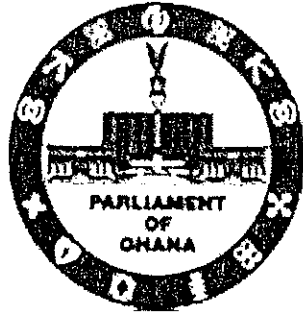


*IN THE SECOND SESSION OF THE EIGHTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA*



REPORT OF THE

FINANCE COMMITTEE

ON THE

BUDGET ESTIMATES

FOR THE

MINISTRY OF FINANCE

FOR THE

2023 FINANCIAL YEAR

December 2022

1.0. INTRODUCTION

The ***Programme Based Budget Estimates for the Ministry of Finance for the 2023 Financial Year*** were laid in the House on Thursday, 24th November, 2022 and referred to the *Finance Committee* for consideration and report in accordance with Article 179 of the 1992 Constitution and Order 140 (4) of the Standing Orders of the House. This followed the presentation of the Budget Statement and Economic Policy of the Government for the 2023 Financial Year by the Minister responsible for Finance, Hon. Ken Ofori-Atta.

Deputy Ministers for Finance, Hon. Abena Osei-Asare and Hon. John Kumah and a team of officials from the Ministry of Finance and its Agencies attended upon and assisted the Committee in its deliberations on the Estimates.

The Committee expresses its gratitude to the Hon. Deputy Ministers and the team of officials from the Ministry of Finance and its Agencies for attending upon the Committee.

2.0. REFERENCE DOCUMENTS

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

- i. The 1992 Constitution of the Republic of Ghana.
- ii. Standing Orders of the Parliament of Ghana.
- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2023 Financial Year.

iv. Public Financial Management Act, 2016 (Act 921)

3.0. BACKGROUND

The Ministry of Finance (MoF) is one of the Central Management Agencies of the Civil Service of Ghana. The Ministry was established under sections 11 and 13 of the Civil Service Law 1993 (PNDCL 327) and amended by the Civil Service (Ministries) (Amendment) Instrument, 2017 (E.I. 28)

The Ministry of Finance exists to ensure effective economic policy management for the attainment of macroeconomic stability and sustainable economic growth through sound fiscal policy and efficient public financial management, competent staff and robust systems for the development of Ghana.

The Ministry achieves its mandate through:

- i. The formulation and implementation of sound financial, fiscal and monetary policies;
- ii. The efficient mobilization, allocation and management of financial resources;
- iii. Establishing and disseminating performance-oriented guidelines and accurate user-friendly financial management information system;
- iv. Creating an enabling environment for investment.

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

The vision of the Ministry is to be the lead Economic Management Institution for development and prosperity for all Ghanaians.

4.0. OBJECTIVES AND FUNCTIONS

The goal of the Ministry is ensure effective economic policy management for the attainment of macroeconomic stability and sustainable economic growth through sound fiscal policy and efficient public financial management by deploying competent staff and robust systems for the development of Ghana.

The core functions of the Ministry include:

- i. Formulation, implementation, monitoring and evaluation of macroeconomic, fiscal and financial policies
- ii. Ensuring effective mobilization of domestic and external resources
- iii. Ensuring effective and efficient allocation and prudent management of resources
- iv. Establishing and disseminating performance-oriented guidelines and deploying efficient financial management information systems
- v. Create an enabling environment for investment

- vi. Ensuring commitment to transparency, probity and accountability in the management of financial resources
- vii. Ensuring sustainability of public debt, and
- viii. Supporting the development of an efficient financial sector that supports structural transformation of the economy, promotes financial inclusion and is well integrated into the global financial system.

