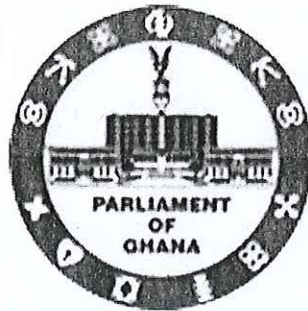


IN THE THIRD SESSION OF THE EIGHTH PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA



REPORT OF THE SPECIAL BUDGET COMMITTEE ON THE 2024
BUDGET ESTIMATES OF THE GHANA AUDIT SERVICE

1.0. INTRODUCTION

On Wednesday, 25th November, 2023 the Hon. Minister for Finance, Mr. Ken Ofori-Attah presented the Budget Statement and Economic Policy of the Government for the 2024 Financial Year to Parliament in accordance with Article 179 of the 1992 Constitution and Section 21 (3) of the Public Financial Management Act, 2016 (Act 921).

Pursuant Order 140(4) of the Standing Orders of the House, the Rt. Hon Speaker referred to the Estimates of the Ghana Audit Service (GAS) to the Special Budget Committee to consider and report to the House.

The Committee hereby present its Report.

1.1. DELIBERATIONS

The Committee met with the Auditor-General, Mr. Johnson Akuamoah Asiedu and officials of the Ghana Audit Service and the Ministry of Finance and examined the referral. The Committee expresses gratitude to the officials for their assistance.

2.0. REFERENCED DOCUMENTS

The committee was guided by the following legal documents, reports and other relevant materials in 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. National Medium Term Development Policy Framework (NMTDPF) in achieving Sustainable Development Goals (SDGs) for 2024 – 2027;
- f. Medium Term Expenditure Framework (MTEF) for 2024 - 2027
- g. The Budget Statement and Economic Policy of the Government of Ghana for the 2023 financial year; and
- h. The Report of the Special Budget Committee on the Annual; Estimates of the Audit Service for the 2023 financial year;

3.0. BACKGROUND OF THE GHANA AUDIT SERVICE

The Ghana Audit Service is the Supreme Audit Institution (SAI) of Ghana established by Article 188 of the 1992 Constitution of Ghana as part of the Public Services of Ghana. Ghana Audit Service is the primary instrument utilised by the Auditor-General to audit public accounts Ghana as mandated by Article 187 of the Constitution to ensure transparency, accountability and efficiency in the use of public funds.

3.1. MISSION AND VISION OF THE GHANA AUDIT SERVICE

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

The long-term goal and vision of the GAS is to become a world-class Supreme Audit Institution, delivering professional, excellent and cost-effective auditing services.

3.2. CORE FUNCTIONS

As one of the state's oversight and accountability institution, the core functions of the Ghana Audit Service are to:

- i. ensure that the auditing activities of the GAS as spelt out in the Audit Service Act are carried out in accordance with best international practices;
- ii. audit the public accounts of the Republic, and all public offices, public institutions, public corporations and bodies or organisations established by an Act of Parliament and report to parliament; and
- iii. ensure effective implementation of the of assets and liabilities declaration regime.

4.0. 2023 PERFORMANCE REVIEW

The Ghana Audit Service during the year under review undertook the following activities in pursuit of its mandate under Article 188 of the Constitution and the Audit Service Act 2000, (Act 584).

4.1. Operational Performance

The Service conducted 6,166 audits out of its intended 6,723, representing 91.72% as at the end of September, 2023. The Service met the constitutional requirement by submitting 19 Reports to Parliament covering the audit of government expenditure for the fiscal year ended 31st December, 2022. The Reports covered the Management and utilisation of the District Assemblies Common Fund (DACF), the Consolidated Statements of Foreign Exchange Receipts and Payments of the Bank of Ghana (BOG), Accounts of Technical Universities, Accounts of the Ministries, Departments and other Agencies (MDAs), the Management of Petroleum Funds, Accounts of the Pre-University Educational Institutions, Public Boards, Corporations and Other Statutory Funds, General Government Services for the Financial Year Ended 31 December 2022. The breakdown of the completed audits across the various areas is as follows:

- i. Completed Audit on 434 Central Government Institutions and 4,399 Ministries, Departments and Agencies (MDAs),
- ii. Completed audit of 261 Metropolitan, Municipal and District Assemblies across the country and 839 Pre-Tertiary Educational Institutions,
- iii. Completed audit on 10 Tertiary Educational Institutions, 59 Public Boards and Corporations, 65 Sub-vented Organisations, 84 Traditional Councils and six (6) Information Technology Audits, (nine) 9 Performance Audits and finally out of the planned Audits for 52 Ghana Missions Abroad zero (0) was recorded.

