

# **THE AFRICAN PARLIAMENTARY INDEX (API) 2012**



**SUMMARY COUNTRY REPORT  
PARLIAMENT OF GHANA**

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## **LIST OF ACRONYMS**

AGI	Association of Ghana Industries
API	African Parliamentary Index
APNAC	Africa Parliamentary Network Against Corruption
APSP	Africa Parliamentary Strengthening Program
ARIC	Audit Report Implementation Committees
CHRAJ	Commission on Human Rights and Administrative Justice
COFOG	Classification of Functions of Government
CPA	Commonwealth Parliamentary Association
CSOs	Civil Society Organisations
DACF	District Assemblies Common Fund
FAR	Financial Administration Regulations
GETFUND	Ghana Education Trust Fund
GFS	Government Finance Statistics
GIFMIS	Ghana Integrated Financial Management Information System
GSGDA	Ghana Shared Growth and Development Agenda
ICT	Information Communication Technology
IEC	Information Education Communication
MDAs	Ministries, Departments and Agencies
MoFEP	Ministry of Finance and Economic Planning
MPs	Members of Parliament
MTEF	Medium Term Expenditure Framework
MTEF	Medium Term Expenditure Framework
NCCE	National Commission on Civic Education
NDI	National Democratic Institute
PAC	Public Accounts Committee
SOEs	State-Owned Enterprises
WBI	World Bank Institute

## EXECUTIVE SUMMARY

The Ghanaian legislature has evolved over the past half century from the Westminster model to a hybrid of the presidential and parliamentary system. Executive authority is vested in the President of the Republic. The Legislature runs a four-year cycle and presidential and parliamentary elections run concurrently. In 2012, the number of constituencies represented in Parliament was increased from 230 to 275 for 2013.

The other arms of government, the executive and the judiciary, complement the work of the legislature, in ensuring the implementation of the decisions of Parliament in line with the rights and freedoms of Ghanaian citizens. There is relative freedom of the press and access to information, guaranteed by the Constitution. Ghana has 216 local authorities known as assemblies, of which MPs are non-voting members. MPs provide the link between the national and local governments and participate in decisions and assessments regarding the use of public resources at the local level.

Since 1998 Ghana has applied the Medium Term Expenditure Framework (MTEF). From the 2010 assessment to date, there have been various developments with implications for national budgeting processes. The introduction of Programme Based Budgeting (PBB) and Fiscal Decentralisation are two key initiatives. Others include increased efforts to solicit citizens' inputs and the single spine salary structure to improve public sector remuneration. To facilitate transparency, the Ghana Integrated Financial Management Information System (GIFMIS) for budget implementation has been adopted.

### **The 2012 Exercise**

The 2012 exercise focused on the same six (6) core areas assessed in 2010 namely, representation (accessibility) legislation, financial, oversight, institutional capacity and institutional integrity. In 2010, a four-point scale was applied to the indicators under these six areas. In 2012, this was varied using a six-point scale. The exercise was supported by parliamentary staff, an Independent Assessor and staff of PC. Their analysis was complemented with key informant interviews and validation with civil society.

The index score for the Ghanaian Parliament for 2012 was 65.10%. This was a fall from the 67.7% scored in 2010. The fall of 2.6%, though small, suggested that Legislators did not consider that budgetary oversight had improved. Significant action had not been taken on some of the most important recommendations made in 2010.

Overall, the ratings yielded an average overall performance of 3.8 out of 6. Areas in which Parliament had performed well included Representation (Accessibility), the Oversight Committee, Audit and Human Resources. The conduct of Periodic Review of the Budget was scored quite low (an average of 2) and the Budget Act and Office were not scored at all, given that Ghana had not been able to ensure the passage of this critical law.

### **Conclusions**

Respondents considered the exercise useful suggested that it enhanced a culture of self-assessment, Parliamentary ownership and stronger relations with civil society. However, there were some concerns about the framing of some questions and the need for a clearer definition of such concepts as "timeliness",

“openness” and “representation”. Also, further clarification between the score of “strongly disagree” (1) and “not applicable” (0) was required.

