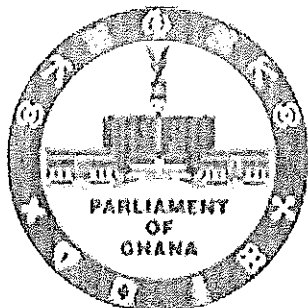


*IN THE FIRST SESSION OF THE EIGHTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA*



REPORT OF THE

FINANCE COMMITTEE

ON THE

PROGRAMME BASED BUDGET ESTIMATES

FOR THE

MINISTRY OF FINANCE

FOR THE

2022 FINANCIAL YEAR

14TH December 2021

Acc No 1393 C5
Class No BE/MOF/22

1.0 INTRODUCTION

The *Programme Based Budget Estimates for the Ministry of Finance for the 2022 Financial Year* were laid in the House on Wednesday 17th November, 2021 and referred to the *Finance Committee* for consideration and report in accordance with Article 179 of the 1992 Constitution and Order 140 (4) of the Standing Orders of the House. This followed the presentation of the Budget Statement and Economic Policy of the Government for the 2022 Financial Year by the Minister responsible for Finance, Hon. Ken Ofori-Atta.

The Chief Director and other officials from the Ministry of Finance and its Agencies attended upon and assisted the Committee in its deliberations on the Estimates.

The Committee expresses its gratitude to the Chief Director and the other officials from the Ministry of Finance for attending upon the Committee.

2.0 REFERENCE DOCUMENTS

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

- i. The 1992 Constitution of the Republic of Ghana.
- ii. Standing Orders of the Parliament of Ghana.
- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2022 Financial Year.
- iv. Public Financial Management Act, 2016 (Act 921)

3.0 BACKGROUND

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

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

The Ministry achieves its mandate through:

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

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

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

4.0 OBJECTIVES AND FUNCTIONS

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

The core functions of the Ministry include:

- Formulation, implementation, monitoring and evaluation of macroeconomic, fiscal and financial policies.
- Ensuring effective mobilization of domestic and external resources.
- Ensuring effective and efficient allocation and prudent management of resources.
- Establishing and disseminating performance-oriented guidelines and deploying efficient financial management information systems.
- Create an enabling environment for investment.
- Ensuring commitment to transparency, probity and accountability in the management of financial resources.

- Ensuring sustainability of public debt, and
- Supporting the development of an efficient financial sector that supports structural transformation of the economy, promotes financial inclusion and is well integrated into the global financial system.

5.0 2021 BUDGET PERFORMANCE

A summary of Budget and Actual Expenditure by the Ministry of Finance for the 2021 Financial Year is presented in Table 1 below:

Table 1 – Budget and Actual Expenditure Summary for 2021 by

ECONOMIC CLASSIFICATION	2021 BUDGET (APPROPRIATE D)	2021 RELEASES AS AT SEPT.	ACTUAL PAYMENTS AS AT SEPT.	VARIANCE	% VARIANCE
	A	B	C	D=A-C	E=(D/A)*100
Compensation	410.49	209.22	208.78	201.71	49.14
*Goods & Services	868.93	906.63	893.02	(24.09)	(2.77)
CAPEX	148.60	139.24	136.36	12.24	8.24
Total	1,428.02	1,255.09	1,238.16	189.86	13.30

Economic Classification - All Funding Sources (GH¢ 'Million) - HQ/Agencies

*** This figure includes higher than expected DP Funds of GH¢ 77.49 million received as Technical Support from GIZ in the course of the**

year and GH¢100 million for the 2021 Population and Housing census (PHC).

Table 1: Source – Ministry of Finance

Table 2 - Summary of 2021 Budget and Actual Payment by Economic Classification - All Funding Sources (GH¢ 'Million)

Expenditure Item	2021 BUDGET (APPROPRIATED)	2021 RELEASES		ACTUAL PAYMENTS		VARIANCE	% VARIANCE
		AS AT SEPT.	AT SEPT.	AS AT SEPT.	AT SEPT.		
	A	B	C	D=A-C	E=(D/A)*100		
Compensation of Employees	410.49	209.23	208.78	201.71	49.14		
<i>o/w GoG</i>	390.10	203.16	202.71	187.38	48.04		
<i>o/w IGF</i>	20.39	6.06	6.06	14.33	70.27		
Use of Goods and Services	868.93	906.63	893.02	(24.09)	(2.77)		
<i>o/w GoG</i>	36.03	23.51	13.01	23.02	63.88		
<i>o/w IGF</i>	65.61	26.57	25.46	40.15	61.19		
<i>o/w ABFA</i>	2.35	2.35	0.35	2.00	85.25		
<i>o/w DP</i>							
Funds	764.93	854.19	854.19	(89.26)	(11.67)		
Capital Expenditure	148.59	139.24	136.36	12.24	8.23		

<i>o/w GoG</i>	<i>106.90</i>	<i>104.05</i>	<i>101.38</i>	<i>5.52</i>	<i>5.16</i>
<i>o/w IGF</i>	<i>7.94</i>	<i>1.45</i>	<i>1.24</i>	<i>6.69</i>	<i>84.34</i>
<i>o/w ABFA</i>	<i>0.02</i>	<i>0.00</i>	<i>-</i>	<i>0.02</i>	<i>100.00</i>
<i>o/w DP</i>					
<i>Funds</i>	<i>33.74</i>	<i>33.74</i>	<i>33.74</i>	<i>-</i>	<i>-</i>
Total	1,428.02	1,255.09	1,238.16	189.86	13.30

Source: Ministry of Finance

5.1 ACHIEVEMENTS AS AT SEPTEMBER 2021

The Ministry of Finance in the period January to September 2021 achieved a number of successes. Among these are the following:

5.1.1 Statutory and Other Reports

The Ministry in 2021 successfully completed and submitted the following statutory reports:

- 2020 MoF Budget Performance Report to Parliament;
- 2020 MoF Annual Progress Report to the National Development Planning Commission; and
- 2021 MoF Annual Performance Report to the Office of the Head of Civil Service.

5.1.2 Pre-Audit MIS

In the outgoing year, the Ministry developed a Pre-Audit Management Information System (Pre-Audit MIS) to analyse

payment transactions and compliance with contract terms. The System is currently deployed and in use.

5.1.3 Upload of PIP on the Hyperion

The Public Investment Plan (PIP) for the 2021-2024 Budget has been uploaded onto the Hyperion, and over 900 projects reflected in the Programme Based Budget Documents of MDAs.

5.1.4 Assets of SOEs

In order to identify, secure and protect the property of the state, a verification of assets of defunct and inactive State-Owned Entities (SOEs) was conducted and completed in the year under review. This verification is expected to inform government decision-making.

5.1.5 Tax Measures

The following specific levies, taxes and revenue measures were implemented in 2021 to raise revenue for the country:

- COVID-19 Health Recovery Levy of one percent on the supply of goods and services;
- Sanitation and Pollution Levy of 10 pesewas on the price per litre of petrol and diesel;
- Energy Sector Recovery Levy of 20 pesewas on the price per litre of petrol, diesel and gas; and
- A levy of 5 percent on profit-before-tax of banks to help defray outstanding commitments as a result of the financial sector clean-up.

- A policy and a mechanism for taxing High-Net-Worth-Individuals (HNWI) deployed. About 150 HNWI were identified, and their tax affairs are being managed by the HNWI unit of GRA.
- Revenue Assurance, Compliance and Enforcement (RACE) function was established and launched to enhance revenue mobilization
- The Personal Income Tax, PAYE, Corporate Income Tax, Withholding Tax and Tax Clearance Certificate modules of the Integrated Tax Application and Preparation System (iTaPS) were deployed for the filing and payment of taxes.

5.1.6 Other Achievements

Other achievements of the Ministry for the year 2021 include:

- ❖ Installation and full operationalization of the MoF Access Control System.
- ❖ Mentorship and Coaching Programmes held for Divisional Directors and Analogous Grades.
- ❖ Developed a Learning and Competency Development Strategy.
- ❖ Carried out physical monitoring of Road Projects in the Greater Accra and Ashanti Regions.
- ❖ Sensitization and dissemination of the Public Private Partnership Act, 2020 (Act 1039) to 43 MDAs, 16 RCCs and 260 MMDAs
- ❖ The Ministry sensitized and trained all MDAs, MMDAs and RCCs on the Public Investment Management (PIM) Regulations 2020 (L.I. 2411).

- ❖ A five year (2021-2025) National Financial Literacy Strategy was developed to serve as a blueprint for the financial literacy programme.
- ❖ The following specific levies and taxes were

6.0 THE 2022 ANNUAL ESTIMATES FOR THE MINISTRY OF FINANCE

A total amount of **GH¢1,032,321,000** has been allocated to the Ministry of Finance, its Departments and Agencies for the year 2022. The breakdown of the allocation is as follows:

COMPENSATION OF EMPLOYEES:

Government of Ghana	-	GH¢482,879,000
Internally Generated Funds	-	0
Donor Sources	-	<u>0</u>
Subtotal:	-	GH¢482,879,000

GOODS AND SERVICES:

Government of Ghana	-	GH¢71,966,000
Internally Generated Funds	-	GH¢58,986,000
ABFA	-	GH¢5,767,000
Donor Sources	-	<u>GH¢288,206,000</u>
Subtotal:	-	GH¢424,925,000

CAPEX:

Government of Ghana	-	GH¢9,830,000
Internally Generated Funds	-	GH¢14,687,000
ABFA	-	0
Subtotal:	-	GH¢ 24,517,000

TOTAL - **GH¢932,321,000**

Mortgage Financing GH¢100,000,000

GRAND TOTAL - GH¢1,032,321,000

Table 3 – 2022 MoF Budget Allocation by Economic Classification-
All Funding Sources (GH¢ 'Million)

ECONOMIC CLASSIFICATION	GOG	IGF	ABFA	DPF	Total
Compensation of Employees	482.88	-	-	-	482.88
Goods and Services	71.97	58.99	5.77	288.21	424.93
Mortgage Financing	100				100
Capital Expenditure	9.83	14.69	-	-	24.52
Total	564.68	73.67	5.77	288.21	1,032.32

6.1 ALLOCATIONS TO DEPARTMENTS AND AGENCIES OF THE MINISTRY

The amounts stated in Table 4 below represent allocations to the various Departments, Divisions and Agencies of the Ministry of Finance:

Table 4 – 2022 MOF Budget Allocation - All Funding Sources (GH¢ 'Million)

DADs	Compensation	Goods and Services	CAPEX	Total
Finance Headquarters	76.82	292.97	16.95	486.74

<i>o/w Basic Allocation</i>	76.82	266.54	11.95	355.32
<i>o/w RACE</i>	0.00	20.00	5.00	25.00
<i>o/w Venture Capital</i>	0.00	5.00	0.00	5.00
<i>o/w Ghana Asset Management Company</i>	0.00	1.43	0.00	1.43
<i>o/w Mortgage Financing</i>		100		100
Controller and Accountant General's	360.14	10.94	4.27	375.35
Ghana Statistical Service	31.13	100.90	0.92	132.95
Procurement Authority	4.42	6.16	1.46	12.03
Institute and Accountancy Training	2.44	0.26	0.45	3.16
Financial Intelligence Centre	7.93	13.70	0.46	22.09
GRAND TOTAL	482.88	424.93	24.52	1,032.32

7.0 OBSERVATIONS AND RECOMMENDATIONS

i. Policy Formulation and Implementation

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

ii. Mortgage Financing Scheme

The Committee noted that the Ministry in the year 2020 piloted a Mortgage Financing Scheme to support the delivery of affordable housing and to assist the public to own houses. This is geared towards assisting beneficiaries to acquire affordable housing units through outright purchase or rent-to-own schemes.

The Committee notes that an amount of GH¢100.00 Million has been allocated to the Ministry of Finance to support the Mortgage Financing Scheme in the year 2022.

iii. Petroleum Holding Fund Reconciliation

In accordance with Section 15 of the Petroleum Revenue Management Act, 2011 (Act 815), the Ministry in 2021 completed the 2020 Reconciliation Report on the Petroleum Holding Fund. The report provided a full year account of petroleum receipts and associated expenditure in 2020.

iv. 2021 Population and Housing Census (PHC)

The Ministry through the Ghana Statistical Service, undertook a successful population and housing census in the year 2021.

This involved the provision of *training and enumeration instruments* as well as logistics and technical back-up for the census.

The results of the census is expected to inform policy and decision making in the country.

v. Financial Intelligence Reports

The Financial Intelligence Center (FIC) has a mandate to request, receive, analyse, interpret and disseminate information concerning

suspected proceeds of crime and terrorist property as provided for in Act 1044 or any other relevant law.

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

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

The work of the Center resulted in the successful removal of Ghana from the Financial Action Task Force (FATF) grey-list of anti-money laundering non-compliant nations.

vi. Collaboration between FIC and GRA

The Committee was informed that the Financial Intelligence Center in 2021 continued to collaborate with the Ghana Revenue Authority to make additional recoveries in respect of under-declared/undeclared taxes.

This collaboration with GRA and other stakeholders has helped to curb the menace of tax evasion and improved revenue mobilization. In the year 2021, a total amount of GH¢5,295,670.30 additional recoveries were made.

