor-General's reports (2015-2020)**

21 See Appendix 1 for the yearly nominal and normalised data for the respective years

### 3.3.3 The Fiscal Reckless Index

Finally, the Fiscal reckless index (*FRI*) for every year (*t*) is given as:

$$FRI_t = (\beta_1 \times Stores_t) + (\beta_2 \times Rent_t) + (\beta_3 \times Contract_t) + (\beta_4 \times Tax_t) + (\beta_5 \times Cash_t) + (\beta_6 \times Debts_t) + (\beta_7 \times Payroll_t) \quad (\text{Eq. 1})$$

Also, the composite Fiscal reckless index (*FRI*) for over six years from 2015 to 2020 is given as:

$$FRI_t = \sum_{t=1}^7 (\beta_1 \times Stores_t) + (\beta_2 \times Rent_t) + (\beta_3 \times Contract_t) + (\beta_4 \times Tax_t) + (\beta_5 \times Cash_t) + (\beta_6 \times Debts_t) + (\beta_7 \times Payroll_t) \quad (\text{Eq. 2})$$

Where  $\beta$  is the respective weights as per [Table 4](#) above;  $Stores_t$  represents the normalised stores/procurement irregularities in the respective year ( $t$ );  $Rent_t$  represents the normalised rent payment irregularities in the respective year ( $t$ );  $Contract_t$  represents the normalised contract irregularities in the respective year ( $t$ );  $Tax_t$  represents the normalised tax irregularities in the respective year ( $t$ );  $Cash_t$  represents the normalised cash irregularities in the respective year ( $t$ );  $Debts_t$  represents the normalised cash irregularities in the respective year ( $t$ ), and  $Payroll_t$  represents the normalised payroll irregularities in the respective year ( $t$ ).





# Results and Discussion

IMANI CPE first published The Fiscal Recklessness League Table in 2016 to assess the relative contributions of MDAs to the overall financial irregularities recorded between 2012 and 2015.<sup>22</sup> The report was well received by the media and attracted parliamentary attention.<sup>23</sup> At the time, it was the first of a kind where the Auditor-General's report has been analysed in such context.<sup>24</sup> This second edition builds on the league table approach of the first edition and includes an improved methodology that effectively utilises the Auditor-General's report to develop

an index that ranks the MDAs based on their financial irregularities captured in the Auditor-General's report between the 2015 and 2020.

The analysis starts with the nominal financial irregularities over the period, the trend of irregularities according to the categories of financial irregularities, the trend of irregularities according to MDAs, the Fiscal Recklessness Scores, and the FRI. The quantitative analysis in this chapter are complemented by the qualitative analysis of the causes of irregularities in the Auditor-General's report, and key informant interviews with experts and PFM practitioners

---

22 *Full Report: Imani's Fiscal Recklessness Index* (2016). Available at: <https://imaniafrica.org/2016/07/27/full-report-imanis-fiscal-recklessness-index>

23 [IMANI Report: Ghana lost GH?3.9bn to 'recklessness' in two years \(modernghana.com\)](#)

24 [Finance Ministry reckless — IMANI | Humanity Voice Watch](#)

## 4.1 Trend Analysis of Financial Irregularities of MDAs (2015-2020)

The analysis covers the financial irregularities of 29 MDAs. **Over the period, a total of GHS13.9 billion of financial irregularities covering stores/procurement, cash, tax, payroll, rent, and contract irregularities were recorded. Cumulatively, the total financial irregularities represents about 3.64% of 2020 GDP, and average of 0.52% of yearly GDP over the period of the analysis (Figure 4 and 5).** This implies that averagely, MDAs fiscal indiscipline cost about GHS2 billion from 2015 to 2020. The average financial cost of the irregularities recorded from 2015 to 2020 is about the same as Ghana's additional healthcare spending of about GHS2 billion in 2020 to contain the pandemic.<sup>25</sup>

**The highest financial irregularities occurred in 2018 (GHS5.2 billion), representing more than a third of the overall financial irregularities of the MDAs, and double of the average financial irregularities of MDAs.** The high financial irregularity was driven by tax irregularities which constitutes about 92% of the total irregularities recorded in 2018. This was largely as a result of non-payment of taxes by 10 oil marketing companies on the petroleum lifting from the Tema Oil Refinery<sup>26</sup>. Additionally, a total tax liability of about GHS10.1 million was granted by the Ghana Freezone Authority-Tema without parliamentary approval<sup>27</sup>.

**The financial irregularities over the period was largely driven by high tax irregularities caused by failure on the part of the Ghana Revenue Authority (GRA) to collect taxes due the state and enforce compliance.** Total tax irregularities amounted to GHS9.12 billion, representing about 65.5% of the total financial irregularities recorded over the five year period of the analysis.

Additionally, the tax irregularities reported between 2015 and 2020 is estimated at 2.38% of GDP, higher than the total government expenditure on the Free Senior High School Programme of about GHS7 billion from 2017 to 2020<sup>28</sup>.

**The high rate of tax irregularities over the period reflects the weak tax risk management programmes and compliance enforcement, and the lack of comprehensive assessment of aged-analysis of tax debtors<sup>29</sup>.** For instance, about 100 VAT traders who filed returns at MTOs and STOs owed about GHS11.9 million as at December 2015, however it was captured in the 2016 audit report of the Auditor-General. Also, some 3,600 companies, business and entities owed corporate and individual income taxes of about GHS827.3 million and US\$108.9 million respectively between 2019 and 2020. Also, the analysis also shows relatively weak oversight in the collection of tax revenue in some critical sectors such as the extractive industry and the petroleum downstream sector.

For example, between July 2018 and December 2019, 28 oil marketing companies lifted various petroleum products from the Tema Oil Refinery without paying the required duties and taxes totalling about GHS226.9 million to the GRA-Customs Division. This is also a reflection of the weak corporate governance, operational inefficiencies, and ineffective management systems at the Tema Oil Refinery<sup>30</sup>.

**MDAs fiscal indiscipline  
cost about  
GHS13.9 billion  
from 2015 to 2020**

25 <https://www.imf.org/-/media/Files/Publications/CR/...>

26 [MDA.cdr \(ghaudit.org\)](#)

27 [MDA.cdr \(ghaudit.org\)](#)

28 [Government has so far spent over GHc7 billion on Free SHS - Yaw Adutwum \(ghanaweb.com\)](#)

29 [\(PDF\) Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability \(researchgate.net\)](#)

30 [Africa Centre for Energy Policy. \(2021\). Plugging The Two-Decade Leak: Strategic Options for the Sustainability of Tema Oil Refinery.](#)

Figure 4 Trend of Financial Irregularities of MDAs (2015-2020)

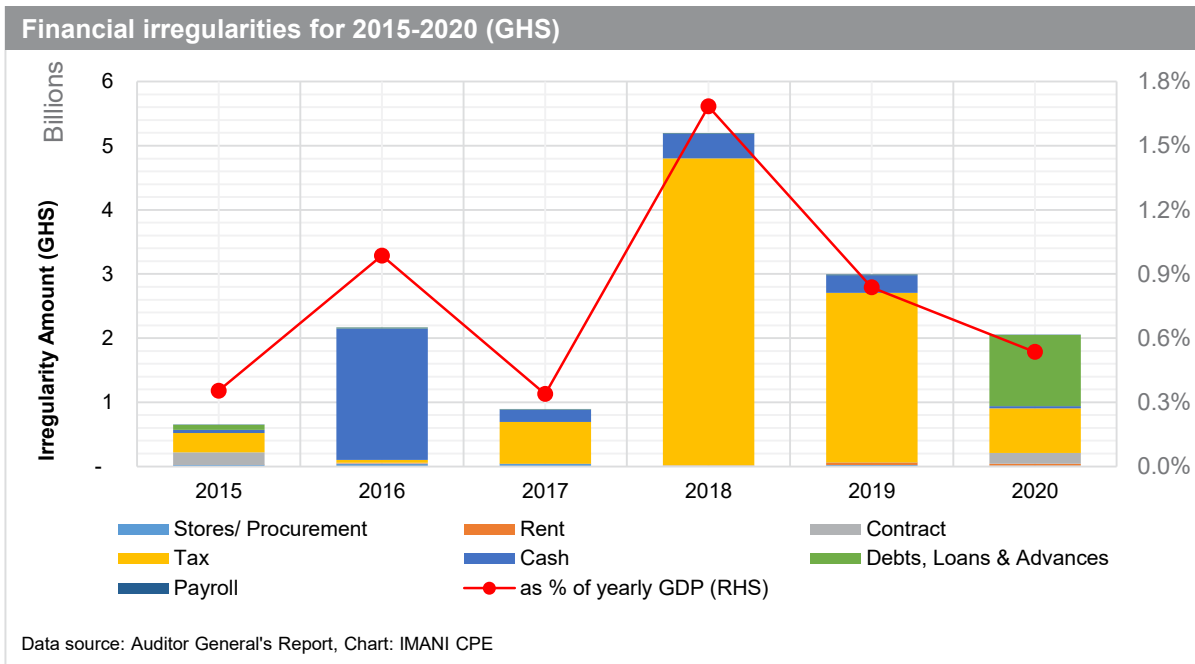
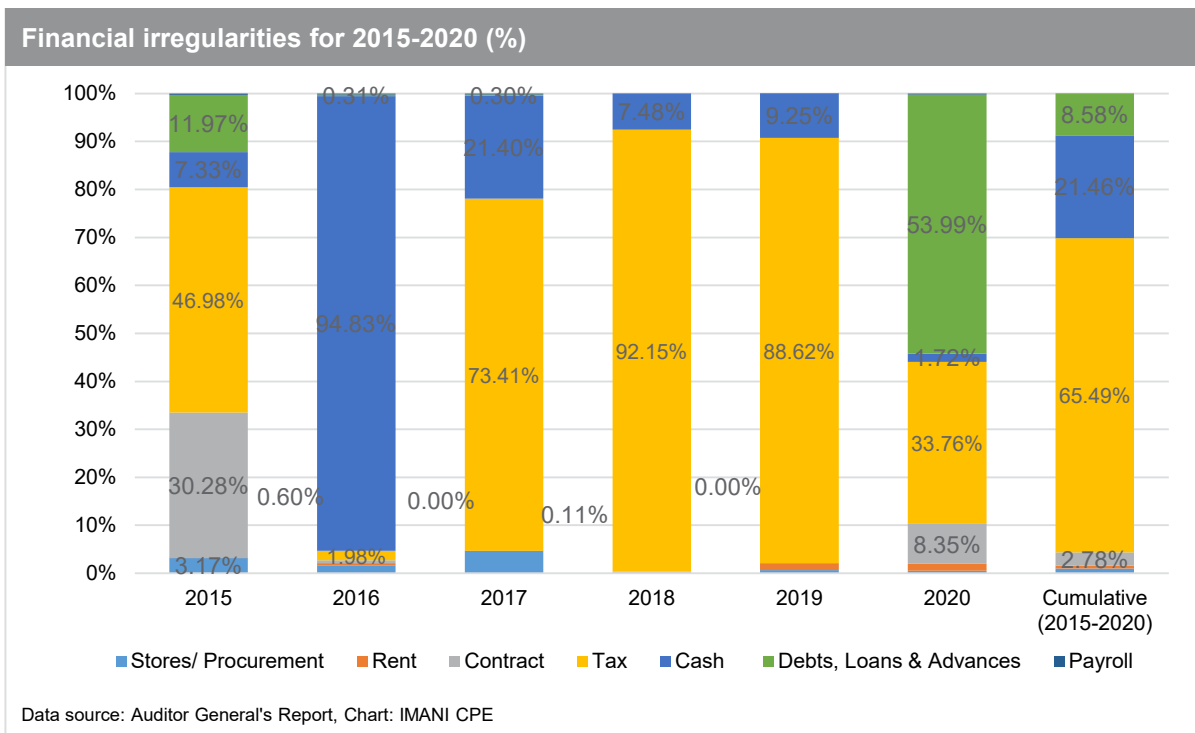


