

### 2024 BUDGET IMPLEMENTATION INSTRUCTIONS

Following the passage of the Appropriation Act, 2023, (Act 1113) 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 2024 Budget.

2. Covered Entities are to note that government is implementing an IMF supported Post Covid 19-Programme of Economic Growth (PC-PEG) aimed at restoring macroeconomic stability and debt sustainability, build resilience through the implementation of wide-ranging and strong structural reforms.

3. The Instructions provide information on the procedures for accessing funds in respect of Compensation of Employees, Goods and Services and Capital Expenditures.

4. 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 2023 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 2023 approved budget has expired.

#### **b. Government Expenditure Control Measures**

In line with Government's fiscal consolidation process, key expenditure measures in 2024 Budget includes:

- Implementation of the Spending Arrears Clearance and Prevention Strategy approved by Cabinet;
- Operationalizing a Compliance Desk as part of the internal audit function of the Ministry of Finance;
- Enforcing the endorsement of the Commitment Control Compliance Checklist (CCCC) which has been developed. All Spending Officers of Covered Entities are therefore required to sign-off an award of contract to commit public funds using the CCCC that has been certified by the Internal Audit Unit of the Covered Entity (attached as appendix);
- The role of Principal Spending Officers and Internal Audit Agency for effective and efficient operationalization of the Compliance Desk is attached as appendix.

All public officers, particularly Principal Spending Officers of covered entities will be held to the strict application of the administrative and criminal sanctions specified in Sections 96 to 98 of the Public Financial Management Act for various contraventions of the Act and its Regulations, particularly provisions relating to expenditure control.

### **c. Compensation**

Covered Entities are to note that there is a freeze on employment in the Public Sector for 2024.

### **d. Goods and Services Expenditure**

Ministry of Finance will continue to issue quarterly budget allotments and warrants to the Controller and Accountant-General Department with copies to all Covered Entities at the beginning of every quarter to cover normal Goods and Services. Covered Entities can however, access the funds on monthly basis and 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.

Covered Entities 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.

### **e. Capital Expenditures**

#### **i. Award of New Contracts**

Covered Entities must be guided by relevant provisions of the Public Financial Management Act (Public Investment Management) Regulations, 2020 (L.I. 2411) to prepare necessary documentation 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

Additionally, Covered Entities awarding new contracts must ensure that:

- there is no indexation to foreign currency;
- there should be no advance mobilisation payment clauses; and
- no price variations;
- the projects are in the approved PIP submitted in the PBB document to Parliament.

Covered Entities must also note that Public Procurement Authority (PPA) approvals do not constitute permission to award new contracts.

#### **ii. Implementing on-going Investment Projects**

Covered Entities must adhere to the following:

- Projects must all be aligned to 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.

Covered Entities must ensure that 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.

Principal Spending Officers of Covered Entities are expected to undertake only critical expenditures for the 2024 fiscal year, as much as practicable, projects that are not critical should be deferred until further notice.

### **iii. Processing of IGF Transactions**

All IGF-generating institutions are required to process their retained IGF portions on GIFMIS and submit GIFMIS generated monthly returns to MoF. Any Covered Entity having difficulties should contact the GIFMIS Secretariat for assistance. Note that Covered Entities cannot spend beyond what was appropriated unless provision is made for during the Mid-year Budget.

### **iv. Judgement Debt**

In the process of implementing the Budget, Covered Entities are advised not to enter into transactions or contractual obligations that are likely to end up in a judgement debt to the state. MDAs are also to take note that any judgment debt incurred by them in violation of this directive will be paid from their Goods and Services Budget and the operations involving the occurrence of the judgment debt subjected to forensic audit. Public Officers whose actions or inactions result in loss or deficit in public funds, or damage to public property will be surcharged in accordance with Section 97 of the PFMA.

### **v. Validation of Salary Arrears by Internal Audit Unit**

The Internal Audit Units (IAUs) of Covered Entities are required to validate and certify all salary arrears before submission to MoF. In the event that, the Head of Internal Audit Unit or any person makes false certification, the appropriate sanctions under Section 96 of the PFM Act will be applied.

### **vi. Validation of Staff for Salaries**

Heads of Covered Entities are required to ensure that only staff at post are validated monthly to receive salaries. Any Public Officer whose actions and or inactions result in the payment of unearned salaries will be sanctioned in line with Section 96 of the PFM Act.

### **vii. Letter of Guarantee/Undertaking**

Despite the provisions in Section 66 (2) of the PFM Law, all Covered Entities and SOEs are to note that, in line with the IMF Supported PC-PEG Programme, no guarantees will be issued in 2024.

### **viii. 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 Covered Entities or State-Owned Enterprises (SOEs) should be in accordance with the relevant provisions of the PFM Act. As part of efforts to ensure Ghana's debt dynamics is sustainable, Government has placed a zero ceiling on any collateralised debt over revenue streams or other assets for all Covered Entities and SoEs. In addition, Government will maximise the use of concessional financing primarily for infrastructure provision.

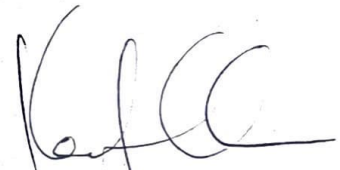
### **ix. Tax Exemptions, Waivers and Variations**

Covered Entities should note that the authority to grant tax exemptions is vested only in 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.

5. For clarifications and further explanations, please call the following numbers 0501407947, 0267588227.
6. A softcopy of the Instructions is available at the Ministry's website ([www.mofep.gov.gh](http://www.mofep.gov.gh)) while hardcopies can be obtained at the Director of Budget's Secretariat.
7. Thank you.

#### **DISTRIBUTION**

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REPUBLIC OF GHANA

# MINISTRY OF FINANCE

## 2024 BUDGET IMPLEMENTATION INSTRUCTIONS

**ISSUED BY MINISTRY OF FINANCE  
JANUARY 2024**





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## 1.0 INTRODUCTION

The Ministry of Finance hereby issues the **Budget Implementation Instructions** (“Instructions”) in line with the Public Financial Management Act, 2016, Act 921 to guide all Ministers (Principal Account Holders), Chief Directors (principal Spending Officers) as well as Heads of all Covered Entities in the implementation of the 2024 Budget Statement and Economic Policy.

