

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



**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE
REPORTS OF THE AUDITOR-GENERAL ON THE
STATEMENTS OF FOREIGN EXCHANGE RECEIPTS AND
PAYMENTS OF THE BANK OF GHANA (BOG) FOR THE HALF-
YEAR ENDED 30TH JUNE 2020 AND FULL YEAR ENDED 31ST
DECEMBER 2020**

PARLIAMENT OF GHANA
PARLIAMENT HOUSE
OSU - ACCRA

1.0. INTRODUCTION

The

- i. Report of the Auditor-General on the Statement of Foreign Exchange Receipts and Payments of the Bank of Ghana (BoG) for the Half-Year ended 30th June, 2020; and
- ii. Report of the Auditor-General on the Consolidated Statement of the Foreign Exchange Receipts and Payments of the Bank of Ghana (BoG) for the Year ended 31st December, 2020 were laid in Parliament in accordance with

articles 184(3) of the 1992 Constitution of the Republic of Ghana.

Pursuant to Order 165 of the Standing Orders of the Parliament of Ghana, the Reports were referred to the Public Accounts Committee for consideration and report.

2.0. PROCEDURE

The Committee, in considering the Reports, invited representatives of the central bank to appear before the Committee as witnesses to testify in relation to matters contained in the Reports.

A technical team from the Audit Service were also present at the Committee's deliberations to assist in the examination of the Reports.

On appearing before the Committee, witnesses subscribed to the oath of a witness and answered questions relating to issues raised in the Auditor-General's Report and on issues of general public interest.

3.0. ACKNOWLEDGMENT

The Committee expresses profound appreciation to all the officials from the Audit Service and the Bank of Ghana for the immense assistance rendered to the

Committee throughout the deliberations on the Reports, especially the following:

- i. Mr. Alexander Koomson - Assistant Auditor-General
- ii. Dr. Ernest Addison - Governor of the Bank of Ghana

4.0. PURPOSE OF THE AUDIT

The purpose of the audit was for the Auditor-General to ascertain and obtain reasonable assurance that the Statement of Foreign Exchange Receipts and Payments of the Bank of Ghana was free from material misstatements. It was also to ascertain whether the Bank of Ghana had maintained a proper system of internal control as well as accurate and reliable records to safeguard the foreign exchange resources of the Central Bank.

5.0. FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

5.1. Foreign Exchange Receipts

The Committee noted that it is only the portion of Bank of Ghana's *forex receipts exchanged for Cedis* that is included in the compilation, and where a foreign currency is deposited without being surrendered for Cedis, such transactions do not form part of the statement.

Bank of Ghana's foreign exchange inflows for the first half of 2020 were derived from Cocoa, Capital and Invisible Receipts and Foreign currency purchases. These amounted to US\$7,630.56 million for first-half 2020 compared to US\$8,634.63 million for first-half 2019, depicting a decrease of US\$1,004.07 million or 11.63%.

Table 1 below shows the composition of foreign exchange receipts for the first-half 2020 as compared to the figures for the corresponding period in 2019.

Table 1: First-half Foreign Exchange Receipts for 2020 and 2019

ITEM	First-half 2020 US\$' million	First-half 2019 US\$' million
Cocoa	452.18	679.44
Capital Receipts	5,579.46	3,956.57
Invisible receipts	1,598.92	3,998.62
TOTAL	7,630.56	8,634.63

Foreign exchange inflows for the full year 2020 amounted to US\$12,181.32 million compared to US\$12,625.97 million for the full year 2019. This represents a decrease of US\$444.65 million or 3.52%.

Table 2: below provides the composition of foreign exchange receipts for the Full year 2020 as compared to the figures for the corresponding period in 2019.

Table 2: Full year Foreign Exchange Receipts for 2020 and 2019

ITEM	Full year 2020 US\$' million	Full year 2019 US\$' million
Cocoa	1,473.95	2,116.93
Capital Receipts	8,160.00	5,209.57
Invisible receipts	2,547.37	5,299.47
TOTAL	12,181.32	12,625.97

5.2. Foreign Exchange Payments

The foreign exchange payments consist of payments in foreign currency by Bank of Ghana in exchange for its Cedi equivalent. These payments are mainly to finance Oil and Non-Oil imports, payments by order of the Controller & Accountant General, IMF payments, capital payments and invisible payments. Other forex payments include the sale of foreign exchange to dealer banks and forex bureaus.

Foreign exchange outflows for first-half 2020 amounted to US\$6,527.45 million compared with US\$6,040.59 million for first-half 2019. This represents an increase of US\$486.86 million or 8.06% in foreign exchange payments.

The table below shows a summary of the Bank of Ghana's foreign exchange payments for the first half of 2020 as compared to the first-half of 2019.

Table 3: Foreign exchange payments for the first half of 2020 as compared to the first-half of 2019

Foreign Exchange payment item	First-half 2020 US\$' million	First-half 2019 US\$' million
Forex Sales (Oil & Non-Oil)	2,398.11	2,299.33
Other Imports	102.52	34.05
Capital Payments	3,655.59	2,607.26
Invisible payments	371.23	1,099.95
TOTAL	6,527.45	6,040.59

Foreign exchange payments for the full year 2020 amounted to US\$11,690.23 million compared with US\$10,946.03 million for the year 2019 thus, representing an increase of US\$744.20 million or 6.8%.

