

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

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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

# SAI – GHANA

- 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 (Act 550, 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

Budget	2001 ₪ Billion	2002 ₪ Billion	2003 ₪ Billion	2004 ₪ Billion	2012 ₪ Billion	2013 ₪ Billion	2014 ₪ Billion
Proposed	36.4	66.3	75.0	229.3	673.9	696.4	1194.4
Approved	23.2	25.9	83.0	79.7	478.9	515.1	1191.3
Shortfall	13.2	40.4	(8.0)	149.6	195.0	181.3	3.1

# BENCHMARK: CONDITIONS FOR SUCCESSFUL SAI (WB REPORT)

## **(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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