This follows the passage of the Appropriation Act, 2023 (Act 1113) by Parliament on 23<sup>rd</sup> December, 2023 and Presidential assent on 29<sup>th</sup> December, 2023. The detailed appropriated amount for all Covered Entities in 2024 can be retrieved from <https://mofep.gov.gh/sites/default/files/budget-statements/2023-Appropriation-Act.pdf>

It must be noted that these instructions are provided within the regulatory and policy context of:

- i. the PFM Act, (2016) Act 921; PFM Regulations, (2019) LI 2378, as well as other PFM related laws that support the achievement of the fiscal objectives of the annual approved budget; and
- ii. The implementation of the IMF-backed PC-PEG programme with its focus on fiscal and debt sustainability.

The instructions provide information on the procedures for accessing funds, including Government of Ghana (GoG) Funds, Annual Budget Funding Amount (ABFA), Development Partner (DP) Funds, and Retained Internally Generated Funds (IGFs) in respect of Goods and Services, Capital Expenditure and Compensation of Employees. Accordingly, appendix II has been attached as a checklist to enable designated officers to scrutinize expenditures.

Consistent with the provisions of the PFM Act and the PFM Regulations, colleague Minister and heads of all Covered Entities are kindly requested to note and comply, especially with the following:

### 1.1 Expiration of 2023 Budget

Section 26, sub-section 1 of Act 921 is clear that each appropriation approved by Parliament shall cease to have effect at the close of the financial year in respect of the appropriation made. As a result, and in effect, the 2023 approved and appropriated budget has expired.



## **1.2 Undischarged Commitments at the end of 2023**

MDAs that have undischarged commitments must therefore initiate and charge them against their approved 2024 Budget. All undischarged Compensation of Employees, Goods and Services as well as Capital Expenditure commitments at the end of 2023 are to be **the first charge** on the approved 2024 Budget.

## **1.3 MDAs Annual Work and Cash Plans**

In line with Section 31 of the PFM Act 2016, Act 921 and Regulation 62 (2 & 3) of the PFM Regulations 2019, LI 2378, MDAs are required to capture their work and cash plans on the Computerised Budget Management System (Hyperion) as well as populate the cash plan template provided on the Ministry of Finance website 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. As much as possible, the cash plan must be evenly spread except the implementation of the programme or activity is highly seasonal. Covered Entities are reminded to revise their cash plans on a quarterly basis to reflect the allotments received in the course of the year and remaining requirements.

## **1.4 Government Expenditure Control Measures**

In line with Government's fiscal consolidation process, key expenditure measures in 2024 Budget includes:

- Implementation of the Spending Arrears Clearance and Prevention Strategy approved by Cabinet;
- Operationalizing a Compliance Desk as part of the internal audit function of the Ministry of Finance;
- Enforcing the endorsement of the Commitment Control Compliance Checklist (CCCC) which has been developed. All Spending Officers of Covered Entities are therefore required to sign-off an award of contract to commit public funds using the CCCC that has been certified by the Internal Audit Unit of the Covered Entity (attached as appendix);
- The role of Principal Spending Officers and Internal Audit Agency for effective and efficient operationalization of the Compliance Desk is attached as appendix.

All public officers, particularly Principal Spending Officers of covered entities will be held to the strict application of the administrative and criminal sanctions specified in Sections 96 to 98 of the Public Financial Management Act for various contraventions of the Act and its Regulations, particularly provisions relating to expenditure control.

### **1.5 Commitment Control**

- i. MDAs are to ensure that all procurement activities and commitments are within their 2024 approved budget in line with section 25 of the PFM Act.
- ii. Principal Spending Officers are to ensure that Government is not committed to any financial liability, unless specifically authorized to do so, as expressed in Section 25 (4) of the PFM Act,
- iii. Covered entities are to ensure that all procurement requests relating to this fiscal year are backed by confirmed appropriation, source and availability of funding;
- iv. Covered Entities are to strictly comply with Regulations 61 to 77 of the PFM Regulations, including the use of the Ghana Integrated Financial Management Information System (GIFMIS) for the approval of payment vouchers for all commitments made.

Covered Entities must, in addition, ensure that:

- as far as possible, commitments for obligations for each specified year must be adhered to in the case of approved multi-year commitments.
- 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 the Cabinet for the current budget year.
- they implement their ABFA Budget in line with Section 8 of the Petroleum Revenue Management Act, 2011 (Act 815).

### **1.6 Judgement Debt**

MDAs are reminded not to enter into transactions or contractual obligations that are likely to end up in a judgement debt to the state. Covered Entities are to take note that any judgment debt incurred in violation of this directive will be charged to their Goods and Services Budget and the operations involving the occurrence of the judgment debt subjected to forensic audit. Public Officers whose actions or inactions result in loss or deficit in public funds, or damage to public property will be surcharged in accordance with Section 97 of the PFM Act.

Principal Spending Officers of Covered Entities are advised to avoid embarking on

investment projects unless there are available resources, a completed expert assessment and there has been a justification for the investment project and efficiency is established.

## **2.0 REQUESTS FOR RELEASE OF FUNDS**

### **2.1 Compensation of Employees**

#### **2.1.1 Validation of Staff for Salaries**

Heads of Covered Entities are required to ensure that only staff at post are validated monthly to receive salaries. Any Public Officer whose actions and or inactions result in the payment of unearned salaries will be sanctioned in line with Section 96 of the PFM Act.

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

The Internal Audit Units (IAUs) of Covered Entities must validate and certify all salary arrears before submission to MoF. In the event that the Head of Internal Audit Unit or any person makes false certification, the appropriate sanctions under Section 96 of the PFM Act will be enforced.

#### **2.1.3 Non-Salary Related Allowance**

Covered Entities are to initiate the quarterly Non-Salary Related Allowances on GIFMIS using the non-salary related allowances codes and submit same to the Ministry of Finance for processing. Covered Entities should not submit individual Non-Salary Related Allowances to the Ministry of Finance.

The Principal Spending Officer of all Covered Entities 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 a computed list of beneficiaries for review.

#### **2.1.4 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 (2019 Revised Administrative Rules and Procedures for Implementing Categories 2 and 3 allowances in the Public Service).

