



REPUBLIC OF GHANA

## MINISTRY OF FINANCE

*In case of reply, the number and date of this letter should be quoted*

Our Ref: **MOF/PFM/01/20**

Your Ref:

Tel No:

28/01/2020

### ALL HONOURABLE MINISTERS

### MINISTRIES/DEPARTMENTS/AGENCIES

#### **2020 BUDGET IMPLEMENTATION INSTRUCTIONS**

Following the passage of the Appropriation Act, 2019, (Act 1008) by Parliament, the Ministry has issued this Budget Implementation Instructions in accordance with the Public Financial Management Act, 2016 (Act 921), to guide all Ministers (Principal Account holders) and Chief Directors (Principal spending officers) in the implementation of the 2020 Budget.

2. The Instructions provide information on the procedures for accessing funds in respect of Compensation of Employees, Goods and Services and Capital Expenditures.
3. In line with the provisions in the PFM Act Colleague Ministers/Heads of Institutions are kindly requested to note especially the following;

#### **a. Expiration of 2019 Budget**

Sub-Section 1 of Section 26, of Act 921 provides that each appropriation approved by Parliament shall cease to have effect at the close of the financial year in respect of which the appropriation was made. Consequently, the 2019 approved budget has expired.

#### **b. Compensation**

- i. The policy of Net recruitments is still in force for all MDAs except the Ministries of Education and Health;
- ii. With effect from January 2020, warrants will be issued at Cost Centre level every quarter to cover MDAs payroll expenditure and allowances;
- iii. It has become imperative to manage the non-salary related allowances, consequently, Colleague Ministers/Heads of Institutions are to ensure that all



- non-salary related allowances are examined and certified by their respective Internal Audit Unit before they are processed for payment; and
- iv. Payment of promotion related arrears through the issuance of **release letters and warrants has ceased forthwith**. All promotion related arrears will be effected through the payroll.

### **c. Goods and Services Expenditure**

The Ministry of Finance will issue quarterly General Warrants for Goods and Services expenditures except for those relating to the 17 (Seventeen) priority areas of government. Specific warrants will be issued in respect of the 17 priority areas in accordance with the work plan submitted by the responsible MDAs.

Colleague Ministers/Heads of Institutions are to ensure that all Goods and Services payments are processed through the GIFMIS platform. Request not processed through GIFMIS will be returned to the MDA submitting the request.

### **d. Capital expenditure**

#### **i. Multi-Year Capital Expenditure**

In accordance with Section 33 of Act 921, Colleague Ministers/Heads of Institutions are to ensure that their MDAs first seek written approval from the Ministry of Finance for the implementation of all multi-year contract projects to ascertain fiscal space. The request must be accompanied by the following:

- **Expert assessment report indicating the justification for and efficiency of the project;**
- **A breakdown of the project implementation period showing how much money will be needed each year until completion; and**
- **Outer year projections for the medium term.**

#### **ii. Request for Commencement Warrants**

Colleague Ministers/Heads of Institutions are also to ensure that their MDAs request for commencement warrants for new projects and continuation warrants for on-going projects through the GIFMIS platform against the 2020 Budget.

#### **iii. Issue of Purchase Order under the PFMA 921**

MDAs are required to issue purchase orders from the GIFMIS platform before initiating any form of contract. MDAs should also note that it is an offence to issue any purchase order outside the GIFMIS platform or any other electronic system in use by

Government. Any contract that is not covered by GIFMIS generated Purchase Order (PO) is not valid.

#### **iv. Request for Release of Funds for Capital Projects**

Colleague Ministers/Heads of Institutions are to ensure that all requests for release of funds under Capital Expenditure should be processed on the GIFMIS platform. The detailed process has been outlined in appendix A of these instructions

#### **e. Government Borrowing**

Colleague Ministers/Heads of Institutions are reminded that subject to the provisions in Article 181 and Section 56 of the PFM law, the Minister for Finance is the only authority to raise a loan on behalf of the Government of Ghana.

#### **f. Externally Financed Projects**

Colleague Ministers/Heads of Institutions are also reminded that in view of our debt levels, there is limited space for external financing of the budget. Your MDAs are urged to explore other areas of infrastructure financing that do not directly impact on the public debt levels. This includes the use of Public Private Partnership (PPP) and other interventions. Your MDAs are advised to comply with the PPP Policy guidelines in all PPP situations.

#### **g. Offering Letters of Guarantee or Undertaking to Contractors**

Pursuant to Section 96 (1) of the Public Financial Management Act, 2016, (Act 921), Colleague Ministers/Heads of Institutions are also reminded that it is an offence to make an unauthorised commitment resulting in a financial obligation for the Government.

#### **h. Internally Generated Funds**

MDAs are reminded to comply with the Earmarked Fund and IGF Capping Law and all regulations relating to the management and use of IGFs.

#### **i. Reporting**

In accordance with Sections 24, 30 and 34 of the PFM Act, 2016 (Act 921), Colleague Ministers/Heads of Institutions are to ensure that their MDAs provide quarterly reports on expenditures made, progress on the implementation of programmes and sub-programmes and targets using templates provided for the purpose. All State Owned Enterprises, are required by

section 93 (1) of the Act 921 to submit a Financial Plan for the year through their Sector Minister to the Ministry of Finance.

4. For clarifications and further explanations, please call the following numbers 0501290134, 050407947, 0202030359, 0244811257.

5. Softcopies of the Instruction is available at the Ministry's website while hardcopies can be obtained at the Director of Budget's Secretariat.

5. Thank you.



**KEN OFORI-ATTA**  
**MINISTER**

Cc: The Executive Secretary to H. E  
The President, Jubilee House  
The Chief of Staff, Jubilee House  
The Hon. Deputy Ministers, MoF  
The Head of Civil Service  
The Head of Local Gov't Service  
All Chief Directors, MDAs  
The Director of Budget, MoF  
The Controller & Acct. General  
The Auditor-General  
All Heads of Dept./Agencies  
All Regional Co-ord. Directors  
All Directors of PPME  
All Regional Budget Officers



REPUBLIC OF GHANA

**MINISTRY OF FINANCE**

# **2020 BUDGET IMPLEMENTATION INSTRUCTIONS**

ISSUED BY MINISTRY OF FINANCE



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## 1.0 INTRODUCTION

The 2020 Budget Statement and Economic Policy of Government was presented to the Parliament of Ghana by the honourable Minister for Finance, Mr. Ken Ofori-Atta, on 13<sup>th</sup> November 2019. After Parliamentary debate, the Appropriation Bill was passed into law on 23<sup>rd</sup> December 2019 by the Appropriation Act, 2019 (Act 1008) and given Presidential assent on 28<sup>th</sup> December 2019.

The Public Financial Management Act, 2016 (Act 921) (the 'PFM Act') requires that roles and responsibilities for implementation of Fiscal Policy should be clearly established and defined in order to ensure positive outcomes in implementation. In addition, under Regulation 62 (1) of PFM Regulations, 2019, (L. I. 2378) the Minister for Finance is required to issue Budget Implementation Instructions each financial year detailing the procedures and requirements in implementing the approved budget. The Minister for Finance, therefore, hereby issues, for the attention of and compliance by all Ministries, Departments and Agencies (MDAs), this Budget Implementation Instructions ("Instructions"), for the 2020 financial year.

In 2020, the Budget will be implemented within the context of fiscal consolidation and debt sustainability. Another critical factor worthy of attention is the requirement of zero financing from the Bank of Ghana to Government. Other critical activities that require funding in 2020 are the general elections and the implementation of government flagship programmes.

Further limitation is imposed by Section 2(a) of the Fiscal Responsibility Act, 2018 (Act 982), which states "the overall fiscal balance on cash basis for a particular year **shall not exceed a deficit of five percent of the Gross Domestic Product for that year**". These restrictions impose significant challenges in the implementation of planned programmes and operations in the Budget. To ensure that Government meets programme objectives, as well as, its fiscal and economic targets, it is expected that all MDAs/MMDAs will take note and strictly comply with all aspects of these Instructions and prioritize their programmes accordingly to fit into the approved budget.



This Ministry wants to involve MDAs/MMDAs in the scrutiny of their expenditures. Consequently, checklists have been attached as Appendix II to guide the Internal Audit Units of MDAs/MMDAs undertake the expenditure scrutiny.

These instructions apply to all the funding sources, including Government of Ghana (GoG) Funds, Development Partner (DP) Funds, and Internally Generated Funds (IGF).

### **1.1 Undischarged Commitments at the End of 2019**

The 2019 financial year has ended and is officially closed to all transactions. All undischarged Compensation of Employees, Goods and Services as well as Capital expenditure commitments at the end of 2019 are to be the first charge on the approved 2020 Budget of MDAs. MDAs that have undischarged commitments from 2019 and consider them as valid, must initiate and charge them against their approved 2020 Budget. The Ministry of Finance will approve specific warrants on the GIFMIS platform to facilitate the payment of the outstanding claims.

