

**PRESS RELEASE**  
**STATE AUDIT: AN INSTRUMENT FOR**  
**ACCOUNTABILITY AND GOOD ECONOMIC GOVERNANCE**  
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**Introduction**

The people's right to know and even control how their taxes and other resources made available to the government are used is one of the cornerstones of good democratic governance. In a Presidential form of government it is parliament or the legislature which exercises this control on behalf of the people. The key inputs for parliament to the exercise of this control in the Ghanaian context are the Budget Estimates, the Appropriations Act and the Audited Public Accounts. A legislature that has the time and resources to examine revenue and expenditure proposals can influence the direction and size of the budget. The Appropriations Act in principle provides the legally binding upper limits for expenditures which the Executive may not exceed. The audited public accounts are the essential weapon in dealing with the stewardship of public receipts and expenditures as outlined in the budget and authorized under the Appropriations Act.

We examined the role of the Auditor- General: what the office is expected to do, and how far it has performed its responsibilities, its constraints and challenges, and the lessons to be learnt if Ghana is to improve economic governance. The paper concludes with comments on the Auditor-General's report on the 2002 Consolidated Fund.

The primary role of government is to provide the legal framework within which all economic transactions occur. It is common to divide the activities of government into three broad categories: (a) the production of goods and services and the regulation of private producers; (b) the direct purchase of goods and services from firms and households— such as the employment of civil servants— to the services of street cleaners; and (c) the redistribution of income.

- The audited public accounts in general and the Consolidated Fund in particular are essential weapons in dealing with the stewardship of public receipts and expenditures. In Ghana, the main guidelines and the regulations emanating from the laws provide in precise and accurate detail, how the machinery of public finance ought to operate as well as the role of the Auditor-General.
  
- A cursory inspection of the record of audits of public accounts paints a disturbing picture of persistent non-compliance with laws and regulations. The recent recommendations of the Auditor-General on the 2002 public accounts revolve around recurring problems that the Auditor-General continues to point out year in, year out, dating back to reports covering the 1990s. There are concerns about
  - the completeness of financial data,
  - access to notes accompanying the public accounts submitted for auditing,
  - weak compliance with laws and regulations governing the government accounting system,
  - weak follow-ups and enforcement of needed remedial actions.
 In short, all is not well with the public accounts of Ghana and this has implications for good economic governance.
  
- There is no doubt that there is an improvement in the quality of Auditor-General reports over the years, and there is evidence of continuing attempts to clear the arrears in public accounts auditing. One would hope that the office of the Auditor-General will re-double its efforts so that future reports will be timely to enhance their public usefulness as the law intends them to be.
  
- Significantly, the past delays also reflect a number of fundamental problems worthy of immediate attention.
  - The staff constraints and the inadequate logistics of the Auditor-General's office.
  - How the office of the Auditor-General sees and exercises or is allowed to exercise its powers as defined by Article 187(3) of the 1992 Constitution and its enabling legislation.

These recurrent problems also reflect worryingly

- on the links between the Auditor-General and Controller and Accountant-General (CAG) departments and their ability to reconcile their public accounts for effective monitoring;
  - on the links between the CAG and the MDAs in their adherence to proper record keeping and reporting; and crucially
  - on whether Parliament takes the recommendations of the Auditor-General reports seriously and takes needed corrective actions. Arguably, these are at the root of many of the problems in public accounts.
- Parliament should strengthen its supervisory role in regard to the operations of the Consolidated Fund and ensure the implementation of the recommendations of the Auditor-General.
  - To do the job efficiently and thoroughly, Parliament should consider, as a matter of routine practice, engaging an independent body outside Parliament to assess the outcomes and recommendations of the Auditor-General reports and make recommendations to inform the deliberations of the relevant committees. The cost of undertaking this measure would be far less than the cost associated with the recurrent non-compliance and malfeasance in public accounts.

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