Principal Spending Officers of Covered Entities must ensure that ONLY those who qualify are paid subject to budget availability. Covered Entities should note that category 1 allowances were consolidated into the base pay and therefore cease to exist. No Covered Entities will be permitted to use funds under Category 1 allowances.



### **2.1.5 Financial Clearance**

Covered Entities are to note that there is a freeze on employment into the Public Sector for 2024.

### **2.2 Goods and Services**

To facilitate planning and implementation of approved Goods and Services budget, Ministry of Finance will continue to issue quarterly budget allotments and warrants to the Controller and Accountant-General Department to cover normal Goods and Services. However, Covered Entities can access the funds on monthly basis and 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.

Covered Entities 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/critical expenditures. ***The list of priority programmes is attached as Appendix III.***

Requests for payment for Goods and Services related to the priority programmes listed in Appendix III must 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

Covered Entities shall prepare a WEB ADI (Application Desktop Integrator) which would create a Journal on GIFMIS to be forwarded to MOF for final approval. Once it is approved at MOF, the funds are available for the Covered Entity to start their P2P (Procure to Pay) business processes.

### **2.3 Capital Expenditure (CAPEX)**

#### **2.3.1 Award of New Contracts**

Covered Entities must be guided by relevant provisions of the Public Financial Management (Public Investment Management) Regulations, 2020 (L.I. 2411) and the Public Private Partnership Act, 2020 (Act 1039) to prepare necessary documentation including the following for new investment projects:

- Project Concept Note (PCN);
- Pre-feasibility study and/or Feasibility studies depending on project size;

- Obtain a “Seal of Quality” (SOQ) from the Minister for Finance;
- Update MDAs Portfolio of Projects; and
- Public Investment Plan.

Additionally, Covered Entities awarding new contracts must ensure that:

- there is no indexation to a foreign currency;
- there should be no advance mobilisation payment clauses; and
- No room for price variations;
- the projects should be in the approved PIP submitted in the PBB document to Parliament.

Covered Entities must also note that PPA approval does not constitute permission to award new contracts to commit government.

### **2.3.2 Authorisation of Requests**

All Commencement requests initiated on GIFMIS should be approved by the Principal Spending Officer on the authority of the Hon. Minister for the MDA. In the case of the Commissions, the Head or Deputy may authorise the initiation of the process. No commencement should be initiated for new projects that are not in the Public Investment Plan and the 2024 Budget. The same applies to on-going investment projects.

### **2.3.3 Approval of Requisitions**

Application and approval of requisitions shall be based on projects in the approved Public Investment Plan (PIP) included in the Programme Based Budget (PBB), allotment and approved by Parliament. Covered Entities must, therefore, be guided by Regulations 28 of the Public Financial Management (Public Investment Management) Regulations, 2020 (L.I. 2411).

### **2.3.4 Payments for Capital Projects**

Covered Entities must initiate all payment requests for capital projects on the GIFMIS. In this regard, Covered Entities 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, Covered Entities must ensure that the request being initiated represents the most prioritised projects in the approved Budget and must be in line with Regulations 78 to 83 of L.I 2378. 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 (minimum of two, including the consultant and awarding agency):

- the Project 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.

### **2.3.5 Project Contract Extensions and Variations**

Principal Spending Officers are required to notify the Ministry of Finance before granting extensions to project contracts or varying same with cost implications. The Ministry of Finance will not honour any claim for payment in respect of contract extensions or variations that is not consistent with Regulation 73 of the Public Financial Management Regulation 2019 (L.I. 2378). Covered Entities are also reminded to comply with Section 87 of the Public Procurement Act 2003 (Act 663).

### **2.3.6 Implementing on-going Investment Projects**

Covered Entities must adhere to the following:

- Projects must 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.

### **2.3.7 Payment of Contracts in Foreign Currency**

Payment of 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).

### **2.3.8 Provision of Information on Price Margins**

In establishing formulas for variation, efforts should be made to first establish the margin for the various contracts before coming out with the price margins.

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

Covered Entities 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.

### **2.3.10 Compensation for People Affected by Projects (PAbPs)**

Covered Entities 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. Covered Entities must, however, seek pre-approval from the Ministry of Finance before entering into any pre-financing undertaking with contractors.

## **3.0 PUBLIC PROCUREMENT**

Compliance with the Public Procurement Act – Single Sourcing

Covered Entities must strictly adhere to the provisions of the Public Procurement Act, 2003 (Act 663), especially with regard to single sourcing, which has proven to pose significant risks to fiscal policy management. Covered Entities must note that when items are procured through sole sourcing, the contract shall be subjected to value for money audit.

### **3.2 The use of Purchase Orders (PO)**

All contract awards for goods, services and works must be preceded by a GIFMIS generated Purchase Order (PO). Covered Entities 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 and Regulation 72 of the PFM Regulation, 2019, L.I. 2378, to issue any other purchase order outside of the GIFMIS.

## **4.0 INTERNALLY GENERATED FUND (IGF)**

### **4.1 Gross Lodgment of IGF**

All Covered Entities 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 2024. Covered Entities 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 2024 financial year.

### **4.2 Retention of Internally Generated Funds (IGF)**

Covered Entities under the Public Financial Management Act, 2016 (Act 921) 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 2024 Budget and the MDAs Retention of Funds Act, 2007 (Act 735).

#### **4.3 Processing of IGF Transactions**

All IGF-generating institutions are required to process their retained IGF portions on GIFMIS and submit GIFMIS generated monthly returns to MoF. Any Covered Entity having difficulties should contact the GIFMIS Secretariat for assistance.

**Note that Covered Entities cannot spend beyond what was appropriated unless provision is made for during the Mid-year Budget.**

### **5.0 OTHER GENERAL INSTRUCTIONS**

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

Internal Audit Units (IAUs) of Covered Entities are required to scrutinise and certify all claims prior to submission to MoF. 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 or any person makes false certification, the appropriate sanctions under Section 96 of the PFM Act will be applied.

#### **5.2 Letters of Credit**

All Covered Entities that have established Letters of Credit (LC) which are due for maturity in 2024, are required to discharge the claims from their 2024 approved estimates, as there is no other budgetary provision to cover the LC claims. No Covered Entities/SOE must establish any Letter of Credit for the 2024 financial year.