This Committee was informed this collaboration will continue in the year 2022.

vii. Protecting the Public Purse

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

To build the procurement capacity within the public and private sectors, the Authority in the year 2021 provided training and capacity building for personnel of various entities. These included:

- 255 personnel of public entities on using the developed training modules for Framework Agreement (FWA)
- 360 Procurement Officers trained on the Revised Standard Tender Documents (RSTDs)
- 255 individuals trained on the Standardized Procurement Audit Framework
- Tailor-Made training programmes for 189 officers of Bank of Ghana, Volta River Authority, Food and Drugs Authority, Ministry of Transport and the Ghana Institute of Languages
- 1,449 Local Government Service staff trained in Contract Administration
- 3,537 staff of 205 entities trained on the e-GP system under the GHANEPS.

In the year 2022, the PPA intends to build the capacity of 3,000 procurement practitioners and service providers on emerging fields in public procurement.

The Authority will also in 2022 develop the capacity of 1,200 procurement staff of PEs in proper procurement records keeping.

viii. Additional PPA Zonal Offices

The Committee noted that the PPA has programmed to establish 2 additional Zonal Offices at Tamale and Ho by 31st December, 2022. This is aimed at increasing the visibility and intensity of procurement monitoring across the country.

ix. Establishment of the Ghana Commodity Exchange

The Committee observed that as part of Government's agenda for agricultural transformation, the Securities and Exchange Commission, under the auspices of the Ministry of Finance, supervised the establishment of the Ghana Commodity Exchange (GCX) which has a state of the art trading system. The Exchange is currently helping to facilitate trade in commodities.

x. Public Accounting

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

In the year 2021, the CAGD ensured that the 2020 Annual National Accounts were completed and submitted to the Auditor-General within the mandatory period, i.e. before 31st March, 2021.

The Department will strive to ensure that by the close of the First Quarter of 2022, the 2021 Annual National Accounts would have been prepared and submitted to the Auditor-General as required by law.

xi. Training on IPSAS

The Controller and Accountant General's Department trained and certified 3,000 Public Sector Accounting staff on International Public Sector Accounting Standards (IPSAS) from March to September 2021.

xii. Migration of Public Universities onto the IPPD2

The Controller and Accountant General's Department will in 2022 complete the migration of the eight (8) public universities payrolls onto the IPPD2. This will facilitate timely and prompt payment of the monthly compensation and enhance the disclosure of public sector wage bill for planning purposes.

Currently, Personnel Processing Sections have been set up at the 8 universities awaiting training and migration in 2022.

Universities that have already been migrated onto the mechanised payroll are the Ghana Communication Technology University and the University of Environment and Sustainable Development.

xiii. Ghana Integrated Financial Management Information System (GIFMIS)

In accordance with Section 25(6) of the Public Financial Management Act, 2016 (Act 921), the Ghana Integrated Financial Management Information System (GIFMIS) is required to be implemented to cover all public funds at Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs).

Currently, the system has been deployed to all 260 MMDAs.

In 2022, the CAGD will complete the integration of payroll with the GIFMIS General Ledger. This is aimed at ensuring seamless uploads of payroll cost onto the GIFMIS financials.

xiv. ICT-led Government Payroll Management

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

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

xv. In-service Training in Financial Management

The Institute of Accountancy Training (IAT) is an Agency of the Ministry of Finance tasked to primarily provide in-service training in public administration and financial management to the staff of the

Civil Service and other Public Services. The institute currently offers diploma programmes including *Diploma in Public Finance and Accounting (DPFA)* and *Diploma in Public Administration (DPA)* which are run in affiliation to the University of Ghana, Legon.

In the year 2021, the Institute successfully graduated eligible students despite the raging COVID-19 pandemic.

In the year 2022, the Institute will develop and implement modules for short term courses in the areas of the Public Financial Management Act, Public Financial Management Regulations, GIFMIS, Withholding VAT, and Income Tax Act.

The Committee noted that since the establishment of the IAT in 1970, it has operated without any legislative backing. In order to properly position the institute legally, proposed drafting instructions have been prepared for the establishment of a "new" IAT.

The Committee recommends to the Ministry of Finance to take a critical look at and determine the future policy direction of the institute.

8.0 CONCLUSION

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

The Committee, in view of the foregoing, respectfully recommends to the House to adopt this report and approve the sum of **One Billion, Thirty-Two Million, Three Hundred and Twenty-One Thousand Ghana Cedis (GH¢1,032,321,000)** for the implementation of the programmes and activities of the **Ministry of Finance** and its Agencies for the 2022 financial year.

Respectfully Submitted.



.....
HON. KWAKU KWARTENG
(CHAIRMAN, FINANCE COMMITTEE)



.....
MRS. JOANA SAKYI-ADJEI
(CLERK, FINANCE COMMITTEE)

13TH DECEMBER, 2021