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**THEME: Adoption of IPSAS: Why Ghana Should Take a
Cautious Approach**

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EDITORIAL

Corruption has been a bane on the development of most countries particularly the sub-Saharan region. Recognizing the harmful effect of corruption, in 2012 the country developed a National Anti-Corruption Action Program (NACAP) to help minimize the harmful effect of corruption. The NACAP enables collective action and sustained co-ordination of efforts, as well as the judicious application of resources of stakeholders to combat corruption, to assess the performance of stakeholders, especially government, in the fight against corruption, and mobilize national efforts to ensure the effective control of corruption through prevention, education, and investigation and enforcement. The writer mentions the need for professionals in the country to collaborate to win the fight against corruption and eradicate or minimize the effects of corruption on the developmental effort of the nation.

The article on taxation takes us through the legal basis for taxation in Ghana and the processes it must go through before a tax can be imposed. In principle citizens of a country cannot be taxed unless the Constitution of that country gives the power to the legislature to impose taxes. There is no rule of Common law or equity, which makes a person liable to tax. Tax is a creation of legislation and is imposed by a statute. The writer mentioned the constitutional provisions for imposition of tax, the statutes, the judicial interpretation and other processes that make a tax system work.

The rise of IPSAS over the years is one of the most striking international trends in Public Sector Accounting (PSA). Assuming a culture of transparency and accountability in the management of public resources as given, its promoters (standard setters, the Big 4 and the Bretton Woods twins) argue that adoption is a matter of public good and the panacea to challenges of mismanagement that has become a defining characteristic of the Southern countries. Beyond its promoters, IPSAS has respectable support from the academic community as well. The move towards accruals triggers three main benefits, namely a better management of

public assets, an economic clarification of public decisions and finally, an aid for the evaluation of the efficiency of public expenditure. However, from the evidence of other researchers, it would appear that much of the claims are assumed rather than empirically evaluated. Against this backdrop, the writer wants to understand the implications for our country that is in the process of adoption. From a policy perspective, the reform agenda is important and broad which demands that we approach the transition with caution. The assumed benefits frequently sold by standard setters and the World Bank would not automatically accrue merely by adoption.

For many accountants, accounting is understood within its reductive functionalist perspective as a neutral technical endeavor in the pursuit of economic rationality. From this functionalist perspective, accounting has the appeals of neutrality, objectivity, order, and discipline. Based on these pseudo appeals, accounting is presented as an independent art, having its roles and consequences primarily moderated by the cognitive properties of its users rather than the setting in which it is placed. Indeed, many of us see our craft as a canonical 'regime of truth'-a set of procedures which lead to a certain outcome, according to the principles of accounting and its rules of procedures. It is portrayed as a mere technical matter; as a factual and objective form of knowledge untainted by social values or ideology. From a critical perspective however, accounting is inherently political because its rules are derived from political struggle in society and operate for the benefits of some groups in society to the detriment of others. Underlying this feature is the notion that accounting is a partisan practice in that it reflects and perpetuates unequal social relations by appraising the terms of exchange between social constituencies. Consequently, it is naïve to conceive accounting exclusively as a neutral information-gathering and reporting tool. To understand the purpose and vision of accounting requires an analysis of the contexts in which it takes place.

These and many more 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

IFAC NEWS

Global Ethics Board Resets Expectations of Professional Accountants Regarding Inducements

The International Ethics Standards Board for Accountants (IESBA) today released new enhancements to its global ethics code which address more fully the responsibilities of professional accountants around the offering and accepting of inducements. The revised standard sets out a comprehensive framework that more clearly delineates the boundaries of acceptable inducements, and guides the behavior and actions of professional accountants in business and in public practice in situations involving inducements. “Incentives motivate behavior, and some inducements can be a powerful incentive to unethical behavior,” said IESBA Chairman Dr. Stavros Thomadakis. “This revised standard complements our standard on NOCLAR to offer a full system of ethical defenses that relate both to malfeasance committed by others and to accountants’ own involvement in potentially unethical behaviours.” Central to this framework is a new intent test that prohibits the offering or accepting of inducements where there is actual or perceived intent to improperly influence the behavior of the recipient or of another individual. The framework also:

- Clarifies the meaning of an inducement;
- Establishes a requirement to understand and comply with laws and regulations that prohibit the offering or accepting of inducements in certain circumstances, such as in relation to bribery and corruption;
- Guides professional accountants in applying the enhanced conceptual framework underpinning the International Code of Ethics for Professional Accountants (including International Independence Standards) where there is no improper intent; and

- Provides enhanced guidance on the offering and accepting of inducements by professional accountants’ immediate or close family members. The revised provisions become effective June 2019, including consequential amendments to the independence provisions of the Code addressing gifts and hospitality. The changes constitute the last piece of the recently revised and restructured Code.

Source: www.ifac.org/publications

IAASB Modernizes Auditing of Accounting Estimates in Support of Audit Quality

The International Auditing and Assurance Standards Board (IAASB) today released International Standard on Auditing (ISA) 540 (Revised), its revised standard for the audit of accounting estimates and related disclosures.

Banks, insurers and other financial services firms have seen revolutionary change in their accounting practices as they moved to new accounting standards that changed the way they deal with loan provisions and insurance contracts. ISA 540 (Revised) reflects this rapidly evolving business environment and ensures that the standard continues to keep pace with the changing market.

This revised standard is the first to be completed as part of the IAASB’s broader program ‘Addressing the Fundamental Elements of an Audit’ and is an important part of the IAASB’s efforts to improve audit quality globally. Some of the significant revisions include:

- An enhanced risk assessment that requires auditors to consider complexity, subjectivity and other inherent risk factors in addition to estimation uncertainty. This will drive auditors to think more deeply about the risks inherent to accounting estimates.

- A closer link between the enhanced risk assessment and the methods, data and assumptions used in making accounting estimates, including the use of complex models.
- Specific material to show how the standard is scalable to all types of accounting estimates.
- Emphasis on the importance of applying appropriate professional skepticism when auditing accounting estimates to foster a more independent and challenging skeptical mind-set in auditors.

ISA 540 (Revised) becomes effective for financial statement audits for periods beginning on or after December 15, 2019.

It is critical that all parties in the financial reporting supply chain, particularly regulators, national standard-setters and firms collaborate in the implementation of a standard with such far-reaching effects on the audit of financial statements. The IAASB will provide implementation support to help auditors navigate and apply the revised standard. Please visit the IAASB website for more information. Please read more at www.ifac.org/publications

From Good to Great: Exploring Leadership at WCOA 2018

It's a highly valued and desired quality, yet despite constant exploration the nature of leadership remains highly interpretive. So what is it that makes a good leader great?

Nadine Champion is a fighter. The martial arts expert and author of the book *Ten Seconds of Courage*, is a champion by name, and also in the ring, where she has had more than 30 years experience. She's also a fighter on the personal front, having fought off cancer in 2013, and presented a renowned TEDx talk in Sydney in 2015.

Leadership is a challenging issue for accounting firms and their staff. Nadine, who is presenting a session at WCOA 2018 on 6 NOV at 11am, has insights for accounting leaders who want to improve their skills and confront the challenges of their roles. Some of the questions accounting leaders must face is how to become both inspiring and inclusive, as well as how to grapple with issues such as how they motivate culture and inspire innovation within teams.

Making bold decisions

According to Nadine, some of the lessons she has learned from both fighting in the ring and fighting off cancer is that leaders can let fear turn them inwards, or they can face fear and embrace the ten seconds of courage that's needed to make bold decisions. "The only thing you can control in a hard situation is your reaction and your thinking," she said. Addressing the notion of being an inspiring leader, she said that in order for someone to be strong, you have to let them be.

"Whether you're being punched in the face, or in life, you can't close your eyes," she said. "You are better taking it on the chin and moving on."

Nadine also said that when we don't face things like pain and fear, they can come to control us and weaken us from the inside. "If training has taught me anything, it's not the whole event that counts, it's actually getting started," she said.

Embracing technology

Also addressing the WCOA 2018 delegation on leadership is Professor Ian Williamson, Pro Vice Chancellor and Dean of Commerce, Victoria Business School, Otago, New Zealand. In his session, which will be held on 6 NOV at 1.15pm, Professor Williamson will address the topic of globally and culturally diverse leaders and leadership.

Ian noted the financial sector is going through dramatic change and that change is being driven in large part by technology as well as a change

in business models. Leaders must learn to embrace technology and learn to work with technology leaders if they're going to prepare their organisations for the digital disruption that is currently occurring and will continue into the future. This means engaging in risk taking behaviours, and challenging comfortable ways of thinking.

“At an accounting firm, if I want a higher level of revenue for consulting services and other value-add activities, as opposed to more traditional activities, my workforce needs to engage in risk-taking behaviours. Have I created an environment that supports this, that enables the organisation to do this effectively? Transformational leadership behaviours become much more pronounced and more effective in those environments,” he said.

Championing creativity

Another speaker challenging current leadership practices is Sir Ken Robinson, presenter of the most viewed TED talk in history, and internationally acclaimed expert on creativity and innovation. He said that for leaders, if they're not prepared to be wrong, they will never come up with anything original. Sir Ken's session is a keynote about harnessing creativity and innovation on 7 NOV at 3.45pm, joined by Holly Ransom, chief executive officer, Emergent. “For most of us, the problem isn't that we aim too high and fail, it's just the opposite, we aim too low and succeed,” “Creativity is just as important as literacy.”

Source: www.wcoa2018.sydney/leadership

IFAC Issues a Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities

Small- and medium-sized practices require practical support when implementing the International Standards on Auditing in audits of small- and medium-sized entities. This Guide **8fvFF1Y**

helps firms efficiently and proportionally apply the ISAs on SME audits and is designed for use by all practitioners.

Now in its fourth edition, the Guide has been updated to reflect changes to the ISAs since previous editions, including International Auditing and Assurance Standards Board (IAASB) projects on auditor reporting, disclosures, auditor responsibilities relating to other information and using the work of internal auditors.

Volume 1 covers the fundamental concepts of a risk-based audit in conformance with the ISAs. Volume 2 contains practical guidance on performing SME audits, including two illustrative case studies—one of an SME audit and one of a micro-entity audit.

Exposure Draft: ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement

To ensure that International Standards on Auditing (ISAs) continue to form the basis for high-quality, valuable and relevant global audits, the IAASB Exposure Draft, ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement*, proposes more robust requirements and improved guidance to:

Drive consistent and effective identification and assessment of risks of material misstatement;

Modernize ISA 315 to meet evolving business needs, including information technology, and how auditors use automated tools and techniques, including data analytics, to perform audit procedures;

Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities; and

Focus auditors on exercising professional skepticism throughout the risk identification and assessment process.

For details on this exposure draft please visit, www.ifac.org/publication

ICAG NEWS-TITBITS

Second 2018 ICAG Induction Course for Newly-Qualified Accountants



The newly-qualified accountants at the ceremony

The Institute of Chartered Accountants (Ghana) has organised an induction course in Accra, for newly-qualified accountants as part of process of graduating them and also admitting them into membership. The two-day course, organized by ICAG, aimed to initiate the new members into the ICAG and to adequately prepare them for the practice of the accountancy profession. It is the second induction course in the year 2018 and formed part of the accountancy profession's knowledge management process to create a positive atmosphere and increase comfort level, and feeling of belongingness for the inductees.

Delivering the key note address at the opening ceremony, Mr Kwame Asuah Takyi, Comptroller-General, Ghana Immigration Service, urged Professional accountants to hold firmly the torch of accountability and protect the public purse. Mr Takyi reminded professional accountants that the responsibility to act in the public interest was a distinguishing mark of the accountancy profession. He explained that to act in the public interest meant

to put the state first in the discharge of their duties as professional accountants. He urged professional accountants to uphold the fundamental principles of ethics at all times— even at the peril of their jobs— by protecting the resources they were entrusted with, with all honesty and sincerity.

Mr Takyi said integrity, objectivity, professional competence and due care as well as confidentiality and professional behaviour were principles of ethics that were fundamental to the practice of the accountancy profession. He underscored the importance of Continuing Professional Development (CPD) as a tool to enhance performance and urged the inductees to take advantage of it. He also advised the inductees to be conversant with corporate governance regulations and professional standards as well as monitoring and disciplinary procedures to help them reduce threats that undermined and ruined their carriers. Professional accountants, Mr Takyi said, should declare their stand in conflict of

interest situations in order not to fall prey to being cited for professional misconduct.

In a welcome address, Prof. Kwame Adom Frimpong, President, ICAG, stressed the need for professional accountants to enhance career prospects in order to be able to perform with utmost quality in a highly competitive global market. Prof. Frimpong said it was, therefore, the duty of ICAG Council to ensure that new

members were equipped with all the qualities that would make them multi-faceted professionals. He urged the newly-qualified accountants to stand tall in integrity, be impeccable in character, professional in service and to uphold the high ethics and value for which ICAG was known.

Source: ISD (G.D. Zaney, Esq)

ICAG Hosts Presidential Luncheon 2018



Participants at the Presidential Luncheon

This year's Presidential Luncheon of the Institute of Chartered Accountants, Ghana (ICAG) has taken place in Accra. It was organized on the theme: Personal Branding for Professionals and Business Leaders. ICAG Presidential Luncheons provide the platform to interact and network as accountancy professionals in the hope of learning from each other to enhance outlook and the ability to carry out their duties effectively. It also serves as the opportunity for the President and Council members to interact with senior civil servants, Members of Parliament, policy makers, business executives and seasoned professionals in various disciplines to exchange ideas on topical issues of national interest. ICAG has

consistently organized the annual Presidential Luncheons every September for the past 25 years.

