THE PROFESSIONAL ACCOUNTANT

OFFICIAL JOURNAL OF INSTITUTE OF CHARTERED ACCOUNTANTS, GHANA

Theme:
Mobilizing Domestic Revenue: A Two Decade's Analysis of Ghana's Domestic Tax Revenue Collection

APRIL/JUNE 2022

The Professional Accountant

OFFICIAL JOURNAL OF INSTITUTE OF CHARTERED ACCOUNTANTS, GHANA APRIL/JUNE, 2022

Secretariat Address

Institute of Chartered Accountants, Ghana
P.O. Box GP 4268, Accra
Tel: 0544366701 /2; 0277801422
Digital Address: GA-416-9906
website: www.icagh.org
Email: info@icagh.com

In this issue

CONTENT **PAGE**

EDITORIAL

With the global economy facing economic headwinds from the corona pandemic coupled with a gradual decline in official development assistance (ODA), the dialogue on domestic revenue mobilisation in Africa has been brought to the fore. Revenue is pivotal to the economic development of any country. Countries that can raise higher revenues are better positioned to invest in public goods in critical sectors such as infrastructure, health, and education. Conversely, a country that collects low revenue will face challenges in financing investments in public goods.
In conclusion,

There is a heightened awareness worldwide that effective corporate governance as manifested by transparency, accountability as well as the just and equitable treatment of shareholders is now a pre-requisite towards efforts to promote sustainable development. The writer posits that, there is a need for both public (as represented by governments) and private sector partnership to raise the awareness of the importance of corporate governance improvements and to assist in implementing corporate governance reform. However such efforts must be mindful of the fact that each country has its own culture as well as differing social and economic priorities.

The causes and consequences of wars have been the central concerns of international politics, and major concerns in economic activities. Scholars and policy makers alike have good reason to learn more about the effects of war and other forms of international conflict. Practitioners have suggested that war is nothing but a continuation of political intercourse with a mixture of other means. We should evaluate war much as we evaluate those other means. Wars occur frequently and can have massive effects on individuals, groups, nations, and international systems. Thus, knowledge of the likely consequences of conflict is necessary for those who would use rational choice models of conflict initiation. The writer discusses the causes, effects, beneficiaries and impacts of Ukraine-Russia war on the world economy.

The audit function has been touted generally as an indispensable element in ensuring economic, effective and efficient management of public finances and improving public performance and accountability. Generally, audit can be defined as an examination and verification of a company's financial and accounting records and supporting documents by an independent professional against established criteria and communicating the results to interested parties. Principally, there are two professionals who are responsible for conducting an audit of an entity's financial and non-financial records namely; the internal auditor and the external auditor. Despite few differences between the two professionals, there are myriads of similarities between them. The writer discusses the similarities and differences between internal auditor and external auditor and mentions how the two can corroborate to achieve the success of an organization.

These and many more others are presented in this edition. You may submit your comments and contributions on this edition to: ofori.henneh@icagh.com or abigail.armah@icagh.com

Preparing for the New Quality Management Standards: ISQM 1 System Evaluation and Monitoring

Kirsten S. Albo, FCPA, FCA, ICD.D

Part three of a three-part series from Kirsten S. Albo of ASK KSA Consulting Inc.

In this, the last of a three-part series on the new quality management standards, we cover the evaluation of the system of quality management. We began the series addressing establishing quality objectives and identifying and assessing risks. The second article covered the design and implementation of risk responses.

Overview

The standard requires the evaluation of the system of quality management to be undertaken at least annually at a point in time. The objective of the system of quality management is to provide the firm with reasonable assurance that the firm and its personnel fulfil their responsibilities and conduct engagements in accordance with standards and requirements and issue engagement reports that are appropriate in the circumstances. In the context of ISQM 1, reasonable assurance is a high, but not absolute, level of assurance.

It is the evaluation of the system that provides the firm with the conclusion that the objectives have been met. Accordingly, the standard requires a firm to establish a monitoring and remediation process to provide relevant, reliable and timely information about the design, implementation and operation of the system of quality management as well as to take actions to respond to identified deficiencies.

Designing and Performing Monitoring Activities

In order to evaluate the system of quality management, the firm must perform monitoring activities which will vary from firm to firm and therefore is tailored to the firm's nature and circumstances. For example, when determining the extent of monitoring activities, take into account the assessments given to the quality risks, the design of risk responses, and any changes that may have occurred in the system of quality management. The firm should also consider other relevant information including any complaints and allegations, previous monitoring results and information from external inspections. However, similar to the extant standard, external inspections are not a substitute for the monitoring process.

The nature, timing and extent of monitoring activities may also be affected by other matters including the size, structure, and organization of the firm and the resources that the firm intends to use to enable monitoring activities. In a less complex firm, the monitoring activities may be simple, since information about the monitoring and remediation process may be readily available in the form of leadership's knowledge and interaction with the system of quality management. In a more complex firm, the monitoring activities would likely be more robust, involve many individuals, and involve more detailed policies and procedures. That is, a partner in a small firm likely has their pulse on the activities of their firm more so than in a larger, more complex firm. Think about the differences in monitoring and remediation activities for one office versus many.

File Inspections

One monitoring activity that is mandatory is the inspection of completed engagements. Judgment will be required as to which engagements and which engagement partners should be selected. The requirement is to select at least one complete engagement for each engagement partner on a cyclical basis, but there may be reasons to select a file on a more frequent basis. For example, with a new partner, a partner that has taken on a new type of engagement, or there have been problems encountered in past inspections.

Separate and distinct from the completed file inspections conducted as a part of monitoring, the standard also introduces the concept of in-process engagements. That is, engagements where the report has not yet been issued. While these inspections may appear to similar to completed file inspections, their objective is different. These file reviews area response to an identified quality risk versus a complete file inspection that is a monitoring activity.

Evaluating Findings and Identifying Deficiencies

It is fully expected that findings will result from monitoring, but not all findings will result in a deficiency. Findings must be evaluated to determine if they are a deficiency. A deficiency is the result of:

a) A quality objective not established.

b) A quality risk is not identified or properly assessed.

c) A response to reduce the likelihood of a quality risk occurring to an acceptably low level has not been designed or implemented.

d) The response is not operating effectively.Let's walk through an example for each of the above. Imagine a mid-sized firm with six partners and 50 staff. Based on the monitoring activities, a deficiency may arise if:

   a) A quality objective related to review and supervision of staff is missing.

   b) Based on the nature and circumstances of this firm and the fact that they have a large staff, it would be expected a quality risk exists. If not, a deficiency would most likely be reported.

   c) A deficiency may also arise if the firm concluded this is a quality risk, but no response has been designed or implemented. For example, they have no policy or procedure that all work of a junior is to be reviewed by someone more senior.

d) Finally, a deficiency may exist because they have designed a response but based on the results of monitoring and completed file inspections, is it clear the review is not taking place. That is, the response is not operating effectively.

When a deficiency has been identified, its severity and pervasiveness must be also be evaluated. Is the deficiency a unique circumstance or is it pervasive across the firm? In answering this question, it is important, and required, to consider the root cause of the deficiency. The answer to this then drives different remedial actions. If unique to an engagement or an engagement team, then perhaps further training is required; however, if pervasive across the firm, perhaps a change in firm templates is required along with training.

Conclusion and Next Steps

Monitoring and remediation is the final component of the system of quality management. It will be important to design and perform monitoring activities relevant to your firm. In doing so, you will want to consider the nature and circumstances of your firm.

The time to start is now. The effective date of December 15, 2022 will soon be upon us. Read the standard. Think about the nature and circumstances of your firm and the types of engagements you perform. Appoint a leader. Determine your approach to the risk assessment process. Establish a monitoring and remediation process. And, seek further guidance if needed.

Additional Resources

IAASB ISQM 1 First-time Implementation Guide
IAASB ISQM 2; First-time Implementation Guide
IFAC dedicated Quality Management webpage

Footnotes

Specifically, the suite of Quality Management Standards is comprised of International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements; ISQM 2, Engagement Quality Reviews; and ISA 220 (Revised), Quality Management for an Audit of Financial Statements. These standards replace International Standard of Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and ISA 220, Quality Control for an Audit of Financial Statements.

Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits

The proposed revisions to the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) establish provisions that comprehensively address independence considerations for firms and individuals involved in an engagement to perform an audit of group financial statements. The proposals also address the independence implications of the change in the definition of an engagement team a concept central to an audit of financial statements in the International Auditing and Assurance Standards Board's (IAASB) International Standard on Auditing (ISA) 220, Quality Management for an Audit of Financial Statements.

Among other matters, the proposals:

Establish new defined terms and revise a number of existing terms, including for application with respect to independence in a group audit context.

Clarify and enhance the independence principles that apply to: Individuals involved in a group audit.

Firms engaged in the group audit, including firms within and outside the group auditor firm's network.

More explicitly set out the process to address a breach of an independence provision at a component auditor firm, including reinforcing the need for appropriate communication between the relevant parties and with those charged with governance of the group.

Align a number of provisions in the Code to conform to changes in the IAASB's Quality Management standards.

Comments requested by May 31, 2022.
Source: www.eticsboard.org/publication/

Proposed Technology-Related Revisions to The Code

This exposure draft seeks to enhance the Code's robustness and expand its relevance in an environment being reshaped by rapid technological advancements. The proposed amendments will guide the ethical mindset and behavior of professional accountants in business and in public practice as they deal with changes brought by technology in their work processes and the content of the services they provide.

Among other matters, the proposals:

Draw special attention to the professional competence and confidentiality imperatives of the digital age.

Address the ethical dimension of professional accountants' reliance on, or use of, the output of technology in carrying out their work. Further enhance considerations relating to threats from the use of technology as well as considerations relating to complex circumstances in applying the Code's conceptual framework.

Strengthen and clarify the International Independence Standards (IIS) with respect to technology-related non-assurance services (NAS) firms may provide to their audit clients or technology-related business relationships they may enter into with their audit clients. Explicitly acknowledge that the IIS that apply to assurance engagements are applicable to assurance engagements on non-financial information, for example, environmental, social, and governance (ESG) disclosures.

