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RESEARCH ARTICLE

COMPLIANCE WITH THE REPORTING REQUIREMENTS OF PFM LAWS AND IPSAS: HOW IS GHANA FARING?

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ABSTRACT

The Government of Ghana promulgated the Financial Administration Act, 2003, (Act 654)and its consequential Financial Administration Regulations, 2004 (L. I. 1802) for the purpose of improving accountability over the management of public funds. The financial management law in Ghana contains requirements for a robust and comprehensive financial reporting regime based on an accrual basis accounting system. Although, a reporting regime that complies with the requirements of the Financial Administration Act, 2003 (Act 654) and its consequential Regulations is not necessarily IPSAS compliant, will reflect a number of the requirements of the accrual basis IPSAS which will help improve accountability and deepen transparency with respect to the management of public funds. Discussions on the adoption of IPSAS by the Government of Ghana has been ongoing since 2007. Ghana was listed in September 2007 as one of the countries that had adopted cash basis IPSAS and was in the process of transitioning to accrual basis IPSAS by the International Public Sector Accounting Standards Board (IPSASB). This study used the qualitative approach of document analysis design as its methodology to assess whether or not the financial statements of MDAs, MMDAs, and the accounts of the Consolidated Fund of Ghana are prepared in compliance with the Financial Administration law of Ghana and IPSAS. The study found that Accounts of the Consolidated Fund, the financial statements of MDAs and MMDAs do not fully comply with the reporting requirements of the Financial Administration Act and its consequential Regulations. The financial statements of the public accounts of Ghana also do not comply with IPSAS.

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INTRODUCTION

The Government of Ghana hasboth a legal and a moral duty to manage public resources responsibly, and accurately account for its stewardship over the public funds of Ghana. In order to offer improved stewardship and better accountability over public resources governments around the world are implementing accounting reforms to improve transparency and accountability over the management of public resources. Examples of such major accountability initiatives being widely implemented by governments are the promulgation of Public Financial Management (PFM) legislations and the adoption and implementation of International Public Sector Accounting Standards (IPSAS) (Chan 2003, Tickell 2010). This paper examines how Ghana is faring as it relates to compliance with the reporting requirements of the Public Financial Management (PFM) laws of Ghana and IPSAS. The paper first discusses the problem statement, and then the purpose of the study. The research questions are presented followed by the significance of the study. The paper then reviews the literature on the PFM legal framework of Ghana and IPSAS after which the methodology for the study is discussed and the results presented. The other issues covered are the limitations of the study, recommendations from the study and conclusion.

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Statement of the Problem

The Government of Ghana promulgated the Financial Administration Act, 2003, (Act 654)and its consequential Financial Administration Regulations, 2004 (L. I. 1802)for the purpose of improving accountability over the management of public funds. The financial management law in Ghana contains requirements for a robust and comprehensive financial reporting regime based on an accrual basis accounting system. Although, a reporting regime that complies with the requirements of the Financial Administration Act, 2003(Act 654) and its consequential Regulations is not necessarily

IPSAS compliant, will reflect a number of the requirements of the accrual basis IPSAS which will help improve accountability and deepen transparency with respect to the management of public funds. The annual reports of the Auditor General of the Republic of Ghana over public funds repeatedly highlight infractions and non-compliance with some of the provisions of the Financial Administration Laws (Auditor General Report on the Consolidated Fund 2012, Auditor General Report on accounts of MDAs 2011, Auditor General Report on accounts of MMDAs 2011). The consistent noncompliance with the reporting requirements of the Financial Administration Laws since 2006 to 2012 as evidenced by the Auditor General's annual reports on all public accounts for these periods is a disturbing trend as it implies compromises on the requirements of accountability for public funds. This is particularly worrying against the background of findings of corrupt practices by the Auditor General relating to a number of public institutions. The Auditor General report on the Consolidated fund for 2011 revealed that the state lost about two hundred and eighteen million Ghana Cedis (GHS218.00 million) in wrongful payment of judgment debt. The 2012 report of the Auditor General on the Consolidated Fund reveals similarly that the state lost three hundred and forty seven million Ghana Cedis (GHS347.00 million) as a result of inefficient treasury management. The story is similar with MDAs. The Auditor General reports, for example, that in 2012 breaches of the Financial Administration Act and its consequential Regulations by MMDAs led to a loss of about three hundred and sixty four Ghana Cedis (GHS364,000.000) in aggregate (Auditor General Report on MDAs 2012). Discussions on the adoption of IPSAS by the Government of Ghana has been ongoing since 2007. Ghana was listed in September 2007 as one of the countries that had adopted cash basis IPSAS and was in the process of transitioning to accrual basis IPSAS by the International Public Sector Accounting Standards Board (IPSASB) (IPSASB 2007). This listing came about as a result of the indications made by the Controller& Accountant General Department (CAGD) of the Republic of Ghana and the Institute of Chartered Accountants, Ghana (ICAG) during the first meeting of the IPSASB in sub-Sahara Africa held in Accra, Ghanaon January 27, 2007 of intentions of the Government of Ghana to adopt IPSAS and subsequent announcements made by the CAGD and the ICAG at a sensitization forum on IPSAS organized by PriceWaterCoopers, Ghana a firm of Chartered Accountants of Ghana's adoption of IPSAS (http://business. myjoyonline.com).Seven years later, there are still ongoing discussions led by the CAGD and facilitated by the ICAG, about IPSAS adoption in Ghana. What is Ghana's progress on compliance with the PFM laws and IPSAS implementation? It is this question that this paper seeks to answer.

Purpose of the study

The purpose of this paper is to assess whether or not the financial statements of MDAs, MMDAs, and the accounts of the Consolidated Fund of Ghana are prepared in compliance with the Financial Administration law of Ghana and IPSAS.

Research Questions

The research questions the paper seeks to answer are: Do the financial statements of MDAs, MMDAs and the Consolidated Fund comply with the requirements of the Financial Administration Laws of Ghana? And, are the financial statements of MDAs, MMDAs, and the Consolidated Fund of Ghana prepared in accordance with the requirements of IPSAS?

Significance of the Paper

The study provides an assessment of the level of compliance with the reporting requirements of the Financial Administration laws as well as the level of IPSAS compliance as far as reporting on public funds in Ghana is concerned. The study is therefore useful to PFM practitioners, development partners interested in supporting accounting reforms in the public sector and public financial management researchers, by helping to assess the success or otherwise of accounting reforms in Ghana particularly relating to compliance with the reporting requirements of the Financial Administration Laws of Ghana and IPSAS. Findings from the study will stimulate debate and trigger a sense of urgency in the processes of implementing accounting reforms in the public sector of Ghana for the purpose of entrenching and deepening accountability and transparency over public funds and thereby reduce the incidence of corruption.

Literature Review

Governments and development partners usually prioritizes the passage and implementation of public financial management laws as a tool for improving the quality and cost efficiency of public spending (OECD 2004). In recent history fiscal responsibility legislations for governments have strongly emerged as a cornerstone of PFM reforms especially by governments of developing countries. Many governments pass PFM laws with alacrity but do very little with respect to implementation. Apart from passage of PFM Laws, reporting entities around the world including governments and other public sector organizations adopt financial reporting standards to guide the preparation of their financial statements. Some organizations apply reporting standards developed by national standard setters (Epstein 2009) and others adopt reporting standards developed by international standards setting bodies (Booth and Cocks 1990). The paper now turns to a discussion of reporting requirements of the PFM laws of Ghana. The financial Administration Act, 2003 (Act 654) of Ghana was gazetted on October 31, 2003 to prescribe the rules and procedures to apply in managing public funds. For purposes of financial reporting, Act 654 requires accrual based financial statements for the public sector of Ghana. Part V of the Act covers issues on accounts and audit. Section 38(2) provides that financial statements shall be prepared in accordance with generally accepted accounting principles. Regulation 186 of the Financial Administration Regulations, 2004 (L. I. 1802) provides that the accrual basis shall generally be applied in preparing the financial statements of public sector institutions.