Finally, respondents emphasized the need for follow-up action. The 2010 survey had made a range of recommendations relating to an effective public education strategy, capacity building for analysis and research, expedited action on passage of the Budget Act and the Constituency Development Fund. However, it did not appear that action had been taken on these.

## **Recommendations**

In view of the 2012 findings and conclusions, recommendations have been made in the areas of public education strategies; relationships with CSOs; media relations and engagement; consultative processes; relationships with ministries, departments and agencies (MDAs); capacity building and resourcing; and organizational review and structural strengthening; and legislative and policy review. A summary of these recommendations has been presented below:

**Public Education:** Parliament should outline a programme of public education on the duties and workings of the Legislature to be implemented on a regional basis in collaboration with mandated state agencies and civil society;

**Relationships with CSOs:** Parliament should make efforts to sustain and deepen existing relationships with credible CSOs and anti-corruption institutions a defined partnership framework and programme of action.

**Media Relations and Engagement:** A sensitization programme for the media on the functions of Parliament as well as a medium term strategy for media relations to provide education for the media on critical issues of national development is required. Parliament must introduce a package to acknowledge and reward excellent reportage; and eventually develop its own multi-media facility.

**Consultative Processes:** Consultative processes and publicity for the review and legislative processes of Parliament need to be increased beyond the current media and extended outside the national and regional capitals. Parliament’s electronic, interactive facilities need to be enhanced.

**Relationships with Ministries, Departments and Agencies (MDAs):** Relevant documents should be made available on a timely basis; and possibly requests for information sent to the Executive should be time-bound. Relevant documents required include the full complement of the budget on the day it is laid; budget guidelines by Ministry of Finance as well as post-approval budget reviews.

**Capacity Building and Resourcing:** The capacities of Honourable Members and Parliamentary Staff should be built in analysis, modern techniques and best practices to ensure effective involvement in the entire budget cycle. The recruitment or retention of a fiscal analysis expert should be urgently considered; and collaboration with research and analytical institutions should be re-established for building capacities of parliamentary researchers. A “clearing house committee” should be established to review the annual work programmes of committees to expedite the release of resources for the Committees’ work.

The conditions of service of Parliamentary Service Staff should be improved to provide more attractive rewards commensurate with the services expected of staff members. The leadership of the House should take more innovative steps to actively encourage MPs to take more of an interest in the existing anti-corruption networks and their activities.

**Organizational Review and Structural Strengthening:** Parliament requires a committee or a mandated body to track legislations that have been enacted including their state of implementation, challenges and related issues. Also, the Research Department of Parliament should be better equipped with resources for budget oversight as well legislation tracking.

A strong Budget Committee should be established to serve as a technical working group on budget review for the House as well as conduct public hearings based on a programme incorporated in Parliament's annual calendar. The Budget Office should be established as a matter of urgency. A Parliamentary mechanism to assess and verify the extent of implementation of the recommendation of PAC reports should also be urgently considered. Finally, a specific code of conduct for Parliamentarians must be actively explored.

**Legislative and Policy Review:** Parliament must take urgent steps to pass the Budget Act, provide for a well-resourced Budget Office as well as full financial autonomy for the Legislature. Other recommendations in this regard include the active pursuit and passage of the legislation and instruments for the Constituency Development. Parliament must go beyond being an equal opportunity employer to mainstreaming gender in the Parliamentary Service. The transformation of the present Governing Board of the Parliamentary Service into a Commission as well as the expansion of the Membership should be considered. Finally, a constitutional amendment to enable Parliament increase expenditure proposals is advocated.