Submit a comment letter or complete the online survey by June 20, 2022.
Source: www.eticsboard.org/publication/

Consultation Paper, Natural Resources

The International Public Sector Accounting Standards Board has released for comment the Consultation Paper, Natural Resources. This Consultation Paper is the IPSASB's first step in developing guidance on the recognition, measurement, presentation, and disclosure of natural resources in the public sector. The IPSASB welcomes the views of constituents on the proposed guidance and other matters raised in the consultation paper. The At-a-Glance summary document provides an overview of the Consultation Paper.

Comments due by: Oct 17, 2022
Source: www.ipsasb.org/publications

Consultation Paper, Advancing Public Sector Sustainability Reporting

This objective of this public consultation is to evaluate the demand from stakeholders for sustainability reporting guidance, as well as the degree of support for the IPSASB's involvement in the process, the priority areas for guidance, and how this might be approached.

This Consultation Paper proposes the IPSASB:

Serve as the standard setter for global public sector specific sustainability guidance, drawing upon its experience, processes, and global relationships. Develop initial guidance focused on general disclosure requirements for sustainability-related information and climate-related disclosures. Approach guidance development at an accelerated pace, with a potential for releasing initial guidance by the end of 2023. Stakeholder support and commitment are essential. This consultation lays out what the IPSASB believes is necessary to get started now, and the resources, including additional funding commitments, required to deliver public sector specific sustainability reporting guidance in a timely manner.

Comments due by: Sep 09, 2022
Source: www.ipsasb.org/publications

Association of Women Accountants Ghana (AWAG) Visits First Female Chartered Accountant and Past President of ICAG on her 91st Birthday

The Executives of the Association of Women Accountants Ghana (AWAG) led by its President, Mrs. Elsie Bunyan, paid a visit to the first female Chartered Accountant on her 91st Birthday to wish her well, pray with her and take-home nuggets of wisdom. Interestingly her birthday coincided with Mothers' Day and the visit was very timely.

The visit was graced by the AWAG Vice President – Mrs. Mawushie Dzikunoo, the Secretary – Mrs. Akua Bonsu Owu, the Treasurer – Mrs. Elizabeth Bampo, the Vice President of the Institute of Chartered Accountants Ghana (ICAG) – Ms. Sena Dake and a Past President of both AWAG and ICAG - Mrs. Angela Peasah.

Madam Aurore Lokko welcomed the team with sumptuous meals after which she expressed her joy for the visit. She shared with the team suggestions to advance the course of women to propel them to achieve their God-given potential. The nuggets of wisdom included:

1. Establish friendships that will build others up and help neighbors when the opportunity arises. In short, 'Be shoulders for others to lean on'.

2. Set goals in life and work towards achieving them. You may not get all done, but at least work towards getting there.

3. Develop a fund to support brilliant but needy girls with the goal that girls supported will in turn support other girls

4. Regular interaction among women accountants to share ideas to advance the profession and course of women is very important

5. Supporting SMEs to grow their business

6. Orientation for members and other women to develop a savings culture so that when they retire they can take care of their needs especially health needs

The team presented her with a fruit basket and a plaque with the inscription, "Happy Mothers' Day to MADAM AURORE LOKKO the first female Chartered Accountant in Ghana".

After a short time of prayer for more health, peace, joy, and strength for her, the team thanked the Smart, Hardworking, Dedicated, Friendly and oldest lady Accountant in Ghana for the impact and investments in women, the accountancy profession, and the nation at large.

Association of Women Accountants Ghana (AWAG) Visits First Female Chartered Accountant and Past President of ICAG on her 91st Birthday

Association of Women Accountants Ghana (AWAG) Mentoring the Youth and Catching them Young

The Association of Women Accountants (AWAG) is supporting the secretariat of ICAG to attract more youth into the accountancy profession and more importantly to encourage young females to be interested in becoming Chartered Accountants. The tenure of the current Executives, has seen the establishment of committees to support the executive to further the objectives of AWAG to attract, advance, and retain females into the accountancy profession. AWAG through its mentoring committee chaired by Ms. Sena Dake, has embarked on some senior high school visits to raise awareness and ginger interest in the profession, thereby increasing student membership.

O'Reilly Senior High School, Teshie

On 22nd September 2021, the AWAG mentoring team visited the O'Reilly Senior High School located in Teshie where they interacted with about 300 students, both males and females, offering Business at the senior high level. The programme was organized by the youth mentoring subcommittee members made up of Akosua Konadu Adusei, Victoria Nipah, Gloria Boye-Doku and led by the ICAG Vice President Ms. Sena Dake.

AWAG President, Mrs. Elsie Bunyan in her opening remarks, encouraged the students to invest their time, efforts and resources in studying hard and building strategic friendships. The Treasurer and Secretary of the Association Mrs Akua Bonsu Owu and Mrs Elizabeth Ohene Bampo graced the occasion. Mrs. Joyce Opoku-Duodu, the ICAG Director of Finance delivered a presentation on CA Opens Doors. About 20 AWAG Ladies were present to support this maiden visit and to make the session more interactive, students were divided into groups to interact more closely with AWAG Ladies present. The students showed keen interest and asked lots of questions. Some teachers also got interested and promised to register and start writing the ICAG examinations.

The Headmistress, Mrs. Akorlor, expressed great delight at the visit indicating that this was the first of its kind and hoped the school will continue to benefit from more of such visits from ICAG and other professional bodies. She said during a follow-up call that "I am encouraging my son who is in Form 3 in Adisadel College, to register for ICAG student membership right after graduation". So far, four of the school's teaching staff and the school's painter after listening to the presentations have initiated moves to register as students for the CA professional program.

AWAG donated books on accounting and business-related subjects for the school's library and provided some refreshment to the students who participated in the programme. AWAG is geared to make significant impact through mentoring many youths.

Chemu Senior High School

A similar visit took place at the Chemu Senior High School in January 2022, where the team was received by Mrs. Lucy Naih, the Assistant Headmistress. The AWAG Mentoring team met with about 700 students. Mrs. Victoria Nipah, a member of the AWAG youth mentoring sub-committee encouraged the students to consider enrolling on the ICAG program after their WASSCE examinations to begin a journey of a fruitful career. Dr. Regina Mensah Onumah, a lecturer at GIMPA and member of AWAG delivered presentation on career choices and shared her personal journey to becoming a CA and she encouraged good habits, reading inspirational books and learning computer skills. Here again the students were overjoyed and had several questions for the visiting team. The visit was rounded up with refreshments and donation of branded sanitizers, textbooks on accounting and business-related subjects for the school's library.

Ms. Sena Dake advised the students to aspire to be future-ready business leaders and great personalities. This passion should influence their career choices and their desire to learn and work hard because, 'Hard Work Does Not Kill'.

Ghana Senior High School (GHANASCO), Tamale

The Headmaster of Ghana Senior High School, Mr Mohammed Yakubu Mustapha expressed his appreciation to AWAG for the book donations made, the refreshment given and for the inspiring messages given the students during their visit to the school in March, 2022.

This was the first youth mentoring programme held out of Accra and the entourage from AWAG were supported by the Tamale District Society. Motivational stories and lessons were shared with about 250 business students by the visiting team led by Mrs. Clara Mama Asigri and supported by Mr. Osman Abdul Rahaman, the Chairman of the Tamale District Society, Mrs. Paulina Akologo the Vice-Chairperson of the District Society, Madam Lilian Lela Sulemana an AWAG Member and staff of GHANASCO and Mr. Kwame D Solomon, Director of Finance and Administration at the University of Maryland, Abuja, Nigeria who is an ICAG member and was on a visit to Tamale.

Dr. Abdulai Alhassan an ICAG Council Member and former Deputy Director-General of Finance and Administration at the Ghana Civil Aviation Authority joined the team and congratulated the Management of the School for maintaining order and discipline in the School. Interestingly, Dr. Alhassan is an old student of GHANASCO and he used the opportunity to encourage the students to listen to their teachers and learn well to make good grades in their WASSCE. He prayed that they will become professionals in different fields of accounting.

The Headmaster expressed his concern on the dwindling number of students pursuing business programmes and wondered if ICAG can carry out a research on this, and also intervene so that from the Junior High School levels, the students will be interested in selecting business programmes. He made an appeal to ICAG and AWAG to continue the good work and also partner with GES so that the future of business programmes will be guaranteed. The students cheered themselves up with the School's Motto, ***'DANI SUMA NI SUGLO'*** meaning ***'GOOD INTENTIONS AND PATIENCE'.***

The AWAG Mentorship Committee is sincerely grateful to the AWAG Executives, the Chief Executive Officer of ICAG, the Management of the Schools visited and all who supported to make these youth education programmes successful. They hope to continue to work with the ICAG Secretariat and AWAG Ladies to reach out to more youth and create awareness on the accountancy profession.

Association of Women Accountants Ghana (AWAG) Mentoring the Youth and Catching them Young

Spincity District Society Workshop on Financial Modelling

Spincity District Society continues with its flagship programme on Workshop on Financial Modelling. Financial Modelling, using excel functions is one typical tool that facilitates management of large volumes of data. Since 2018, when the Workshop was introduced, it has received massive patronage, thus becoming the Society's flagship programme and was institutionalized to be organised twice each year, i.e. March and May. In 2020, the first session registered over twenty members.

Unfortunately, the surge of the COVID-19 pandemic stalled the second session, which was scheduled for May 2020. In 2021, it was not organized at all. With the easing of the pandemic this year, the first batch was recently organised on the 5th and 7th of March 2022 at the N'joy Hotel in Sakumono. Twenty-five members registered, but twenty-two members made it for the programme.

Our resource person was Spindis Daniel Debrah. Spindis Daniel has been a tremendous asset to the Society all these years in assisting members to master most functions of excel during the training sessions. Our next Workshop scheduled for May has however been shelved to give way for the Society's general elections. The elections will usher in a new team to lead the Spincity District Society for the next two (2) years.

The Need for National Corporate Governance Guidelines in Ghana

By Julius Opuni Asamoah (BSc MBA CA)

James D. Wolfensohn, President of the World Bank made the following observations about the significance of corporate governance in businesses or limited liability companies and I quote: "The governance of a company is now as important in the world economy as the government of countries". This attests to the important position companies have come to play in our economic and social lives as well as the global reach and political power of these entities, which often exceed the reach and power of governments.