Section 40(1) of Act 654 requires the Controller & Accountant General to prepare and transmit to the Auditor General and the Minister of Finance, within 15 days after the end of each month, monthly financial statements of the public accounts of Ghana which shall be published in the gazette. These monthly financial statements shall comprise of:

"(a) a balance sheet showing the assets and liabilities of the Consolidated Fund as at the end of the month;
(b) a statement of revenue and expenditure of the Consolidated Fund for the month;
(c) cash flow statement of the Consolidated Fund for the month;
(d) notes that form part of the accounts" (Section 40(1) of Act 654).

Regulation 188 of the Financial Administration Regulations, 2004 (L. I. 1802) adds two additional statements: a statement of receipt into and payments from the Consolidated Fund for the month and the for the financial year up to the end of the month as compared with the budgetary estimates for the year, and a statement of revenue and expenditure of retained Internally Generated Fund by departments. Section 41 of Act 654 requires two different categories of annual financial statements: one set from each head of government department, and the other set from the Controller & Accountant General (C&AG). These sets of annual financial statements are required to be prepared three months after the end of each year. Heads of Government Ministries, Departments and Agencies (MDAs) are required to prepare and transmit to the Auditor General, the Minister of Finance, and the C&AG annual financial statements which shall comprise:

"(a) a balance sheet showing the assets and liabilities of the department as at the end of the year;
(b) a statement of revenue and expenditure of the department for the year;
(c) cash flow statement of the department for the year; and
(d) notes that form part of the accounts which shall include particulars of the extent to which the performance criteria specified in the estimate in relation to the provision of the department's output were satisfied" (Section 41(1a) of Act 654).

The second category of annual financial statements is to be prepared by the C&AG in respect of the Consolidated Fund. These financial statements shall comprise:

"(a) a balance sheet showing the assets and liabilities of the Consolidated Fund as at the end of the year;
(b) a statement of revenue and expenditure of the Consolidated Fund for the year;
(c) cash flow statement of the Consolidated Fund for the year;
(d) notes that form part of the accounts" (Section 41(1b) of Act 654).

Regulation 189 of the Financial Administration Regulations, 2004 (L. I. 1802) additionally require heads of departments to transmit to the C&AG monthly revenue and expenditure statements which shall include a statement of expenditure against warrants for the month, non-tax revenue collected and paid into the Consolidated Fund, revenue and expenditure of retained Internally Generated Fund. It is yet to be investigated whether or not the reporting requirements of the Financial Administration Act and its consequential Regulations are being complied with. This study assesses whether or not these reporting requirement are being met by reporting entities in the public sector of Ghana. The section following reviews the literature on IPSAS. According to IFAC (2009) IPSAS are high quality global financial reporting standards for use by public sector entities around the world, and are meant to serve the public interest by requiring the presentation and disclosure of financial transactions in a comprehensive and consistent fashion to enhance transparency and the accountable management of public resources. Müller-Marqués Berger and Ernst & Young (2012, p.7) explain that IPSAS regulate "the recognition, measurement, presentation and disclosure requirements in relation to transactions and events in general purpose financial statements". Many governments have adopted the IPSAS developed by IPSASB (Chan 2003, Monfardini 2010). IPSASB (2008) listed about sixty seven (67) governments that have adopted, are in the process of adopting, or have intentions to adopt IPSAS. This list includes Ghana as having adopted Cash Basis IPSAS and is transitioning to Accrual Basis IPSAS. In the list of 67 governments, only five: Australia, Canada, New Zealand, United Kingdom, and the United States of America are said to apply full accrual standards that are broadly consistent with IPSAS (IPSASB, 2008). It is yet to be ascertained whether or not this assertion is borne out of the evidence.