Figure 5 Contribution of the Categories of Irregularities to Total Financial Irregularities (2015-2020)



**Averagely, MDAs fiscal  
indiscipline cost about**

# **GHS2.3 billion**

**annually between 2015 to 2020**

Besides the tax irregularities, **cash irregularities also constituted a significant proportion of the total financial irregularities.** A total of GHS2.9 billion, representing about 21.4% of the total irregularities was recorded between 2015 and 2020. The cash irregularities are largely driven by unapproved disbursement of funds, unapproved transfer of funds, and delays in lodgement of public funds into the respective public accounts. For instance, the Auditor-General reports that GHS86.5 million out of the over GHS161.2 million of validated revenue by the Tamale Collection point (non-GCNET) had not been lodged as of December 2018.

**Loans, debt and advances represent a smaller proportion of the total irregularities.** However, the value of loans and advance increased significantly in 2020, more than half of the total financial irregularities recorded for the year. The total financial value of loans and advances between 2015 and 2020 was GHS1.2 billion, representing about 8.6% of the total irregularities. This was largely attributed to a debt of over GHS1.03 billion owed by 49 Budget Management Centres of the Ministry of Health to various suppliers of drugs and non-drug items in their facilities<sup>31</sup>. Financial irregularities associated with Contracts was GHS386.9 million, about 2.8% of the total irregularities recorded.

**While this represents a smaller proportion of the irregularities, they highlight underlying problem of weak contract management.** The major causes of contract irregularities were associated with delays in the delivery of contracts, unfinished projects, and abandoned projects. For instance, an award of 10 contracts by the Department of Urban roads for a duration of 5months to 35months remained uncomplet-

ed as of 31 December 2020. These can be attributed to delays in the disbursement of funds to contractors in most cases, and the lack of effective monitoring of performance bonds in government contracts. There are instances where delays and poor monitoring have led to an increase in the final value of the project cost. For example, in 2007, the Ministry for Foreign Affairs and Regional Integration awarded a project at a cost of GHS1.4 billion, however, delays in executing the project resulted in more than 700% increase the cost of completing the project in 2020 at a cost of GHS7.9 billion.

**Stores and procurement irregularities for the period was estimated at GHS136.3 million, representing less than 1% of the total financial irregularities recorded between 2015 and 2020.** While the financial value of the procurement related irregularities appear to be a tiny fraction of the overall effect of the fiscal indiscipline of MDAs, the highest procurement irregularities were recorded within the period of the study. The procurement losses between 2015 and 2020 represents about 95% of the total procurement irregularities recorded between 2010 and 2020, estimated at about GHS143 million. These point to the relative weaknesses in the public procurement system despite the reforms to the procurement law, implementation of a due diligence unit, and the role out of the Ghana Electronic Procurement System which cost about US\$4 million.

Another IMANI CPE study<sup>32</sup> of 339 procurement contracts of 11 MDAS revealed an excessive use of non-competitive procurement methods for high financial value contracts by the MDAs, opacity in the award processes and brazen abuse of the procurement law. Additionally, the public procurement system continues to be one of the high risk areas to government's public financial management, since its performance indicator on monitoring score was below the basic standard of performance score of D under the 2018 Public Expenditure and Financial Accountability (PEFA) Assessment report.<sup>33</sup>

31 [Microsoft Word - 2020 MDAs Report Final Reviewed.docx \(ghaudit.org\)](#)

32 PowerPoint Presentation: Is the Public Procurement System Hurting or Saving the Public Purse? (2022).

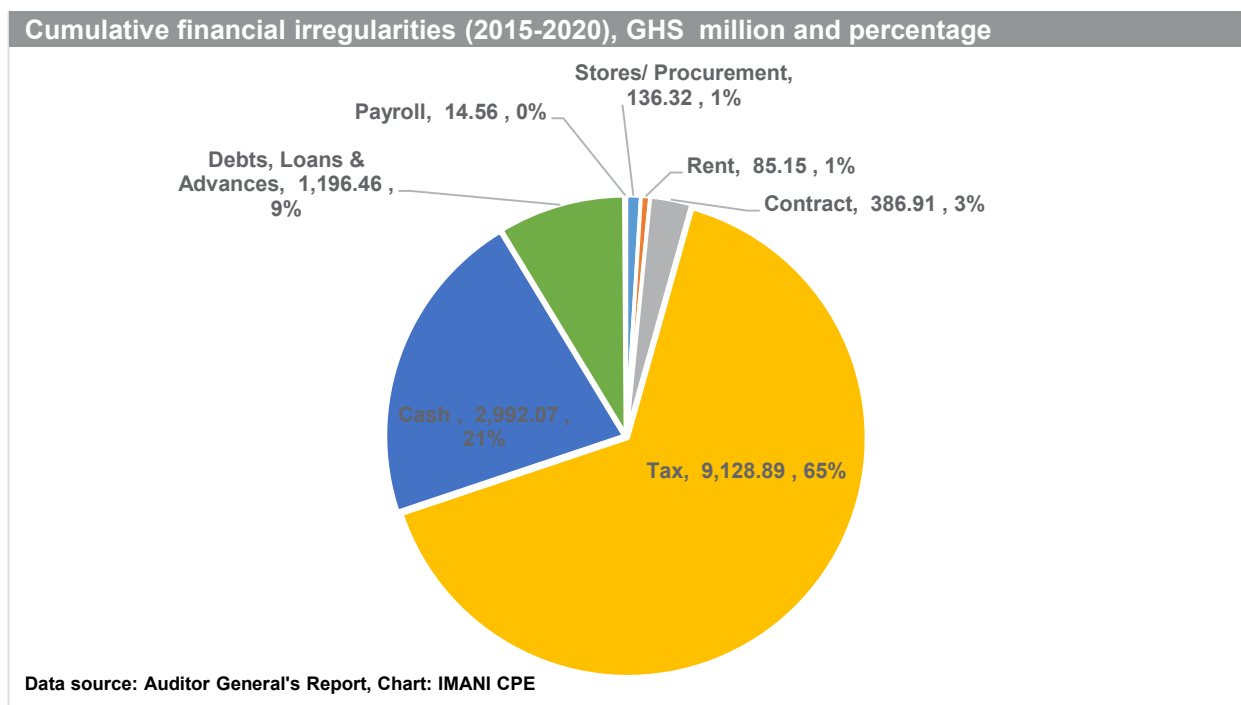
Available at: <https://imaniafrica.org/2022/04/21/highlight-from-imani-acep-public-procurement-forum-is-the-public-procurement-system-hurting-or-saving-the-public-purse>

33 [\(PDF\) Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability \(researchgate.net\)](#)

Payroll and rent irregularities were identified as the least sources of financial irregularities representing 0.10% (GHS14.5 million) and 0.6% (GHS85.2 million) of the cumulative irregularities recorded between 2015 and 2020 (Figure 6). Although these two categories appear to be the least area of fiscal indiscipline, there are systemic challenges that can potentially lead to relatively higher recklessness if not addressed. Currently, 50% of payroll management remain is not automated because the Human Resource Management Information System (HRMIS) provides only 50% of the data required for the processing of payroll in the Integrated Personnel and Payroll Da-

tabase. The manual processing of payroll opens the process to abuse, falsification of salaries, and the persistent problem of 'ghost names' on government payroll. The lack of coordination of the payroll data systems were the main causes of unearned salaries as identified by the Auditor-General. Also, the poor rent management system was identified as a major of cause of the rent associated irregularities. In most of the cases, government could not collect rent due it from persons living in government bungalows, and some rent payments of government were not covered by a tenancy agreement.