The Service trained and equipped 40 field staff as trainer-of-trainees with the knowledge on Financial Audit Methodologies and the implementations of the Public Financial Management System through the Audit Management Information System (AMIS).

It also made remarkable progress in the construction of 19 projects funded through the KfW Loan secured by the Ministry of Finance for the service.

In the year 2022, the Ghana Audit Service with the assistance of the Bank of Ghana opened an "Auditor- General's Recovery Account" to track all recoveries made throughout the audit operations. The Service made a total recovery of GH¢19,359,780.04 as at 5th December, 2023 and transferred an amount of GH¢10,000,000.00 into the consolidated fund. The Service also recovered a sum of GH¢ 21,875,570.53 through payroll audit operations.

The Ghana Audit Service for the second time in a row was awarded the winner for the Best Performance Audit Report in the English-speaking African Organisation of Supreme Audit Institutions (AFROSAI-E).

4.2. Financial performance

The Ghana Audit Service was appropriated an amount of GH¢608,699,240.00 for its activities in the 2023 financial year. The sources of these allocations were GH¢558,139,240.00 from Government of Ghana (GoG) and GH¢50,560,000.00 from the Development Partners (DP). The allocation was disbursed among the three cost centers of the Audit Service as follow:

i. Compensation	-	GH¢450,291,180
ii. Goods and Services	-	GH¢75,020,560
iii. Capital Expenditure	-	GH¢83,387,500
iv. Total	-	GH¢608,699,240

At the end of September 2023, a total sum of GH¢434,061,192.00 representing 71.3% of the total Appropriation was released to the Service for its operations leaving a balance of GH¢174,638,048.00. The actual expenditure for the same period however, stood at **GH¢414,529,918**.

The details of the 2023 Budget Performance is presented in the table 1 below:

Table 1: 2023 Budget Performance of the Ghana Audit Service as at 31st October, 2023

Economic Classification	Allocation (GH¢) (A)	Releases as (GH¢) (B)	Actual Expenditure (GH¢) (C)	Variance (GH¢) (A-B)	% Released
Compensation of employees	450,291,180	313,085,886	313,085,886	137,205,294	69.52%
Good. & Service	75,020,560	57,127,255	51,366,258	17,893,305	76.14%
Capital Expenditure	83,387,500	76,068,304	50,077,774	7,319,196	91.22%
Total	608,699,240	446,281,445	414,529,918	162,417,795	73.31%

(Sources: Presentation on the Budget Estimate of the Audit)

The GoG Allocation of GH¢558,139,240.00 as disbursed during the period is outlined in the Table 2:

Table 2: 2023 GoG Budget Performance as at 30st December, 2023

Economic Classification	Allocation (GH¢) (A)	Releases (GH¢) (B)	Actual Expenditure (GH¢)	Variance (GH¢) (A-B)	% Released
Compensation of employees	450,291,180	313,085,886	313,085,886	137,205,294	69.52
Good/Services	71,860,560	57,127,255	51,366,258	14,733,305	79.49
Capital Expenditure	35,987,500	28,083,883	2,093,353	7,903,617	78.03
Total	558,139,240	398,297,024	366,545,497	159,842,216	71.36

(Sources: Submissions by Audit Service on the 2024 Budget Estimates)

In pursuit of its objectives for the 2023 Financial Year, an amount of GH¢47,984,421.00 was also released from the Development Partners (DP) Fund to support the capital expenditure of the GAS. The Table 3 below indicates the disbursement of DP component of the budget as follows:

Table 3: 2023 Development Partners Fund Budget performance as at the End of September, 2023

No.	Economic Classification	Allocation (GH¢) (A)	Releases (GH¢) (B)	Actual Expenditure (GH¢)	Variance (GH¢) (A-B)	% released
1.	Good/Service	3,160,000	0.00	0.00	3,160,000	0%
2.	Capital Expenditure	47,400,000	47,984,421	47,984,421	(584,421)	101.23%
3.	Total	50,560,000	47,984,421	47,984,421	2,575,579	94.90%