Financial statements that comply with IPSAS enhance public accountability. Anderson (2009) and Torres (2004) demonstrated that IPSAS compliant financial statements improve transparency and accountability. According to Chan (2003, p.16) "the most significant development in government accounting in recent history is the development of IPSAS" which he argued, has brought significant benefits by way of improving the financial reporting systems of governments, raising the prestige of government accountants, and facilitating the mobility of private sector accountants into government. Chan (2003) and Tickell (2010) reported that the call for increased accountability has led many governments and NGOs around the world to adopt IPSAS. A few developed countries such as Australia, Canada, New Zealand, Sweden, and the United Kingdom are leaders in the implementation of accrual basis IPSAS which require the presentation of a comprehensive set of financial statements based on principles of accrual accounting (Pina Vicente and Torres, 2003). Accrual basis accounting recognizes and records transactions and events when they occur rather than when cash is received or paid (IFAC 2000). Revenue is recognized and recorded when earned while expenditure is recognized and recorded when incurred, usually at the time goods or services are received. Many more countries are reported by IFAC (2008) either to have adopted or are in the process of adopting Cash Basis IPSAS. The cash basis of accounting recognizes and records transactions and events when cash is received or paid (Tikk 2010). It measures financial performance for a period as the difference between cash received and cash paid. Chan (2003) asserts that accounting policies of governments that have not yet adopted IPSAS are significantly influenced by IPSAS. Some scholars have argued that the implementation of IPSAS is a challenging project (Lapsley, Mussari and Paulsson 2009).Tickell (2010) in supporting this position noted that the successful implementation of accrual basis IPSAS is predicated on factors such as the level of skill of available accounting personnel, rate of labor turnover, and the level of investment in technological and capital equipment in public sector organizations. He therefore advised that governments and institutions with different levels of endowments in these resources must approach IPSAS implementation differently to ensure success. Michael and Bates (2003) suggested that there is the need for public scrutiny of government financial management programs, and a critical need for grassroots participation in the development of standards in order to ensure successful adoption of standards. It can therefore be concluded that to successfully implement IPSAS, governments must develop a framework for implementation and invest in building capacity among the personnel that will be responsible for implementation. Government must as well build strong institutions and systems to facilitate the process of implementation.

Methodology

The study used the qualitative approach of document analysis design as its methodology. According to Bowen (2009, p. 27) document analysis is “a systematic procedure for reviewing or evaluating documents- both printed and electronic (computer-based and Internet-transmitted) material”. He states that document analysis “requires that data be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge (Bowen 2009, p. 27).Swanson and Holton(2005) posit that document analysis is suited for examining past events to give an account of what has happened in the past. Creswell (2009) suggest that data captured by published documents represent data which are thoughtfully compiled and therefore credible. On the uses of document analysis for research, Bowen (2009, pp 30-31) concluded that “documents provide background and context, additional questions to be asked, supplementary data, a means of tracking change and development, and verification of findings from other data sources. Moreover, documents may be the most effective means of gathering data when events can no longer be observed or when informants have forgotten the details”. Bowen (2009) argues further that the use of document analysis as a research design method is attractive due to the following advantages: efficiency in terms of time spent because time is only spent to select data rather collect data; availability of public data on websites increases accessibility; cost effectiveness for the researcher as data contained in documents have already been collected and the researcher only examines and evaluates the data; documents are unobtrusive and non-reactive and is therefore not affected by the research process; documents are stable for repeated reviews as the presence of the researcher does not affect the data; and documents have a wide coverage since they may be available for a wide spectrum of time. Bowen (2009) suggest, however, that the use of document analysis may produce limited results for research purposes since documents are prepared for some purpose other than for research and also that there is a potential for biased selection of documents for analysis. The purpose of this study is to assess whether or not the financial statements of MDAs, MMDAs, and the accounts of the Consolidated Fund of Ghana are prepared in compliance with the Financial Administration law of Ghana and IPSAS. This obviously is a review of historical processes and events. Document analysis is therefore the most appropriate method to use for this study.