5.0. 2022 BUDGET PERFORMANCE

A summary of Budget and Actual Expenditure by the Ministry of Finance for the 2022 Financial Year is presented in Table 1 below:

Table 1: Budget and Actual Expenditure Summary for 2022 by Economic Classification - All Funding Sources (GH¢) - HQ/Agencies

ECONOMIC CLASSIFICATION	2022 BUDGET (APPROPRIATION)	2022 REVISED BUDGET	AMOUNT RELEASED AS AT SEPT 2022	ACTUAL EXPENDITURE AS AT SEPT	% UTILIZED
	A	B	C	D	E= (D/B)*100
Compensation	428,879,000.00	482,879,000.00	254,611,057.50	253,880,479.53	52.58
Goods & Services	424,925,000.00	375,721,249.76	230,387,073.29	214,291,926.90	57.03
CAPEX	124,518,000.00	37,844,931.59	12,229,884.07	6,753,819.55	17.85
Total	1,032,322,000.00	896,445,180.35	497,228,014.86	474,926,225.98	52.98

Table 1: Source – Ministry of Finance

Table : Summary of 2022 Budget and Actual Payments by Economic Classification - All Funding Sources (GH¢)

EXPENDITURE ITEM	2022 BUDGET (APPROPRIATED)	2022 REVISED BUDGET	2022 RELEASES AS AT SEPT	ACTUAL expenditure AS AT SEPT	% UTILIZED
A	B	C	D	E=(D/A)*100	
Compensation	482,879,000.00	482,879,000.00	254,611,057.50	253,880,479.53	52.58
<i>o/w GoG</i>	482,879,000.00	482,879,000.00	254,611,057.50	253,880,479.53	52.58
<i>o/w IGF</i>	-	-	-	-	-
Goods and Services	424,925,000.00	375,721,249.76	230,387,073.29	214,291,926.90	57.03
<i>o/w GoG</i>	71,966,000.00	22,762,250.00	8,433,357.80	4,666,058.16	20.50
<i>o/w IGF</i>	58,986,000.00	58,986,000.00	52,116,848.98	40,294,871.23	68.31
<i>o/w ABFA</i>	5,767,000.00	5,767,000.00	3,966,070.00	3,460,201.00	60.00
<i>o/w DP</i>					
Funds	288,206,000.00	288,206,000.00	165,870,796.51	165,870,796.51	57.55
Capital Expenditure	124,518,000.00	37,844,931.59	12,229,884.07	6,753,819.55	17.85
<i>o/w GoG</i>	109,830,000.00	23,156,931.00	905,751.11	720,891.61	3.11
<i>o/w IGF</i>	14,688,000.00	14,688,000.59	11,324,132.96	6,032,927.94	41.07
<i>o/w ABFA</i>	-	-	-	-	-
<i>o/w DP</i>					
Funds	-	-	-	-	-
Total	1,032,322,000.00	896,445,180.35	497,228,014.86	474,926,225.98	52.98

Source: Ministry of Finance

5.1. ACHIEVEMENTS AS AT SEPTEMBER 2022

The Ministry of Finance in the period January to September 2022 achieved a number of successes. Among these are the following:

5.1.1 Statutory and Other Reports

The Ministry in 2022 successfully completed and submitted the following statutory reports:

- 2021 MoF Budget Performance Report to Parliament;
- 2021 MoF Annual Progress Report to the National Development Planning Commission; and
- 2021 MoF Annual Performance Report to the Office of the Head of Civil Service.
- 2021 Annual ESLA Report submitted to Parliament
- 2021 Annual Report on the Collection and Utilization of the Africa Union Levy of 0.2 percent on import.
- Maiden Annual Report on PPP Projects published.

5.1.2. Implementation of Pre-Audit MIS

In the outgoing year, the Ministry continued with the implementation of the Pre-Audit Management Information System to analyze payment transactions and compliance with contract terms. The system is deployed and in use without any hitches.

5.1.3. Staff Training

In order to boost the human capacity of the Ministry for the achievement of its objectives, the Ministry in the year 2022 trained 420 officers in various courses relevant to the Ministry's mandate.

5.1.4. Audit Report Implementation

The Ministry in the first three quarters of the year 2022 held three Audit Committee Meetings. This enabled the Committee to examine relevant matters relating to audit findings and recommendations.

5.1.5. Value for Money

In the year under review, the Ministry completed ten (10) Value for Money (VfM) assessments on various projects resulting in the savings of about €3,611,970.00.

5.1.6. Tax Measures

The implementation of the following specific levies, taxes and revenue measures continued in 2022:

- i. COVID-19 Health Recovery Levy of one percent on the supply of goods and services;
- ii. Sanitation and Pollution Levy of 10 pesewas on the price per litre of petrol and diesel;
- iii. Energy Sector Recovery Levy of 20 pesewas on the price per litre of petrol, diesel and gas; and
- iv. A levy of 5 percent on profit-before-tax of banks to help defray outstanding commitments as a result of the financial sector clean-up;
- v. Revenue Assurance, Compliance and Enforcement (RACE) function to enhance revenue mobilization;
- vi. The Personal Income Tax, PAYE, Corporate Income Tax, Withholding Tax and Tax Clearance Certificate modules of

the Integrated Tax Application and Preparation System (ITaPS) for the filing and payment of taxes.

- vii. Full implementation of the electronic Transfer Levy Act, 2022 (Act 1075) commenced in July 2022.

5.1.7. Development Bank Ghana

The Ministry in the year 2022 launched and operationalised the Development Bank. This bank is aimed at supporting financial institutions in providing long term lending and advisory services to business (small and medium enterprises).

5.1.8. Village Savings and Loans Associations (VSLA)

The Committee noted that the Ministry in the year 2022 completed a diagnostic study on Village Savings and Loans Associations (VSLA) landscape. Subsequently, a program to facilitate the linkage of about 85,000 VSLA members has been developed by the Ministry.

5.1.9. Cut in Discretionary Expenditures

In the outgoing year, the Ministry implemented a 30 percent cut in discretionary expenditure in line with Cabinet's directives to revise Ministries, Departments and Agencies (MDAs) budget allocations downwards.

6.0. THE 2023 ANNUAL ESTIMATES FOR THE MINISTRY OF FINANCE

A total amount of **GH¢2,405,469,947** has been allocated to the Ministry of Finance, its Departments and Agencies for the year 2023. The breakdown of the allocation is as follows:

COMPENSATION OF EMPLOYEES:

Government of Ghana - GH¢566,177,682.00

D/ADs		Total
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Finance H'qters		1,679,607,581
<i>o/w General Administration</i>	218,446,541	
<i>o/w Budget Division</i>	13,210,199	
<i>o/w Treasury and debt Management</i>	12,766,042	
<i>o/w Resource Mobilization & Econ Relations</i>	1,011,096,309	
<i>o/w Economic Strategy & Research</i>	8,319,724	
<i>o/w Financial Sector Division</i>	359,581,214	
<i>o/w Public Investment and Asset Division</i>	11,651,722	
<i>o/w Policy Coordination, Monitoring and Evaluation</i>	21,226,256	
<i>o/w Revenue Policy Division</i>	23,028,238	
<i>o/w Legal Division</i>	281,336	
Controller and Accountant General's		535,424,664
Ghana Statistical Service		107,884,599
Procurement Authority		21,246,392
Institute and Accountancy Training		4,988,021

Securities and Exchange Commission	53,030,710
Financial Intelligence Centre	3,287,980
GRAND TOTAL	2,405,469,947

Internally Generated Funds	-	GH¢29,385,081.00
Donor Sources	-	<u>0</u>
Subtotal:	-	GH¢595,562,763.00

GOODS AND SERVICES:

Government of Ghana	-	GH¢41,131,149.00
Internally Generated Funds	-	GH¢116,330,996.00
ABFA	-	GH¢4,637,845.00
Donor Sources	-	<u>GH¢1,599,039,000.00</u>
Subtotal:	-	GH¢1,761,138,990.00

CAPEX:

Government of Ghana	-	GH¢16,800,299.00
Internally Generated Funds	-	GH¢31,415,440.00
ABFA	-	<u>GH¢552,455.00</u>
Subtotal:	-	GH¢ 48,768,194.00

GRAND TOTAL - GH¢2,405,469,947

6.1. ALLOCATIONS TO DEPARTMENTS AND AGENCIES OF THE MINISTRY

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

Table 3: 2023 MOF Budget Allocation -All Funding Sources (GH¢)

7.0. OBSERVATIONS AND RECOMMENDATIONS

i. Policy Formulation and Implementation

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

ii. Petroleum Holding Fund Reconciliation

In accordance with Section 15 of the Petroleum Revenue Management Act, 2011 (Act 815), the Ministry in 2022 completed the 2021 Reconciliation Report on the Petroleum Holding Fund. The report provided a full year account of petroleum receipts and associated expenditure in 2021.

iii. Financial Intelligence Reports

The Financial Intelligence Center (FIC) has a mandate to request, receive, analyse, interpret and disseminate information concerning suspected proceeds of crime and terrorist property as provided for in Act 1044 or any other relevant law.

The work of the Center is aimed at protecting the Ghanaian economy from the scourge of money laundering and terrorist financing for the enhancement of national and global economic stability and growth.

The Financial Intelligence Center (FIC) has successfully rolled out an analytical software (goAML) to enhance the electronic receipt, analysis and dissemination of financial intelligence to Law Enforcement Agencies (LEAs) and other competent authorities.

iv. Collaboration between FIC and GRA

The Committee was informed that the Financial Intelligence Center continued to collaborate with the Ghana Revenue Authority to make additional recoveries in respect of under-declared/undeclared taxes.

This collaboration with GRA and other stakeholders has helped to curb the menace of tax evasion and improved revenue mobilization for national development. This collaboration will continue in 2023.

v. Protecting the Public Purse

The Public Procurement Authority (PPA) is charged with the responsibility to protect the public purse and ensure the attainment of value for money for every cedi spent by Government on procurement:

To build the procurement capacity within the public and private sectors, the Authority in the year 2022 provided training and capacity building for personnel of various entities.

In the year 2023, the PPA intends to build the capacity of 3,000 procurement practitioners and service providers on emerging fields in public procurement.

The Authority will also in 2023 develop the capacity of 1200 procurement staff of Procurement Entities in proper procurement records keeping.

vi. Public Accounting

The Committee noted that the Controller and Accountant General has the mandate to receive, disburse and provide secure custody for public funds. The Department in consultation with the Auditor-General, specifies for covered entities the accounting standards, policies and the classification system to be applied in public accounting to ensure that a proper system of accounting operates and is adhered to.

In the year 2022, the CAGD ensured that the 2021 Annual National Accounts were completed and submitted to the Auditor-General within the mandatory period, i.e. before 31st March, 2022.

The Department will strive to ensure that by the close of the First Quarter of 2023, the 2022 Annual National Accounts would have been prepared and submitted to the Auditor-General as required by law.

vii. Ghana Integrated Financial Management Information System (GIFMIS)

In accordance with Section 25(6) of the Public Financial Management Act, 2016 (Act 921), the Ghana Integrated Financial Management Information System (GIFMIS) is required

to be implemented to cover all public funds at Ministries Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs).

Currently, the system has been deployed to all MMDAs.

viii. Automation of the Bank Credit Voucher Distribution System

The Committee noted that the CAGD will in 2023 continue the implementation of the automation of the Bank Credit Voucher Distribution System. As of August 2022, a total of 20 Government employee-paying banks have been linked and granted access to the CAGD-PPD Electronic Share File System. This system enables the Department to distribute reports electronically to the banks.

ix. ICT-led Government Payroll Management

The Committee was informed that the Controller and Accountant General's Department (CAGD) in 2022 continued to enhance the use of Information and Communication Technology (ICT) in the management of the government payroll to ensure efficiency and integrity of the system.

