

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

REPORT OF THE FINANCE COMMITTEE

ON THE

PUBLIC FINANCIAL MANAGEMENT BILL, 2016

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**REPORT OF THE FINANCE COMMITTEE ON THE PUBLIC FINANCIAL
MANAGEMENT BILL, 2016**

1.0 INTRODUCTION

The Public Financial Management Bill, 2016 was presented to Parliament and read the first time by the Hon. Minister of Finance, Mr. Emmanuel Seth Terkper on Friday 24th June, 2016 in accordance with Article 108 of the 1992 Constitution. Pursuant to Order 169 of the Standing Orders of the Parliament of Ghana, the Rt. Hon. Speaker referred the Bill to the Finance Committee for consideration and report.

The Committee was assisted in its deliberations by the Hon. Minister of Finance, Mr. Emmanuel Seth Terkper, Deputy Ministers for Finance, Mr. Cassiel Ato Baah Forson and Mrs. Monah Quartey, the Controller and Accountant General and officials from the Ministry of Finance, Attorney-General's Department, the Audit Service, Controller and Accountant Generals' Department, Ghana Revenue Authority and the Head of Civil Service.

The Committee expresses its gratitude to the Hon. Minister, the Deputy Ministers, the Controller and officials from the ministry and various agencies for attending upon it and assisting in the deliberations.

2.0 REFERENCE

The Committee referred to the following additional documents at its deliberations:

- The 1992 Constitution of Ghana.
- The Standing Orders of the Parliament of Ghana.
- The Interpretations Act, 1960 (CA4)
- Petroleum Revenue Management Act, 2011 (Act 815)
- Civil Service Act, 1993 (PNDCL 327).

3.0 BACKGROUND

As part of the structural reforms to strengthen public finances and promote fiscal discipline, there is the need to strengthen and consolidate existing laws to regulate the financial management of the public sector within a macroeconomic and fiscal framework as well as define the responsibilities of persons entrusted with the management and control of public funds, assets, liabilities and resources. The Public Financial Management Bill forms part of the country's ongoing public financial management reforms which are designed to address persistent weaknesses and promote discipline, transparency and accountability in the management of public funds.

The legal framework for public financial management is currently scattered among a number of different legislations. There is therefore a need to integrate all existing legislation into an overreaching enactment which reflects a more coherent framework for the fiscal management of the public sector.

Again, Public Financial Management has experienced systemic weaknesses including lack of credibility in the budget process, unpredictability during budget execution, limited expenditure controls and cash rationing all of which contribute to the problem of chronic and persistent arrears. In order to address these shortcomings, the Public Financial Management Bill introduces and formalizes a number of significant process improvements in fiscal development principles and practices, public financial management, debt management and budget execution that have been introduced over the years but which are not reflected currently in legislation. The Bill also provides for the macroeconomic, fiscal, regulatory, accounting and accountability framework for dealing with the management of money and property of Government. It addresses the persistent weakness in fiscal failures in accountability mechanisms and provides a clear budget process map that strengthens the link between fiscal strategy and policy.

4.0 PURPOSE OF THE BILL

The purpose of the Bill is to improve on the understanding of the financial management framework of Government, improve accountability for financial management framework of Government and improve accountability and transparency of the development and

execution of fiscal policy. The improvement in public accountability and transparency are expected to bring about more efficient, effective and economical use of the resources of Government and also contribute to the achievement of national goals.

5.0 DIVISION OF THE BILL/ HIGHLIGHTS OF THE BILL

The Bill has 111 Clauses and one Schedule.

Preliminary provisions in relation to the object and application of the Act are provided for in *clauses* 1 and 2.

The various roles and responsibilities of the actors in the management of public fund are specified in *clauses* 3 to 10.

Provision is made in *clauses* 11 to 18 for the formulation of macroeconomic and fiscal policies. *Clause* 10 specifies the scope of application of *clauses* 11 to 18. It further gives the Minister the power to extend the application of *clause* 11 to 18 to local government authorities and public corporations in addition to the Central Government.

The preparation, approval and management of the budget is catered for in *clauses* 19 to 35.

Clause 36 empowers the Minister to create a Sinking Fund for the redemption of specified medium to long term debt obligations of Government and *clauses* 37 and 39 provide for the sources of money for and the administration of the Sinking Fund. *Clauses* 40 to 43 deal with payment from Sinking Fund as well as the accounting and auditing of the Fund. Annual report and other reports to be submitted by the Controller and Accountant-General in relation to the activities and operations of the Sinking Fund for the year to which the report relates and the moneys to be transferred into the Fund with coming into force of the Act are also specified.

Cash and asset management is dealt with in *clauses* 44 to 54. The *clauses* specifically deal with the management and use of Government moneys, Treasury Single Account, collection, deposit and retention of Government revenue. Consolidated Fund and its

management, custody and management of assets as well as abandonment of claims and write off of public funds are also catered for.

Clauses 55 to 81 deal with the management of public debt. Notable among the provisions are the creation of an Office within the Ministry to handle public debt management, debt management objectives and strategy, status on government debts, records of government debt and financing arrangements and publication of government debt and financing arrangements.