## **CHAPTER 1: INTRODUCTION**

### **1.0 The Parliamentary Centre (Africa)**

The Parliamentary Centre is a Canadian not-for-profit, non-partisan organization devoted to improving the effectiveness of representative legislative assemblies around the world. The Centre's Regional Office for Africa which was officially opened in Accra in April 2004. Currently works with about twenty (20) Parliaments on the continent. Seven (7) of these have signed Memoranda of Understanding (MOUs) with the Centre, namely Benin, Ghana, Kenya, Senegal, Tanzania, Uganda and Zambia. The Regional Office also serves as a training facility, has a drop-in Resource Centre for Members of Parliament (MPs) and provides a contact point for activities of the Africa Parliamentarians Poverty Reduction Network, a Secretariat for the Africa Parliamentary Network Against Corruption (APNAC). It also hosts a number of programmes and projects aimed at enhancing the capacity of MPs and staff.

### **1.1 Africa Parliamentary Strengthening Program (APSP) for Budget Oversight**

The Africa Parliamentary Strengthening Program (APSP) for Budget Oversight is a five (5) year capacity strengthening program for the seven partner Parliaments. It is funded by CIDA and implemented by the Africa Program of the Parliamentary Centre. The program supports partner parliaments to develop and implement strategies to strengthen their overall role and engagement in the national budget process. It aims at strengthening partner parliaments' financial accountability and their capacity for budget oversight.

The project seeks to support the development of an African Parliamentary Index that will assess selected African Parliaments on a number of criteria related to budget oversight. The budget process is a key area of focus for Parliaments and relates closely to poverty reduction because budgets are about the allocation of scarce resources that affect the lives of citizens. It is, therefore, imperative that parliamentarians are equipped with the necessary tools with which to perform their role in the budget process.

## **1.2 The African Parliamentary Index**

The African Parliamentary Index (API) is a set of indicators that shows the level of engagement of selected African Parliaments in the budget process in their respective countries. The API also measures the performance of Parliaments in selected African Countries on budget oversight. It also aims to enhance partner Parliaments' ability to carry out their legislative, financial, oversight and representative functions in ways that engender good governance and values of accountability, transparency and participation, especially in the budget process.

Though the APSP aims to assist partner Parliaments to develop and implement plans to strengthen their role in providing effective oversight of the national budgeting process it also recognises that the organization, powers and effectiveness of Parliaments vary widely. Since Parliaments must be able to provide effective oversight of the national budgeting process, it is important to assess their performance, identify areas of weakness against identified best practices and target capacity building in this regard.

This recognition has reinforced the need for a set of indicators against which the performance of Parliaments can be measured. These indicators have been aggregated into an index- the African Parliamentary Index.

## **1.3 Purpose of the API**

The purpose of the African Parliamentary Index is to develop a standard and simplified system for assessing the performance of Parliaments in Africa, especially Parliaments in the seven core countries of the APSP project. The objectives of the API are to:

- Provide a standard and simplified system for assessing the performance of selected Parliaments on budget oversight
- Assess partner Parliament against international best practice for budget oversight taken into the context of these parliaments
- Identify priorities and means for strengthening partner Parliaments
- Stimulate Parliamentary progress towards achieving the goals of the program

The API uses facilitated self-assessments methods to assess partner Parliaments on the identified indicators. A diverse group of parliamentarians accredited by the House leadership has completed the assessment. Their diversity is intended to guarantee the legitimacy of the self-assessment process and ensure consideration of plural views.

In order to optimise the value of alternative views on the performance and capacity of parliament, other parties from within as well as outside parliament are being sought. For instance, parliamentary staff members have been involved in the application of the index. Citizens' feedback, gathered through consultations, interviews with academics and researchers and other valuable informants has been generated to complement and/or validate the self-assessment efforts of Parliamentarians.

This assessment is part of a set of complementary efforts to monitor results of the Programme and aims to provide stakeholders with a simplified and standard assessment of partner Parliaments' role in the budget process. It is also intended to help identify gaps that would inform programming under the APSP.

