



MINISTRY
OF
FINANCE

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My Ref. No. MOF/BDCU/BII/01/22

Your Ref. No.

Date: 7th FEBRUARY, 2022

**ALL HONOURABLE MINISTERS
MINISTRIES/DEPARTMENTS/AGENCIES**

2022 BUDGET IMPLEMENTATION INSTRUCTIONS

Following the passage of the Appropriation Act, 2021, (Act 1074) 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 2022 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 2021 Budget

Sub-Section 1 of Section 26, of the PFM Act, 2016 (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 2021 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. Ministry of Finance will continue to issue warrants at Cost Centre level every quarter to cover MDAs payroll expenditure and allowances;
- iii. Colleague Ministers/Heads of Institutions are to ensure that all non-salary related allowances are examined and certified by their respective Internal Audit Units 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 priority areas of government. Specific warrants will be issued in respect of the priority areas in accordance with the work plans submitted by the respective MDAs.

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

ii. Implementing New Investment Projects

MDAs must be guided by relevant provisions of the Public Financial Management Act (Public Investment Management) Regulations, 2020 (L.I. 2411) to prepare necessary documentations including the following for new investment projects”:

- Project Concept Note (PCN)
- Pre-feasibility study and/or Feasibility studies depending on project size
- Pre/Feasibility Appraisal Reports by Entity Project Committees (EPC)
- Obtain a “Seal of Quality” (SOQ) from the Minister for Finance
- Update MDAs Portfolio of Projects, and
- Public Investment Plan

iii. Implementing on-going Investment Projects

In accordance with the PFM-PIM Regulations, MDAs must ensure that on-going projects are collated and presented as a portfolio of projects, which must be a first charge in the Public Investment Plan and must satisfy the following criteria:

- Projects must all be aligned to the Medium-Term Development Plans;
- Projects that are 100% physically complete but have outstanding payment balances must be prioritised for payment together with those that are 85% and above complete;
- Projects that are Development Partner (DP) funded but require some counterpart funding must be prioritised and funded; and
- Projects requiring complementary works, equipment supply and some expansion works must also be prioritised and budgeted for.

MDAs must ensure that prioritized projects are implemented and fully paid for before new investment projects are included in the Public Investment Plan and budget based on available fiscal space within the Medium Term Expenditure Framework.

iv. Judgement Debt

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 authorised to do so under the PFM Act, the Regulations or directives issued pursuant to PFM Act, or it is within the covered entity's appropriated expenditure ceilings. Principal Spending Officers are advised to avoid embarking on investment project unless there are available resources and a completed expert assessment and justification for that project.

Public Officers whose actions or inactions results in loss or deficit in public funds, or damage to public property will be surcharged in accordance with the PFMA

v. The use of Purchase Order (PO)

All contract awards for goods, services and works must be accompanied by a GIFMIS generated Purchase Order (PO). MDAs are to note that no contract is valid without a GIFMIS generated Purchase Order and it is an offence under Sub-section 1(b) of Section 98 of the PFM Act, to issue any other purchase order outside of the GIFMIS.

vi. Verification and Certification of MDAs Claims by Internal Audit Units

Internal Audit Units (IAUs) of MDAs are required to scrutinise and certify all claims submitted to MoF requesting for release of funds. It is expected that Internal Audit Units will satisfy themselves that works have been executed or goods have been supplied and received into store. In addition, the IAUs are required to complete the appropriate checklists, endorse and attach to all requests submitted to MoF. In the event that, the Head of Internal Audit Unit makes false certification, the appropriate sanctions under Section 96 of the PFM Act will be applied.

vii. Letters of Credit

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 2022 Budget.

viii. 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, the Appropriation Act for the 2022 Budget and the MDAs Retention of Funds Act, 2007 (Act 735). All IGF-generating institutions are required to process their retained IGF portions on GIFMIS. Any MDA having difficulties should contact the GIFMIS Secretariat for assistance.

ix. Tax Exemptions, Waivers and Variations

MDAs should note that the authority to grant tax exemptions is vested only in Acts of Parliament. As such, no tax exemption will be honoured unless the waiver or variation is supported by an Act of Parliament or relevant Legislative Authority.

4. For clarifications and further explanations, please call the following numbers 0501407947, 0277401363, 0501290134, and 0208301034.

5. A softcopy of the Instructions is available at the Ministry's website (www.mofep.gov.gh) while hardcopies can be obtained at the Director of Budget's Secretariat.

6. 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. Minister of State, MoF
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, GAS
All Heads of Dept./Agencies
All Regional Co-ord. Directors
All Directors of PPME
All Regional Budget Officers.



REPUBLIC OF GHANA

MINISTRY OF FINANCE

2022 BUDGET IMPLEMENTATION INSTRUCTIONS

ISSUED BY MINISTRY OF FINANCE
JANUARY 2022



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1.0 INTRODUCTION

The 2022 Appropriation Act, 2021 (Act 1074) was passed by Parliament on 17th December, 2021 and given Presidential assent on 30th December 2021. The implementation of the annual budget approved by Parliament takes effect from 1st January, 2022 in line with Section 22 (2) of the Public Financial Management Act, 2016 (Act 921) herein referred to as the PFM Act.

Section 3 of the PFM Act establishes the general responsibility for public officers for the management of Public Funds in accordance with the Act and its Regulations. In furtherance, Regulation 62 (1) of PFM Regulations, 2019, (L. I. 2378) enjoins the Budget Office to issue Budget Implementation Instructions for each financial year, detailing the procedures and requirements in implementing the approved budget.