**MDAs are to note that it is important to comply strictly with these Instructions in order to facilitate timely and speedy processing of requests for release of funds. Failure to comply fully with these Instructions will result in delay of releases, and in some cases, may result in denial of releases.**



## 2.0 MDAs MONTHLY WORK PLANS AND BUDGET REQUIREMENTS

Ministry of Finance has issued budget allotments to cover the first and second quarters to facilitate the implementation of the 2020 budget. MDAs are however required to submit their work plans and cash plans since they will be the basis of the subsequent allotments for the 3<sup>rd</sup> and 4<sup>th</sup> quarters or for any adjustments to the first and second quarter allotments. The work plans and cash requirements and projected cash inflows for each quarter submitted to MoF should be indicated on the Hyperion system. In finalizing the cash requirements, MoF reserves the right to take into account the seasonality in the implementation of programmes and projects of MDAs and the cash available.

MDAs are to note that their work plans and budget requirements within their approved budget can be reviewed at any time to reflect changes to the timing of request of their budget. As stated previously, the work plans and budget requirements cover all funds including IGF.

## 3.0 REQUESTS FOR RELEASE OF FUNDS

### 3.1 COMPENSATION OF EMPLOYEES

#### 3.1.1 Payment of Salaries

The Ministry of Finance will continue with the issuance of General Warrants on quarterly basis to the Controller and Accountant-General's Department (CAGD) for the payment of salaries of all employees at Cost Centre level. MDAs/MMDAs are to ensure judicious and efficient use of public funds by ensuring that Government pays for only verified employees at post. In line with the above, allotments for compensation will be based on the cash plans submitted by respective MDAs.

#### 3.1.2 Non-Salary Related Allowance

The Ministry of Finance will issue quarterly allotments for all Non-Salary Related Allowances to MDAs and are expected to manage the payment of the allowances from the allotment issued. MDAs are to initiate the quarterly Non-Salary Related Allowances on the GIFMIS and submit to the Ministry of Finance for processing. **MDAs should not submit individual specific Non-Salary Related Allowances to the Ministry.** The Internal Audit Unit of MDAs (IAUs) must ensure that officials submitting such claims are duly entitled and the rates are in accordance with approved rates issued by MoF before any payment is effected.



MDAs will be required to submit detailed returns on allowances paid at the end of every quarter. The returns to be submitted to the Ministry of Finance must be authenticated by the Internal Audit Unit of MDAs. Failure to submit the detailed returns will result in denial of allotment for subsequent quarters. (***Reference Appendix III for detail process on GIFMIS***)

### **3.1.3 Categories 2 & 3 Allowances**

Payment of Categories 2 & 3 allowances in the Public Service will be guided by the tenets of the revised Administrative Rules and Procedures for implementing categories 2 & 3 allowances in the Public Service. MDAs are required to review the current list of beneficiaries to ensure that **ONLY** those who qualify are paid and this is subject to budgetary constraints. ***All previous arrangements in relation to payment of categories 2 & 3 allowances cease to exist and are replaced by the new arrangements in the Administrative Rules and Procedures and in this Budget Implementation Instructions.***

### **3.1.4 Financial Clearance**

Financial clearance is required for every recruitment whether temporary or permanent. Requests for Financial Clearance in relation to Compensation of Employees will be subject to MDAs remaining within their staff strength as at 1<sup>st</sup> January 2020, as well as, an assessed favourable end-of-year balance on their Compensation Budget.

### **3.1.5 Validation of Staff Salaries**

Heads of MDAs/MMDAs are required to comply with the Controller and Accountant-General's directives on validation of the monthly salaries of their employees using the E-SPV system.

### **3.1.6 Validation of Salary Arrears by Internal Audit Unit**

The Internal Audit Units (IAUs) of MDAs are required to scrutinize and certify ***all*** salary and salary-related arrears claims submitted to MoF for release of funds. It is expected that Internal Audit Units will certify only legitimate claims. In the event that, the Head of Internal Audit Unit makes false certification, the appropriate sanctions under the Public Financial Management Act, 2016, Act 921, will be applied.



## 3.2 GOODS AND SERVICES

In an effort to ensure that MDAs can properly plan for the implementation of the 2020 approved budget, Ministry of Finance will issue quarterly Budget Allotments and warrants to the Controller and Accountant-General Department with copies to all MDAs at the beginning of every quarter to cover normal Goods and Services. MDAs should initiate the budget allotment on the GIFMIS within two (2) weeks of receipt to facilitate processing and release of funds.

MDAs are reminded that the Goods and Services budget includes expenditures on the following items:

- Foreign Travel Expenses
- Medical Treatment
- Utilities
- Property Rate and Ground Rent Payment
- Annual Subscriptions to International Organisations

**MDAs are no longer required to submit requests for release of funds in respect of normal Goods and Services to the Ministry of Finance, except they relate to the key priority programmes of Government and critical expenditures to facilitate the monitoring of the programmes. The list of priority programmes is attached as Appendix I.**

Where a Ministry wishes to vire between items in the Goods and Services warrants issued, an application for virement will have to be made by the MDA on the GIFMIS platform within the approved allotment.

### 3.2.1 Requests for Goods and Services Warrant for priority programmes

Requests for Payment for Goods and Services related to the priority areas listed in Appendix I of the 2020 Budget Statement will be initiated on the GIFMIS Platform and must be accompanied by:

- a. duly signed letter from the Minister or Chief Director
- b. duly endorsed Interim Payment Certificate or VAT Invoice
- c. formal request for payment from the contractor/supplier.



***Reference Appendix III for detail process on GIFMIS***

### **3.2.2 Submission of Request for Commencement Certificates/Warrants**

MDAs are to request for commencement before contracts are awarded. Where the MDA has outstanding commitments over and above its approved 2020 budget, the MDA would have to make arrangement with the Ministry of Finance on how to handle the outstanding claims before the commencement request is approved. All MDAs must endeavour to initiate commencement by the end of the **first quarter of 2020**.

**All commencement requests must be initiated on the GIFMIS against the MDAs approved budget.**

***Reference Appendix III for detail process on GIFMIS***

### **3.2.3 Award of New Contracts**

MDAs are enjoined to initiate Commencement Warrant requests on the GIFMIS before issuing purchase orders for new contracts. MDAs are to note this and comply accordingly to eliminate budget overruns and its attendant arrears which undermine budget execution.

MDAs awarding new contracts must ensure that there are:

- i. No indexation to a foreign currency, nor contract awarded in foreign currency;
- ii. No advance mobilization payment clauses;
- iii. No price variations; and
- iv. No interest on delayed payments.

## **3.3 CAPITAL EXPENDITURE (CAPEX)**

### **3.3.1 Format for payment of Capital Projects**

The processes for the payment of Capital projects are detailed out in **Appendix III** attached.

The MDA must initiate all payment requests in respect of capital projects on the GIFMIS platform. In so doing MDAs must also ensure that all requests are made against the appropriate Chart of Accounts, that there is sufficient funds and that the necessary procurement processes have been duly followed. To avoid reversal of initiated transaction on the system, the MDA must certify that



the request being initiated represents the MDA's most prioritized requirement/projects that must be met from their budgets for the financial year. The Chief Director should use the dully completed Checklist before approving of the request.

For all construction works, the claim certificate (Interim Payment Certificate) should have the endorsement of the following:

- i. the Consultant;
- ii. the Head of Department or Agency which is implementing the project;
- iii. the Regional Minister of the Region where the project is located; and
- iv. the Sector Minister.

***Reference Appendix III for detail process on GIFMIS***

### **3.3.2 Authorization of Requests**

All Commencement requests to MoF should be authorized by the Minister or Deputy Minister of the MDA. In their absence, the Chief Director may authorize the requests. In the event of an emergency where the three are absent, the acting officer can authorize. In the case of the Commissions, the Head of the Commission or any of his or her Deputies may authorize the letter.

### **3.3.3 Specific Warrants for Continuation of Existing Projects**

In order to avoid delays in the payment of contractors and related costs as well as the build-up of arrears, all MDAs are required to obtain Specific Warrants every year through the GIFMIS from the Ministry of Finance before authorising continuation of existing projects.

### **3.3.4 Contract Extensions and Variations**

Heads of MDAs are required to apply for and obtain financial clearance from the Ministry of Finance before granting extensions to contracts or varying same. The Ministry of Finance will not honour any claims for payment in respect of contract extensions or variations not supported by MoF's clearance. MDAs are also reminded to comply with the provisions of the Public Procurement Act as amended on contract variations. The Contract should be amended in the GIFMIS as such in case of any variations and approved accordingly.



### **3.3.5 Multi-Year Expenditure Commitments**

In accordance with Section 33 of the PFM Act, MDAs must first seek written approval from the Minister for Finance for all multi-year contracts/expenditure commitments (***contract for purchase of goods, works, supplies or services for a period of more than one programme year***) for any project to ascertain fiscal space and available funding for outer year commitments. This is to avoid over commitments, delayed payments of projects and arrears build-up. MDAs submitting requests for Multi-Year Contracts must fulfil requirements as detailed below:

- a. Expert assessment report indicating the justification for and efficiency of the project;
- b. A breakdown of the project implementation period showing how much money will be needed each year until completion; and
- c. Outer year budget projections for the medium term.

Note that expert assessment includes technical, financial, legal, economic, environmental and social assessment.