Duties of Principal Spending Officer in terms of the management of moneys of covered entity supervised by the Principal Spending Officer are dealt with in *clause 81*.

Accounts and audit provisions are dealt with in *clauses 82 to 88* while Audit Committees are provided for in *clauses 89 to 91*.

Provisions on the oversight of Local Government Authorities, Public Corporations and State-Owned Enterprises are stipulated in *clauses 92 to 99*.

Miscellaneous provisions are dealt with in *clauses 100 to 111*. *The clauses* among others provide for offences and penalties, surcharge a public officer for a loss or deficit in public funds, guidelines for the effective implementation of the Act and fiscal impact analysis of legislation and proposals.

6.0 OBSERVATIONS

The Committee noted that the Bill proposes a significant modification to the funding account structure of Government by the establishment of a Treasury Single Account which is a consolidated bank account system for processing all central Government receipts and payment transactions. The Minister informed the Committee that the Treasury Single Account is a virtual account that gives the Controller a view of all balances held in all government accounts at any point in time. It is not a replacement of a Consolidated Fund established under the 1992 Constitution.

To further improve Public debt Management, the Bill introduces a Debt Management Office within the Ministry of Finance with the responsibility of handling debt management operations, carrying out risk assessment for Government guarantees and supplier credit arrangements and placing the feasibility of borrowing requirements within an overall Government Fiscal Strategy.

Again, the passage of the Bill into an Act will help instill fiscal disciplines and promote stability throughout the management of public finance. The Committee noted that the introduction of permanent fiscal rules based on fiscal principles and procedural laws as well as a requirement of a more detailed analysis and management of fiscal risks will help promote stable macroeconomic environment and ensure economic stability.

The Committee also noted that the Bill seeks to control borrowing by local government authorities, public corporations and state owned enterprises as part of a comprehensive framework for the management of public debt in the country. The Committee believes this will establish the procedure for regulating excessive borrowing of State Owned Enterprises and Public Corporations some of which become a contingent liability of government thereby exerting pressure on the country's debt sustainability levels.

7.0 PROPOSED AMENDMENTS

The Committee having carefully scrutinized the Bill proposes the following amendments for the consideration of the House:

1. Clause 4 – **Amendment proposed** – Sub-clause (2), paragraph (d), line 2, after “contingent” *delete* “financial”.
2. Clause 4 – **Amendment proposed** – *Add* the following new sub-clauses:

“(h) prepare Fiscal Strategy Document;

(i) manage public funds;

- (j) coordinate, mobilize resources including financial assistance from development partners and integrate the resources into the planning, budgeting, reporting and accountability processes provided under this Act;
 - (k) provide policy framework for conducting banking and management of cash for a covered entity”.
 - (l) issue directives and instructions necessary for the effective implementation of this Act to the head of a covered entity, a Principal Account Holder and Principal Spending Officer of a covered entity”
3. Clause 5 – **Amendment proposed** – Sub-clause (1), paragraph (b), line 1, *delete* “Public Services Commission” and *insert* “Civil Service Council”.
 4. Clause 6 – **Amendment proposed** – Sub-clause (1), paragraph (c) opening phrase, delete and insert the following: “(c) coordinate the promotion and enforcement of a transparent, efficient and effective management of” and paragraphs (e), (f) and (h), *Delete*.
 5. Clause 6 – **Amendment proposed** – Sub-clause (2) paragraph (a), insert after “shall”, “through the Controller and Accountant-General” and paragraph (b), delete
 6. New Clause – **Amendment proposed**- insert a new clause after clause 6 to read:

“Duties of a Principal Spending Officer

- (1) A Principal Spending Officer shall for the respective covered entity
 - (a) ensure the regularity and proper use of money appropriated to the covered entity;
 - (b) authorise commitments for the covered entity within a ceiling set by the Chief Director under section 26; and
 - (c) manage the resources received, held or disposed of by or on account of the covered entity.
- (2) A Principal Spending Officer shall, in the exercise of duties under this Act, establish an effective system of risk management, internal control and internal audit in respect of the resources and transactions of a covered entity.
- (3) Where a Principal Spending Officer receives a subvention on behalf of another entity, that Principal Spending Officer shall remit the subvention to that other entity in accordance with the approved cash flow plan for the subvention.

(4) A Principal Spending Officer may delegate a function or responsibility specified in this Act to a public officer who is under the control of that Principal Spending Officer but shall not be relieved of the ultimate responsibility for the performance of the delegated function or responsibility.

(5) Where a Principal Spending Officer delegates a function or responsibility under subsection (4), that Principal Spending Officer shall give the directives necessary for the proper exercise or performance of that function or responsibility.”

