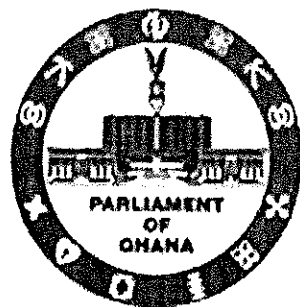


**IN THE SECOND SESSION OF THE EIGHTH PARLIAMENT OF THE  
FOURTH REPUBLIC OF GHANA**



**REPORT OF THE SPECIAL BUDGET COMMITTEE ON THE 2023 BUDGET  
ESTIMATES OF THE GHANA AUDIT SERVICE**

**1.0. INTRODUCTION**

The Hon Minister for Finance, Mr. Ken Ofori-Atta presented the Budget Statement and Economic Policy of the Government for the 2023 Financial Year to Parliament on Thursday, 24<sup>th</sup> November, 2022 in accordance with Article 179 of the 1992 Constitution and Section 21(3) of the Public Financial Management Act, 2016 (Act 921).

The Estimates of the Ghana Audit Service were subsequently referred to the Special Budget Committee for consideration and report, in accordance with Order 140(4) of the Standing Orders of the House.

## **2.0. DELIBERATIONS**

The Committee was assisted in its deliberations by the Auditor-General, Mr. Johnson Akuamoah Asiedu, The Deputy Officials of the Ghana Audit Service and the Ministry of Finance.

The Committee extends its profound appreciation to the Auditor-General and the other officials for the assistance.

## **3.0. REFERENCE DOCUMENTS**

The Committee referred to the following documents during its deliberations:

- a. The 1992 Constitution of the Republic of Ghana.
- b. The Standing Orders of the Parliament of Ghana.
- c. Public Financial Management Act, 2016 (Act 921)
- d. The Audit Service Act 2000, (Act 584)
- e. The Budget Statement and Economic Policy of the Government of Ghana for the 2023 financial year;
- f. The Report of the Special Budget Committee on the Annual Estimates of the Audit Service for 2022 financial year;
- g. The official communication from the President of the Republic of Ghana on the 2023 Estimates of the Audit Service;
- h. National Medium Term Development Policy Framework (NMTDPF) in achieving Sustainable Development Goals (SDGs) for 2022 - 2025; and
- i. Medium Term Expenditure Framework (MTEF) for 2023 - 2026

#### **4.0. MISSION STATEMENT**

The Mission of the Service is to promote good governance, transparency, accountability and probity in Ghana's public financial management system by auditing to recognised international standards, the management of public resources and reporting the audit results and recommendations to Parliament.

In pursuit of the above objectives, the Service exists to provide independent assurance to Parliament, Civil Society Organizations and the Citizenry that public funds are not only fully utilised and accounted for, but also judiciously applied.

#### **5.0. CORE FUNCTIONS**

The Ghana Audit Service serves as the legislative instrument through which the Auditor-General undertakes auditing and investigative work on the public accounts of Ghana pursuant to Article 187 of the 1992 constitution of Ghana. The core functions of the Audit Service are to:

- i. Audit the Public Accounts of Ghana and all public offices and report the findings and recommendations to Parliament;
- ii. Audit the half year financial statements of the Foreign Exchange Receipts and Payments or Transfers prepared by the Bank of Ghana and report the findings and recommendations to Parliament;
- iii. Carry out in the public interest such special audits or reviews as the Auditor-General considers necessary and submit reports to Parliament;
- iv. Ensure that the auditing activities of the Audit Service as spelt out in the Audit Service Act are carried out in accordance with international best practices;

- v. Monitor the use and management of all public funds, ensure value for money and report to Parliament; and
- vi. Ensure the effective implementation of the Assets and Liability regime.

## **6.0. 2022 PERFORMANCE REVIEW**

During the year under review, the Audit Service recorded the following performance:

### **6.1. Operational Performance**

- i. The Service audited state institutions and submitted thirteen (13) reports to Parliament. The reports covered the audited financial statements for MDAs, MMDAs, Public Boards and Corporations, Pre-University Educational Institutions, Accounts of Technical Universities and Polytechnics, Management and Utilisation of District Assemblies Common Fund and Other Statutory Funds, Petroleum Fund, Consolidated Fund, among others, for the year ended 31<sup>st</sup> December, 2021;
- ii. Executed 5,239 out of the 5,794 planned audits compared to 4,288 audits completed in 2021;
- iii. Completed Audit on 3,812 Central Government Institutions and Ministries, Departments and Agencies as compared to 3,045 institutions audited in 2021;
- iv. Completed audit of 260 Metropolitan, Municipal and District Assemblies across the country compared to 229 in 2021 and 902 Pre-Tertiary Educational Institutions as against 828 Pre-university Educational Institutions achieved in 2021.
- v. Completed audit on 10 Tertiary Educational Institutions, 91 Public Boards and Corporations, 60 Sub-vented Organisations, 98 Traditional Councils and conducted six (6) Value for Money and Performance Audits.