The Ministry of Finance, hereby, issues for the attention of and compliance by all Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs) this Budget Implementation Instructions ("Instructions"), for the 2022 financial year.

It is important for all MDAs/MMDAs to note that the theme for the 2022 Budget Statement and Economic Policy is "Building a Sustainable Entrepreneurial Nation: Fiscal Consolidation and Job Creation"

The Budget will be implemented within the context of sustaining the recovery efforts from the socio-economic impact of the pandemic, getting back to pre-pandemic growth trajectory and a sustainable debt path. 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 also prioritize their programmes accordingly to fit into the approved budget.

All MDAs/MMDAs are to ensure that expenditures are in compliance with these Budget Implementation Instructions. In this regard, the Internal Audit Units of MDAs/MMDAs are to undertake and ensure expenditure scrutiny using the checklists provided in Appendix II. These instructions apply to all the funding sources, including Government of Ghana (GoG) Funds, Annual Budget Funding Amount (ABFA), Development Partner (DP) Funds, and Retained Internally Generated Funds (IGFs).

MDAs are to note and strictly comply with these Instructions in order to facilitate timely 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 outright denial of releases.

1.1 MDAs Annual Work Plan and Cash Plan

To facilitate the implementation of the 2022 budget, MDAs are required to populate the cash plan template provided on the Ministry of Finance website as well as capture their work and cash plans on the computerised budget management system (Hyperion) to inform the quarterly budget allotments. In responding to MDAs cash requirements, MoF will take into account the seasonality in the implementation of programmes and projects of MDAs and the cash projections for the quarter.

1.2 Undischarged Commitments at the end of 2021

The 2021 financial year ended on 31st December, 2021 and is officially closed to all transactions. MDAs that have undischarged commitments from 2021 and consider them as valid must therefore initiate and charge them against their approved 2022 Budget. All undischarged Compensation of Employees, Goods and Services as well as Capital expenditure commitments at the end of 2021 are to be **the first charge** on the approved 2022 Budget.

1.3 Commitment Control

Regulations 61 to 77 of the PFM Regulations requires covered entities to use the Ghana Integrated Financial Management Information System (GIFMIS) for the approval of payment vouchers for commitments made. Section 25 of the PFM Act forbids the commitment of government to expenditure obligations without an appropriated vote. It is therefore illegal to award contracts for goods, services, works or technical assistance without an approved budget. MDAs are therefore reminded to ensure that all their procurement activities are adequately funded through the approved budget.

MDAs must ensure that:

- all procurement requests relating to the fiscal year must be backed by confirmed appropriation for the year and must also be based on confirmed sources and availability of funding;
- all procurement approvals by the Entity Tender Committees (ETCs), Public Procurement Authority (PPA) and the Central Tender Review Committee (CTRC) relating to the fiscal year must be backed by the approved appropriation for that year.
- as far as possible, commitments for obligations for each specified year must be adhered to in the case of approved multi-year contracts.
- with the exception of approvals for emergency expenditures, all other approvals for new programmes, projects, and activities must be considered within the medium-term expenditure framework approved by Cabinet for the current budget year.

1.4 Letter of Guarantee / Undertaking

The practice of MDAs/MMDAs granting letters of guarantee/undertaking to contractors to secure credit facilities from financial institutions does not constitute a Government guarantee and should cease henceforth. Under no circumstance shall a Public Official sign any MOU or agreement that commits the Government of Ghana financially without any prior approval or clearance from the Minister for Finance. These actions by MDAs usually results in judgement debts to Government and therefore, flouting this directive will attract sanctions as specified under Section 96 (1) of the PFM Act.

It should be noted that as contained under Section 66 (2) of the PFM Act, The Public Debt Management Office of the Ministry of Finance shall, before the issuance of a government guarantee, assess the local government authority, public corporation or other entity to ascertain the fiscal risk of that local government authority, public corporation or other entity to the Government in respect of that guarantee. Similarly, Section 66 (10) of the PFM Act states that "A letter of intent, letter of comfort or similar letter, or an approval by Government of a borrowing to be undertaken by another entity **shall not constitute a government guarantee or any other form of legal undertaking of Government**"

1.5 Judgement Debt

As part of the measures to ensure that Government complies with its fiscal policy objectives and principles as required under Section 16 of the PFMA, there is the need to curtail the practice in the public sector of the use of Memorandums of Understanding (MoUs) to create legally binding financial liabilities for government. No public official must sign any MoU or Agreement that commits the Government financially without prior approval or clearance from the Minister for finance.

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 authorised to do so under the PFM Act, the Regulations or directives issued pursuant to PFM Act, or it is within the covered entity's appropriated expenditure ceilings.

Principal Spending Officer of Covered Entities are advised to avoid embarking on investment projects unless there is available resources and a completed expert assessment and there has been a justification for the investment project and efficiency is established.

Public Officers whose actions or inactions results in loss or deficit in public funds, or damage to public property will be surcharged in accordance with the PFMA.

2.0 REQUESTS FOR RELEASE OF FUNDS

2.1 COMPENSATION OF EMPLOYEES

2.1.1 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/MMDAs and also within the budget provisions for the year.

2.1.2 Validation of Staff for Salaries

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

2.1.3 Validation of Salary Arrears by Internal Audit Unit

The Internal Audit Units (IAUs) of MDAs/MMDAs are required to validate and certify *all* salary and salary-related arrears claims before submission to MoF. In the event that, the Head of Internal Audit Unit makes false certification, the appropriate sanctions under Section 96 of the PFM Act will be applied.