(Sources: Presentation by Audit Service on the 2024 Budget Estimates)

5.0. OUTLOOK FOR 2024

In the 2024 Fiscal Year, the Audit Service will continue to implement its core mandate of conducting financial audits of Public Accounts of Ghana and the Accounts of Ministries, Departments and Agencies including Parliament and the Judiciary. The Service plans to carry out audit on 6,269 entities and report to Parliament, specifically, on the following activities:

- a. Formulate policies regarding planning, training, monitoring and evaluation, international relations, quality assurance and issuing Auditor-Generals reports to Parliament;
- b. Conduct audit on 4,691 audit units of Ministries, Departments and Agencies (MDAs) at the National, Regional and District levels and report to Parliament;

PARLIAMENT OF GHANA LIBRARY

- c. Conduct audit on 265 Metropolitan, Municipal and District Assemblies (MMDAs) and submit a Report to Parliament,
- d. Conduct audit on 924 Pre-Tertiary Institutions and submit Report to Parliament;
- e. Audit 10 Tertiary Educational Institutions and submit Report to Parliament;
- f. Conduct an audit on 153 Public Boards, Corporations and other Statutory Institutions and report to Parliament;
- g. Conduct an audit on 172 traditional Council and submit a Report to parliament;
- h. Conduct an audit on 40 subvented organizations and submit the report to Parliament;
- i. Submit two Reports on the Audit of the Bank of Ghana (BoG) Forex Receipts and Payments;
- j. Conduct value-for-money audits on critical infrastructure projects and government programs;
- k. Audit 45 Ghana missions abroad; and
- l. Submit report on the Assurance of Performance and I.T. Audit to parliament.

6.0. 2024 BUDGETARY ALLOCATION

An amount of **GH¢633,740,507.00** has been allocated to the Ghana Audit Service for the implementation of its programmes and activities in the 2024 Financial Year. Out of this allocation **GH¢626,756,671.00** is from GoG sources and an amount of **GH¢6,983,836.00** is expected to be received from the Development Partners.

The 2024 Allocation will be disbursed among the three (3) main economic classifications as follows:

Table 4: 2024 Budgetary Allocation by Economic Classification

No.	Expenditure Item	GoG Allocation (GH¢)	Donor Funds Allocation (GH¢)	Total (GH¢)
1.	Compensation of Employees	521,805,785.00	-	521,805,785.00
2.	Goods/Services	81,881,745.00	6,983,836.00	88,865,581.00
3.	Capex	23,069,141.00	-	23,069,141.00
4.	Total	626,756,671.00	6,983,836.00	633,740,507.00

(Source: Budget Statement and Economic Policy of the GoG for the 2024 Financial Year)

The Allocations would further be expended as follows:

Table 5: 2024 Budgetary Allocations by Programmes

No.	Programme	Sub-Programme	GoG Allocation (GH¢)	Donor Funds Allocations (GH¢)	Total (GH¢)
1.	Management/ Administration	Compensation	109,752,661	0.00	109,752,661
		Goods and Service	37,651,288	6,983,836	44,635,124
		Capex	23,069,141	0.00	23,069,141
	BP 1. Total (A)				177,456,926
2.	Audit operations	Compensation	412,053,124	0.00	412,053,124
		Good and Services	44,230,457	0.00	44,230,457
	BP 2 Total (B)				456,283,581
	Grand Total		626,756,671	6,983,836.00	633,740,507

(Source: Programme Based Budget Estimates for 2024)

7.0. OBSERVATIONS AND RECOMMENDATIONS OF THE COMMITTEE

The Committee having carefully examined the Estimates of the Ghana Audit Service made the following observations and recommendations:

7.1. Delays or Non-release of Budgetary Allocations

The Committee observed that a substantial allocation in respect of the three (3) main cost centres, namely, Compensation of Employees, Goods and Services and Capital Expenditure (Capex) for the 2023 Financial Year had not been released as at the end of September, 2023. For instance, out of a budgetary allocation of GH¢608,699,240.00, an amount of GH¢446,281,445.00 representing 73.31% had been released as at the end of September 2023.

The Committee was informed that the Service could not audit Missions abroad due to non-release of the Goods and Services component of the budget.