In delivering the key note address, Mrs Comfort Ocran, Chief Executive Officer, Legacy & Legacy, and Executive Director of Springboard Roadshow Foundation, underscored the importance of branding for a professional or a business leader. Mrs Ocran said branding came with benefits, such as increased profitability for an organization, boosting one's self confidence and becoming the preferred choice, adding that every brand should have a brand manager. She said in personal branding, there was the need to maintain a smart appearance and possess good communication skills. She explained that by

appearance, the Accountant should dress in smart suits and wear neck ties whose length should stop at the buckle of one's trousers.

For ladies, Mrs Ocran said, the length of their skirts should be below and not above the knee and that the use of high shoes were forbidden. She said personal branding required the use of executive pens and that cheques should not be signed with ordinary pens. She said personal branding for professionals and business leaders required keeping promises and delivering work on schedule as well as managing one's time and being prompt all the time. Mrs Ocran underscored the importance of the professional keeping smiles and striving to improve on one's performance, adding that professionals should look for peer review persons who should direct the conduct of the professional and business leader.

Present at the luncheon was Hon. Mohammed Habibu Tijani, Deputy Minister for Foreign Affairs and Regional Integration, and the Guest of Honour. Hon. Tijani urged accounting professionals not to underestimate the value of

personal branding in ensuring business success and lauded ICAG for engaging accounting professionals on the theme. In a welcome address, Professor Kwame Adom-Frimpong, President, ICAG, stressed the need for chartered accountants to specialize.

Prof. Adom-Frimpong urged accounting professionals to avoid personal branding mistakes, such as imitating, faking or lying to target audience, adding that accounting professionals should not act until they thought. He said branding was about serving others and helping individuals understand numbers. This, he said, required accountants to build reputation in the accounting profession. He made it clear to the newly-qualified accountants that qualifying as a professional accountant was not the end of their learning career, but only a first step in a life-long journey. Prof. Frimpong urged the inductees to participate in all activities of ICAG in order to fully derive the benefits associated with membership of the Institute.

Source: ISD (G.D. Zaney, Esq.)

FEATURES

Professionals collaborating against corruption: Part two

The NACAP and Eradication of Corruption in Ghana

Eric Oduro Osae (PhD)

Recognizing the harmful effect of corruption, in 2012 the country developed a National Anti-Corruption Action Program (NACAP) to help minimize the harmful effect of corruption. The NACAP enables collective action and sustained co-ordination of efforts, as well as the judicious application of resources of stakeholders to combat corruption. It constitutes the benchmark to assess the performance of stakeholders,

especially government, in the fight against corruption. The NACAP seeks to mobilize national efforts to ensure the effective control of corruption.

The scope of the NACAP goes beyond controlling corruption in the public sector, it targets the private sector and embraces the activities of state and non-state actors regardless of gender, age, local or international status. The NACAP adopts a long-term strategic perspective and utilizes a three-prong approach to the fight against corruption, namely:

- Prevention;
- Education, and
- Investigation and enforcement.

Reviewing the NACAP to put professionals at the center of its implementation is definitely the way to go.

Case for Professional Body Intervention

The cycle of transactional processing in the public sector is seen by one professional or the other. The involvement of professional in selected transactions is indicated below:

| | |
|--|----------------------------------|
| Development of the plan | Ghana Institute of Planners(GIP) |
| Budget preparation and Development | ICA and CIMA |
| Development of Procurement Plans and Contracting | CIPS |
| Collection of invoices and Analyzing Payments | CIPS and CIM |
| Memo Generation | Institute of Directors |
| Approval of Expenditure | Institute of Directors |
| Procurement Process | CIPS |
| Development of Payment Vouchers(PVs) | ICA, ACCA, CIMA, CITG |
| Internal Auditing of Transaction | IIA |
| Effecting payment | ICA, ACCA,CIB |
| Accounting for the transaction | ICA, ACCA |
| Inspection for quality delivery- Contracts, Vehicles, Goods ,Works, Services | CIPS, GhIE, |

| | |
|--|-----------------------|
| External Auditing or post transaction review | IIA |
| Discovery of Fraud or Corrupt Activities | GBA and GPS |
| Gathering of Evidence | GPS |
| Media Personnel Reportage | GJA |
| Keeping Convicted Persons | Ghana Prisons Service |
| The Judiciary and Court System Ensuring the Delivery of Justice | AJ&MG |
| Defending the Act by Lawyers | GBA |
| Supporting the case as principal witness | ALL Professionals |
| Commencing of prosecution by AGs or appropriate prosecuting agency to prosecute to secure conviction | GBA |
| Payroll Fraud | IHRMP, Ghana |

In a world where corruption has also been nurtured by **nepotism** and **neo-patrimonialism**, with **wealth** and **power** become **interchangeable** and the differentiation between the **business world** and the **political spheres** is less clear¹, it is only the discerning professional with the requisite training and expertise who can help fight against this canker.

A world where some **public officers** treat **public resources** as their **personal property** and distribute them to families and cronies at

will, you need professionals to deal with the issue in a collective, comprehensive and complimentary manner.

A world where though criminal, after performing a public duty, officers expect expressions of gratitude from the beneficiaries of their services. To the extent that a service recipient who fails to say “*thank you*” with a gift in cash or kind at the time of service, or who fails to give a hamper at Christmas, may in future receive poor quality service or suffer delay, a rebuke or outright denial of the service.

¹ Jean-Francois Medard, 2002. Corruption in neo-patrimonial States of Sub-Saharan Africa. In A.J. Heidenheimer and M. Johnston Eds Political

Corruption: concepts and contexts. New Jersey, Transaction Publishers, 2002, pp. 379-403

The private sector in their response and to be in business has accepted the status-quo by treating such show of gratitude's as part of their corporate budgets; this is gradually legitimizing corruption in the world of business.

In a society where we fail to exact accountability or pay lip service to prosecuting persons caught in corruption in the name of politics or a certain *bogus* white paper which in certain cases pick and choose recommendations to be accepted in reports of Commissions to prosecute and drop others is certainly not the way to go. Getting-off the hook in the name of politics is certainly not acceptable in a society that prides itself with high democratic and rule of law credentials. That is why professionals are required to collaborate effectively now than before to bring an end to this social injustice affecting sustainable development and inter-generational equity in our country.

Role of Professional Bodies in the Fight Against Corruption

Professional bodies have a critical role to play in the fight against corruption, especially in the area of *prevention, uncovering and supporting prosecution*.

- The partnership among Professional Associations to fight corruption is not only borne out of the belief that their contribution to national development in this regard is critical, but also because it is vital in the pursuit of professional excellence.
- Professional bodies are in a position to regulate the activities of their members and ensure that their conducts are in consonance with the ethics and values of their profession and in a manner devoid of corruption.
- With increase in population and the rapid expansion in the membership strength of various professional bodies, by involving professional bodies in the fight against corruption, we will block corruption-prone areas in the conduct of professional transactions.
- The role of all professionals in fighting any social canker such as corruption is well recognized in law and professional ethics however, the level of

expectations of a particular profession depends on the nature of the profession and the specific areas of society the professional body operates in.

The Rules of Professional Conduct

Professionals are best placed to fight corruption if they collaborate effectively. This is because:

- All professional bodies are guided by professional code of conduct which informs and influences their behaviors and mode of operations.
- A profession that fails to enforce ethical standards and rules of professional conduct will gradually decline until it becomes almost irrelevant to society.
- Professional bodies fear that if not fought, corruption will gradually infiltrate into their ranks and take over some of its functions thereby diminishing economic opportunities for its members.

Role of Identified Professionals

From the way corruption occurs, eradicating or minimizing it is no joke, because by its nature it is done discreetly and requires the collusion of more than one person to beat any known system. Professional collaboration to eradicate corruption will be piecemeal if care is not taken, because corruption will always fight the system back. This means fighting corruption demands stamina and resilience.

Global Practices in Professional Collaboration

If we toe the lines of effectively pushing professionals to collaborate to fight against corruption as is the case in countries such as ; Singapore, Botswana, Hong Kong, South Korea, Estonia, Georgia, Qatar, Chile, Uruguay, etc Ghana will not be far from wrong. We will be benchmarking *international minimum standards* for professional bodies to follow in the fight against corruption. To make progress in this agenda however requires professional bodies to have the:

- Political will and committed leadership and
- receive pressure from citizens and the civil society on the leadership to continue to do what was right in the context of the society.

What Can Work to Support the Fight

- There is no universal approach to the obligations and responsibilities of professionals when dealing with corrupt practices.
- Professionals like other citizens should not carry out illegal activities.
- Any professional body that uses its special knowledge against society threatens the survival of the society.
- Accountants by their training are best trained to undertake due diligence in any transaction with financial implications.
- Since a corrupt activity eventually leads to some form of financial benefit to individuals and loss to the state or society, professionals are best placed to prevent corruption.
- Professionals from one professional body cannot do it alone, since transactional processing goes through a cycle which involves other professionals as well. The need for collaborative effort at resolving this challenge becomes key.

Part of Our National Learning Model

It is so sad that it now finds its way into the social studies syllabus of our children in the first cycle for their Basic Education Certificate Examination (BECE) Social Studies and Citizenship Papers, our children in the secondary are obliged to learn the harmful effect of corruption at their West African Senior Secondary School Certificate Examination (WASSCE) Social Studies paper and those at the tertiary levels learn aspects of it at their liberal arts classes or first year compulsory courses. Unless we eradicate this canker, sustainable development premised on sustainable utilization of resources which should lead to intergeneration equity in national resources will elude us.

In recent times, many Ghanaians have had cause to complain about the prevalence of corruption in the country because corruption:

- undermines democracy and the rule of law,
- Serves as a catalyst to violate the fundamental human rights of people

and the quality of life enjoyed by people in a country

- Allows organized crime, terrorism and other threats to human security to flourish in its most discreet form (NACAP, 2012).

Fortunately, we have professional bodies whose members are highly respected; both locally and internationally.

The good thing is that, most of our professional bodies have contributed to the development of international institutions and supported the setting up of standards and good practices in other countries. However in our backyard, a lot of deficiencies abound in the Public Financial Management (PFM) system, giving room to all kinds of corrupt activities.

There is no doubt that if professionals in Ghana come together with the collective resolve of fighting corruption we can achieve greater results. That is why ICA should be congratulated for this initiative and all professional bodies should be encouraged to buy-into this idea by taking steps to formalize the needed arrangements among the various Councils to see to the fruition of this important national agenda.

Global Legal Regime to Fight Corruption

The earliest legal regime to fight corruption is the United Nations Convention against Corruption (UNCAC). Others include:

- the African Union (AU) Convention Against Corruption 2005,
- ECOWAS Protocol on the Fight Against Corruption (ECOWAS Protocol) also exists at the regional and sub-regional levels respectively.

Ghana ratified both the UNCAC and the AU Convention in 2005, and the ECOWAS Protocol in 2003. This has placed an obligation to take steps towards operationalizing the above to eradicate corruption in the country.

The UNCAC specifically aims at getting states to fight against corruption by promoting:

- and strengthening country measures to **prevent** and **combat** corruption more **efficiently** and **effectively**;
- facilitating and supporting international cooperation and technical

assistance in the prevention of and fight against corruption;

- Integrity, accountability and proper management of public affairs and public property.

The convention obligates state parties under article 6 to specifically use *preventive anti-corruption body or bodies such as professional bodies* to implement policies and to oversee the coordinating and implementation of those policies. Countries are also required to inter alia, promote integrity, honesty and responsibility among its public officials, in accordance with the fundamental principles of its legal system. Since such public officers are required **to be professionals**, the delivery of this obligation falls squarely on professional bodies.

Scope of Application of the UNCAC and the Role of Professionals

Nations are required under article 17 to ensure that embezzlement, misappropriation or other diversion of property by a public officials are uncovered under law and take necessary action to establish as criminal, offences committed intentionally, the embezzlement, misappropriation or other diversion by a public official for his or her benefit or for the benefit of another person or entity, of any property, public or private funds or securities or any other thing of value entrusted to the public official by virtue of his or her position.

Requirements for Institutions to Collaborate To Fight Corruption

Article 12(2a) of the Convention requires of state parties to among other things promote cooperation between law enforcement agencies and relevant private entities. This also provides a basis for professional bodies to ensure adequate collaboration among them.

National Efforts at Fighting Corruption

In Ghana strategies have been developed to find a solution to resolving the corruption canker with minimal progress.

- Between 1966 and 1983 almost all military take-overs or coup d'état in Ghana have mentioned corruption and looting of state covers as one of their

reasons for taking over the realms of government.

- We have also embarked on *moral crusades* to get citizens to uphold the values of integrity and to manifest high moral ethics in their personal and public lives;
- We have carried out *public execution* of persons for corruption through firing squad ;
- We have passed draconian decrees that included the imposition of long custodial penalties and the operation of '*Kangaroo courts*';
- We have *confiscated properties* found or believed to have been corruptly acquired by public office holders;
- We have declared a *policy of zero tolerance for corruption*;
- We have strengthened and passed various anti-corruption laws;
- We have embarked on public sector and financial management reforms; and
- We have Strengthened national anti-corruption institutions such as the Ghana Police Service, Commission on Human Rights and Administrative Justice (CHRAJ), the Economic and Organized Crimes Organization (EOCO) as well as the recently passed and established Office of Special Prosecutors Act and Office respectively. Yet we have made minimal progress. The solution then lies with professional collaboration.

Domestication of Global Standards in the Fight Against Corruption.

The NPP has indicated in its 2016 manifesto that '*Ghana, a well-endowed country, has been brought to its knees and has been reduced to borrowing and begging from foreign creditors and donors to finance even its most mundane development needs. Corruption is what has brought this shame upon us all.*'

Ghana's 1992 Constitution under article 37 which provides that

‘ the state shall endeavor to secure and protect a social order founded on the ideals and principles of freedom , equality, justice , probity and accountability as enshrined in the Constitution , and in particular , the State shall direct its policy towards ensuring that every citizen has equality of rights, obligations and opportunities before the law’.