The reports of the Auditor General of the Republic of Ghana on the financial statements of MDAs, MMDAs, and the accounts of the Consolidated Fund for the years ended 2006 to 2012 are examined and analyzed for the purpose of determining whether or not the financial statements on the public funds of Ghana do comply with the PFM legal framework and also whether they are prepared as required by IPSAS.

RESULTS

This section presents the findings from observation and scrutiny of the annual reports of the Auditor General Department on the accounts of the Consolidated Fund, MDAs and MMDAs from 2006 to 2012. The section also discusses the findings, highlighting the implications and advancing recommendations to mitigate any shortcomings. Areas for further research are suggested and the conclusion presented.

DISCUSSION OF FINDINGS

Table 1 above indicates that the Controller & Accountant General (C&AG) has not complied with the reporting requirements of the Financial Administration Act and Regulations. For example, whilst the law requires that accrual basis of accounting is to be applied in the preparation of the financial statements, throughout the period, accrual basis has not been used. Although the requisite monthly and annual financial statements prescribed to be submitted by the law have been duly submitted the quality of these financial statements has, consistently, not matched up to the expectations of the Auditor General as is reflected in the qualified audit opinions of the Auditor General. The financial statements for each of the years have been qualified as a result of irregularities or infractions of the PFM legislation. For the entire period under consideration, the financial statements are not compliant with the reporting requirements of IPSAS. The Controller & Accountant General in the 2009 financial statements explicitly acknowledged this fact and intimated that a committee was set up to work towards making the financial statements IPSAS compliant. A review of the financial statements of the Public Accounts on the Consolidated Fund for 2012 shows substantial progress towards IPSAS compliance although this is yet to be achieved.

The Auditor General Reports on the Accounts of MDAs for the years 2006 to 2007 repeatedly highlight the same issues of infractions of the PFM legal framework, namely: poor cash management practices, cash irregularities, tax irregularities, unauthorized payments, unavailability of adequate financial records on revenues and expenditure, lapses in procurements, payroll procedures, and contract awarding procedures. The Auditor General reports for example that in 2012, these breaches of the Financial Administration Act and its consequential Regulations led to a loss of about three hundred and sixty four Ghana Cedis (GHS364,000,000) in aggregate (Auditor General Report on MDAs 2012). The Auditor General of the Republic of Ghana conclude in all the reports on the accounts of MDAs from 2006 to 2012 that MDAs are not taking effective action to address the basic problem of lack of

Table 1. Auditor General Reports on the Accounts of the Public Accounts (Consolidated Fund) of Ghana

ISSUE	2006	2007	2009	2010	2011	2012
Basis of accounting	Modified cash basis	Modified cash basis	Modified cash basis	Modified cash basis	Modified cash basis	Modified Accrual Basis
Monthly Public Accounts by the C&AG	Not indicated	Up to date by end of year	Up to date by end of year	Up to date by end of year	Up to date by end of year	Up to date by end of year
Annual financial statements of the Consolidated Fund	Duly submitted but not consistent with information from MDAs	Duly submitted but not consistent with information from MDAs	Duly submitted but not consistent with information from MDAs	Duly submitted but not consistent with information from MDAs	Duly submitted but not consistent with information from MDAs	Duly submitted
Reconciliation of bank balances	Unreconciled	unreconciled	unreconciled	Unconfirmed sub-Consolidated Fund account cash balances	Not made a material issue in audit report	Some bank accounts not reconciled other reconciliations submitted late
IPSAS Compliant	No	No	No	No	No	Substantiallyreflects IPSAS requirements
Audit opinion	Qualified audit opinion (unable to form opinion)	Adverse opinion	Qualified audit opinion (unable to form opinion)	Qualified audit opinion (unable to form opinion)	Qualified audit opinion (unable to form opinion)	Qualified audit opinion (unable to form opinion

Source: Extracted by researcher from the Auditor General Reports on the Accounts of the Consolidated Fund for 2006, 2007, 2009, 2011, and 2012.

