

*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.

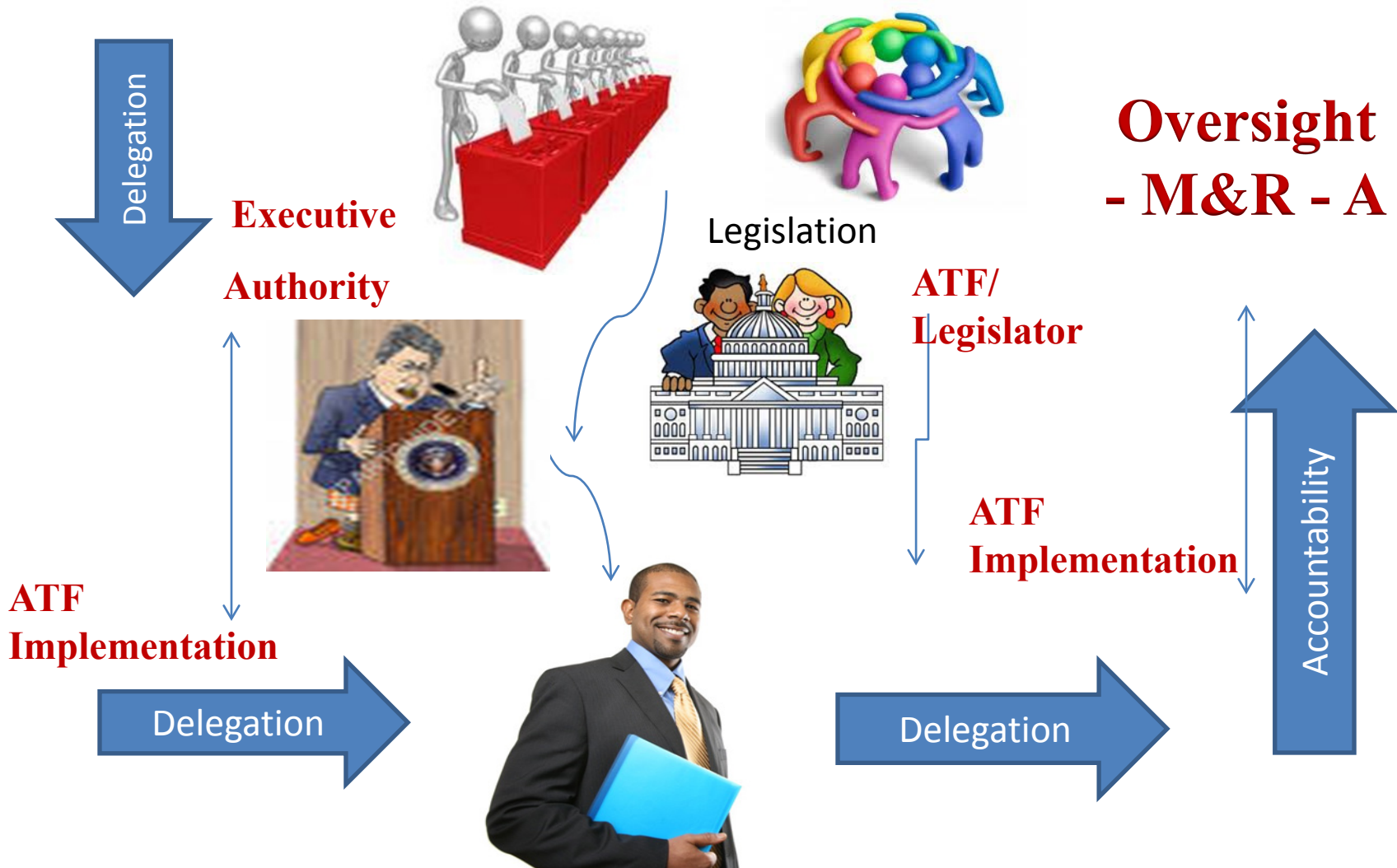
## Enhancing Development Partnerships

The MOH Increasing BMC understandability of HR capacity challenges and success factors.

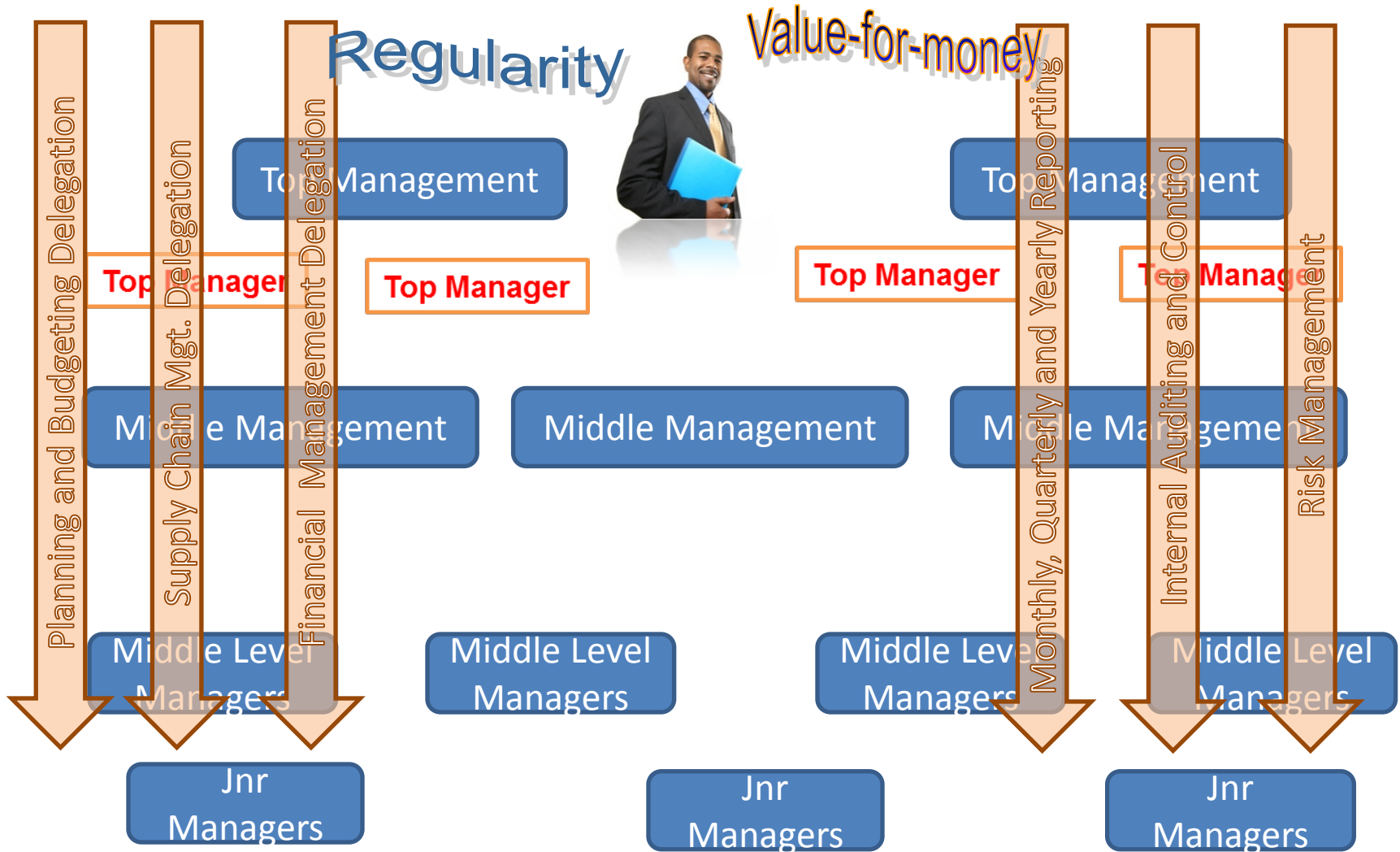
Promoting an aligned approach to development efforts on PFM using ATF



# Design of MOH/GHS Accountability



# MOH/GHS ACCOUNTABILITY



*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

Cash Books & Activity  
Ledgers /Template  
Reporting of Rev.&Eep.

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

Monitoring, Evaluation & Correcting  
Actions and Behavior



Establishing IT  
Infrastructure for Financial  
Reporting & Personnel



Establishing Governance in  
PFM



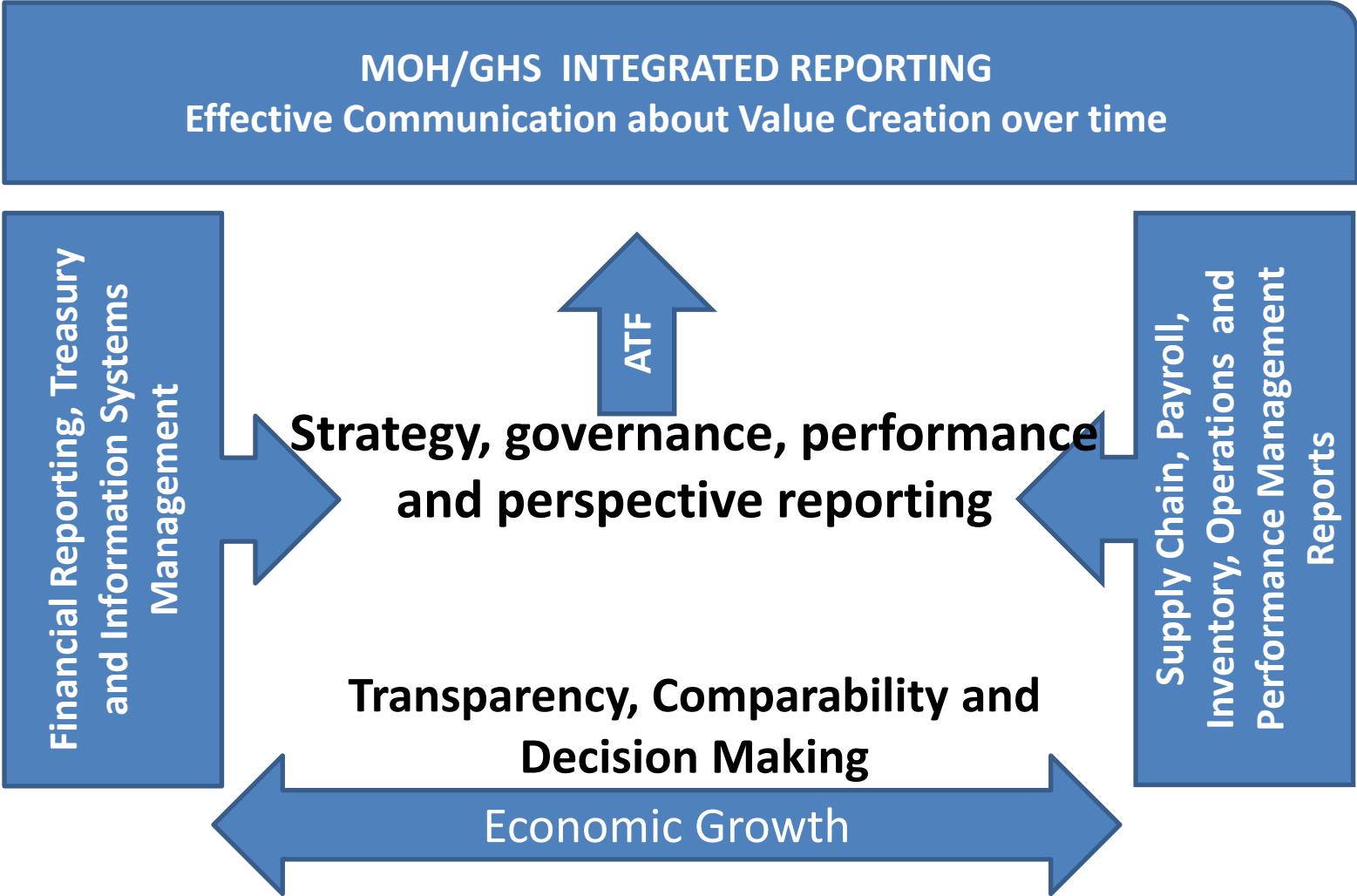
Mentoring the Path to  
Sustainable  
Development in PFM