Furthermore, by virtue of Article 286(7) of the Constitution, some public officers are enjoined to take and subscribe to an appropriate Oath of Office. In general, these officers pledge, among other things, to:

- bear true faith and allegiance to the Republic of Ghana;
- uphold the sovereignty and integrity of Ghana;
- preserve, protect and defend the Constitution;
- dedicate themselves to the service and well-being of the people of the Republic of Ghana;
- do right to all manner of persons;
- truly and faithfully perform the functions of public office without fear or favour; affection or ill-will; and
- freely give counsel and advice for the good management of the public affairs of the country.(NACAP, 2012)

The following other national measures have been taken subsequent to the signing of the Convention by Ghana:

Criminalization of Corruption in Ghana

Although Ghana Criminal Offences Act 1960 (Act 29) (as amended) makes corruption a **misdemeanor**. Section 239 of the Act provides for the offence of “*Corruption, of and by Public Officer, or Juror*”. To the extent that, a public officer or juror who commits corruption, or willfully oppress, or extort money, in respect of the duties of office, commits a **misdemeanor**”. Thus, corruption under the Act is limited to bribery in its various forms such as:

- bribery of a public officer;
- bribery by a public officer;
- receiving a bribe before doing an act; and
- promise of a bribe.

The above limits the scope of corruption and it is for this reason that the current Government promised to amend the relevant sections of the Criminal Offences Act, 1960 (Act 29), particularly sections 3, 151, and 239-257, to make corruption a **felony**.

Since the adoption of UNCAC in 2003, the global community has taken a broader view of corruption, because it is in part responsible for fueling other crimes such as:

- terrorism,
- trade in narcotics,
- human trafficking and instability of regions

Hence necessitating the deepened role of professional groups in its fight.

It is however gratifying to read from the NPP 2016 manifesto that it is going to ‘*fight corruption head-on through preventive, detective, corrective and punitive actions*’. The NPP also promised Ghanaians they are going to fight corruption along three (3) key pillars: **institutional reform, legislative reform, and attitudinal change/public education**. Professional Collaboration falls under institutional reforms, attitudinal change and public education components of their strategy to fight corruption.

However, through steps such as:

- the President submitting within 14 days forward a list of appointments, made in pursuant of Chapter 24 of the 1992 Constitution, to the Auditor General
- effectively monitoring the asset declaration regime , by amending the law to require the Auditor General to publish periodically the list of all persons appointed under Chapter 24 of the 1992 Constitution who have declared or defaulted and
- amending the law relating to asset declaration to provide for sanctions which may include forfeiture of appointment, and Parliament will be called upon to amend the law to provide for public disclosure of asset declarations are gradually been operationalized, the pace is very slow.

Legislative Reforms Anticipated by the Government

We have also been promised that in order to adopt legislative measures that will operationalize the relevant articles on corruption in the UN Convention Against Corruption (UNCAC), the following reforms have been anticipated to take place:

- reform laws to set time limits within which an appointing authority must fill any vacancy or confirm a person acting in that office where that institution has a watchdog role
- ensure the passage of the Right to Information bill if the present Parliament delays in doing so
- introduce legislation to improve prevention, detection, reporting, investigations and prosecution
- propose a law for the establishment of the Office of the Special Prosecutor
- strengthen institutions like Parliament, the Judiciary, and other state institutions, and resource them sufficiently to be effective
- ensure the strict enforcement of the Public Procurement Act, 2003 (Act 663)
- ensure transparency by establishing a transaction price database, which will be periodically reviewed to conform to market trends
- resource the Auditor General's office to set up a Procurement Audit Unit to conduct value for money audits with the view to detecting and prosecuting corrupt practices
- to bring to an end the prevailing regime of impunity, where people found to have stolen or fraudulently benefited from public funds are merely requested by the *Attorney General to refund same on their own terms or are sheltered at the Office of the President*, and also ensure the implementation of the recommendations of the Auditor General and Public Accounts Committee (PAC) of Parliament.

Though as professionals we welcome these initiatives, but we want to be at the centre of the implementation process to ensure sustainability and process continuity.

Where Do We Go From Here

Collaborating against corruption by professional should be in three stages:

- Pre-Corruption stage for **prevention**
- Corruption Stage for **uncovering**

- Post Corruption Stage for **prosecution to securing conviction and deterrence.**

Most importantly, with an estimated cost of GHS 65,240,000 earmarked to implement NACAP just to minimize corruption, when other sectors of the economy are struggling with funds, professionals can no longer stand unconcerned than joining the fight against corruption through effective collaboration by :

- Getting the NACAP reviewed to create space for professional bodies
- Getting the Criminal Offences Act reviewed to make professional collaboration in the fight against corruption thorough prosecution to securing conviction mandatory
- Establishing quarterly platform inter-Council meetings of the various professional councils to strategize to collaborate to fight against corruption.
- Let us initiate a process of entering into Memorandum of Understanding (MoU) at the professional levels to fight against corruption.
- Incorporation of collaboration techniques and procedures in their syllabus
- Cross serving on the councils of Governing Boards of such institution
- Revising Ethical Codes of their profession to include mandatory collaboration with agencies to fight against corruption.
- Promoting peer to peer learning about the professions of each of the groups.
- Enacting a national policy or law making professional collaboration to fight against corruption mandatory.
- Supporting the creation of a special fund to finance the services of professionals to anti-corruption agencies in their fight against corruption
- Encouraging members to undertake pro-bono services to anti-corruption

agencies to fast-track the uncovering and prosecution of corruption cases.

- Conduct regular CPDs on collaboration among professionals to fight against corruption.

Above all, let us be each other's keeper to prevent people from milking the nation. All the

Tax Appellate System to Improve Equity in Tax Administration

Abdallah Ali-Nakyea

INTRODUCTION

The question that readily comes to mind as regards the Legal System and Taxation in Ghana is *what is the source of the power to impose tax?*

Legal Basis for Taxation in Ghana

In principle citizens of a country cannot be taxed unless the Constitution of that country gives the power to the legislature to impose taxes. There is no rule of Common law or equity, which makes a person liable to tax. Tax is a creation of legislation and is imposed by a statute.

Constitutional Basis of Taxation in Ghana

In recognition of this principle, previous Constitutions of Ghana made provisions for taxation: - Article 128 of 1969 Constitution and - Article 138 of 1979 Constitution

Ghana's 1992 Constitution

Under Ghana's 1992 Constitution, Article 174 provides as follows:

- No taxation shall be imposed otherwise than by an or under the authority of an Act of parliament
- Where an Act, enacted in accordance with clause (1) of the article, confers power on any person or authority to waive or vary a tax imposed by that Act, the exercise of the power of waiver or variation, in favour of any person or
-

above requires political will and the zeal of institutions to fight this common cause. Corruption is eating us up, Professionals we are the last hope for Ghana, let us wake up and collaborate to fight against corruption now!

- authority, shall be subject to prior approval of Parliament by resolution.

Even military regimes in Ghana (apart from the National Liberation Council) that did not operate under formal constitutional documents, made similar provisions in the Establishment Proclamations. These Proclamations, found in section 14, section 4 and section 21 of the National Redemption Council, Armed Forces Revolutionary Council and Provisional National Defence Council Establishment Proclamations of 1972, 1979 and 1981 respectively had identical provisions, which read, *"the Council shall have the power to impose taxes"*.

Legislative Basis of Taxation in Ghana

Pursuant to the general power to impose tax as stated above, Acts, Decrees and Laws are made by the appropriate legislative body at the relevant times.

Judicial Basis of Taxation in Ghana

Since taxes are imposed by or under statutes, they are the subject of judicial interpretation and review.

Thus, taxes, which originate as economic instruments must assume a legal cloak of statute before they become enforceable. This is one important reason why judges and lawyers have to study and understand taxation if they are to play their role well in assisting in tax administration.

The Interface Between the Judiciary and Tax Administration

However, for judges and lawyers to have a proper understanding of how taxation operates within the economy, they must be interested in allied subjects such as Economics, Accountancy, Public finance, and Tax Policy

and Measures. Principles of Bookkeeping and Accountancy, for instance are implicated in the administration of taxes in terms of ascertaining gains and profits from business, employment and investments, which are chargeable with tax.

Approaches to Interpretation of Tax Statutes

The law of income tax, owing to its recent origin has never been part of the common law. It was built up upon statute law through years of consolidation of successive income tax legislation. Unlike other branches of law, revenue law is purely a creation of statute – legislation being its main source. The judicial function is thus confined to interpretation There is therefore no equity (legally speaking) in a tax statute, and liability cannot be implied under any principle of equity but must be found in the express language of a statutory provision.

Differences Between the Common Law and Tax Laws worth noting

There is no code of interpretation of the Common law, but is based on decisions of the judges. On the other hand, in constructing statutes one has to apply particular codes or rules. No one can impose a tax except the authority vested with the power of taxation. Therefore, what has not been clearly authorized by parliament cannot be the subject of taxation. In *Russell v. Scott* [1948] AC 422 at page 433 Lord Simmonds observed that ***the subject is not taxed unless the words of the taxing statute unambiguously impose the tax on him.*** Tax statutes, like any other legislation, are subject to the general rules of statutory interpretation. However, the special position of tax statutes as part of fiscal legislation has led to development of some special rules for their interpretation.

Rules of Statutory Interpretation as Applied to Tax Legislation

First the words are to be given their ordinary meaning. They are not to be given some other meaning simply because their object is to frustrate legitimate tax avoidance devices. Secondly, one has to look merely at what is said. There is no room for any intendment. There is no equity about tax. There is no presumption as to tax. Nothing is to be read in, nothing is to be implied. One can only look fairly at the language used. This is in fact the dictum of Rowlatt, J. in *Cape Brandy Syndicate*

v. I.R.C. [1921] 1 KB 64. Thirdly, the object of the construction of a statute being to ascertain the will of the legislature, it may be presumed that neither injustice nor absurdity was intended. If, therefore, a literal interpretation would produce such a result, and the language admit of an interpretation, which would avoid it, then such an interpretation may be adopted. Fourthly, the history of an enactment and the reasons, which led to, it being passed may be used as an aid to its construction.

It has to be noted that in a tax statute the provisions, which impose the tax are known as the charging section (see section 5 of Act 592) and are usually separate from those that provide for rules for computing or collecting the tax, known as the machinery section. It was held in *I.R.C. v. Longman Green Co. Ltd.* (1932) 17 TC 272 at 282 that ***a court will not construe a machinery section to defeat a charge to tax.*** The Interpretation Act, 2009 (Act 792) is in line with the view that the courts in the Commonwealth have now moved to the Purposive Approach to the interpretation of legislation and indeed all written instruments. Thus section 10 of the Act provides as follows:

Aids to Interpretation or Construction

Aids to interpretation or construction

(1) Where a Court is concerned with ascertaining the meaning of an enactment, the Court may consider

(a) the indications provided by the enactment as printed, published and distributed by the government printer;

(b) a report of a Commission, committee or any other body appointed by the Government or authorized by Parliament, which has been presented to the Government or laid before Parliament as well as Government White Paper;

(c) a relevant treaty, agreement, convention or any other international instrument which has been ratified by Parliament or is referred to in the enactment of which copies have been presented to Parliament or where the Government is a signatory to the treaty or the other international agreement; and the travaux preparatoires or preparatory work relating to the treaty or the agreement; and

(d) an agreement which is declared by the enactment to be a relevant document for the purposes of that enactment.

(2) A Court may, where it considers the language of an enactment to be ambiguous or obscure, take cognizance of

- (a) the legislative antecedents of the enactment;
- (b) the explanatory memorandum as required by article 106 of the Constitution and the arrangement of sections which accompanied the Bill;
- (c) pre-parliamentary materials relating to the enactment;
- (d) a text-book, or any other work of reference, a report or a memorandum published by authority in reference to the enactment, and the papers laid before Parliament in reference to the enactment;
- (e) the parliamentary debates prior to the passing of the Bill in Parliament.

(3) Subject to article 115 of the Constitution, a Court shall have recourse to parliamentary debates under subsection (2), where the legislative intention behind the ambiguous or obscure words is clearly disclosed in the parliamentary debate.

(4) Without prejudice to any other provision of this section, a Court shall construe or interpret a provision of the Constitution or any other law in a manner

- (a) that promotes the rule of law and the values of good governance,
- (b) that advances human rights and fundamental freedoms,
- (c) that permits the creative development of the provisions of the Constitution and the laws of Ghana, and
- (d) that avoids technicalities and recourse to niceties of form and language which defeat the purpose and spirit of the Constitution and of the laws of Ghana.

Interpretation must thus take account of the words of an Act according to their ordinary meaning as well as the *purpose* and *context* in which the words are used. What remains unclear in Ghana's new approach to interpretation is whether Rowlatt, J's principle that a tax treaty should not be interpreted with the object of frustrating legitimate tax avoidance devices would be followed by the Ghanaian Tax courts given the detailed anti-avoidance provisions in our tax laws.

Seeming Controversies in Interpretation of Tax Statutes

From a constitutional point of view, can a tax legislation be made retroactively? It is certainly

not clear whether given the fact that Ghana operates under a written Constitution and in the particular context of Article 107(b) parliament can legislate retrospectively on tax matters in any situation.

Article 107 (b) provides that:

Parliament shall have no power to pass *any* law – which operates retrospectively to impose *any* limitations on or *adversely* affect personal *rights and liberties or impose a burden, obligation or liability* on any person except in the case of a law enacted under articles 178 to 182 of this Constitution. Section 112 of Act 592, maintained as section 34 of Act 896 makes a general provision rule as a guide to anti-avoidance as follows: For the purposes of determining a tax liability under this Act, the Commissioner-General may re-characterize or disregard an arrangement that is entered into or carried out as part of a tax avoidance scheme,

- » which is fictitious or does not have a substantial economic effect, or
- » whose *form* does not reflect its *substance*.