7. Clause 7 – **Amendment proposed** – Sub-clause (1), line 3, after *delete* “chief”
8. Clause 7 – **Amendment proposed** – Sub-clause (4), paragraph (d), *Delete*.
9. Clause 7 – **Amendment proposed** – Sub-clause (4), *Add* the following new paragraphs:
 - “(k) provide accounting officers to covered entities;
 - (l) responsible for the classification and management of value books”.
10. Clause 9 – **Amendment proposed** – Headnote, *delete* “Function of”.
11. Clause 10 – **Amendment proposed** – Sub-clause (1), before “Parliament”, insert “Subject to the Constitution of Ghana”.
12. Clause 11 - **Amendment proposed** – Head note, delete “19” and insert “18” and sub-clause (1), delete “19” and insert “18”
13. Clause 11 – **Amendment proposed** – sub-clause (2) line 2, delete “19” and insert “18”
14. Clause 12 – **Amendment proposed** - delete
15. Clause 13 – **Amendment proposed** – Sub-clause (2), paragraph (c), lines 1 and 2, delete the phrase “when calculated without petroleum revenue”
16. Clause 13 – **Amendment proposed** – insert a new sub-clause after sub-clause (4) as follows:

“(5) For purpose of this section, “public agency” means an entity established by government but not part of a government department which has been given responsibility to perform a public function, is accountable to government, has some degree of autonomy from government and which the government; holds the primary power of appointment”
17. Clause 15 – **Amendment proposed** – Sub-clause (1), line 1, *delete* “April” and *insert* “May”.

18. Clause 15 – **Amendment proposed** – Sub-clause (2), paragraph (b), line 3, delete “Medium Term National Development Plan” and insert “the coordinated programmes of economic and social development policies as specified in Article 36 (5) of the Constitution”

Clause – Amendment proposed – sub-clause (2) Rearrange the numbering in sub-clause (2):

Paragraph (h) becomes (d)

Paragraph (d) becomes (e)

Paragraph (e) becomes (f)

Paragraph (f) becomes (g)

Paragraph (g) now becomes (h)

19. Clause 15 – **Amendment proposed** – Sub-clause (2), paragraph (f), *delete* and *insert* the following
“(f) Medium Term Debt Management Strategy including debt sustainability analysis and sensitivity analysis of macro-fiscal risk scenarios;”
20. Clause 15 – **Amendment proposed** – Sub-clause (2), paragraph (h), *delete* “macro fiscal” and *insert* “macro-fiscal”.
21. Clause 16 – **Amendment proposed** – Sub-clause (1), line 2, at end, *add* “the following indicators”.
22. Clause 16 – **Amendment proposed** – Sub-clause (1), paragraph (b), *delete* “one” and *insert* “two”.
23. Clause 16 – **Amendment proposed** – Sub-clause (2) line 2, *delete* “ten years” and *insert* “five years”.
24. Clause 17 – Amendment proposed – before “Cabinet” insert “Subject to Article 76 (2) of the Constitution”
25. Clause 18 – **Amendment proposed** – *Delete*.
26. Clause 20 – **Amendment proposed** – Sub-clause (1), paragraph (a), lines 2 and 3, *delete* “31st of May of the preceding” and *insert* “end of April of the current financial”.

27. Clause 20 – **Amendment proposed** – Sub-clause (2), line 2, delete “31st of May” and insert “end of April”.
28. Clause 22 – **Amendment proposed** – sub-clause (3) line 2, delete “30th” and insert “15th”
29. Clause 22 – **Amendment proposed** – Sub-clause (6), paragraph (b), delete and insert the following:
“a memorandum specifying the measures taken by the Government to implement in the ensuing financial year, the recommendations of Parliament in respect of the report of the Auditor-General with respect to this Act”
30. Clause 22 – **Amendment proposed** – Sub-clause (7), line 1, delete “Bill” and insert “Act”
31. Clause 25 – **Amendment proposed** – delete
32. Clause 27 – **Amendment proposed** – Sub-clause (8), at the end, add the following:
“except that the sub-clause, shall not apply to the Judiciary, Legislature and the Audit Service”
33. Clause 27 - **Amendment proposed** – Sub-clause (10), delete and insert
“A Principal Spending Officer who contravenes subsection (4) is liable to an administrative penalty of two thousand penalty units.”
34. Clause 28 – **Amendment proposed** – Sub-clauses (3), (4) and (5), *Delete*.
35. New Clause- **Amendment proposed**- Insert a new clause after clause 28 to read:

“Performance report

- (1) Each Principal Account Holder shall, within the first quarter of the ensuing year after the Minister submits the annual budget to Parliament, submit to Parliament, a performance report on budget implementation for the preceding financial year.
- (2) Each Principal Account Holder shall submit a copy of the performance report required under subsection (1) to the Minister.
- (3) The Minister shall determine the format of the performance report required under subsection (1).
- (4) The performance report shall indicate
 - (a) the achievements of the Principal Account Holder for the preceding financial year;