2.1.4 Non-Salary Related Allowance

The Ministry of Finance will issue quarterly allotments for all Non-Salary Related Allowances to MDAs who are expected to manage the payment of the allowances from these allotments. MDAs are to initiate the quarterly Non-Salary Related Allowances on GIFMIS using the non-salary codes and submit same to the Ministry of Finance for processing. **MDAs should not submit individual Non-Salary Related Allowances to the Ministry.** The Principal Spending Officer of the MDA must ensure that the Internal Audit Unit (IAU) validates all claims for Non-Salary Related Allowances before processing on GIFMIS. Where necessary, MDAs will be required to submit computed list of beneficiaries for review.

2.1.5 Payment of Categories 2 and 3 Allowances

Payment of Categories 2 and 3 allowances in the Public Service will be guided by the revised Administrative Rules and Procedures for implementing allowances. Principal Spending Officer of the MDA must ensure that **ONLY** those who qualify are paid subject to budget availability. MDAs should note that category 1 allowance was consolidated into the base pay and therefore ceases to exist.

2.1.6 Financial Clearance

Financial clearance is required for every recruitment whether temporary or permanent as well as replacement and contract appointments. All requests for Financial Clearance will be subjected to the MDAs approved staff strength ceiling as at 1st January 2022, as well as, favourable assessment of their Compensation of Employees Budget (established posts) at the end of the year.

2.2 GOODS AND SERVICES

To ensure that MDAs properly plan for the implementation of the 2022 approved Goods and Services budget, Ministry of Finance will continue to 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 can however, access the funds on monthly basis. MDAs are required to initiate their request for funds in line with the budget allotments 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 – water, electricity, telephone, among others;
- property rate and ground rent payment; and
- annual subscriptions to international organizations.

MDAs are no longer required to submit written requests (letters) to the Ministry of Finance for release of funds in respect of normal Goods and Services, except in cases where they relate to the key priority programmes of Government and critical expenditures. This is to facilitate the monitoring of the implementation of such programmes.

The list of priority programmes is attached as Appendix III.

2.2.1 Requests for Goods and Services Payment for Priority Programmes

Requests for payment for Goods and Services related to the priority programmes listed in Appendix III will be initiated on the GIFMIS and must be accompanied by:

- duly signed request letter from the Sector Minister, Deputy Minister or Chief Director;
- detailed breakdown of request

Reference Appendix IV for detailed process on GIFMIS.

2.2.2 Request for Warrants

Application for commitment warrants and issuance of commitment warrants shall be based on projects in the approved Public Investment Plan (PIP) included in the Programme Based Budget (PBB) document and approved by Parliament. MDAs must, therefore, be guided by Regulations 28 of the Public Financial Management Act (Public Investment Management) Regulations, 2020 (L.I. 2411).

2.2.3 Award of New Contracts

MDAs must obtain purchase orders generated from GIFMIS for the award of contracts of new projects. 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:

- any indexation to a foreign currency is done in accordance with Regulations 78 to 83 of the PFM Regulations, 2019 (LI 2378);
- there should be no advance mobilisation payment clauses; and
- no price variations.
- the projects should be in the approved PIP submitted in the PBB document to Parliament.

2.3 CAPITAL EXPENDITURE (CAPEX)

2.3.1 Authorisation of Requests

All Commencement requests initiated on GIFMIS should be approved by the Principal Spending Officers on the authority of the Minister of the MDA. In the case of the Commissions, the Head of the Commission or any of his or her Deputies may authorise

the initiation of the process. No commencement should be issued for new projects that are not in the Public Investment Plan attached to the Programme Based Budget which was approved by Parliament. The same applies to on-going investment projects.

2.3.2 Payment of Capital Projects

MDAs must initiate all payment requests in respect of capital projects on the GIFMIS. In this regard, MDAs must ensure that all requests are made against the appropriate Chart of Accounts and that there is sufficient budget allotment and the necessary procurement processes were duly followed. In addition, MDAs must ensure that the request being initiated represents the most prioritised projects in the approved Budget. The Principal Spending Officers should ensure that there is a duly completed Checklist before approving the request.

All Interim Payment Certificates should have the endorsement of the following:

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

2.3.3 Project Contract Extensions and Variations

Heads of MDAs are required to notify the Ministry of Finance before granting extensions to projects contracts or varying same with cost implications. The Ministry of Finance will not honour any claims for payment in respect of contract extensions or variations not consistent with Regulation 73 of the Public Financial Management Regulation 2019 (L.I. 2378). MDAs are also reminded to comply with Section 87 of the Public Procurement Act 2003 (Act 663).

2.3.4 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 and may propose or commit to invest in a project only after expert assessment has been completed and the justification for the investment project and efficiency is established. This includes the procurement of works and acquisition of physical and other non-financial assets with a service life of more than one year; ***contract for purchase of goods, supplies or services for a period of more than one programme year.***

2.3.5 Implementing New Investment Projects

MDAs must be guided by relevant provisions of the Public Financial Management Act (Public Investment Management) Regulations, 2020 (L.I. 2411) to prepare necessary documentations including the following for new investment projects”:

- Project Concept Note (PCN)
- Pre-feasibility study and/or Feasibility studies depending on project size
- Pre/Feasibility Appraisal Reports by Entity Project Committees (EPC)
- Obtain a “Seal of Quality” (SOQ) from the Minister for Finance
- Update MDAs Portfolio of Projects, and
- Public Investment Plan

2.3.6 Implementing on-going Investment Projects

In accordance with the PFM-PIM Regulation, MDAs must ensure that on-going projects are put together and presented as the portfolio of projects, which must be prioritised per the following criteria, and are a first charge in the development of the Public Investment Plan and the budget within the constraints of the Medium-Term Expenditure Framework consistent with the Medium-Term Fiscal Framework;

- Projects must all be aligned to the Medium-Term Development Plans;
- Projects that are 100% physically complete but have outstanding payment balances must be prioritised for payment together with those that are 85% and above complete;
- Projects that are Development Partner (DP) funded but require some counterpart funding must be prioritised and funded; and
- Projects requiring complementary works, equipment supply and some expansion works must also be prioritised and budgeted for.