- vi. The audit service also completed 90.42% of all planned audits for 2022;
- vii. Recovered **GH¢2.2billion** out of the **GH¢4 billion irregularities** reported to Parliament between 2017 – 2020 **through** a Task Force constituted to follow up on all outstanding disallowed expenditures between the said period;
- viii. The recovered **GH¢4,296,442.81** as at 15<sup>th</sup> December, 2022 by the **'Auditor-General's Recoveries Account'** opened with the Bank of Ghana to track all recoveries made; and
- ix. Recovered **an amount of GH¢1,234,772.41** into the consolidated fund through payroll audit and **saved the government an amount of GH¢109,909,008.22** through the prevention of payment of unearned salaries and salary -related requests by the Ministry of Finance.

## **6.2. Financial Performance**

The Audit Service was appropriated an amount of **Five Hundred and Thirty-six Million, Three Hundred and Forty Thousand, Ghana Cedis (GH¢536,340,000)** for its activities in the 2022 financial year. Out of this amount, **GH¢503,428,000** is from GoG and GH¢32,912,000 was from Donors.

In accordance with Governments commitment to cut expenditure by thirty percent (30%), the 2022 appropriation to the Audit Service was reduced by **GH¢22,475,891** representing 4.19% reduction during the mid-year Budget review. The revised budget therefore stood at **Five Hundred and Thirteen Million, Eight Hundred and Sixty-Four Thousand, One Hundred and Nine Ghana Cedis (GH¢513,864,109)**. The effect of the revision on the various cost centers of the Audit Service is as follows:

Table: 1: 2022 Budget Review of the Audit Service

Expenditure Item	2022 Appropriation (GH¢) A	2022 Revised Budget (GH¢) B	Variance (GH¢)	% Reduction
Compensation	424,803,000	424,803,000	0.00	0.00
Goods and services	68,243,000	50,054,900	(18,188,100)	<b>26.65</b>
Capex	43,294,000	39,006,209	(4,287,791)	<b>9.90</b>
<b>Total</b>	<b>536,340,000</b>	<b>513,864,109</b>	<b>(22,475,891)</b>	<b>4.19</b>

Sources: Presentation on the Budget Estimates of the Audit Service

Out of the revised allocation an amount of **Three Hundred and Ninety-Five million, Seven Hundred and Seventy Thousand and Ninety-Five Ghana Cedis (GH¢395,770,095)** representing 73.79% of total appropriation and 77.02% of the revised allocation was released to the Audit Service for its operations as at 30<sup>th</sup> November, 2022, leaving a balance of GH¢140,569,905 unreleased. The actual expenditure for the same period however stood at **GH¢374,106,298**. The 2022 revised budget performance of the Audit Service is presented in table 2 below:

**Table 2: 2022 Revised Budget Performance of the Audit Service**

<b>Expenditure Item</b>	<b>2022 Revised Appropriation (GH¢) A</b>	<b>Releases as at 30/11/2022 (GH¢) B</b>	<b>Variance (GH¢) (A-B)</b>	<b>% Released</b>
Compensation	424,803,000	339,111,952	85,691,048	79.83
Goods and services	50,054,900	35,274,612	14,780,288	70.47
Capex	39,006,209	21,383,531	17,622,678	54.82
<b>Total</b>	<b>513,864,109</b>	<b>395,770,095</b>	<b>118,094,014</b>	<b>77.02</b>

Sources: Presentation on the Budget Estimates of the Audit Service

**Table 3: 2022 GoG Budget performance as at 30<sup>th</sup> November, 2022**

<b>Economic Classification</b>	<b>2022 Revised GoG Budget (GH¢) B</b>	<b>Releases as at 30/11/2022 (GH¢) C</b>	<b>Variance (GH¢) B-C</b>	<b>% Released</b>
Compensation	424,803,000	339,111,952	85,691,048	79.83
Goods & Services	46,811,900	35,274,612	11,537,288	75.35
Capex	9,337,209	4,362,745	4,974,464	46.72
<b>Total</b>	<b>480,922,109</b>	<b>378,749,309</b>	<b>102,202,800</b>	<b>78.75</b>