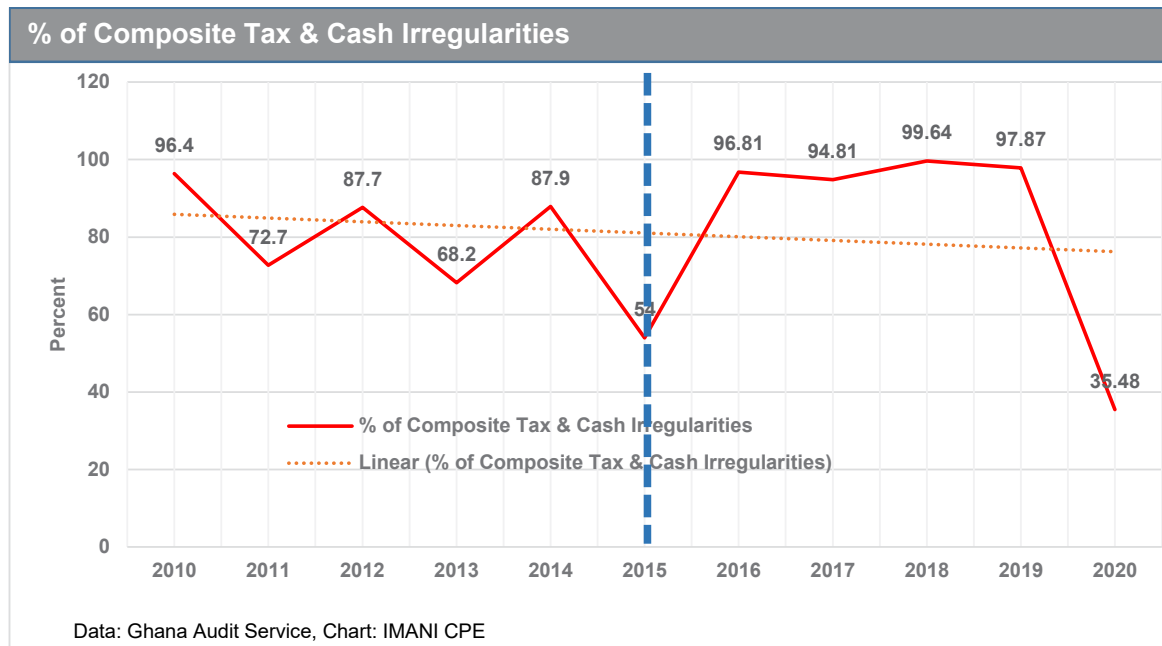
**Figure 6 Cumulative Financial Irregularities by Type (2015-2020)**



The analysis of fiscal indiscipline of MDAs clearly shows that tax and cash management are the main sources of fiscal recklessness among the MDAs in the last five years. Also, the trend in the combined contribution of tax and cash irregularities does not differ from the trend from 2010 to 2014, where tax and cash irregularities constituted an aver-

age of 83% of the composite of financial irregularities (Figure 7). This suggest that the fiscal recklessness of MDAs in these categories are legacy problems since they have persistently represented a major area of weakness in the public finance administration and management of the MDAs.

**Figure 7 Trend of combined tax and cash irregularities to the total financial irregularities (2010-2020)**



**Compared to the GHC1.42 billion combined irregularities of MDAs between 2010 and 2014, the financial cost of MDAs' fiscal indiscipline has increased more than thirteen times between 2015 and 2020.**

## 4.2 Fiscal Recklessness Assessment

This section of the report presents the analysis of the trend of irregularities according to MDAs, the Fiscal Recklessness Scores, and the FRI. Tables 5 and 6 show the composite (nominal) irregularity by MDA, 2015-2020 while Tables 7 and 8 show the 7 MDA Fiscal Recklessness Score (FRS) and MDA Fiscal Recklessness Rank respectively.

**As can be seen, The Ministry of Finance tops the list of MDAs as the most fiscally reckless MDA on an annual basis and also over the six years between 2015 and 2020.** For example, the Ministry of Finance had the highest FRS of 0.4831 in 2015 followed by Ministry of Roads and Highways with an FRS 0.3067, among others. The finance ministry's score subsequently worsened (jumped almost two-

fold) a year later in 2016 at 0.9694.

This was driven by the large tax and cash irregularities of almost GHS1.8 billion (an equivalent of 75% of the cost of the Free SHS programme (GHC2.4 billion) in 2020<sup>34</sup>, and about four times the cost of school feeding programme (GHC470 million) in 2020<sup>35</sup>) which occurred at the finance ministry that year (see Appendix A1). There was a marginal improvement in the FRS in 2017 to 0.7993, however, the ministry slipped further back in 2018 and 2019. The saw an improvement of its 2020 FRS with a score of 0.3384.

**Two key irregularities account for the trend observed at the finance ministry: (1) tax irregularities and (2) cash irregularities.** For example, the finance ministry is responsible for 99.63% (GHS9.10 billion,

34 [Ghana government spends GH¢2.4b on Free SHS in 2020 - Minister - Ghana Business News](#)  
 35 [2021-PBB-MOGCSP.pdf \(mofep.gov.gh\)](#)

about 20% higher than the actual expenditure of the Ministry of Health in 2020<sup>36</sup>) of the combined GHS9.12 billion tax irregularities from 2015-2020. Likewise, the finance ministry accounted for 80.10% (GHS2.35 billion) of the combined GHS2.93 billion cash irregularities from 2015-2020 — this trend remains the same on a normalised data basis. Again, at a cumulative level, both tax and cash irregularities accounted for 86.95% (GHS12.10 billion, ) of the total GHS13.94 billion irregularities from 2015-2020.

In other words, tax and cash irregularities, attributable to the ministry of finance, was responsible for 82.08% of the total GHS13.94 billion irregularities from 2015-2020<sup>37</sup>. The high tax irregularities is largely due to the inability of the Ghana Revenue Authority to collect the taxes due the state leading to high levels of outstanding taxes. For instances, outstanding income taxes reported in 2020 of GHC126.2 million can finance the entire expenditure of the Livelihood Empowerment Against Poverty (LEAP) programme (GHC70.1 million<sup>38</sup>) in excess of about 45% for the same year.

**Following the ministry of finance is the ministry of health as the second most fiscally reckless institution with an FRS score of 0.1007.** The health ministry overtook the finance ministry as the most fiscally reckless MDA in 2020 (FRS: 0.5510 vs. 0.3384 for

the finance ministry). This was particularly due to the very large debt, loans and advances irregularities (on a normalised basis) and similarly large stores/procurement irregularities (also on a normalised basis) recorded at the health ministry.

**The third, fourth and fifth most fiscally reckless MDAs over the six years were the Ministry of Roads & Highways (FRS: 0.0284), Ministry of Employment (FRS: 0.0184), and Ministry of Foreign Affairs (FRS: 0.091).** The remaining MDAs, in order of fiscal recklessness, include the following: Ministry of Justice & Attorney Generals Department; Ministry of Trade & Industry; The Judicial Service; Ministry of Local Government; Ministry of Education; Gender Ministry; and Ministry of Food and Agriculture. The rest are the Ministry of Tourism; Ministry of Communications; Other Agencies; Fisheries & Aquaculture Development Ministry; Ministry of the Interior; Ministry of Defence; Ministry of Environment, Science & Technology; Ministry of Special Development Initiative; Ministry of Works and Housing; and Ministry of Youth & Sports. Competing the list are the Ministry of Lands & Natural Resources; Ministry of Transport; Ministry of Information, Chieftaincy Ministry, and Office of Government Machinery.

36 [2022-PBB-MoH.pdf \(mofep.gov.gh\)](#)

37 To provide context to these extraordinary numbers, especially at the finance ministry (and subsidiary agencies), one needs to understand the role it places in Ghana's economy, particularly when it comes to offering tax credits and other incentives to attract investors. [Section 4.3](#) of this report examines the root causes of why these irregularities keep occurring.

38 [2021-PBB-MOGCSP.pdf \(mofep.gov.gh\)](#)

**Table 5 Composite (Nominal) Irregularity by MDA, 2015-2020 (GHS million)**

MDA	Stores/ Procurement	Rent	Contract	Tax	Cash	Loan, Debt & Advances	Payroll	TOTAL
Finance	48.70	0.15	4.89	9,095.28	2,346.82	0.21	2.30	11,498.35
Health	31.78	1.02	2.33	6.54	76.29	1,075.05	2.94	1,195.95
Roads & Highways	0.58	0.00	353.80	2.23	2.38	-	0.05	359.05
Employment	0.01	-	-	0.00	193.02	-	5.14	198.17
Foreign Affairs	-	70.28	7.97	-	23.90	2.13	0.02	104.30
Justice & Attorney Gen.	0.55	-	0.36	0.02	80.19	0.04	0.10	81.26
Trade & Industry	0.27	-	-	1.11	4.01	60.90	0.24	66.53
Judicial Service	-	0.18	4.71	0.01	51.23	2.84	0.23	59.20
Gender	0.13	0.01	-	16.22	22.65	-	0.06	39.08
Education	6.11	0.13	0.15	0.13	27.67	0.03	1.52	35.73
Food & Agric.	1.74	0.02	-	0.07	12.23	20.05	0.30	34.42
Tourism	5.36	-	-	2.98	18.13	0.10	0.03	26.61
Local Government	23.47	0.03	0.01	-	1.59	0.60	0.14	25.85
Communication	-	-	-	0.89	5.09	17.71	0.74	24.42
Other Agencies	0.42	0.05	7.18	0.17	15.40	0.13	0.03	23.37
Fisheries & Aquac. Dev.	0.02	-	-	0.03	21.27	0.39	0.03	21.74
Interior	0.47	0.41	-	1.40	14.69	2.24	0.40	19.61
Spec. Dev. Initiative	1.93	-	-	-	-	9.99	0.09	12.02
Works & Housing	0.28	3.72	5.04	-	2.16	-	0.05	11.25
Youth & Sports	0.44	-	0.47	0.00	7.35	0.03	0.04	8.33
Lands & Nat. Reso.	0.03	6.95	-	0.01	0.93	0.30	0.04	8.26
Defence	5.80	-	-	0.11	-	1.73	-	7.64
Environment, Sc. & Tech	6.39	-	-	-	-	-	-	6.39
Transport	1.67	-	-	1.38	0.00	-	0.04	3.10
Water Resources	-	1.88	-	-	1.03	0.04	-	2.96
Information	-	-	-	0.28	1.39	-	0.04	1.70
Gov't Machinery	-	0.32	-	0.03	0.08	0.03	0.01	0.46
Chieftaincy	0.15	-	-	-	0.20	-	-	0.35
<b>Grand Total</b>	<b>136.32</b>	<b>85.15</b>	<b>386.91</b>	<b>9,128.89</b>	<b>2,929.70</b>	<b>1,194.54</b>	<b>14.59</b>	<b>13,876.10</b>

Source: Author's construct based on Auditor-General's Report (2015-2020)