- (b) the annual work plan comprising the objectives, outputs, outcomes, targets and performance indicators;
 - (c) the staff establishment of the Principal Account Holder in respect of a vote for the preceding year and ensuing three years;
 - (d) a statement on the actions taken by the covered entity to implement the recommendations of Parliament in respect of the most recent report of the Auditor-General; and
 - (e) any major investment to be implemented for more than one year, including
 - (i) any multiyear investment;
 - (ii) the total cost of the major investment within the medium term profile set out in the Medium Term Expenditure Framework, and
 - (iii) the respective amount to be appropriated in the budget year.”
36. Clause 29 – **Amendment proposed** – Sub-clause (2), opening phrase, line 1, *delete* “contain” and *insert* “include”.
37. Clause 29 – **Amendment proposed** – Sub-clause (2), paragraph (c), lines 1 and 2, *delete* “finance performances for” and *insert* “financing performances for a period up to”.
38. Clause 30 – **Amendment proposed** – delete and insert the following:
 “(1) subject to any limitation that Parliament may impose, the Minister may re-allocate funds that have been allocated to a covered entity to another covered entity specified in the annual budget in the event where the functions of the covered are transferred to that other covered entity.
 (2) The Minister shall report to Parliament in the next reporting period on a re-allocation in sub-section (1).”
39. Clause 31 – **Amendment proposed** – Sub-clause (2), insert a new paragraph (a) to read: “(a) has not obtained permission from the Minister” and sequentially renumber the remaining paragraphs.
40. Clause 31 – **Amendment proposed** – Sub-clause (3), line 3, *delete* “activities” and *insert* “programme”.
41. New Clause – **Amendment proposed** - Insert a new clause as follows:

“Cash flow forecast

A Principal Spending Officer shall, in accordance with Regulations prepare and submit to the Minister monthly cash flow forecasts of the covered entity for the ensuing three months or any other period that the Minister may specify.”

42. **Clause 33 – Amendment proposed** – Sub-clause (1), delete and insert the follow:

“(1) 1) A covered entity shall not enter into any agreement with a financial commitment that binds the Government for more than one financial year or that results in a contingent liability except where the financial commitment or the contingent liability

(a) is with the prior written approval of Parliament, and

(b) authorised by Parliament in accordance with article 181 of the Constitution.”

43. **Clause 33 – Amendment proposed** – Sub-clause (6), lines 2, *delete* “four years” and *insert* “five years”.
44. **Clause 34 – Amendment proposed** – Head note *delete* “quarterly” and *insert* “half-yearly”
45. **Clause 34 – Amendment proposed** – sub-clause (1) line 2, delete “April, July and October of each year a quarterly” and insert “and July of each year, half-yearly”
46. **Clause 34 – Amendment proposed** – sub-clause (2) delete paragraphs (a), (b) and (e)
47. **Clause 34 – Amendment proposed** – sub-clause (3) delete
48. **Clause 35 – Amendment proposed** – Sub-clauses (4) and (5), *delete*.
49. **Clause 36 – Amendment proposed** – delete and insert the following:

“Contingency Fund

(1) There shall be paid into the Contingency Fund moneys voted for the purpose by Parliament; and advances may be made from the Contingency Fund which are authorised by the Committee responsible for financial matters in Parliament whenever the Committee is satisfied that there has arisen an urgent or unforeseen need for expenditure for which no other provision exists to meet the need.

2) Where an advance is made from the Contingency Fund, a supplementary estimate shall be presented as soon as possible to Parliament for the purpose of replacing the amount advanced.”

50. Clause 37 – **Amendment proposed** – Sub-clause (2), line 1, *delete* “medium to long term”.
51. Clause 39 – **Amendment proposed** – Sub-clause (3), lines 1 and 2, *delete* “the Controller and Accountant-General shall in consultation with the Minister” and *insert* “the Minister shall”.
52. Clause 42 – **Amendment proposed** – Sub-clauses (1) and (2) and (3), *Delete* and sequentially renumber the remaining sub-clauses.
53. Clause 42 – **Amendment proposed** – *Add* a new sub-clause as follows:
“(1) The Controller and Accountant General shall keep accounts of the Fund in accordance with Generally Accepted Accounting Principles and in the form agreed to by the Auditor General”.
54. Clause 47 – **Amendment proposed** – Sub-clause (3), paragraph (a), lines 1, *delete* “fine” and *insert* “penalty”.
55. **Clause 47 – Amendment proposed** – Sub-clause (3), paragraph (b), *Delete*.
56. Clause 48 – **Amendment proposed** – Sub-clause (3), lines 2, *delete* “temporary advance” and *insert* “prepayment”.
57. Clause 48 – **Amendment proposed** – Sub-clause (3), concluding phrase, line 1, *delete* “temporary advance” and *insert* “prepayment”.
58. Clause 48 – **Amendment proposed** – Sub-clause (4), *Delete*.
59. Clause 49 – **Amendment proposed** – *Delete*.
60. **Clause 51 – Amendment proposed** – *delete*
61. Clause 52 – **Amendment proposed** – Sub-clause (1), *delete* and *insert* the following
“(1) Subject to Article 178 of the 1992 Constitution, an expenditure shall not be made out of the Consolidated Fund for which no disbursement procedure have been provided for in the Constitution except on the authority of a warrant issued by the Minister to the Controller and Accountant-General”.
62. Clause 52 – **Amendment proposed** – Sub-clause (2), opening phrase, *delete* “a warrant for expenditure” and *insert* “the warrant for payment”.
63. Clause 52 – **Amendment proposed** – Sub-clause (2), paragraph (b), *delete*.
64. Clause 52 – **Amendment proposed** – sub-clause (2) paragraph (d) line 1, *delete* “an advance” and line 2 *delete* “advance”