The providers of finance to companies be it individuals, banks, financial institutions or even government require assurances that their investments are both productive and protected. Effective corporate governance is about providing those assurances. The term corporate governance can be defined both narrowly as well as more broadly. In the narrow sense, corporate governance is the relationship between managers, directors and shareholders. This narrow definition encompasses also the relationship of a company to stakeholders and society. Whereas in the broader sense, corporate governance encompasses the combination of laws, regulations, listing rules and voluntary private sector practices that enable companies to attract capital, perform efficiently, generate profit and meet both legal obligations as well as the expectations of society generally.

In the United Kingdom, there is a guidance for Directors on the Combined Code known as the Turnbull Report. It was a report drawn up with the London Stock Exchange for listed companies. The committee which wrote the report was chaired by Nigel Turnbull of The Rank Group plc. The report informed directors of their obligations under the Combined Code with regard to keeping good internal controls in their companies, or having good audits and checks to ensure the quality of financial reporting and catch any fraud before it becomes a problem. The Turnbull Report was first published in 1999 and set out best practices on internal control for UK listed companies. In Year 2013 the Financial Reporting Council (FRC) of UK launched a consultation on further updates to the guidance. Again, in Year 2014 it published the resulting revised guidance, risk management, internal control and related financial and business reporting guidelines. These updated and replaced the guidance for Directors on the Combined Code (formerly known as the Turnbull Guidance).

Furthermore, the King Report on Corporate Governance is a booklet of guidelines for the governance structures and operation of companies in South Africa. It is issued by the King Committee on Corporate Governance. The Institute of Directors in South Africa owns the copyright of the King Report on Corporate Governance and the King Code of Corporate Governance. Compliance with the King Reports is a requirement for companies listed on the Johannesburg Stock Exchange. The King Report on Corporate Governance has been cited as the most effective summary of the best international practices in corporate governance.

Moreover, basically corporate governance concerns the means by which a company assures investors that it has in place well performing management who ensures that corporate assets provided by investors are being put to appropriate and profitable use. Some nations, in particular the continental Europeans focus on the need to satisfy societal expectations in particular the interests of other stakeholders, defined to include suppliers, creditors, tax authorities as well as local communities. Mostly, the Anglo-Saxon countries gave precedence to the primacy of ownership and property rights and focused on the corporate objective on returning a profit to shareholders over the longer term. Maximising long-term shareholder value encourages investment capital to be put to the most efficient economic use and this benefits society. Shareholders and other stakeholder interests are not necessarily mutually exclusive. Companies do not succeed by consistently neglecting the expectations of the other stakeholders but at the same time neither can they attract much needed capital from the equity markets if they fail to meet shareholders' expectations of a competitive return. Hence the most successful companies from the corporate governance perspective are those that are able to strike the right balance between the interests of shareholders and the interests of the other stakeholders.

The prevailing interest among policy makers for corporate governance reform as well as the related interest in reducing corruption and cronyism in business affairs is primarily grounded in economics and a belief in the allocative efficiency of free markets. With globalisation and the removal of barriers to the free flow of capital, policy makers have come to recognise the importance of corporate governance in attracting capital inflows. Conversely weak corporate governance systems together with corruption and cronyism distort the efficient allocation of resources thereby undermining the level playing field and ultimately hindering investment and economic development.

As a result of globalisation and the increasing complexity of business there is a greater reliance on the private sector as the engine of growth in both developed and developing countries. Companies are legal entities created by societies because they are an efficient form of organisation and society benefits from their existence. The truth is that companies contribute to economic growth and development, which in turn leads to improved standards of living as well as the alleviation of poverty. The end result of all this activity is the creation of more stable political systems.

The quality of corporate governance is important since it has a direct impact on the efficiency with which a company employs assets, its ability to attract low-cost capital, its ability to meet the expectations of society and its overall performance. Effective corporate governance ensures the optimal use of resources both intra-firm and inter-firm. With effective systems of corporate governance, debt and equity capital will go to those corporations capable of investing it in the most efficient manner for the production both of highly demanded goods and services as well as those with the highest rate of return. This helps to protect and nurture scarce resources thereby ensuring that societal needs are met. In all probability this will mean that incompetent managers are replaced. These efficiency effects both as to scarce resources and the quality of managers should apply whether a firm is a state owned enterprise, a private closely held firm owned by a family group, or a publicly traded corporation on a stock exchange.

Effective corporate governance also helps to lower the cost of capital by improving the confidence of both foreign and domestic investors that their assets will be used for the purposes agreed. Various surveys of institutional investors have proven that they would willingly pay on average well over ten percentage points more for a well-governed company, all other things being equal. In competitive markets, this means that managers must constantly evolve new strategies to meet the changing circumstances. This requires that managers must be empowered to make decisions. However, as observed by that famous 18th century economist

Adam Smith, managers may have incentives to act in their own self-interest under such circumstances. It has been found that when firm ownership is separated from control, the manager's self-interest may lead to the misuse of corporate assets, for example through pursuit of overly risky or imprudent projects. Therefore, we need to have in place rules and regulations to protect the best interests of the providers of capital. They include the independent monitoring of management, transparency about the performance, ownership and control of the companies and participation in certain fundamental decisions by the shareholders.

For long-term success, companies must comply with the laws, regulations and expectations of societies where they operate. Many companies take their role as corporate citizens seriously thus contributing to civil society. Regrettably however, some companies are opportunistic and seek to profit from certain acts without regard for good practices. The latter are not merely failures of corporate governance but are symptomatic of the larger failures of government to provide the framework needed to hold companies responsible for issues that are also important for society at large.

When corporate governance is effective, it provides managers with oversight and holds boards and managers accountable in their management of corporate assets. This oversight and accountability combined with the efficient use of resources, improved access to lower-cost capital and increased responsiveness to societal needs and expectations should lead to improved corporate performance. Effective corporate governance should make it more likely that managers focus on improving firm performance and are replaced when they fail to do so. It has been tested and found that companies with active and independent boards of directors often generate higher economic profit hence supporting the reasonable assumption that corporate governance matters to corporate performance.

Effective corporate governance also helps to reduce corruption in business dealings by making it difficult for corrupt practices to develop and take root in a company. Corporate governance practices vary across countries and industries, reflecting both differing societal values as well as differing ownership structures, business and competitive conditions. It can also be due to differences in the strength and enforceability of contracts, the political standing of shareholders and debt holders as well as the development and enforcement capability of the legal system. In the developed countries, the elements of effective corporate governance include well positioned and regulated securities markets; laws which recognise shareholders as the legitimate owners of corporations whilst at the same time ensuring the equitable treatment of minority and foreign shareholders; enforcement mechanisms protecting the rights of shareholders; laws to protect against fraud on investors; sophisticated courts and regulators; an experienced accounting and auditing sector and significant corporate disclosure requirements. In addition to this, the developed countries also have well-developed private sector institutions such as organisations of institutional investors, professional associations of directors, corporate secretaries and managers, as well as rating agencies, securities analysts and a sophisticated financial press.

On the other hand, many developing countries have not yet developed fully their legal and regulatory systems, enforcement capacities and private sector institutions required for effective corporate governance. There is in many of these countries, the need for further development of the stock exchange, systems for registering share ownership, enactment of laws for the protection of minority shareholder interests, the empowerment of a vigilant financial press, the improvement of audit and accounting standards and a paradigm shift in the mind-set against the widespread tolerance of bribery and corruption as an unavoidable cost of doing business in some of these countries. On top of differences in the stage of development of each countries legal and regulatory system, they also differ remarkably in their cultural values, which underpin their financial infrastructure as well as their chosen model of corporate governance. The development of financial infrastructure and all the institutions that support corporate governance practices is invariably moulded by the culture of a society. In the final analysis, corporate governance and the framework underpinning it must be pertinent to the country's unique legal environment and cultural values.

Corporate governance takes place within the company and as such it depends very much on investors, boards and managements for its successful implementation. For corporate governance to be effective in attracting capital, it must focus on fairness by ensuring the protection of shareholder rights in particular the rights of minority and foreign shareholders. These rights can be strengthened by ensuring the enforceability of contracts made by the providers of capital. In relation to this core concept, two separate principles were developed. This principle states that 'the corporate governance framework should protect the rights of shareholders. This includes both their proprietary as well as their participatory rights.

As a people, we need an effective corporate governance framework to ensure that timely and accurate disclosure is made on all material matters regarding the company including the financial situation, performance, ownership and governance. This should be in recognition of the fact that both investors and shareholders need information regarding the financial and operating performance of the company as well as information about their corporate objectives and material risk exposures. This information should be prepared in accordance with internationally acceptable accounting and auditing standards and should be subject to an independent audit, which is conducted annually. The use of internationally accepted accounting standards would enhance comparability and assist both investors and analysts in comparing corporate performance and decision-making based on their relative merits. Likewise information about the company's governance such as share ownership, voting rights, identity of board members, key executives and executive compensation is also a critical component of transparency.

If we get an effective corporate governance framework in place, there will be accountability by clarifying governance roles and responsibilities and by means of voluntary efforts to ensure the convergence of managerial and shareholder interests as monitored by the board of directors. Corporate governance framework could ensure the strategic guidance of the company, the effective monitoring of management by the board as well as the board's accountability to the company and the shareholders. This principle will imply a legal duty on the part of the directors to the company and its shareholders. The directors could therefore be said to have a fiduciary relationship to both the shareholders and the company, which requires that they avoid self-interest in their decision-making and act diligently and on a fully informed basis. This principle will also recognise the duty of the board to oversee the professional managers who have been entrusted to run the company and who are accountable to the board for the use of firm assets. Thus, the board will act as a mechanism for minimising the agency problem inherent in the separation of ownership and control. If the board is to be an effective monitor of managerial conduct it must be suitably distinct from the management in order to be objective in its assessment of management. This requires that some of the directors are neither members of the management team nor closely related to them through family or business ties.

In conclusion, there is a heightened awareness worldwide that effective corporate governance as manifested by transparency, accountability as well as the just and equitable treatment of shareholders is now a pre-requisite towards efforts to promote sustainable development. Towards this end, there is a need for both public (as represented by governments) and private sector partnership to raise the awareness of the importance of corporate governance improvements and to assist in implementing corporate governance reform. However such efforts must be mindful of the fact that each country has its own culture as well as differing social and economic priorities. Similarly every company has its own corporate culture and business goals. All of these differences will impinge on questions regarding the most practical corporate governance structures and practices to be adopted both by sovereign nations and individual companies. Therefore at this point in time, to get a consensus on a single model of corporate governance or a single set of detailed governance rules is both unlikely and unnecessary. It is expected that over time the dictates of the capital market will lead to increasing convergence in practice between countries. Globalisation will ensure that investment capital flows to companies that have adopted efficient corporate governance standards including internationally acceptable accounting and auditing standards; adequate investor protection mechanisms as well as board practices designed to provide independent and accountable oversight of managers. Based on the above, Ghana needs effective and proper legislation on corporate governance, to attract more capital inflows to companies.