The Ministry has, in respect of the above, coded all projects planned to be implemented in the medium term. MDAs have subsequently allocated funds based on the capital expenditure budget ceiling and level of prioritisation. This information has been preloaded on both Hyperion and GFIMIS and ready for implementation. Re-allocation of funds from one coded project to another should be done with the express approval of the Minister on the advice of the Public Investments and Assets Division.

Assistance could be sought from the Public Investments and Assets Division (PIAD) of the Ministry of Finance in this regard.

***Reference Appendix III for detail process on GIFMIS***

### **3.4 The use of Purchase Order (PO)**

All contract awards for goods, services and works must be preceded by a Ghana Integrated Financial Management Information System (GIFMIS) generated Purchase Order (PO). MDAs are to note that it is an offence under Sub-section 1(b) of Section 98 of the PFM Act, to issue a local purchase order outside the GIFMIS.

MDAs are to note that no contract is valid without a GIFMIS generated Purchase Order.



### **3.5 Payment of Compensation in respect of Land and Property**

MDAs requesting for payment in respect of compensation arising from acquisition of land by the State or destruction of property as a result of construction of roads or any other infrastructure should obtain approval from Cabinet.

### **3.6 Compensation for People Affected by Projects (PABPs)**

To facilitate the drawdown of Development Partner Funds with regards to the compensation of people affected by projects, MDAs should ensure that the Land Valuation Board certifies the list of beneficiaries and the amount due each person.

In the event where the contractor pre-finances the payment of compensation to acquire the right of way, the contractor should be reimbursed with the amount certified by the Land Valuation Board.

### **3.7 Enforcement of the Public Procurement Act**

MDAs must strictly adhere to the provisions of the Public Procurement Act, 2003 (Act 921) as amended by Public Procurement (Amendment) Act, 2016 (Act 914), especially with regard to sole sourcing, which has proven to pose significant risks to fiscal policy management.

### **3.8 Verification and Certification of MDAs Claims by Internal Audit Unit**

Internal Audit Units (IAUs) of MDAs are required to scrutinize and certify all claims submitted to MoF requesting for release of funds. It is expected that Internal Audit Units will verify and certify that works have been executed or goods have been supplied and received into store and complete the appropriate checklists, endorsed and attached to all requests submitted to MoF. In the event that, the Head of Internal Audit Unit makes false certification, the appropriate sanctions under the Public Financial Management Act, 2016, Act 921, will be applied.

### **3.9 Offering Letters of Guarantee or Undertaking to Contractors**

Pursuant to Circular No. D39/SF.55 dated 19<sup>th</sup> July 2013, issued by the Attorney-General's Department to MDAs to stop giving letters of guarantee or undertaking to contractors, MDAs and MMDAs are required to insert the understated clause in all contracts/agreements to protect the interest of the State;



“Pursuant to section 96 (1) of the Public Financial Management Act, 2016, (Act 921), it is an offence to make an unauthorised commitment resulting in a financial obligation for the Government.

I (contractor/supplier name) understand and acknowledge that any unauthorized letter of guarantee or undertaking issued under this contract is unlawful, null and void ab initio, and is not legally binding on government. I understand, acknowledge and agree that any judgment or garnishee order that may be issued in my favour as a result of breach of this contract shall be enforceable against that particular MDA and shall not be enforceable against any other Ministry, Department or Agency of the Government of Ghana that is not a party to this contract.

I understand that, “unauthorized letter of guarantee or undertaking” means one that has not been approved by the Ministry of Finance.”

### **3.10 Letters of Credit**

All MDAs/MMDAs that have established Letters of Credit (LC) and are due for maturity in 2020, are required to meet the claims from their 2020 approved estimates, as there is no central vote to cover the LC claims.

### **3.11 Lifting of Fuel by Security Agencies**

All Security Agencies are informed that there is no central vote for payment of fuel lifting. Consequently, all expenditures in respect of fuel lifting are to be met from their 2020 Goods and Services approved estimates.

### **3.12 Duties and Taxes**

All MDAs are reminded that, they will bear all duties, taxes and other related fees and charges in respect of all imports, local purchases and contracts. All quotes should therefore include the relevant taxes.

### **3.13 Social Intervention Programmes**

All MDAs that have responsibility for implementing social intervention programmes are required to submit detailed quarterly reports and expenditure returns on the programmes to MoF.



## 4.0 COMPREHENSIVE RESOURCE ENVELOPE OF MDAs

The approved 2020 Budget of MDAs captured all sources of funding to MDAs. MDAs must note that any loan or debt agreement which was not included in the 2020 budget statement cannot be serviced in the 2020 financial year (either by way of drawdown disbursement, down payment or principal or interest payment).

### 4.1 Retention of Internally Generated Funds (IGF)

MDAs that have authorisation to retain and use all or portions of their IGFs are required to ensure that due processes are followed in the use of such funds, as per the PFM Act, 2016 (Act 921), the Appropriation Act for 2020 budget and the MDAs Retention of Funds Act, 2007 (Act 735).

### 4.2 Processing of IGF Transactions

All IGF generating institutions are required to process their retained IGF portions on the GIFMIS platform. Any MDA that is currently not processing IGF on GIFMIS must contact GIFMIS Secretariat for assistance. ***Reference Appendix III for detail process on GIFMIS for Detail Business process***

### 4.3 Gross Lodgement of IGF

In line with Government's Capping of Earmarked Funds Policy, MDAs that have authorisation to retain and use portions of their IGF are required to lodge all IGF into their respective Holding Accounts opened and maintained for the MDAs at the Bank of Ghana.

For MDAs that have authorization to retain and use all of their IGF are to lodge all IGF in gross into their respective Operations Accounts.

### 4.4 Government Borrowing

In line with Article 181 of the 1992 Constitution and Section 56 of the PFM Act, the Minister for Finance is the only authority to raise a loan on behalf of the Government of Ghana. All borrowing by a local government authority, public corporation or any State Owned Enterprise is mandated to be in accordance with the law.



#### **4.5 Contracting of External Loans**

We wish to draw your attention to the fact that, Government has adopted Public Private Partnership (PPP) as a financing and procurement option for the delivery of public infrastructure and services. MDAs and MMDAs are to explore PPP arrangement as a financing option.

#### **4.6 Development Partner Funds**

All MDAs are to ensure that due processes for accessing Development Partner Funds are followed to ensure proper accounting and reporting of budgetary inflow from this funding source. Any MDA that is currently not processing DPF on GIFMIS must contact GIFMIS secretariat for assistance. ***Reference Appendix III for detail process on GIFMIS for Detail Business process***

#### **5.0 AWARD OF CONTRACTS IN FOREIGN CURRENCIES**

In line with Bank of Ghana Notice No. BG/GOV/SEC/2019/07, MDAs are reminded that the sole legal tender in Ghana is the Ghana Cedi and Ghana pesewa. By this notice, the general public is hereby reminded that the Foreign Exchange Act, 2006 (Act 723) prohibits the pricing, advertising and receipt or payment for goods and services in foreign currency in Ghana.



## **6.0 TAX EXEMPTIONS, WAIVERS AND VARIATIONS**

MDAs should note that the authority to grant tax exemptions is vested only in Acts of Parliament.

The Revenue Administration Act, 2016 (Act 915) further provides in Section 63 as follows:

*63. (1) In assessing, collecting and recovering tax, the Commissioner-General shall ignore a tax reduction except where the tax reduction is sanctioned by law.*

*(2) Subject to article 174 of the Constitution, a Ministry, Department or Agency shall not negotiate or enter into an agreement for the waiver or variation of tax except with the approval of the Minister.*

Following from the above:

1. The Commissioner-General will not honour any tax exemption unless the waiver or variation is supported by an Act of Parliament or relevant Legislative Authority;
2. All contracts and agreements should quote tax inclusive values;
3. MDAs should not conclude contract negotiations or sign any Memorandum of Understanding (MOU) that makes provision for tax exemption of any sort, without the involvement of MoF and a no objection letter from the Minister of Finance; and
4. No contract should be signed granting payments net of taxes.

## **7.0 MONITORING AND REPORTING**

In accordance with Sections 24, 30 and 34 of the PFM Act, 2016 (Act 921), all MDAs are required to provide quarterly reports on expenditures made, progress on the implementation of programmes and sub-programmes and targets using templates provided for the purpose. Scheduled monitoring visits will be undertaken to inspect project sites where necessary for validation. Subsequent quarter releases will be based on receipt of previous quarter's reports.

## **8.0 OFFENCES AND PENALTIES UNDER PFM ACT 2016, ACT 921**

Ministry of Finance wishes to bring to the attention of all MDAs and MMDAs the offences and penalties indicated in Section 96 of the Public Financial Management Act, 2016, (Act 921), some of which are listed below. All MDAs are required to familiarize themselves with all the offences and penalties in the PFM Act so as to avoid committing them:



(1) A person, acting in an office or employment connected with the procurement or control of Government stores, or the collection, management or disbursement of amounts in respect of a public fund or a public trust who

(a) makes an unauthorised commitment resulting in a financial obligation for the Government,

(b) fails to collect moneys due to the Government,

(c) is responsible for any improper payment of public funds or payment of money that is not duly verified in line with existing procedures,

(d) is responsible for any deficiency in or for the loss, damage or destruction of any public funds, stamp, security, stores or any other Government property,

(e) accepts or receives money or valuable consideration for the performance of an official duty,

(f) in relation to the duties of that person, wilfully makes or signs a false certificate, false return or false entry in a book, or

(g) fails to report knowledge or information in respect of fraud committed by a person against the Government, contrary to any enactment related to public financial management, to the appropriate authority or law enforcement authority

commits an offence and is liable on summary conviction to a term of imprisonment of not less than six months and not more than five years or to a fine of not less than one hundred penalty units and not more than two thousand, five hundred penalty units or to both.