Issues for Discussion

- Could it be argued that the power to impose tax retrospectively is implied in the combined effect of articles 107 (b) and 179 (1) of the Constitution?
- In which article 179 (1) deals with issues of laying before parliament revenue and expenditure for the following year?
- At the same time it has to be noted that article 174 of the Constitution which gives the power to parliament to impose tax nowhere expressly provides for retrospective tax legislation.
- The courts of Ghana have over the years frowned upon retrospective legislation in other areas.
- As to whether tax legislation could be an exception, at least on its civil aspects, certainly has to await a pronouncement by the Supreme Court.

Tax Jurisdictions and Competent Authorities

A tax jurisdiction is an area in which a particular set of tax laws applies. There is a competent authority in each tax jurisdiction which is responsible for administering taxes and ensuring that the taxes are collected. In

Ghana we have the Ghana Revenue Authority as the competent authority. A tax jurisdiction may apply taxes on a “source” basis or a “global/worldwide” basis. In Ghana, the worldwide jurisdiction is applied, i.e. an income is taxable as long as its source is Ghana.

Sources of Tax Law in Ghana

- Domestic Legislation - The Constitution, - Tax Acts and Regulations (L.Is) Section 127 of Act 896 for LI
- Court cases and Rulings
- Statements of Practice by the Tax Authorities - Practice Notes (section 100 of Act 915), - Private Rulings (section 103 of Act 915)
- Regulation by a Supranational Body. e., GATT and HC
- International Tax Treaties. Section 98 of Act 896

The Courts and Tax Administration

Sections 42 to 45 of Act 915 deals with Objections and Appeals processes of tax administration. The High Court (Civil Procedure) Rules, 2004 (C.I. 47) provides for Tax appeals under Order 54. Commissioner not AG to be served. Court on hearing the appeal may take evidence or seek expert assistance. Further appeal against the ruling of the High Court to Court of Appeal only on matters of law. Appeal against decision of court of Appeal shall lie as of right to the Supreme Court.

Procedure Under Order 58 of C.I. 47 of 2004

Beyond tax appeals from objection decisions, an aggrieved taxpayer can institute legal action on any tax matter in the High Court. Rules of procedure same as any commercial claim, i.e. filing a writ, entry of appearance, statement of claim, defence and reply applies to such claims. However, where a reply has been filed, the Administrator shall assign the case to a Commercial Court Judge to conduct a *pre-settlement conference*. The pre-trial judge shall invite the parties to settle the issues for the trial and effect settlement of the dispute. The judge

may invite experts to assist in the settlement at the pre-trial conference through arbitration, mediation or negotiation. Alternatively, the parties could agree to refer the matter to other persons or body other than the pre-trial judge for the settlement, but the judge has to direct the time of the settlement. Where settlement is reached, the terms of settlement would be read over to the parties and recorded by the judge as a judgment of the court. Where attempts at settlement fail, the matter is referred to the Administrator who shall refer the matter to another judge for hearing. At the trial, the judge may seek the assistance of not more than two assessors to try the case but their opinion will not be binding on the judge.

Procedure under Order 55 of C.I. 47 of 2004

The High Court rules make provision in appropriate cases for an application for judicial review to be made to the court for redress in the nature of orders for – *certiorari*, *mandamus*, *quo warranto*, prohibition or injunction, against a person acting in a public office. Given that the Commissioner-General exercises both administrative and quasi-judicial functions, a situation could arise in which an aggrieved party could make an application for judicial review instead of a tax appeal or issuing a writ as a matter of a tax claim. An application for judicial review can be made by way of a motion supported by an affidavit.

Conclusion

Should we not advocate for a Board of Tax Appeals of a sort as a stop gap between the administrative resolution of disputes and the judicial resolution of disputes? Most jurisdictions have such a Board, which others call Office of Revenue Commissioners, Tax Tribunal, Tax Arbitration Centre, among others. This is because the time taken for adjudication of disputes in the traditional law courts can affect revenue collection, business operations, among others.

Adoption of IPSAS: Why Ghana Should Take a Cautious Approach

John De-Clerk Azure (PhD)

Abstract:

In this short piece, I question the extent to which IPSAS is the panacea to the challenges in the management of the public purse, and argue that a cautious approach towards migration is needed given Ghana's chequered legacy of PFM reforms. To do so, I placed the normative benefits of IPSAS in conversation with the criticisms gleaned from empirical evidence from early adopters. Based on the evidence and in concert with the literature, I conclude that the assumed benefits of IPSAS would not automatically accrue simply by mere adoption.

Background Context

At a Management Meeting in April 2017, the Controller and Accountant General (CAG) reconfirmed government's commitment to migrate to accruals in the public sector based on International Public Sector Accounting Standards (IPSAS). Having made the initial announcement in 2014, the proposed date of implementation (2016-2021) has repeatedly been pushed back reportedly due to financial and operational challenges. The objectives of reform include improving fiscal management and public accountability at all levels of government. To this end, the ministry together with the Controller and Accountant General's Department (CAGD), and our Institute have taken extensive research including the setting up of an Implementation Committee to fully understand the issues to inform both the content and direction of reform.

Consequently, the purpose of this piece is to contribute towards these efforts and to invite the epistemic accounting community to that dialogue-a dialogue which must engage both academics and professionals but which has so far received scant attention. Before I do so, it is important to clarify that I am not a Management Member of the CADG but was at this meeting in an observer status. I had come to Ghana to collect data for a paper with my primary thesis

advisor examining the World Bank's notion of 'Social Accountability' in its development programming in the Global South using Ghana as the empirical space and needed some insights into how this was being played out in our Public Financial Management (PFM) reform. Thus, when the reconfirmation was made I grabbed the opportunity to seek clarification from the CAG regarding the quality of preparatory work, the state of preparedness and general reform content (i.e. Cash Basis IPSAS or full accrual). I felt this needed clarifications given the World Bank's normative advice of an incremental approach to IPSAS adoption. The World Bank's advice rests on the wisdom that countries should first master Cash Basis IPSAS before attempting full transition to accruals.

IPSAS: The Promise of a Public Good and the Panacea?

The rise of IPSAS over the years is one of the most striking international trends in Public Sector Accounting (PSA). Assuming a culture of transparency and accountability in the management of public resources as given, its promoters (standard setters, the Big 4 and the Bretton Woods twins) argue that adoption is a matter of public good and the panacea to challenges of mismanagement that has become a defining characteristic of the Southern countries. Beyond its promoters, IPSAS has respectable support from the academic community as well. Amongst its praise singers, Marty et al. (2006) are the most generous in their praise of IPSAS potential benefits when adopted. Outlining a useful summary of benefits, they suggest that a move towards accruals triggers three main benefits, namely a better management of public assets, an economic clarification of public decisions and finally, an aid for the evaluation of the efficiency of public expenditure.

In terms of a better management of public assets, they are convinced that IPSAS unifies the accounts of government to provide public decision-makers reporting and steering tools that are incontestably effective in terms of budget execution. Given its principles of recognition, it has been argued that accrual offers the possibility of defining a complete

cost, integrating for example, the cost of resources for each service rendered by public departments. Accordingly, it is viewed as an instrument to rationalize public choices. Indeed, some even argue that the move towards IPSAS has the potential to radically change the practice of accounting and financial reporting in the public sector, just as IFRS has accomplished with listed companies.

Given the promise of a public good, the adoption of IPSAS has gained worldwide momentum particularly amongst European Union Member countries and many from the Eastern bloc. But who are the forces behind the momentum towards adoption of IPSAS in the Global South? In the IPSAS literature, it can be gleaned that momentum is driven by its promoters particularly the Bretton Woods twins and western donors who are increasingly concerned with aid funds. To this end, there has been robust collaboration between International Public Sector Accounting Standard Board (IPSASB) and these institutions in this area. But what are the real motives beyond the obvious concerns over aid funds? A careful reading of the Bank and the Fund literature hints of a perfect alignment with the good governance agenda in the Global South where they have considerable leverage. This agenda demands a set of public sector reforms addressed in terms of having transparency and accountability in the management of the public resources in return for their financial support. Consequently, one can deduce that this promotion is made with little conviction of their ultimate benefits to poor countries. Rather, it is in pursuit of the neoliberal orthodoxy of convergence in accounting practice across countries for markets to flourish and global capital accumulation.

Why a Cautionary Approach is Sensible

Despite its acclaimed benefits, its suitability to the public sector has consistently been questioned by scholars. Critics questioned its suitability within the public-sector context given that organizations that comprise this sector are 'wired' differently to those of the private sector. Not only are the laws, budgets and general aims of different decisions that are binding, but the operational aspects of public services are largely run according to laws and political decisions, sometimes even stipulating

particular forms of accounting, auditing and performance management as mandatory (Bejerot and Hasselbladh 2013). Consequently, to import what is specifically tailored for a private context into a public bureaucracy setting is to ignore the specific characteristics of public management.

Given Ghana's state of its public bureaucracy, the move to Accrual Basis IPSAS must be repositioned within this context. For reform to be successful, it must take place in an atmosphere of a public bureaucracy that is more accepting of reform and willing to trade old institutional logics for innovation. This condition is not guaranteed or promised with the current state of our public bureaucracy. Despite recurring public-sector reforms beginning with the adjustment era of the early 1980s, the sector remains tragically trapped in its colonial bureaucratic prisons. Then there is the question of the nature of the process that governs the allocation of public resources in a neo-patrimonial state like Ghana. Within a neo-patrimonial regime, officials hold positions in bureaucratic organizations with powers which are formally defined, but exercise those powers as a form of private property (Clapham 2016). Whilst this phenomenon is not new to us, it appears to have assumed monstrous proportions under our return to constitutional democracy where resources are increasingly distributed based on patronage and clientelism and less on economic rationality.

Given the stark reality, the logical questions to ask are-What qualitative difference would IPSAS make and under what condition? Do we genuinely need accrual in our context where allocation of resources is based on political rationality rather than on economic logic? Is there compelling evidence that the current accounting system we run is defective and not fit for purpose? Would public managers make use of the new information or simply revert to what they are already familiar with? Is it established that current financial irregularities in the public sector as revealed by the Auditor General reports are as a result of accounting problem that IPSAS will solve?

On this note, work by Atuilik (2016) makes some interesting read. His findings are particularly intriguing but unsurprising given that corruption in the Global South is a complex

phenomenon that is difficult to quantify. For example, whilst the incidence of corruption is perceived to be high in Ghana as exemplified by our performance on the Corruption Perception Index (CPI) of Transparency International, reliable empirical data on the extent and costs of corruption are seldom available even within our anti-graft institutions. His work, whilst a welcome contribution to the IPSAS literature, its analytical purchase is limited given its inherent ontological and epistemological assumptions.

More than all the skepticism towards IPSAS, costs including long periods of adjustments and the right set of skills serve as a grim reminder that caution is needed in the adoption of IPSAS. More particularly, it reinforces the case for questioning the empirical basis of the much-touted benefits. Furthermore, given current skills set and competencies in the public sector, CAGD may encounter difficulties in the implementation of accruals and to make the technical and practical adjustments required. Whilst the costs of moving from cash to accruals depends on the starting point, scope, ambition, and speed of transition and relationship to other PFM reforms, it is estimated that it cost on the average between 30-40 million Euros for developed countries with full accounting infrastructure in place. For developing countries like ours, this is expected to be comparatively higher (PwC 2014).

Concluding Reflections

IPSAS has been presented by its promoters (notably, the standard setters, the big 4 and the Bretton Woods twins) as the preeminent tool with the capacity to faithfully represent the nature of transactions that happens in the public sector. Its claims have been laid in the direction of transparency, accountability and the efficient allocation of public resources. However, from the evidence, it would appear that much of the claims are assumed rather than empirically evaluated. Put crudely, the benefits have been oversold! Accordingly, this article takes the view that arguments for the implementation of public sector accruals are normative and lacks empirical evidence. Phrased differently, there are huge gaps between what is normatively expected from accrual accounting and what has been achieved in its implementation given the time and resources consumed. Indeed, evidence

from the UK and Australia- early adopters of accruals-as well as the Organization for Economic Co-operation and Development (OECD) member countries are substantively supportive of such conclusions (for evidence, see Christiaens, Reyniers, & Rollé, 2010; Connolly & Hyndman, 2006; Hyndman & Connolly, 2011).

Against this backdrop, what are the implications for our country that is in the process of adoption? From a policy perspective, the reform agenda is important and broad which demands that we approach the transition with caution. The assumed benefits frequently sold by standard setters and the World Bank would not automatically accrue merely by adoption. Contexts, history and local conditions are decidedly crucial in this regard. The switchover to a new accounting system is a difficult undertaking and which is not entirely risk free. Reform would not yield any meaningful results unless it takes place within a broader context of a comprehensive reform of our public bureaucracy. How are the public actors (accountants, budget officers, Principal Spending Officers etc.) advancing IPSAS reforms in their operational settings? What strategies and mechanisms are they deploying, and what are the specific challenges they are likely to encounter? These are questions to reflect upon. Through my research, I spent much of 2017 seeking insights from public sector accountants at the local level on potential transitional issues and the future of public sector accounting in Ghana. The insights I gathered provide little comfort to cheer on.

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What we know and what we need to know about Accounting: a critical perspective

John De-Clerk Azure (PhD)

Abstract

This article is decidedly provocative for two reasons. First, it is an invitation to members of our Institute and the accounting academia to visualize accounting beyond its functionalist hypothesis. From a positivist epistemology or functionalist perspective, accounting is conceived exclusively as a neutral technical endeavor in the pursuit of economic rationality. Many hold this narrow vision of accounting, seeing accountants as harmless bookkeepers. Here, I argue that this view of accounting is reductionist, and that accounting is a very partisan practice and inherently political. Second, this article is the perspective of critical accounting scholarship that takes a social constructionist ontological-based view of accounting. Given the significance of the contrast, there is a natural expectation of an avalanche of reactions especially from Members who by their training have come to appreciate accounting exclusively from its functionalist perspective.