Effects of Russian-Ukraine War on Developing Countries

By Julius Opuni Asamoah (BSc MBA CA)

The causes and consequences of wars have been the central concerns of international politics, and major concerns in economic activities. Scholars and policy makers alike have good reason to learn more about the effects of war and other forms of international conflict. Practitioners have suggested that war is nothing but a continuation of political intercourse with a mixture of other means. We should evaluate war much as we evaluate those other means. Wars occur frequently and can have massive effects on individuals, groups, nations, and international systems. Thus, knowledge of the likely consequences of conflict is necessary for those who would use rational choice models of conflict initiation. Similarly, the calculation of benefits of wars is concerned only with those assumed to follow from a successful strategy of coercion or defection from cooperation. Any such logical calculus should include the calculation of all consequences, desired and undesired, and this requires an evaluation of international conflict as a public policy.

With the collapse of the Soviet Union, it was thought that major wars had become obsolete and perhaps regional conflicts might be brought under control. However, while the level of violence declined, the number of wars in the world appears to have reached a new steady state. A world that was once organised by East-West rivalry is now characterised by ethno-religious conflicts, as well as by spontaneously arising territorial invasions, transnational terrorist organisations and criminal gangs. For various reasons, practitioners have become interested in investigating the causes and effects of war and other armed conflict.

The war between Russia and Ukraine is a major humanitarian and economic shock. The crisis is affecting millions of people worldwide and a severe economic shock of uncertain duration and magnitude. Prior to the conflict, the global recovery from the COVID-19 pandemic was expected to continue in 2022 and 2023, helped by continued progress with global vaccination efforts, supportive macroeconomic policies in the major and minor economies and favourable financial conditions. However, the war will hinder global growth and aggravate inflationary pressures, when these happen developing countries suffer the most. The war in Ukraine has created a new negative supply shock for the world economy, just when some of the supply-chain challenges seen since the beginning of the pandemic appeared to be starting to fade. The effects of the war will operate through many different channels, and are likely to evolve if the conflict deepens further.

In one respect, however, Russia and Ukraine do have an important influence on the global economy. This is via their role as major suppliers in a number of commodity markets. Russia and Ukraine together account for substantial global exports of wheat, corn, mineral fertilisers and natural gas, and crude oil. In addition, supply chains around the world are dependent on exports of metals from Russia and Ukraine. Russia is a key supplier of palladium, used in catalytic converters for cars, and nickel, used in steel production and the manufacture of batteries. Russia and Ukraine are also sources of inert gases such as argon and neon, used in the production of semiconductors, and large producers of titanium sponge, used in aircraft. Both countries also have globally important reserves of uranium. The prices of many of these commodities have increased sharply since the onset of the war, even in the absence of any significant disruption of production or export volumes.

The results confirm a rapidly worsening outlook for the world economy, underpinned by rising food, fuel and fertilizer prices, heightened financial volatility, sustainable development divestment, complex global supply chain reconfigurations and mounting trade costs. This rapidly evolving situation is alarming for developing countries, and especially for African and least developed countries, some of which are particularly exposed to the war in Ukraine and its effect on trade costs, commodity prices and financial markets. The risk of civil unrest, food shortages and inflation-induced recessions cannot be discounted, particularly given the fragile state of the global economy and the developing world as a result of the COVID-19 pandemic.

A key area of concern is the two fundamental commodity markets of food and fuels. The Russian Federation and Ukraine are global players in agro-food markets. In the area of fuels, global energy prices are skyrocketing with the prospect of reductions in purchases of oil, gas and coal from the Russian Federation. The country is the second-largest oil exporter in the world, selling about 5 million barrels of oil daily. The Russian Federation is also a major global supplier of chemical products including fertilizers, as well as metals and wood products. The crisis' effect on the food front is particularly worrying. Some countries are particularly dependent on agro-food commodities coming from the Russian Federation and Ukraine.

A look at specific African countries, including some least developed countries, reveals a far higher degree of dependence for many on wheat imports from the Russian Federation and Ukraine. Many African countries, including many least developed countries, import more than one third of their wheat from the two countries. It includes mainly North African and East African economies, as well as a few countries already struggling with internal conflicts and precarious food security situations.

Furthermore, there is limited scope to replace imports from the Russian Federation and Ukraine through intra-African trade, as the regional supply of wheat is comparatively small, and many parts of the continent lack efficient transport infrastructures and storage capacity. In this context, and considering country-specific shocks, climate change, export restrictions and stockpiling, there might be a potential for food insecurity crises in some regions, especially if increased costs of fertilizers and other energy-intensive inputs negatively impact the next agricultural season. A further rise in the costs of inputs is a significant risk factor in Africa, as the costs of urea and phosphate, two major components of fertilizer, had already risen.

While wars are destructive of physical and human capital, the impact of war on GDP per capita is unclear. This ambiguity is fundamentally due to the way national income accounting deals with killing people and destroying things during war. Producing weapons and munitions is counted positively, while killing people and destroying things is not counted at all.

A complete cessation of wheat exports from Russia and Ukraine would result in serious shortages in many emerging-market and developing economies. There would be an acute risk not only of economic crises in some countries but also humanitarian disasters, with a sharp increase in poverty and hunger. The disruption in fertiliser manufacturing risks might make these disruptions more long lasting, by putting next years' agricultural supply under stress.

Long-standing effects of rising food prices are hard to predict, but a meaningful analysis of historical data sheds light on some troubling possible trends. In general, political instability and increases in agro-food commodity prices are highly correlated. It is unclear to what extent the war will reduce commodity supplies from the Russian Federation and Ukraine, but initial assessments point to a substantive reduction despite some efforts from the West to not disrupt commodity supplies.

Most economic restrictive measures have explicitly avoided commodities. However, restrictive measures on airspace, contractor uncertainty and security concerns are complicating all trade routes going through the Russian Federation and Ukraine. While Russian airspace is closed to a number of countries and vice versa, some freight forwarders currently recommend not booking overland shipments between Asia and Europe. The war will have a negative impact on global air freight capacity and raise air cargo prices as carriers are forced to take longer routes and spend more money on fuel. On top of this, already expensive and overstretched maritime trade will find it difficult to replace these suddenly unviable land and air routes.

The rise in food and fuel prices stemming from the war is already accelerating inflation in many countries. The adverse distributional impacts will hit the poorest segments of populations, as they tend to spend a disproportionately high share of their income on food. At the same time, fuel- and food-import dependent countries will see worsening balance of payments and rising exchange rate pressure. In periods of heightened uncertainty and volatility, significant volumes of wealth shift to safe havens. The shift by financial investors from assets perceived as high risk, such as emerging market debt instruments, to safe havens such as the government debt instruments of advanced economies, may exacerbate pressures on developing country exchange rates and external capital account balances. This would force developing economies to tighten domestic monetary conditions and would weaken growth and lower domestic real incomes.

The potential for a vicious circle, driven by asset "fire sales", exchange rate devaluation and rising external debt obligations of developing countries, cannot be discounted. Similarly, the significant increase in oil and gas prices may shift investment back into extractive industries and fossil fuel-based energy generation, running the risk of reversing the trend towards renewables. The war in Ukraine puts macroeconomic policymakers in advanced economies in a difficult situation. Higher inflation raises the pressure to tighten monetary policy by increasing interest rates.

However, the short run dislocations caused by the war and the potential for financial disorder could lead central banks to postpone tightening and instead further increase provision of liquidity. A dual strategy of liquidity provision in the form of bond purchases alongside higher interest rates could emerge in this scenario.

There are also some possible longer-term consequences from the war, including pressures for higher spending on defence, the structure of energy markets, potential fragmentation of payment systems and changes in the currency composition of foreign exchange reserves. A re-division of the world into blocs separated by barriers would sacrifice some of the gains from specialisation, economies of scale and the diffusion of information and know-how. The exclusion from the SWIFT message system could accelerate efforts to develop alternatives. This would diminish the efficiency gains from having a single global system, and potentially reduce the dominant role of the US dollar in financial markets and cross-border payments. The magnitude of the economic impact of the conflict is highly uncertain, and will depend in part on the duration of the war and the policy responses, but it is clear that the war will result in a substantial near term drag on global growth and significantly stronger inflationary pressures.

The monetary policy stance has already been tightened substantially in some major emerging-market economies over the past year, amidst rising inflationary pressures. Higher food and energy prices are likely to require additional policy rate increases, given the greater weight of commodities in consumer price inflation. This would help to ensure stability and mitigate against potential adverse spill-overs from financial market risks and monetary policy normalisation in the major advanced and developing economies.

There is also a variation in the degree of threat to the warring countries. In some wars, all belligerents feel threatened; in others, an aggressor revisionist state threatens status quo states; and at other times none of the belligerents may be or perceive themselves to be seriously threatened. Indeed, the existence of external threat is an intervening variable in the social-psychological literature that posits a relationship between external conflict and changes in internal cohesion.

The conflict is creating additional fiscal pressures. Ahead of the conflict, the fiscal stance was set to tighten gradually in most advanced economies in 2022 and 2023 due to the gradual withdrawal of pandemic-related support measures and some discretionary fiscal consolidation. These plans are already being reconsidered in many developing countries due to the impact of the conflict. Immediate spending priorities include the costs of supporting refugees in Europe, and cushioning the immediate effects of the commodity and food price shocks on households and companies through temporary and well-targeted policies.

Individuals are clearly affected by international conflict, especially war. Some individuals die in war. Others suffer permanently debilitating injuries. Families experience the premature death of a relative. Politically, the most salient effect of war on individuals is on images and attitudes. Individuals are most directly affected by first hand experiences. Decision makers, for example, are often influenced by their wartime experiences as they continue to grapple with similar issues after a war's end. Wars can thus affect entire generations of individuals, and there is quite extensive evidence that generational attitudinal changes persist long after the original stimulus is gone. Such generational effects have led many scholars to search for periodicity in the occurrence of war.