Sources: Presentation on the Budget Estimates of the Audit Service

In pursuit of its objectives for the 2022 financial year an amount of GH¢**17,020,786** was also released from Development Partners Fund to support the capital expenditure of the Audit Service in the year under review. The Development Partner Budget performance is as follows:

**Table 4: 2022 DP Budget performance as at 30<sup>th</sup> November, 2022**

<b>Economic Classification</b>	<b>2022 Revised GoG Budget (GH¢)</b> <b>A</b>	<b>Releases as at 30/11/2022 (GH¢)</b> <b>B</b>	<b>Variance (GH¢)</b> <b>A-B</b>	<b>Percent Released (%)</b>
Compensation	0.00	0.00	0.00	0.00
Goods & Services	3,243,000	0.00	3,243,000	<b>0.00</b>
Capex	29,699,000	17,020,786	12,648,214	<b>57.41</b>
<b>Total</b>	<b>32,942,000</b>	<b>17,020,786</b>	<b>15,891,214</b>	<b>51.76</b>

Sources: Presentation on the Budget Estimates of the Audit Service

## **8.0. OUTLOOK FOR 2023**

The Audit Service projects to undertake the following activities in line with its mandate during the 2023 financial year:

### **8.1. Operational Outlook for 2023**

In 2023, the Audit Service plans to continue with the implementation of its core mandate of conducting financial audit of Public accounts of Ghana and the accounts of Ministries, Departments and Agencies including Parliament and the Judiciary. The Service plans to audit the operations of all state entities including MDAs, MMDAs, Pre-University Educational Institutions, Technical Universities and Polytechnics, Public Boards and Corporations as well as special audits and submit the reports to Parliament.



The Service also plans to conduct special audits and value for money audits to ensure economy and efficiency in the use of public resources. In all, the Service plans to audit 6,337 entities and submit audit reports to Parliament.

Specifically, the Auditor-General intends to undertake the following in 2023:

- a. Conduct annual Report on the Public Accounts of Ghana (Consolidated Fund) and submit report to Parliament;
- b. Conduct audit on 4,832 audit units of Ministries, Departments and Agencies (MDAs) at the National, Regional and District levels and report to Parliament;
- c. Conduct audit on 261 Metropolitan, Municipal and District Assemblies (MMDAs) and submit a Report to Parliament,
- d. Conduct audit on 897 Pre-Tertiary Institutions and submit Annual Report to Parliament;
- e. Conduct audit on forty (40) sub-vented organizations and submit report to Parliament;
- f. Conduct audit on 109 Public Boards, Corporations and other Statutory Institutions and report to Parliament;
- g. Audit ten (10) Tertiary Educational Institutions and submit an annual report to Parliament;
- h. Conduct audit on District Assemblies Common Fund and submit Annual Report to the House;
- i. Conduct value for money audits on critical infrastructure projects and government programs and audit 40 Ghana missions abroad; and
- j. Continue Special Audits resulting from special audit or investigations requests by state agencies.

## 8.2. 2023 Budgetary Allocation

For the execution of the above activities, an amount of **Five Hundred and Fifty-Eight Million One Hundred and Thirty-Nine Thousand Two Hundred and Forty Ghana Cedis (GH¢558,139,240.00)** has been allocated as GoG sources to the Audit Service for its activities in 2023 financial year. In addition, an amount of **Fifty Million Five Hundred and Sixty Thousand Ghana Cedis (GH¢50,560,000)** is expected to be received from donors bring the total budgetary allocation of the Audit Service to **Six Hundred and Eight Million, Six Hundred and Ninety-Nine Thousand, Two Hundred and Forty Ghana Cedis (GH¢608,699,240)**. The breakdown of the allocations in terms of economic and programme and sources of funding is presented in tables 3 and 4 below:

**Table 4: 2023 Budgetary allocation by economic classification**

s/n	Expenditure Item	2023 (GoG) Allocation (GH¢)	2023 (Donor) Allocation (GH¢)	Total (GH¢)
1	Compensation	450,291,180	-	450,291,180
2	Goods and services	71,860,560	3,160,000	75,020,560
3	Capex	35,987,500	47,400,000	83,387,500
	<b>Total</b>	<b>558,139,240</b>	<b>50,560,000</b>	<b>608,699,240</b>