MDAs must ensure the prioritized projects are implemented and fully paid for before new investment projects are included in the Public Investment Plan and budget based on available fiscal space within the Medium Term Expenditure Framework.

2.3.7 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 be valued and certified by the Land Valuation Division of the Lands Commission including beneficiaries of such compensation payment.

2.3.8 Compensation for People Affected by Projects (PABPs)

MDAs should ensure that the Land Valuation Division of the Lands Commission certifies the list of beneficiaries and the amount due each person in the case of payment of compensation for people affected by the implementation of projects. 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 Division. MDAs must, however, seek pre-approval from the Ministry of Finance before entering into any pre-financing undertaking with contractors.

3.0 PUBLIC PROCUREMENT

3.1 Compliance to the Public Procurement Act – Single Sourcing

MDAs must strictly adhere to the provisions of the Public Procurement Act, 2003 (Act 663) as amended by Public Procurement (Amendment) Act, 2016 (Act 914), especially with regard to single sourcing, which has proven to pose significant risks to fiscal policy management. MDAs must comply with the provisions in Regulation 30 of the Public Financial Management (Public Investment Management) Regulations, 2020 (L.I. 2411) on unsolicited investment project and single source procurements. MDAs must note that when items are procured through sole sourcing, the price will be subjected to value for money audit.

3.2 The use of Purchase Order (PO)

All contract awards for goods, services and works must be preceded by a GIFMIS generated Purchase Order (PO). MDAs are to note that no contract is valid without a GIFMIS generated Purchase Order and it is an offence under Sub-section 1(b) of Section 98 of the PFM Act, to issue any other purchase order outside of the GIFMIS.

4.0 OTHER GENERAL INSTRUCTIONS

4.1 Verification and Certification of MDAs Claims by Internal Audit Unit

Internal Audit Units (IAUs) of MDAs are required to scrutinise and certify all claims submitted to MoF requesting for release of funds. It is expected that Internal Audit Units will satisfy themselves that works have been executed or goods have been supplied and received into store. In addition, the IAUs are required to complete the appropriate checklists, endorse and attach to all requests submitted to MoF. In the event that, the Head of Internal Audit Unit makes false certification, the appropriate sanctions under Section 96 of the PFM Act will be applied.

4.2 Letters of Credit

All MDAs/MMDAs that have established Letters of Credit (LC) which are due for maturity in 2022, are required to discharge the claims from their 2022 approved estimates, as there is no other budgetary provision to cover the LC claims.

4.3 Lifting of Fuel by Security Agencies

All Security Agencies are informed that there is no central vote for payment of fuel lifting. Subsequently, all expenditures in respect of fuel lifting are to be met from their 2022 Goods and Services approved budget estimates.

4.4 Duties and Taxes

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

4.5 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.

4.6 Government Borrowing

In line with Article 181 of the 1992 Constitution and Section 55 (1) 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 an MDA, local government authority, public corporation or any State-Owned Enterprise should be in accordance with the relevant provisions of the PFM Act.

4.7 Development Partner Funds

All MDAs are to ensure that due processes for accessing Development Partner Funds using GIFMIS are followed to ensure proper accounting and reporting of budgetary inflow from this funding source.

4.8 Award of Contracts in Foreign Currencies

Any contract with indexation to a foreign currency is to be done in accordance with Regulations 84 of the PFM Regulations, 2019 (L.I. 2378).

4.9 Monitoring and Performance Reporting

In accordance with Sections 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. MoF scheduled monitoring visits will be undertaken to inspect project sites where necessary for validation. MDAs are to note that subsequent releases for Goods and Services will be based on receipt of previous quarters' reports consistent with Regulation 230, Sub-Regulation 2a.

(2) Where a covered entity fails to submit the monthly, quarterly or annual financial statement in accordance with these regulations, the Minister shall

(a) suspend allotment and warrant for the budget expenditure of that covered entity until the monthly, quarterly financial reports or unaudited annual financial statements are submitted;

5.0 INTERNALLY GENERATED FUND (IGF)

5.1 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, the Appropriation Act for the 2022 Budget and the MDAs Retention of Funds Act, 2007 (Act 735).

5.2 Processing of IGF Transactions

All IGF-generating institutions are required to process their retained IGF portions on GIFMIS. Any MDA having difficulties should contact the GIFMIS Secretariat for assistance.

5.3 Gross Lodgment of IGF

A Treasury Single Account (TSA) has been established under Section 46 of Act 921 to:

- i. serve as a unified structure of Government Accounts;
- ii. provide a consolidated view of Government cash resources at any given time;
- iii. receive moneys collected by covered entities; and
- iv. serve as the account from which all expenditures of the covered entities shall be funded.

Section 47 of the Act also requires all revenue receipts by covered entities to be paid and form part of the Consolidated Fund, and where provision is made for any covered entity to retain all or part of its revenue collections, expenditures from the retained funds shall be backed by an appropriation approved by Parliament.

