



REPUBLIC OF GHANA

MINISTRY OF FINANCE

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

Our Ref: **MOF/PFM/02/19**

Your Ref:

Tel No:

2019

ALL HONOURABLE MINISTERS

MINISTRIES/DEPARTMENTS/AGENCIES

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

Following the passage of the Appropriation Act, 2017, (Act 951) by Parliament, the Ministry has issued this Budget Implementation Instructions in accordance with the PFM Act 921, to guide all Ministers (Principal Account holders) and Chief Directors (Principal spending officers) in the implementation of the 2019 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 Public Financial Management Act, 2016 (Act 921), colleague Ministers are kindly requested to note especially the following;

a. Expiration of 2018 Budget

Sub-Section 1 of Section 26, of Act 921 provides that each appropriation approved by Parliament shall cease to have effect at the close of the financial year in respect of which the appropriation was made. Consequently, the 2018 approved budget has expired.

b. Compensation

- i. The policy of Net recruitments is still in force for all MDAs except the Ministries of Education and Health;
- ii. With effect from January 2019, warrants will be issued at Cost Centre level every quarter to cover MDAs payroll expenditure and allowances;
- iii. It has become imperative to manage the non-salary related allowances, consequently, this Ministry is introducing validation processes at MDA level which will require the Internal Audit Units of MDAs to examine and validate all allowances before processing and 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. Capital expenditure

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

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

d. Issue of Purchase Order under the PFMA 921

It is an offence to issue any purchase order outside the GIFMIS platform or any other electronic system in use by Government.

e. Government Borrowing

All covered entities are reminded that, subject to the provisions in Article 181 and Section 56 of the PFM law, the Minister for Finance is the only authority to raise a loan on behalf of the Government of Ghana.

f. Externally Financed Projects

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

g. Offering Letters of Guarantee or Undertaking to Contractors

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

h. Internally Generated Funds

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

i. Reporting

Chief Directors are required to provide quarterly reports on budget implementation to this ministry for onward submission to Parliament in accordance with Section 30 subsection 3.g of Act 921. All State Owned Enterprises, are required by section 93 (1) of the Act 921 to submit a Financial Plan for the year through their Sector Minister to the Ministry of Finance.

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

5. Thank you.

HON.ABENA OSEI-ASARE, MP
DEPUTY MINISTER
For: MINISTER

Cc: The Exec. Sec. to H. E The President,
Jubilee House
The Chief of Staff, Jubilee House
The Hon. Minister, 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
All Heads of Dept./Agencies
All Regional Co-ord. Directors
All Directors of PPME
All Regional Budget Officers