#### **5.3 Letter of Guarantee / Undertaking**

Despite the provisions in Section 66 (2) of the PFM Law, all Covered Entities and SOEs are to note that, in line with the IMF Supported PC-PEG Programme, no guarantees will be issued in 2024.

#### **5.4 Government Borrowing**

All borrowing by Covered Entities or State-Owned Enterprises (SOEs) should be in accordance with the relevant provisions of the PFM Act. As part of efforts to ensure Ghana's debt dynamics is sustainable, Government has placed a zero ceiling on any collateralised debt over revenue streams or other assets for all Covered Entities and SoEs. In addition, Government will maximise the use of concessional

financing primarily for infrastructure provision.

#### **5.4.1 Borrowing by Local Government, Public Corporations and State-Owned Enterprises**

All local government authorities, public corporations and SOEs are reminded that, in accordance with Section 73, a local government authority, a public corporation, or an SOE is liable for its debt and any other obligations without recourse to the Government.

Local government authority, public corporations or SOEs are also reminded that in accordance with Section 74 and 76 of the PFM Act, a local government authority, a public corporation or an SOE may borrow funds up to the limit determined by the Minister for Finance.

#### **5.4.2 Ceiling on Contracting of Non-Concessional Borrowing**

In view of our debt levels, there is strict adherence to non-concessional borrowing. There is an annual limit for contracting and or guaranteeing of non-concessional external debt. This limit applies to all Covered Entities/SOEs.

All Covered Entities or SOEs shall not initiate new projects through non-concessional sources in 2024.

#### **5.4.3 Credit Risk Assessment**

Covered Entities seeking government support in the form of guarantee and/or on-lending facilities will be evaluated through the Credit Risk Assessment Framework (CRAF) before any request is granted.

As part of the implementation of the Fees and Charges Act, 2022 (Act 1080), Covered Entities are required to pay an upfront fee and a non-refundable charge when requiring support from Government with respect to Guarantees, On-lending facilities, and "No-Objection" to borrow on their own books.

#### **5.4.4 Reporting Requirements by State-Owned Enterprise**

SOEs shall report on any new borrowings including overdrafts and any securities/investments. The report should be submitted to the Minister for Finance 21 working days after the end of each quarter. The Ministry would like to remind all SOEs of this provision in section 77 of the PFM Act.

#### **5.5 Development Partner Funds**

All Covered Entities are to ensure that the GIFMIS platform is used for processing Development Partner Funds to ensure proper accounting and reporting of



budgetary inflow from this funding source.

### **5.6 Duties and Taxes**

All Covered Entities 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.

Covered Entities should note that they are required to pay VAT, NHIL, GETFund Levy and COVID-19 Levy on all imported services. Provision for these taxes should therefore be made when signing contracts for services with non-resident persons.

Covered Entities are further reminded that they must withhold the appropriate taxes on income and VAT where the Income Tax Act and Value-Added Tax Act requires them to do so.

### **5.7 Monitoring and Performance Reporting**

In accordance with Sections 27, 30 and 34 of the PFM Act, 2016 (Act 921), all Covered Entities 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.

Covered Entities 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;*

### **5.8 Social Intervention Programmes**

All Covered Entities that have responsibility for implementing social intervention programmes are required to submit detailed quarterly reports and expenditure returns on the programmes to MoF. Covered Entities must note that these will be monitored and must put all strategies in place to ensure smooth implementation and efficiency.

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

The authority to grant tax exemptions is vested only in Parliament.

For the benefit of this guideline please note the following:

Under Section 4 of the Act;

- a) A person shall not be granted an exemption unless that person is entitled to the exemption under the Act.
- b) A person shall not grant an exemption to another person unless the person is authorised to grant the exemption under the Act.
- c) A person shall not waive or vary a domestic indirect tax or enter into an agreement to waive or vary a domestic indirect tax unless expressly provided for under the Act or the relevant tax law.
- d) An exemption granted to a person cannot be transferred to another person.
- e) No person shall waive or vary a tax, levy, rate, duty, fee or a charge imposed by a Local Government Authority unless the waiver or variation is authorised under a bye-law of the Local Government Authority.

**Covered Entities should refer to section 32(2)(3) of the Exemption Act, 2022 (Act 1083) for offences and penalties related to violating the exemptions Act.**

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

The Ministry of Finance wishes to bring to the attention of all Covered Entities the offences and penalties indicated in Section 96 of the PFM Act. Covered Entities are encouraged to familiarize themselves with the PFM Act since ignorance of the law cannot be an excuse.

Under the reforms announced in paragraph 299-303 of the Budget Statement and Economic Policy, the Ministry of Finance has established the Public Financial Management Compliance Desk to monitor and report on the implementation of compliance measures in collaboration with the Internal Audit Agency.

## **8.0 CONCLUSION**

The Ministry of Finance will continue to focus on facilitating Covered Entities access to funds for effective and efficient implementation of the 2024 Budget.

Subsequent upon the constraints stated in the 2024 Budget, all Covered Entities are expected to undertake only critical expenditures for the 2024 fiscal year. As much as practicable, projects that are not critical should be deferred until further notice.

All Covered Entities 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 2024 Budget Statement and Economic Policy of Government.

A handwritten signature in black ink, appearing to read 'Ken Ofori-Atta', written in a cursive style.

**KEN OFORI-ATTA**  
**MINISTER FOR FINANCE**



## **9.1 APPENDICES**

### **Appendix I: Attachments Required when processing requests**

It is required that the following documents are scanned and attached for all invoices. All Covered Entities must ensure that all attached scanned copies are of the original document and must be eligible. Any request with attached documents that are difficult to read will be rejected outright.

#### **Works**

The attachment for works are;

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

#### **Supplies**

- VAT Invoice / GRA approval for company to issue own Invoice
- GRA letter if exempted from Tax
- GIFMIS generated SRA - duly signed and certified by relevant officers or
- Scanned copy of manual SRA
- Award letter
- Checklist
- PPA Approval letter

#### **Consultancy**

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

#### **Goods and Services (Flagship/Priority)**

- Request from MDA
- Request from supplier/contractor/consultant
- Checklist
- GIFMIS generated SRA - duly signed and certified by relevant officers or

- Scanned copy of manual SRA
- Expenditure returns of earlier releases
- Progress report

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

**NATURE OF REQUEST:**

**AMOUNT:**

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.