7.2. Construction of Office Complex

The Committee was informed that the construction of office accommodation in Kumasi and Tamale to service the northern and the middle sector have stalled due to lack of funds and delays in the release of the Capex amount earmarked in the budget for the period. This coupled with lack of office equipment, such as computers, furniture, etc. have delayed and contributed to a number of setbacks in implementing and achieving the targets set out for the year.

The Committee is of the view that, the functions of a constitutional body such as GAS deserves a proper set up to be able to function efficiently and therefore strongly urges the Ministry of Finance as a matter of urgency to comply with an earlier agreement for an upfront release of not less than 50% of the allocation for Goods and Service to the Audit Service at the

beginning of each year to enable the Service timeously, submit its Reports to Parliament in real time to be able to yield the expected results.

7.2. Operational Performance for the 2023 Financial Year

The Committee noted with satisfaction, the remarkable performance of the Audit Service during the year under review. For instance, out of the targeted 6,723 planned audits, 6,166 representing, 91.72% was completed as at the end of September, 2023, and further submitted 15 Auditor-General's Reports to Parliament before the Constitutional deadline of 30th June, 2022, including 4 (four) additional Performance Audit Reports.

The Committee further observed that the Auditor-General made a total recovery of GH¢19,359,780.04 from its audit processes into Auditor-General's Recoveries Account, however, only GH¢10,000,000.00 was transferred into the Consolidated Funds as at June, 2023.

The Committee raised concerns about the holding of such funds and therefore directed the Auditor-General to take the appropriate measures to ensure that the outstanding amount of GH¢9,359,780.04 recovered and being held in the Recovery Account is transferred into the Consolidated Fund.

Again, the Committee further direct that at the end of every quarter, all accrued balances in the GAS recovery account must be transferred into the Consolidated Fund as the law specifies.

7.3. Budgetary Allocation for the 2024 Financial Year

Again, 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 Akufo-Addo had approved a total of **GH¢626,756,671.00** for the services of the Ghana Audit Services in 2024, representing 100% of the proposal

submitted. The Service is expected to receive an amount of **GH¢6,983,836.00** from the Development Partners Fund bringing the total budgetary allocation of the Audit Service to **GH¢633,740,507.00**.

The approved GoG budget by the President is made up of **GH¢521,805,785.00** (Compensation of Employees), **GH¢81,881,745.00** (Goods and Services) and **GH¢23,069,141.00** (Capex) respectively. The Committee, however, noted that the President as part of his recommendation to the House, urged the Audit Service to prioritise other Capex-related expenses and defer renovation works on the uncompleted buildings to contain expenditure within the overall fiscal space for 2024 fiscal year.

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

7.4. Recruitment of Additional Staff

The Committee noted that the Audit Service intends to recruit some 200 additional staff in 2024 to replace exiting staff and to augment its current staff strength of 2,296. An amount of GH¢25,771,888.75 has therefore, been approved in the 2024 Budget of the Audit Service for the new recruitments. The Committee is of the view that, given the tight fiscal space and the current economic situation of the country, there is the need for all state institutions to be moderate in their expenditure and limit non-essential recruitments to replace retired and other separated staff.

In view of the above, the Committee recommends that the Audit Service should scale down the number of new recruitments to 100 in the 2024 financial to replace exited staff to cushion the staff strength.

8.0. CONCLUSION

Article 187 of the 1992 Constitution and the Audit Service Act, 2000 (Act 584) defines the Audit Service's responsibility of conducting an annual audit of all public institutions and submit a report to Parliament. The Service also contributes to the promotion of good governance, transparency, and financial accountability through the performance of its audit functions.

To empower the Audit Service to play its Constitutionally mandated role the Committee recommends to the House to adopt its Report and approve the sum of **Six Hundred and Thirty-Three Million, Seven Hundred and Forty Thousand, Five Hundred and Seven Ghana Cedis (GH¢633,740,507.00)** for the implementation of the programs of the Audit Service for the 2024 Financial Year.

Respectfully submitted.



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HON. OSEI KYEI-MENSAH-BONSU (MP)
MAJ. LEADER/CHAIRPERSON,
SPECIAL BUDGET COMMITTEE

PARLIAMENT OF GHANA UJRAKY



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JOANA ABENA SAKYI ADJEI (MRS)
(PAC/CLUSTER HEAD, FINANCE &
ECONOMIC COMMITTEES)

11TH DECEMBER, 2023