

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

REPORT OF THE SPECIAL BUDGET COMMITTEE

ON

**THE 2016 ANNUAL BUDGET ESTIMATES OF THE
OFFICE OF THE ADMINISTRATOR OF THE
DISTRICT ASSEMBLIES COMMON FUND**

DECEMBER, 2015

**IN THE THIRD SESSION OF THE SIXTH PARLIAMENT OF THE
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THE DISTRICT ASSEMBLIES COMMON FUND**

1.0 INTRODUCTION

1.1

The Hon. Minister for Finance, Mr. Seth Terkper presented the Budget Statement and Economic Policy of the Government for the year ending 31st December, 2016 to Parliament on Friday, 13th November, 2015 in accordance with article 179 of the 1992 Constitution.

Pursuant to Order 140(4) of the Standing Orders of the House, the Annual Budget Estimates of the Office of the Administrator of the District Assemblies Common Fund (OADACF) were referred to the Special Budget Committee by the Rt. Hon. Speaker for consideration and report to Plenary.

1.2 The Committee met with the Administrator, Mr. Kojo Fynn and the accountant of the Office of the Administrator of the District Assemblies Common Fund, Mr. Ebenezer Yemofio and considered the said Estimates.

The Committee extends its appreciation to the above mentioned persons for their input at the Committee's meeting.

2.0 **Reference Documents**

The following documents were used by the Committee as reference materials:

- The 1992 Constitution of the Republic of Ghana.
- The Standing Orders of the Parliament of Ghana.
- The Budget Statement and Economic Policy of the Government of Ghana for the 2015 Financial Year.
- The Budget Statement and Economic Policy of the Government of Ghana for the 2016 Financial Year.
- The Report of the Special Budget Committee on the 2015 Budget Estimates the Office of the Administrator of the District Assemblies Common Fund

3.0 **MISSION**

The Office of the Administrator of the DACF exists to essentially disburse and manage the District Assembly Fund effectively and efficiently through the use of information technology to Metropolitan, Municipal, and District Assemblies (MMDAs).

4.0 **CORE FUNCTIONS OF DACF**

- To propose a formula annually for the distribution of the DACF for parliamentary approval;
- To administer and distribute the monies paid into the DACF among MMDA's in accordance with approved formula;
- To report in writing to the Minister for Local Government and Rural Development on how allocations made to MMDAs have been utilized;

- To perform any other function that may be directed by the President.

5.0 PERFORMANCE IN YEAR 2015

5.1 The allocation and disbursement to the Office of the Administrator of the DACF for year 2015 for the compensation of its Employees amounted to **Two Hundred and Twenty Two Thousand, Eight Hundred and Fifty Ghana Cedis (GHC222,850.00).**

5.2 The main purpose for the establishment of the OADACF is to utilize modern technology to effectively and efficiently disburse and monitor the District Assembly Common Fund to all the MMDAs with the goal of reducing poverty. With this goal in mind, the Office was able to undertake the under-listed activities in 2015.

- Completed an MIS Software System for capturing expenditure returns and supplementary budgets from the MMDAs
- Organized annual meetings with all the ten (10) Regional Coordinating Units of the Regional Coordinating Councils (RCCs)
- Presented 2015 DACF sharing formula for approval and transfer of quarterly allocations to MMDAs, RCCs and Members of Parliament (MPs) and also,
- Presented 2014 Audited Accounts and Annual Reports to Parliament

6.0 OUTLOOK FOR 2016

For the year 2016, the Office intends to step up its activities as follows:

- Improve the number of monitoring visits to Metropolitan/Municipal District Assemblies in collaboration with the Regional Co-coordinating Councils
- Develop and Present the formula for the disbursement to Parliament for approval
- Report promptly to Parliament on the activities of the Fund
- Continue to improve skills and knowledge of staff
- Development of a new modern office building
- Sponsor staff for external capacity building/training programmes

8.0 YEAR 2016 BUDGET ALLOCATION

In 2016, the Office of the Administrator of the District Assembly Common Fund has been allocated a sum of **Three Hundred and Ninety-Nine Thousand, Five Hundred and Thirty-Seven Ghana Cedis (GH¢399,537.00)**. This allocation is meant only for compensation of employees of the Office.