Initial motivation for this feature stems from my encounter with Professor Richard Macve of the London School of Economics (LSE) at this year's Accounting & Accountability in Emerging Economies (AAEE) Conference in London. Macve is an established old Foucauldian Scholar who began his scholarly trade in the mid-1980s and currently a visiting Professor at Zhongman University of Economics and Law (China). I immediately hit it off with Macve not because we both share in the intellectual project of Michel Foucault but because of two intervening events. First, as a discussant in one of the conference sessions I took part with Macve, his intellectual heft was in full swing!! He demonstrated rare scholarship that left me gasping. Second, at the early stages of my PhD, I stumbled upon one of Macve's old working papers on the subject of the purpose of accounting. So, during lunch, I made sure to sit by Macve for some scholarly exchanges on what accounting is with reference to this old working paper of his.

In this working paper, Macve and his co-authors re-evaluate the purpose of accounting in early management practice in British Industrial Revolution, asking rhetorically whether the mission of accounting is for economic decision making, capitalist accountability or as a broader toolkit of disciplinary control? Here, Macve

sets out the case in a convincing erudite fashion demonstrating how accounting was crucial to the capitalist mode of production's requirement that labour power be disciplined as the basic means for controlling productivity, hence increasing the surplus value necessary for capital accumulation. They argue that critical scholars agree that the primary function of accounting is not in balancing the books per se, but in affording new measures of control over goods, excessive money outgoings, and over subordinates (Macve & Hoskin, 1991).

Macve's capitalistic control story coheres closely with that of the well-known German economic historian- Werner Sombart's Double-Entry Bookkeeping (DEB) thesis. Sombart provides a very contentious account on how DEB was successfully used by the Jews to transform the economic and social relations within traditional, agrarian, and handicraft economies to the point where they could sustain modern capitalism. By Sombart's reasoning, DEB allowed the Jews as a recognizable social grouping in Germany to give full vent to their lust for money and wealth (Sombart, 1962), which eventually played a decisive role in instigating the holocaust. Tinker (2005), a pioneering figure in critical accounting scholarship lends credence by providing an insightful way of appreciating how accounting assists in sustaining political and economic inequality between a capital owning class and those the capitalist class employs.

The conventional appraisal of Accounting

For many accountants, accounting is understood within its reductive functionalist perspective as a neutral technical endeavor in the pursuit of economic rationality. This view of accounting is reflected in the writings of practitioners and academics working within a positivistic paradigm. From this functionalist perspective, accounting has the appeals of neutrality, objectivity, order, and discipline. Based on these pseudo appeals, accounting is presented as an independent art, having its roles and consequences primarily moderated by the cognitive properties of its users rather than the setting in which it is placed. Indeed, many of us see our craft as a canonical 'regime of truth'-a set of procedures which lead to a certain outcome, according to the principles of accounting and its rules of procedures. It is

portrayed as a mere technical matter; as a factual and objective form of knowledge untainted by social values or ideology. Within this context, the accountant is visualized as the harmless bookkeeper and the faithful bean counter. His role is to collect, keep and inspect a particular variety of facts about the world of business. Here, the accountant takes pride in being a faithful servant who produces data to reflect economic reality.

The critical Perspective

From a critical perspective, accounting is inherently political because its rules are derived from political struggle in society and operate for the benefits of some groups in society to the detriment of others (Palea, 2017). Indeed, Anthony Tinker whose writings have inspired me greatly in my research is emphatic on this, arguing that accounting rules are influenced by ruling elites and dominant ideologies, and in turn legitimize relations of power and distributional transfer of wealth (Tinker, Merino, & Neimark, 1982). Take for instance, the historical and intellectual roots that inform the construction of the balance sheet (statement of financial position). The format that obligates accountants to demonstrate a separation of assets from liabilities was heavily influenced by the French Commercial law. The French economic elites of the bourgeoisie class influenced the format to protect their interests in the event of insolvency. In many ways, accounting cannot be taken as a neutral technical endeavor because it reflects the economic, social and political viewpoints of those who engage in its practice. Accounting is not a naturally occurring phenomenon, it is man-made (Nørreklit, Nørreklit, & Mitchell, 2010). It is not a product of nature, rather it is a product of human artifice. Indeed, it is a social construct that is better understood as a construction rather as a presentation of economic 'facts'! Accounting is not different from its closest cousin which is Law.

Elsewhere we have seen how politicians and social movements mobilized accounting to pursue political ends (Catchpole & Smyth, 2016), including our own 'Occupy Ghana' in the case of Ghana Audit Service and the Metro Bus Branding saga. We have seen how the Bretton Woods twins have tactically deployed accounting as a calculative practice to govern

the Third World at a distance or in what Nikolas Rose of King's College refers to as 'governing by numbers'. We have seen accounting's role in the infamous holocaust-an extreme manifestation of the will of the state. More vividly, we have seen how party apparatchiks in 2014 prevailed on a President² of our republic to fire a reformist Finance Minister because of accounting reform that were interpreted as 'politically toxic' that would go against the party's electoral fortunes. This action by party apparatchiks reinforces the position that accounting is made, in part, by adjustment to the economic needs of the ruling class (Catchpowle & Cooper, 1999).

What is the central thesis here? Underlying this feature is the notion that accounting is a partisan practice in that it reflects and perpetuates unequal social relations by appraising the terms of exchange between social constituencies. Consequently, it is naïve to conceive accounting exclusively as a neutral information-gathering and reporting tool. To understand the purpose and vision of accounting requires an analysis of the contexts in which it takes place.

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Implementation of Auditor Generals’ Reports: Achievements, Challenges and Prospects

Dr. Eric Oduro Osae

1.0 Introduction

Article 187(5) of the Constitution of the Republic of Ghana and Section 23(1) of the Audit Service Act 2000 (Act 584) require the Auditor General to within six (6) months immediately preceding each financial year *present his report on the Public Accounts of Ghana to Parliament and that report, should draw attention to any irregularities in the accounts audited and to any other matter which in his opinion ought to be brought to the notice of Parliament.*

2.0 Importance and Impact of Auditing Public Sector Accounts

The benefits of having an Auditor General conducting annual audits and ensuring implementation of the audit report can be seen from what the nation stands to lose without an Auditor General. In the 2016 auditing period, the Auditor General identified financial irregularities in the management of public funds to the tune of **GHS 2,165,542,375.14** of which cash irregularities alone amounted to **GHS 2,053,622,215.68** representing 94.8% of total irregularities identified for the period. Actions on the recommendations are critical, especially when there is a limitation period of between 2-12 years within which a criminal action can be brought against an individual found culpable in an audit report under the Limitations Decree 1972(NRCDC 54). That is why any delay or failure to take action or implement the recommendations in the Auditor General’s report continues to be a source of worry to all of us.

Since we entered the 4th republic which require good financial governance, the Auditor General has diligently performed this function. However, the performance of the functions became intense after the passage of the Audit

Service Act of 2000, (Act 584). 18 years down the line there is the need for us to assess the achievements, challenges and prospects of the services provided by the Auditor General to inject discipline in the management of public funds.

3.0 The Auditor General, Audit Service and Board of the Audit Service

The laws of Ghana distinguishes between the **Auditor General, Audit Service and the Board** of the Audit Service. Whereas the Constitution places the responsibility for public sector external auditing on the Auditor General, the Audit service is a public service institution whose functions under its old establishment instrument NRCDC 49 of 1972 but has been repealed by the Audit Service Act 2000, (Act 584) does not seem to have such mandate. However, I am of the humble view that one of the fundamental factors affecting the implementation of the report of the Auditor General is the lack of proper role clarification among public sector institutions in the financial governance value chain.

The question we need to ask is who will Parliament blame or demand an annual Audit Report on the public accounts of Ghana from? The Auditor-General, Audit Service or the Board of Audit Service? Obviously it is the Auditor General. That is why the Constitution guarantees the independence of the Auditor-General.

However , the provision under section 2 of the Auditor Service Act 2000 (Act 584) which makes the Auditor General a member of the Audit Service though complicates matters , yet it does not override the constitutional provision which places the sole mandate for the production of Audit Report on the Auditor-General. For instance:

1. The Auditor General is appointed by the President in consultation with the Council of State and not in consultation with the Board of the Audit Service.
2. Whereas article 187 of the constitution makes the office of the Auditor General

a public office and guarantees it with some independence, article 188 establishes the Audit Service as part of the public service of Ghana.

3. It therefore means that, the external auditing of Public Accounts is given to the Auditor General and not Ghana Audit Service (GAS) Article 187(5).
4. The Audit Service being a public service has a Board to guide and provide policy direction to the service under article 189(1) and not to the Auditor General.
5. That is why the Audit Service Board can appoint all officers and employees of the service except the Auditor General. This places the Auditor General apart from all other officers.
6. It therefore means that the Auditor General is not obliged to work with the Audit service to deliver his mandate under article 187(5). The rhetoric question to be asked therefore is can the Auditor General by-pass the Audit Service to deliver on his mandate? The answer is yes.
7. It therefore means the Board is a Board for the Service and not for the Auditor General, so they cannot direct or control the Auditor General in the performance of his mandate.
8. This is the reason why Parliament would have to deal with the issue through rationalization of the laws governing such institutions.

The distinction between the Audit Service and the Auditor General is required for the successful implementation of audit recommendations in Ghana.

The Auditor General's position is further amplified by the fact that:

1. The Auditor General is appointed by the President under article 187(1) of the constitution in consultation with the Council of State.
2. The Auditor General is not to be subject to the direction or control of

any other person or authority in the performance of his duties under Article 187(7a) of the 1992 Constitution yet, section 2 of the Audit Service Act 2000 (Act 584) makes him a member of the Audit Service.

3. His salaries and allowances are charged against the consolidated fund and these cannot be varied to his disadvantage during his tenure of office- Article 187(11&12).
4. The standard and procedure for the removal of a Justice of the Superior Court of Judicature under article 146 of the 1992 Constitution is required to be activated for his removal.
5. He has subscribed to a commitment oath under Article 187(16) which is the last of all the oaths by public officers in the 1992 constitution in which he *'...affirms that he will bear true faith and allegiance to the Republic of Ghana; he will uphold, preserve, protect and defend the Constitution; that he will truly and faithfully perform the functions of his offices without fear or favor (2nd Schedule of 1992 Constitution).*

4.0 Achievements of the Auditor General

The Service has since 2000 been auditing public accounts and submitting their reports however; the auditing and issuance of the report were not regular in the first few years of its establishment.

1. **Opinions of Assurance:** The Constitution under article 187(5) requires the Auditor General to express his opinion on the public accounts of Ghana. Since 2010 the Auditor General has been bold to express this opinion though have been **'Qualified'** in most cases. **'Except For Opinions'** have been applied in most cases.
2. **Reduction of Audit Infractions:** Contributed to a reduction of financial irregularities with the overall financial impact of weaknesses and irregularities

identified in the annual audit of the Auditor General for MDAs dropping to **41%** from **GH¢ 2,165,542,375.14** to **GH¢892,396,375.19**. however cash irregularities still top the irregularities list for 2017 amounting to GH¢190,560,990.86

3. **Interesting Findings** : The Auditor General has made some interesting findings which have saved the nation millions of cedis and formed the basis of expressing his opinion on the public accounts of Ghana:

- a. Unconfirmed Sub-Consolidated Fund Accounts cash balances.
- b. Inconsistencies in the expenditure statements of MDAs when compared.
- c. with the schedule disclosed in the Public Accounts.
- d. Wrong treatment of Donor Project expenditure in the Public Accounts.
- e. Inconsistencies of records between ADMD and Project Implementation Agencies.
- f. Poor record keeping on GoG Equity Investment.
- g. Payroll Fraud :
 - i. Failure of the IPPD System to detect and reject unqualified employees.
 - ii. Employees on GoG Mechanized Payroll without Account Numbers, Unclaimed Salaries and Pensions not paid into the Consolidated Fund.
 - iii. Payment of salaries to employees on Study Leave without Pay.
- h. Non-payment of IGF into the Consolidated Fund
- i. Poor record keeping on GoG Equity Investment

- j. Inconsistencies of records between ADMD and the Project Implementation Agencies (PIA)
 - k. Avoidable Cost against the State (Judgment Debt) – GH¢276millionJudgement Debts
 - l. Wrong treatment of Donor Project expenditure in the Public Accounts
 - m. Non-Disclosure of GoG on-lent loan
 - n. Poor management of GoG Loans
 - o. Inconsistencies between MDA Expenditure Statements and the schedule disclosed in the Public Accounts
4. Timeliness in the delivering of audit reports, for the first time in recent times the Auditor General has presented the Audit Report in record time. The 2017 Audit report as for instance submitted to Parliament on 14th June, 2018 ahead of the slated 30th June, 2018.
 5. Inject discipline in the Public Financial Management System of Ghana.
 6. Contributed to shaping the preparation and presentation of final accounts of MDAs and MMDAs in Ghana.
 7. Support the general financial governance of the country.
 8. Improve the number of MMDAs and MDAs who submit financial report.
 9. Contributed to an improvement in the procurement and contracting systems of Ghana.

5.0 Challenges of the Auditor General

1. No clearly defined roles of the Auditor General in legal Suits and prosecutions of individual found culpable in Audit reports.
2. Corporate Governance Issues relating to the Service, the Board and the Auditor General on roles and authority levels.

