

# AUDIT SERVICE



Good Governance  
and Accountability

In case of reply the  
number and date of the  
letter should be quoted

AG.01/14/38

My Ref. No:.....

Your Ref. No:.....

Tel: 021 664928/29

WEBSITE:www.ghaudit.org

P. O. Box..... M. 96  
ACCRA  
.....  
9 December 2014

OCCUPY GHANA  
P. O. BOX AN 6668  
ACCRA.

**CONFIDENTIAL**

Dear Sir,

## RE: REQUEST FOR THE EXERCISE OF THE AUDITOR- GENERAL'S POWERS OF DISALLOWANCE AND SURCHARGE, AND NOTICE OF ACTION

We refer to your correspondence dated 12 November, 2014 and would like to acknowledge the work of OCCUPYGHANA in championing the course of Good Governance and Accountability.

We are also grateful for the opportunity to explain the role of the Auditor-General and to deal with the concerns of the group expressed in its letter.

We further welcome the support of OCCUPYGHANA as a social partner in enhancing the work of the Auditor-General.

Find our comments to the matters raised and information requested.

Should you require any further clarification please don't hesitate to contact us.

Yours sincerely

  
RICHARD Q. QUARTEY  
AUDITOR-GENERAL

cc: Attorney-General

Chief of Staff

Under the provisions of Article 187 of the Constitution, the Auditor-General has been vested with mandatory functions and authority as well as discretionary powers to support the performance of the mandatory functions.

2. On the basis of the sequential order of arrangements of the constitutional provisions, the Auditor-General is mandatorily required annually to:

- i. audit the public accounts of Ghana and the accounts of all public offices, including the courts, the central and local government administrations, the universities and public institution of like nature, Public Corporation or other body or organization established by an Act of Parliament. Article 187 (2) refers.
- ii. submit his report on the result of the audit undertaken to Parliament within six months after the end of the financial year to which the accounts relate and shall in that report draw attention to ANY IRREGULARITIES and to any other matter which in his opinion should be brought to the notice of Parliament - Article 187 (5) refers.

3. Upon the submission of the Auditor-General's report to Parliament, Article 187 (6) requires that Parliament shall debate the report and appoint where necessary, in the public interest, a committee to deal with any matters arising from it.

#### **Audit Report Implementation Committee (ARIC)**

4. In the case of the Audit Service Act, section 30 requires Audit Report Implementation Committees (ARICs) to be established as follows, to implement Parliamentary decisions and directives as well as reports issued by internal monitoring units of the audited bodies.

- i. For Ministries, Departments and Agencies of the Central Government, Honorable Ministers are to form Ministerial Committees as their ARICs to ensure that Chief Directors act on the reports.
- ii. For corporate bodies operating under their own enactments, the Governing board or councils are to constitute the ARICs to ensure that the Chief Executive implements the recommendations
- iii. For District Assemblies, a Special committee is to be formed as the ARIC for each District to implement the parliamentary recommendation.

5. Under the Act, Sector Ministers with direct responsibility for MDAs as well as oversight roles for corporate bodies operating under their own enactments are



required to ensure that annually a status report on action taken on external audit reports (Auditor-General) and internal monitoring units (Internal Audit for example) is prepared and endorsed by them. Copies of the status report are to be forwarded to the President, Parliament and the Auditor-General. The status report is to show remedial action taken or proposed to be taken to minimize the recurrence of undesirable features in the accounts and the time frame for action to be completed.

### **Financial Administration Court**

6. Sections 66 to 68 of the Financial Administration Act (FAA) 2003 Act 654 established a Financial Administration Tribunal (later amended in 2008 to Financial Administration Court) and provided with the authority of a High Court. The Tribunal now a Court, has been vested by the FAA to carry out among other things the following functions.

- ❖ To enforce recommendations of the Public Accounts Committee on the Auditor-General's reports as approved by Parliament
- ❖ To make such orders as it considers appropriate for the recovery of monies, assets or other property of the State.
- ❖ To prohibit any person from participating as a bidder in any government procurement or contract where the person has a record of defrauding the State.

7. The ARICs and Financial Administration Court have, from the foregoing, been established to deal with issues arising from Article 187(5) and 187(6) of the Constitution towards the implementation of recommendation in the Auditor General report to Parliament after they have been debated and approved by parliament.

### **Reporting Standards**

8. The diagnostic approach by the Auditor-General of Ghana and the reporting elements introduced in the 1930's including audit recommendations have in contemporary times, been adopted and refined globally to establish part of international audit reporting standards. These require the disclosure of the criteria used in making the audit case, the condition under which the irregularity occurred, the cause and effects of the observed irregularity and recommendations to deal with the findings.