## **1.4 The Context of the Ghanaian Legislature**

Ghana's experiences with a parliamentary system began with the Westminster style government at independence. It has since evolved to the present hybrid of the presidential and parliamentary systems of government with over 50% of ministers appointed from within parliament. The executive authority is vested in the President of the Republic of Ghana. Ghana has a four-year cycle for presidential and parliamentary elections which run concurrently.

Two hundred and thirty (230) members of parliament (MPs) are elected through universal adult suffrage to represent their constituencies in a single-chamber Parliament. This system has operated successfully since 1993. The number of constituencies is to be increased by 45 in 2012.

### **1.4.1 Relationships between the Arms of Government**

The functions of the arms of government influence each other. The executive translates national aspirations into reality; parliament makes laws and provides oversight over the use of resources

belonging to or acquired in the name of the Ghanaian public. MPs also represent the interests of their constituents with sector agencies and provide feedback to them on initiatives that have been undertaken. The judiciary on the other hand, interprets and applies laws in order to protect the rights and freedoms of the citizen.

#### **1.4.2 Freedom of the Press and Access to Information**

The opening article (162) of chapter 12 of the 4<sup>th</sup> Republic Constitution guarantees the freedom of the media. Article 21 (1) of Ghana's constitution provides all persons with "freedom of speech and expression, including the freedom of the press and other media".

#### **1.4.3 Local Governance and the Social, Geographic, Ethnicity and Political Dimensions**

Ghana's arrangements for decentralization and local governance are based on the constitutional requirement in Article 35 (5) of the State to decentralize the machinery of administrative and financial machinery of government to the regions and districts to provide opportunities for citizens' participation in decision-making at all levels of governance.

Presently, there are two hundred and sixteen (216) local authorities known as assemblies. Of these, 42 assemblies are new and have necessitated the expansion in the number of constituencies (by law, no MP can belong to two assemblies at the same time). The assemblies are the highest political authority in the districts, with deliberative, legislative executive, planning and budgeting powers. MPs are non-voting members of the assemblies within which their constituencies fall. They are the link between the national legislature and the local one and are therefore expected to convey national priorities and directions to the citizenry and guide assemblies accordingly. Locally, they are expected to be involved in resources mobilization, allocation and oversight, including fee fixing, budgeting and procurement. Part of the District Assemblies Common Fund (DACF) is also allocated to the MPs to undertake priority projects identified in their constituencies.

#### **1.4.4 The National Budget Cycle**

The budget cycle in Ghana is a year-long process that involves four broad steps:

- First: Budget preparation (establishment of budgetary policies, ceilings and allocation priorities) by the Executive.
- Second: Budget Approval by the Legislature.
- Third: Budget Implementation by Ministries, Departments and Agencies (MDAs).
- Fourth: Budget Monitoring and Review involving the Auditor General's Department/Office.

These steps have been elaborated in Appendix One. Even though Step Two specifically indicates action by the Legislature, MPs should be involved in the other three steps for effective budget oversight.

Ghana adopted the Medium Term Expenditure Framework (MTEF) approach to budgeting in 1998 and has since applied it. The MTEF involved the preparation of a three-year rolling, activity, performance-based budget in which the government projected taxes and spending plans for an additional two years following the active budget year. These projections could then be reviewed in subsequent years but there had to be justifications for major changes.

### **1.5 Key Developments in National Budgeting in Ghana since API Round 1 (2010)**

In the two year period between the first round of the API (in 2010) and the present, the some key developments have occurred that could influence budgeting in Ghana. While they may have been initiated by the Ministry of Finance and Economic Planning (MoFEP) and may not be directly attributable to the API 1, these factors are still important to budget oversight effectiveness of Parliament. They include:

- Provision of the budget framework paper to guide the preparation of forthcoming budgets (See Appendix Three).
- Budget guidelines for 2012 and 2013 which introduced Programme Based Budgeting (PBB) and Fiscal Decentralisation (through district level composite budgeting to provide inputs for the national budget)