3. Inadequate resources and capacity support to execute auditing mandate.
4. Inadequate and archaic policies and regulations to protect staff and enhance efficiency.
5. Difficulty in getting their recommendations implemented due to structural delays and political influence.
6. Difficulty in getting their recommendations prosecuted in courts to secure conviction.
7. Inadequate collaboration with institutions in the financial assurance governance chain including Internal Audit Agency (IAA), Controller and Accountant General Department (CAGD).
8. Differential conditions of service for the main actors and staff in the financial governance value chain. With the staff of CAGD having better conditions of service than those in IAA and GAS.
9. Some political interference in their work resulting in the posting and reposting of staff.
10. Inadequate offices nationwide to service all public sector institutions.
11. Lack of certain expertise and modern equipment to undertake complex audits.
12. Operating with obsolete laws and policies which affects their independence.
13. Inadequate implementation powers and authority of the Auditor General to ensure the smooth and prompt implementation of audit recommendations.
14. Difficulty in aligning recommendations with the administrative procedures of certain public sector institutions.

6.0 Prospects of the Auditor General

1. Review and rationalize the laws supporting the establishment of the

- Audit Service and the position of Auditor General to improve corporate governance.
2. Grant the Auditor General prosecutorial powers to have their reports implemented on time through the institution of civil and criminal procedures with the approval of the Attorney General in line with Article 88 of the 1992 Constitution.
3. Adequate resourcing of the service to have branches and modern equipment to service the country in all 254 Metropolitan, Municipal and District Assemblies (MMDAs).
4. Improve their conditions of service and their service collaboration with other institutions such as IAA.
5. Restructure and empower the Audit Committees established under section 86 of the Public Financial Management Act, 2016 (Act 921) to apply some sanction powers to management if they refuse to or delay in the implementation of audit recommendations.
6. Like all Independent Constitutional Bodies (ICBs), Review the concept of having Boards for such institutions ensure that we comply with industrial practice and avoid duplications and conflict of interest issues.
7. Fast-track the implementation of the International Public Sector Accounting Standards (IPSAS) to prevent the Auditor general from continuously qualifying its audit reports on the public accounts of Ghana.
8. Set up an Audit Infractions Court to speedily try persons found culpable in audit reports.
9. Streamline working relationship between Auditor General and the Internal Audit Agency
10. Create a mandatory forum for Auditor General and IAA to compare and share notes at the national, regional and District levels to facilitate effective collaboration

11. Ensure consistency, fairness, equity and similarity in conditions of service and salaries of personnel of the Audit Service Controller and Accountant General Department (CAGD) and Internal Audit Agency if we want the recommendations to be implemented speedily.
12. Amend the PFM Act to create a mandatory working relationship between Audit Committee Members and Auditor General Department.
13. Make it mandatory for members of Audit Committees of the various institutions to rather face the Public Accounts Committee (PAC) of Parliament and not the management of such organizations.
14. Apply and enforce the professional negligence liability regime to sanction auditors in the public sector who give '*True and Fair*' opinions which turns out to be false leading to financial loss to the state to serve as a deterrent to all others.

Conclusion

The Auditor General and his report have an important role to play in the effective management of national resources. The burden is not on only the Auditor General to have its recommendations implemented, it behooves on all of us, as professionals, Parliament, Executive, Judiciary and the professional bodies such as Institute of Chartered Accountants, Ghana (ICAG) to support the process to ensure that all audit recommendations are implemented to the latter. By that, the Auditor General will be motivated to pursue excellence in the auditing of the public accounts of Ghana.

I urge government to fast-track the implementation of IPSAS which has inbuilt in it the adoption of accrual accounting in the preparation of final accounts of Ghana. This singular act can lead to a drastic modification in the audit opinion of the Auditor General for some MDAs from 'Except *for*' to '*True and Fair*'.

Audit on Trial: A call for reforms in the audit regulatory space

John De-Clerk Azure (PhD)

Abstract

From a history of trusted advisers, exalted prestige in society, and little criticism, the auditing profession in Ghana has come under intense public scrutiny arising out of recent developments in the banking sector with implications for public trust. In this article, I argue that to regain public trust and confidence, accountants must reach back to their core roots which earned them the trust by speaking forcefully against perceived audit failures as silence runs the risk of damaging the reputation of the profession as a collaborator. To make

audit fit for purpose in light of contemporary realities, I put forward three reform initiatives implemented elsewhere as a possible template of reform in the audit regulatory space, recognizing that they are open to disagreement and contestation.

The Context: 'failed' banks and the value of audit

"Stripped to its essentials, the auditing profession has nothing to offer without

public confidence and trust” (Boland 1982, p.126).

On 1st August 2018, five of our fledgling indigenous banks had their universal licenses rudely revoked by the regulator-the Central Bank-in a move that sent shock waves across the country. Invoking Sections 16 (d), and 123 (1) of Act 930, the regulator accused the five ‘failed’ banks of a range of egregious regulatory breaches, including poor corporate governance, questionable transactions, and dishonest reporting. After months of a blistering and polarizing public debate of what went wrong, the regulator is now in the middle of the biggest clean-up of a rotten banking sector after combining the five troubled banks into one-the newly created state-run Consolidated Bank. Issuing GHC 5.8 billion in bonds to clear their debt, the bill is to be taken up by the tax payer whilst government takes steps to offload the shares in 2020.

What went wrong?

Reportedly, the causes of the banking debacle are multiple. But for the regulator, compliance and management flaws, bad corporate governance, unlawful transactions involving shareholders, directors, related or connected parties and lax regulatory oversight are to blame. Put crudely, a culture of impunity pervaded these banks. In his press conference on August 1st, 2018, Governor Addison had a compelling narrative behind the shock decision by the regulator-the extent of damage inflicted on these banks by directors and shareholders is beyond rehabilitation³. For example, it is alleged that one of the failed banks had given out amounts totaling GHC 1.6 billion to shareholders and related parties in the form of loans and advances. The transactions were dubiously structured in such a manner to conceal related party exposure limits and to circumvent the single obligor cap under section 62 of Act 930. Against established banking protocols, the loans were neither properly secured nor earned any income for the bank.

³ KPMG’s key findings on uniBank-Classfmonline: <https://www.classfmonline.com/1.11715138>

⁴ Huge sums of money recovered in banking rot-probe reveals:

More egregiously, the bank overstated its capital position to give an illusion of compliance with the capital adequacy requirement as stipulated under section 29 of Act 930. The full scope of the managerial ills is too expansive to cover in this article.

Within days, Parliament swung into action through its Finance Committee under the weight of mass expression of anger against perceived corporate greed and exploitation by bank directors. The parliamentary probe made startling disclosures of organized financial misconduct including the pocketing of depositors’ cash⁴ by owners and directors of the failed banks. Directors and shareholders, it is alleged, procured real estate in prime locations in both home and abroad with glee using depositors’ money. This revelation of financial abuse was a traumatic blow to everyone in the accounting profession as it was to the public. For the public, the banks didn’t ‘fail’ given the shocking levels of financial abuse as disclosed in the two-day parliamentary enquiry.

The audit storm-Where were the gatekeepers?

The collapse of the banks raised the questions of “Where were the auditors?” and “what did the auditors know, and why didn’t they raise the alarm bells?” Ghanaians questioned how the banks could suddenly go bust after receiving clean audit opinions from a profession that lays claims to having the tools to predict corporate failure. What happened to the claim of expertise to predict corporate failure (viz the prediction models in accounting pedagogy)? Similarly, commentators queried the value of audit and the auditor’s role in mediating uncertainty and constructing independent, objective, true and fair accounts of corporate affairs. In parallel, many maintained that whilst the courts have established in historic cases that the auditor is a watchdog and not a bloodhound, the depth of fraudulent acts were so glaring that even a blind dog would have stumbled upon the rot.

The accounting profession in Ghana must not see these concerns and criticisms as isolated, as there are calls everywhere for the profession to

<https://www.myjoyonline.com/business/2018/sep-tember-7th/huge-sums-of-money-recovered-in-banking-rot-probe-reveals.php>

put the public interest before clients. Increasingly, society is calling for audit opinions of audit firms to be audited premised on perceptions of declining audit quality and lack of faith in the accountant to serve the public interest. For a profession built on integrity and trust, if those voices grow louder our profession would be in trouble. If we lose the public trust and those who rely on our work for decisions, we would have nothing to offer as our work would not be trusted. As Archbishop Thabo Makgoba⁵ of Johannesburg recently quizzed at a panel discussion hosted by the South African Institute of Chartered Accountants “if you can’t trust the accounting firms, how do you trust the companies they have audited?”

The profession is at the crossroads, and accountants must begin the search for the true spirit of the profession that earned us trust in the past. The true spirit of the accounting profession requires auditors to stand up to management, to question and to provide the degree of independent challenge needed to protect the public interest by rejecting bad corporate accounting practice.

The Institute’s Response

On August 7th, 2018, the Institute of Chartered Accountants (Ghana) issued a public statement in response to the criticism and to assure the public of its resolve to impose sanctions if there is an established case of negligence and culpability against a member. The last paragraph of the carefully worded statement reads- “the Council appreciates the concerns of the public and will do everything possible to safeguard public interest”. Whilst the public statement is reassuring, the Institute must be willing to work with practitioners to improve audit quality which has witnessed severe deterioration in recent years. Disturbingly, this trend is global and not country specific as reported by the UK-based Financial Reporting Council (FRC) in its 2018 audit quality survey⁶.

⁵ Accounting firms must put public interest before clients-archbishop Makgoba:

<https://www.fin24.com/Economy/accounting-firms-must-put-public-interest-before-clients-archbishop-20180419-2>

⁶ Report on Developments in Audit-Financial Reporting Council:

Key findings of this year’s report speak of a systematic decline in the quality of audit of the big 4 firms, and blamed it on a number of factors including economic and social bonding that have impaired professional skepticism and rigour required in audit.

Reforms in the regulatory space: making audit fit for purpose

[A world without audit will be risky, but reform is needed as we turn to the profession]

The perceived failings of audit call for altering the institutional arrangements governing the conduct of public audit in our country and the Institute should turn its attention to reforming the external audit market considering contemporary realities. In this regard, I offer for debate, three audit reform initiatives⁷ that have been implemented elsewhere, recognizing that they are open to disagreement and contestation.

1. Delinking audit from non-audit services is a promising path for reform. This should include non-audit services such as tax, consulting, and advisory services. Barring firms from providing services to audit clients linked to management or decision-making, as well as services linked to financing, capital structure, and investment strategy of the audited entity could improve audit quality. Put another way, creating a “Chinese wall” between the two would lead to audits that are more at arm’s length and avoid potential conflicts of interest situations given that auditing is effectively a captured market.
2. Joint audit: Widely implemented in the banking industry and including South Africa, the idea of joint audit is intended to increase financial statement credibility, increased audit quality and

<https://www.frc.org.uk/auditors/report-on-developments-in-audit>

⁷ Mandatory audit firm rotation rules published in EU:

<https://www.journalofaccountancy.com/news/2014/may/201410229.html>

minimize audit market concentration. For example, it is possible for Morrison and Associates to come together with J. Mills Lamptey and Co for a bank audit. In a similar vein, Deloitte and Touch could 'pitch camp' with Ernst & Young for an audit.

3. Mandatory audit rotation rule. Proposed in 2011 by the E.U following the 2008/09 financial crisis and implemented in the United States under Sarbanes-Oxley Act since 2002 in another form, mandatory rule imposes periodic breaks to audit engagement and it is intended to avoid economic bonding between the auditor and the client. If we think mandatory firm rotation is too radical for our context, we could look at its variant-partner rotation as practiced in America and elsewhere.

Departing comments-restoring public trust in the profession

The shocking revelations by the Parliamentary probe that directors of some of the failed banks allegedly pocketed depositors' cash whilst the auditors simply looked the other way could have implication for audit practice and the profession. To be the credible custodian of public morality in society, we must reach back to our true roots that earned as the trust. Reaching back to our true roots means working to reduce the risk of deceit and fraud by corporate elites, having the independence to tell bank executives what must be disclosed, why transactions can't be structured in a certain manner. It means refusing to 'bend the rules' to accommodate directors and shareholders.

Finally, contemporary realities demand that we take a hard look at the audit expectation gap- a

gap that acknowledges the possibility of 'unreasonable' expectations by society but also the potential of a sub-standard performance by auditors. By our training, accountants have opted for one particular understanding of our professional responsibility-to provide an expert opinion-on the financial statements of the audit client. On the contrary, society understands the role of the auditor to include a responsibility to detect fraud and to unravel financial malfeasance if it exists. This contrast is what is referred to as the 'audit expectation gap'. The profession must act to close this gap as public confidence erodes regarding the financial reporting process and related audit functions. To make audit fit for purpose, the audit profession needs to rediscover its original purpose of assuring investors and the public the truth and fairness of accounts by strengthening its detective role. Reforming the audit regulatory space would be a critical first step to making the audit market fit for purpose.

Note

John De-Clerk Azure is a researcher in Critical Accounting Scholarship-accounting research genre that mobilizes research to provide a platform for critique, change and improvement within organizations, in particular, and society in general.

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YOU AND YOUR HEALTH

How Unemployment Affects Mental and Physical Health



*"The hardest work in the world is being out of work."
- Whitney M. Young*

The impact of unemployment is not limited to finances. It also affects one's mental and physical health. This post tells you about the effects on unemployment on the physical and mental health of an individual.

A researcher at the Harvard School of Public Health undertook the analysis of employment and health data of 8,125 individuals surveyed in 1999, 2001 and 2003 by the U.S. Panel Study of Income Dynamics at the University of Michigan. It was found that employees who had lost a job for no fault of their own were twice as likely to develop ailments like high blood pressure, diabetes or heart disease over the next one and half years as compared to those who were employed throughout the period.

Effects of Unemployment on Physical Health

Eating Disorders

Unemployment affects both physical and mental health of an individual. Lack of confidence, a low self-esteem, and depression are among the commonly observed psychological effects of unemployment. Loss of a job or a prolonged period of unemployment can lead to the development of suicidal tendencies in some. Many times, getting a job becomes difficult due to problems like recession and economic slowdown. Not having a job leads to feelings of inferiority. The emotional problems worsen further, if one experiences gender bias, or age or racial discrimination in getting a job, or if he lacks the education or expertise to acquire it. Joblessness may lead to lack of funds, in turn causing family issues.