Table 2. Auditor General Reports on the Accounts of the MMDAs

ISSUE	2007	2008	2009	2010	2011
Annual financial statements of the MMDAs	114 out of 138 MMDAs failed to prepare financial statements	56 out of 170 MMDAs failed to submit financial statements	63 out of 170 MMDAs failed to submit financial statements, 31 MMDAs submitted financial statements months late.	17 out of 170 MMDAs failed to submit financial statements	10 out of 170 MMDAs failed to submit financial statements. 43 of those MMDAs which submitted financial statements had their statements returned due to gross errors
Status of compliance with PFM Laws	Substantial non-compliance	Substantial non-compliance	Substantial non-compliance	Substantial non-compliance	Serious non- compliance

Source: Extracted by researcher from the Auditor General Reports on the Accounts of MMDAs for 2006, 2007, 2009, and 2011.

monitoring and supervision, and non-adherence to legislation due to outright disregard for the established order in the conduct of public financial business. The Auditor General report on the Consolidated Fund shows that for all the years from 2006 to 2012, the financial statements of MDAs combined are not consistent with the financial statements of the Public Accounts relating to the Consolidated Fund as can be seen in table 1 above, partly because of the absence of reconciliation. Clearly, MDAS have not complied with the reporting requirements imposed by the Financial Administration Act and Regulations.

Table 2 above clearly depicts a worrisome picture whereby not only do MMDAs fail to submit financial statements according to the law, but a greater number of MMDAs are repeatedly in serious breach of financial discipline year after year. Progressively, however, from 2006 to 2011, fewer MDAs fail to submit financial statements. This improvement is partly due to tying up of releases of funds to the submission of financial statements by MMDAs. Among the litany of infractions, the Auditor General Report on the accounts of MMDAs for 2011 indicates that the breaches of the law led to misappropriation of revenue, direct disbursements from revenue, laxity in revenue collection, unpresented value books, unsubstantiated payments, unretired imprest, un-recovered loans and advances, payments of unearned salaries, unrecorded stores, statutory tax and social security irregularities.

The Controller & Accountant General recognizing the prevalence of non-compliance with the Financial Administration Laws commissioned research in 2010 (Auditor General report 2010) to recommend effective ways of applying the Financial Administration Law. The benefits of this research is yet to seen as the infractions on the Financial Administration Law continue unabated after 2010 as is shown the Auditor General Reports on the Consolidated Fund, MDAs, MMDAs and DACF for 2011 and 2012.

The findings from observations of the reports of the Auditor General on the public accounts of Ghana from 2006 to 2012 show clearly that the reporting requirements of the Financial Administration Act and Its consequential Regulations are not being fully complied with. It is also clear that the financial statements of the public accounts of Ghana do not comply with the reporting requirements of IPSAS.

Implication of findings

These findings imply that there is a weak reporting regime with respect to the public accounts of Ghana which limits the level of transparency and accountability over public funds and contributes to an increase in the levels of perceived corruption and real corruption in Ghana. The increase in perceived corruption is evidenced in the deterioration in Transparency International's Corruption Perception Index from 4.1 in 2010 to 3.9 in 2011(TI 2011).It is logical to expect that, a weak financial reporting environment will offer opportunity for corruption, since a weak financial environment makes it possible for fraudsters to conceal fraudulent and corrupt activities by failing to disclose such transactions. It is therefore not surprising that the weak reporting environment in the public sector has been associated with fraud and malfeasance of gargantuan proportions. The increasing menace of payments of so called avoidable judgments debts of about two hundred and eighteen million Ghana Cedis (GHS218.00 million) (Auditor General Report on Consolidated Fund 2011) may partly be explained by inadequate functional accounting and accountability mechanisms being operated by the managers of public funds. The findings also suggest that managers of Ghana's public accounts have not succeeded in translating well intentioned financial management laws into effective and proper use of public funds for the public good. Since the Financial Administration Act and IPSAS are designed to ensure a strengthened reporting environment, compliance with the Financial Administration Act and its Regulations and implementation of IPSAS should reduce the opportunity for concealing fraud and corruption and as a result lead to a reduction in perceived levels of corruption in public sector institutions in Ghana.