65. Clause 53 – **Amendment proposed** – Sub-clause (2), *delete* and *insert* the following:
“(2) A bank account shall not be opened for any covered entity without the written approval of the Controller and Accountant-General;”
66. Clause 54 – **Amendment proposed** – Sub-clause (4), lines 4, *delete* “capital expenditure” and *insert* “cost”.
67. Clause 56 – **Amendment proposed** – Head note, *delete* “Division” and *insert* “Public Debt Management Office”.
68. Clause 56 – **Amendment proposed** – Sub-clause (1), *delete* and *insert*:
“(1) The Ministry of Finance shall have an office that is responsible for public debt management and shall be under the supervision of the Chief Director in accordance with the Civil Service Act, 1993 (PNDC Law 327)”.
69. Clause 56 – **Amendment proposed** – Sub-clause (2), opening phrase, *delete* “Division” and *insert* “Public Debt Management Office”.
70. Clause 56 – **Amendment proposed** – *Add* a new paragraph (2) (e) as follows:
“(e) formulate Medium Term Debt Management Strategy” and renumber paragraph (e) as “(f)”
71. Clause 58 – **Amendment proposed** – sub-clause (2) line 3, *delete* “terms and conditions on”
72. Clause 59 – **Amendment proposed** – Sub-clause (1), paragraph (c), lines 1, after “authorities” *insert* “state owned enterprises”.
73. Clause 59 – **Amendment proposed** – Sub-clause (2), lines 1 and 2, *delete* all words after “shall” and *insert* “be in accordance with the Medium Term Debt Management Strategy and the annual borrowing plan”.
74. Clause 59 – **Amendment proposed** – sub-clause (3) paragraph (b) line 1, *delete* “other entities” and *insert* “other entity”
75. Clause 60 – **Amendment proposed** – sub-clause (1), renumber second paragraphs “(a) and “(b)” and “(c) and (d)” respectively
76. Clause 60 – **Amendment proposed** – Sub-clause (2), *delete* and *insert* the following:
“(2) The Minister shall be responsible for ensuring that the debt management, objectives set out under subsection (1) is achieved.”

77. Clause 61- amendment proposed – sub-clause (1) line 1 and 2, delete “Division” and insert “Public Debt Management Office”
78. Clause 61 – **Amendment proposed** – Sub-clause (2) opening phrase, delete “Division” and insert “Public Debt Management Office” and paragraph (b), lines 2, *delete* after “strategy” “through the Minister to Cabinet for approval” and insert “to the Minister”
79. Clause 61 – **Amendment proposed** – Sub-clause (4), lines 1, *delete* “in an appropriate form” and line 2, at end, *add* “at the website of the Ministry and any other medium determined by the Minister.”
80. Clause 62 – **Amendment proposed** – sub-clause (1) line 1, delete “Division” and insert “Public Debt Management Office”
81. Clause 62 – **Amendment proposed** – sub-clause (2), delete and insert
“(2) The annual borrowing and recovery plan shall be based on the approved medium-term debt management strategy and shall include:
(a) planned borrowing operations over the year;
(b) borrowing instruments to be used; and
(c) the indicative timing of the borrowings.”
82. Clause 63 – **Amendment proposed** – Sub-clauses (3), (4) and (5), *delete*.
83. Clause 64 – **Amendment proposed** – paragraph (b), line 2, *delete* all words after “plan”
84. Clause 65 – **Amendment proposed** – line 2, after “agreement” *delete* “or an overdraft”.
85. Clause 65 – **Amendment proposed** – paragraph (b) line 2, delete all words after “plan”
86. Clause 67 – **Amendment proposed** – Head note, delete “Status of”
87. Clause 68 - **Amendment proposed** – Sub-clause (2), line 1, *delete* “Division” and *insert* “Public Debt Management Office”
88. Clause 68 – **Amendment proposed** – Sub-clause (5), paragraph (a), line 1, *delete* “to the Minister” and in line 2, *delete* “Division” and *insert* “Public Debt Management Office”.
89. Clause 68 – **Amendment proposed** – sub-clause (5) paragraph (b), delete “to the Minister”