Due to cost constraints, an unemployed person may not be able to afford quality food. Unhealthy or low-quality food may affect one's health. Being jobless results in an emotional void in one's life. To fill it, one tends to overeat and overeating leads to obesity. The emotional

instability may also lead one to ignore eating. This may cause nutritional deficiencies, physical fatigue, and weakness. Thus, eating disorders can lead to excessive weight gain or abnormal weight loss, further affecting one's overall health.

Health Problems due to Lack of Activity



Being unemployed may leave one with no work to do. Lack of activity can lead to lethargy, and grave problems such as obesity. Complete absence of physical activity is an open

invitation to obesity-induced disorders ranging from hormonal problems to heart disease. Obesity increases the risk of high blood pressure and diabetes.

Intimacy Issues



The stress induced by unemployment and the lethargy resulting from lack of physical activity, can lead to sexual health problems. One may experience physical intimacy issues or lose interest in sexual activity, in turn affecting one's relationship with his spouse or partner.

Headaches, Chest Pain, and Palpitations

Headaches are a common after-effect of stress. The disturbed state of mind may lead to palpitations and chest pain and also cause breathing difficulties.

Sleep Disorders

The constant worry of finding a job and managing one's monthly expenses can lead to disturbed sleep. Lack of physical fitness, added to the anxiety arising from joblessness, may lead to sleep disorders. Lethargy and lack of exercise robs one of sound sleep.

Substance Abuse

To get over the frustration of unemployment, people resort to consumption of drugs and alcohol. It's a wrong notion that they help alleviate pain. They rather aggravate problems and worsen one's health condition. Alcoholism and indulgence in narcotics can have very serious and long-lasting effects on one's health.

Effects of Unemployment on Mental Health

Depression

Being unemployed generates feelings of hopelessness and guilt in one's mind. Seeing the careers of others flourish may lead to feelings of jealousy and add to the feeling of inferiority. A feeling of social rejection crops in, and coping with it gets difficult. Feeling like a failure results in depression.

Loneliness

Unemployment leads an individual to withdraw from society and he tends to remain aloof from his social circle. He lacks the enthusiasm, and at times, the money too, to socialize. The guilt of being unemployed leads him to avoid friends and prefer being alone, secluded.

Stress

Unemployment comes with a lot of stress. The anxiety of finding a job and the guilt of not having one, add to mental stress. Unemployment not only affects one's professional standing but also alters his personal relationships. It may cause a rift in his marriage. The worry of managing expenses and providing for one's family, further adds to the stress.

Suicidal Thoughts

There is a social stigma attached with unemployment. Emotional instability and depression may lead one to have suicidal thoughts. In such times of distress, death may seem to be the only way out. The chances of this

happening increase, especially when one has been insulted, made to feel inferior or has been unfairly dismissed from work. The chances of having suicidal thoughts increase if the job loss has led to a major setback in one's career. Negative thoughts like these should not be entertained, and a counsellor's help should be sought immediately.

Low Self-esteem

After long years of work, a sudden setback of job loss is humiliating. The enjoyment and the sense of fulfilment that one derives from work is lost after losing a job. Again, not landing a new job causes one to lose his self-confidence. A long period of waiting leads to frustration and low self-esteem. For many, their job is their source of motivation. Not having one leaves them feeling demotivated.

Lack of Concentration

The constant worry of finding a job does not let one concentrate on things at hand. The increasing levels of frustration make it difficult to focus on the goal of finding a new job. Owing to stress, concentration levels drop. One tends to remain occupied with memories of the early

years of his career or with fantasies of a good job. But ruminating the past never helps, nor does daydreaming; one must understand, and start exploring new opportunities.

Feelings of Worthlessness

Sitting at home, without a job in hand makes one feel worthless. For an individual whose motivators are professional milestones like promotions, added work responsibilities, and incentives, not having a job becomes equivalent to losing his purpose of life. This shatters his self-belief and confidence.

Being unemployed can have a deep impact on one's physical health and mental well-being. The family members of the unemployed should try to understand what he must be going through. Medical help should be sought if the need is felt. And one must not forget that unemployment is a problem that can be overcome. Sooner or later, a job can be acquired but deteriorated health and a lost mental balance may take years to restore. It's best to put time to good use and remain optimistic, always.

TECHNOLOGY CORNER

Advantages and Disadvantages of Electronic Commerce (e-commerce)



Electronic commerce or e-commerce, refers to business activities like buying and selling of products and services carried out over electronic systems like the Internet and computer networks. E-commerce has proved to be a suitable alternative for people who want to shop and transact from the confines of their home. However, there are certain challenges concerning the security of a customer's confidential information that need to be taken care of.

The history of e-commerce dates back to 1970, when for the first time, electronic data interchange (EDI) and electronic fund transfer were introduced. Since then, a rapid growth of e-commerce has pervaded almost every aspect of business such as supply chain management, transaction processing, Internet marketing, and inventory management. But like any



Open 24/7

Even time restrictions are non-existent while conducting businesses, as e-commerce empowers one to execute business transactions 24 hours a day and even on holidays and weekends. This in turn significantly increases sales and profit.

Better Deals for Customers

Electronic commerce gives the customers the opportunity to look for cheaper and quality products. With the help of e-commerce, consumers can easily research on a specific product and sometimes even find out the

conventional business, electronic commerce is also characterized by some advantages and inherent drawbacks. Let's have a look at some of these important advantages and disadvantages of electronic commerce.

Advantages

Global Reach

The greatest and the most important advantage of e-commerce, is that it enables a business concern or individual to reach the global market. It caters to the demands of both the national and the international market, as your business activities are no longer restricted by geographical boundaries. With the help of electronic commerce, even small enterprises can access the global market for selling and purchasing products and services.

original manufacturer to purchase a product at a much cheaper price than that charged by the wholesaler.

No Hassles of conventional Shopping

Online commerce also offers buyers a wider range of products and services to choose from, as opposed to conventional shopping, without the hassles of lugging around heavy shopping bags and getting stuck in messy traffic jams, which turns out to be more convenient and time-saving. Besides these, people also come across reviews posted by other customers,

about the products purchased from a particular e-commerce site, which can help make purchasing decisions.

Lower Costs for the Business

- For business concerns, e-commerce significantly cuts down the cost associated with marketing, customer care, processing, information storage and inventory management.
- It reduces the time period involved with business process re-engineering, customization of products to meet the demand of particular customers, increasing productivity and customer care service.
- Electronic commerce reduces the burden of infrastructure to conduct businesses like physical store setups and thereby raises the amount of funds available for profitable investment.
- It also enables efficient customer care service by collecting and managing information related to customer behaviour, which in turn helps develop and adopt an efficient marketing and promotional strategy.

Disadvantages

Authenticity and Security

- Due to the lack of trust, a large number of people do not use the Internet for any kind of financial transaction.
- Many people have reservations regarding the requirement to disclose personal and private information for security concerns.
- Some people simply refuse to trust the authenticity of completely impersonal business transactions, as in the case of e-commerce.

Time-consuming

The time period required for delivering physical products can also be quite significant in case of e-commerce. Hence it is not suitable for perishable commodities like food items. A lot of phone calls and e-mails may be required till you get your desired products.

Inconvenient

People prefer to shop in the conventional way than to use e-commerce for purchasing food products and objects that need to be felt and touched before actually making the purchase. So e-commerce is not suitable for such business sectors. However, returning the product and getting a refund can be even more troublesome and time-consuming than purchasing, in case you are not satisfied with a particular product.



Thus, evaluating the various pros and cons of electronic commerce, we can say that the

advantages of e-commerce have the potential to outweigh the disadvantages. A proper strategy

to address the technical issues and to build up customers' trust in the system can change the present scenario and help e-commerce adapt to the changing needs of the world.

Planning a Successful e-commerce Site

A website that sells stuff is entirely different from a plain old website. You'll need extra software and another bank account (probably), and there is quite a bit of planning and shopping around involved. Take it step by step, remain organized, and commit to the project.

So you want to sell stuff on the Internet, and eBay and Craigslist just aren't doing it for you anymore. It's time for a real, live, grownup website of your own. But God, there's so much to think about. An e-commerce website is much more involved than a static website - it's always changing, it must have search capabilities, and you absolutely have to be able to accept payment securely.

First, calm down. There's a process for this. If you have the money, you can actually hire someone to take care of the whole thing for you - but smaller companies aren't left out of the game. You absolutely can do this yourself, but you have to commit to seeing it through.

Location, Location, Location

If you don't already have a website (why not?), you must first register your domain name and pay for hosting (unless you have your own server). A basic website is pretty easy to design using a basic web editor and templates. If you already have a site, plan how the shopping section will fit in with your existing pages.

Shopping Cart

You will need to choose a shopping cart software - some are simply plugins that work with pre-existing website templates, while

others are entirely separate customizable things that require a much deeper level of involvement. Choose one that suits your business and your product. Look for things like search capabilities and display - the closer it is to what you want, the less work you have to do before you can just plug in your stuff and go.

The shopping cart software is what allows you to take orders, calculate tax/handling/shipping, process returns, send receipts and notifications - in short, it's your virtual sales clerk. There's no reason to blow your entire budget, but don't go cheaper than you have to.

Money

You have to have the ability to accept payment online, and the customers must feel secure in the fact that their information is going only to you, not some phisher in a dark basement somewhere. A secure server is the first step, but you also need a safe way to process credit card information.

First, set up an Internet merchant account with your bank to allow the money to flow from the customer to your account. Then you need a payment gateway account, which acts as an intermediary to facilitate the transaction. Your shopping cart software may come with this capability, so double-check before spending money on another service.

In lieu of all that, you could also just enable PayPal on your site. People trust it, and it's secure. They don't charge a monthly fee, but they do take about 3% of every transaction, so that's something to think about. In fact, even if you do have separate payment processing, it's still a good idea to offer customers the PayPal option because many people won't trust any other form of online payment. This is especially true for smaller businesses that do not have a national reputation. PayPal also offers basic shopping cart software for a low price if you don't need any super-customized functionality.

Final Checks

Once you think your site is ready to go, run a few checks to make sure everything is working properly. Pictures should load quickly, pages should scroll smoothly, and the site as a whole should function quickly and properly. Send a few transactions through to make sure payment goes through right, shipping costs are in line, and auto-mail like receipts and shipping

notifications are sent as scheduled.

Double-check spelling, photo orientation and size, verify that links are working, and run a load test to make sure the site can handle heavy traffic. Then go live and sell hard!

Source: www.buzzle.com

TECHNICAL MATTERS

Nine Solid Years of (G) IFMIS Reforms in Ghana: reflections on the “miracles” and mirage of reform.

John De-Clerk Azure (PhD)

Abstract:

Anniversaries are not only good times for celebrations but also moments for reflections and stocktaking. They provide a lens with which to assess the past and to chart new pathways for the future. As Ghana marks the 9th anniversary of its PFM reform this month, I reflect upon the miracles and mirage of the (G) IFMIS reforms. In particular, I take a closer look at what the reforms mean for the Public Sector Accountant and for policy.

Background Context

In September 2009, Ghana unveiled an ambitious public financial management (PFM) reform programme -the (Ghana) Integrated Financial Management Information System (GIFMIS), aimed at a significant modernization of the country’s public finance architecture. With technical and financial support from the World Bank (hereafter the Bank) and other donors, key elements of the wide-ranging reform include budget reform, financial management, audit and legislative oversight reform, and an integration of the human resource component with the payroll. Presented by reform architects as a model PFM toolkit for all ‘seasons’, IFMIS is focused on regulating

and shaping the spending behaviors of public actors in the management of public money in line with neoliberal ethos of fiscal discipline, spending efficiency, and institutionalized accountability. Within this neoliberal schema, instead of retrenchment of public authority from the economic, social and political life, the citizen-subjects’ behaviors require government’s active intervention, organizing them by law and rules. For many, this is consistent with a global trend in which the neoliberal paradigm has emerged as the dominant ideology driving policies of individual nation states in a globalized environment (for a similar point see Apple, 2006).