Accordingly, all MDAs that generate NTR/IGF are required to lodge their revenue collections in gross into the NTR Holding Accounts where available, before disbursement

into their operational accounts for use consistent with the annual appropriation for 2022. MDAs that are yet to be provided with Holding Accounts are to lodge their revenue collections in gross into their respective operational accounts and ensure that expenditures incurred thereof, are within the approved annual appropriation for the 2022 financial year.

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 for Finance.*

Following from the above:

- a. 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;
- b. all contracts and agreements should quote tax-inclusive values;
- c. 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 for Finance; and
- d. no contract should be signed granting payments net of taxes.

7.0 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 PFM Act, some of which are listed below.

- (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, willfully 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 and 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.

- (4) 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.
- (5) 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, contravenes or knowingly permits another

in a loss of public resources, contravenes or knowingly permits another person to contravene a provision of this Act or the Regulations, or instigates another person to contravene a provision of this Act or the Regulations,

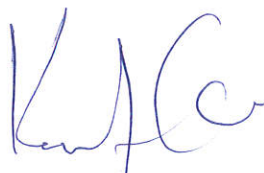
commits an offence and where no penalty is provided for the offence, is liable on summary conviction to a fine of not less than one hundred and fifty penalty units and not more than two hundred and fifty penalty units or to a term of imprisonment of not less than six months and not more than two years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

- (6) 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.

8.0 CONCLUSION

Ministry of Finance will continue to focus on facilitating MDAs and MMDAs access to funds for effective and efficient implementation of approved programmes and projects.

All MDAs and MMDAs are, therefore, expected to cooperate and strictly comply with these instructions for the smooth implementation of the National Budget to facilitate the attainment of government policy objectives as set out in the 2022 Budget Statement and Economic Policy of Government.



KEN OFORI-ATTA
MINISTER FOR FINANCE

9.0 APPENDICES

9.1 Appendix I: Attachments Required when processing requests

Works

It was agreed that the following documents must be attached for all invoices. The attachment for works are;

- Certified IPC
- contract documents
 - cover page
 - signed page
 - The pages on payment clauses
- Checklist
- The full contract document must be submitted to the Schedule Officer

Supplies

- VAT invoice
- GRA letter if exempted from Tax
- GIFMIS generated SRA - duly signed and certified by relevant officers
- Scanned copy of manual SRA
- Award letter
- Checklist

Consultancy

- VAT invoice
- Contract agreement
 - Cover page
 - Signed page
 - The pages on payment clauses
- Consultant's Report
- User acceptance report from MDA
- Checklist

Goods and Services (Flagship/Priority)

- Request from Supplier/contractor/consultant
- Checklist
- GIFMIS generated SRA - duly signed and certified by relevant officers
- Scanned copy of manual SRA
- Expenditure returns of earlier releases
- Progress Report

9.2 Appendix II: - Checklists
Checklist for Release of Compensation of Employees (Allowances/Salary Arrears)

Specify exact type of request:					
S/NO.	DESCRIPTION	YES	NO	N/A	REF PAGE
1	Is copy of Ministry of Finance approved letter attached?				
2	Are the beneficiaries entitled to the allowances?				
3	Is it category one (1) allowance?				
4	Is it category two (2), three (3) or four (4) allowances?				
5	Is the rate in line with current MoF approved levels?				
6	Are the Names, Grades and Staff IDs of beneficiaries provided?				
7	Is the request in the approved budget of the MDA?				
8	Is the request for current year?				
9	If request is for previous year, has it been validated by Internal Audit Unit?				
10	After analysis and projecting the monthly actual to cover end year, can the balance accommodate current request?				
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 Internal Audit Officer:			Signature:		
Rank:			Date:		
I certify that I have cross-checked the responses to the questions on this checklist and endorse the Officer's certification and hereby recommend for payment.					
Name of Head of Internal Audit Unit:			Signature:		
			Date:		

Checklist for Release of Funds (Supplies)

Specify exact type of request:					
S/N O.	DESCRIPTION	YES	NO	N/A	REF PAGE
1	Is the contract document attached?				
2	Is there any advance mobilization clause in the contract document?				
3	Is there any bank/insurance guarantee attached to the request?				
4	Is the award of contract letter attached?				
5	Has the Goods been fully supplied or services rendered?				
6	Is the VAT/NHIL Invoice (s), Way Bill and Stores Receipt Advice attached?				
7	Is the request in the approved budget of the MDA?				
8	Is the request denominated in the local currency?				
9	If not denominated in the local currency, was it approved by Ministry of Finance?				
10	Has payment been requested for by the executing company?				
11	Has the accuracy of the amount being paid been ascertained?				
12	Is there any evidence that the transaction is exempted from tax?				
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 Internal Audit Officer:			Signature:		
Rank:			Date:		
I certify that I have cross-checked the responses to the questions on this checklist and endorse the Officer's certification and hereby recommend for payment.					
Name of Head of Internal Audit Unit:			Signature:		
			Date:		

Checklist for Release of Funds Capital Expenditure (CAPEX)

NATURE OF REQUEST:					
S/NO	DESCRIPTION	YES	NO	N/A	REF. PAGE
1	Is the contract agreement attached?				
2	Is the award of contract letter attached?				
3	Is there any advance mobilization clause in the contract document?				
4	Is there any bank/insurance guarantee attached to the request?				
5	Has the Interim Payment Certificate (IPC) been properly endorsed?				
6	Is the request in the approved budget of the MDA?				
7	Has the Contract/Contract sum been extended/varied?				
8	If extended/varied, has it been approved by appropriate Tender Review Board?				
9	If the contract is denominated in foreign currency, was it approved by MoF?				
10	Has payment been requested for by the executing company?				
11	Has the accuracy of the amount being paid been ascertained?				
12	Is the transaction exempted from tax?				
13	If yes, is there any evidence that this transaction is exempted from tax?				
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 Internal Audit Officer:			Signature:		
Rank:			Date:		
I certify that I have cross-checked the responses to the questions on this checklist and endorse the Officer's certification and hereby recommend for payment.					
Name of Head of Internal Audit Unit:			Signature:		
			Date:		