90. Clause 68 – **Amendment proposed** – Sub-clause (12), *delete*.
91. Clause 69 - **Amendment proposed** – Sub-clause (1), lines 1, *delete* “Subject to this section” and *insert* “Subject to Article 181 of the Constitution”.
92. Clause 69 – **Amendment proposed** – sub-clauses (2) and (3) *delete* “Debt Management Division” and *insert* “Public Debt Management Office”
93. Clause 69 - **Amendment proposed** – Sub-clause (5), *Delete*.
94. Clause 70 – **Amendment proposed** – Sub-clause (1), line 1, *delete* “Subject to Subsection (2)” and *insert* “Subject to Article 181 of the Constitution”.
95. Clause 70 – **Amendment proposed** – Sub-clauses (2) and (4), line 1, respectively *delete* “Division” and *insert* “Public Debt Management Office”.
96. Clause 71 – **Amendment proposed** – sub-clause (1) *delete* “subject to subsection (2) and *insert* “Subject to Article 181 of the Constitution”
97. Clause 71 – **Amendment proposed** - Sub-clauses (2) and (4), line 1, respectively *delete* “Division” and *insert* “Public Debt Management Office”.
98. Clause 72 – **Amendment proposed** – Opening phrase, lines 1, *delete* “Division” and *insert* “Public Debt Management Office”.
99. Clause 72 – **Amendment proposed** – *Add* new paragraph after paragraph (e) as follows:
“(f) Any other relevant record in respect of Government debt obligation”.
100. Clause 73 – **Amendment proposed** – sub-clause (1) line 1, *delete* “Debt Management Division” and *insert* “Public Debt Management Office”
101. Clause 74 – **Amendment proposed** – *Delete*.
102. Clause 75 – **Amendment proposed** – Sub-clause (1), line 1, *delete* “Debt Management Division” and *insert* “Public Debt Management Office”.
103. Clause 76 – **Amendment proposed** – Sub-clause (1), line 1, *delete* all words before “borrowing” and *insert* “Subject to Article 181 of the Constitution”.
104. Clause 78 – **Amendment proposed** – Sub-clause (1), lines 2 and 3, *delete* “Chief Director” and *insert* “Minister”.
105. Clause 78 – **Amendment proposed** – Sub-clause (2), line 1, *delete* “Chief Director” and *insert* “Minister”.

106. Clause 78 – **Amendment proposed** – Sub-clause (2), paragraph (b), line 1, *delete* “Chief Director” and *insert* “Minister”.
107. Clause 78 – **Amendment proposed** – Sub-clause (3), line 1, *delete* “Division” and *insert* “Public Debt management Office”.
108. Clause 80 – **Amendment proposed** – sub-clause (1) line 2, *delete* “Chief Director” and *insert* “Minister”
109. Clause 80 – **Amendment proposed** – sub-clause (2) line 1, *delete* “Chief Director” and *insert* “Minister” and paragraph (b), *delete* “Chief Director” and *insert* “Minster”
110. Clause 80 – **Amendment proposed** – Sub-clause (3), line 1, *delete* “Division” and *insert* “Public Debt Management Office”.
111. Clause 81 – **Amendment proposed** – Sub-clause (3), paragraph (b), line 1, after “duties” *insert* “and responsibilities”.
112. Clause 82 – **Amendment proposed** – *delete*.
113. Clause 83 – **Amendment proposed** – Sub-clause (1), after “shall” *insert* “through the Principal Account Holder”.
114. Clause 83 – **Amendment proposed** – Sub-clause (2), *delete*
115. Clause 83 – **Amendment proposed** – Sub-clause (3), line 2, *delete* “report” and *insert* “statement”.
116. Clause 84 – **Amendment proposed** – Sub-clause (2), second paragraph (b), *delete* “Chief Director” and *insert* “Minister” and renumber as (c).
117. Clause 84 – **Amendment proposed** – Sub-clause (3), paragraphs (b) and (d), *Delete*.
118. Clause 87 – **Amendment proposed** – Sub-clause (2), line 1, after “report” *insert* “administratively” and after “and” *insert* “functionally”
119. Clause 87 – **Amendment proposed** – Sub-clause (3), paragraph (a), *delete* “control” and *insert* “controls”.
120. Clause 87 – **Amendment proposed** – renumber second (4), *delete* “An internal auditor of the Internal Audit Unit of a covered entity” and *insert* “The Internal Auditor of a covered entity”
121. Clause 87 – **Amendment proposed** – sub-clause (6), *delete* “of the Internal Audit Unit”

122. Clause 87 – **Amendment proposed** - sub-clause (7), delete “of the Internal Audit Unit”
123. Clause 87 – **Amendment proposed** - sub-clause (8), delete “of the Internal Audit Unit”
124. Clause 87 – **Amendment proposed** – sub-clause (9), delete “of the Internal Audit Unit”
125. Clause 87 – **Amendment proposed** - sub-clause (10), delete “of the Internal Audit Unit”; delete “Chief Director” and insert “Chairperson of the relevant Audit Committee”
126. Clause 89 – **Amendment proposed** – Sub-clause (1), opening phrase, line 2, *delete* “and Parliament” and insert “and” between the “Minister” and the “Auditor-General”.
127. Clause 91 – **Amendment proposed** – Sub-clause (3) line 3, at end *add* the following: “and two other members nominated by the Principal Account Holder”.
128. Clause 91 – **Amendment proposed** – Sub-clause (6), *delete* “Minister” and *insert* “Principal Account Holder”.
129. Clause 92 – **Amendment proposed** – Sub-clause (1), paragraph (a), sub-paragraph (ii), *delete* and *insert* the following
“(ii) Parliament’s decision on the Auditor-General’s report”.
130. Clause 92 – **Amendment proposed** – Sub-clause (1), paragraph (a), *Add* a new subparagraph as follows:
“(ii) Auditor-General’s Management Letter”.
131. Clause 92 – **Amendment proposed** – Sub-clause (1), paragraph (b), subparagraph (ii), *delete* and *insert* the following
“(ii) Parliament’s decision on the Auditor-General’s report”.
132. Clause 92 – **Amendment proposed** – Sub-clause (1), paragraph (b), *Add* a new subparagraph as follows:
“(i) Auditor-General’s Management Letter”.
133. Clause 93 – **Amendment proposed** – line 1, *delete* “six” and *insert* “nine”