**Table 6 Composite (Nominal) Irregularity by MDA, 2015-2020 (%)**

MDA	Stores/ Procurement	Rent	Contract	Tax	Cash	Loan, Debt & Advances	Payroll	TOTAL
Finance	35.72%	0.18%	1.26%	99.63%	80.10%	0.02%	15.77%	82.86%
Health	23.31%	1.20%	0.60%	0.07%	2.60%	90.00%	20.18%	8.62%
Roads & Highways	0.43%	0.00%	91.44%	0.02%	0.08%	-	0.36%	2.59%
Employment	0.01%	-	-	0.00%	6.59%	-	35.24%	1.43%
Foreign Affairs	-	82.53%	2.06%	-	0.82%	0.18%	0.15%	0.75%
Justice & Attorney Gen.	0.40%	-	0.09%	0.00%	2.74%	0.00%	0.71%	0.59%
Trade & Industry	0.20%	-	-	0.01%	0.14%	5.10%	1.64%	0.48%
Judicial Service	-	0.22%	1.22%	0.00%	1.75%	0.24%	1.60%	0.43%
Gender	0.10%	0.01%	-	0.18%	0.77%	-	0.42%	0.28%
Education	4.48%	0.15%	0.04%	0.00%	0.94%	0.00%	10.39%	0.26%
Food & Agric.	1.27%	0.03%	-	0.00%	0.42%	1.68%	2.07%	0.25%
Tourism	3.93%	-	-	0.03%	0.62%	0.01%	0.22%	0.19%
Local Government	17.22%	0.04%	0.00%	-	0.05%	0.05%	0.99%	0.19%
Communication	-	-	-	0.01%	0.17%	1.48%	5.04%	0.18%
Other Agencies	0.30%	0.05%	1.86%	0.00%	0.53%	0.01%	0.22%	0.17%
Fisheries & Aquac. Dev.	0.02%	-	-	0.00%	0.73%	0.03%	0.22%	0.16%
Interior	0.35%	0.49%	-	0.02%	0.50%	0.19%	2.74%	0.14%
Spec, Dev. Initiative	1.42%	-	-	-	-	0.84%	0.62%	0.09%
Works & Housing	0.20%	4.37%	1.30%	-	0.07%	-	0.36%	0.08%
Youth & Sports	0.32%	-	0.12%	0.00%	0.25%	0.00%	0.24%	0.06%
Lands & Nat. Reso.	0.02%	8.16%	-	0.00%	0.03%	0.03%	0.25%	0.06%
Defence	4.25%	-	-	0.00%	-	0.14%	-	0.06%
Environment, Sc. & Tech	4.69%	-	-	-	-	-	-	0.05%
Transport	1.23%	-	-	0.02%	0.00%	-	0.25%	0.02%
Water Resources	-	2.21%	-	-	0.04%	0.00%	-	0.02%
Information	-	-	-	0.00%	0.05%	-	0.25%	0.01%
Gov't Machinery	-	0.37%	-	0.00%	0.00%	0.00%	0.05%	0.00%
Chieftaincy	0.11%	-	-	-	0.01%	-	-	0.00%
<b>Grand Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Author's construct based on Auditor-General's Report (2015-2020)

**Table 7 MDA Fiscal Recklessness Score**

Ministry/Year	Fiscal Recklessness Score						
	2015	2016	2017	2018	2019	2020	2015-2020
Finance	0.4831	0.9694	0.7993	0.9991	0.9788	0.3384	0.8797
Health	0.1125	0.0063	0.0345	0.0052	0.0096	0.5510	0.1007
Roads & Highways	0.3067	0.0085	0.0006	-	-	0.0835	0.0284
Employment	0.0003	0.0318	0.2141	-	0.0002	0.0023	0.0184
Foreign Affairs	0.0003	0.0025	-	0.0006	0.0226	0.0222	0.0091
Justice & Attorney Gen.	0.0004	0.0366	-	0.0021	0.0002	0.0011	0.0074
Trade & Industry	0.1200	0.0012	0.0013	0.0001	0.0006	0.0001	0.0054
Judicial Service	0.0100	0.0293	0.0014	0.0000	0.0001	#N/A	0.0053
Local Government	0.0012	0.0173	0.0021	0.0000	-	0.0002	0.0050
Education	0.0077	0.0036	0.0014	0.0011	0.0004	0.0185	0.0041
Gender	-	0.0045	0.0361	0.0014	0.0000	0.0001	0.0032
Food & Agric.	0.0357	0.0016	0.0032	0.0008	0.0034	0.0011	0.0031
Tourism	-	0.0000	-	-	0.0125	0.0004	0.0029
Communication	-	-	0.0039	0.0005	0.0002	0.0105	0.0021
Other Agencies	0.0532	0.0010	-	-	-	0.0000	0.0021
Fisheries & Aquac. Dev.	-	-	0.0001	0.0000	0.0091	0.0019	0.0020
Interior	0.0007	0.0010	0.0045	0.0000	0.0051	0.0025	0.0018
Defence	0.0288	0.0000	0.0000	0.0000	-	0.0009	0.0013
Environment, Sc. & Tech	0.0317	#N/A	#N/A	#N/A	#N/A	#N/A	0.0013
Spec. Dev. Initiative	-	-	-	-	-	0.0065	0.0012
Works & Housing	0.0091	-	0.0000	0.0013	0.0001	0.0000	0.0010
Youth & Sports	0.0040	0.0022	-	-	0.0013	0.0000	0.0008
Lands & Nat. Reso.	0.0001	0.0043	0.0001	0.0002	-	0.0003	0.0007
Transport	0.0001	-	-	0.0000	0.0013	0.0000	0.0004
Water Resources	#N/A	0.0018	0.0001	#N/A	#N/A	#N/A	0.0003
Information	-	0.0002	0.0000	0.0003	-	0.0000	0.0002
Chieftaincy	0.0005	0.0000	0.0002	0.0000	#N/A	#N/A	0.0000
Gov't Machinery	#N/A	#N/A	0.0001	0.0001	#N/A	#N/A	0.0000

**Source: Author's construct based on Auditor-General's Report (2015-2020). Note: #NA means that the respective MDA was not assessed in the respective year by the Auditor-General. For example, the Ministry of Environment, Science and Technology was assessed in 2015 but not subsequently in 2016-2020. The Ministry of Finance and Health, on the other hand, were assessed by the Auditor-General in all the respective years.**

**Table 8 MDA Fiscal Recklessness Rank**

MDA	Fiscal Recklessness Rank						
	2015	2016	2017	2018	2019	2020	2015-2020
Finance	1	1	1	1	1	2	1
Health	4	7	4	2	4	1	2
Roads & Highways	2	6	12	21	18	3	3
Employment	18	3	2	21	13	9	4
Foreign Affairs	17	11	21	8	2	4	5
Justice & Attorney Gen.	16	2	21	3	12	12	6
Trade & Industry	3	15	11	12	10	18	7
Judicial Service	9	4	9	16	15	#N/A	8
Local Government	13	5	8	20	18	16	9
Education	11	10	10	6	11	5	10
Gender	21	8	3	4	17	17	11
Food & Agric.	6	14	7	7	7	11	12
Tourism	21	21	21	21	3	14	13
Communication	21	22	6	9	14	6	14
Other Agencies	5	17	21	21	18	20	15
Fisheries & Aquac. Dev.	21	22	17	14	5	10	16
Interior	14	16	5	15	6	8	17
Defence	8	20	18	19	18	13	18
Environment, Sc. & Tech	7	#N/A	#N/A	#N/A	#N/A	#N/A	19
Spec. Dev. Initiative	21	22	21	21	18	7	20
Works & Housing	10	22	19	5	16	21	21
Youth & Sports	12	12	21	21	9	19	22
Lands & Nat. Reso.	20	9	15	11	18	15	23
Transport	19	22	21	18	8	23	24
Water Resources	#N/A	13	16	#N/A	#N/A	#N/A	25
Information	21	18	20	10	18	22	26
Chieftancy	15	19	13	17	#N/A	#N/A	27
Gov't Machinery	#N/A	#N/A	14	13	#N/A	#N/A	28

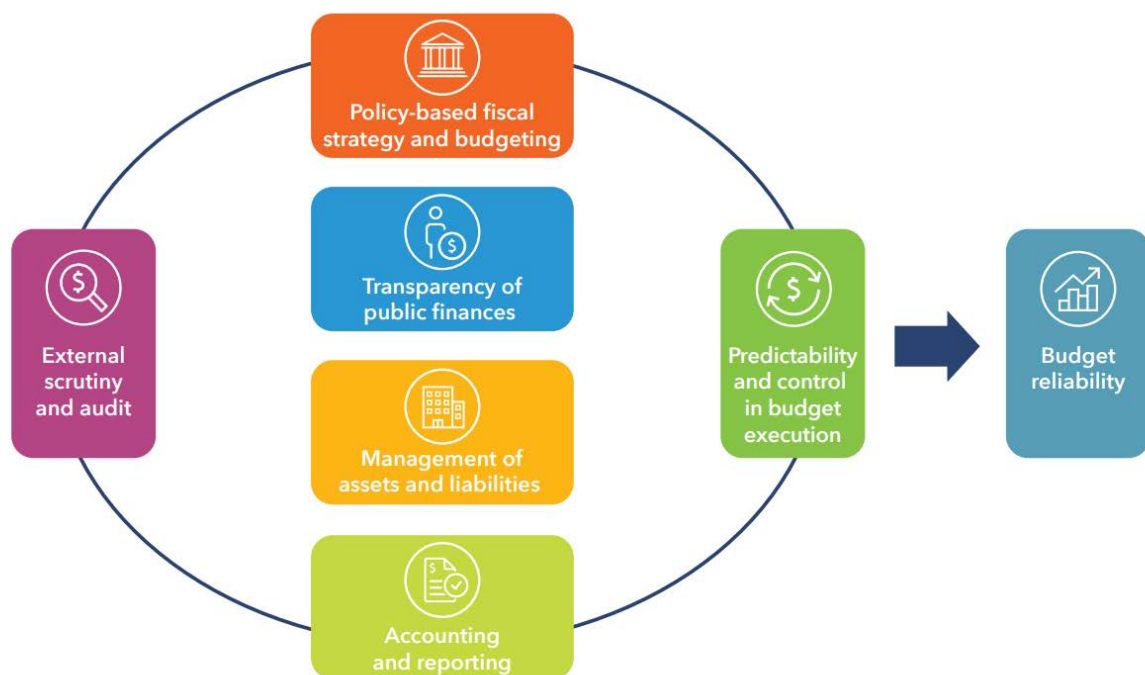
**Source: Author's construct based on Auditor-General's Report (2015-2020). Note: #NA means that the respective MDA was not assessed in the respective year by the Auditor-General. Assessed by the Auditor-General in all the respective years.**

### 4.3 Root Cause Diagnostics: Key Causes of the Irregularities

The preceding analysis illustrates that significant inefficiencies are hindering public financial management (PFM) implementation in Ghana in the context of the persistent financial irregularities that keep occurring. PFM refers to “the set of laws, rules, systems and processes used by sovereign nations (and sub-national governments), to mobilise revenue, allocate public funds, undertake public spending, account for funds and audit results”.<sup>39</sup> Thus, the implementation of outcomes-based policies to check any financial irregularities would be through a country’s PFM systems, primarily the budget cycle. The pillars that define the key elements of a PFM system

include: (1) budget reliability; (2) transparency of public finances; (3) effective management of assets and liabilities; (4) policy-based fiscal strategy and budgeting; (5) predictability and control in budget execution; (6) accounting and reporting, and (7) external scrutiny and audit. Figure 8 illustrates the interrelationship of the pillars of the PFM system. As can be seen, strong checks and balances which prevent or minimise financial abuse are at the core any effective and efficient PFM system.