(2) A person, acting in an office or employment connected with the procurement or control of Government stores, or the collection, management or disbursement of amounts in respect of a public fund or a public trust who authorises an expenditure exceeding the approved appropriation in the relevant budget commits an offence and is liable on summary conviction to a term of imprisonment of not less than six months and not more than twelve months or to a fine of not more than the value of the assessed impact of the commitment or to both.



(3) A person who promises, offers or gives money or any other valuable consideration to another person, acting in an office or employment,

(a) connected with the procurement or control of government stores,

(b) connected with the collection, management or disbursement of amounts in respect of a public fund or a public trust, or

(c) with the intent to influence

(i) a decision or action on any question or matter that is pending or is likely to be brought before the person in an official capacity, or

(ii) a person to commit fraud against the Government or to connive with, take part in or allow an opportunity for the commission of the fraud

commits an offence and is liable on summary conviction to a fine of not more than three times the amount offered or accepted or a term of imprisonment of not less than six months and not more than two years or to both.

A Principal Spending Officer or any other public officer shall not commit Government to a financial liability, including contingent liability, unless that Principal Spending Officer is specifically authorized to do so under this Act, the Regulations or directives issued pursuant to this Act. A Principal Spending Officer who contravenes this is liable to an administrative penalty of two thousand penalty units.

(1) A person who

(a) refuses or fails to produce or submit any information required under this Act,

(b) issues a local purchase order outside the Ghana Integrated Financial Management Information System or any other electronic platform in use by Government,

(c) misuses or permits the misuse of any Government property which results in a loss of public resources,

(d) contravenes or knowingly permits another person to contravene a provision of this Act or the Regulations, or



(e) instigates another person to contravene a provision of this Act or the Regulations,

commits an offence and where no penalty is provided for the offence, is liable on summary conviction to a fine of not less than one hundred and fifty penalty units and not more than two hundred and fifty penalty units or to a term of imprisonment of not less than six months and not more than two years or to both.

(2) A person who contravenes sub-section (1) is, in addition to the penalty specified in that subsection

(a) liable for any liability contracted on behalf of Government as a result of the contravention; and

(b) subject to disciplinary action by Government including dismissal, demotion or suspension.

## **9.0 CONCLUSION**

For the implementation of the 2020 budget, the Ministry of Finance will focus on facilitating MDAs' access to funds for effective and efficient implementation of approved projects and operations.

It is the expectation of the Ministry of Finance that, all MDAs/MMDAs/SOEs will cooperate and strictly comply with these instructions for the smooth implementation of the National Budget and facilitate the attainment of government policy objectives in 2020.

**KEN OFORI-ATTA**

**MINISTER FOR FINANCE**



## 10.0 APPENDICES

### Appendix I : Government Priority Programmes

1. Free Senior High School
2. Infrastructure for Poverty Eradication Programme (IPEP)
3. Road Infrastructure
4. Nation Builders Corps (NABCO)
5. School Feeding Programme
6. Planting for Food and Jobs (PFJ)
7. Livelihood Empowerment Against Poverty (LEAP)
8. Micro Finance and Small Loans Centre (MASLOC)
9. 1 District 1 Factory Programme (1D1F)
10. Railway Development Programme
11. National Identification Programme
12. Capitalisation of New Regions
13. Zongo Development Fund
14. Water and Sanitation
15. Fish Landing Sites Projects
16. Government Communication
17. Teachers and Nurses Trainees Allowances



**Appendix II: - Checklists****Budget Implementation – Checklist for Release of Funds. Compensation of Employees (Allowances/Salary Arrears)**

<b>NATURE OF REQUEST:</b>					
<b>S/NO</b>	<b>DESCRIPTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REF PAGE</b>
1	Is Condition of Service attached to request?				
2	Is copy of Ministry of Finance approved letter attached?				
3	Are the beneficiaries entitled to the allowances?				
4	Is the category of allowance indicated?				
5	Is it category one (1) allowances?				
6	Is it category two (2), three (3) or four (4) allowances?				
7	Is the rate in line with current approval levels?				
8	Are the Names, Grade and Staff ID of beneficiaries indicated?				
9	Is the request in the approved budget of the MDA?				
10	Is the request for current year?				
11	Is the request for previous year?				
12	If request is for previous year, has it been validated by Internal Audit Unit?				
13	Has the accuracy of the amount being paid ascertained?				
14	Is there sufficient budget balance to end year?				
15	After projecting to cover end year, can the balance accommodate current request?				
16	Is the request signed by an authorized officer?				
I certify that the relevant request(s) has/have been assessed using the above checklists and the answers to the questions reflect the substance of the supporting documentation.					
<b>Name of Schedule Officer:</b>			<b>Signature of Schedule Officer:</b>		
<b>Rank:</b>			<b>Date:</b>		
I certify that I have cross-checked the responses to the questions on this checklist and endorse the Schedule Officer's certification.					
<b>Name of Head of Internal Audit Unit:</b>			<b>Signature of Head:</b>		
<b>Rank:</b>			<b>Date:</b>		



**Budget Implementation – Checklist for Release of Funds Goods and Services  
(Supplies)**

<b>NATURE OF REQUEST:</b>					
<b>S/NO</b>	<b>DESCRIPTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REF PAGE</b>
1	Is duly approved Commencement Warrant attached to the request?				
2	Is the contract document attached?				
3	Is there any advance mobilization clause in the contract document?				
4	Is there any bank/insurance guarantee attached to the request?				
5	Is the award of contract letter attached?				
6	Does the request include minutes of Tender Board meeting?				
7	Is the VAT/NHIL Receipt (s), Way Bill and Stores Receipt Advice attached?				
8	Is the request in the approved budget of the MDA?				
9	Is the request denominated in the local currency?				
10	If not denominated in the local currency, was it approved by Ministry of Finance?				
11	Has payment been requested for by the executing company?				
12	Has the accuracy of the amount being paid been ascertained?				
13	Has the Goods been fully supplied or services rendered?				
14	Is there any evidence that the transaction is exempted from tax?				
15	Is the request signed by an authorized officer?				

I certify that the relevant request(s) has/have been assessed using the above checklists and the answers to the questions reflect the substance of the supporting documentation.

<b>Name of Schedule Officer:</b>	<b>Signature of Schedule Officer:</b>
<b>Rank:</b>	<b>Date:</b>

I certify that I have cross-checked the responses to the questions on this checklist and endorse the Schedule Officer's certification.

<b>Name of Head of Internal Audit Unit:</b>	<b>Signature of Head:</b>
<b>Rank:</b>	<b>Date:</b>



**Budget Implementation – Checklist for Release of Funds Goods and Services  
(Normal)**

<b>NATURE OF REQUEST:</b>					
<b>S/NO</b>	<b>DESCRIPTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REF. PAGE</b>
1	Does the MDA have a sufficient budget to accommodate allotment?				
2	Has the allotment been broken down to show various Cost Centres allocations?				
3	Has the MDA submitted expenditure returns for the quarter?				
4	Has the MDA prioritised its allocation to include critical/essential requests?				
<p>I certify that the relevant request(s) has/have been assessed using the above checklists and the answers to the questions reflect the substance of the supporting documentation.</p>					
<b>Name of Schedule Officer:</b>			<b>Signature of Schedule Officer:</b>		
<b>Rank:</b>			<b>Date:</b>		
<p>I certify that I have cross-checked the responses to the questions on this checklist and endorse the Schedule Officer's certification.</p>					
<b>Name of Head of Internal Audit Unit:</b>			<b>Signature of Head:</b>		
<b>Rank:</b>			<b>Date:</b>		



## Budget Implementation – Checklist for Release of Funds Capital Expenditure (CAPEX)

<b>NATURE OF REQUEST:</b>					
<b>S/NO</b>	<b>DESCRIPTION</b>	YES	NO	N/A	REF. PAGE
1	Is duly approved Commencement Warrant attached to the request?				
2	Is the contract document attached?				
3	Is there any advance mobilization clause in the contract document?				
4	Is there any bank/insurance guarantee attached to the request?				
5	Is the award of contract letter attached?				
6	Does the request include minutes of Tender Board meeting?				
7	Has the Interim Payment Certificate (IPC) been properly endorsed?				
8	Is the request in the approved budget of the MDA?				
9	Has the Contract/Contract sum been varied/extended?				
10	If varied/extended, has it been approved by appropriate Tender Review Board?				
11	Is the request denominated in the local currency?				
12	If not denominated in the local currency, was it approved by Ministry of Finance?				
13	Has payment been requested for by the executing company?				
14	Has the accuracy of the amount being paid been ascertained?				
15	Is there any evidence that the transaction is exempted from tax?				
16	Is the request signed by an authorized officer?				
I certify that the relevant request(s) has/have been assessed using the above checklists and the answers to the questions reflect the substance of the supporting documentation.					
<b>Name of Schedule Officer:</b>			<b>Signature of Schedule Officer:</b>		
<b>Rank:</b>			<b>Date:</b>		
I certify that I have cross-checked the responses to the questions on this checklist and endorse the Schedule Officer's certification.					
<b>Name of Head of Internal Audit Unit:</b>			<b>Signature of Head:</b>		
<b>Rank:</b>			<b>Date:</b>		



