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**REPORT OF THE CONTROLLER AND ACCOUNTANT-GENERAL ON THE PUBLIC ACCOUNTS ON THE CONSOLIDATED FUND FOR THE FIRST QUARTER 2018.**

**1.1 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 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.

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 4(e) of Public Financial Management Act, 2016 (Act 921) , these financial statements known as the Public Accounts of Ghana are prepared on the Public Funds. 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 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. Revenue is recognized when it becomes available and lodged into the treasury accounts of Government and expenditures recognized when liabilities are incurred. Fixed Assets are capitalized, to be written off over the expected life of the asset.

## 2 HIGHLIGHTS OF FIRST QUARTER, 2018 FINANCIAL PERFORMANCE

### 2.1 2018 Appropriation

The amounts appropriated for Government business and reflected in these Financial Statements are regulated by the 2018 Appropriation passed by Parliament, 2017, (Act 951). Payments made and Expenditures incurred were based on warrants issued on the authority of the Minister of Finance.

A summary report on the appropriation is as below:

	<b>2018</b>
	<b>GH¢ M</b>
<b>Annual Appropriation</b>	67,279.96
<b>Appropriation Utilised as at end of 1<sup>ST</sup> Quarter 2018</b>	(14,239.95)
<b>Appropriation Un-utilised as at 31/03/18</b>	<u><b>53,040.01</b></u>

#### APPROPRIATION UTILISED:

	YTD BUDGET GH¢	YTD ACTUAL GH¢
<b>TOTAL EXPENDITURE</b>	11,775,104,795	11,324,025,177
<b>NON-FINANCIAL ASSETS</b>	759,153,754	535,762,909
<b>STATUTORY PAYMENTS</b>		1,251,405,892
<b>LOAN REPAYMENTS</b>	1,317,421,752	1,128,757,863
<b>TOTAL</b>	<b>13,851,680,301.00</b>	<b>14,239,951,841.00</b>

**3.0 SUMMARY OF RECEIPTS AND PAYMENTS**

The summary of Receipts and Payments on the Public Funds for the Quarter ended March 2018 is as follows:

	<b>1<sup>st</sup> Qtr-18 Budget</b>	<b>1<sup>st</sup> Qtr-18 Actual</b>	<b>1<sup>st</sup> Qtr-18 Variance</b>
	<b>GH¢M</b>	<b>GH¢M</b>	<b>GH¢M</b>
<b>Receipts</b>	<b>12,759.78</b>	<b>11,555.78</b>	<b>(1,204.00)</b>
<b>Payments</b>	<b>16,819.99</b>	<b>11,490.09</b>	<b>5,329.90</b>
<b>Net Receipts/(Payments)</b>	<b><u>4,060.21</u></b>	<b><u>65.69</u></b>	<b><u>4,125.90</u></b>

For the first quarter of 2018, total receipts was below the budget by GH¢1,204.00 million. Total payments fell below budget by GH¢5,329.90 million giving rise to a net favourable variance of GH¢4,125.90 million.

**4.0 SUMMARY OF REVENUE AND EXPENDITURE**

The summary of Revenue and Expenditure on the Public Funds for the first quarter of 2018 is as follows:

	<b>1<sup>st</sup> Qtr-18 Budget</b>	<b>1<sup>st</sup> Qtr-18 Actual</b>	<b>1<sup>st</sup> Qtr-18 Variance</b>
	<b>GH¢,M</b>	<b>GH¢,M</b>	<b>GH¢,M</b>
<b>REVENUE</b>	<b>12,201.30</b>	<b>6,323.37</b>	<b>(5,877.93)</b>
<b>EXPENDITURE</b>	<b>14,743.41</b>	<b>11,324.03</b>	<b>3,419.38</b>
<b>SURPLUS/(DEFICIT)</b>	<b><u>(2,542.11)</u></b>	<b><u>(5000.66)</u></b>	<b><u>(2,458.55)</u></b>

Actual Revenue fell below the budget by GH¢5,877.93 million for the first quarter of 2018. Actual expenditure also fell below the budget by GH¢ 3,419.38 million in the same period. This gave rise to a net unfavourable variance of GH¢2,458.55 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¢6,323.37 million representing 51.83% of the budget of GH¢12,201.30. Below is the contribution of the various components to the Total Revenue.