**Figure 8 Interrelationship of the pillars of the PFM system through the budget cycle**

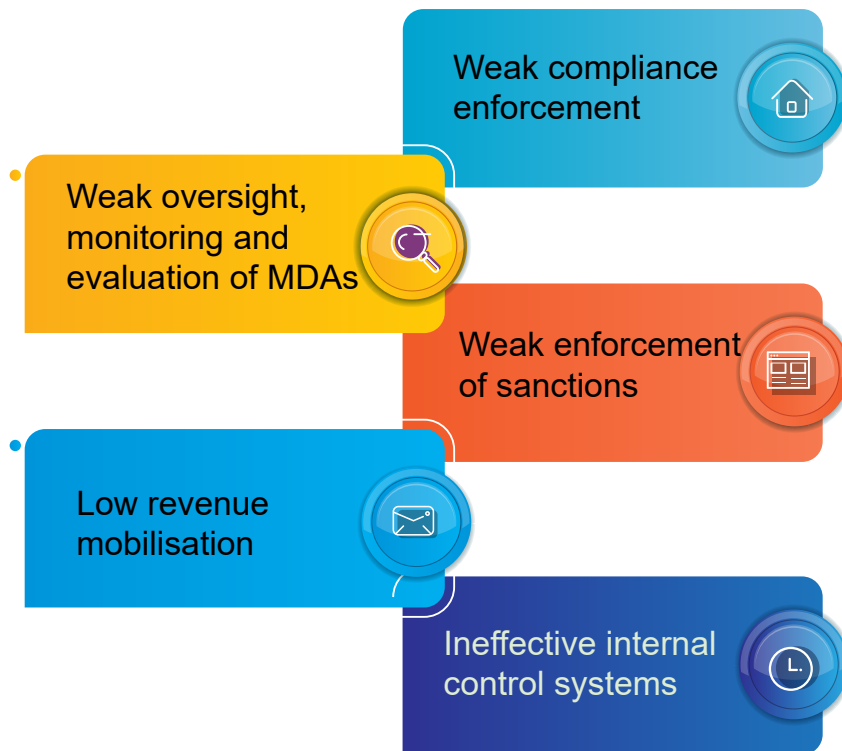


Source: PEFA Secretariat (2016: p.3)<sup>40</sup>

39 Public financial management - GSDRC (2015). Available at: <https://gsdrc.org/professional-dev/public-financial-management>

40 PEFA Secretariat (2016). PEFA - Framework for assessing public financial management. Available at: [https://www.pefa.org/sites/pefa/files/news/files/PEFA-Framework\\_English.pdf](https://www.pefa.org/sites/pefa/files/news/files/PEFA-Framework_English.pdf)

Within the Ghanaian context, however, the country's underlying political settlements regime and macro-fiscal factors compound inefficiencies and limited the country from fully leveraging the upside of the PFM reform process, particularly in curbing financial irregularities and improving service delivery.<sup>41</sup> The Fishbone diagram in Figure 8 illustrates the root causes and drivers of the causes of the irregularities. These are driven by five broad factors, namely:



41 Alawattage, C., & Azure, J. D. C. (2021). Behind the World Bank's ringing declarations of "social accountability": Ghana's public financial management reform. *Critical perspectives on accounting*, 78, 102075.

Abdulai, M. S. (2020). Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability. *International Journal of Industrial and Manufacturing Engineering*, 14(6), 419-433.

Abdulai, M. S. (2020). Government of Ghana's Budget: An Assessment of Its Compliance with Fundamental Budgeting Principles. *International Journal of Economics and Management Engineering*, 14(10), 1018-1036.

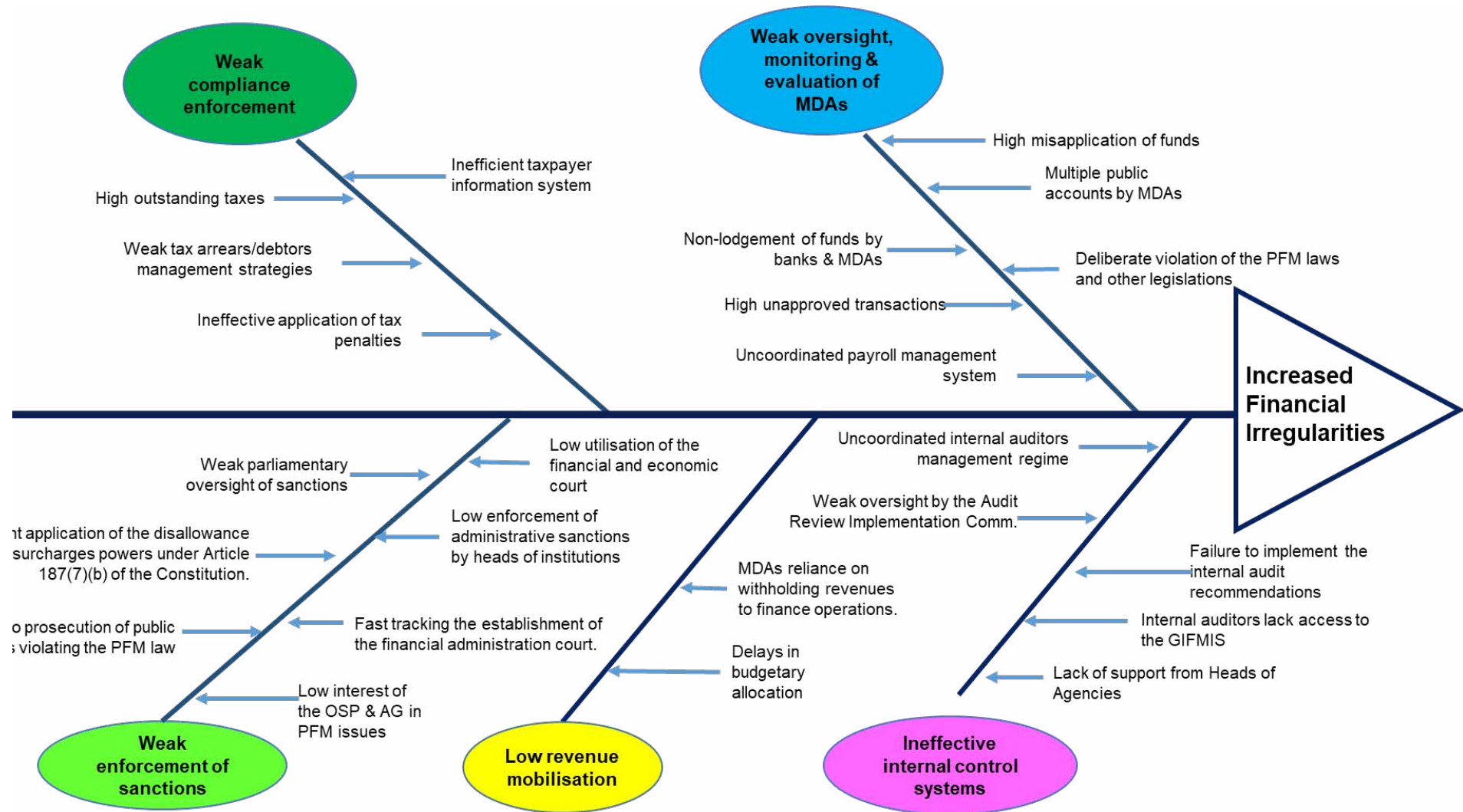
Tetteh, L. A., Agyenim-Boateng, C., Simpson, S. N. Y., & Susuawu, D. (2021). Public sector financial management reforms in Ghana: insights from institutional theory. *Journal of Accounting in Emerging Economies*.

Yaokumah, W., & Biney, E. (2020). Integrated financial management information system project implementation in Ghana government ministries. *International Journal of Information Technology Project Management (IJITPM)*, 11(1), 17-31.

Scott, G. K., & Enu-Kwesi, F. (2018). Role of budgeting practices in service delivery in the public sector: A study of district assemblies in Ghana. *Hum Resour Manag Res*, 8, 23-33.

Osae, E.O. (2018). Fiscal Decentralization and Financial Management Practices of Sub-National Governments: Evidence from Ghana. Digibooks

**Figure 9 Fishbone of the causes (drivers and enablers) of financial irregularities**



It is also increasingly clear that these areas are the major weaknesses in the financial management and administration of MDAs in Ghana. More importantly, the analysis provides enough evidence to suggest that PFM policies and programmes implemented over the years to address such vulnerabilities have been less optimal, looking at the trajectory of financial impact of non-compliance with regulations of the Financial Administration Act, Ghana Revenue Authority Act, and the Public Financial Management Act. Additionally, the financial cost of the fiscal indiscipline of the MDAs points to the weaknesses in the budget execution and management aspect of the Public Financial Management System, and the fragilities in the oversight functions of regulatory institutions.