Some suggest that war generations become war weary; that those who remember war's dislocations and suffering wish not to experience them again. As one scholar characterises war, it is a disease, and all those who have suffered its ravages are provided with immunity against future infection. According to those who posit the existence of war-weariness, future wars begin because memories fade; they are started by a new generation too young to remember or to have lived through the last war. The occurrence of Russian-Ukraine war so soon after the worldwide pandemic presents a problem for the war-weariness hypothesis, which one cycle theorist deals with by arguing that war is manifestly something contrary to human nature. Conceptually, the total cost of war includes three parts: the opportunity cost of the resources used to prosecute war; the loss of lives and destruction of physical and human capital during the war; and the reduction of GDP per capita as measured during and following the war.

In conclusion, destruction is a consequence of war perhaps its most salient feature. War kills people, destroys capital, and damages the land. War can also destroy the political and economic institutions, both domestic and international, that organises and sustains societal activity. Yet war also has a rejuvenating character. The demands of war and wartime mobilisation, whether for increased production or greater social coordination, are generated in a context that rewards successful adaptation and makes rapid change possible. Wars affect bystanders as well as participants. The systemic changes wrought by war, for example, affect all nations in the system, regardless of whether they actually participated. Different perceptions of the long-term effects of war are at the heart of many of the literature's key debates. There is no question but that numerous effects occur during wartime. People die; nations are victorious and are defeated; indeed, nations die and are born. The long-term consequences are more elusive, however. All people die eventually, so it is possible to argue that war only hastens a certain fate. Thus the critical question is whether war creates fundamental transformations or whether it acts merely as an evolutionary stimulant, reinforcing extant trends and speeding the emergence of already inevitable occurrences.

Improving English Language and Communication Skills of Students in Ghana

Language is considered as a formal system that includes sounds, signs, symbols, and gestures that are used as an important means of communicating the thoughts, ideas, and emotions from one individual to another. Its effectual use has been a blessing in forging interpersonal relationships both in personal and professional front. On the other hand, it is a truism that language is a means of thinking and transferring culture from one generation to another as well as from one nation to another. In short, it is also a means of communication among people. Ghana is a highly multilingual developing nation. It has a population of a bit over 30 million people with different ethnic groups. It is said that Ghana has about 50 indigenous languages, and the major ones are Akan, Ewe, Ga, Dagaare, and Dagbani, with English as the official language. Hence, many countries emphasise teaching languages other than their native languages to its citizens and Ghana is no different.

Over the last three decades, English has become the most important foreign language in the world. At present, English is the language for international communication; science; commerce; advertising; diplomacy and transmitting advanced technology. It has also become a "lingua franca" among speakers of languages that are not mutually intelligible. Furthermore, in the age of the global village we live in nowadays, the interdependence of nations creates the need for a global language and no language qualifies for this better than English. The status of English on the international level is a major factor that contributes to the increase in the importance of English in a number of countries.

Moreover, as a matter of fact, English has become an important asset for anyone seeking employment in business, industry or technology worldwide. Accordingly, the main aim of teaching English in our senior high schools is to enable students communicate in English so that they can be able to enroll in the labour market and cope with the challenges of higher education as well, anywhere in the world. Thus, eventually the need for equipping Ghanaian senior high school stage students with effective speaking skills, as the most important means of communication, has arisen and more focus has been given to English as a core subject. Speaking good English is only one of the four language skills. The others are reading, writing and listening skills. It is through these means that learners can communicate with others to achieve certain goals or express their opinions, intentions, hopes and viewpoints. In addition, people who know a language are referred to as speakers of that language.

Furthermore, in almost any setting, speaking is the most frequently used language skill. As it has been argued, speaking is used twice as much as reading and writing in our communication. Speaking has usually been compared to writing, both being considered productive skills, as opposed to the receptive skills of reading and listening. Speaking also is closely related to listening as the two interrelated ways of accomplishing communication. Every speaker is simultaneously a listener and every listener is at least potentially a speaker. Speaking has been classified to monologue and dialogue. The former focuses on giving an interrupted oral presentation and the latter on interacting with other speakers. Speaking can also serve one of two main functions: transactional meaning transfer of information and interactional also meaning maintenance of social relationships.

Developing speaking skills of students is of vital importance in education programmes. Practitioners have argued that success in learning a language is measured in terms of the ability to carry out a conversation in the target language. Therefore, speaking is probably a priority for most learners of English. Speaking instruction is important because it helps students to be fluent in the language and spontaneously and naturally they could easily become motivational speakers.

In real terms, if the right speaking activities are taught in the classroom, speaking can raise general learners' motivation and make the English language in classroom a fun and dynamic place to be. In addition, speaking can support other language skills. However, some people are just quite good in speaking English but fumble when writing. It has been established that oral interaction is an important factor in the shaping of the learner's developing language. Speaking of English by students and Ghanaian workers at large should not be in isolation, they should be able to write it as well.

In Ghanaian officialdom, reports are written in English so if somebody is not well-versed in it, his reporting can be deficient of certain vital points and information. Every report is supposed to be more highly structured form of writing, well designed so that it can be read quickly and accurately, to send out meaningful understanding. Reports should be organised for the convenience of the intended reader, so if the English used is just porous, it would be disabled to give clearer understanding. All reports attempt to communicate findings for one reason or another, whether to inform decision makers, change public opinion or maintain a record of development. Whenever writing a report, the reporter must bear in mind why it is being written, so that the requisite English jargons can be applied, to carry out the message. All reports have intended readers so these send the signal that the English language used should be free from fundamental errors.

It is proven that learning and speaking of English can help the development of reading competence, the development of writing as well as the development of listening skills. Taking into account the importance of developing speaking skills, it is vital to determine the speaking skills learners have to acquire in order to converse with native language speakers. Actually, it is assumed that the interactional nature of spoken language requires the speaker's ability to use motor-perceptive skills, which are concerned with correctly using the sounds and structures of the language, and interactional skills, which involve using the previous skills for the purposes of communication. This means that students should acquire the knowledge of how native speakers use language in the context of structured interpersonal exchanges in which many factors interact.

In addition, speaking requires that learners understand when, why, and in what ways to produce language, this is sometimes termed as sociolinguistic competence. A good speaker hence synthesises this array of skills and knowledge to succeed in a given speech act. A language matters a great deal as this is what helps to distinguish the sayings of one individual from the other. If used efficiently it is a powerful and strong weapon that will leave memorable impressions on the listener. Although language refers to both the written as well as oral speech in general terms, it is often referred to the words in a spoken language. The importance of language in our society is clear as it has helped to smooth social contacts, preserve our culture and convey our thoughts to individuals and people in groups effectively.

Using language successfully is very important in the global world so that others will understand what we want to convey. Remember, studies have proven that a language is one of the skills that a person is not born with but one that can be easily learnt with a little effort and hard work. The importance of a language is that it is one of the primary means of interaction, reporting and communication. Hence every individual should make sure that the language they use is appropriate for the specific audience and that the said language is familiar to him and he can grasp its meaning.

In generality, a language is considered as an important tool that helps to create cultural ties, friendships, and relationships. It is a medium used to offer shape to the thoughts, ideas and emotions depending upon the perception of reality and portray it to others in a manner that the people listening can understand and relate to them. A common language is a symbol of social solidarity and gives the impression of cultural kinship. The importance of a language is that knowledge helps the speaker to reach out for his dreams. It is a fact that a language is knowledge and knowledge is indispensable. It is a key factor for viable communication and interaction processes because now it is possible to share and exchange ideas to and from any part of the world.

A language matters a great deal as this is what helps to distinguish the sayings of one individual from the other. If used efficiently it is a powerful and strong weapon that will leave memorable impressions on the listener. Although a language refers to both the written as well as oral speech in general terms, it is often referred for the words in a spoken language. The importance of language in our society is clear as it has helped to smooth social contacts, preserve our culture and convey our thoughts to individuals and people in groups effectively.

Using language successfully is very important in the global world so that you can make others understand what you want to convey. Remember it is one of the skills that a person is not born with but one that can be easily learned with a little effort and hard work. The importance of language is that it is one of the primary means of interaction and communication. Hence make sure that the language you are using is appropriate for your specific audience and is familiar to him and he can grasp its meaning.

Language is a vehicle for thought that is why the Ghanaian people must improve upon our skills in the English language. The individual who has been subjected to a specific language from birth is most probably in the habit of thinking in that language. Our proficiency in this national language could help in an undisturbed thought-flow process that can prove a godsend in both personal and professional life. We should appreciate that

English as our official language, is the thoughts that take shape and are expressed as words, ideas and gestures later on. Without the thoughts, we will not be able to find a medium for expressing ourselves.

The importance of a language is that with time it becomes the means of expression amongst human beings. Language opens the minds of people and makes them aware of their surroundings. It acts as a guiding force that helps to develop minds, perceptions and of course personality. A language makes it possible to have a meaningful conversation with a person. It helps to gather the facts without assumptions so that a person can understand the actual information and arrive at a decision.

Moreover, another importance of language is that it helps to convey the emotions, feelings or gathered facts to someone else in a precise manner. It is the language that provides an individual with the ability to convey or transmit ideas effectively about lot of things. It has become easy to express, understand, identify, convey and interpret various states of emotion. People, who have a command over the common languages spoken in this world, are considered highly educated and hence gain the respect of others in the global community. A person who is proficient in the use of a language that is common and is widely considered as important and desirable has several career options open for him.

In fact, proficiency in a national language is an inevitable requirement in several professions and fields. This is the world of globalisation where we have seen tremendous advancements in science and technology. The ability to communicate is an important requirement of the global business community. A person proficient in commonly spoken language is an urgent requirement of numerous industries and sectors so that he can gather and compute all the available data and information in such a language. This opens various career opportunities for people all over the world. One of the major differences between human beings and animals is their ability to speak their minds effectively with the help of a language. It is a proven fact that language is one of the main components of civilisation and moulds an individual from birth.

A language is a tool that encourages the process of human development. The child does not know any language at birth but even without formal or informal training is able to slowly and steadily recognise and understand most things in the world. Parents, teachers, families, and friends shape the development of a child with the help of a language. A national language is a reflection of parents' experiences, values, and identity that they want to shower on their children so that they can grow up in a comfy environment.