**Budget Implementation – Checklist for Release of Funds. Land Compensation**

NATURE OF REQUEST:					
S/NO	DESCRIPTION	YES	NO	NA	REF PAGE
<b>1</b>	Has the Instrument of Acquisition been attached?				
<b>2</b>	Is the Instrument of Acquisition Number indicated?				
<b>3</b>	Is the purpose of acquisition stated?				
<b>4</b>	Is the site plan attached?				
<b>5</b>	Does the request indicate the dimensions/hectare of the land?				
<b>6</b>	Is the previous owner (s) indicated?				
<b>7</b>	Is the current owner (s) indicated?				
<b>8</b>	Has the value of the land been assessed by the Valuation Division of Land Commission?				
<b>9</b>	Is the assessed value indicated?				
<b>10</b>	Is the request signed by an authorized officer?				
I certify that the relevant request(s) has/have been assessed using the above checklists and the answers to the questions reflect the substance of the supporting documentation.					
Name of Schedule Officer:			Signature of Officer:		
<b>Rank:</b>			<b>Date:</b>		
I certify that I have cross-checked the responses to the questions on this checklist and endorse the Schedule Officer's certification.					
Name of Head of Internal Audit Unit:			Signature of Head:		
<b>Rank:</b>			<b>Date:</b>		



## Budget Implementation – Checklist for Release of Funds. Judgment Debt

NATURE OF REQUEST:					
S/NO	DESCRIPTION	YES	NO	NA	REF PAGE
<b>1</b>	Is the Suit No indicated?				
<b>2</b>	Is the Judgment attached?				
<b>3</b>	Is there any covering letter from the Attorney General Department?				
<b>4</b>	Has the Legal Division of this Ministry expressed its opinion?				
<b>5</b>	Is there any evidence of stay of execution?				
<b>6</b>	Is the beneficiary (ies) indicated?				
<b>7</b>	Has the amount involved been indicated?				
<b>8</b>	Has the request been approved by Management for processing?				
<b>9</b>	Is the request signed by the Attorney-General?				
I certify that the relevant request(s) has/have been assessed using the above checklists and the answers to the questions reflect the substance of the supporting documentation.					
Name of Schedule Officer:			Signature of Officer:		
<b>Rank:</b>			<b>Date:</b>		
I certify that I have cross-checked the responses to the questions on this checklist and endorse the Schedule Officer's certification.					
Name of Head of Internal Audit Unit:			Signature of Head:		
<b>Rank:</b>			<b>Date:</b>		



**Budget Implementation – Checklist for Release of Funds. Counterpart Fund**

NATURE OF REQUEST:					
S/NO	DESCRIPTION	YES	NO	NA	REF PAGE
<b>1</b>	Is the request in the approved budget of the MDA?				
<b>2</b>	Is the agreement attached to the request?				
<b>3</b>	Does the request indicate the Development Partner/Lender?				
<b>4</b>	Does the request indicate the Counterpart amount to be funded by government/MDA?				
<b>5</b>	Does the MDA have sufficient budget balance to accommodate the request?				
<b>6</b>	Is the request routed through the appropriate Ministry?				
<b>7</b>	Is the request signed by the authorized officer?				
I certify that the relevant request(s) has been assessed using the above checklists and the answers to the questions reflect the substance of the supporting documentation.					
Name of Schedule Officer:			Signature of Officer:		
<b>Rank:</b>			<b>Date:</b>		
I certify that I have cross-checked the responses to the questions on this checklist and endorse the Schedule Officer's certification.					
Name of Head of Internal Audit Unit:			Signature of Head:		
<b>Rank:</b>			<b>Date:</b>		



## Budget Implementation – Checklist for Release of Funds. Subscription Payments

NATURE OF REQUEST:					
S/NO	DESCRIPTION	YES	NO	NA	REF PAGE
<b>1</b>	Has demand notice been served and received?				
<b>2</b>	Has the amount been indicated?				
<b>3</b>	Does the amount reflect subscription to be paid?				
<b>4</b>	Is the computation accurate?				
<b>5</b>	Is the country obliged to pay any subscription to this institution/organisation?				
<b>6</b>	Does the request indicate the period payment is related to?				
<b>7</b>	Is the institution/organisation a UN, AU, etc. body or any of its affiliates?				
<b>8</b>	Has the request been approved by Management for processing?				
<b>9</b>	Is the request signed by an authorized officer?				
I certify that the relevant request(s) has been assessed using the above checklists and the answers to the questions reflect the substance of the supporting documentation.					
Name of Schedule Officer:			Signature of Officer:		
<b>Rank:</b>			<b>Date:</b>		
I certify that I have cross-checked the responses to the questions on this checklist and endorse the Schedule Officer's certification.					
Name of Head of Internal Audit Unit:			Signature of Head:		
<b>Rank:</b>			<b>Date:</b>		



### **Appendix III: Business Process for Processing of Compensation (Non-Salary Related Allowance), Goods and Services (Normal and Special) and CAPEX (Annual And Multi Year).**

#### **Business Process for Non Salary Related Allowances**

1. Quarterly warrant will be processed on GIFMIS based on Monthly /Quarterly Budget Allotment and Cash Plan and approved by MOF (*Note MDAs are not suppose to apply in this case*).
2. MDAs follow the steps below when Warrants are received from MoF.
3. Send Request Memo for approval (Manual)
4. Prepare a Payment Voucher on GIFMIS in the name of the spending officer (*MDAs can use the ACH Functionality to pay individual employees into their various bank Accounts. Contact GIFMIS for any assistance*)
5. Validate, Create Accounting and Send PV for approval
6. CAGD Treasury Headquarters (Chief Cashier) runs Cash Requirement Report which is a summary of approved PVs/Invoices from MDAs upon which funds are transferred into MDAs Sub-CF Accounts to make payment for the invoices.
7. MDAs effect payments on the system via System Cheques (for moneys required for internal payments). System cheques will not be required if MDAs use the ACH Functionality because funds will be transferred electronically to the various banks of the Employees or individuals

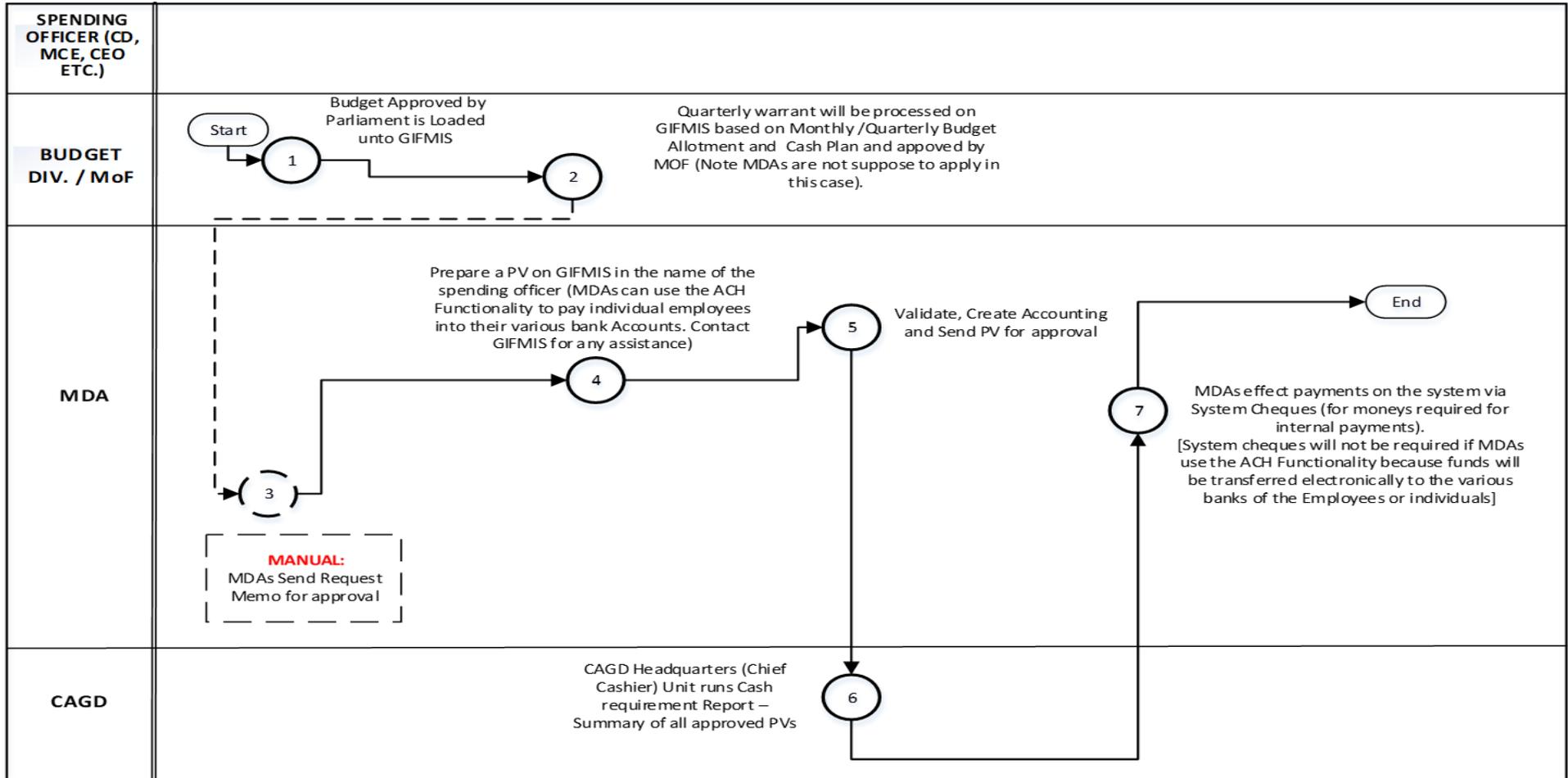
***Note: Documents can be scanned and attached to transactions on the GIFMIS System.***