Checklist for Release of Funds. Land Compensation

NATURE OF REQUEST:					
S/NO	DESCRIPTION	YES	NO	NA	REF PAGE
1	Has the Instrument of Acquisition been attached?				
2	Is the Instrument of Acquisition Number indicated?				
3	Does the request indicate the dimensions/hectare of the land?				
4	Is the rightful owner(s) identified and indicated?				
5	Has the value of the land been assessed by the Valuation Division of Land Commission?				
6	Is the assessed value indicated?				
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 Internal Audit Officer:			Signature:		
Rank:			Date:		
I certify that I have cross-checked the responses to the questions on this checklist and endorse the Officer's certification and hereby recommend for payment.					
Name of Head of Internal Audit Unit:			Signature:		
			Date:		

Checklist for Release of Funds. Judgment Debt

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

9.3 Appendix III: Government Priority Programmes

1. Free Senior High School Programme
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
11. National Identification Programme
12. Regional Re-organisation and Development
13. Zongo Development Fund
14. Water and Sanitation Initiative
15. Fish Landing Sites
16. Government Communication
17. Teachers Trainees Allowances
18. Nurses Trainees Allowances
19. Business Development

9.4 Appendix IV: GIFMIS Business Process

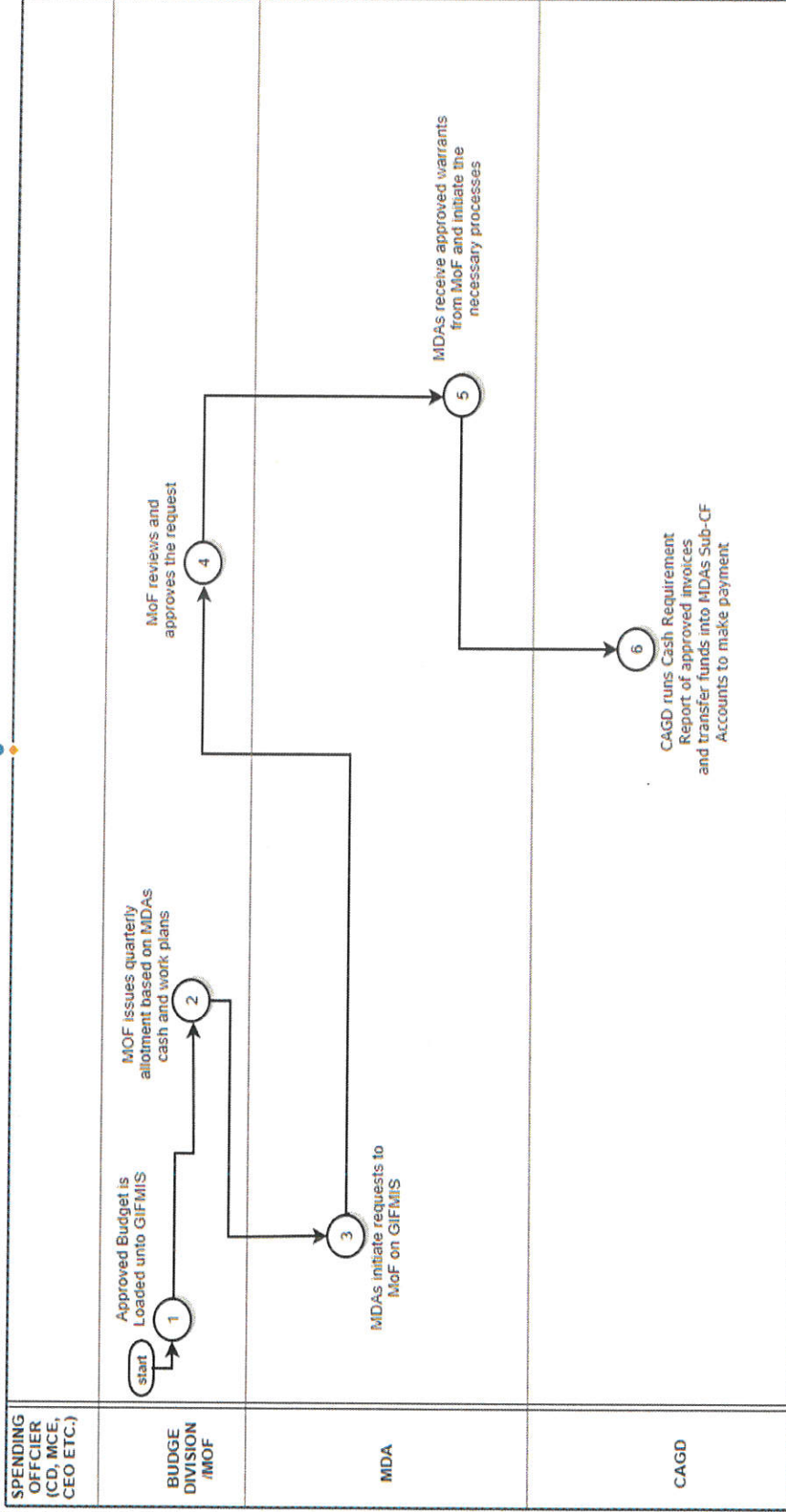
Business Process for Non Salary Related Allowances

1. MoF issues quarterly Budget Allotment based on MDAs cash and work plans
2. MDAs initiate requests to MoF on GIFMIS.
3. MoF reviews and approves the request.
4. MDAs receive approved warrants from MoF and initiates the necessary processes.