The below remarks from some experts involved in PFM implementation in Ghana highlights the nature of the challenges:

***Public sector internal controls have been designed in such a way that along all the Five PFM Pillars [planning budgeting accounting procurement and contracting accounting and reporting and all the others]. We have internal controls at each stage of the PFM cycle and the controls sit with the internal audit unit to the extent that every public institution is expected to have an in-***

***ternal auditor... So ideally if these well designed on-paper control systems are being adhered to and implemented to the latter, external auditors will have nothing to report. The fraud and irregularities we are seeing will not occur. However, the reason why we are seeing all those irregularities continuously being reported by the external auditors is that this well-designed counter procedures have not been adhered to, or it is not adhered to the latter by public institutions. That is why we continue to see fraud and irregularities in the public sector.***

***The public financial management is a system between automation and human beings. The Auditor-General spends enough to spot the infractions and irregularities. The Auditor-General uses the AuditMIS –end-to-end automation that all auditors use which strengthens the audit service and processes. So, after putting all automation in place, if there are still infractions and irregularities, then the human element must be looked at. This can be looked at under four broad categories: compliance, malfeasance, misappropriation, and the control environment in line ministries.***

## Box 1- Public sector internal controls

1. Public sector internal controls have been designed along all the PFM Pillars including planning budgeting accounting procurement and contracting accounting and reporting and all the others.
2. There are internal controls at each stage of the PFM cycle and the controls, in Ghana's case, sit with the Internal Audit Unit. This is to the extent that every public institution is expected to have an internal auditor.
3. The internal auditor heads a unit that is required to prepare an annual internal audit work plan which is based on the risk assessment that the internal auditors have conducted on the operation of the organisation.
4. The internal auditor is expected to, on a quarterly basis conduct internal audit on the operations of the public institutions and then submit a report on the functioning of the internal control system of that institution through the Audit committee to the internal audit agency.
5. At the institutional level, audit committees are set up to immediately when the internal auditor produces that quarterly report follow up and ensure that all the internal control weaknesses identified by the internal auditor in their report are worked on by management.
6. This cycle continues throughout the year so by the time the year ends ordinarily the control weaknesses whether in the area of planning contracts and procurement budgeting or accounting and reporting, would have been resolved.
7. Then the internal audit agency sends a team to monitor and ensure that all the recommendations have been implemented and also verified and be double sure that things that they claim have been implemented have actually been implemented.
8. After everything, external audit undertaken by the Ghana Audit Service, or any private auditor appointed by Ghana Audit Service goes to do the audit and then when they also uncover any finding they are expected to give it to the institution and the Audit committees are expected to work with the institution to implement its recommendation.

### 4.3.1 Tax Irregularities

#### Failure of GRA to collect tax revenues

The Ghana Revenue Authority Act 2009 (Act 791) mandates the GRA to ensure maximum compliance with all relevant tax laws to ensure a sustainable revenue stream for the government, trade facilitation, and a controlled and safe flow of goods across the country's borders. Notwithstanding, the AG cites the authority every review year for failure to collect tax revenues.

In the 2016 audit report, some 100 VAT traders who filed their returns at MTOs and STOs still owed a total of GHS11, 934,957.00 as of December 2015. Likewise, in the 2017 audit report, GRA failed to collect GHS11.5 million of royalties indebted by Prestea Sankofa Ltd., from 2012 to 2014. Furthermore, in the 2018 audit report, GHS33, 675,044 was due from ten oil marketing companies that failed to pay taxes on

petroleum products lifted at TOR between November 2016 and November 2018. In both 2019 and 2020 reports, over 3,600 companies, business entities, and individuals were cited to owe corporate and individual income taxes totalling GHS827, 396,058 and US\$108,925,254.

This is corroborated by some PFM experts who noted among others that:

***It is rather unfortunate that we are still recording irregularities in taxation and cash management. For tax irregularities, the challenge we have in most cases the deduction of taxes especially withholding taxes - the ones the public institutions withhold on behalf of government and then their failure to remit same to GRA. Because they are government institutions, they withhold the tax for payment that they make to third parties instead of them going to pay this money to government in the next month they fail to do***



***that and when you ask them, they give the excuse that they did not receive their budget allocation some of them too will tell you it is government-to-government***

The element of withholding tax is really affecting our work because most of the tax regularities are in those area. Some public institutions do not deduct the tax. The normal control systems to uncover such practices before it happens is that the internal auditor will do pre-auditing before payment is effected but again people go around the pre-auditing system and then they pay so by the time the internal auditor sees payment has been effected.

**Failure to apply measures and sanctions in the laws for tax administration**

Surprisingly, the AG reports that despite heavy tax defaults on the part of companies, business entities, and individuals, the GRA consistently fails to apply measures and sanctions at its disposal to enforce tax compliance. This shows that the GRA has not been efficient in its functions spelled out in Section 3(a,c,&d) of the establishing Act which provides that the “Authority shall...collect...interest and penalties on taxes due to the Republic...; promote tax compliance...; and combat tax fraud and evasion...with other competent law enforcement agencies...”

This is corroborated by some PFM experts who noted among others that:

***As for the tax and cash irregularities it is naked cash stealing...sometimes you are able to uncover these fraud cash irregularities and make recommendations for people to be sanctioned but before you realise some of the institutions will transfer these offices two other places***

**4.3.2 Cash Irregularities**

**Unapproved disbursement/ Unauthorised transfers of funds**

Regulation 1 of the Financial Administration Regulations (FAR), 2004 states that any public officer responsible for the conduct of financial business on behalf of the Government shall keep proper records of all transactions and shall produce records of all transactions for inspection by the Minister, the Auditor-General, Controller, and Accountant General or any officer authorised by them. Also, regulation 39(c) of the Financial Administration Regulation (FAR) 2004 requires

that the head of the accounts section of a department shall control the disbursements of funds and ensure that; transactions are properly authenticated to show that amounts are due and payable. However, the Auditor-General’s reports reveal contravention of this law every review year from unapproved disbursements to unsupported/ unsubstantiated payments and unauthorised transfers of funds.

For instance, in the 2018 review year, the AG reported an unapproved disbursement of GHS312,235,683 from the Ghana Revenue Authority’s General Refund Account. This is a designated account from which proven overpayment of tax, payments made by non-taxable persons, and payments made on non-taxable supplies can be refunded. The said amount was transferred from the account between February and December 2017 for payments other than the stipulated purposes. This reoccurred in the 2019 review year when it was revealed that GHS193,277,758.03 was used in settling payments other than for tax refunds. This also implied misapplication of funds.

Some PFM experts noted that:

***Cash irregularities is one of the easiest to be spot because the people have the money, and they steal the money, and get away with it.***

The cash management problem is a product of our history – that there are so many cash accounts dotted all over. We uncovered about 15,000 bank accounts in one instance. Commercial banks have these statutory funds who in turn use them to buy government T-Bills. Wrong accounting as a result of the many accounts is a problem because there is no ledger. Thievery comes into play. The lack of consolidation of accounts also results in one ministry being broke and not being able to carry out public services and another having cash in excess.

**Belated/ Non-lodgement of public funds**

Regulation 17 of FAR states that, the head of a department shall ensure that all non-tax revenues are efficiently collected and lodged into the Consolidated Fund. Likewise, regulation 46 of the Public Financial Management Regulations 2019 also states that a Principal Spending Officer shall monitor and ensure that non-tax revenue in the case of non-tax revenue lodged into the transit bank accounts are promptly transferred into the main Consolidated Fund Bank

Account.

Also, Paragraph 2.2 of the MoU signed in June 2017 between the Ministry of Finance and Zenith Bank Ghana Ltd. stipulates that, the Bank shall on each business day, during the regular working hours of the assigned MDA, collect Government Revenue in local and foreign currencies from the premises of the assigned MDA and deposit same into the designated account and where a portion of the daily collections thereof retained by the bank after the periods stipulated, the bank shall be liable to pay interest to the Ministry of Finance at the current 91-day Treasury bill rate.

In the 2019 audit report, validation of revenue collected by the Tamale Collection (Non-GNet) for the year 2018 disclosed that GHS86, 589,921.45 out of a total amount of GHS161, 212,678.07 collected by the Station had not been lodged as of 31 December 2018. Again, 75 cheques with face value of GHS283, 284.31 for Direct Tax and GHS86, 541.32 for Indirect tax lodged by 5 Tax Offices were not credited by the banks involved. Furthermore, the audit revealed that a total amount of GHS5, 149,499.66 and US\$ 21,000.00 of fishing licenses, fish fines, and fish levy lodged at the Bank of Ghana, were not credited into the Fisheries Development Fund account.

### Misapplication of funds

Regulation 179 of FAR 2004 requires a head of a department not to authorise payment made out of funds earmarked for specific activities for purposes other than those activities. In the 2018 review year, the AGR revealed that GetFund administrators transferred GHS40, 000 as a loan grant to the MP's Common Fund Account in 2015 that as of December 2018 remained unrefunded.

In 2016, the Public Financial Management Act, 2016 (Act 921) was enacted. Section 7(a) required Principal Spending Officers of covered entities to ensure regularity and proper use of money appropriated in their covered entities. In contravention of this law, the amount of GHS89, 265 was transferred from the School Capitation Account into the Directors imprest account at GES-Kpassa district which management failed to account for.

The TMCs – Spintex in the 2018 audit report was cited to have breached the FAR for the misapplication

of drug funds. In March 2017 TMCs used drug funds amounting to GHS300,000 as part of a settlement of rent to P.S.B. Realty Company Limited while four other BMCs used drug funds amounting to GHS27,763 as part payment for the purchase of computers.

### 4.3.3 Outstanding loans/debts/advances irregularity

#### Unrecovered loans, debts, and advances

Unrecovered loans, debts, and advances run through the audit reports from 2015 to 2020. Significant of these were agro-inputs support to farmers in the period between 2015 and 2017 that have not been reimbursed. For instance, the unpaid one-off grant of US\$16 million from EDAIF as a loan and the sale of tractors and equipment in the 2015 review year, and the unpaid supply of GHS1.6 million worth of tractors and equipment to 19 farmers in the 2017 review year.

The AG also reports that officials of MDAs who benefit from advances refuse to pay back. This is evidenced in the 2018 and 2019 audit reports. In 2018, GHS191,000 advances were granted to some staff at Tapa Nursing and Midwifery Training College but remained unrecovered. Again, in 2019, GHS100,000 advance that was granted to the Chief Executive of the National Board for Small Scale Industries was uncovered, likewise advances of GHS101,000 granted to eleven officers of the Ministry of Tourism, Arts and Culture.