- Piloting of the Programme Based Budgeting in some sectors (Tourism, Communication, Education and Agriculture) with the view to up-scaling in 2014
- Operationalization of the district composite budgeting system and the regional budget hearings to facilitate decentralized budgeting
- Disaggregation of the budgets of some sector Ministries to provide ceilings for the local authorities/assemblies (including the Ministries of Food and Agriculture; Roads and Highways; and Employment and Social Welfare)
- Direct transfer of disaggregated resources under the composite budget to local authorities
- Increased, conscious efforts to solicit the inputs of stakeholders in the preparation of the national budget and sensitization of key interest groups for monitoring budget implementation. Entities such as the Association of Ghana Industries (AGI), occupational and professional groups have been involved in this exercise. Periodic mid-year budget reviews have also been undertaken with them by the Ministry of Finance and Economic Planning (MoFEP)
- Introduction of the single spine salary structure to improve personnel emoluments budgeting and administration in the public sector
- Biometric verification of employees to reduce the incidence of “ghost names”
- Change in the national budgeting format from the four (4) item headings of “Personnel Emolument; Administration; Service; and Investment” adopted in previous budgets to a three (3) item heading of “Compensation; Goods and Services; and Assets” to introduce standardization in accordance with international best practice and to improve public financial management and consistency in budget reporting
- The adoption of the Ghana Integrated Financial Management Information System (GIFMIS) for budget implementation with a view to improving transparency, value for money and promoting demand side accountability
- Alignment of project loans and grants with the budgets of the respective Ministries, Departments and Agencies (MDAs) to enhance budget monitoring and
- Adoption of data-based systems to track the implementation of projects.

## **CHAPTER 2: OVERVIEW AND PURPOSE OF THE AFRICAN PARLIAMENTARY INDEX**

### **2.1 Overview of the purpose of the African Parliamentary Index**

The African Parliamentary Index (API) is a set of indicators developed from practices the world over to demonstrate the level of engagement of selected African Parliaments in the budget process and budget oversight in their respective countries. In the first phase, it is being implemented under the Africa Parliamentary Strengthening Program (APSP) for Budget Oversight involving seven countries: Senegal, Benin, Uganda, Tanzania, Kenya and Zambia.

The exercise aims to enhance partner Parliaments' capacities to oversee the budget process for good governance. Effective budget processes are essential to poverty reduction, efficient mobilization and equitable allocation of scarce resources and sustainable application of the national wealth. The indicators are backed by considerable primary and secondary research and the experiences from such institutions as the National Democratic Institute (NDI), World Bank Institute (WBI) and the Commonwealth Parliamentary Association (CPA).

Having a common index for the seven partner country Legislatures provides a comparative basis for assessing parliamentary performance. The index demonstrates their strengths and challenges and helps to shape the capacity interventions to be provided by the PC and other organizations that would want to work with legislatures. Provision is also made for any of 22 country parliaments to subscribe voluntarily to the index assessment.

### **2.2 The Tool**

The tool covers six (6) core areas associated with Parliament's budget oversight function. These are representation, legislation, financial capacity, oversight, institutional capacity, and transparency and integrity.

Representation refers to those characteristics of a democratic and responsive parliament which ensure that it is socially and politically representative of the diversity of the people and can pursue equal opportunity and protection for all its members. Accessibility, as a dimension of

representation, refers to the involvement of the public in the work of parliament, including associations and movements of civil society.

The legislative function involves the core function of parliament to make new laws and change or improve old ones. Under the legislative function questions are asked about the legal mandate or the enabling instruments from which parliament derives its powers.

The financial dimension refers to the responsibility to control the resources/finances of the State as well as disburse such resources. It also encourages the exploration of the power to approve taxes and determine how those taxes are expended.

