



REPUBLIC OF GHANA

MINISTRY OF FINANCE

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

ISSUED BY MINISTRY OF FINANCE.



TABLE OF CONTENTS

1.0 INTRODUCTION.....	4
1.1 Undischarged Commitments at the End of 2018.....	4
2.0 MDAs MONTHLY WORK PLANS AND BUDGET REQUIREMENTS.....	6
3.0 REQUESTS FOR RELEASE OF FUNDS	6
3.1 COMPENSATION OF EMPLOYEES.....	6
3.1.1 Payment of Salaries.....	6
3.1.2 Non-Salary Related Allowance	6
3.1.3 Categories 2 & 3 Allowances	7
3.1.4 Financial Clearance	7
3.1.5 Validation of Staff Salaries.....	8
3.1.6 Payroll and E-SPV Audit by Internal Audit Units.....	9
3.1.7 Payment of Salary Arrears in Excess of Three Months	9
3.1.8 Recruitment and Promotion Related Arrears.....	9
3.2 GOODS AND SERVICES.....	10
3.2.1 Releases for Foreign Travel Expenses	11
3.2.2 Medical Treatment	11
3.2.3 Utilities.....	11
3.2.4 Property Rate and Ground Rent Payment.....	12
3.2.5 Annual Subscriptions to International Organisations	12
3.3 CAPITAL EXPENDITURE (CAPEX).....	12
3.3.1 Format for Requests for Capital Expenditure	12
3.3.2 Submission of Request for Commencement Certificates/Warrants ...	13
3.3.3 Signatories To Applications For Warrants And Approvals	13
3.3.4 Specific Warrants for Continuation of Existing Projects.....	14
3.3.5 Commitments above Approved Budget.....	14
3.3.6 Award of New Contracts	14
3.3.7 Contract Extensions and Variations	15
3.3.8 Multi-Year Expenditure Commitments.....	15
3.4 The Use of Purchase Order (PO)	16
3.5 Payment of Compensation in Respect of Land and Property.....	16
3.6 Enforcement of the Public Procurement Act	16
3.7 Formal Requests for Payment For Works/Goods/Services	16
3.8 Verification and Certification of MDAs Claims by IAUs.....	17
3.9 Offering Letters of Guarantee or Undertaking to Contractors	17
3.10 Letters of Credit	18
3.11 Lifting of Fuel by Security Agencies	18

3.12 Duties And Taxes	18
3.13 Social Intervention Programmes	18
<hr/>	
4.0 COMPREHENSIVE RESOURCE ENVELOPE OF MDAs	18
<hr/>	
4.1 Retention of Internally Generated Funds (IGF)	19
4.2 Processing of IGF Transactions.....	19
4.3 Gross Lodgement of IGF	19
4.4 Government Borrowing.....	19
4.5 Contracting of External Loans	19
4.6 Public Private Partnership (PPP)	20
4.7 Development Partner Funds	21
<hr/>	
5.0 REALIGNMENT OF STATUTORY FUNDS.....	21
6.0 VALUE BOOKS	21
<hr/>	
7.0 AWARD OF CONTRACTS IN FOREIGN CURRENCIES.....	21
8.0 TAX EXEMPTIONS.....	21
9.0 MONITORING AND REPORTING	22
10.0 Offences And Penalties Under PFM Act 2016, Act 921	22
11.0 CONCLUSION	25

1.0 INTRODUCTION

The 2019 Budget Statement and Economic Policy of Government was presented to the Parliament of Ghana by the honourable Minister for Finance, Mr. Ken Ofori-Atta, on 15th November 2018. After Parliamentary debate, the Appropriation Bill was passed into law by the enactment of Appropriation Act, 2018 (Act 984) and given Presidential assent on 28th December 2018.

The Public Financial Management Act, 2016 (Act 921) (the 'PFM Act') requires that roles and responsibilities for implementation of Fiscal Policy should be clearly established and defined in order to ensure positive outcomes in implementation. In addition, Regulation 149 of the Financial Administration Regulations, 2004 (L.I. 1802) requires the Minister for Finance to oversee the implementation of the national budget. The Minister for Finance, therefore, hereby issues, for the attention of and compliance by all Ministries, Departments and Agencies (MDAs), this Budget Implementation Instructions ("Instructions"), for the 2019 financial year.