Source: Budget Statement and economic policy of the Government for year the 2023

**Table 5: 2023 Budgetary allocations by Programmes**

<b>programme</b>	<b>GoG Allocation (GH¢)</b>	<b>Donor Allocation (GH¢)</b>	<b>Total</b>
Management and Administration	156,909,898	50,560,000	<b>207,469,898</b>
Audit Operations	<b>401,229,342</b>	-	<b>401,229,342</b>
<b>Grand Total</b>	<b>558,139,240</b>	<b>50,560,000</b>	<b>608,669,240.00</b>

Source: Programme Based Budget Estimates of the Audit Service

## **10.0. OBSERVATIONS**

The Committee made the following observations and recommendations during its deliberations:

### **10.1. Non-release of budgetary allocations**

The Committee noted that substantial amount of Goods and Services and Capex budgetary allocation for 2022 financial year had not been released as at the end of November 2022. It was observed that out of the Goods and Services budgetary allocation of GH¢50,054,900 for the 2022 fiscal year, an amount of GH¢33,694,643 representing about 67% had been released as at the end of November, 2022. Similarly, out of the Capex allocation of GH¢39,006,209 for the year under review, GH¢18,320,489, representing 53% had been released as at the same reporting period.

The Auditor-General informed the Committee that the delay in the releases of the budgetary allocations adversely affected the operations of the Service during the year under review. For instance, the Service was not able to audit Missions abroad because of the non-release of the

Goods and Services budget. The delay in the release of the Capex budget had also stalled ongoing capital expenditure projects including the construction of new office complex at Kumasi and Tamale, as well as procurement of office equipment, computers and furniture.

## **10.2. Operational Performance for 2022 financial year**

In spite of the non-release of substantial part of the goods and services and Capex budget, the Committee noted with satisfaction, remarkable performance of the Audit Service during the year under review. For instance, it was observed that out of 5,794 planned audit, 5,239 representing, 90.42% had been undertaken as at the end of September, 2022. The Service also submitted 13 Auditor-General Reports, for the financial year ended 31<sup>st</sup> December 2021 to Parliament before the Constitutional deadline of 30<sup>th</sup> June, 2022.

Additionally, a Task Force constituted by the Service to follow up on outstanding disallowed expenditures between 2017 and 2020 was able to recover GH¢2.2 billion out of about GH¢4.0 billion irregularities reported to Parliament between the said period.

Moreover, the Service in July 2022, opened an Account at Bank of Ghana to track all recoveries made through its audit process. As at 15<sup>th</sup> December, 2022 an amount of GH¢4.296 million had been received by the Account.

Further, the Service through its payroll audit operations in 2022 recovered an amount of GH¢1,234 million into the consolidated fund, in addition to saving the country an amount of GH¢109.909 million through the prevention of payment of payroll related irregularities.

The impressive performance of the Service culminated into being adjudged the Best Performance Audit Report among 26-member English-speaking African Organisations of Supreme Audit Institutions.

### **10.3. Budgetary allocation for 2023 Financial Year**

It was observed that in accordance with Section 27 (1) of the Audit Service Act, 2000 (Act 584) and Regulation 45 of the Audit Service Regulations 2011 (C. I 70), His Excellency the President of the Republic of Ghana, Nana Addo Dankwa Akuffo-Addo had approved a total of **Five Hundred and Fifty-Eight Million One Hundred and Thirty-Nine Thousand Two Hundred and Forty Ghana Cedis (GH¢558,139,240.00)** for the services of the Audit Services in 2023, representing 94% of the proposal submitted for consideration and approval by the President. In addition, the Service expected to receive **Fifty Million Five Hundred and Sixty Thousand Ghana Cedis (GH¢50,560,000)** from development partners bringing the total budgetary allocation of the Audit Service to **Six Hundred and Eight Million, Six Hundred and Ninety-Nine Thousand, Two Hundred and Forty Ghana Cedis (GH¢608,699,240)**.

The approved GoG budget by the President is made up of **GH¢450,291,180 and GH¢71,860,560** as Compensation and Goods and Services respectively, representing 100% of the requested amount; and GH¢35,987,500 as Capex, representing downward adjustment of the requested amount to 51%. The President further recommends to the Audit Service to prioritise other Capex-related items and defer renovations works on the uncompleted buildings in order to contain expenditure within the overall fiscal space for 2023.