The actual functions examined around the budget process are the Budget Review and Hearings, Budget Act and Budget Office, Citizens' Input into the Budget Process and Periodic Reviews of the Budget. Budget review and hearings refer to the Legislature's scrutiny of the Government's budget proposals in committees and through debates on the floor of the House to the passage of the Appropriations Act. The Budget Act and Budget Office section refers to the existence of a law or set of laws that define the roles of all actors in the budget process, defines precisely the budget calendar and in addition prescribes an office in parliament charged with the responsibility of providing parliament with informed analysis of budget proposals.

Citizens' input into the budget process refers to the opportunity for the public including interest groups, associations and movements of civil society to engage with parliament during legislative procedures and processes leading to the ex-ante approval and ex post review of the budget. Periodic Reviews of budgets refer to the analytic reviews undertaken by government during the course of the financial year which are reported to parliament.

The oversight function relates to parliamentary review, monitoring and supervision of government and public agencies including the implementation of policy and legislation to ensure public policy reflects and meets citizens' needs. It also considers whether agreed policies are properly implemented and delivered to target citizens. The portion on oversight committees refers to a parliamentary committee that is tasked to scrutinize implementation of the budget across government departments.

The Public Accounts Committee is one of the oversight committees of Parliament that scrutinizes the budget ex post. Audited government accounts and financial statements constitute the main raw material for the work of the Public Accounts Committee. The oversight function also considers the audit process including the institutional capacity, mandate, procedures and processes by which supreme audit institutions (such as the Auditor-General's Department) produce audit reports for the scrutiny of Parliament.

The institutional capacity of Parliament itself focuses on the human and material resources employed as a means of effectively organizing its business. The financial and material resources required to perform the expected legislative and oversight functions include the power to determine its own budget; logistics available to Parliament; availability of resources to MPs for constituency development; and mechanisms for receiving and coordinating donor/technical assistance.

Human resources refer to skills sets available to Parliament in discharge of its functions. Particular aspects include whether the legislature is an equal opportunity employer; and the availability and quality of research staff and other support personnel. Transparency and integrity refer to the openness of Parliament and transparency of legislators at the institutional and individual levels in the conduct of business.

### **2.3 Approach and Methodology**

The exercise is led by a Country API team consisting of representatives of Parliament (including persons from the office of the Clerk of Parliament, the Research Department and the Project Advisory Board). The selected indicators are assessed initially by the representatives of Parliament, who would come from a cross-section of members chosen with attention to diversity. An Independent Assessor facilitates information mobilization and analysis; and representative, umbrella CSOs are engaged to provide objective inputs from the citizens' perspective.

The first API round was undertaken in 2010 with a self-assessment team of Parliamentarians from both sides of the house supported by experienced staff members of the Parliamentary

Service. The results were validated through consultation with key researchers and a complementary civil society assessment.

The 2010 exercise prioritized the six (6) core areas indicated earlier in terms of capacity requirements. These areas were Representation (Accessibility) Legislation, Financial, Oversight, Institutional Capacity and Institutional Integrity. The second step required respondents to make judgments about parliament's delivery and capacity in relation to indicators of various aspects of the six (6) areas on a four point scale. The assessment involved scoring *indicative scenarios of the circumstances of the country's Parliament rated as follows*: Four (4): High Level of Capacity in Place; Three (3): Moderate Level of Capacity in Place; Two (2): Basic Level of Capacity in Place; One (1): Clear Need for Increased Capacity.

The CSOs' involvement generated alternative, complementary perspectives and validated the legislature's performance in budget oversight. CSO participants indicated that their involvement had the added benefit of familiarizing them with international best practices in budget oversight.

The 2010 prioritization exercise through which parliamentarians assigned weights to the six (6) different capacity areas provided a baseline against which the 2012 assessments were compared. The resulting matrix served as a reference point and provided weighted averages for the capacity areas for the 2012 exercise. The priority ratings were used to explore the importance legislators assigned to different areas of intervention. However, in 2012, the indicators for each of the six (6) capacity areas were judged (with statements rather than the indicative scenarios used in 2010) on a six-point scale:

0 = Not Applicable;                      2 = Disagree;                      4 = Somewhat Agree;

1 = Completely Disagree; 3 = Somewhat Disagree;                      5 = Agree;

6 = Completely Agree.