In 2019, the Budget will be implemented within the context of fiscal consolidation and debt sustainability. Another critical factor worthy of attention is the requirement of zero financing from the Bank of Ghana to Government. These restrictions impose significant challenges in the implementation of planned programmes and operations in the Budget. To ensure that Government meets programme objectives, as well as, its fiscal and economic targets, it is essential that all MDAs/MMDAs take note and strictly comply with all aspects of these Instructions and prioritize their programmes accordingly.

These instructions apply to all the funding sources, including Government of Ghana (GOG) Funds, Development Partner (DP) Funds, and Internally Generated Funds (IGF).

1.1 Undischarged Commitments at the End of 2018

The 2018 financial year has ended and is officially closed to all transactions. All undischarged goods and services as well as capital expenditure commitments at the end of 2018 are to be the first charge on MDAs' approved 2019 Budget. MDAs that have undischarged commitments from 2018 and consider them as valid, must initiate and charge them against their approved 2019 Budget. The Ministry of Finance will process specific warrants for approval on the GIFMIS platform to facilitate the payment of the outstanding claims.

MDAs are to note that it is important to comply strictly with these Instructions in order to facilitate timely and speedy processing of requests for release of funds. Failure to comply fully with these Instructions will result in delays of releases, and in some cases, may result in denial of releases.

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

2.0 MDAs MONTHLY WORK PLANS AND BUDGET REQUIREMENTS

The first quarter Budget allotment has already been issued to MDAs. Subsequent allotments to MDAs will be based on Work Plans and Cash requirements submitted to MoF and indicated on the Hyperion system as well as projected cash inflows for the quarter. In finalizing the cash requirements, MoF reserves the right to take into account the seasonality in the implementation of programmes and projects of MDAs and the cash available.

The work plans and budget requirements will facilitate releases for each MDA. MDAs are to note that their work plans and budget requirements within their approved budget can be reviewed at any time to reflect changes to the timing of request of their budget. As stated previously, the work plans and budget requirements cover all funds, regardless of source.

3.0 REQUESTS FOR RELEASE OF FUNDS

3.1 COMPENSATION OF EMPLOYEES

3.1.1 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 the end of each month at Cost Centre level. MDAs are to ensure judicious and efficient use of public funds ensuring that Government pays for only verified employees that MDAs have budgeted for and actually worked during the month.

In line with the above, allotments for compensation will be based on the cash plans submitted by respective MDAs.

3.1.2 Non-Salary Related Allowance

For 2019, the Ministry of Finance will issue quarterly allotments for all Non-Salary Related Allowances to MDAs and they are expected to manage the payment of the allowances from the allotment issued. **No MDA is required to submit any Non-Salary Related**

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

Allowances to the Ministry for processing and release. The Internal Audit Unit of MDAs (IAUs) must ensure that officials submitting such claims are duly entitled and the rates are in accordance with approved rates issued by MoF before any payment is made. MDAs will be required to submit detailed returns on allowances paid at the end of every month. The returns to be submitted to the Ministry of Finance must be authenticated by the Internal Audit Unit of MDAs. Failure to submit the detailed returns will result in denial of allotment for subsequent months.

3.1.3 Categories 2 & 3 Allowances

Payment of Categories 2 & 3 allowances in the Public Service will be guided by the tenets of the new Administrative Rules and Procedures for implementing categories 2 & 3 allowances in the Public Service. MDAs are required to review the current list of beneficiaries to ensure that **ONLY** those who qualify are paid and this is subject to budgetary constraints.

All previous arrangements in relation to payment of categories 2 & 3 allowances cease to exist and are replaced by the new arrangements in the Administrative Rules and Procedures and in this Budget Implementation Instructions.

3.1.4 Financial Clearance

Financial clearance is required for every recruitment whether temporary or permanent.

Requests for Financial Clearance in relation to Compensation of Employees will be subject to MDAs remaining within their staff strength as at 1st January 2019, as well as, an assessed favourable end-of-year balance on their Compensation of Employees Budget.

Internal Audit Units are to provide quality assurance before submission to the Ministry of Finance. Failure to strictly adhere to the above will result in delays in processing of requests or denial of the request.

Government's policy on net recruitment is still in force (with the exception of Education and Health sectors, within agreed limits). Replacement of staff **may** be allowed only in instances where institutions are understaffed and there is a budget provision.

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

The PSC and Office of the Head of Civil Service (OHCS) will continue to provide technical clearance for MDAs applying for recruitment and replacement. Financial clearance will only be given by MoF if the need to recruit or replace is justified by budget availability, as well as PSC and OHCS approvals.

Furthermore, the Ministry of Finance would like to remind MDAs that, it is an offence to authorize applicants without financial clearance to assume duty in anticipation of obtaining financial clearance for those appointments. The practice exposes government to needless court cases and judgment debts. MDAs and Metropolitan, Municipal and District Assemblies (MMDAs) that have flouted this directive should institute measures to pay them off and terminate the appointments immediately. This also applies to Contract Appointments.

Appointments that precede the issuance of financial clearance are contrary to financial regulations and against the procedure for recruitment into public institutions in Ghana. The issuance of financial clearance to an institution to recruit/replace/re-engage indicates Government's acceptance of the liability to pay the salary of the person and a confirmation that there is budgetary provision for the recruitment.

3.1.5 Validation of Staff Salaries

Payment of employees' salaries validated by MDAs (using the E-SPV system) will continue to be handled by CAGD. Heads of MDAs are required to comply with the Controller and Accountant-General's directives on validation of the monthly salaries of their employees. Where the E-SPV system has been implemented for the MDA, this validation should be done using the E-SPV system. Otherwise, a manual confirmation of payroll reports by the MDAs should be used.

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

3.1.6 Payroll and E-SPV Audit by Internal Audit Units

As a continuous measure to decentralise salary validation and ownership by Cost centres across the country, Internal Audit Units in the various MDAs and MMDAs across the country will continue to provide assurance on Electronic Salary Payment Validation (E-SPV) and HR validation. Internal Audits shall include in their annual work plan, a Payroll and E-SPV audits on a quarterly basis.

3.1.7 Payment of Salary Arrears in Excess of Three Months

The requirement that MDAs are to seek approval from the Ministry of Finance for salary and any related allowances arrears in excess of three months, is still in force. The MDA making such requests must attach relevant documents to their applications. For instance, for new entrants, MDAs must attach copies of financial clearance, appointment letters, acceptance letters, and any evidence of assumption of duty. In the case of promotions, promotion letter, and salary arrears templates, should be attached to the application. In addition to the above, all requests for arrears from MDAs in respect of salaries, promotions and/or reinstatement of staff must include:

- Computations of the quantum of arrears; and
- In addition, the MDA must have a positive budget balance to accommodate the arrears being requested for without constraining salary payments for the rest of the year.

Upon approval, the MDA will be requested to submit the relevant inputs to the Controller and Accountant General for payment through the payroll system. Payment of promotion related arrears through the issuance of **release letters and warrants has ceased forthwith.**

3.1.8 Recruitment and Promotion Related Arrears

In spite of the PSC policy on recruitments and promotions, MoF continues to witness delays in the processing of recruitments and promotions. These delays create frustrations for new

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

recruits, serve as demotivation for serving officers due for promotion and lead to unexpected accumulation of arrears that affect the integrity of our fiscal planning.

In order to control the wage bill and avoid accumulation of compensation arrears that have not been provided for in the current budget, Government will continue to strictly enforce the policy and guidelines on the effective dates of promotions and recruitments within the Public Service. Substantive dates of recruitments and promotions shall not be backdated without the explicit written permission from the Minister for Finance.

Further to the above, the Compensation Management Unit of the Ministry of Finance will commence quarterly monitoring of all financial clearance to be issued in 2019 to avoid delays and the build-up of arrears.

3.2 Goods and Services

In an effort to ensure that MDAs have easy access to funds for the implementation of the 2019 approved budget, Ministry of Finance will 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 will be required to inform Ministry of Finance, within two (2) weeks, of receipt of the release letters the disaggregated allotments to cost centre levels. MDAs are also to ensure that priority and critical programmes are fully funded. CAGD will make the monthly allotments available to the MDAs for the implementation of their programmes.

MDAs are no longer required to submit requests for release of funds in respect of normal Goods and Services to the Ministry of Finance, except they relate to the key priority programmes of Government and critical expenditures to facilitate the monitoring of the programmes. List of priority programmes is attached as Appendix 1.

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

Where a Ministry wishes to vire between the votes in the warrants issued, an application for virement will have to be made by the MDA on the GIFMIS platform.

3.2.1 Releases for Foreign Travel Expenses

MDAs are to note that Foreign Travel expenses are to be met from the Goods and Services budget and should not be treated as a separate or additional budget. MDAs must ensure that they obtain approval from the Office of the President before making commitments for foreign travels. MDAs are to use the Procure to Pay (P2P) module on the GIFMIS platform for foreign travels.

No request for the payment of tickets must be sent to the Ministry of Finance for release of funds. In the event that MDAs submit foreign travel requests to the Ministry of Finance, such requests will be charged against the Goods and Services budget of the MDA.

3.2.2 Medical Treatment

All MDAs are to note that there is no central vote for medical treatment in or outside the country. Requests for medical treatment (local and foreign) will be charged to the MDA's Goods and Services budget. MDAs requiring funds for medical treatment must therefore initiate and process their request using their Goods and Services budget on the GIFMIS platform, after obtaining the necessary approvals from the Office of the President. Heads of MDAs are reminded to ensure compliance with the requirement to obtain a review and recommendation of a duly constituted Medical Board before applying for approval to evacuate persons for medical treatment abroad.

3.2.3 Utilities

MDAs are reminded that expenditure on utilities forms part of the Goods and Services vote, and must be prioritized in order to be paid from Goods and Services releases. Ministry of Finance will not make additional releases for the payment of utility charges and requests submitted in respect of utility charges will be returned to the MDA that submitted the request.

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

All MDAs/MMDAs are also urged to comply with the directives to ensure that pre-paid meters are installed on their premises.

3.2.4 Property Rate and Ground Rent Payment

MDAs are to meet all expenditure arising from Property Rate and Ground Rent payments from their approved 2019 Goods and Services Budget.

3.2.5 Annual Subscriptions to International Organisations

MDAs are reminded that annual subscriptions are payable from their respective Goods and Services budget. MDAs are therefore required to process these subscription payments from their Goods and Services releases to prevent these subscriptions from falling into arrears.

3.3 CAPITAL EXPENDITURE (CAPEX)

3.3.1 Format for Requests for Capital Expenditure

All requests for release of funds under Capital Expenditure should:

- i. indicate the appropriate budget classification based on the Chart of Accounts;
- ii. show the available, uncommitted budget balance against which the request is being made;
- iii. provide evidence of compliance with the prescribed procurement procedures; and
- iv. Include a certification by the Head of Department that the request being made represents the MDA's most prioritized requirement/projects that must be met from their budgets for the financial year.
- v. MDAs must duly complete the appropriate checklist and attach to the application.

MDAs should note that every request will be charged to their approved budget irrespective of how the request was channelled to MoF. **All requests must therefore be initiated on the GIFMIS platform.** A Release Request Report must be printed, duly endorsed by the authorized officer and attached to a request letter to the Ministry of Finance to facilitate processing of the release. **MDAs are reminded that request that cannot be initiated by the MDA because of budgetary constraints, should not be sent in hard copy to**

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

the Ministry of Finance because no action will be taken on such a request, and the Ministry will not hesitate to return such request to the MDA that submitted.

For all construction works, the claim certificate (Interim Payment Certificate) should have the endorsement of the following:

- i. the Consultant;
- ii. the Head of Department or Agency which is implementing the project;
- iii. the Regional Minister from the Region where the project is located; and
- iv. the Sector Minister.

3.3.2 Submission of Request for Commencement Certificates/Warrants

MDAs are to request for commencement before asking contactors to commence work. Where the MDA has outstanding commitments over and above its approved 2019 budget, the MDA would have to make arrangement with the Ministry of Finance on how to handle the outstanding claims before the commencement request is approved.

Late submission and approval of commencements tend to create arrears as MDAs are unable to go through the procurement process and pay for work done before the end of the year. All MDAs must endeavour to submit requests for commencement, preferably during the **first quarter of 2019**. Only projects that have been assessed by the Public Investment and Asset Management Division of MOF will be considered for commencement. MDAs must analyze all projects they wish to implement within the year properly and request for their commencement and desist from submitting commencement requests on ad hoc basis.

3.3.3 Signatories to Applications for Warrants and Approvals

All written applications for Commencement, Specific warrants and approvals to MoF should be signed by the Minister or Deputy Minister of the MDA. In their absence, the Chief Director may sign the letters. In the case of the Commissions, the Head of the Commission or any of his or her Deputies should sign the letter.

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

3.3.4 Specific Warrants for Continuation of Existing Projects

In order to avoid delays in the payment of contractors and related costs as well as the build-up of arrears, all MDAs are required to obtain Specific Warrants every year through the GIFMIS from Ministry of Finance before authorising continuation of existing projects.

3.3.5 Commitments Above Approved Budget

MDAs must note that, it is an offence under Section 25 of the PFM Act, to make a commitment over and above duly approved quarterly budget allotment. Any Spending Officer who contravenes Sub-Section (4) of Section 25 of the law is liable to a fine of **two thousand penalty units**.

3.3.6 Award of New Contracts

MDAs are enjoined to initiate Commencement Warrant requests on the GIFMIS platform before issuing purchase orders for new contracts. MDAs are to note this and comply accordingly to eliminate budget overruns and its attendant arrears which undermine budget execution.

MDAs are to ensure that all requests for commencement warrants are within the approved budget and all outstanding balances on existing contract sum has been taken care of. The request must be accompanied by detailed analysis of the budget estimates to confirm that the request can be accommodated in the approved budget.

MDAs awarding new contracts must ensure that there are:

- i. No indexation to a foreign currency, nor contract awarded in foreign currency;
- ii. No advance mobilization clauses;
- iii. No price variations; and
- iv. No interest on delayed payments.

MDAs must ensure that all their contracts contain clauses, requiring contractors or service providers to undertake due diligence on the availability of funds for projects before accepting to execute them.

3.3.7 Contract Extensions and Variations

Heads of MDAs are required to apply for and obtain financial clearance from the Ministry of Finance before granting extensions to contracts or varying same. The Ministry of Finance will not honour any claims for payment in respect of contract extensions or variations not supported by MoF's clearance. MDAs are also reminded to comply with the provisions of the Public Procurement Act on contract variations.

3.3.8 Multi-Year Expenditure Commitments

In accordance with Section 33 of the PFMA, MDAs must first seek written approval from the Minister of Finance for all multi-year contracts/expenditure commitments (***contract for purchase of goods, works, supplies or services for a period of more than one programme year***) for any project to ascertain fiscal space and available funding for outer year commitments. This is to avoid over commitments, delayed payments of projects and arrears build-up.

MDAs submitting requests for Multi-Year Contracts must fulfil requirements as detailed below:

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

Assistance could be sought from the Public Investments and Assets Division (PIAD) of the Ministry of Finance in this regard.

3.4 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 it is an offence under Sub-section 1(b) of Section 98 of the PFM Act, to issue a local purchase order outside the Ghana Integrated Financial Management Information System or any other authorized electronic platform.

3.5 Payment of Compensation in Respect of Land and Property

As part of measures to streamline 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, MDAs must obtain prior approval from Cabinet before submitting claims to MoF for payment. The request to Cabinet must indicate the past and present ownership, the purpose for the acquisition of the land or property, and any history of related payments, as well as, other relevant documents.

3.6 Enforcement of the Public Procurement Act

As part of public expenditure management framework, all Government Agencies should strictly enforce the provisions of the Public Procurement Act, 2003 (Act 921) as amended by Public Procurement (Amendment) Act, 2016 (Act 914), especially with regard to sole sourcing, which has proven to pose significant risks to fiscal policy management.

3.7 Formal Requests for Payment for Works/Goods Services

Formal Requests for Payment for Works/Goods Services related to the priority areas listed in appendix **must be accompanied by a formal request for payment from the contractor, supplier or service provider on the company's letterhead, and duly signed by designated director or personnel.**

3.8 Verification and Certification of MDAs Claims by IAUS

Internal Audit Units (IAUs) of MDAs are required to scrutinize and certify all claims submitted to MoF requesting for release of funds. Additionally, Internal Audit Units are required to verify and certify claims in respect of works and supply of goods and services. It is expected that Internal Audit Units will verify and certify that works have been executed or goods have been supplied and received into store. Heads of Internal Audit Units will issue certification reports indicating that claims in respect of allowances, works and goods as well as services constitute proper charge on government and payment should be made. In the event of the Head of Internal Audit Unit making false certification, the appropriate sanctions under the Public Financial Management Act, 2016, Act 921, will be applied.

The Head of Internal Audit Unit should ensure that the appropriate checklists are duly completed, endorsed and attached to all requests submitted to MoF.

3.9 Offering Letters of Guarantee or Undertaking to Contractors

It has come to the attention of MoF that in spite of Circular No. D39/SF.55 dated 19th July 2013, issued by the Attorney-General's Department to MDAs to stop giving letters of guarantee or undertaking to contractors, some MDAs continue with the practice. In the event of a contractor or service provider failing to pay its financier, the MDA or the State, as a result of the guarantee or undertaking becomes liable to pay the financier, causing the State to end up in legal tussles which often lead to judgment debt. As a way of safeguarding the interest of the State, it is now required that all MDAs and MMDAs insert the understated clause in all contracts/agreements in order for them to be paid.

"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.

I (contractor/supplier name) understand and acknowledge that any unauthorized letter of guarantee or undertaking issued under this contract is unlawful, null and

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

void ab initio, and is not legally binding on government. I understand, acknowledge and agree that any judgment or garnishee order that may be issued in my favour as a result of breach of this contract shall be enforceable against that particular MDA and shall not be enforceable against any other Ministry, Department or Agency of the Government of Ghana that is not a party to this contract.

I understand that, "unauthorized letter of guarantee or undertaking" means one that has not been approved by the Ministry of Finance."

3.10 Letters of Credit

All MDAs/MMDAs that have established Letters of Credit (LC) and are due for maturity in 2019 are required to meet the claims from their 2019 approved estimates, as there is no central vote to cover the LC claims.

3.11 Lifting of Fuel by Security Agencies

All Security Agencies are informed that there is no central vote for payment of fuel lifting. Consequently, all expenditures in respect of fuel lifting are to be met from their 2019 Goods and Services approved budget.

3.12 Duties and Taxes

All MDAs are reminded that, they will bear all duties, taxes and other related fees and charges in respect of all imports, local purchases and contracts.

3.13 Social Intervention Programmes

All MDAs that have responsibility for implementing social intervention programmes in employment generation, health, education, poverty reduction and sanitation are required to submit detailed quarterly reports on the implementation/performance of these programmes to MoF.

4.0 COMPREHENSIVE RESOURCE ENVELOPE OF MDAs

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

The approved 2019 Budget of MDAs made progress in capturing all sources of funding to MDAs, including Development Partners Funds (Loans and Grants), Internally Generated Funds and Government of Ghana Funds. MDAs must note that any loan or debt agreement which was not in the 2019 budget cannot be serviced in the 2019 financial year (either by way of drawdown disbursement, down payment or principal or interest payment). MoF will still ensure that Budgetary Allocations encompass the full scope and nature of the Budgetary Resource Envelope of MDAs, including proper attribution of Development Partner Funds.

4.1 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 2019 Appropriation Act and MDAs Retention of Funds Act, 2007 (Act 735).

4.2 Processing of IGF Transactions

All IGF generating institutions are required to process their retained IGF portions on the GIFMIS platform. All MDAs are requested to collaborate with the GIFMIS Secretariat to ensure the system is fully installed or configured at their offices to facilitate processing of transactions. Any MDA that cannot process their IGF through the GIFMIS platform for any reason, must seek and receive prior, written authorization from the Controller and Accountant-General before processing their IGF outside the GIFMIS platform.

4.3 Gross Lodgement of IGF

In line with Government's Capping of earmarked funds Policy, MDAs that have authorisation to retain and use portions of their IGF are required to lodge all IGF revenue into their respective Holding Accounts opened and maintained for the MDAs at the Bank of Ghana.

For MDAs that have authorization to retain and use all of their IGF are to lodge all IGF revenue (Gross) into their respective Operations Accounts.

4.4 Government Borrowing

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

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. All borrowing by a local government authority, a public corporation or any State Owned Enterprise is mandated to be in accordance with the PFM law.

4.5 Contracting of External Loans

All MDAs are 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.

4.6 Public Private Partnership (PPP)

We wish to draw your attention to the fact that, Government has adopted Public Private Partnership (PPP) as a financing and procurement option for the delivery of public infrastructure and services.

To this end, the National Policy on Public Private Partnerships (PPPs) provides the general principles and the steps that will enable MDAs take full advantage of the opportunities under the policy. Currently, the appropriate legislative framework to consolidate the PPP process in Ghana is before Cabinet for consideration. MDAs that may embark on various PPP arrangements are advised to follow the processes outlined in the National Policy on PPP.

It should be noted that, Government is currently not in a position to provide any form of financial support including guarantees. In this regard, MDAs are to ensure that all PPP arrangements initiated are economically and financially viable and will not need Government financial support.

In addition to provisions in the National PPP Policy, this Ministry is available to provide the needed technical support to MDAs during the entire PPP process.

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

4.7 Development Partner Funds

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

5.0 REALIGNMENT OF STATUTORY FUNDS

As part of measures to reduce rigidities in the budget, Government will continue to cap all Statutory Funds at 25 percent of tax revenue to allow a realignment of the freed-up revenues into the budget for other government priorities, and make possible increased expenditure on such priorities as education, health, agriculture and infrastructure.

6.0 VALUE BOOKS

MDAs that have approval to retain part or all of their Internally Generated Funds are required, in line with the 2019 Budget Guidelines, to pay for their Value Books collected from the Controller and Accountant-General's Department, from their Goods and Services votes.

7.0 AWARD OF CONTRACTS IN FOREIGN CURRENCIES

MDAs are reminded that all contracts funded from Government of Ghana (GoG) resources must be awarded in the local currency, the Cedi. In exceptional circumstances where contracts need to be awarded in foreign currency, prior, written approval must be sought from MoF. However, the responsibility for any foreign exchange losses arising thereof shall be borne solely by the MDA from its approved Goods and Service/Capex budget. Contractors/Service providers who wish for payment to be made to an off-shore foreign account will have to bear the bank transfer and telex costs.

8.0 TAX EXEMPTIONS

It has been observed that some MDAs approve tax exemptions, which they have no authority to grant, in contracts. The authority to approve tax exemptions is vested only in

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

Parliament. 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. MDAs are reminded that beneficiaries of tax exemptions are required to pay the relevant duties and taxes and apply for and obtain refunds from GRA.

MDAs are required to make appropriate deductions of withholding taxes and levies where applicable before making payments to contractors or service providers.

9.0 MONITORING AND REPORTING

In accordance with section 30 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. Scheduled monitoring visits will be undertaken to inspect project sites where necessary for validation. Subsequent quarter releases will be based on receipt of previous quarter's reports.

10.0 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 Public Financial Management Act, 2016, (Act 921), some of which are listed below. All MDAs are required to familiarize themselves with all the offences and penalties in the PFM Act so as to avoid committing them:

(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,

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

(e) accepts or receives money or valuable consideration for the performance of an official duty,

(f) in relation to the duties of that person, wilfully 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, 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

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

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.

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.

(1) 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,

(d) contravenes or knowingly permits another person to contravene a provision of this Act or the Regulations, or

(e) 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.

(2) 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

2019 BUDGET IMPLEMENTATION INSTRUCTIONS

(b) subject to disciplinary action by Government including dismissal, demotion or suspension.

11.0 CONCLUSION

For the implementation of the 2019 budget, the Ministry of Finance will focus on facilitating MDAs' access to funds for effective and efficient implementation of approved projects and operations.

It is the expectation of the Ministry of Finance that, all MDAs/MMDAs/SOEs will cooperate and strictly comply with these instructions for the smooth implementation of the National Budget and facilitate the attainment of government policy objectives in 2019.

KEN OFORI-ATTA
MINISTER FOR FINANCE

APPENDIX 1

GOVERNMENT PRIORITY PROGRAMMES

1. Fish Landing Sites Projects
2. Railway Development Programme
3. Sinohydro Project (Road Construction Project)
4. Nation Builders Corps (NABCO)
5. National Identification Programme
6. Infrastructure for Poverty Eradication Programme (IPEP)
7. Planting for Food and Jobs (PFJ)
8. Livelihood Empowerment Against Poverty (LEAP)
9. 1 District 1 Factory Programme (1D1F)
10. Zongo Development Fund
11. MASLOC
12. Free Senior High School
 - Scholarships
 - Double Track
 - Education Infrastructure
13. Water and Sanitation
14. School Feeding Programme
15. Teachers and Nurses Trainees Allowances
16. Development of the Six (6) New Regions