<b>Name of Internal Audit Officer:</b>	<b>Signature:</b>
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<b>Rank:</b>	<b>Date:</b>
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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.

<b>Name of Head of Internal Audit Unit:</b>	<b>Signature:</b>
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	<b>Date:</b>
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**Checklist for Supplies e. g. motor vehicle, computers, stationery**

<b>NATURE OF REQUEST:</b>					
<b>AMOUNT:</b>					
<b>S/N O.</b>	<b>DESCRIPTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REF PAGE</b>
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.					
<b>Name of Internal Audit Officer:</b>			<b>Signature:</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 Officer's certification and hereby recommend for payment.					
<b>Name of Head of Internal Audit Unit:</b>			<b>Signature:</b>		
			<b>Date:</b>		

**Checklist for Services e.g. Fumigation etc**

<b>NATURE OF REQUEST:</b>					
<b>AMOUNT:</b>					
<b>S/N O.</b>	<b>DESCRIPTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REF PAGE</b>
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 work been fully done?				
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.					
<b>Name of Internal Audit Officer:</b>			<b>Signature:</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 Officer's certification and hereby recommend for payment.					
<b>Name of Head of Internal Audit Unit:</b>			<b>Signature:</b>		
			<b>Date:</b>		

**Checklist for Release of Funds Capital Expenditure (CAPEX) e.g. road construction, sea defence, office building, school building etc.**

**NATURE OF REQUEST:**

**AMOUNT:**

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.

<b>Name of Internal Audit Officer:</b>	<b>Signature:</b>
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<b>Rank:</b>	<b>Date:</b>
--------------	--------------

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.

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



**Checklist for Release of Funds: Land Compensation**

<b>NATURE OF REQUEST:</b>					
<b>AMOUNT:</b>					
<b>S/NO</b>	<b>DESCRIPTION</b>	<b>YES</b>	<b>NO</b>	<b>NA</b>	<b>REF PAGE</b>
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?				
7	Is the holder of the Power of Attorney attached?				
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 Internal Audit Officer:</b>			<b>Signature:</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 Officer's certification and hereby recommend for payment.					
<b>Name of Head of Internal Audit Unit:</b>			<b>Signature:</b>		
			<b>Date:</b>		

**Checklist for Release of Funds. Judgment Debt**

<b>NATURE OF REQUEST:</b>					
<b>S/NO</b>	<b>DESCRIPTION</b>	<b>YES</b>	<b>NO</b>	<b>NA</b>	<b>REF PAGE</b>
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 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.

<b>Name of Internal Audit Officer:</b>	<b>Signature:</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 Officer's certification and hereby recommend for payment.

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

### **Appendix III: Government Priority Programmes**

1. Road Infrastructure
2. Free Senior High School Programme
3. School Feeding Programme
4. Livelihood Empowerment Against Poverty
5. Nursing Trainee Allowances
6. Planting for Food and Jobs
7. Infrastructure for Poverty Eradication Programme
8. Railways Development
9. Teacher Trainee Allowances
10. National Identification Authority
11. One District One Factory Programme
12. Water and Sanitation Initiative
13. Regional Reorganisation and Development
14. Fish Landing Sites
15. Micro Finance and Small Loans Centre
16. Zongo Development Fund

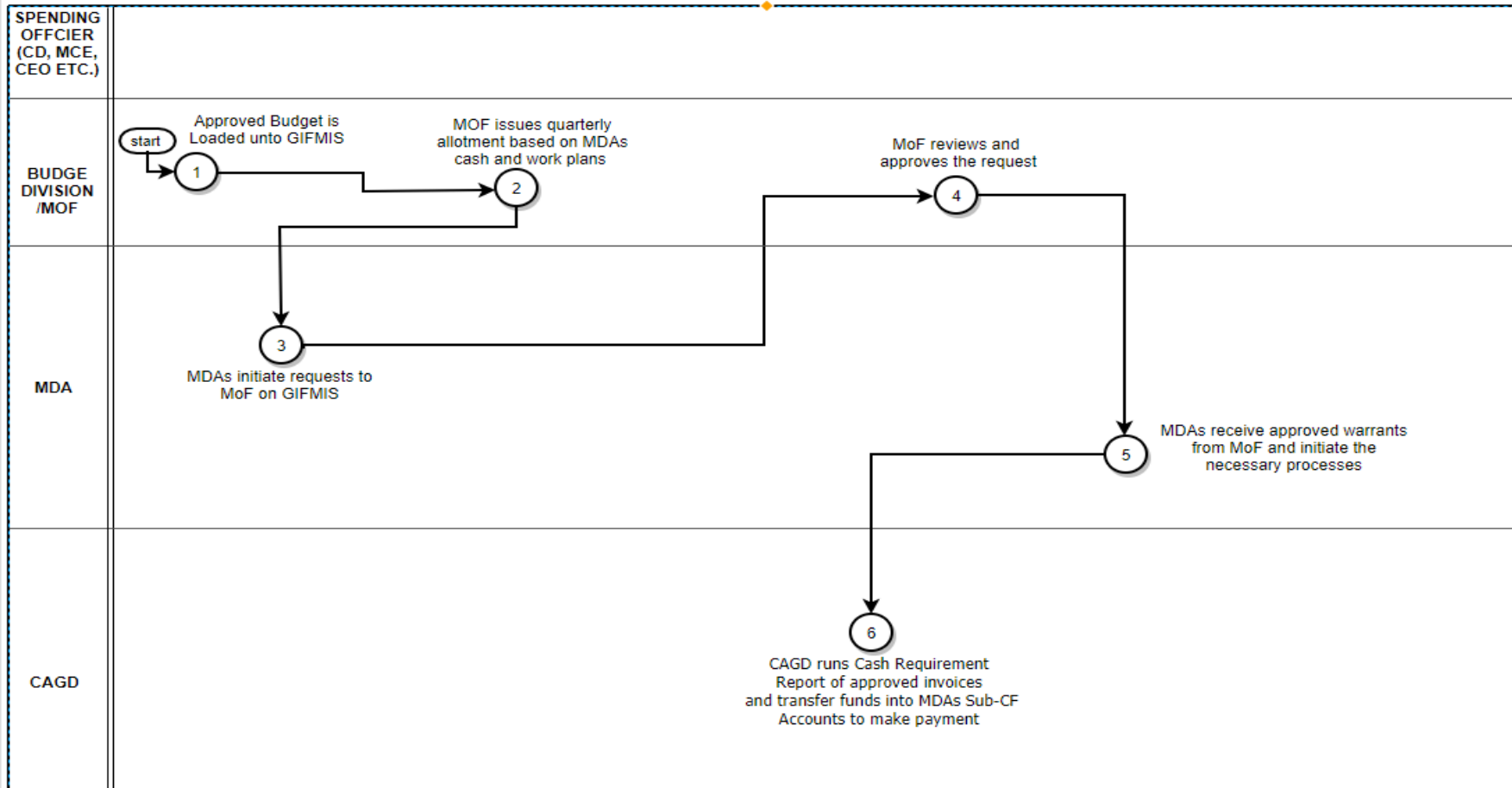
### **Appendix IV: GIFMIS Business Process Business Process for Non Salary Related Allowances**

