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MINISTRY OF FINANCE



REPUBLIC OF GHANA

GHANA ECONOMIC MANAGEMENT STRENGTHENING TECHNICAL ASSISTANCE (GEMS-TA) PROJECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018



Responsive



Ethical



Efficient



Professional

Public Disclosure Authorized

Public Disclosure Authorized

AUDIT SERVICE

In case of reply the
number and date of the
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..... **31 May** **20 19**

**PROJECT CORDINATOR
GHANA ECONOMIC MANAGEMENT
STRENGTHENING PROJECT
ACCRA**

INDEPENDENT AUDITORS REPORT ON THE 2018 FINANCIAL STATEMENTS

We have audited the financial statement of GEMS-TA Project which comprises the:

- Statement of Financial Position as at 31 December 2018
- Statement of Financial Performance
- Cash flow statement for the year ended and
- Notes to the Financial Statement including significant accounting policies and other explanatory information as set out in the report

Respective responsibilities of GEMS-TA and the Auditors

The responsibility for the preparation of the accounts including adequate disclosure is that of GEM-TA Project Management. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Project financial statements that are free from material misstatement whether due to fraud or error, selecting and

applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Our responsibility as Auditors is to express an independent opinion on the Project Financial Statement based on our audit.

Opinion

In our opinion the financial statements are prepared in accordance with the laws and regulations. The accompanying financial statements present fairly in all material respects the financial position of the GEM-TA project as at 31 December 2018 and its financial position and cash flow the year then ended in accordance with the Project Agreement Credit No. 5896-GH and the stated accounting policies in Note 1 of the project financial statements.

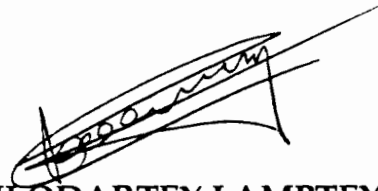
Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAI's) and IDA Guidelines on project audits. Those standards require that we comply with the ethical requirements plan and perform the audit to obtain reasonable assurance whether the Project Financial Statements are free from material misstatements.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Project Financial Statements.

It also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the Project Management Unit as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



SAMUEL NII ODARTEY LAMPTEY
DIRECTOR OF AUDIT
for **AUDITOR-GENERAL, GHANA**

GHANA ECONOMIC MANAGEMENT STRENGTHENING TECHNICAL ASSISTANCE (GEMS-TA) PROJECT

INTRODUCTION

1. The Project Background: The Project Development Objective of the **Ghana Economic Management Strengthening Technical Assistance (GEMS-TA)** Project is to strengthen Government of Ghana's (GOG's) institutional capacity for economic management. This will be achieved by improving the government's taxpayer database and enhancing capacity for the management of external debt, public investments and state-owned enterprises. It will be implemented over a three-year period **(2017 – 2020) IDA financing** through the following four complimenting components:

- i. Strengthening Ghana Revenue Authority's business intelligence systems;
- ii. Strengthening Debt Management;
- iii. Strengthening Capacity for Public Investment Management (PIM); and
- iv. Improving the Governance of State-owned Enterprises (SOEs).

Institutional Arrangements:

2. The Project has been fully mainstreamed within Ministry of Finance (MoF). The ERM-M Division (World Bank Unit) is the Coordination Unit while PID, DMD, GRA, NDPC, are responsible for the implementation of their respective components. A PSC exercises oversight responsibility and thus provide strategic guidance to ensure prompt and efficient implementation of the Project. The day-to-day implementation rests with a Project Implementation Team (PIT) - comprising technical officers and headed by the Project C

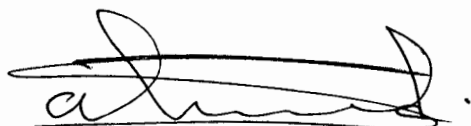
Project Beneficiaries

3. The beneficiaries of the Project will be the Ministry of Finance, specifically the Debt Management Division (DMD), Public Investment Division (PID), External Resources Mobilization Division (ERMD) and Budget Division (BD); the Ghana Revenue Authority (GRA); the National Development Planning Commission (NDPC); the five targeted SOEs; and select Ministries, Departments and Agencies (MDAs). The ultimate beneficiaries will be the citizens of Ghana, who will benefit from improved economic benefits of GoG's domestic revenue mobilization, reduced debt burden, prioritized capital spending program, and enhanced performance of SOEs.

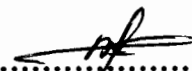
**GHANA ECONOMIC MANAGEMENT STRENGTHENING TECHNICAL ASSISTANCE
(GEMS-TA) PROJECT**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

Current Assets:	Notes	2018 (US\$)	2017 (US\$)
Bank Balance	8	<u>6,149,038.11</u>	<u>2,145,770.95</u>
Represented By:			
Accumulated Fund	9	<u>6,149,038.11</u>	<u>2,145,770.95</u>



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**SAUDA AHMED SEINU
PROJECT COORDINATOR**



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**PAUL KWESI AGBO
PROJECT ACCOUNTANT**