In conclusion, communication skills help Ghanaian students to learn the complexities of the English language early on so that it can become a strong foundation for the later years. English language is the foundation of education and the child starts learning it in school verbally and later in a written form. The language also helps children in understanding literature and other various subjects that help to give his future the necessary shape. Developing communication skills and know-how is also possible only through a grasp of the English language. Strong skills in the English language are an asset that becomes a mode of effective communication as well as a means of expressing their personality. Social contacts are important in order to maintain social relationships in societies and across the nation's borders. It is the English language that makes it easy to develop these contacts and establish a cordial relationship through interaction and cooperation.

It Takes Two to Tango: Professional Collaboration between Internal Auditors and External Auditors – International Standards and Ghana's Legal Framework Perspectives

By Christopher Alatarige, CA, Internal Auditor, UCC

INTRODUCTION

The audit function has been touted generally as an indispensable element in ensuring economic, effective and efficient management of public finances and improving public performance and accountability. Generally, audit can be defined as an examination and verification of a company's financial and accounting records and supporting documents by an independent professional against established criteria and communicating the results to interested parties.
Principally, there are two professionals who are responsible for conducting an audit of an entity's financial and non-financial records namely; the internal auditor and the external auditor.

Whilst internal auditors are employees of the organization (hence having the scope of their work determined principally by management) the external auditors are not (thus their scope determined by statute or shareholders). Again, the Internal auditors performs work throughout the entire year, including in some cases, the performance of pre-auditing, daily checks, post audit and other special assignments or investigations, that is consulting and assurance services. External audit, however, is an activity (usually assurance services in nature) with a yearly frequency.

Despite few differences between the two professionals, there are myriads of similarities between them. These similarities include the fact that both internal and external auditors:

a) Belong to professional disciplines, hence carry out their functions competently and independently in accordance with the ethical requirements of their respective professions and in adherence to international standards on auditing.

b) Are interested in evaluating and testing internal control systems with the view to recommending to management ways of improving the internal controls.

The above similarities coupled with many others provide the two professionals a synergy for cooperation and collaboration.

Sadly, many external auditors conclude their audit of entities with limited or no engagement whatsoever with the entities' internal audit units, including meeting with the heads of the internal audit units. Similarly, many internal audit units rarely take advantage of the presence of external auditors in their organizations to share ideas and insights. These have often led to the questions of whether there are any practical collaboration and cooperation between the two professions, and whether they appreciate the synergies of collaboration as proffered by relevant standards and frameworks.

Thus, the objective of this article is to provide some insight into the areas of legal frameworks and International Standards that provide for collaboration between the internal audit and the external audit and to recommend statutory bodies that can promote cooperation between the two professionals.

Legal Frameworks and International Standards that Promote Collaboration between External Audit and Internal Audit

Globally, there are a number of legal frameworks and standards which seek to recognize the significance of the cooperation and collaboration between internal audit and external audit and how the relationship between these two bodies will synergize and positively impact on their modus operandi to inure to the benefit of the audit client.

International Standard on Auditing

IFAC's International Standard on Auditing (ISA) 610; Using the Work of Internal Auditors permits external auditors to use the work of the internal audit, and to use the internal audit function of an audit client to provide direct assistance subject to certain conditions or criteria being met. According to ISA 610, the external auditor may decide to use the work of the audit client's internal audit function to modify the nature or timing, or reduce the extent, of audit procedures to be performed directly by the external auditor. This requirement allows the external auditor to assess the work of the internal auditor and its independence, and where the external auditor finds them satisfactory, then the external auditor ceases the opportunity for cooperation and collaboration.

Again, it is acceptable, in some circumstances, for the external audit firm to use the internal audit function of an audited entity to provide direct assistance to the external audit team. This provision offers the external auditor an opportunity to collaborate with the internal auditor whereby the former uses the latter to provide it with direct assistance in areas including but not limited to inventory take, verification of assets.

IIA-Practice Advisories

Practice Advisories 2050-1 Coordination also enjoins the chief audit executive to share information and coordinate activities with other internal and external providers of relevant assurance and consulting services to ensure proper coverage and minimize duplication of efforts.

IIA's practice advisories requires that:

1. The Chief Audit Executive (CAE) should ensure that the external auditors' techniques, methods, and terminology are sufficiently understood by internal auditors to enable the CAE to (1) coordinate internal and external auditing work; (2) evaluate, for purposes of reliance, the external auditors' work; and (3) ensure that internal auditors who are to perform work to fulfill the external auditors' objectives can communicate effectively with external auditors.

2. The CAE should provide sufficient information to enable external auditors to understand the internal auditors' techniques, methods, and terminology to facilitate reliance by external auditors on work performed using such techniques, methods, and terminology. It may be more efficient for internal and external auditors to use similar techniques, methods, and terminology to effectively coordinate their work and to rely on the work of one another.

3. The CAE should understand the scope of work planned by external auditors and should be satisfied that the external auditors' planned work, in conjunction with the internal auditors' planned work, satisfies the requirements of Section 2100 of the Standards. Such satisfaction requires an understanding of the level of materiality used by external auditors for planning and the nature and extent of the external auditors' planned procedures.

4. The CAE should organize periodic meetings to discuss matters of mutual interest.

All of the above requirements or roles undoubtedly imbue the internal audit function with an opportunity to collaborate and cooperate with the external audit for effective discharge of their responsibilities.

The Public Financial Management Act, 2016, Act 921, and the Audit Committee (AC)

The Public Financial Management Act (PFM Act) stipulates the functions of the audit committee to encompass pursuing the implementation and preparation of an annual statement showing the status of implementation of any recommendations contained in an annual internal audit report, Auditor-General's management letter etc. The PFM Act mandates the Internal Audit Agency (IAA) and the Institute of Chartered Accountants, Ghana (ICAG) to nominate the majority of members from among persons who do not work in the covered entity to which the audit committee relates, and adds that the chairperson of the committee shall be elected from among the independent members of the committee. The domination of the AC with professionals from the IAA and the ICAG affords these professionals the opportunity to use their influence to promote collaboration and cooperation between the internal auditors and external auditors (many of whom belong to either IAA or ICAG) of the covered entity.

Internal Audit Agency Act, 2003, Act 658

The Internal Audit Agency Act establishes the agency as a central agency to facilitate, coordinate, monitor and supervise internal auditing activities within Ministries, Departments and Agencies (MDAs), and Metropolitan, Municipals and District Assemblies (MMDAs) and in order to secure quality assurance of internal auditing within these institutions of state, to provide for the Board of Internal Audit Agency and to provide for connected purposes. This mandate allows the agency to organize trainings and other programmes for internal auditors across the public sector of Ghana, thus providing it with a unique platform to engage internal auditors to enlighten them about the need to take advantage of the requirements of IIA's practice advisories to collaborate with their external audit counterparts.

Ghana Audit Service Act, 2000, Act 584

The 1992 Constitution of Ghana and the Audit Service Act, 2000 mandate the Ghana Audit Service to audit the public accounts of Ghana, including the courts, the central and local government administrations, of the universities and public institutions of like nature. The act further states that an internal auditor of an organization or body referred to above shall submit a copy of each report issued as a result of internal audit work carried put to the Auditor-General. The requirement for submission of reports to the Auditor-General by internal auditors undoubtedly promotes cooperation and collaboration between these two professional bodies.

Institute of Chartered Accountants, Ghana Act 2020, Act 1058

The Institute of Chartered Accountants, Ghana (ICAG) is the body mandated by law in Ghana to regulate the accountancy profession and also certify persons who can practice as auditors in Ghana. Many internal auditors, across the public sector of Ghana and external auditors, both from the Ghana Audit Service and private audit firms are either members, affiliates or students of the institute. This affords the institute a chance to organize seminars, workshops, conferences where issues of collaboration between internal auditors and external auditors can be discussed for consensus building and enhanced commitment to cooperate. Again, the institute is able to include in its syllable, matters or issues that promote the values and virtues of collaboration between the two professionals.

RECOMMENDATIONS

a) The audit committees of covered entities should prioritize efforts at fostering collaboration and cooperation between internal auditors and external auditors of their respective entities.

b) The Institute of Chartered Accountants, Ghana should consider promoting collaboration between internal auditors and external auditors through continuous professional development (CPDs) programmes.

c) The Internal Audit Agency and the Ghana Audit Service should consider organizing joint training programmes for internal and external auditors where issues of collaboration and cooperation should be given emphasis.

CONCLUSION

From the perspective of international standards and regulations governing the internal auditing and external auditing professions and in case of Ghana, the Public Financial Management Act , Act 921, one can conclude without an iota of doubt that a fertile ground or appropriate spaces have been created for enhanced interaction and collaboration between the internal audit functions of entities and their external audit counterparts, for enhanced and more effective performance of their respective responsibilities for the betterment of their audit clients. It is therefore imperative for all stakeholders to put their hands on deck to promote cooperation and collaboration between internal and external auditors for enhanced benefits to audit clients.

Blockchain Technology: Shaping the Future of the Accountancy Profession

Monica Singer, Gabriella KUSZ MBA, MPP, CPA, CGMA | April 19, 2021

IBM Foodtrust, Coinbase's USD $68 Billion Initial Public Offering on Nasdaq, Central Bank Digital Currencies, and TopShot and the non-fungible token (NFT) craze—what do they all have in common? Blockchain technology. Although it has seen fits and starts over the past decade, blockchain and the broader realm of distributed ledger technology, or DLT, are breathing new life into the financial sector, intellectual property, and sustainability. So, what does this have to do with the accountancy profession?

What Is Blockchain?

Blockchain is a technology that effectively connects people or companies in a direct way or on a peer-to-peer basis. For the past 20 years people have shared information through the internet. They have sent emails, posted to social media, and shared documents. Blockchain as a technology, takes the connectivity of the internet one step further. Blockchain offers users the internet of value.

As opposed to exchanging only information, participants can now also exchange value on a peer-to-peer basis. Although most commonly associated with Bitcoin and other crypto assets, blockchain technology supports both applications (such as decentralized apps or dAPPs) and complex programming (such as smart blockchain and the broader realm of distributed ledger technology, or DLT, are breathing new life into the financial sector, intellectual property, and sustainability. So, what does this have to do with the accountancy profession?

contracts). It is through these smart contracts that blockchain offers the potential to easily and efficiently undertake a wide range of transactions and transference of rights and property.