These steps have been designed diagrammatically as below



Business Process for Non Salary-Related Allowance



Business Process for Goods and Services (Normal)

MoF Responsibilities

1. MoF issues quarterly allotment based on MDAs cash and work plans
2. MDAs initiate their request based on quarterly budget allotment issued by MoF (using WebADI)
3. MoF reviews and approves the request

MDA Responsibilities

Follow the steps below when Warrants are approved on the system.

- i. Send Request Memo for approval (Manual)
- ii. Create Requisition on GIFMIS (A.E.&I)
- iii. Send requisition for Approval
- iv. Spending officer/Head of Section, etc. approves the request
- v. Select supplier (manual)
- vi. Create PO and Send PO for Approval
- vii. Print PO on GIFMIS.
- viii. Give a copy of printed PO to the supplier (manual)
- ix. Supplier delivery (manual)
- x. Goods inspected and taken on charge (manual)
- xi. Enter results/details on the system (i.e. create SRA)
- xii. Collect and book invoice on the system
- xiii. Match invoice to SRA/PO (the exact amount to be paid is now determined)
- xiv. Validate invoice (i.e. check to make sure rules are adhered to)
- xv. Create Accounting on the invoice (i.e. the account to be debited and credited). This represents PVs that can be printed from the system.
- xvi. Send invoice for Approval

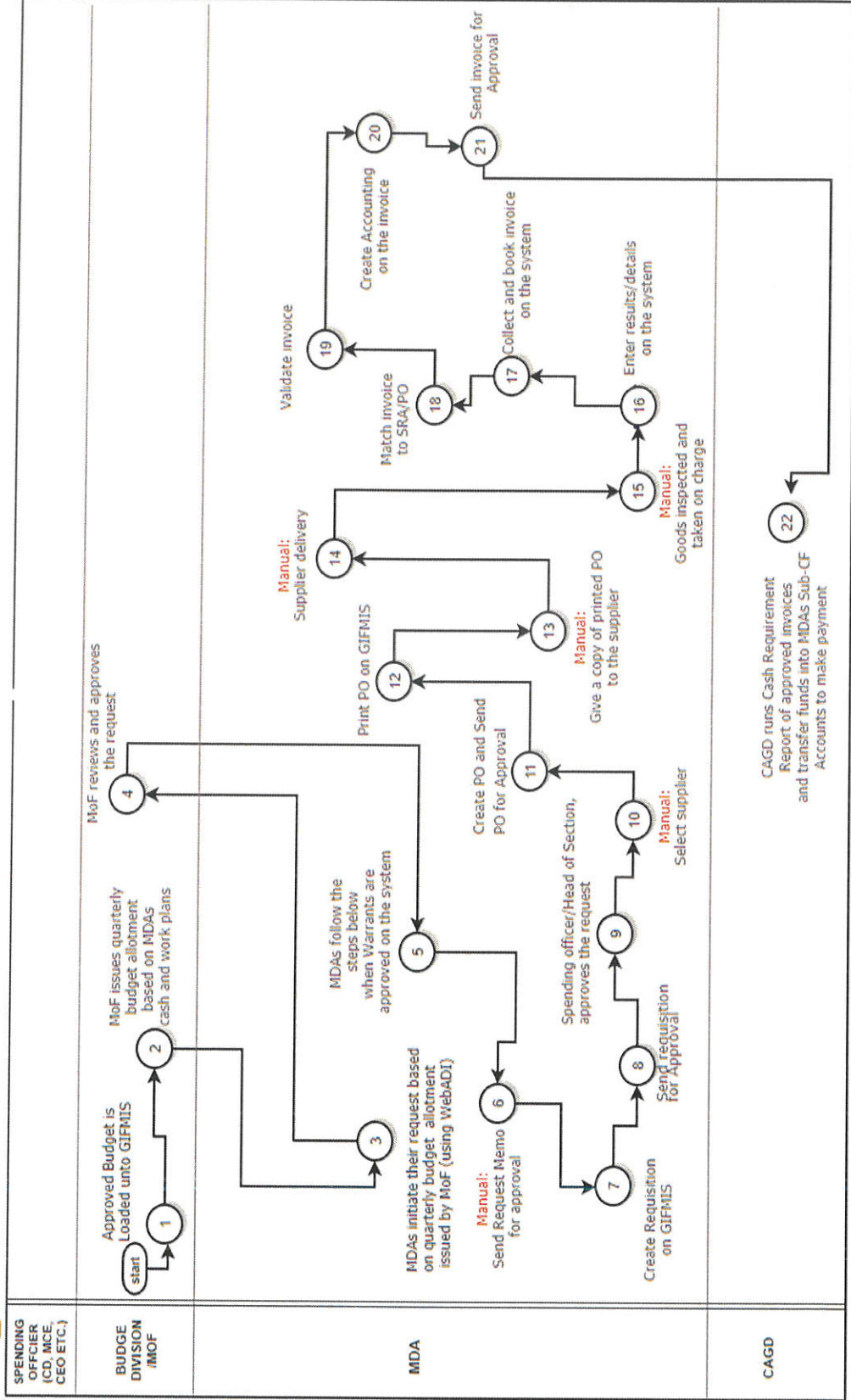
CAGD Responsibilities

1. 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.