These steps have been designed diagrammatically as below





### Business Process for NON SALARY RELATED ALLOWANCES



## **Business Process for Goods and Services (Normal )**

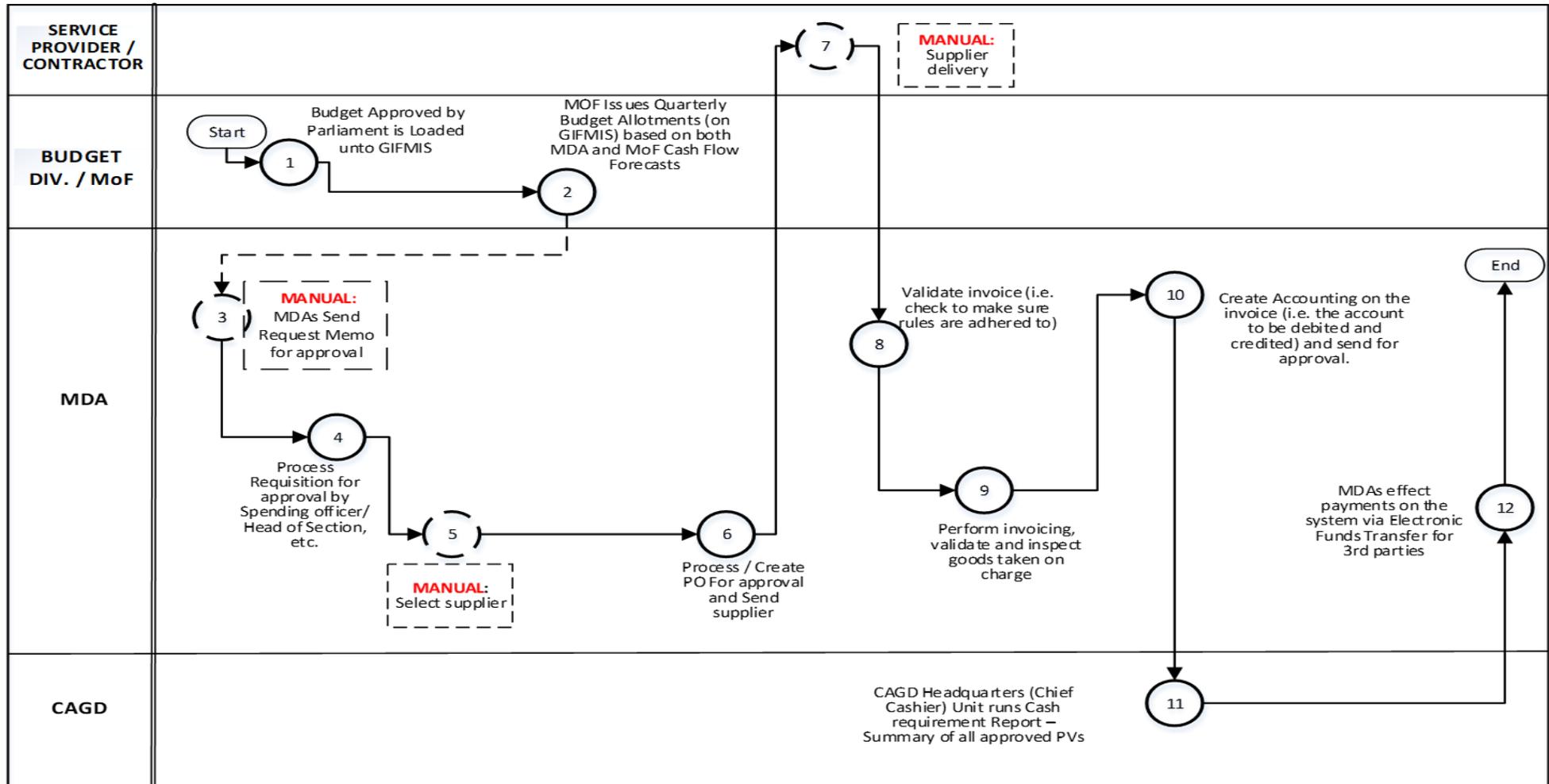
1. Quarterly warrant will be processed on GIFMIS based on Monthly /Quarterly Budget Allotment and Cash Plan and approved by MOF (*Note MDAs are not suppose to apply in this case*).
2. MDAs follow the steps below when Warrants are received from MoF.
3. Send Request Memo for approval (Manual)
4. Create Requisition on GIFMIS (A.E.&I)
5. Send requisition for Approval
6. Spending officer/Head of Section, etc. approves the request
7. Select supplier (manual)
8. Create PO and Send PO for Approval
9. Print PO on GIFMIS.
10. Give a copy of printed PO to the supplier (manual)
11. Supplier delivery (manual)
12. Goods inspected and taken on charge (manual)
13. Enter results/details on the system (i.e. create SRA)
14. Collect and book invoice on the system
15. Match invoice to SRA/PO (the exact amount to be paid is now determined)
16. Validate invoice (i.e. check to make sure rules are adhered to)
17. Create Accounting on the invoice (i.e. the account to be debited and credited). This represents PVs that can be printed from the system.
18. Send invoice for Approval
19. CAGD Treasury Headquarters (Chief Cashier) runs Cash Requirement Report which is a summary of approved PVs/Invoices from MDAs upon which funds are transferred into MDAs Sub-CF Accounts to make payment for the invoices. The eventually we can do centralized payments.
20. MDAs effect payments on the system via Electronic Funds Transfer for 3<sup>rd</sup> parties

***Note: Third Party Documents can be scanned and attached to transactions on the GIFMIS System.***





### Business Process for GOODS and SERVICES (NORMAL)



## **Business Process for Goods and Services (Priority- Without Commencement Warrant)**

1. MDAs runs the Budget Release Request Report on GIFMIS based on the Monthly / Quarterly budget Allotment given by MOF
2. An Excel Sheet is generated and MDA enters the request as per breakdown for the Month / Quarter
3. The Excel sheet is then transferred unto the Application Desktop Integrator(ADI) and Loaded unto GIFMIS and a signed hard copy is sent to MoF.
4. Loaded ADI is then sent via the MDAs approval hierarchy to MoF
5. Release is processed and approved at MOF
6. MDAs follow the steps below when Warrants are received from MoF.
7. Send Request Memo for approval (Manual)
8. Prepare a Payment Voucher on GIFMIS in the name of the spending officer (*MDAs should you use the ACH Functionality to pay individual employees into their various bank Accounts. E.g. For School Feeding Invoice will be booked in the name of the spending officer and the various beneficiaries and and their will be attached at the distribution level. Contact GIFMIS for any assistance*)
9. Validate, Create Accounting and Send PV for approval
10. CAGD Treasury Headquarters (Chief Cashier) runs Cash Requirement Report which is a summary of approved PVs/Invoices from MDAs upon which funds are transferred into MDAs Sub-CF Accounts to make payment for the invoices.
11. MDAs effect payments on the system via System Cheques (for moneys required for internal payments). System cheques will not be required if MDAs use the ACH Functionality because funds will be transferred electronically to the various banks of the Employees or individuals

