

---

**REPORT OF THE CONTROLLER AND ACCOUNTANT-GENERAL ON THE PUBLIC ACCOUNTS ON THE CENTRAL GOVERNMENT FOR THE FIRST QUARTER 2017.**

**1.0 INTRODUCTION**

**1.1 Mandate**

Section 79(2) of the Public Financial Management Act, 2016 (Act 921) and Regulation 191 of the Financial Administration Regulations 2004, (LI 1802)(FAR) requires the Controller and Accountant-General to prepare and submit quarterly financial statement to the Minister of Finance by the end of the month following the end of each quarter.

The financial statements which are prepared on government business are regulated by the financial laws. The authorization to spend and limit on expenditure are stipulated in the Appropriation Act for each financial year as required by Article 179 (2) (a) of the 1992 Constitution.

**1.1.2 Components of the Financial Statements**

The financial statements comprise:

- A Balance Sheet
- A Statement of Revenue and Expenditure
- A Statement of Receipts and Payments
- A Cash Flow Statement
- Notes to the Accounts

**1.1.3 Scope of financial statements**

These financial statements comprises the financial activities of the Ministries, Departments and Agencies (MDAs) funded from the national budget for the quarter ended 31<sup>st</sup> March, 2017.

**1.1.4 Basis of Accounting**

The financial statements are prepared on modified accrual basis. Modified accrual accounting recognizes revenues when they become available and lodged into the treasury accounts of Government and with a few exceptions, recognizes expenditures when liabilities are incurred. Fixed Assets are capitalized in order to be written off over the expected life of the asset.

**2 HIGHLIGHTS OF FIRST QUARTER, 2017 FINANCIAL PERFORMANCE****2.1 2017 Appropriation**

The amounts appropriated for Government business and reflected in these Financial Statements are regulated by the 2017 Appropriation. Payments made were based on warrants issued on the authority of the Minister of Finance and as at the end of March 2017, was within the Appropriation of GH¢64,116.79 million.

A summary report on the appropriation is as below:

	<b>2017 GH¢ M</b>
<b>Annual Appropriation</b>	64,116.79
<b>Appropriation Utilised as at end of 1<sup>ST</sup> Quarter 2017</b>	(7,663.76)
<b>Appropriation Un-utilised as at 31/03/17</b>	<hr/> <b><u>56,453.03</u></b>

**3.0 SUMMARY OF RECEIPTS AND PAYMENTS**

The summary of Receipts and Payments for the Quarter ended March 2017 is as follows:

	<b>1<sup>st</sup> Qtr-17 Budget</b>	<b>1<sup>st</sup> Qtr-17 Actual</b>	<b>1<sup>st</sup> Qtr-17 Variance</b>
	<b>GH¢M</b>	<b>GH¢M</b>	<b>GH¢M</b>
<b>Receipts</b>	<b>16,062.13</b>	<b>3,889.23</b>	<b>(12,172.90)</b>
<b>Payments</b>	<b>16,029.20</b>	<b>7,048.43</b>	<b>8,980.77</b>
<b>Net Receipts/(Payments)</b>	<b><u>32.93</u></b>	<b><u>(3,159.20)</u></b>	<b><u>(3,192.13)</u></b>

Total receipts for the first quarter was below the budget by GH¢12,172.90 million. Total payments fell below budget by GH¢8,980.77 million. The net results for the quarter of GH¢3,192.13 million was below the budget.

**4.0 SUMMARY OF REVENUE AND EXPENDITURE**

The summary of Revenue and Expenditure for the first quarter of 2017 is as follows:

	<b>1<sup>st</sup> Qtr-17 Budget</b>	<b>1<sup>st</sup> Qtr-17 Actual</b>	<b>1<sup>st</sup> Qtr-17 Variance</b>
	<b>GH¢,M</b>	<b>GH¢,M</b>	<b>GH¢,M</b>
<b>REVENUE</b>	<b>10,806.80</b>	<b>5,941.47</b>	<b>(4,865.33)</b>
<b>EXPENDITURE</b>	<b>12,590.80</b>	<b>7,203.72</b>	<b>5,387.08</b>
<b>SURPLUS/(DEFICIT)</b>	<b><u>(1,784.00)</u></b>	<b><u>(1,262.25)</u></b>	<b><u>521.75</u></b>

Actual Revenue fell below the budget by GH¢4,865.33 million for the first quarter of 2017. Actual expenditure also fell below the budget by GH¢ 7,203.72 million in the same period. This gave rise to a net favourable variance of GH¢521.75 million.