## **2.4 The Assessment Process**

The initial assessment workshop was conducted on 7<sup>th</sup> July, 2012. It involved thirteen (13) Members of Parliament and ten (10) clerks and parliamentary staff members. They were

accompanied by staff of the Parliamentary Centre, recording assistants and the Independent Assessor. The MPs were made up of twelve (12) men and one (1) woman. Parliamentary staff members consisted of three (3) women and seven (7) men. The assessment team worked in groups to review various sections of the tool and the initial results were collated and reviewed.

Follow-up interviews were conducted with expert budget analysts and governance practitioners to share the analysis, clarify some of the more contentious issues and review the proposed recommendations and the instrument, itself. A validation meeting was conducted with representatives and the staff of the Legislature, international development organizations and national civil society organizations (CSOs) to examine and deepen the draft report. This meeting, held on September 22<sup>nd</sup>, 2012, allowed for joint reflections between the different stakeholders and the opportunity to learn and reflect on different perspectives on the budget process. Media practitioners participated as reporters and as citizens in the validation workshop and articles were published on the activity. The lists of participants have been presented in Appendix 5.

MPs indicated that the involvement of civil society and an independent facilitator strengthened objectivity and reliability of the exercise. The questions also provided education on good practices and accepted standards in budgetary oversight from other parts of the world. Civil society participants considered the exercise an important opportunity to be involved in the work of parliament. However, they also indicated the importance of building civil society capacity to understand and appreciate Parliamentary oversight responsibilities better, in order to strengthen the demand side of accountability.

To enrich the final country analysis report, experts and key informants including relevant, national technical committees were consulted in a closing round. This was an opportunity to confirm the conclusions that had been arrived at.

Respondents emphasized the importance of implementing the proposals that would arise from the exercise, especially those that lay in the purview of national institutions and parliament itself.

The 2010 exercise made various recommendations which appear to have been reiterated in 2012. For instance, to facilitate representation and accessibility, improvements in information dissemination and communication were proposed including a clear policy for public education

and outreach, guidelines on structured relationships and platforms of engagement between parliament and various interest groups in relation to budget oversight and regular upgrades of Parliament's website.

In relation to budget review capacity, recommendations included advocacy for the review of articles 108 and 179 of the Constitution as well as practical steps such as requiring MOFEP to widen its distribution of budget circulars and providing parliamentarians with education on the budget act. Recommendations for financial and material resources related to the legislature itself ensuring that adequate logistics are provided for the work of Parliament as well as expediting the creation of the Constituency Development Fund, separate from the DACF.

Recommendations for Human Resources focused mainly on research support capacity building. Participants recommended research-capacity strengthening for legislators in budget oversight as well as needs assessment for research assistants. Research assistants needed to have capacities in documentary searches, secondary information review and analysis. Also, there were proposals for parliament to collaborate creatively with research institutions and think-tanks. A summary list of key recommendations from API Round 1 has been presented in Appendix 2.

## CHAPTER 3: ANALYSIS AND PRESENTATION OF RESULTS

This chapter presents the scores and findings from the assessment, the reasons underlying the choices and the implications of importance from the weighting index.

### 3.1 The 2012 API Assessment Index and the Priorities of Ghana's Parliament

As indicated in the earlier section, some changes were made to standards used last year. The scoring scale gained 3 more points, changed from 1 - 4 to 0 – 6. Secondly, a new approach was adopted in the computation of the weights to make these less subjective, reduce biases in the determination of the relative importance of each variable against the other and address challenges identified in the previous assessments. The weights allow for prioritization of the different capacity areas.

Table 1 below depicts the priorities for intervention in order to enhance Parliament's capacity for budget oversight.

