



PUBLIC EXPENDITURE MONITORING AND TRACKING

THE ROLE OF THE CONTROLLER AND
ACCOUNTANT-GENERAL

CONTROLLER AND ACCOUNTANT- GENERAL'S DEPT

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OVERVIEW OF PRESENTATION

- ▶ *THE CURRENT EXPENDITURE TRACKING SYSTEM*
- ▶ *PROVISIONS OF THE FINANCIAL ADMINISTRATION ACT 2003*
- ▶ *THE NEW EXPENDITURE TRACKING SYSTEM*



*THE EXISTING
EXPENDITURE
TRACKING
SYSTEM*



Commitment and Payment processes



COMMITMENT PROCESS:

- ▶ *MOFEP issued warrants to MDAs*
- ▶ *MDAs broke down their warrants to spending units warrants*
- ▶ *Spending Units submit their warrants to their serving treasuries*
- ▶ *Servicing Treasuries submit Spending Units warrant to CAGD for Expenditure Authorization before allowing MDAs to commit budget funds.*

- ▶ *MDAs prepare Activity and Expenditure Initiation Form to initiate commitment process.*

- ▶ *MDA request for Quotations from suppliers and select the best*
- ▶ *MDA Prepare Purchase Order (PO) and submits for approval.*
- ▶ *MDA submits approved PO to Servicing Treasury for commitment*
- ▶ *MDA dispatch PO to Supplier.*



PAYMENT PROCESS

- ▶ *Supplier supplies goods.*
- ▶ *Goods are inspected and receipted and Store Receipt Advice issued.*
- ▶ *MDA prepare payment voucher with the following attachments:*
 - ▶ *supplier invoice*
 - ▶ *SRA*
 - ▶ *LPO*
 - ▶ *A&EI*

and submits to Servicing Treasury for payment. Payment Voucher should be reference to the Warrant against which the payment is being made.



PAYMENT PROCESS

- ▶ *Servicing Treasuries pre-audit payment voucher and issue cheque to effect payment.*
- ▶ *Servicing Treasuries record particulars of Cheque and Payment Voucher on the specified MDA's Payment Transcript.*
- ▶ *Servicing Treasuries submits Payment Transcript to Treasury Head office at end of every month.*
- ▶ *Treasury Head Office keys details of Cash Payment Transcript onto the BPEMS.*



Reporting on Payments

- ▶ *Servicing Treasuries maintain for each MDA Payment Cash Book. The Payment Cash Book are divided into sections to accommodate the MDAs being serviced.*
- ▶ *Servicing Treasuries record payments made in the appropriate section of MDA.*
- ▶ *Servicing Treasuries submit to Treasury Head Office monthly Payment Transcript for each MDA they service.*



PROVISIONS OF THE FAA



Integrated Financial Mgt

- ▶ *Today, strong financial management in the public sector is not a luxury but a necessity.*
- ▶ *We are in an era of increased demand for accountability and transparency in govt,*
- ▶ *the "stakeholders" of the public sector are demanding more effective and efficient use of public resources.*



HOW TO EFFECT THE CHANGE

For the reform to succeed, there is the need

- for the appropriate legal framework;
- for structural changes to effectively and efficiently Integrate Financial Management into the mainstream activities of the MDAs
- to increase capacity generally in management and specifically in financial management.
- Strict enforcement of the law through monitoring, evaluation and disciplinary awards
- The political Support from the top is very very vital



The Financial Administration Act 2003, (Act 654)

Effective 1st January 2004, the FAA (Financial Administration Act, 2003, Act 654) is to:

- ▶ regulate the financial management of the public sector;*
- ▶ Prescribe the responsibilities of persons entrusted with financial management in the Govt;*
- ▶ ensure the effective and efficient mgt, of state revenue, expenditure, assets, liabilities, resources of the govt, the Consolidated Fund and other public funds; and*
- ▶ to provide for matters related to these.*



The role of the CAG (3)

- ▶ *Section 3 states that CAG is responsible to the Minister for the custody, safety and integrity of the Consolidated Fund and other public funds designated under the care of the CAG*
- ▶ *The CAG is responsible for the compilation and management of the accounts prepared in relation to the Consolidated Fund and other public funds*
- ▶ *The CAG is responsibility to keep, render and publish statements of public accounts*



The role of the CAG (s3)

The Controller and Accountant-General

- ▶ is the chief adviser to the Minister and the government on accountancy matters and*
- ▶ is the person who approves accounting instructions of departments and*
- ▶ promotes the development of efficient accounting systems within departments.*



Role of CAG (15)

- ▶ *A charge shall not be made against an appropriation except on the requisition of the appropriate head of the government department for which the appropriation was made or a deputy authorised by that head.*
- ▶ *The CAG shall reject a requisition if the he is of the opinion that payment on it:*
 - ▶ *would not be a lawful charge against the appropriation;*
 - ▶ *would result in expenditure in excess of the appropriation; or*
 - ▶ *would reduce the balance available in the appropriation in such a manner that it would not be sufficient to meet the commitments to be charged against it.*



The Role of CAG s61

Liability to keep public money

Where the CAG has reason to believe that any person

- ▶ has received money for the Government and has not duly paid it over;*
- ▶ has received money and has not duly accounted for it; or*
- ▶ has public money which has not duly been applied,*
- ▶ The CAG may cause a notice to be served on the person set the time within the above shd be completed*
- ▶ Accounts stated betn the person and govt if any default*





