
REPORT OF THE CONTROLLER AND ACCOUNTANT-GENERAL ON THE PUBLIC ACCOUNTS ON THE CENTRAL GOVERNMENT FOR THE THIRD 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 30th September, 2017.

1.1.4 Basis of Accounting

The financial statements are prepared on modified accrual basis. Modified accrual accounting recognizes revenues when they are received and expenditures when incurred. Fixed Assets are capitalized and written off over their expected useful life.

2 HIGHLIGHTS OF THIRD 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 September 2017, was within the Appropriation of GH¢64,116.79 million.

A summary report on the appropriation is as below:

	2017 GH¢ M
Annual Appropriation	64,116.79
Appropriation Utilised as at end of 3rd Quarter 2017	(28,709.13)
Appropriation Un-utilised as at 30/09/17	<hr/> <u>35,407.66</u>

3.0 SUMMARY OF RECEIPTS AND PAYMENTS

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

	3rd Qtr-17 Budget	3rd Qtr-17 Actual	3rd Qtr-17 Variance
	GH¢M	GH¢M	GH¢M
Receipts	16,594.08	9,256.27	(7,337.81)
Payments	<u>16,029.20</u>	<u>9,435.52</u>	6,593.68
Net Receipts/(Payments)	<u>564.88</u>	<u>(179.25)</u>	

Total receipts for the third quarter was below the budget by GH¢7,337.81 million. Total payments fell below budget by GH¢6,593.68 million. The net results for the quarter is GH¢179.25 million.

4.0 SUMMARY OF REVENUE AND EXPENDITURE

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

	3rd Qtr-17 Budget	3rd Qtr-17 Actual	3rd Qtr-17 Variance
	GH¢M	GH¢M	GH¢M
REVENUE	10,806.80	6,579.33	(4,227.47)
EXPENDITURE	<u>12,590.80</u>	<u>8,671.71</u>	3,919.09
SURPLUS/(DEFICIT)	<u>(1,784.00)</u>	<u>(2,092.38)</u>	

Actual Revenue fell below the budget by GH¢4,227.47 million for the third quarter of 2017. Actual expenditure also fell below the budget by GH¢ 3,919.09 million in the same period.

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¢6,579.33 million representing 60.88% 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¢2,223.05 million as against the expected amount of GH¢3,361.64 million. This indicates an unfavourable variance of GH¢1,138.59 million or 33.87% below budget.

Direct tax contributed 33.79% of total revenue for the third quarter.

5.1.2 Indirect Tax

Indirect tax as shown in Note 3 was GH¢3,990.27 million against a budget of GH¢5,394.76 million. This resulted in an unfavourable variance of GH¢1,404.49 million or 26.03% below the budget.

Indirect Tax contributed 60.65% 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 third quarter.

5.1.4 Non - Tax Revenue

Non - Tax Revenue as detailed in Note 6 for the third quarter was GH¢366.01 million as against a budgeted amount of GH¢1,667.51 million, resulting in an unfavourable variance of GH¢1,301.50 million or 78.05% below budget.

Non Tax Revenue contributed 5.56% 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¢8,671.71 million as against the budget of GH¢12,590.80 million. This resulted in a favourable variance of GH¢3,919.09 million or 31.13% 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¢4,384.64 million as against the budgeted figure of GH¢4,163.13 million. This gives an unfavourable variance of GH¢221.51 million.

Compensation of Employees represents 50.56% 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¢752.84 million as against the budgeted figure of GH¢2,902.78 million resulting in a favourable variance of GH¢2,149.94 million. Goods and Services represent 8.68% of total expenditure for the quarter.

5.2.3 Interest

Interest for the quarter as detailed in note fourteen (14) was GH¢ 3,120.37 million as against the budgeted figure of GH¢3,485.13 million, giving rise to a favourable variance of GH¢364.76 million. This represents 35.98% of total expenditure for the quarter.

5.2.4 Government Subsidies

Government Subsidy for the second quarter as detailed in note fifteen (15) was GH¢237.01 million as against the budget figure of GH¢172.69 million, giving rise to an unfavourable variance of GH¢ 64.32 million. This represents 2.73% of total expenditure for the quarter.

5.2.5 Social Benefits

Expenditure on Social Benefit incurred for the quarter as detailed in note sixteen (16) was GH¢1.16 million as against the budgeted figure of GH¢11.10 million resulting in a favourable variance of GH¢9.94 million. Social Benefit represents 0.01% 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¢175.70 million as against the budgeted figure of GH¢1,015.55 million resulting in a favourable variance of GH¢839.85 million. This represents 2.03% 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 third quarter was GH¢ 727.77 million as against a budget of GH¢1,494.86 million, resulting in a favourable variance of GH¢767.09 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 third 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(2) 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 September 30th, 2017.

Eugene Asante Ofosuhen

Controller and Accountant-General

Date: