Method of Accountability Utilizing Sound PFM: a Case of Ghana, Using the Ghana Health Service (GHS) and Ministry of Health (MOH)

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The Importance of PFM in Ghana

- Prudent PFM as the Main thrust to drive economic and social development in Ghana is contained in the “Directive Principles of State” (Chapter 6: clause 36 & 37) of the 1992 Constitution

- Between 2000 -2015, very important PFM Laws have been passed by the Parliament of Ghana, to strengthen transparency and accountability
  - Public Procurement Act, Financial Administration Act, and the Internal Audit Agency Act, amongst others
  - The Ministry of Health (MOH) and Ghana Health Service have been key in the drive to improve PFM within Ghana
  - We present to you, some salient issues for discussion:
Brief Introduction of Focus Area

• **Ministry of Health (MOH)** is charged to provide Health Care to All Residents in Ghana

• The **Ghana Health Service (GHS)** is one of the Agencies under the MOH responsible for Health Service delivery

• For effective monitoring and accountability, it has:
  - 10 Regional Health Directorates
  - 216 District Health Directorates
  - 216 District Hospitals
  - Over 6000 Sub-District facilities spread countrywide

Into what is known as “**Budget Management Centers**” (BMCs)
MOH/GHS : Pre - 1996

• Numerous Vertical Programmes (Competing)
• Numerous Bank Accounts held at BMCs
• Very weak Internal Controls
• No Standardize Formats for Record or Report
• Numerous Accounting Systems
• No Computerization/Automation
• No Management Information Systems
• Un-Reconciled Accounts & Unreliable Financial Reports
What was wrong and the lessons learnt

• Weak personnel quality/capacity – no training regime
• Lack of standardized Recording, Accounting and Reporting methods
• Weaknesses in existing Financial Control and Accountability Governance Framework
• Weaknesses in surveillance led to abuses and misuses of Public Funds and Assets
• Inadequate funding of Reforms efforts and weak Change Management protocols
• Ineffective monitoring, systematic and timely diagnosis and evaluation of the Financial System
• Absence of an effective Feedbacks System
Financial Control was targeted to ensure ....

- Public Accountability within MOH/GHS
- Proper co-ordination of BMC Plans and Budgets
- Internal Control mechanisms work to prevent service over-lapping and duplication
- The Control of BMC revenue and checking for Regularity and Legality of BMC expenditures
- Economy, effectiveness and efficiency in operations
  - Best known model of British Audit Committee
- That financial information is provided on timely basis
- Preparation of Periodic MOH Consolidated Financial Reports
Method of Achieving Accountability

• MOH/GHS initiated its own departmental concept of Financial Control & Accountability in the mid-1990s, as part of a larger Health Sector Reforms

• In 1996: in collaboration with Partners, a Change Agent developed a Departmental FM Manual - major legal framework to inspire accountability

• 1997: the Product - Accounting, Treasury and Financial, Rules and Instructions ("ATF" Rules) was completed and became the Standard – to ease Consolidation

• 1998: Nationwide Training of all Finance & Non-Finance Managers on the “ATF” Rules

• 1999: Support & Supervision Unit created at Headquarters to spearhead change; and National & Regional Financial Monitors appointed
ATF Implementation – Key Goals

**Raising Awareness**
Highlighting the importance of a strong Financial Controls and Accountability. Showcasing the work of the FM in BMCs. Supporting FM and the work of Financial Monitoring, and ATF requirements.

**Sharing knowledge**
Promoting good practice in PFM development. Exchanging approaches to adoption and implementation of ATF standards and good practices.

**Enhancing Development Partnerships**
The MOH Increasing BMC understandability of HR capacity challenges and success factors. Promoting an aligned approach to development efforts on PFM using ATF.
Design of MOH/GHS Accountability

Delegation

Executive Authority

Legislation

ATF/Legislator

ATF Implementation

Accountability

Oversight - M&R - A
MOH/GHS ACCOUNTABILITY

- **Regularity**
  - Top Management
  - Middle Management
  - Jnr Managers

- **Value-for-money**
  - Top Management
  - Middle Management
  - Jnr Managers

**Planning and Budgeting Delegation**
- Top Manager
  - Middle Management
  - Jnr Managers

**Supply Chain Mgmt. Delegation**
- Top Manager
  - Middle Management
  - Jnr Managers

**Financial Mgmt. Delegation**
- Top Manager
  - Middle Management
  - Jnr Managers

**Monthly, Quarterly and Yearly Reporting**
- Top Manager
  - Middle Management
  - Jnr Managers

**Internal Auditing and Control**
- Top Manager
  - Middle Management
  - Jnr Managers

**Risk Management**
- Top Manager
  - Middle Management
  - Jnr Managers

**Operational Personnel**
Strategy for PFM Improvement

- Identify the Gaps and established mechanism for continual Updates to Legal Framework –“ATF” Rules
- Scale up Modules enshrined in ATF at the BMC
- Create effective Financial Monitoring and Reporting units to oversee the implementation of ATF
- Use of Category “A” BMCs to provide peer-review standards and served as practical training grounds
- Quarterly Financial Validation exercises – all levels
- Build HR Capacity (both Finance & Non-Finance) and logistical improvement
Tools Deployed for Financial Control

- BMC Plans and Budgets as control measure
- Financial Reporting meeting criteria using the Reporting Tool
- Inventory and Stock Control and Payroll
- Financial Monitoring, Inspection and Investigation
- Internal and External Auditing – Audit Conferences
- Select Committee on Public Accounts
Outcome of our Efforts

• Through incessant training, HR is highly augmented in capacity, skills and know-how
• Pooled rather than Vertical funding of Health Programs and Activities at all levels is the norm
• Total accountability of all resources at all levels
• Full adherence to stipulations of ATF, resulting in accuracy, integrity and reliability of data
• Timely submission of Financial Reports to C&AG and other Stakeholders
• Auditor General’s comment on the MOH/GHS Financial Statement in 2011
• Increased Health Partner confidence in PFM
Trajectory of Accounting system

**Account Basis**

- 1990 - 1996
  Incomplete Records /Treasury System & IGF

- 1998 - 2009
  Cash Accounting/Treasury System & IGF

- 2010 -2015
  Modified Accrual Accounting /Treasury System including IGF

**Books of Accounts**

- Revenue and Expenditure Books/Ledgers
- Modified Accrual Accounting /Treasury System & IGF

**Financial Reporting**

- Cash Items Revenue & Expenditure Returns
- Statement of Revenue and Expenditure
- Financial Statement including Cash Flows Statements
Financial Control in Action

- Establishing IT Infrastructure for Financial Reporting & Personnel
- Establishing Governance in PFM
- Unearthing the Power of Professionalism in BMCs
- Mentoring the Path to Sustainable Development in PFM
- Accountability and Transparency facilitating Unethical Behavior

Monitoring, Evaluation & Correcting Actions and Behavior
The Way Forward

MOH/GHS INTEGRATED REPORTING
Effective Communication about Value Creation over time

Strategy, governance, performance and perspective reporting

Transparency, Comparability and Decision Making

Economic Growth

Financial Reporting, Treasury and Information Systems Management

ATF

Supply Chain, Payroll, Inventory, Operations and Performance Management Reports

Economic Growth
MOH/GHS Control for Accountability

Framework for Public Accountability and Control

Regularity Control
- Laws
- (The ATF)
- Regulations
- Policies
- Mgt. Decisions
- Compliance

Processes
- Supporting Organizational Structure

Outcomes
- Strategic & Operational Goals and Objectives
- Service Priorities
- Budget and Resources
- Performance indicators
- Performance

Reporting
- Financial Statements
- Strategic Action Plans and Budgets
- Audit Reports
Conclusion

“Accountability is not about accounting, it is about improving peoples’ lives by holding governments responsible to deliver on their obligations without hiding the fact about who will pay for them”

(Thomas Muller-Marques Berger , Rome, 12 Nov. 2014)

THANK YOU FOR YOUR ATTENTION