MDAs effect payments on the system via Electronic Funds Transfer for 3rd parties



Business Process for Goods and Services (Normal)



Business Process for Goods and Services (Priority/Flagship Programmes)

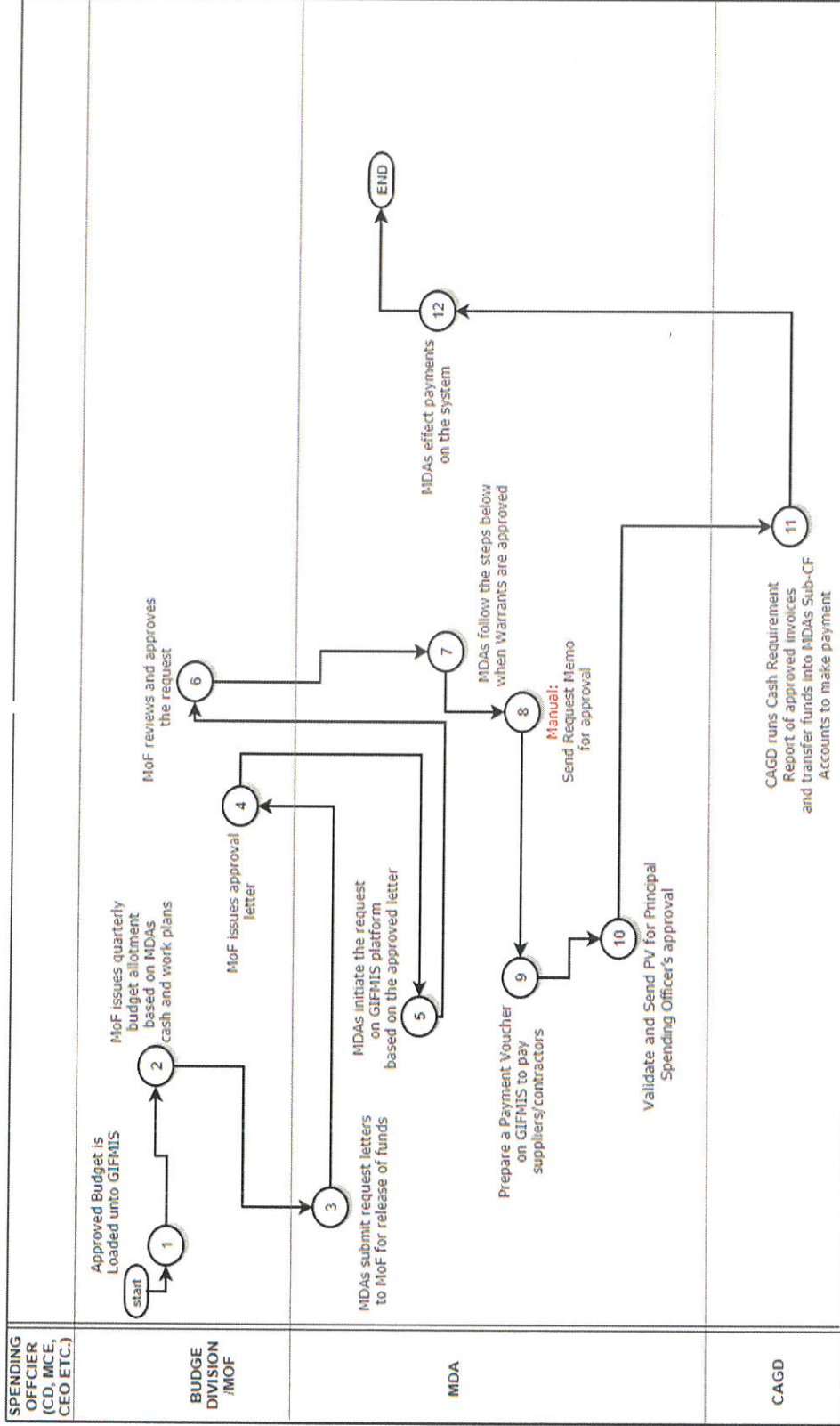
1. MoF issues quarterly budget allotment based on MDAs cash and work plans.
2. MDAs submit request letters to MoF for release of funds.
3. MoF issues approval letter.
4. MDAs initiate the request on GIFMIS platform based on the approved letter.
5. MoF reviews and approves the request.
6. MDAs follow the steps below when Warrants are approved on the system.
 - i. Send Request Memo for approval (Manual)
 - ii. Prepare a Payment Voucher on GIFMIS to pay suppliers/contractors.
 - iii. Validate and Send PV for Principal Spending Officer's approval
7. CAGD runs Cash Requirement Report of approved invoices and transfer funds into MDAs Sub-CF Accounts to make payment.
8. MDAs effect payments on the system.

These steps have been designed diagrammatically as below

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



Business Process for Goods and Services (Priority/Flagship Programmes)



Business Process for Capital Expenditure (CAPEX)

1. MDAs check from the Funds inquiry at the appropriation level whether that particular asset has been budgeted for and supported by adequate budget allotment.
2. MDAs initiate a Requisition and select the supplier for the existing project on GIFMIS and forward to MOF (***NB. Do not select a supplier for new project***).
3. Warrant is processed at MoF on GIFMIS and approved alongside the Requisition.
4. MDAs receive notification of the approved Requisition
5. MDAs go through procurement or tendering process (**for new project**)
6. Upon completion of works, supply of goods and provision of services, the consultants submit relevant documents which is booked on the GIFMIS as invoices and matched to the purchase order.
7. Scan and attach all the necessary documentation for onward submission to Ministry of Finance on GIFMIS. The invoices are submitted to MoF for final approval.



Business Process for CAPEX