These steps have been designed diagrammatically as below

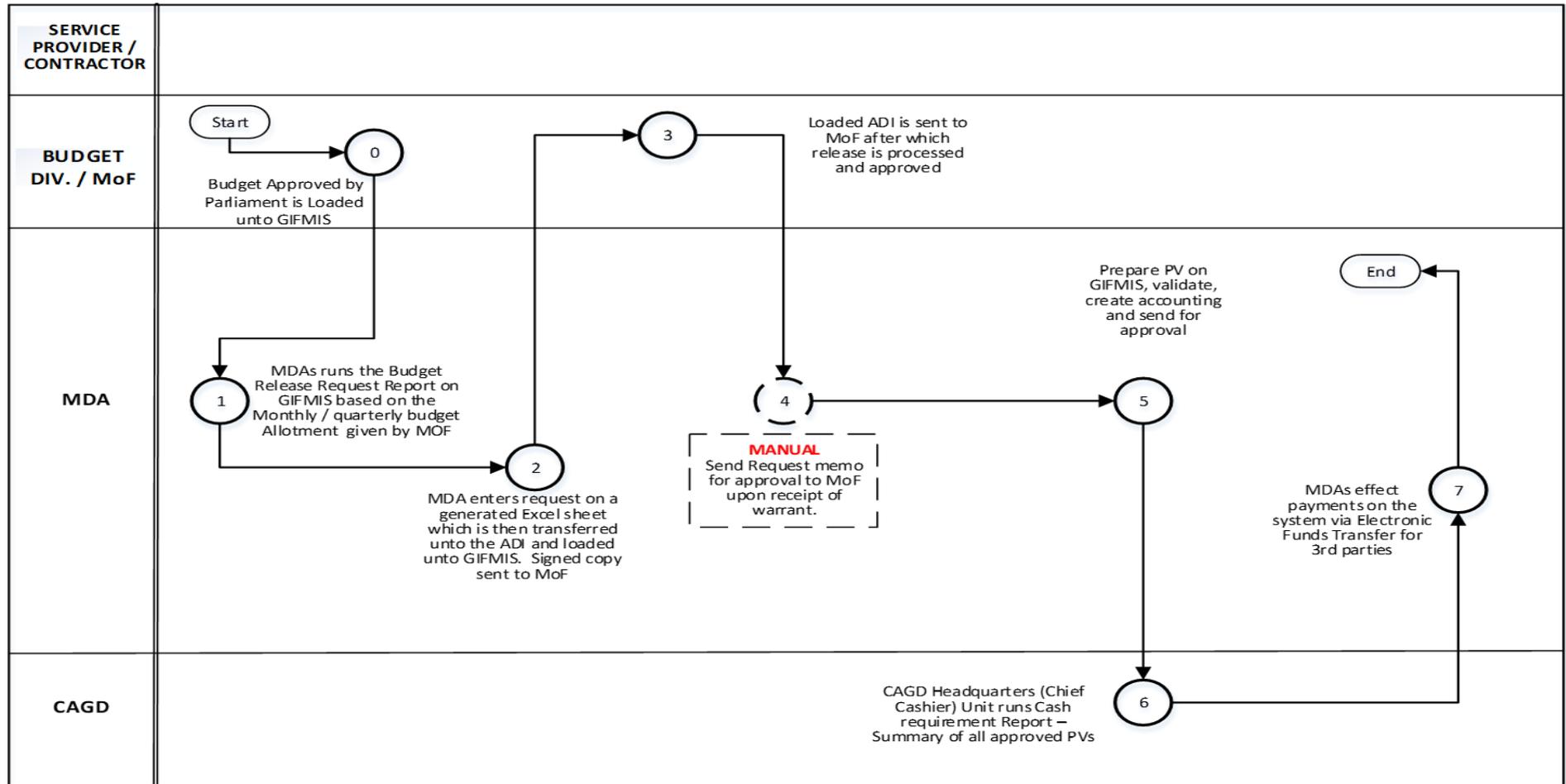
**Note: Documents can be scanned and attached to transactions on the GIFMIS System.**

**Note: Third Party Documents can be scanned and attached to transactions on the GIFMIS System.**





**Business Process for GOODS and SERVICES (PRIORITY – without Commencement Warrant)**



## **Business Process for Goods and Services (Priority- With Commencement Warrant)**

1. MDA checks from the Funds inquiry at the appropriation level whether that particular item has been budgeted for as goods and services.
2. MDA raise a requisition in GIFMIS and the requisition goes through an approval hierarchy and once it is approved by the Spending Officer of that MDA, it is automatically forwarded to MOF per the Approval Hierarchy set up on the system.
3. MOF then receives the documents and also receives a notification from the MDA
4. Commencement Warrant is processed from the GIFMIS and printed out. The commencement warrant process is as follows:
  - i. Schedule Officer opens notification and goes unto the requisition to access the Budget Line for the request.
  - ii. Use the Funds Inquiry form on GIFMIS to check if there exists enough funds. i.e. Appropriation as against how much have been released so far.
  - iii. If there exists enough funds, Schedule Officer processes the Commencement Warrant and forwards to the Sector Head, Group Head and to Director of Budget
  - iv. Director of Budget **approves the warrant** or **approves the requisition based on the limit**. The requisition serves as the commencement warrant on GIFMIS. Funds are fenced at this time for the commencement warrant. A notification is automatically sent to the MDA.
5. MDA receives notification of the approved requisition (Commencement Warrant-At this point the Funds have been fenced (encumbered) for this transaction).
6. MDA goes through the Procurement or tendering process and establishes a contract with contractor or supplier.
7. Upon completion, the contractor submits his or her payment certificates which is booked on the GIFMIS platform as invoices and matched to the purchase order (Contract established above). Scan and attach to all the necessary documentation for onward submission to Ministry of Finance on GIFMIS.
8. The invoices goes through an approval hierarchy for onward submission to MOF for Final Approval before feeding into Cash Requirement at CAGD (formerly Cash Release Instruction)-The necessary checks are done to make sure there is value for Money.



9. Payment Certificate is approved by the Spending officer of the Institution.
10. CAGD Treasury Headquarters (Chief Cashier) runs Cash Requirement Report which is a summary of approved PVs/Invoices from MDAs upon which funds are transferred into MDAs Sub-CF Accounts to make payment for the invoices. Then eventually we can do centralized payments.
11. MDAs effect payments on the system via Electronic Funds Transfer for 3<sup>rd</sup> parties

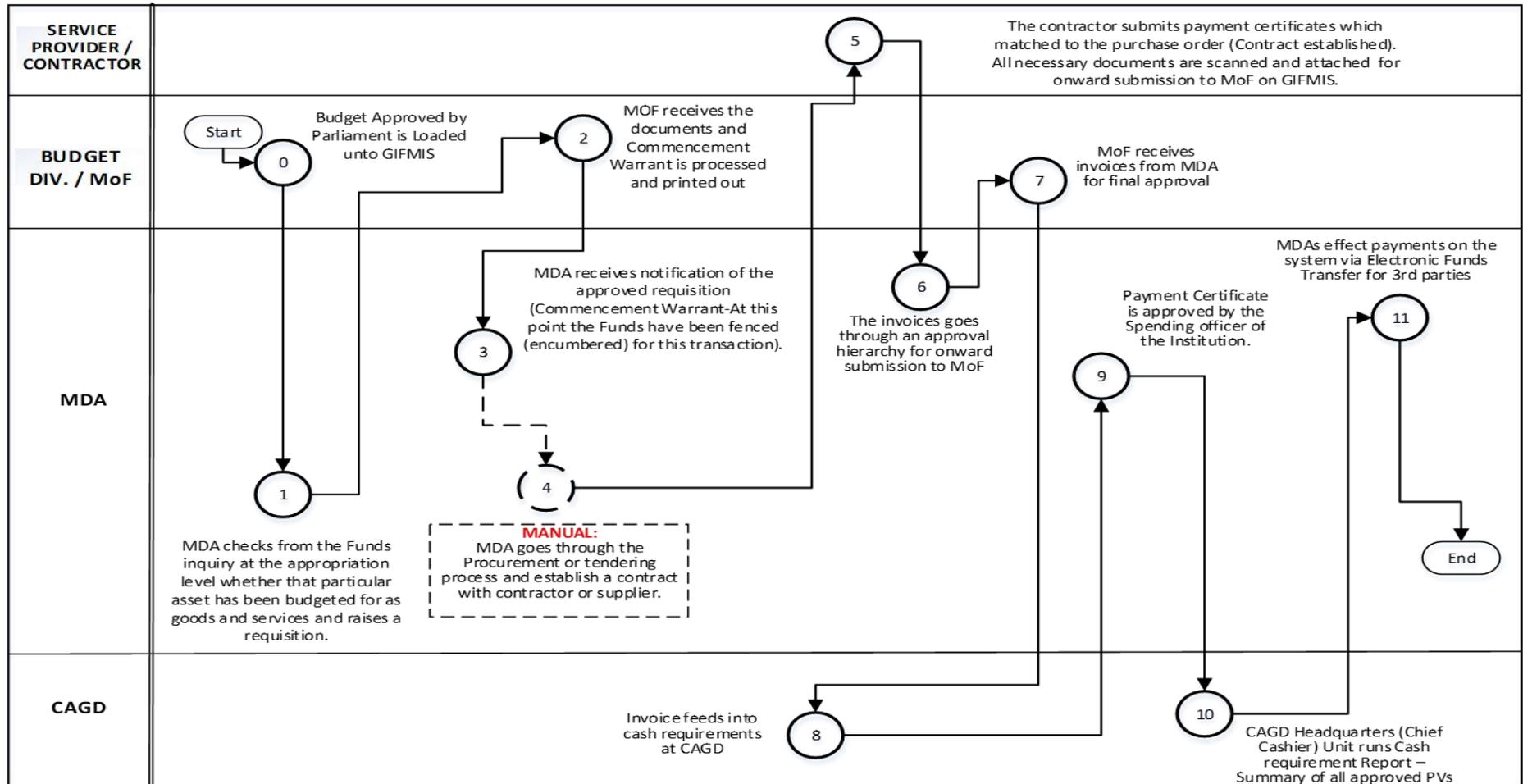
***Note: Third Party Documents can be scanned and attached to transactions on the GIFMIS System.***