#### 5.1.1 Direct Tax

Direct tax revenue for the Consolidated Fund for the quarter ended as detailed in Note 2 of the financial statements was GH¢1,637.01 million as against the expected amount of GH¢4,069.73 million. This indicates an unfavourable variance of GH¢2,432.72 million or 59.78% below budget.

Direct tax contributed 25.89% of total revenue for the first quarter.

#### 5.1.2 Indirect Tax

Indirect tax as shown in Note 3 was GH¢4,070.60 million against a budget of GH¢5,973.07 million. This resulted in an unfavourable variance of GH¢1,902.47 million or 31.85% below the budget.

Indirect Tax contributed 64.37% of total revenue for the period. Tax exemptions are excluded from the indirect tax budget.

#### 5.1.3 Grants

Grants as shown in Note 5 was GH¢91.80 million against a budget of GH¢146.69 million. This resulted in an unfavourable variance of GH¢54.89 million or 37.42% below budget.

Grants contributed 1.45% of total revenue for the period.

#### 5.1.4 Non - Tax Revenue

Non - Tax Revenue as detailed in Note 6 for the first quarter was GH¢ 523.95 million as against a budgeted amount of GH¢2,011.81 million, resulting in an unfavourable variance of GH¢ 1,487.86 million or 73.96% below budget.

Non Tax Revenue contributed 8.29% of total revenue for the period.

### **5.1.5 Loans Received**

Loans received for the first quarter of 2018 as indicated in Note 8 amounted to GH¢360.81 million.

## **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¢ 11,324.03 million as against the budget of GH¢ 14,743.41 million. This resulted in a favourable variance of GH¢3,419.38 million or 23.19% below budget.

### **5.2.1 Compensation of Employees**

Compensation of Employees including arrears incurred for the quarter as detailed in note 11 of the financial statements was GH¢ 6,887.68 million as against the budgeted figure of GH¢5,107.13 million. This gives an unfavourable variance of GH¢1,780.55 million.

Compensation of Employees represents 60.82% 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 12 of the financial statements was GH¢636.59 million as against the budgeted figure of GH¢3,148.07 million resulting in a favourable variance of GH¢2,511.48 million. Goods and Services represent 5.62% of total expenditure for the quarter.

### **5.2.3 Interest**

Interest expense for the quarter as detailed in note 14 of the financial statements was GH¢ 3,027.50 million as against the budgeted figure of GH¢3,727.46 million, giving rise to a favourable variance of GH¢699.96 million. This represents 26.74% of total expenditure for the quarter.

### **5.2.4 Government Subsidies**

Government Subsidy as detailed in note 15 of the financial statements was GH¢420.13 million as against the budgeted figure of GH¢43.00 million, giving rise to an unfavourable variance of GH¢377.13 million. This represents 3.71% of total expenditure for the quarter.

### **5.2.5 Social Benefits**

Expenditure on Social Benefit incurred for the quarter as detailed in note 16 of the financial statements was GH¢0.47 million as against the budgeted figure of GH¢469.27 million resulting in a favourable variance of GH¢468.80 million. Social Benefit represent 0.0041% of total expenditure for the quarter.

### **5.2.6 Other Expenses**

Other Expenditure incurred for the quarter as detailed in note 17 of the financial statements was GH¢351.66 million as against the budgeted figure of GH¢1,359.19 million resulting in a favourable variance of GH¢1,007.53 million. This represents 3.11% 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¢ 1,128.76 million as against a budget of GH¢1,317.42 million, resulting in a favourable variance of GH¢188.66 million.

## **6.0 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, 2018.

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 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 the Public Accounts on the Consolidated Fund for the Quarter ended March 31<sup>st</sup>, 2018.

**Eugene Asante Ofosuhene**

**Controller and Accountant-General**

**Date:**