Table 4 shows a summary of BOG's foreign exchange payments for the full year 2020 as compared to the year 2019.

Table 4: Full year 2020 Foreign Exchange Payments as compared to full year 2019

Foreign Exchange payment item	Full year 2020 US\$' million	Full year 2019 US\$' million
Forex sales (Oil & Non-Oil)	4,260.21	4,058.38
Other Imports	157.39	139.40
Capital Payments	6,529.86	5,098.58
Invisible payments	742.77	1,649.67
TOTAL	11,690.23	10,946.03

5.3. Net position of foreign exchange receipts and payments

The net position of the Bank's Foreign Exchange Receipts and Payments for the full year 2020 is therefore as follows:

Item	Million
• Total Receipts -	US\$12,181.32
• Total Payments -	US\$11,690.23
Net Position -	US\$491.09

The Bank of Ghana recorded a net surplus of US\$491.09 million during the year ended 31st December 2020

compared to US\$1,679.93 million in 2019. This represents a downward movement of US\$1,188.84 million or 70.77%. The BoG's surplus of US\$491.09 recorded in 2020 was as a result of net effect of an increase in capital receipts as well as a fall in invisible payments.

It is observed that while total foreign exchange in-flow decreased by 3.52%, outflow increased by 8.06% resulting in a weaker surplus position. The overall effect of this situation may be a weaker Foreign Exchange Reserve position for the country.

5.4. Reserve Position

The Reserve Position at the end of the 2020 Financial Year is as shown below:

• Gold	-	US\$509.98million
• Holdings of SDR	-	US\$25.86million
• Correspondence Bank bal.	-	US\$1,580.63million
• Foreign Notes & Coins	-	US\$174.54million
• Fixed Deposits	-	US\$5,294.1million
• Investment in GIB London	-	US\$52.06million
• Investment in AFREXIM	-	US\$7.6million
• Sovereign Funds	-	US\$844.78 million
• Reserve in SDR	-	US\$133.17 million
Total Reserve Position	-	US\$8,622.73 million

Bank of Ghana's reserve position in 2020 sum up to US\$8,622.73million compared with US\$8,414.71 million for 2019 representing an increase of US\$209.02 million or 2.47%.

The Committee noted that the increase in foreign reserve mainly culminated from increases in Gold, Correspondent Bank Balances, Foreign Notes & Coins, Investment in GIB London and Reserve in Special Drawing Rights (SDR).

5.5. Cocoa Receipts

Foreign exchange receipts from cocoa to Bank of Ghana totaled US\$1,473.95 million in 2020 compared to US\$2,116.93 million for the corresponding period of 2019, representing a reduction of US\$642.98 million or 30.37%.

The Committee observed that for 2020, 585,680 tons of cocoa beans and 273,335 tons of cocoa products were exported compared with 613,184 tons of cocoa beans and 280,742 tons cocoa products exported during the corresponding period of 2019, indicating decreases in both beans and products by 27,504 tons or 4.49% and 7,407 tons or 2.64% respectively.

The Governor attributed the reductions in tonnage to a decline in cocoa harvest for the period.

5.6. Embassy Transfers

Remittances to Ghana Missions abroad amounted to US\$107.93 million in 2020 compared to US\$92.64 million reported in 2019. This depicts an increase of US\$15.29 million or 33.05% in remittances to Ghana missions abroad.

The Committee noted that the increase in embassy transfers was attributed to the marginal rise in remittances to some Embassies abroad.

5.7. Dealer Commercial Banks

Twenty-three (23) dealer commercial banks facilitated the receipts of foreign exchange inflows on behalf of their customers for the period ended 31 December 2020. All the dealer commercial banks fully submitted their returns on their foreign exchange earnings to Bank of Ghana for the period.

The committee noted that, for the period under review, the total foreign exchange earned through dealer commercial banks was US\$24,821.51 million. Also, all the twenty-three dealer commercial banks submitted their monthly returns during the period.

The Committee commends these dealer Commercial Banks for submitting their returns on schedule.

The Committee recommends to the Bank of Ghana to ensure that this level of full compliance is sustained.

6.0. AUDITOR-GENERAL'S OPINION

In the opinion of the Auditor-General, the Statements of foreign exchange receipts and payments of Bank of Ghana fairly present the foreign exchange position of the Central Bank for the half-year ended 30th June, 2020 and for the full year ended 31st December, 2020.

7.0. CONCLUSION

The Committee has thoroughly considered the Reports of the Auditor-General and finds that the Reports have been prepared in accordance with generally accepted auditing standards and submitted to the House in compliance with section 20 of the Audit Service Act, 2000 (Act 584) and article 184(3) of the 1992 Constitution of the Republic of Ghana.

The Committee therefore recommends to the House to adopt this Report on the Reports of the Auditor-General on the Statement of Foreign Exchange receipts and payments of the Bank of Ghana for the half-year ended 30th June, 2020 and for the full year ended 31st December, 2020.

Respectfully submitted.



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



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JOANA ABENA SAKYI ADJEI (MRS.)
CLERK TO THE COMMITTEE

PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
OSU - ACCRA

8TH JUNE, 2023