The question is, what are these advances and whose duty is it to recover these loans, debts, and advances? The FAR 2004 in Section 96(a) defines advances as “money lent on condition of repayment within one year.” The FAR provides in Section 104(c) that “The head of a department authorised to administer a class of advances shall ensure that; advances are duly recovered per the regulations or agreements relating to them.” The FAR spells that recoveries can be made by deductions from official salaries. If these are not made, then there may be breaches of the regulations or agreements relating to them.

In a specified instance of debt irregularity, the AG in the 2020 review year reported that GHS1,037,481,965.63 was owed by 49 BMCs to various suppliers of drugs and non-drug items to their facilities. This comprised 93.6% of the total indebtedness/loans/advances re-

ported for the review year.

#### 4.3.4 Contract Irregularity

##### Abandoned/Unfinished Projects

Regulation 2(c) of FAR requires that the head of a government department ensure the efficient and effective use of appropriation under departmental control within the ambit of government policy and in compliance with any enactment, regulations, or instructions issued under the authority of any enactment. In the audit reports, the main causes of contract irregularity have been abandoned, unfinished, or delayed projects. These phenomena have capacities to increase project costs when reviewed.

For instance, the 2018 audit report revealed that after payment of GHS193, 578.77 was made leaving a balance of GHS355,262.02 in contract sum for the upgrade of the Shama Health Centre into a Polyclinic, the project was since abandoned in 2006 at 57% completion stage. In 2020, there was a sod-cutting ceremony for the reconstruction of the health facility which cost €32 million.

Also, in the 2020 audit report, the Department of Urban Roads in Sekondi awarded 10 contracts amounting to GHS102,618,643.52 to Contractors scheduled to be completed between 5 months and 35 months remained uncompleted as of 31 December 2020. The same report also flagged undue delay in the execution of a GHS7,967,887.00 project by the Ministry of Foreign Affairs and Regional Integration. The project when awarded in March 2007 cost GHS1,435,728.99 and was to be completed in five and half months. The delay resulted in the revision of the contract sum to its current sum in March 2019 and was expected to be renovated and completed by April 2019. The report further stated that although the payment of 90% of the contract sum was made as of June 2020, the contractor is yet to hand over the building to the ministry.

##### Non-execution of work after payment of mobilisation

Since 2015, the audit reports have revealed payments that are made without evidence of work done. One major case arose in the 2018 review year when GHS4,890,000 was paid to Kroll Associates in 2017 by the Ministry of Finance to recover government assets in the possession of private individuals without

provision of any evidence of work done by Kroll Associates.

In addition, the audit reports have revealed that procurement authorities commit infractions in the awards of contracts. These are mainly around pre-qualification and selection. Section 23 of the Public Procurement Act, 2003 (Act 663) details the prequalification proceedings. The objective of this proceeding is to identify tenderers who are qualified before the submission of tenders. Section 23(4) specifies what pre-qualification documents tenderers should include. It is worth noting that, the 2019 review year revealed contracts awarded at the Ashaiman Polyclinic, without the right documents for pre-qualification and selection for the award of the contract. In this case, the authority should have disqualified the supplier or contractor and notified the same per Section 24(6 and 7).

#### 4.3.5 Stores/ Procurement Irregularity

##### Failure of MDAs to follow procurement procedures (lack of commitment on the part of entity heads)

Consecutively, the audit reports have cited blatant disregard for procurement processes on the part of MDAs. These revolve around failure to obtain the required number of quotations, splitting procurement contracts, and a general lack of commitment on the part of entity heads to ensure compliance with established internal control measures, administrative rules, and legislation governing the procurement process. The 2019 audit report revealed a whopping amount of GHS11,910,073 in procurement irregularity related to failure on the part of 17 institutions under the Ministry of Health to adhere to procedures with regards to the procurement of goods and services.

In the audit report of 2017 and 2018, an amount of GHS39,347,886.00 and GHS3,539,858 respectively were used to cover value books that were not put to use and or most not collected for use resulting in wasteful expenditure. These have been attributed to the ineffective collaboration between the MDAs and CAGD. Again, BMCs have been cited for procurement irregularities. Typical among these are ineffective stock management practices and purchases of expired drugs or drugs with less than two years left of their shelf life.

#### 4.3.6 Payroll Irregularity

##### Payment of unearned salaries

Payroll irregularity which has mainly been the payment of unearned salaries has been persistent and always unveiled in the audit reports. From 2015 to 2020, the audit reports have captured GHS14,586,717.6 in payroll irregularities resulting from the payment of salaries to separated staff and pensions to deceased pensioners.

Typical of these are; the GHS792,571 paid to 91 separated staff between January 2011 and October 2018 at the Kibi, Tafo, and Koforidua treasuries; GHS301,722 paid to 33 deceased pensioners by the Controller and Accountant-General's Treasuries in 2019; and GHS685,942.68 salary arrears paid to 48 staff of National Information Technology Agency (NITA) by the Controller and Accountant-General who had already received from NITA the full salaries starting from the period engaged awaiting migration onto the Controller and Accountant's General Payroll system.

Over the years, there have been delays in deleting ghost names from the payroll and in transfers of unclaimed pensions and salaries to the government chests by the banks according to the Auditor-General's report.

#### 4.3.7 Rent Irregularities

##### Payment of uneconomic rent by MoFA

Beginning in 2017, the audit reports have revealed the payment of uneconomic rent by the Ministry of Foreign Affairs as rent for residency, chanceries, and residential accommodation of home-based officers. Specific instances of these rent irregularities include the payment of US\$5,026,129.60; €1,993,475.38; and CFA 128, 895,958.98 (US\$220,053) of 33 Missions between 1 September 2017 and 30 September 2018, and the payment of US\$2,803,231 and €1,796,373.74 of 21 Missions between September 2018 and September 2019. Such payment of high uneconomic rents is done without weighing mortgage

options and government buildings abroad left in deplorable states.

##### Failure of estate officers to ensure tenants in government bungalows and landed properties pay their rent

Occupants of government bungalows and landed properties have consistently evaded payment of rents due. The Auditor-General in his reports from

2015 to 2020 has reported this as one of the major causes of rent irregularities. In the 2016 review year, it came out that some institutions and individuals in the Sekondi-Takoradi Metropolis owed about GHS6.6 million in rent. In the 2018 review year, GHS3, 426,423 was due from 39 tenants of the UNDP flats, Cantonments who defaulted in the payment of rent between 2015 and 2017. Estate officers at the Department of Works and Housing have been flagged as not effective in ensuring that ground, surface, and landed properties rent due are paid.

In the audit report of 2019, GHS472,223 was also due from 324 government workers from 12 Health institutions who defaulted on the payment of rent between January 2016 and December 2019. This phenomenon also repeated itself in the 2020 audit report when GHS322,945.98 was due from government workers from 15 Health Institutions who defaulted in the payment of rent between March 2014 and July 2020. It is required of the staff of MDAs occupying government bungalows to pay 10% of their basic salary as rent.

##### Non-availability of the tenancy agreement

The audit reports have it that the non-availability of tenancy agreements contributes to the evasion of rent. Meaning that some tenants illegally occupy government spaces. In some cases, it cited that these occupants are not traceable. The audit reports have it that there is the absence of adequate data on these occupants which aids in the evasion of payment of rent.

## 4.4 Summary

Exercising prudence and compliance to the PFM system and rules is essential to converting the public spending to development outcomes. When public officials negligently violates the PFM rules and other public financial administration legislations, monies are lost or the expected value of the expenditure may be missed, which can potentially affect the quality of service delivery by the MDAs. Since these MDAs are the key implementers of government policies and programmes, a high level of fiscal discipline is expected from them.

Over the period of the analysis, tax irregularities was identified as the main driver of financial irregularities of the MDAs. The data analysis showed that when tax irregularities are low, the overall financial irregularities are low, and vice versa. This suggest that tax revenue collection, management and compliance enforcement is a critical component of the overall PFM system Ghana. The analysis also shows that the major weaknesses in the overall PFM system and financial administration among the MDAs is the tax component. The main causes of the tax irregularities were failure on the part of GRA to collect taxes due the state, weak compliance and enforcement strategies, and critical fragilities in the monitoring and overall oversight framework of the tax revenue mobilisation and collection. Another key source of financial irregularities was cash management. Together with the tax irregularities, they constituted the largest financial irregularities between 2015 and 2019.

The overall recklessness and indiscipline in the other categories of financial irregularities can be attributed to the deliberate violations and abuse of the PFM Act

2016, the PFM Regulations 2019, the PPA Act 2016, and the Financial Administration Regulations. Overall, the Ministry of Finance was the largest contributor to the financial irregularities recorded over the period. This can be attributed to the fact that the Ministry of Finance exercises supervisory role of the main institutions responsible for revenue collection and compliance enforcement, cash management and payroll (that is, GRA and Controller and Accountant General's Department). Since the main causes of the fiscal recklessness were linked to tax and cash management, it is unsurprising that the Ministry of Finance was the most fiscally reckless MDA over the period.

Crucially, the analysis reveals that the main threat to the overall PFM system is the tax and cash management aspect of public finance. This also goes to show that the budget execution and management aspect of the PFM system is relatively weak. The weaknesses identified are corroborated by the Public Expenditure and Financial Accountability Assessment Report in 2018, where tax revenue mobilisation, compliance and enforcement were identified as a major risk to the PFM system. The analysis also suggests that the fiscal indiscipline of the Ministry of Finance and its departments and agencies pose a significant threat to the overall PFM system in Ghana. Additionally, the outcome of the assessment reveals that the PFM reforms such as the GIFMIS project and the PFM strategy 2018, have not effectively transformed the public financial management system to reduce the recklessness in the activities of the MDAs. These identified fragilities, if unresolved, can potentially become a major revenue leakage point for the government.