The Committee commends the President for the allocation to the Audit Service and urges the Ministry of Finance to release the budget on timely basis to enable the Service execute planned programmes of activities,

#### **10.4. Challenges with prosecution of persons surcharged for financial irregularities by the Auditor-General**

In explaining the reasons for apparent delay in prosecution of persons surcharged by the Auditor-General for financial irregularities, the Auditor-General indicated that the Attorney-General had contended with the admissibility of the evidence by the court. He explained that, according to the Attorney-General, the methodology adopted for the audit is not evidential facts likely to be admitted by the courts. Another reason assigned was the fact that because the Auditor-General Report is for Parliament, pursuant to Article 187 (5) of the 1992 Constitution, good governance principles arises as whether or not the Auditor-General could initiate prosecution against persons alleged to have committed financial infractions when the Report under consideration had not been debated by Parliament.

The Committee acknowledged that Article 187 (7) of the 1992 Constitution empowers the Auditor-General to disallow and surcharge all expenditures contrary to the law. Nonetheless, the concerns and difficulties articulated by the Auditor-General are worth considering. Accordingly, the Committee recommends to the House to speed up the process of establishing a Committee of Parliament contemplated under Article 187 (6) of the 1992 Constitution to collaborate with the Auditor-General in recovering financial irregularities that may be found in the Reports.

### **10.5. Audit Coverage**

The Committee noted that in 2023 the Audit Service has planned to undertake its statutory mandate of auditing all public accounts of the State including the Consolidate Fund, Public Boards and Corporations, Tertiary and Pre-Tertiary Institutions, assemblies, Special Funds, Bank of Ghana Foreign Exchange receipts and payments as well as Special Audits. To this end a total of 6,337 audits has been projected as against a target of 5,794 in 2022.

The Committee noted that the Audit Service plans to audit the forty six (46) Ghana Missions Abroad in 2022 financial had been deferred to 2023 because of non-release of all the Goods and Services budgetary allocations in the 2022 financial year.

The Committee urges the Ministry of Finance to ensure timely release of the Audit Service budget to enable the Service carry out its statutory duties effectively, especially the audit of the Missions Abroad.

The Committee also recommends to the Auditor-General to extend its audit coverage to sale of admission forms at the Universities and Security Agencies.

### **10.6. Recruitment of additional staff**

The Committee was informed that the Service intends to recruit 200 personnel to augment its current staff strength of 2,271 and also replace staff who retired in 2022.

Given the tight fiscal space, and the current economic situation of the country, the Committee recommends that the projected number of 200 recruits be reduced by 50%.

## **10.7 Audit of COVID-19 related expenditures**

In answer to the status of the ongoing Special Audit of the COVID-19 related expenditures by the Service, the Auditor-General informed the Committee that the process is going on in earnest and would soon be completed. Considering the high public interest in the outcome of the exercise, the Committee implores on the Service to fast-track the audit process consideration of Parliament.

## **11.0. CONCLUSION**

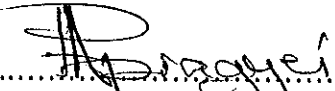
The Audit Service is tasked under Article 23 of the Constitution and the Audit Service Act, 2000, (Act 584) to conduct annual audit of all public institutions and report to Parliament. The Service in the performance of its mandate contributes to the promotion of good governance, transparency and financial accountability through its audit functions. In line with this mandate, the Service conducts annual audit of all State Institutions, Corporations, Department and Agencies that draw or controls public funds. This function is aimed at ensuring that public funds are judiciously used and accounted for to ensure that the citizenry derive the desired benefits from their resources. In addition to financial accountability, the Audit Service also conducts performance audit of major government programs and projects to determine the efficiency and effectiveness of the programs.




The successful and efficient performance of these statutory function requires the allocation and release of financial resources to support the Audit Service.

In the light of the above, the Committee recommends to the House to adopt its Report and approve the sum of **Six Hundred and Eight Million, Six Hundred and Ninety-Nine Thousand, Two Hundred and Forty Ghana Cedis (GH¢608,699,240)** for the implementation of the programs of the Audit Service for the 2023 Financial Year.

Respectfully submitted.

  
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HON. PATRICIA APIAGYEI  
VICE - CHAIRPERSON,  
SPECIAL BUDGETS COMMITTEE

  
.....  
JOANA A. S. ADJEI (MRS)  
CLERK, SPECIAL BUDGET COMMITTEE

20<sup>th</sup> December, 2022

