

**REPORT OF THE CONTROLLER AND ACCOUNTANT-GENERAL ON THE
PUBLIC ACCOUNTS ON THE CONSOLIDATED FUND FOR THE MONTH OF
OCTOBER 2016**

1.1 INTRODUCTION

1.1 Mandate

Section 40(1) of the Financial Administration Act, 2003 (Act 654) (FAA) and Regulation 188 of the Financial Administration Regulations 2004, (LI 1802) (FAR) requires the Controller and Accountant-General to prepare and transmit to the Auditor-General and the Minister of Finance (MoF), the Public Accounts (Financial Statements) on the Consolidated Fund of the Republic of Ghana within 15 days of the preceding month or such other period as Parliament may by resolution determine.

The financial statements which are prepared on government business are regulated by the financial laws. The authorisation 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.

In addition to the legal requirement, the Financial Statements are meant to provide a summary of government's financial resources and their application for the benefit of the people of Ghana.

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

In compliance with Articles 175 and 176 of the Constitution of the Republic of Ghana and Section 40 of the FAA, these financial statements known as the Public Accounts of Ghana are prepared on the Consolidated Fund only. It comprises the financial activities of the Ministries, Departments and Agencies (MDAs) and Metropolitan Municipal District Assemblies (MMDAs) funded from the national budget.

The financial statements do not include other public funds established by or under the authority of an Act of Parliament and Retained Internally Generated Funds.

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. This system divides available funds into separate entities within the organization to ensure that the money is being spent where it was intended. Fixed Assets are capitalized in order to be written off over the expected life of the asset.

2 HIGHLIGHTS OF OCTOBER, 2016 FINANCIAL PERFORMANCE**2.1 2016 Appropriation**

The amounts appropriated for Government business and reflected in these Financial Statements are regulated by the 2016 Appropriation. Payments made were based on warrants issued on the authority of the Minister of Finance and as at end of October 2016, was within the Appropriation of GH¢50,109.85million.

A summary report on the appropriation is as below:

	2016
	GH¢ M
Annual Appropriation	50,109.85
Appropriation Utilised as at end of October 2016	(30,552.51)
Appropriation Un-utilised as at 31/10/16	<u>19,557.34</u>

3.0 SUMMARY OF RECEIPTS AND PAYMENTS

The summary of Receipts and Payments on the Consolidated Fund for the month of October 2016 is as follows:

	OCT-16 Budget	OCT -16 Actual	OCT -16 Variance
	GH¢M	GH¢M	GH¢M
Receipts	4,211.86	3,690.28	(521.57)
Payments	4,333.17	2,240.54	2,092.63
Net Receipts/(Payments)	<u>(121.31)</u>	<u>1,449.74</u>	<u>1,571.05</u>

In the month of October, total receipts was below the budget by GH¢521.57 million. Total payments fell below budget by GH¢2,092.63 million giving rise to a net favourable variance of GH¢1,571.05 million.

4.0 SUMMARY OF REVENUE AND EXPENDITURE

The summary of Revenue and Expenditure on the Consolidated Fund for the month of October 2016 is as follows:

	OCT -16 Budget	OCT -16 Actual	OCT -16 Variance
	GH¢,M	GH¢,M	GH¢,M
REVENUE	3,045.06	1,812.27	(1,232.79)
EXPENDITURE	3,113.53	2,393.40	720.13
SURPLUS/(DEFICIT)	<u>(68.47)</u>	<u>(1,383.97)</u>	<u>(512.66)</u>

Actual Revenue fell below the budget by GH¢1,232.79 million for the month of October. Actual expenditure also fell below the budget by GH¢ 720.13 million in the same period. This gave rise to a net unfavourable variance of GH¢512.66 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¢ 1,812.27 million representing 59.52% of the budget of GH¢3,045.06. 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 month ended as detailed in Note 2 was GH¢642.57 million as against the expected amount of GH¢1,006.00 million, resulting in an unfavourable variance of GH¢363.44 million or 36.13% below budget.

Direct tax contributed 35.56% of total revenue for the month of October.

5.1.2 Indirect Tax

Indirect tax as shown in Note 3 was GH¢1,095.90 million against a budget of GH¢1,304.27 million. This resulted in an unfavourable variance of GH¢208.37 million or 15.98% below the budget.

Indirect Tax contributed 60.47% 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 month of October.

5.1.4 Non - Tax Revenue

Non - Tax Revenue as detailed in Note 6 for the month of October was GH¢73.80 million as against a budgeted amount of GH¢600.81 million, resulting in an unfavourable variance of GH¢527.01 million or 87.7% below budget. Non Tax Revenue contributed 4.07% of total revenue for the period.

5.1.5 Loans Received

There were no Loans received for the month of October as indicated in Note 8.

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 month amounted to GH¢2,393.40 million as against the budget of GH¢3,113.53 million. This resulted in a favourable variance of GH¢720.13 million or 23.13% below budget.

5.2.1 Compensation of Employees

Compensation of Employees including arrears incurred for the month as detailed in note eleven (11) was GH¢1,142.09 million as against the budgeted figure of GH¢1,162.98 million. This gives a favourable variance of GH¢20.89 million. Compensation of Employees represents 47.72% of total expenditure for the month.

5.2.2 Use of Goods and Services

Expenditure on Goods and Services incurred for the month as detailed in note twelve (12) was GH¢262.00 million as against the budgeted figure of GH¢586.27 million resulting in a favourable variance of GH¢324.27 million. Goods and Services represent 10.95% of total expenditure for the month.

5.2.3 Interest

Interest for the month as detailed in note fourteen (14) was GH¢ 931.32 million as against the budgeted figure of GH¢874.19 million, giving rise to an unfavourable variance of GH¢57.13 million. This represents 38.91% of total expenditure for the month.

5.2.4 Government Subsidies

There was no Government Subsidy for the month of October.

5.2.5 Social Benefits

Expenditure on Social Benefit incurred for the month as detailed in note sixteen (16) was GH¢0.90 million as against the budgeted figure of GH¢2.87 million resulting in a favourable variance of GH¢1.97 million. Social Benefit represent 0.04% of total expenditure for the month.

5.2.6 Other Expenses

Other Expenditure incurred for the month as detailed in note seventeen (17) was GH¢57.10 million as against the budgeted figure of GH¢75.25 million resulting in a favourable variance of GH¢18.15 million. This represents 2.39% of total expenditure for the month.

5.3 PUBLIC DEBT REPAYMENTS

Public Debt Repayment is made up of Domestic and External loan payments made in the month as detailed in Note 18. Loan repayment made for the month of October was GH¢193.60 million as against a budget of GH¢475.09 million, resulting in a favourable variance of GH¢281.49 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 month of October, 2016.

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

In compliance with Section 40(1) of the Financial Administration Act, 2003 (Act 654) and Regulation 188 of the Financial Administration Regulation, 2004 (LI 1802), therefore, I hereby present the Report and the Public Accounts on the Consolidated Fund for the month ended October 31, 2016.

Seidu Kotomah

Ag. Controller and Accountant-General

Date: