ADDRESSING CHALLENGES OF SUPREME AUDIT INSTITUTIONS: CASE OF THE OFFICE OF THE AUDITOR-GENERAL IN ENSURING ACCOUNTABILITY IN GHANA

Presented by:

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Outline of Presentation

• Introduction and Objective

• Independent Oversight Institutions

• Supreme Audit Institutions (SAIs)

• Office of the Auditor-General, Ghana

• Benchmarking (Using the World Bank’s recommendations)

• The way forward
INTRODUCTION/OBJECTIVES

• Ideally, Supreme Audit Institutions (SAIs) are useful in Managing Public Spending, Ensuring Financial Accountability and Strengthening Public Institutions

• Most Developing Countries use one of Three Auditing Systems: Napoleonic, Westminster and the Board system

• OBJECTIVES:

• To share experiences on how the SAI of Ghana (The Audit Service) has been Weakened under Ghana’s Fourth Republic (1992- to Date) in line with recommended International Standards.

• It is hoped that the lessons learnt out of these shared experiences would be beneficial to most developing countries in their area of Public Financial Management
• Known as the Audit Service in Ghana, with the Auditor-General as head

• The A-G is guided by the following Laws and Regulations in the performance of its functions

• The 1992 Constitution: Public accounts of Ghana and of all public offices shall be audited and reported by the A-G

• The Public Office Holders Act, 1998 (Act550, Declaration of Assets and Disqualification)

• Audit Service Act 2000 (Act 584): Approval of form in which public accounts of Ghana shall be kept
SAI - Ghana (continued)

• Financial Administration Act, 2003 (Act 654)

• Internal Audit Agency Act, 2003 (Act 658)

• Financial Administration Regulation, 2004 L.I. 1802

• Auditing Standards of International Organisation of Supreme Audit Institutions (INTOSAI) of which Ghana is a member

• Most of the above laws have recently been compiled into the Public Financial Management Act, 2016 (Act 921) to enhance easy reference to a single document
BENCHMARK: CONDITIONS FOR SUCCESSFUL SAI (WB REPORT)

(1) INDEPENDENCE

• The A-G’s Independence and Autonomy are crucial in carrying out its mandates.

• Independence and Autonomy are also strengthened by setting out the A-G’s role in the country’s Constitution

Ghana’s Experience

• Appointment of the A-G “The Auditor-General shall be appointed by the President acting in consultation with the Council of State” (Act 584 s. 10(1)).
BENCHMARK: CONDITIONS FOR SUCCESSFUL SAI (WB REPORT)

• The President may appoint a person in acting position for any period of time.

• A long stay in acting position could compromise one’s independence.

• Members of Council of State; also appointed by the President; rubber stamp.

• Determination of emoluments of the Auditor-General

• Under article 71(1) of the 1992 Constitution the salaries and allowances payable, and the facilities and privileges available to the Auditor-General, shall be determined by the President on the recommendation of a committee of not more than five persons appointed by the President, acting in accordance with the advice of the Council of State.
BENCHMARK:
CONDITIONS FOR SUCCESSFUL SAI (WB REPORT)

(2) ADEQUATE FUNDING, FACILITIES AND STAFF

• Report advocates that governments should be sensitive to the costs as well as the high returns on Audits and provide commensurate funding.

Ghana’s Experience

• Qualified staff within the capital and urban areas only

• Remuneration: determined by the executive to a large extent

• Inadequate training and education: Donor Agencies sponsorships

• Staff strength in relation to the workload of the A-G
BENCHMARK:
CONDITIONS FOR SUCCESSFUL SAI (WB REPORT)

- Inadequate Budget
- Release of approved budget funds and payments to the A-G

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(3) CLEAR MANDATES

• The responsibility of SAI’s should be clearly spelt out in the Law of the land

Ghana’s Experience

• Previously mandates were scattered in various documents, but now codified (Public Financial Management Act, 2016)

• Inability of the A-G to enforce some of its mandates. E.g., Prosecutorial initiative: The Audit Report Implementation Committees (ARIC)
BENCHMARK:
CONDITIONS FOR SUCCESSFUL SAI (WB REPORT)

(4) SUPPORTIVE ENVIRONMENT

• Audits are more effective when their reports are used to promote accountability

• When SAI’s stick to professional auditing standards (INTOSAI)

Ghana’s Experience

• A-G’s lack of authority to enforce audit findings. Recommendations such as severe sanctions to enhance accountability are either ignored or not fully implemented by the executive.

• Legitimate action by another public organisation or institution (E.C)
BENCHMARK: CONDITIONS FOR SUCCESSFUL SAI (WB REPORT)

(5) SHARING OF KNOWLEDGE AND EXPERIENCE

• International exchanges of ideas, knowledge and experience.

• Improve audits, harmonize standards, promote best practices, and generally help supreme audit institutions fulfill their mandates

Ghana’s Experience

• Satisfactory exchange of ideas, knowledge and experience at the regional and international level and harmonized accounting standards. However there is a lack of POLITICAL WILL for SAI’S to fulfil their mandate.
BENCHMARK: CONDITIONS FOR SUCCESSFUL SAI (WB REPORT)

(6) ADHERENCE TO INTERNATIONAL AUDITING STANDARDS

• Audits are more effective when supreme audit institutions adhere to professional auditing standards.

• International Organization of Supreme Audit Institutions (INTOSAI) and African Organization of Supreme Audit Institutions (AFROSAI)

Ghana’s Experience

• Major auditing standards adopted

• Member of INTOSAI and AFROSAI

• Overall Improvement, but average rating by INTOSAI (Level 3)
THE WAY FORWARD

• The A-G shall not be appointed into acting position.

• The President shall, acting in consultation with the Council of State, appoint the Auditor-General with the prior approval of Parliament. This will be in line with the current situation where the Auditor-General reports to Parliament.

• The emoluments payable, and other facilities and privileges available to the Auditor-General, shall be determined by Parliament on the recommendation of the Appointments Committee of Parliament.

• Power to act on findings and recommendations of the A-G: The Auditor-General should have power to ensure that the audit findings and recommendations are acted on.

  (E.g. France: follow up on Audit recommendations every three months)
THE WAY FORWARD

• Power to enforce the public officers assets declaration requirements and obligations.

• Improve the accessibility of audit reports: Publicity can be used as a tool to highlight the audit findings.

• Civil Society Organizations (CSOs) may use audit findings to pressure governments

• Seek the intervention of development partners (donors) to exert pressure on government

• Encourage whistleblowers in the public interest.

• Enforce the operation of the financial administration courts
CONCLUSION

• The Auditor-General lacks total independence to perform his functions as provided in the 1992 Constitution of Ghana.

• The above situation is due to the fact that the executive arm of government wields so much power that it impacts negatively on the functions of the A-G.

• The recommendations made in the earlier discussions on “WAY FORWARD” if implemented might strengthen the independence of the A-G.
END OF PRESENTATION

THANK YOU FOR YOUR ATTENTION

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