Unearthing the Power of  
Professionalism in BMCs

Accountability and Transparency facilitating  
Unethical Behavior

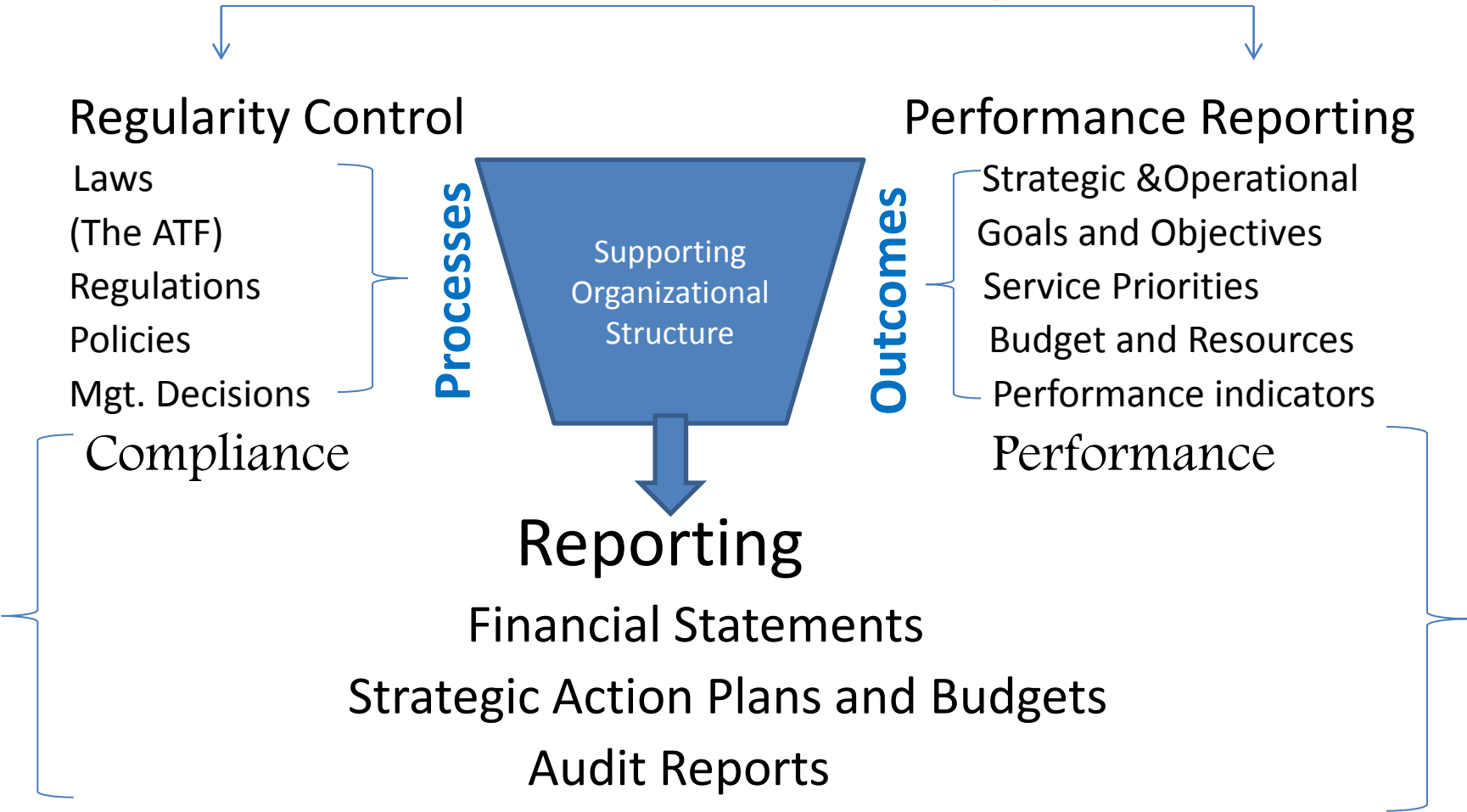
# The Way Forward





# MOH/GHS Control for Accountability

## Framework for Public Accountability and Control



## 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*