134. Clause 94 – **Amendment proposed** – paragraph (c), *delete*
135. Clause 95 – Amendment proposed insert a new sub-clause (1) as follows:
“(1) The Board of Directors of a public corporation governed by this Act shall ensure the efficient management of the financial resources of the public corporation including the collection and receipt of moneys due to that public corporation.”
136. Clause 96 – sub-clause (1) line 2, delete “96” and insert appropriate cross reference
137. Clause 97 - **Amendment proposed** – Sub-clause (2), renumber paragraph (e), as “(b)”.
138. Clause 100 – **Amendment proposed** – delete
139. Clause 101 – **Amendment proposed** – Sub-clause (1), opening phrase, line 1, after “the” *add* “procurement or”.
140. Clause 101 – **Amendment proposed** – Sub-clause (1), paragraph (g), line 2, *delete* “revenue” and *insert* “resources”.
141. Clause 101 – **Amendment proposed** – Sub-clause (1), concluding paragraph, line 3, *delete* “the fine and imprisonment”.
142. Clause 101 – **Amendment proposed** – Sub-clause (2), line 1, after “the” *insert* “procurement or”.
143. Clause 101 – **Amendment proposed** – Sub-clause (4), delete.
144. **Clause 103 – Amendment proposed** – head note, delete and insert “Penalty for contravention of this Act”
145. Clause 107 – **Amendment proposed** – Sub-clause (1), paragraph (m), subparagraph (ii), after “structure” *insert* “of”.
146. Clause 107 – **Amendment proposed** - Sub-clause (1), paragraph (n), *delete* “and” at the end
147. Clause 107 - **Amendment proposed** – Sub-clause (1), paragraph (o), *delete* “without Parliamentary approval” and insert “approve”.
148. Clause 108 – **Amendment proposed** – Interpretation – definition for “accounting standards” line 1, *delete* “approved” and *insert* “adopted”.
149. Clause 108 – **Amendment proposed** – Interpretation – definition for “capital expenditure”, after “stock” insert “which is not expended within the year”

150. Clause 108 – **Amendment proposed** – Interpretation – definition for “covered entities” line 1, delete “mean” and insert “means”.
151. Clause 108 – **Amendment proposed** – Interpretation – definition for “covered entities”, paragraph (c), *add* “and local authorities”.
152. Clause 108 – **Amendment proposed** – Interpretation – definition for “covered entities”, paragraph (f), *delete* “public” and *insert* “statutory”.
153. Clause 108 – **Amendment proposed** – Interpretation – definition for “Division”, *delete*.
154. Clause 108 – **Amendment proposed** – Interpretation – definition for “economic classification”, delete and insert the following:
“Economic classification means the type of expenditure by government in respect of compensation, goods and services and capital expenditure”.
155. Clause 108 – **Amendment proposed** – Interpretation – definition for “financing estimates” Delete and insert “financing estimates” means a list of all sources of funds by which the budget deficit will be financed;
156. Clause 108 – **Amendment proposed** – Interpretation – definition for “fiscal agent”, delete and insert the following:
“fiscal agent means an institution or organization such as a bank or financial institution that act on behalf of government performing various financial duties including the redemption of bonds, coupons, handling tax issues, replacement of lost or damage securities and other finance related task.”
157. Clause 108 – **Amendment proposed** – Interpretation – definition for “fiscal policy document”, *delete* and insert the following:
“Fiscal policy document means an outline of the revenue, expenditure, financing and debt management decisions of Government that influences the economy”
158. Clause 108 – **Amendment proposed** – Interpretation – definition for “fiscal policy objectives” line 1, *delete* “target” and *insert* “targets”.
159. Clause 108 – **Amendment proposed** – Interpretation – insert a new definition for “fixed asset”, *as* the following:

- “fixed asset” means a long term resource controlled by a covered entity, public corporation or state owned enterprise as a result of past events and from which future economic benefits are expected to flow to the entity”.
160. Clause 108 – **Amendment proposed** – Interpretation – definition for “guarantee”, *delete* and insert the following: ““guarantee” means an explicit commitment of Government to limit expenditure within established maximum level of expenditure for a period of more than twelve months”;
161. Clause 108 – **Amendment proposed** – Interpretation - definition for “internally generated funds”, *delete* “and insert the following: “internally generated funds” means revenue generated from the activities of a covered entity from its operations other than taxes collected by the Ghana Revenue Authority”;
162. Clause 108 – **Amendment proposed** – Interpretation – insert a new definition for “Medium Term Development Plan” to read: “Medium Term National Development Plan” means a set of comprehensive development programmes, activities and projects initiated by the Government through Ministries, Departments and Agencies to support and give direction to the Government efforts”;
163. Clause 108 – **Amendment proposed** – Interpretation – definition for Medium-Term Fiscal Framework, *delete* and insert the following: “Medium Term Fiscal Framework” means an annual rolling three year period over which the Government plans fiscal policy and likely budget parameters to macroeconomic performance”;
164. Clause 108 – **Amendment proposed** – Interpretation – insert a new definition for “monetary grants” to read: “monetary grants” means non-repayable funds received by a covered entity from an individual, body or institution for use by the covered entity”;
165. Clause 108 – **Amendment proposed – interpretation** – definition for “monetary policy objective” *delete* and insert the following:
“monetary policy objective” means goals that the credit control measures adopted by the Central Bank of a country seeks to achieve”;
166. Clause 108 - **Amendment proposed** – Interpretation – definition for “multi-year ceiling”, *delete* “and insert multi-year ceiling” means the explicit commitment of