These steps have been designed diagrammatically as below





**BUSINESS PROCESS FOR GOODS AND SERVICES (PRIORITY - with Commencement Warrant)**



## Business Process for Capital Expenditure (CAPEX)

1. MDA checks from the Funds inquiry at the appropriation level whether that particular asset has been budgeted for.
2. MDA will raise a requisition in GIFMIS and the requisition goes through an approval hierarchy and once it is approved by the Spending Officer of that MDA, it is automatically forwarded to MOF per the Approval Hierarchy set up on the system.
3. MOF then receives the documents and also receives a notification from the MDA
4. Commencement Warrant is processed from the GIFMIS and printed out. **(NB: obtain Commencement Warrant before tender but for project continuation, a continuation warrant should be issued)**. The commencement warrant process is as follows:
  - i. Schedule Officer opens notification and goes unto the requisition to access the Budget Line for the request.
  - ii. Use the Funds Inquiry form on GIFMIS to check if there exists enough funds. i.e. Appropriation as against how much have been released so far.
  - iii. If there exists enough funds, Schedule Officer processes the Commencement Warrant and forwards to the Sector Head, Group head and to Director of Budget
  - iv. Director of Budget **approves the warrant** or **approves the requisition based on the limit**. The requisition serves as the commencement warrant on GIFMIS. Funds are fenced at this time for the commencement warrant. A notification is automatically sent to the MDA
5. MDA receives notification of the approved requisition (Commencement Warrant-At this point the Funds have been fenced (encumbered) for this transaction).
6. MDA goes through the Procurement or tendering process and establishes a contract with contractor or supplier.
7. Upon completion, the contractor submits his or her payment certificates which is booked on the GIFMIS system as invoices and matched to the purchase order (Contract established above). Scan and attach to all the necessary documentation for onward submission to Ministry of Finance on GIFMIS.
8. The invoices goes through an approval hierarchy for onward submission to MOF for Final Approval before feeding into Cash Requirement at CAGD (formerly Cash Release



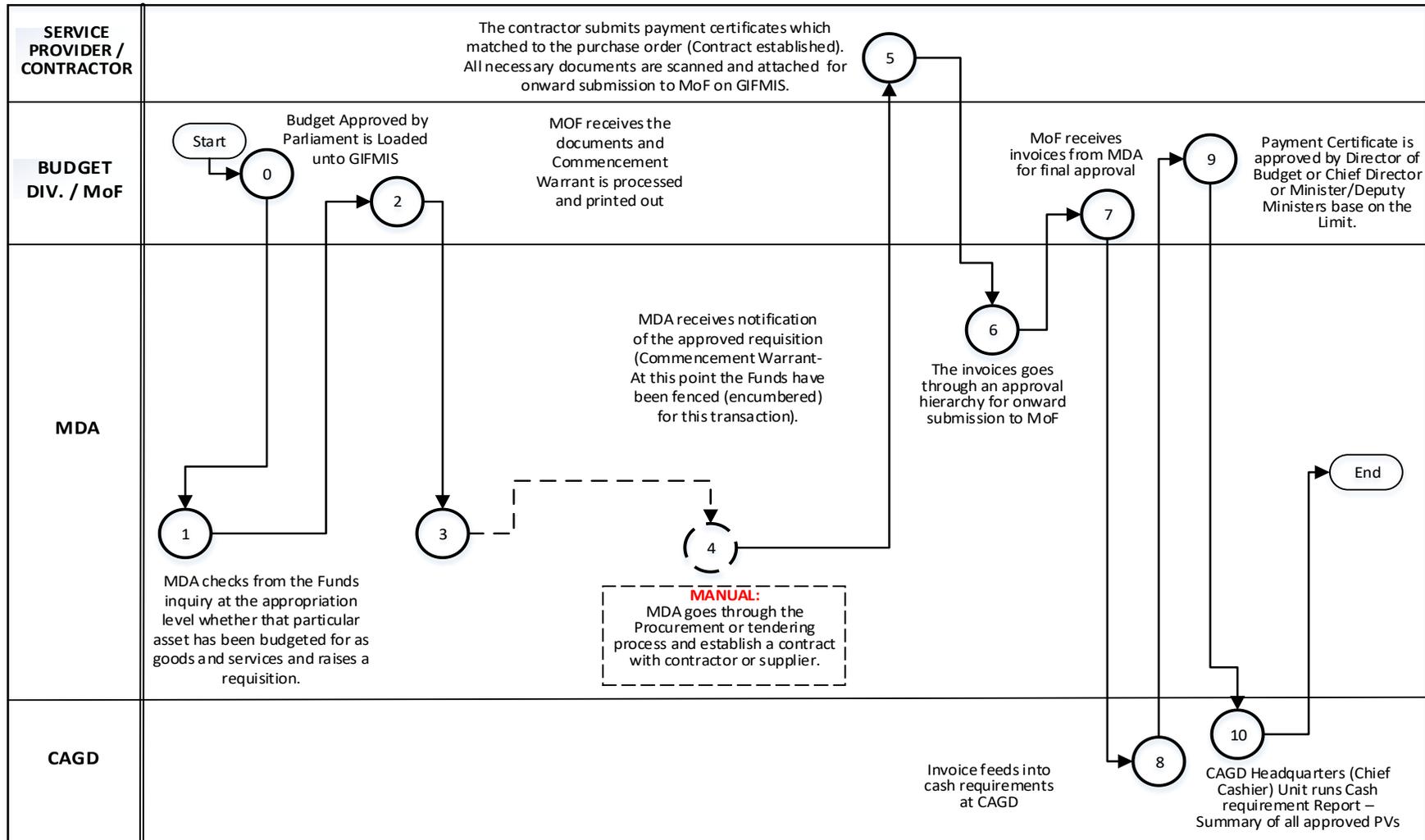
Instruction)-The necessary checks are done to make sure there is value for Money(e.g. AESL comes in to make sure the Contract was properly executed before payment issued).

9. Payment Certificate is approved by Director of Budget or Chief Director or Minister/Deputy Ministers base on the Limit.
10. Chief Cashier's office runs the Cash Requirement report and transfers money to MDA sub CFs and MDA uses EFT to effect payment to the contractor.





### BUSINESS PROCESS FOR CAPITAL EXPENDITURE (CAPEX)



## **Business Process for Capital Expenditure (CAPEX) – Multi Year**

1. After going through all the administrative processes (PID, PIP, Cabinet approval and all the necessary documentation etc.), the following processes follow:
2. The MDA/MMDA shall prepare a Blanket Purchase Agreement (BPA) on GIFMIS for the entire contract sum. The BPA shall be routed through the approval hierarchy on GIFMIS to MoF for approval. The MDA/MMDA approval hierarchy shall comprise the following:
  - i. The Head of procurement who prepares the BPA
  - ii. The Head of Budget who authorizes the BPA
  - iii. The Chief Director who gives approval
3. The MoF approval hierarchy shall comprise the following:
  - i. Sector Head – reviews
  - ii. Group Head - authorizes
  - iii. Director of Budget - approves
4. The approval by the Director of Budget will be a delegated function by the Chief Director in accordance with the PFM law.
5. The BPA is a purchase order and it shall also have information on the budget allocations.
6. The approved BPA shall be printed by the MDA and issued to the contractor
7. The BPA does not encumber funds on the approved budget loaded on the GIFMIS for MDAs
8. The BPA shall be prepared only once on the GIFMIS for the entire duration of the project however, if there are variations, fluctuations, interest on delayed payment, etc. the BPA will be amended accordingly and resent to MoF for approval
9. Each BPA comes with system generated unique number to be used as identifier
10. Upon execution of contract and receipt of Contract Certificate(s), the MDA prepares a Blanket Release (BR) on the GIFMIS based on the BPA in 1 above. The BR shall be routed through the approval hierarchy from the MDA to MoF based on which a Warrant shall be issued to the tune of the Certificate amount.



11. The Blanket Release and the Warrant thereon, shall encumber funds on the GIFMIS by reducing available budget to the tune of that amount, and put a control in place to make sure that the appropriation is not exceeded.
12. MDAs shall then go through the P2P process on the GIFMIS to pay for the Certificate as follows:
13. Prepare Store Receipts Advice (SRA) to capture inspection instruction
14. Prepare Payment Voucher (PV), match it with the BR to be approved within the MDA. The PV after approval by the Spending Officer of the MDA shall reflect on Cash Requirement Report at the MDA's Treasury and National Treasury-CAGD
15. The National Treasury (CAGD Chief Cahier) shall issue Bank Transfer Advice (BTA) to Bank of Ghana to move funds into MDA's Sub-Consolidated Fund Bank Account.
16. MDA Treasury shall effect payment via the Electronic Funds Transfer (EFT) on GIFMIS.
17. Payment of Foreign transactions shall be done through the Treasury unit of CAGD, and then MDA is notified accordingly to offset the Liability by raising a dummy check on the GIFMIS system.





### BUSINESS PROCESS FOR CAPITAL EXPENDITURE (CAPEX)