Smart contracts can easily and cost effectively transfer ownership of a car or transfer corporate shares without needing a third party, such as a bank or a stockbroker, and with immediate settlement. It is this removal of "middlemen" by enabling trusted peer-to-peer exchange that is driving what some have come to refer to as "Web 3.0", and the creation of $2 trillion of wealth in the last ten years.

Key Blockchain Features: Immutable and Decentralized

The key feature in blockchain is that anything that is stored on the blockchain is there forever, the information is immutable and cannot be erased. The information that is stored on the blockchain offers us a level of transparency that has not previously been seen. It means that if Person A owns something and transfers the ownership or value of it to Person B there will always be a record in the blockchain that Person A owned it. It also guarantees that the record cannot be manipulated—no one can change the record. This level of immutability is why blockchain technology is commonly referred to as a "trust machine".

Another key feature of the technology is its decentralized nature. No one person, entity, or government owns or controls the information. This effectively means that Person A has a copy of all of their information as does Person B, and as does the next person. In a decentralized environment, all participants have access to the same information and users can then choose to share it or not. Information will no longer need to be aggregated and stored in central databases as it will be stored everywhere at once and, if desired, under direct user control rather than the company offering the service. Through this transformation toward decentralization, the incidence of abuse of information as well as cyber-attacks and hacking may be reduced if not entirely eliminated.

What Does This Have To Do With the Accountancy Profession?

Auditing requires the confirmation of transactions and balances on firms' accounting ledgers at the end of the reporting period due to time-lags, reconciliations, and accounting entries. Each side of the transaction keeps its own records. Blockchains and their almost immediate provision of an immutable record of transactions provides for shared transaction information, automatically synchronized across each location. Such a provision of information removes transaction level reconciliations and facilitates developing continuous auditing. For auditors, this offers the potential for a transition from a periodical or annual exercise to a continuous matter, one that can now encompass both parties to a transaction simultaneously.

As blockchains allow recording and settlement of transactions to occur at the same time as the transaction itself, auditors can obtain data in real-time and in a consistent, recurring format. Monitoring what happens in real time rather than testing (selectively) and reconciling what happened in retrospect is a substantial departure from contemporary audit techniques. Due to distributed ledger technology, blockchain technology eliminates the need for entering accounting information into multiple databases and potentially removes the need for auditors to reconcile disparate ledgers. This could save substantial amounts of time and the risk of human error may be considerably reduced.

Reconciliation of accounting data will not be fully automated through blockchain technology as auditors' professional expertise and experience is required to assess the accuracy of complex accounting transactions. However, the ability to trust that both parties are recording the same base transaction information and the real-time availability of this accounting data offers immense benefits for the efficiency with which accounting data can be reconciled and analyzed. Imagine the power of this technology combined with Artificial Intelligence (AI) where the testing for discrepancies through analytical review could take place in real time and without the risk of missing transactions or the auditor having a blind spot in analyzing the information.

Looking Ahead

At its core, blockchain technology is a ledger system. It's immutability and decentralized nature make it unique, but its function of recording transactions makes it familiar to those in the accountancy profession. To support the accountancy profession in understanding blockchain technology, the Accounting Blockchain Coalition (ABC)—a global coalition of representatives from blockchain industry leaders in the accounting, law, tax, technology and higher education—authors guidance on accounting for digital assets and currencies that run on blockchain technology. IFAC member organizations, including the Institute of Singapore Chartered Accountants, The Institute of Chartered Accountants of India, Institute of Chartered Accountants of England and Wales, CPA Canada, American Institute of CPAs, and South African Institute of Chartered Accountants, are building awareness of blockchain technology and digital assets, educating their membership and stakeholders, and offering insight or guidance in accounting and auditing for blockchain and digital assets. Developing professional knowledge and understanding of this emerging technology and its applications will be crucial to ensuring the profession's relevance and future readiness.

As blockchain technology continues to advance and new and different uses are found, it will be up to the accountancy profession to ensure that its promises of transparency and accountability are fulfilled.

Source: www.ifac.org/publications/

You and Your Health

WHAT IS HEALTH CARE ECONOMICS?

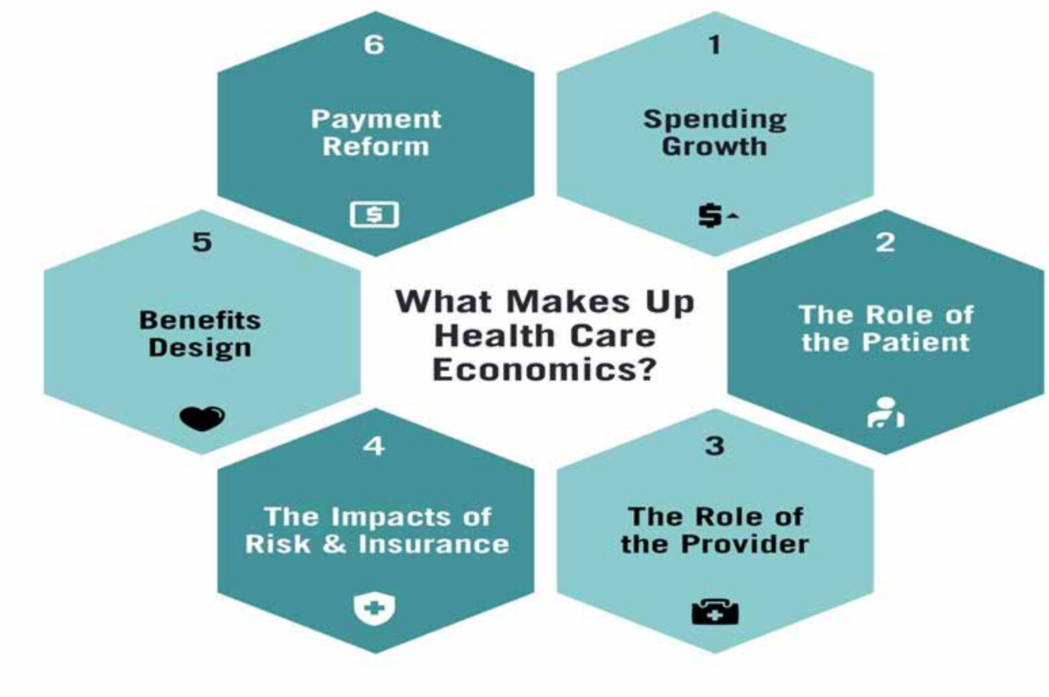
The health care industry consists of a variety of nonprofit organizations, for-profit businesses, government agencies, and independent regulators that all come together to impact individuals' health and wellbeing. But just because a business operates within the health care sector doesn't mean it's freed from the economic concerns that drive all businesses: how to lower costs, increase revenues, drive profit, and offer value to the end customer. Or, in this case, patients.

This is where health care economics comes into play. Below is an overview of what health care economics means, as well as a discussion about why understanding it is so crucial for those in the industry.

WHAT IS HEALTH CARE ECONOMICS AND WHY IS IT IMPORTANT?

Health care economics is a term used to describe the various factors that converge to influence the health care industry's costs and spending. As a field of study, health care economics seeks to understand the role that individuals, health care providers, insurers, government agencies, and public and private organizations play in driving these costs. Health care economics can be approached from several perspectives depending on the specific challenge you're facing. For example, in the Harvard Online course Health Care Economics, Harvard Medical School faculty organize the discussion around six key areas:

1. Spending growth
2. The role of the patient
3. The role of the provider
4. The impacts of risk and insurance
5. Benefits design
6. Payment reform



Understanding how each of these factors influences each other makes it possible to develop a firm understanding of health care economics as a whole.

Spending Growth

Health care expenses have been rising in the US in both absolute and relative terms. Understanding the drivers of this health care spending, how spending varies across different regions, and the role technology can play is crucial for anyone working in the industry.

The Role of the Patient

The patient plays a critical role in driving health care spending, for both themselves and others. By choosing one prescription or treatment over another, opting for elective surgery, or using too much or too little care, individual patients can significantly impact supply, demand, and pricing for the entire system.

The Role of the Provider and Health Care Production

While the patient serves as the demand side of the equation, health care providers serve as the supply side. What services and treatments providers choose to offer and how much they charge for them are typically directly related to the patient's demands. Yet, several other factors may influence this decision as well.

Risk & Insurance

Health insurance is a means for individuals, employers, and society at large to manage costs related to health care. Ensuring stable insurance markets requires a thorough understanding of risk and risk pools.

Benefit Design

The design of employee benefits packages can be an effective means of controlling health care costs by forcing individuals to make more efficient decisions about their care. For example, an insurance plan which features high deductibles can serve to prevent frivolous spending while still ensuring protection in the face of medical emergencies.

Payment Reform

Similarly, health care providers can be compensated for their time and services in many different ways. Fee-for-service, episode-based payment, and population-based payment models can all be leveraged to promote effective decision-making among providers.

WHY STUDY HEALTH CARE ECONOMICS?

The economics that drive the healthcare industry are complex and require professionals to regularly balance seemingly conflicting goals. On the one hand is a mission to provide value to the patient by helping them live healthier, more meaningful lives; on the other, a responsibility to effectively manage revenues and costs. While it's obvious that for-profit hospitals, insurance companies, and other businesses have a responsibility to their shareholders to turn a profit, even nonprofit organizations operating within the space must effectively fund their operations or risk closing down.

With this in mind, it's critical that professionals across the entire health care sector understand the economics that power it. Medical providers, administrators, health care policymakers, and even business leaders working outside the industry can benefit from understanding the economics.

- Medical providers: To remain effective, medical providers must regularly evaluate new treatments, services, and technologies and consider what role they may play in helping them create value-based care for their patients. Understanding the economics behind such developments can allow these professionals to make more informed decisions.

- Administrators: Those who work in an administrative role within the health care industry will often be more concerned with financial metrics than providers. For these individuals, an understanding of the economics that underlie their industry is invaluable

.

- Health care policymakers: Whether at the local, state, federal, or international level, health care policymakers must walk a fine line balancing the public interest against various economic considerations.

- Government/Business leaders: The majority of people receive health insurance through their governments/employers. This fact makes health care a major expense for most organizations and government. Business leaders, managers, and executives must understand health care economics to do right by their employees and shareholders.

Mobilizing Domestic Revenue: A Two Decades Analysis of Ghana's Domestic Tax Revenue Collection

Isaac Newton Bortey

Introduction

With the global economy facing economic headwinds from the corona pandemic coupled with a gradual decline in official development assistance (ODA), the dialogue on domestic revenue mobilisation in Africa has been brought to the fore. Revenue is pivotal to the economic development of any country. Countries that can raise higher revenues are better positioned to invest in public goods in critical sectors such as infrastructure, health, and education. Conversely, a country that collects low revenue will face challenges in financing investments in public goods.