17. MoF issues quarterly Budget Allotment based on MDAs cash and work plans
18. MDAs initiate requests to MoF on GIFMIS.
19. MoF reviews and approves the request.
20. 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.

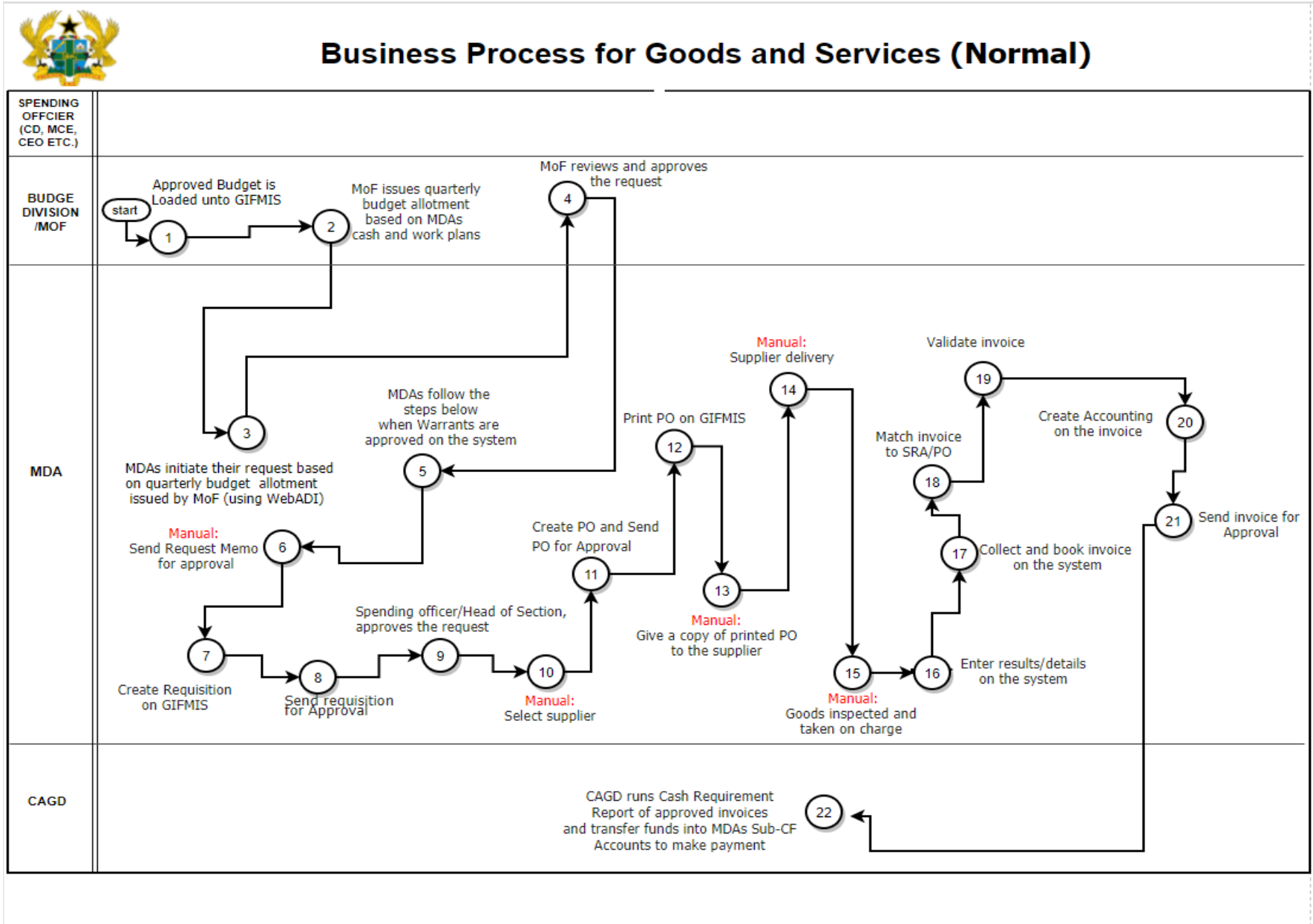
- i. Send Request Memo for approval (Manual)
- ii. Create Requisition on GIFMIS (A.E.&I)
- iii. Send requisition for Approval
- iv. Spending officer/Head of Section, etc. approves the request
- v. Select supplier (manual)
- vi. Create PO and Send PO for Approval
- vii. Print PO on GIFMIS.
- viii. Give 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 (Priority/Flagship Programmes)**