Thus, Ghana’s adoption of IFMIS—at the instigation of the Bank—is located firmly within this neoliberal logic as it is based on the notion that fiscal discipline in our public finances is both desirable and urgent. Admittedly, reasons for this PFM reform are compelling in several respects. First, Ghana’s public finances came under serious pressures as a result of large fiscal slippages and growing public debts, peaking in the year just before reform (see IFS 2018; World Bank 2017; Bawumia and Halland 2017). Second, past reform initiatives failed to tackle the structural weaknesses in the PFM system. IFMIS predecessor-PUFMARP—for example, produced miserable results and failed to have any meaningful impact. Finally, these weaknesses were the root causes of the

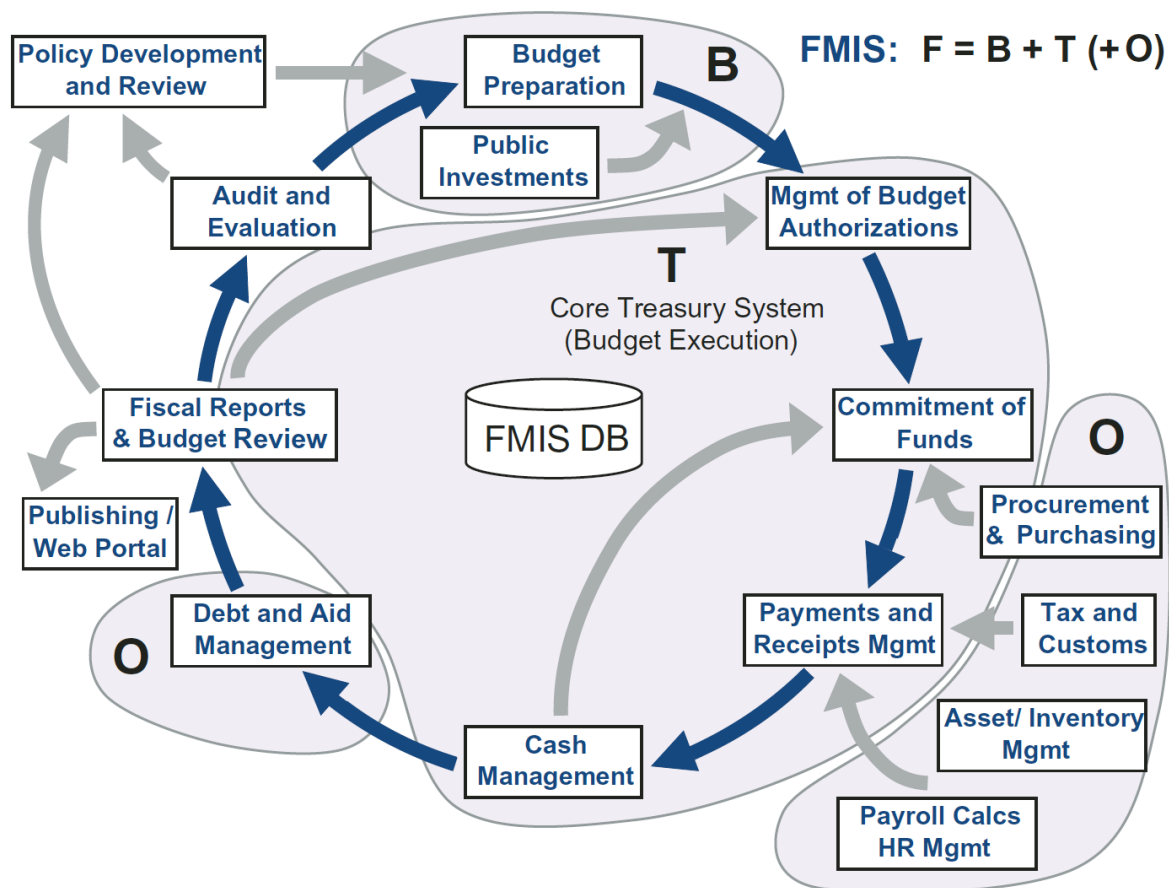
country's ruinous macro-fiscal instability (See, World Bank 2015). For the Bank, reform was needed to reverse the trend and to restore fiscal discipline, contain the deficits, and eliminate corruption. But what is IFMIS? The next section walks the reader through this PFM toolkit.

Integrated Financial Management Information System (IFMIS): a brief background

In its technical and idealized form, IFMIS is a set of automation solutions that enable governments to plan, execute, and monitor the budget by assisting in the prioritization, execution, and reporting of expenditures, as well as the custodianship and reporting of revenues (Dener et al. 2011). And at its general and performative sense, it is a software for managing public money. Designed as an innovative budget management tool, it centralizes treasury operations in a single database to provide accurate real-time data for budget management and decision-making. The inchoate literature on IFMIS documents in glowing detail its potential to contribute significantly to budget management outcomes (see in particular, Hashim and Piatti-Funfkirchen 2018; Hashim and Piatti 2016;

Dener et al. 2011). Its core appeal lies in its ability to integrate both preventive and detective controls to reduce political discretion and opportunities for corruption /fraud. As such, a positive correlation between IFMIS and reduced corruption can be safely assumed.

For example, it is an effective instrument for controlling commitments and can provide guarantees that a properly authorized budget allocation exists prior to approving payment. And in its detective function, Hendriks (2012) claims that a well-designed IFMIS can increase the risks of detection of suspicious transactions. Perhaps, its most compelling selling points are its ability to foster fiscal discipline, deliver value for money, and provide transparency in managing the public purse. Given these appeals, investment in IFMIS has proliferated on a grand scale, and aggressively promoted in the Global South as a model PFM toolkit by the Bank in pursuit of the good governance agenda. This agenda demands a set of public sector institutional reforms, addressed in terms of having good order and discipline in the management of a country's social, economic, and financial resources in return for the Bank's support. *See figure 1 for a generic model of IFMIS.*



Source: Dener et al. 2011

What are the miracles of this PFM reform?

Miracle # 1: A new regime of financial controls

One of the most significant developments in this reform is what may be referred to as a ‘new’ regime of financial controls in our public finance system. In the past, the regime of financial controls imbedded in the country’s PFM system failed to stem the tide of financial irregularities in the management of public money as demonstrated in audit reports. Annual reports of the Auditor General document in alarming details the depth of financial malfeasance that became a defining feature of our public bureaucracy. With the introduction of IFMIS, however, the trend is reversing for obvious reasons. First, centralization of treasury operations into a single database provides senior bureaucrats a panoptic gaze to

police transactions captured into the system from various cost centres. By integrating control and preventive functions, the incidence of fraud/irregularities is considerably reduced. Second, enhanced in-built controls introduced via automation reduces the risk of unauthorized transactions whilst increasing the risk of detection. But here is the rub-whilest this impacts positively on bureaucratic corruption, the effect on political or upper-level corruption remains a mirage. In other words, IFMIS does not provide guarantees when the financial rot is enacted at the policy stage for obvious reasons.

Miracle # 2: An era of knowledge sharing, transfer, and exchange

The importance of knowledge sharing in public bureaucracies is a persistent theme in

organizational studies. Scholars have devoted serious efforts investigating factors that both encourage and impede the sharing of knowledge within public bureaucracies where much of the work revolves around the use and interpretation of information and knowledge. As a vital resource to public sector organizations, knowledge sharing facilitates the spread of knowledge and provides employees with opportunities to enhance skills, share insights and swap skills.

Notwithstanding the importance, the culture and the climate within the public sector in Ghana have typically not been supportive of knowledge sharing. Traditionally hierarchical in structure and functionally segmented, channels for knowledge sharing in our public bureaucracies particularly within the Controller and Accountant General's Department (CAGD) are limited, and the hoarding of knowledge rather than sharing has been pervasive. For many of my interlocutors in this study, knowledge hoarding has triumphed on the back of widespread perceptions that it confers career advancement advantages. However, the introduction of digital technology as the primary platform of the business process, alongside change management initiatives, and training programmes has triggered a shift in attitudes and motivations for knowledge sharing, transfer and exchange among staff. In other words, what is emerging from this reform is a new climate where knowledge sharing is beginning to be appreciated.

Miracle # 3: The PSA in a 'new garment'

A profound impact of the IFMIS reform is the transformation of the work persona of the Public Sector Accountant (PSA). Described as the public face of the individual, persona is a key element in identity construction and built based on social interactions and expectation of others. Viewed this way, it is possible for one to construct, take on new identity, and to entirely withdraw from existing identities with

determination. From the literature, it is believed that any role a person undertakes brings certain expectations regarding how they should behave within that role, which is a specific persona. To situate this within our context, the PSA in Ghana has historically not met societal expectations required of a dutiful public servant. Over the years, the persona of the PSA has been perceived and publicly portrayed as sloppy, incompetent and inclined to criminal behavior.

Reflecting these attributes, the persona of the PSA was viewed in poor terms. However, the miracles of the IFMIS reform have successfully reworked this sordid image to present the PSA in a 'new garment'. Among the possible reasons put forward by many respondents are: First, reform inspired staff of CAGD to present themselves and the business process of the establishment in new ways through improved new work ethics, new professional work attitude to create a new identity. Second, change management efforts alongside new competencies acquired through continuous refresher programmes presented PSAs as reasonably competent bureaucrats eager to provide public service. To be sure, perceptions of improved image were triangulated with views from the public with working relationships with CAGD.

Miracle # 4: Bureaucratic behavioural transformation

Explaining how IFMIS transformed bureaucratic behavior within the accounting class requires an understanding of the behavior of the entire bureaucracy that came to be cast in negative terms. In the early post-independence period, Ghana had one of the most competent, professionally efficient bureaucracies on the continent. Its public institutions were hailed as one of the continent's best that eschewed corruption and rent-seeking behaviors. However, this would rapidly deteriorate following policies (e.g. poor remuneration, the introduction of a spoils system into the civil service etc.) by successive governments. The

result was a very inept service prone to rent-seeking with little regard for professionalism. However, the miracle of reform is a behavioral change in the PSA. Indeed, on page 4 of the Project Appraisal Document (PAD), the Bank makes behavioral change a central focus of its assistance:

“The implementation of GIFMIS span over the period 2010-December 2014. It was purposefully focused on the more modest objective of renovating core budgeting, accounting and financial reporting systems. It was successful in meeting this limited objective, but the challenges of changing behaviors in MDAs and MMDAs remains and is a core focus of the current project”(World Bank 2015, p. 4).

Miracle # 5: The shifting focus of public sector accounting

Throughout the reform debate, neoliberal vocabulary such as budget credibility, fiscal discipline, efficient service delivery, and institutionalized accountability are the words at the frontlines of reform discourse. Accordingly, the reform has focused on shifting the public finance system away from input and control of expenditure to emphasis on accountability and efficient allocation of resources. The result is a move towards more explicit and measurable performance for public bureaucracy, and an attempt to control it in a more performance style according to pre-set output measures.

The Mirage of reform: Benefits oversold?

Mirage # 1: Reform failed to contain the ruinous fiscal slippages

Over the period of reform, fiscal deficits have averaged 6.4 percent of GDP, amplifying each year we have a general election leading to widely held feelings that governments let fiscal deficits ‘slip’ during election years, then bring them back into line afterwards. A review of fiscal performance in Ghana over the past nine

years illustrates the country’s inability to keep the national budget under tight check despite intermittent efforts at fiscal consolidation (IMF 2015). In short, the fiscal discipline mantra often touted by promoters of IFMIS is a mirage when empirically tested.

Mirage # 2: Loose coupling at the local level

Loose coupling is a term used to conceptualize the gaps that often exist between formal organizational policies and their implementation (Weick 1976). Phrased differently, the notion seeks to understand why many public sector organizations continue to operate on familiar routines despite years of reform. After nine solid years of reform, the system is loosely coupled at the local level. In other words, many of the entities at the local level including CAGD’s Regional Treasuries maintain dual systems and do not generate reports via the IFMIS platform. Rather, there is a recourse to their old systems for reports. From the empirical data, it is clear that the use of spreadsheets and old accounting systems is the norm rather than exception at the local level. For example, a pilot Municipal Assembly routinely praised for ‘doing well’ with IFMIS maintained two systems as illustrated here:

“Currently, we don’t generate reports from the GIMIS system. We only make the entries. We have a different accounting software that generates financial reports for management’s decision-making purposes [interview 9].

Mirage #3: Reform won the war on bureaucratic corruption but lost the battle on the political.

Embodying many ills in society, corruption is a political and controversial subject in our national discourse that evokes passion and polarizes views across many divides. Consequently, it makes sense to jettison the empirical insights and, instead seek refuge in

statistics since that is generally considered as “neutral science”. To this end, I draw copiously on our rankings on the Corruption Perception Index (CPI) by Transparency International. The high incidence of corruption is exemplified by our performance on the index, consistently scoring below the average score of 50. Our country slumped from 43 points in 2016 to 40 points⁸ in 2017 on the Index. CPI in Ghana averaged 38.75 points from 1998, improving to 39 points at the start of reform and corruption was perceived to be hindering the country’s economic development as investments into productive and critical sectors of the economy are diverted. Our scores on the index from 2008-2017 stand as follows: 2008 (39), 2009 (39), 2010 (41), 2011 (39), 2012 (45), 2013 (46), 2014(48), 2015 (47), 2016(43), 2017 (40). What emerges from the index is a pattern of no better performance under reform, bolstering the notion that the battle against grand corruption remains a mirage. Further evidence of the scale and depth of corruption is contained in the Auditor General’s reports. Many of my interlocutors agree with the index and wryly suggest that the country might have to start searching for alternatives other than IFMIS.

Reform implications and concluding comments

Reform has profound implications for the PSA and for policy in many respects. First, professional qualification or academic degree in accounting whilst necessary, is no longer sufficient for effective functioning within the public bureaucracy. To be functionally effective, proficiency in ICT is an imperative as the adoption of digital technology places more emphasis on this skill genre. Second, a combination of cognitive skills (critical thinking and problem solving) and socio-behavioral skills (creativity and curiosity) are the skills to focus on, going forward.

⁸ “Ghana drops to 81 in 2017 corruption perception Index|General” GhanaWeb, 22 February 2018,

What is the implication for policy? First, reform is not a neutral technical endeavor in its outcomes. Operating like the metaphor of the zero-sum game, there are potential losers and winners in every reform. Consistent with this theory, subtle resistance has emerged as a consequence of the complexities associated with reform. Second, a profound recalibration of formal/legitimate power within the CAGD has surfaced as an outcome of reform. This is operationalized by usurping or skewing formal power in favor of expert power. Phrased similarly, there is shift away from legitimate power towards expert power leading to the symbolic emergence of two sets of PSAs within the establishment-the “super Accountant” who is knowledgeable in system and IT skills and, the “Other” who is rudely pushed to the fringes.

Note (s).

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QUOTES

"The hardest work in the world is being out of work."

- Whitney M. Young

Every great dream begins with a dreamer. Always remember, you have within you the strength, the patience, and the passion to reach for the stars to change the world.

Harriet Tubman

When you rise in the morning, give thanks for the light, for your life, for your strength. Give thanks for your food and for the joy of living. If you see no reason to give thanks, the fault lies in yourself.

Tecumseh

Death is not the greatest loss in life. The greatest loss is what dies inside us while we live. Norman Cousins

Life is 10% what happens to you and 90% how you react to it.

Charles R. Swindoll