176. Clause 108 – **Amendment proposed** – Interpretation – definition for “supplier’s credit agreement”, line 1, after “goods” *insert* “, works”.
177. Clause 108 – **Amendment proposed** – Interpretation definition for “supplier’s credit agreement”, line 3, after “goods” *insert* “, works”.
178. Clause 108 – **Amendment proposed** – Interpretation of “temporary advance”,
Delete.
179. Clause 108 – **Amendment proposed** – Interpretation of “Treasury Single Account”,
Delete.
180. Clause 108 – **Amendment proposed** – Interpretation- insert a definition for unexpended to read:
““unexpended” means a budgetary appropriation based on which commitment has been made and expenditure incurred but not yet paid by the end of the financial year;”
181. Clause 108 - **Amendment proposed** – Interpretation – definition for “virement”, delete and insert the following: “virement” means the reallocation of funds within the budget from one budget line to another budget line.”
182. Clause 109 – **Amendment proposed** – Sub-clause (4), line 2, after “relating” *insert* “to”.
183. Clause 110 – **Amendment proposed** – sub-clause (1) line 1, delete “and” and insert “or”
184. Clause 111 – **Amendment proposed** – Headnote, at the end, *add* “and 100”.
185. Clause 111 – **Amendment proposed** – line 1, after “92” *add* “and 100”
186. **Schedule – Amendment proposed** – First schedule, paragraph (f), *delete* and *insert* the following:
“(f) relevant notes to the account” and also delete paragraphs (k) to (p)

8.0 CONCLUSION AND RECOMMENDATION

The Committee has thoroughly examined the Bill and is convinced that the passage of the Bill will help strengthen public financial management, promote fiscal discipline and help consolidate existing laws to regulate public financial management in Ghana to promote transparency and accountability in the use of public funds.

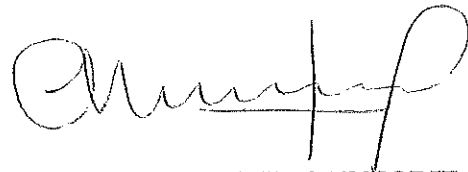
- Government to limit expenditure within the established maximum level of expenditure for a period of more than twelve months”;
167. Clause 108 – **Amendment proposed** – Interpretation – definition for “multi-year contract”, *delete* and insert the following: “multi-year contract” means a contract for the purchase of goods, works, supplies or services for a period of more than one program year;”
168. Clause 108 – **Amendment proposed** – Interpretation – definition for “multi-year expenditure commitment”, *delete* and insert the following: “multi-year expenditure commitment” means a contract, transaction, or agreement that binds the Government to a financial commitment for more than one financial year or which results in a contingent liability, except where the financial commitment or contingent liability is authorised by Parliament”;
169. Clause 108 – **Amendment proposed** – Interpretation – Definition for “other entities” *delete* and insert the following: “other entities” means a private institution, an organisation or a company that is of interest to Government in respect of achievement of its policies”;
170. Clause 108 – **Amendment proposed** – Interpretation – insert a new definition for “prepayment” as follows: “prepayment” means the settlement of a debt or instalment payment before its official due date”;
171. Clause 108 – **Amendment proposed** – Interpretation – Definition for “resource envelope”, *delete* and insert the following: “resource envelope” means the overall financial resources available to Government for the fiscal year;
172. Clause 108 – **Amendment proposed** – Interpretation – definition for “special funds”, *delete*
173. Clause 108 - **Amendment proposed** – Interpretation of “public finances”, line 1,
174. *delete* “mean” and *insert* “means”.
175. Clause 108 – **Amendment proposed** – Interpretation – definition for “spending plan” *delete* and insert the following:
“spending plan means a strategy document that contains the cash flow of a covered entity of Government”.

The Committee therefore recommends to the House to adopt its report and pass the Public Financial Management Bill, 2016 into law in accordance with Article 106 of the Constitution and Orders 126 and 127 of the Standing Orders of the House.

Respectfully Submitted.



HON. JAMES KLUTSE AVEDZI
(CHAIRMAN, FINANCE COMMITTEE)



ROSEMARY ARTHUR SARKODIE (MRS.)
(CLERK, FINANCE COMMITTEE)

July 2016