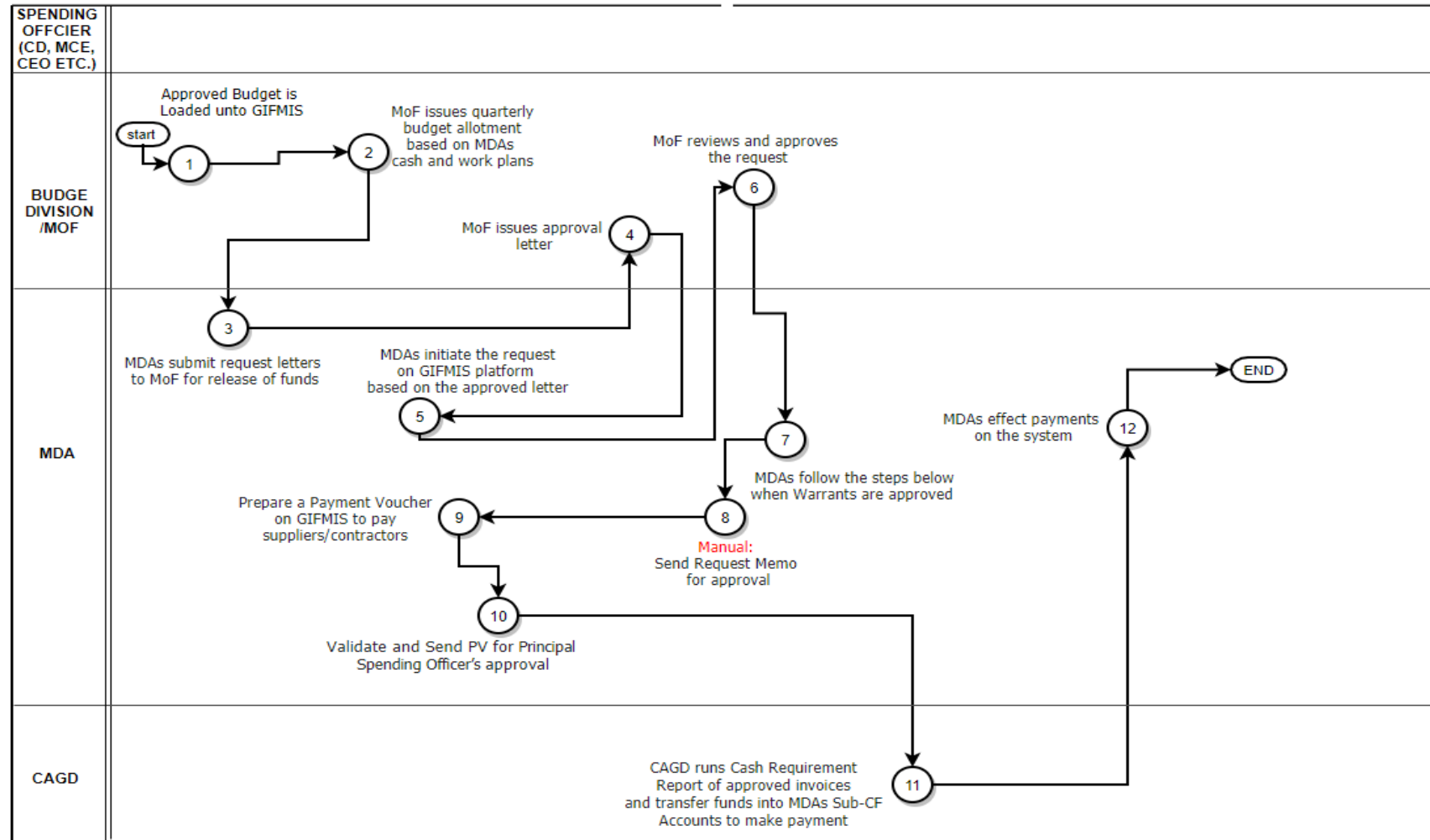
1. MoF issues quarterly budget allotment based on MDAs cash and work plans.
2. MDAs submit request letters to MoF for release of funds.
3. MoF issues approval letter.
4. MDAs initiate the request on GIFMIS platform based on the approved letter.
5. MoF reviews and approves the request.
6. MDAs follow 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)