# Appendix

## A1 - Annual itemised irregularities (GHS)

Sum of Stores/ Procurement (GHS)						
Row Labels	2015	2016	2017	2018	2019	2020
Chieftaincy	106,086	45,487				
Communication						
Defence	5,798,833					
Education	612,673	3,611,020		1,002,410	287,603	596,555
Employment	10,464					
Environment, Sc. & Tech	6,394,875					
Finance	61,518	3,154,087	41,483,415	4,000,530		
Fisheries & Aquac. Dev.			23,264			
Food & Agric.	154,944	26,612	112,000	98,025	425,682	918,224
Foreign Affairs						
Gender						134,056
Gov't Machinery						
Health	6,181,710	4,827,812	50,003	1,373,622	12,305,754	7,040,348
Information						
Interior	34,667	32,267			360,795	45,438
Judicial Service						
Justice & Attorney Gen.		478,143		72,600		
Lands & Nat. Reso.	18,019	12,135				
Local Government		23,470,985				
Other Agencies	136,246	279,158				
Roads & Highways	584,716					
Spec. Dev. Initiative						1,932,554
Tourism					5,362,431	
Trade & Industry	71,150	2,740			199,480	
Transport	10,800				1,662,848	
Water Resources						
Works & Housing				276,150		
Youth & Sports	441,950					
<b>Grand Total</b>	<b>20,618,648</b>	<b>35,940,445</b>	<b>41,668,682</b>	<b>6,823,337</b>	<b>20,604,593</b>	<b>10,667,175</b>

Sum of Rent (GHS)						
Row Labels	2015	2016	2017	2018	2019	2020
Chieftaincy						
Communication						
Defence						
Education			18,030		111,032	
Employment						
Environment, Sc. & Tech						
Finance				149,028		
Fisheries & Aquac. Dev.						
Food & Agric.	13,666	10,570				
Foreign Affairs					41,390,872	28,885,062
Gender					9,960	
Gov't Machinery				315,905		
Health		99,521	54,924		472,223	393,609
Information						
Interior		364,040		50,400		
Judicial Service					184,688	
Justice & Attorney Gen.						
Lands & Nat. Reso.		6,657,598				294,613
Local Government			21,518			8,570
Other Agencies		45,619				
Roads & Highways	1,600					
Spec, Dev. Initiative						
Tourism						
Trade & Industry						
Transport						
Water Resources		1,882,070				
Works & Housing	100,240			3,426,423	192,976	
Youth & Sports						
<b>Grand Total</b>	<b>115,506</b>	<b>9,059,418</b>	<b>94,472</b>	<b>3,941,756</b>	<b>42,361,751</b>	<b>29,581,854</b>

Sum of Contract (GHS)						
Row Labels	2015	2016	2017	2018	2019	2020
Chieftaincy						
Communication						
Defence						
Education	58,610	89,649				5,000
Employment						
Environment, Sc. & Tech						
Finance				4,890,000		
Fisheries & Aquac. Dev.						
Food & Agric.						
Foreign Affairs						7,967,887
Gender						
Gov't Machinery						
Health	1,301,950			708,252	77,093	238,672
Information						
Interior						
Judicial Service	4,705,610					
Justice & Attorney Gen.						360,633
Lands & Nat. Reso.						
Local Government	11,238					
Other Agencies	7,177,770					
Roads & Highways	178,089,866	12,916,386				162,791,999
Spec, Dev. Initiative						
Tourism						
Trade & Industry						
Transport						
Water Resources						
Works & Housing	5,040,700					
Youth & Sports	473,750					
<b>Grand Total</b>	<b>196,859,493</b>	<b>13,006,035</b>		<b>5,598,252</b>	<b>77,093</b>	<b>171,364,190</b>



Sum of Tax (GHS)						
Row Labels	2015	2016	2017	2018	2019	2020
Chieftaincy						
Communication			120,381		81,542	683,230
Defence		21,881	39,099	8,792		43,928
Education	2,485	63,621		15,196	24,949	20,683
Employment		2,556				
Environment, Sc. & Tech						
Finance	302,712,237	31,473,261	642,931,249	4,786,800,758	2,639,271,482	692,095,969
Fisheries & Aquac. Dev.					20,783	7,182
Food & Agric.	2,296	2,453			65,586	4,473
Foreign Affairs						
Gender		6,739,603	9,461,878			21,556
Gov't Machinery				27,342		
Health	2,517,193	2,127,428	80,819	1,395,704	284,079	132,450
Information		276,585				
Interior	7,868	1,108		31,354	1,354,532	826
Judicial Service		10,356				
Justice & Attorney Gen.	10,538			5,653		
Lands & Nat. Reso.			11,234			
Local Government						
Other Agencies	158,816					12,014
Roads & Highways		2,147,631	82,127			
Spec. Dev. Initiative						
Tourism					2,979,370	
Trade & Industry			1,106,671			1,914
Transport	4,200				1,372,415	5,250
Water Resources						
Works & Housing						
Youth & Sports	1,388	2,154				
<b>Grand Total</b>	<b>305,417,021</b>	<b>42,868,636</b>	<b>653,833,458</b>	<b>4,788,284,799</b>	<b>2,645,454,738</b>	<b>693,029,475</b>

Sum of Cash (GHS)						
Row Labels	2015	2016	2017	2018	2019	2020
Chieftaincy			142,916	57,033		
Communication			2,375,145	2,094,002	397,735	220,983
Defence						
Education	1,500,976	1,830,780	509,714	2,440,326	717,439	20,672,033
Employment	56,380	56,482,699	135,877,100		465,099	138,586
Environment, Sc. & Tech						
Finance	4,456,632	1,800,092,898	10,355,966	338,477,215	193,277,758	159,722
Fisheries & Aquac. Dev.				183,360	19,062,539	2,022,465
Food & Agric.	175,653	1,536,751	13,803	3,532,991	6,845,770	125,922
Foreign Affairs	121,253	201,630		2,583,411	17,694,436	3,299,139
Gender		238,023	16,088,303	6,246,839	75,728	
Gov't Machinery			78,642			
Health	25,729,306	1,226,961	20,250,255	18,773,855	5,221,272	5,091,203
Information				1,389,368		
Interior	61,016	275,010	2,857,915	139,593	9,668,295	1,688,909
Judicial Service	380,020	49,652,520	896,331	91,796	211,672	
Justice & Attorney Gen.		68,945,490	6,371	9,554,053	553,276	1,130,255
Lands & Nat. Reso.	14,550	14,089	75,750	821,347		4,236
Local Government	224,760	440,035	648,233	5,240		271,933
Other Agencies	14,058,499	1,261,533			71,617	6,031
Roads & Highways	345,571	1,720,032	313,646			
Spec. Dev. Initiative						
Tourism		19,467			17,724,831	387,196
Trade & Industry	3,910	2,115,129		458,000	1,403,864	24,854
Transport				4,645		
Water Resources		965,174	65,124			
Works & Housing	126,818			2,033,860		
Youth & Sports	368,796	4,259,580			2,711,426	11,220
<b>Grand Total</b>	<b>47,624,140</b>	<b>1,991,277,803</b>	<b>190,555,214</b>	<b>388,886,934</b>	<b>276,102,757</b>	<b>35,254,687</b>

Sum of Loan, Debt & Advances (GHS)						
Row Labels	2015	2016	2017	2018	2019	2020
Chieftaincy						
Communication						17,711,370
Defence						1,726,322
Education	9,835	9,265				7,675
Employment						
Environment, Sc. & Tech						
Finance			209,390			
Fisheries & Aquac. Dev.						390,009
Food & Agric.	17,130,575	686,772	1,614,650			615,772
Foreign Affairs		2,129,716				-
Gender						
Gov't Machinery			29,000			
Health		496,534	238,061	463,189		1,073,854,252
Information						
Interior		492,965				1,748,458
Judicial Service		2,837,736				
Justice & Attorney Gen.		10,100		31,700		
Lands & Nat. Reso.						300,000
Local Government			604,500			
Other Agencies		80,700				50,718
Roads & Highways						
Spec, Dev. Initiative						9,992,878
Tourism					101,000	
Trade & Industry	60,640,000	4,380		100,000	100,000	53,591
Transport						
Water Resources		42,940				
Works & Housing						
Youth & Sports	27,090					
<b>Grand Total</b>	<b>77,807,500</b>	<b>6,791,109</b>	<b>2,695,601</b>	<b>594,889</b>	<b>201,000</b>	<b>1,106,451,045</b>

Sum of Payroll (GHS)						
Row Labels	2015	2016	2017	2018	2019	2020
Chieftaincy						
Communication						735,645
Defence						
Education	82,330	33,375	215,977	582,061		601,282
Employment	39,218	3,619,328	68,468			1,413,933
Environment, Sc. & Tech						
Finance	89,104	49,463	620,908	792,571	301,722	446,849
Fisheries & Aquac. Dev.			31,483			
Food & Agric.	158,236	6,777	37,897	35,022		64,052
Foreign Affairs		3,847		18,440		
Gender	3,805		10,996			46,884
Gov't Machinery				7,200		
Health	593,701	231,174	721,889	427,624	168,231	801,561
Information			16,366			20,033
Interior	93,940	145,876	27,000			132,232
Judicial Service	226,519	7,315				
Justice & Attorney Gen.	92,861					10,500
Lands & Nat. Reso.		28,078	9,022			
Local Government	144,538					
Other Agencies	24,191	7,302				
Roads & Highways		53,045				
Spec, Dev. Initiative						90,684
Tourism						32,134
Trade & Industry	12,496	196,501				30,751
Transport	24,625			12,429		
Water Resources						
Works & Housing	9,508		16,887			25,781
Youth & Sports						35,173
<b>Grand Total</b>	<b>1,595,071</b>	<b>4,382,081</b>	<b>1,776,893</b>	<b>1,875,347</b>	<b>469,953</b>	<b>4,487,495</b>

## A2 - List of key experts interviewed

- Dr. Mohammed Sani Abdulai, PFM Expert and Team Lead at the Ministry of Finance
- Dr. Eric Oduro Osae, Director General, Internal Audit Agency
- Dr. Alex Amankwah-Poku, Head of Budget Development & Reforms, Ministry of Finance.

**IMANI Center for Policy & Education**  
No. KD14 Darko Street  
Koans Estate, Kutunse, Accra, Ghana  
P.O. Box AT 411, Accra-Ghana  
Tel: +233 554 309 966 | +233 302 972 939  
Email: [info@imanighana.org](mailto:info@imanighana.org)