Limitations of the study

It is important to interpret the findings from this study within the context of the limitations of the study. The study focused mainly on the material observations documented by the Auditor General in his annual reports. There might have been several other issues not documented because in the opinion of the Auditor General, these issues did not cross the materiality threshold. The Auditor General reports for example mentioned several other matters that have been documented in the Auditor General's management letter. Again the study focused only on the financial reporting requirements in respect of which the Auditor General may have been so minded to comment on. An interaction with those responsible for managing the public funds of Ghana could have thrown more light on most of the issues.

Recommendations

Drawing from the findings and limitations discussed above, the following are recommended:

1. A study should be commissioned by the Controller & Accountant General to understand the reasons underpinning the non-compliance with reporting and non-reporting requirements of the Public Financial Management Laws. The results of such a study should inform practical and pragmatic steps that need to be taken to address the gaps identified by the study. Until there is a proper understanding of the factors causing non-compliance of the PFM law, infractions of the law are bound to continue.
2. It is not far-fetched for one to suppose that capacity constraints is one of the likely causes of the inability of reporting entities to submit high quality financial statements in a timely manner. It is recommended that urgent steps be taken to build the capacity of staff of the Controller & Accountant General Department by equipping them adequately with knowledge and skills relevant to allow compliance of provisions of the PFM laws and IPSAS reporting requirements. Collaboration between the Controller & Accountant General Department and the Institute of Chartered Accountants in this regard is imperative.
3. It is also recommended that the Financial Administration Act and its consequential Regulations be reviewed alongside the financial provisions of the 1992 Constitution to centralize the responsibility for the management and control of all public funds under the Controller & Accountant General. Currently, the Controller & Accountant General is only responsible for the Consolidated Fund accounts and other authorities are responsible for the management of other public funds. This fragmentation does not help in the effective management and control of public funds. The PFM Laws should also provide that only persons qualified as Chartered Accountants should head the finance and accounting functions of MDAs and MMDAs. Such a provision has two benefits. The finance and accounting functions of MDAs and MMDAs will be supervised by officers who have the requisite competency and skill sets as a result of their rigorous training toward qualifying as Chartered Accountants. Additionally, non-compliance with the established order will be minimized significantly as Chartered Accountants are subject to strict disciplinary sanctions by their member organizations for breaches of financial discipline.
4. The Controller & Accountant General should be encouraged to expedite steps currently being taken to implement IPSAS as basis for financial reporting across the whole of government as IPSAS compliant financial

reporting framework has been found to have a strong positive association with improved accountability and reduced levels of perceived corruption (Roje, Vašiček and Vašiček, 2010).

Conclusion

This study finds that Accounts of the Consolidated Fund, the financial statements of MDAs and MMDAs do not fully comply with the reporting requirements of the Financial Administration Act and its consequential Regulations. The financial statements of the public accounts of Ghana also do not comply with IPSAS. It is one thing to promulgate public financial management laws and it is yet another thing to manage public funds in compliance with the tenets of the established laws. The inclusion of Ghana by IFAC in the list of countries having adopted Cash Basis IPSAS in 2007 (IFAC 2007) is not borne out by the evidence. What is needed now is heightened efforts to secure legal compliance of the Financial Administration Law and urgent steps to implement IPSAS. Thankfully, the progress made so far in the IFMIS project should reduce substantially the challenges ahead.

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