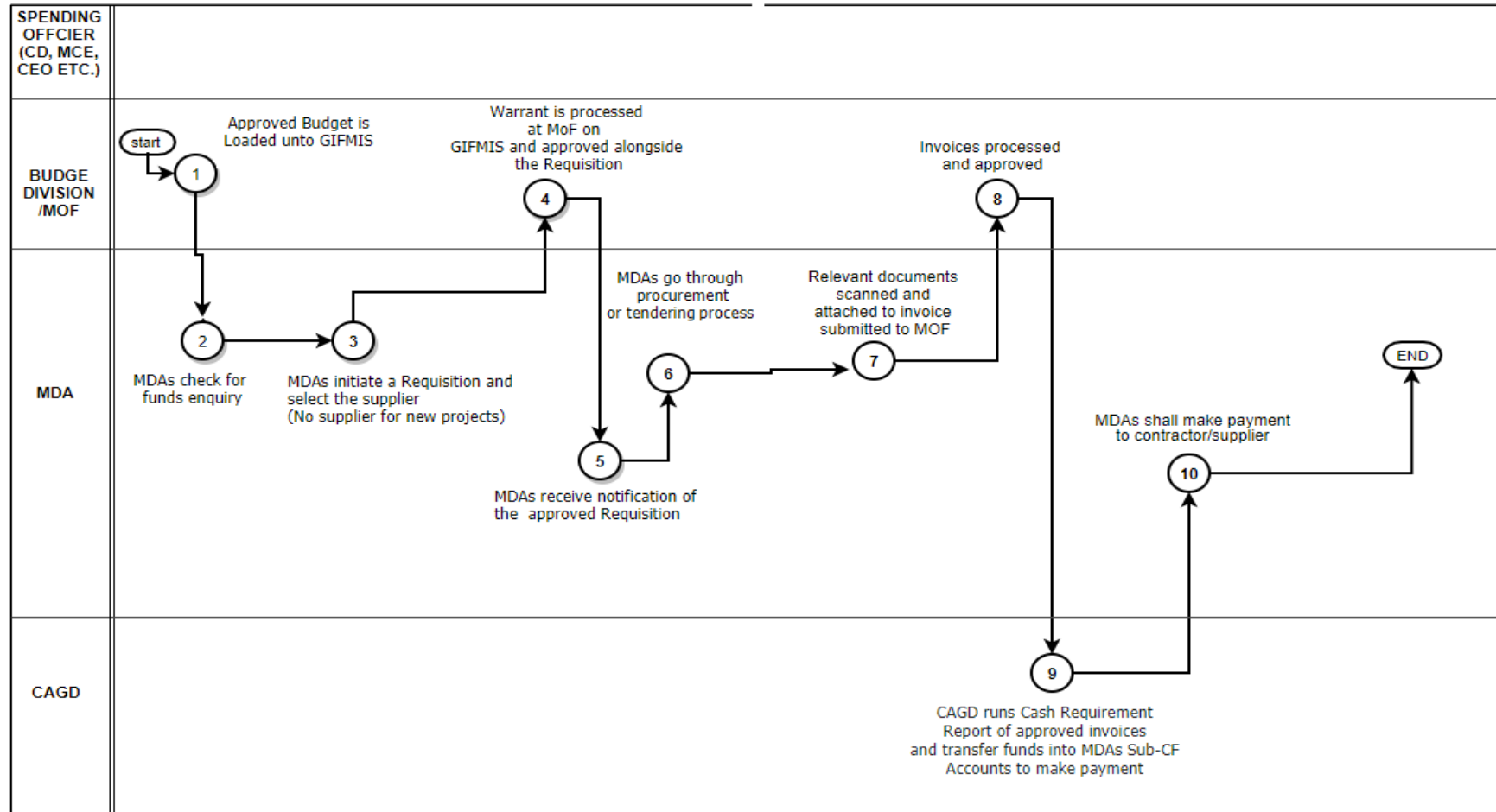


### **Business Process for Capital Expenditure (CAPEX)**

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





## Appendix V: PFM COMMITMENT CONTROL COMPLIANCE CHECKLIST

### PFM COMMITMENT CONTROL COMPLIANCE CHECKLIST.

To be completed and certified by Head of Internal Audit Unit prior to the signing of contract to commit the Government of Ghana.

<b>NAME OF COVERED ENTITY/DEPARTMENT</b>	
<b>DETAILS OF PROCUREMENT (describe briefly)</b>	<b>DATE</b>

S/N	COMMITMENT COMPLIANCE ITEMS
1.	<b>Purchase Order generated from GIFMIS &amp; Commencement certificate</b>
•	Has a purchase order generated from the GIFMIS been issued prior to the award of contract? <span style="float: right;">Yes      No      Not applicable</span>
•	Was the PO accurately recorded and authorized within the GIFMIS? / PO Number? <span style="float: right;">P/O Num.</span>
•	Date on the Purchase Order.
•	For works indicate commencement certificate date?
2.	<b>Evidence of Procurement through Ghana Electronic Procurement System (GHANEPS)</b>
•	Was the procurement conducted through GHANEPS? <span style="float: right;">Yes      No      Not applicable</span>
•	State the generated GHANEPS Number and date.
•	Is there evidence that the Procurement process was routed through the Procurement Unit?
•	Has the contract been reviewed by the Legal Directorate?
3.	<b>Evidence of Tax Compliance</b>
•	Have all tax compliance measures relating to the application and computation of the right taxes been addressed? <span style="float: right;">Yes      No      Not applicable</span>
<b>Other Comments</b>	

I certify that the documents have been assessed using the above checklists and the answers to the questions reflect the substance of the supporting evidence obtained to the best of my knowledge.

<b>Name of Internal Audit Officer</b>	<b>Signature:</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 certification for the signing of the contract.

APPROVAL	SIGNATURE/STAMP	DATE
<b>NAME OF HEAD OF INTERNAL AUDIT UNIT</b>		

## **Appendix VI THE ROLE OF PRINCIPAL SPENDING OFFICERS AND INTERNAL AUDIT AGENCY FOR EFFECTIVE AND EFFICIENT OPERATIONALIZATION OF THE COMPLIANCE DESK**

### **INTERNAL AUDIT AGENCY**

1. Instruct Internal Audit Units (IAUs) to conduct quarterly PFM Commitment Control Compliance reviews and submit the report to the IAA as part of the quarterly performance report of IAUs.
2. Collate the PFM Commitment Control Compliance Review reports of IAUs, review, prepare and submit composite report including recommendations for sanctions to the Minister within one month upon receipt of the quarterly reports. The consolidated report should indicate.
  - i. The level of compliance of the ministries by highlighting (ranking) institutions that complied and the institutions that did not comply.
  - ii. The key areas of compliance and non-compliance identified.
  - iii. Liaise with the PFM-CD of the Ministry of Finance to conduct occasional sampled based validation of reports submitted to the Agency by the IAUs.
3. Instruct Internal Auditors not to certify any payment voucher without confirmation of a properly certified Commitment Control Compliance Checklist of the procurement.

### **PRINCIPAL SPENDING OFFICERS**

4. The Principal Spending Officers of a Covered Entities are required to strictly adhere to the following;
  - i. **Commitment control measures.**

- a. All approved procurement shall be processed through the Ghana Electronic Procurement System (GHANEPS) in accordance with the Public Procurement Act.
  - b. All contract awards for goods, services, and works must be preceded by a GIFMIS generated Purchase Order (PO). No contract shall be deemed valid without a GIFMIS generated Purchase Order and it is an offense under Sub-section 1(b) of Section 98 of the PFM Act and Regulation 72 (2) (a) and (b) of the PFM Regulations, 2019, (L.I. 2378) to issue any other purchase order outside of the GIFMIS.
  - c. Purchase Order shall be issued before the award of contract and contract signing date in line with regulation 65 (2) (b) of the Public Procurement Regulations, 2022 (L.I 2466).
  - d. In the case of Capital Expenditure (CAPEX), a commencement certificate shall be issued by the Ministry of Finance before the preparation of the Purchase Order.
  - e. Purchase Order shall be issued before the supplier/service provider's invoice or request for payment document.
  - f. An advance mobilisation for any contract shall not exceed 15% of the contract sum, in line with Regulation 113 (1) (b) of the PFM Regulations, 2019 (L.I 2378), and shall not be given prior to the signing of a formal contract.
  - g. A Commitment Control Compliance Checklist shall be **certified** by the Internal Auditor of the Ministry to confirm compliance with the above measures prior to the signing of a contract.
- ii. **Compliance oversight measures.**
- a. Responsibility of Principal Spending Officer for Contract Signing:
    - ❖ All Principal Spending Officers of the Ministries are to verify and ensure that the relevant Commitment Control Compliance Checklist has been prepared and certified by the Head of Internal Audit Unit in accordance with regulations 65 (2) (b) of the Public Procurement Regulations 2022 (L.I 2466) before signing off on the relevant contract.

- ❖ No contract should be signed by a Principal Spending Officer unless the Checklist is properly certified by the Head of Internal Audit Unit.
- ❖ Only the Principal Spending Officer is mandated to authorize commitment for a Ministry based on allotment provided by the Minister for Finance in line with section 7(b) of the PFM Act.