The CAGD will in 2023 continue the implementation of the *GoG Staff Card* and the Electronic Salary Payment Voucher (ESPV).

x. Statistics Modernization Strategy

The Ghana Statistical Service will in 2023 continue to pursue a modernization strategy including the rollout and implementation of focal areas in a roadmap for Big Data

Integration (BDI), Administrative Data Integration (ADI) and Geo-Spatial Data Integration (GDI).

xi. Expansion of PPA Zonal Office Network

In order to enhance the visibility and proximity to the services of the Public Procurement Authority across the country, the Authority will in 2023 establish two additional Zonal Offices at Tamale in the Northern Region and Ho in the Volta Region. These offices will help PPA to intensify procurement monitoring in the catchment areas.

xii. Policy on Procurement of Locally Assembled Vehicles

The Committee noted that in the 2023 financial year, Government will encourage the procurement of locally manufactured/assembled vehicles by public entities as against imported ones.

To this end, the PPA will finalize Procurement Policy Guidelines on Locally Assembled Vehicles (PPG-LAV) for implementation by the end of the first quarter of 2023.

iii. Anti-Money Laundering

As part of the efforts by Government to enhance the integrity of the financial system, the Financial Intelligence Center (FIC) will in 2023 engage in awareness creation among Non-Profit Organizations (NPOs), the media, educational institutions, Civil Society Organizations (CSOs) and the general public on the fight against money laundering and terrorist financing.

The FIC will also facilitate the enactment of a *Non-Profit Organization Bill* into law and build the risk based capacity of the Non-Profit Organizations Secretariat to effectively deliver on the Secretariat's mandate of monitoring and supervising NPOs identified to be at risk of illicit financial flows.

Xiv. Other programmes to be undertaken by the Ministry in 2023 include the following:

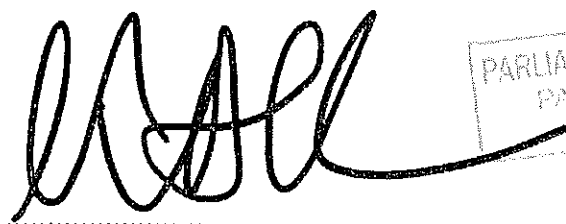
- ❖ Train 450 officers in various courses relevant to the Ministry's mandate
 - i. Produce the 2022 Client Satisfaction Evaluation Report
 - ii. Prepare and submit 2022 MoF Annual Performance report to the Office of the Head of Civil Service
 - iii. Develop Divisional Risk Registers for the Enterprise risk Management System
 - iv. Organize four Audit Committee meetings
 - v. Prepare and submit the 2022 MoF Budget Performance Report
 - vi. Finalize the Asset Management Policy Framework
 - vii. Train staff of MDAs on investment appraisal to improve the work of the Public Investment units (PIUs) and Entity Project Committees (EPCs).
 - viii. Intensity implementation of the VAT E-Invoicing system to enhance compliance.

8.0. CONCLUSION

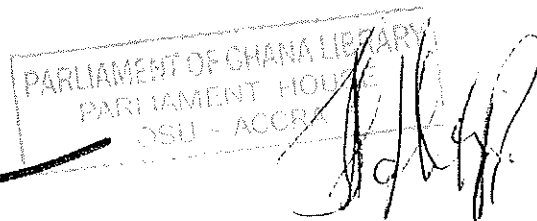
The Committee has examined the 2022 Programme Based Budget Estimates for the Ministry of Finance and found the programmes for which the sums have been allocated to be appropriate and in line with the mandate of the Ministry and its Agencies.

The Committee, in view of the foregoing, respectfully recommends to the House to adopt this report and approve the sum of **Two Billion, Four Hundred and Five Million, Four Hundred and Sixty-Nine Thousand, Nine Hundred and Forty-Seven Ghana Cedis (GH¢2,405,469,947)** for the implementation of the programmes and activities of the **Ministry of Finance** and its Agencies for the 2023 financial year.

Respectfully Submitted.



.....
HON. KWAKU AGYEMAN KWARTENG
CHAIRMAN, FINANCE COMMITTEE



.....
MRS. JOANA A. S ADJEI
CLERK TO THE COMMITTEE

14TH DECEMBER, 2022