8.0 OBSERVATIONS AND RECOMMENDATIONS

8.1 Budget Allocation for Year 2016

With regards to allocation for the compensation of employees in 2016, the Committee was pleased to note that, an amount of **GH¢399,537.00** has been presented to Parliament for approval. Although this allocation represents, an upward adjustment of about 44% on the previous year's allocation, the 2016 Employee

Compensation requirement of **GHC554,788**, far exceeds the Allocation by **GHC155,251 (28%)**.

As usual no allocation was made for Goods and Services and Investment expenses, it is expected that, Parliament will approve of the formula for disbursement of the Fund which will include a retention of 0.5% of the Common Fund by the Office for operational purposes.

8.2 Removal from Government Subvention

The Administrator informed the Committee that, the complicated processes and man hours involved in acquiring releases and disbursement of this scanty allocation, makes it most unattractive to access it.

The Committee is convinced that, with the overwhelming demands on the national resource envelope, there is the need to wean some subvented institutions off the national Budget. The OADACF, just like the NHIS and the GETFUND Secretariats, is in the position where it can be independent of Government's subvention and its vote for running the Office taken from the Common Fund.

The Committee recommends to the Ministry of Finance to look at the law that, gives financial independence to the NHIS and GETFUND Secretariats and see to the feasibility of applying same to OADACF. The Ministry should come out with the necessary guidelines and procedures to get the Office weaned off the National Budget.

8.2 Delays in the Release of Funds to the MMDAs

Whilst the Committee focused mainly on the allocation to the Office of the District Assembly Common Fund, it also expressed displeasure about the continual delay in the release of money on quarterly basis to the Common Fund as directed by Article 252 (2) of the 1992 Constitution of Ghana and the DACF Act, 1993, Act 455 (3), which states that “the allocation made by Parliament under Section 2 (of the Act) be paid into the Common Fund in quarterly installments”.

The Committee strongly believes that, these delays and late releases do not only frustrate and impede development in the MMDAs but also perpetuate and escalate poverty among deprived communities.

The Committee once again requests that the process for the release of the DACF allocation for the 4th quarter of 2014 and 3 & 4 quarters of 2015 be expedited to enable the Administrator of the DACF make disbursement.

The Committee was concerned that, often times, the Minister of Finance, assures Parliament of releases of the fund, yet it cannot be readily disbursed by the Administrator due to unavailability of the cash.

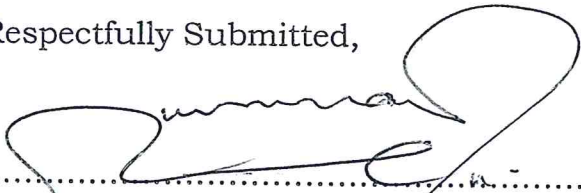
The Committee recommends that, release of the DACF by the Ministry of Finance must be backed by availability of physical

cash at the Bank of Ghana. Since the current practice breeds anxiety among the MMDAs.

9.0 CONCLUSION

Notwithstanding the above, the Special Budget Committee recommends to the House to approve the sum of **Three Hundred and Ninety-Nine Thousand, Five Hundred and Thirty-Seven Ghana Cedis (GH¢399,537.00)** to cater for Employee Compensation expenditure of the Office of the Administrator of the District Assemblies' Common Fund for the 2016 financial year.

Respectfully Submitted,



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HON. ALBAN S.K. BAGBIN
MAJORITY LEADER &
CHAIRMAN, SPECIAL BUDGET COMMITTEE



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AKUA DUROWAA OWUSU AGYEKUM (MRS.)
CLERK, SPECIAL BUDGET COMMITTEE

17th December, 2015