PUBLIC ACCOUNTS

Sections 40 and 41 of the FAA requires the Controller and Accountant-General to prepare the Public Account on Monthly and Annual Basis

- ▶ *The Public Accounts Unit capture or input all the cash transcripts into the Accpac Accounting System.*
- ▶ *Information is also obtained from the payroll, PDI etc*
- ▶ *The monthly and annual public accounts are prepared.*



THE NEW EXPENDITURE TRACKING SYSTEM



THE NEW EXPENDITURE TRACKING SYSTEM

- ▶ *TREASURY ALIGNMENT*
- ▶ *SUB-CONSOLIDATED FUND A/CS*
- ▶ *RE-ENGINEERED DISBURSEMENT PROCESSES*



TREASURY ALIGNMENT

The treasuries are merging with the accounts/finance depts

- ▶ *Each ministry will have its own accounts/finance dept which will also perform the treasury functions*
- ▶ *Each regional admin shall have its finance directoriate that will also perform treasury functions at regional levels*
- ▶ *Each district admin shall have its finance office that will perform treasury functions at the district level*



SPECIAL BANK ACCOUNTS

- ▶ *Each ministry will have one Consolidated Fund sub-account (i.e Special Bank A/C)*
This bank a/c will serve the ministry and all national level depts and agencies
- ▶ *The bank account will be opened at the BOG*



SPECIAL BANK ACCOUNTS

- ▶ *Each Regional Administration will have one Consolidated Fund sub-account (ie special bank A/C)*
- ▶ *This bank a/c will serve the Regional Administration and all Regional level Depts, Agencies and Institutions*
- ▶ *These accounts will be opened at the nearest BOG branches*



SPECIAL BANK ACCOUNTS

- ▶ *Each District Assembly will have one Consolidated Fund sub-account (ie 138 special bank a/cs for Assemblies)*
- ▶ *This bank a/c will serve the District Assembly and all District level Depts, Agencies and Institutions*
- ▶ *This Bank accounts will be opened at the BOG Branches nearest to the Districts*



RE-ENGINEERED PROCESSES

- ▶ *MDA submit work plans to MOFEP as stipulated in the budget guidelines*
- ▶ *MOFEP issues quarterly Cash Ceiling to Cost Centres , aggregated at National, Regional and District Levels for each MDA*



RE-ENGINEERED PROCESSES

- ▶ *MOFEP will issue **monthly** warrants to (Warrants are recognised by the FAA) to CAGD broken down by Cost Centres and also the aggregates at National, Regional and District levels using the BPEMS system*



RE-ENGINEERED PROCESSES

- ▶ *Based on the Monthly warrants from MOFEP, CAGD will issue warrants to Cost Centres but aggregated at National, Regional and District level*
- ▶ *CAGD shall despatch the warrants by special Courier service (Ghana Post)*



RE-ENGINEERED PROCESSES

CAGD will issue Bank transfer advice equal to the monthly warrants transferring cash from the Main Consolidated funds to the Sub Consolidated Fund Bank account of the:

- ▲ Ministries,*
- ▲ RCC and*
- ▲ District sub-consolidated fund account _.*



RE-ENGINEERED PROCESSES

- ▶ *Spending officers on receipt of their warrants will go through the procurement processes and*
- ▶ *submit payments certificate and invoices from service providers for*
- ▶ *payment by the appropriate Finance Depts or treasury*



REPORTING REQUIREMENT

INTERIM ARRANGEMENT

- ▶ *The Finance offices of the Districts, Regions and Ministries will continue to submit transcripts to the Public Accounts Unit (PAU) of CAGD*
- ▶ *PAU will capture the transcripts and produce the public accounts*



REPORTING REQUIREMENT

LONGTERM SOLUTION

- ▶ *Districts, Regions and MDAs will prepare monthly and annual public accounts.*
- ▶ *CAGD will consolidate the accounts from the Districts, Regions and MDAs*



FINANCIAL ADMINISTRATION TRIBUNAL

The Tribunal

- ▶ *Section 66 has established a Financial Administration Tribunal.*
- ▶ *The Tribunal members shall be nominated by the Chief Justice in consultation with the Judicial Council and shall be appointed by the President.*

Enforcement of the orders of the Tribunal

- ▶ *Section 68 provides that the Orders of the Tribunal shall be enforced in the same manner as an order of the High Court*



FINANCIAL ADMINISTRATION TRIBUNAL

Jurisdiction of the Tribunal

According to section 67, the Tribunal has jurisdiction

- ▶ to hear and determine matters that fall for determination under the Act;*
- ▶ to enforce recommendations of the Public Accounts Committee on the Auditor-General's reports as approved by Parliament;*
- ▶ to enforce contracts and bonds entered into in pursuance of this Act;*



FINANCIAL ADMINISTRATION TRIBUNAL

Jurisdiction of the Tribunal cont/

- ▶ *to make such orders as it considers appropriate for the recovery of monies, assets or other property due to the State;*
- ▶ *to prohibit any individual whether a public officer or not from managing public accounts or funds if the individual is unqualified professionally or has been persistently negligent in the management of public funds;*
- ▶ *to prohibit any person from participating as a bidder in any government procurement or contract where the person has a record of defrauding the State.*



FINANCIAL ADMINISTRATION TRIBUNAL

✦ *Appeal*

An appeal from an order or a decision of the Tribunal lies to the Court of Appeal and then to the Supreme Court.





END OF PRESENTATION

THANK YOU

CONTROLLER AND ACCOUNTANT GENERAL'S DEPT

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