## **5.0 ADDITIONAL STATISTICS**

### **5.1 REVENUE**

Total Revenue which is made up of Direct and Indirect Taxes, Grants and other Non-tax revenue was GH¢ 5,941.47 million representing 54.98% of the budget of GH¢10,806.80 million. Below is the contribution of the various components of the Total Revenue.

#### **5.1.1 Direct Tax**

Direct tax revenue for the Consolidated Fund for the quarter ended as detailed in Note 2 was GH¢2,805.93 million as against the expected amount of GH¢3,361.64 million. This indicates an unfavourable variance of GH¢555.71 million or 16.53% below budget.

Direct tax contributed 47.23% of total revenue for the first quarter.

#### **5.1.2 Indirect Tax**

Indirect tax as shown in Note 3 was GH¢2,884.87 million against a budget of GH¢5,394.76 million. This resulted in an unfavourable variance of GH¢2,509.89 million or 46.52% below the budget.

Indirect Tax contributed 48.55% of total revenue for the period. Tax exemptions are excluded from the indirect tax budget.

#### **5.1.3 Grants**

There were no Grants for the first quarter as indicated in Note 5.

#### **5.1.4 Non - Tax Revenue**

Non - Tax Revenue as detailed in Note 6 for the first quarter was GH¢ 250.68 million as against a budgeted amount of GH¢1,667.51million, resulting in an unfavourable variance of GH¢ 1,416.83 million or 84.97% below budget.

Non Tax Revenue contributed 4.22% of total revenue for the period.

## **5.2 EXPENDITURE**

Expenditure is made up of Compensation of Employees, Use of Goods and Services, Consumption of Fixed Capital, Interest, Subsidies, Grants, Social Benefits and Others. The total expenditure on accrual basis for the quarter amounted to GH¢ 7,203.72 million as against the budget of GH¢ 12,590.80 million. This resulted in a favourable variance of GH¢5,387.08 million or 42.79% below budget.

### **5.2.1 Compensation of Employees**

Compensation of Employees including arrears incurred for the quarter as detailed in note eleven (11) was GH¢ 3,956.65 million as against the budgeted figure of GH¢4,163.13 million. This gives a favourable variance of GH¢206.48 million.

Compensation of Employees represents 54.93% of total expenditure for the quarter.

### **5.2.2 Use of Goods and Services**

Expenditure on Goods and Services incurred for the quarter as detailed in note twelve (12) was GH¢119.99 million as against the budgeted figure of GH¢2,902.78 million resulting in a favourable variance of GH¢2,782.79 million. Goods and Services represent 1.67% of total expenditure for the quarter.

### **5.2.3 Interest**

Interest for the quarter as detailed in note fourteen (14) was GH¢ 3,121.04 million as against the budgeted figure of GH¢3,485.13 million, giving rise to a favourable variance of GH¢364.09 million. This represents 43.33% of total expenditure for the quarter.

### **5.2.4 Government Subsidies**

There was no Government Subsidy for the first quarter of 2017.

### **5.2.5 Social Benefits**

Expenditure on Social Benefit incurred for the quarter as detailed in note sixteen (16) was GH¢0.05 million as against the budgeted figure of GH¢11.10 million resulting in a favourable

variance of GH¢11.05 million. Social Benefit represents 0.001% of total expenditure for the quarter.

### **5.2.6 Other Expenses**

Other Expenditure incurred for the quarter as detailed in note seventeen (17) was GH¢6.00 million as against the budgeted figure of GH¢1,015.55 million resulting in a favourable variance of GH¢1,009.55 million. This represents 0.08% of total expenditure for the quarter.

## **5.3 PUBLIC DEBT REPAYMENTS**

Public Debt is made up of Domestic and External Debts principal repayments made in the quarter as detailed in Note 18. Loan repayments made for the first quarter was GH¢ 324.35 million as against a budget of GH¢1,494.86 million, resulting in a favourable variance of GH¢1,170.51 million.

## **6 CONCLUSION**

I wish to take this opportunity to thank the Hon Minister, Hon Deputy Ministers and staff of MoF and CAGD and other public officers for the immense contribution made towards the preparation of the Public Accounts on the Consolidated Fund for the first quarter, 2017.

I also wish to sincerely thank all staff of the Department who worked tirelessly to ensure that we put various systems in place for an improved service delivery to our clients.

In compliance with Section 79(b) of the Public Financial Management Act, 2016 (Act 921) and Regulation 191 of the Financial Administration Regulation, 2004 (LI 1802), therefore, I hereby present the Report and Financial Statement for the Quarter ended March 31<sup>st</sup>, 2017.

**Eugene Asante Ofosuhene**

**Controller and Accountant-General**

**Date:**