**GHANA ECONOMIC MANAGEMENT STRENGTHENING TECHNICAL ASSISTANCE
(GEMS-TA) PROJECT**

**STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED
31 DECEMBER 2018**

Income:	Note	2018 (US\$)	2017 (US\$)	Cuml. (US\$)
Transfer from IDA	2	<u>6,164,936.08</u>	<u>2,773,700.00</u>	<u>8,938,636.08</u>
		<u>6,164,936.08</u>	<u>2,773,700.00</u>	<u>8,938,636.08</u>
Expenditure:				
Strengthening Ghana Revenue Authority's Business Intelligence Systems	3	402,533.48	64,491.82	467,024.82
Strengthening Capacity for Public Debt Management	4	330,609.14	138,304.68	468,912.82
Strengthening Capacity for Public Investment Management	5	426,618.23	165,963.86	592,582.09
Strengthening the Governance of State-Owned Enterprises	6	824,851.97	113,442.47	938,294.44
Project Management	7	<u>177,056.10</u>	<u>145,726.22</u>	<u>322,782.32</u>
Total Expenditure		<u>2,161,668.92</u>	<u>627,929.05</u>	<u>2,789,597.97</u>
Income Surplus/(Deficit)		<u>4,003,267.16</u>	<u>2,145,770.95</u>	<u>6,149,038.11</u>

**GHANA ECONOMIC MANAGEMENT STRENGTHENING TECHNICAL ASSISTANCE
(GEMS-TA) PROJECT**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2018**

Notes

1. Accounting Policies:

These are various policies and principles use in preparing the financial statements.

- a. **Basis of accounting** -The financial statements have been prepared under the cash accounting basis.
 - i. Income is recognized when cash is received.
 - ii. Expenditure is recognized when goods and services are received and paid for.

The financial statements have been prepared under the historical cost convention.

- b. **Presentation of Financial Statements** - The Statement of Financial Position and Financial Performance are denominated in the United States Dollar (US\$).
- c. **Non-Current Assets** - All non-current assets acquired using project funds have been stated at the actual contractual cost of procurement.
- d. **Depreciation** - It is the policy of the MOF not to depreciate its non-current assets acquired under the project. No depreciation has therefore been charged in the financial statements.
- e. **Foreign Currency Translation** - Transactions denominated in currencies other than United States (US\$) Dollar are translated into US Dollar and recorded at the rate of exchange ruling on the date of transfers of funds from the dollar Account and same rate for assets and liabilities.

2. Receipts from Designated Accounts

This represents total fund received from IDA

	2018(US\$)	2017(US\$)	Cuml.(US\$)
a. Advance from IDA	<u>6,164,936.08</u>	<u>2,773,700.00</u>	<u>8,938,636.08</u>
Total	<u>6,164,936.08</u>	<u>2,773,700.00</u>	<u>8,938,636.08</u>

3. Strengthening Capacity for Revenue Management

This represents total fund expended on the project as follows:

	2018(US\$)	2017(US\$)	Cuml. (US\$)
Goods	4,155.71	20,440.83	24,596.54
Consultancies	394,244.19	3,393.34	397,637.53
Non-Consultancies	<u>4,133.58</u>	<u>40,657.65</u>	<u>44,791.23</u>
Total	<u>402,533.48</u>	<u>64,491.82</u>	<u>467,025.30</u>

**GHANA ECONOMIC MANAGEMENT STRENGTHENING TECHNICAL ASSISTANCE
(GEMS-TA) PROJECT**

4. Strengthening Capacity for Public Debt Management

This represents total fund disbursed on the project as follows:

	2018(US\$)	2017(US\$)	Cuml.(US\$)
Goods	21,195.03	106,576.47	127,771.50
Consultancies	177,652.94	2,091.65	179,744.59
Non-Consultancies	<u>131,761.17</u>	<u>29,636.56</u>	<u>161,397.73</u>
Total	<u>330,609.14</u>	<u>138,304.68</u>	<u>468,913.82</u>

5. Strengthening Capacity for Public Investment Management

This represents total fund disbursed on the project as follows:

	2018(US\$)	2017(US\$)	Cuml.(US\$)
Goods	110,039.99	6,414.40	116,454.39
Consultancies	155,673.57	8,524.10	164,197.67
Non-Consultancies	<u>160,904.67</u>	<u>150,075.36</u>	<u>310,980.03</u>
Total	<u>426,618.23</u>	<u>165,013.86</u>	<u>591,632.09</u>

6. Strengthening the Governance of State-Owned Enterprises

This represents total fund disbursed on the project as follows:

	2018(US\$)	2017(US\$)	Cuml.(US\$)
Goods	6,187.41	22,709.50	28,896.91
Consultancies	211,308.54	15,323.16	226,631.70
Non-Consultancies	<u>607,356.02</u>	<u>76,359.81</u>	<u>683,715.83</u>
Total	<u>824,851.97</u>	<u>114,392.47</u>	<u>939,244.44</u>

7. Project Management and Coordination

This represents total fund disbursed on the project as follows:

	2018(US\$)	2017(US\$)	Cuml.(US\$)
Goods	19,741.22	63,321.32	83,062.54
Consultancies	13,143.34	168.83	13,312.17
Non-Consultancies	<u>144,171.54</u>	<u>82,236.07</u>	<u>226,407.61</u>
Total	<u>177,056.10</u>	<u>145,726.22</u>	<u>322,782.32</u>

8. Bank Balance

This represents the reconciled Cash Book balance on the designated US Dollar account with the Cal Bank.

9. Accumulated Fund:	2017(US\$)	2018(US\$)
Opening Balance 1 Jan	-	2,145,770.95
Surplus/(Deficit) for the year	<u>2,145,770.95</u>	<u>4,003,267.16</u>
	<u>2,145,770.95</u>	<u>6,149,038.11</u>