How has the tax administration in Ghana performed in terms of mobilizing domestic revenue for economic development? To unravel Ghana's performance in mobilizing domestic tax revenue, two decades (2000 – 2020) of revenue data is analysed.

Ghana's Tax Administration and Domestic Tax Revenue

Following the merger of the three revenue agencies in 2009, the Ghana Revenue Authority was established in accordance with the Ghana Revenue Authority Act (Act 791). The Authority is tasked with collecting all taxes that are due the state. The GRA is organized along two functional lines with each department responsible for domestic tax revenue and customs taxes.

Modern tax administrations attempt to collect adequate revenue while keeping tax administration and compliance costs low. The most cost-effective systems are those that commands a high voluntary tax compliance from its taxpayers. Like many developing countries tax administrations, the GRA is still lacking behind in this regard. In recent times the GRA has introduced electronic filling and payments for at least one of its core tax components. These are among measures to make tax payments easy and promote voluntary compliance. Domestic tax revenue encompasses all taxes and non-tax revenue that have a domestic source. It is classified into direct and indirect taxes. Typical of such taxes includes, direct taxes such as personal income tax (PIT), capital gains tax, gift tax, and indirect taxes—Value Added Tax (VAT). The GRA has the responsibility to collect optimal revenues from all these sources.

The Domestic Tax Revenue Collection Trajectory

Two decades (2000 – 2020) of revenue data sourced from the World Bank was used in the analysis. Three main domestic taxes; taxes on goods and services (% of GDP), taxes on income, profits and capital gains (% of revenue) and taxes on international trade (% of revenue) were used to measure the domestic revenue efforts of Ghana's tax administration. The taxes on international trade include import duties, export duties, profits of export or import monopolies, exchange profits, and exchange taxes. These helps assess the efficiency in collecting custom taxes at the country's various points of entries.

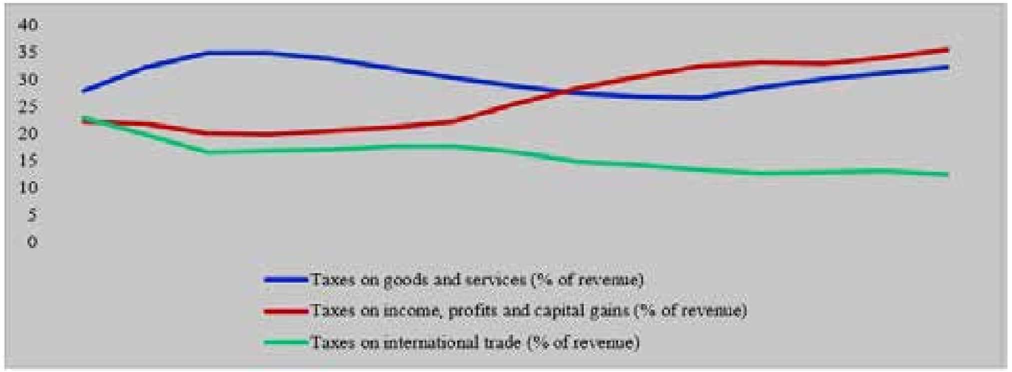
To provide a clear trend of the countries domestic tax collection efforts, a 5-year moving average is used to cater for fluctuations and hikes in certain years. Also, to gauge for progress in Ghana's tax-to-GDP efforts, the International Monetary Fund (IMF) recommends that a progressive tax regime should collect a 0.5 percentage point increase in tax-to-GDP on a year-on-year basis. Taking this as a benchmark we asses Ghana's tax-to-GDP over the two decades period.

The performance of domestic taxes over the two decades have been mixed. Taxes on goods and services which in the earlier part of the first decade experienced a somewhat rise on its average collection began to fall and has not been able to return to the earlier decades collection average (Figure 1). This shows that efforts in collection of taxes such as VAT, excise taxes and taxing of services has been low. The challenge of collecting taxes on services in particular, is compounded with the rise in digital services (digital economy). Many services that are provided digitally are more likely to escape the tax net of the GRA, as the authority is not traditionally well positioned for this trend.

Taxes on income and capital gains has seen a general rise over the two decades (Figure 1). A possible reason for this could be the large public sector workers in the economy. Employees in the public service have their income taxes deducted at source. As such collecting taxes on these income from employment is relatively easy. The challenge had been garnering the requisite taxes from income on business especially those owned by sole proprietors.

Collection of taxes on trade has been the worst performer over the two decades (Figure 1). The moving-average trend shows that not enough revenue is being collected from this tax source. Taxes collected at the country's points of entry forms a large portion of the trade taxes— import and export duties. The challenges with the customs division of the GRA are no secrets. Under-declaration of duties aided by some staff of the GRA are contributing factors to the low performance. Porous administration especially at the land borders have also accounted for goods entering the country without settling the tax obligations.

Figure 1: 5-Year Moving Average of Key Domestic Taxes



Source: Author's computation from World Bank Development Indicators Data

How has tax revenue contributed to growth? This is an economic question that has and continues to be debated in public finance. However, measuring tax revenue as a percentage of total economic growth (GDP) is a viable means of assessing tax revenue performance in an economy.

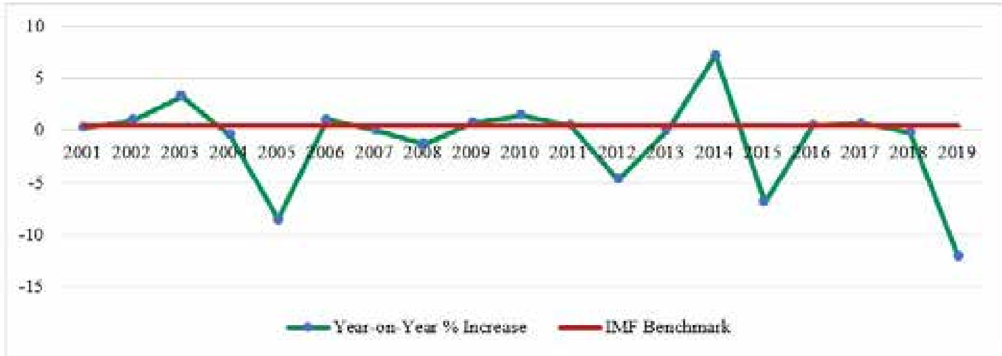
Figure 2 shows that, on a five-year moving average, tax revenue as a percentage of GDP has been on a decline over the past two decades. This implies that, even though tax revenue in absolute terms might show an increase over the years, the rolling average which reflects a fairer measure is on a decline. The figure also shows that the average after declining sharply in the first decade, increased marginally and stabilized nearing the beginning of the second decade.

Figure 2: 5-Year Moving Average - Tax revenue (% of GDP)

Source: Author's computation from World Bank Development Indicators Data

The analysis (Figure 3) reveals that the first decade saw percentage increase of tax revenues hovering around the IMF benchmark. The best and worst performance of tax revenue growth occurred in the later part of the second decade (2014 and 2019 respectively). The figure also shows that out of the total seven (7) periods of negative growth in the tax-to-GDP, four occurred in the second decade. Over the two decades, the country's performance in ten (10) years fell short of the IMF benchmark of 0.5 percentage point.

Figure 3: Benchmarking Tax Revenue to the IMF Target



Source: Author's computation from World Bank Development Indicators Data

Conclusion and Recommendations

The fiscal space of Ghana keeps shrinking as revenue consistently falls short of planned expenditure. The ramification of this perennial occurrence has often led to borrowing and its attendant high interest payments and ballooning public debt. Obviously, Ghana cannot continue on this unsustainable path. Domestic revenue collection must be given urgent considerations.

Generally, tax revenue has remained on a low trajectory over the two decades. One approach is to revive tax laws that have been dormant. For instance, rent income (property tax) which by law is levied at 8% and 15% for residential and non-residential premises is not operating effectively. The rent income tax if well implemented will increase the national revenue kitty.

Another tax area worth considering is the taxation of the informal sector. The informal sector accounts for 90% of the

Ghanaian economy. It is argued that the government loses around 227 million (over $45 million) in potential tax revenue from the informal sector each year. Discussions on taxing the informal sector has often been thorny with politics dominating the paradigms. Foremost, a bold non-political decision must be taken to extend the tax net to the informal sector. A clear definition of informal sector business must be made. Tax policies and measures must then be carefully crafted to finely-target the informal sector. This can include a simplified filling process, education on formalizing their operations, daily tax collection.

The analysis revealed that tax on trade (import and export duties) is the worst performer in terms of domestic taxes being collected. It is worthy to note that imports and export of goods and services has been on the rise in the past years, amounting to 36% and 32% of GDP respectively in 2020. There have been reforms at the country's ports such as the paperless systems, however, leakages remain. It is necessary for the tax administration to introduce policies that will seal tax leakages at the country's entry points. Greater attention must be given to the land borders where illegal trade activities is reported to be higher.

Administrative capacity constraints are generally known to be major obstacles to improving tax policy in Africa. Data on the ratio of tax officer to taxpayer in Ghana is non-existent to start with. It is therefore difficult to gauge what improvements are needed to ensure all taxpayers are catered for efficiently. Despite progress in adopting information and communication technology /digitization to increase revenue collection, more can still be done. Capacity building of tax officers must be done regularly with a focus on emerging digital trends. This is more imminent as many businesses are operating on the digital space. And ramping-up the fight against abuses of transfer pricing by multinational enterprises.

Quotes..

No person was ever honored for what he received. Honor has been the reward for what he gave
Calvin Coolidge

Courage is contagious. When a brave man takes a stand, the spines of others are often stiffened.
Billy Graham

Heroes never die. They live on forever in the hearts and minds of those who would follow in their footsteps.
Emily Potter

The secret of happiness is freedom, and the secret of freedom, courage.
Thucydides

There is nothing nobler than risking your life for your country.
Nick Lampson

Accountancy House, off Trinity Avenue, Okponglo, East Legon, Accra

054 433 6701 /2 | 027 78014 22/3/4

P.O.Box GP 4268 Accra, Ghana

Digital Address: GA- 416-9906

www.icagh.org

@icagh 1