**Table 1: 2012 Weighting Values for Capacity Areas**

<b>Capacity Area</b>	<b>Value</b>
Accessibility (Representation)	164
Legal Mandate	100
Budget Act and Budget Office	68
Periodic Review of the Budget	68
Oversight Committee(s)	60
Public Accounts Committee (PAC)	52
Financial and Material Resources	52
Audit	37
Transparency	36
The Budget Review and Hearing	29
Human Resources	29
<b>Total (Maximum API Score)</b>	<b>695</b>

The overall score of the index of the Parliament of Ghana in 2012 was 65.10%. This was a fall from the 67.7% scored in 2010. The fall of 2.6%, though small, suggested that Legislators did not consider that budgetary oversight had improved since the Round One assessment. Indeed,

considering that significant action had not been taken some of the most important recommendations made in 2010, it was not surprising that the score did not increase.

The fall in the index could also have resulted from that the wider assessment scale adopted in 2012. This may have allowed respondents to rate the indicators more finely and consider the nuances involved in various capacity issues on board. Again, it could have been that a second round of assessment had provided greater familiarity with the instrument’s focus and enabled respondents (some of whom were in the key assessment team for the second time) to raise more critical questions in their reflections. However, as is evident in the comments that participants made, a more critical analysis of the indicators and their drivers is necessary to identify strategies for accelerating Parliament’s influence of the budget process. Results for the different capacity areas between the two assessment periods could not be compared because of the different scales of assessment.

As indicated earlier in the methodology section, indicators/statements were scored from 0 to 6, ranging from 0 as “not applicable”; to 1 being “completely disagree”; to 6 as “completely agree”. The summary of scores has been presented in Table 2 below.

**Table 2: Summary of Scores**

<b>Capacity Area</b>	<b>No of Questions</b>	<b>Average Rating</b>
Representation	6	5.17
Legislative	4	4.5
Financial Function (Budget Review and Hearing)	8	3.25
Financial Function (Budget Act and Budget Office)	5	0
Financial Function (Periodic Review of the Budget)	3	2.00
Oversight Function (Oversight Committee)	7	5.14
Oversight Function (PAC)	11	4.5
Oversight Function (Audit)	6	5.00
Institutional Capacity (Financial& Material Resources)	4	3.00
Institutional Capacity (Human Resources)	2	5.00
Transparency and Integrity	5	4.40
<b>TOTAL</b>	61	3.8

The assessors appeared to consider the overall performance of Ghana’s Parliament as a little over satisfactory. Action on the Budget Act and Budget Office had taken longer than had been

anticipated since the first assessment and this had affected other finance and oversight functions. This was a cause for concern since this facility would greatly enhance Parliament’s capacity to work on the budget. Another area of concern was the Periodic Review of the Budget, which at present is driven by the Executive, especially MOFEP. Arrangements for the periodic review of the budget, though critical, did not score well. There was satisfaction with Audit, Transparency and Human Resources which did not appear to require as much intervention as other capacity areas.

With the application of the weights to the scores, Ghana’s Parliament scores were prioritized. The full API Score presented in Appendix 5.

## 3.2 Representation

### 3.2.1 Accessibility and Outreach

Representation is a critical facility to ensure the involvement of the public that Legislators represent in budget oversight. It also requires that Parliament is accessible to the citizenry including through civil society and the media. An average score of 5.17 was given, connoting “being in agreement” with international best practice. Scores for the different aspects of the representation function have been presented in Table 3 below.

**Table 3: Assessment of Representation**

<b>Indicator</b>	<b>Assigned Score</b>
The Legislature is open to citizens and the media	6
The Legislature has a non-partisan media relations facility	6
The Legislature has mechanism to promote public understanding of the work of the Legislature	4
The Legislature provides timely information to the public on the budget	6
The Legislature promotes citizens’ knowledge and understanding of the role of MPs in the budget process	3
The Legislature fosters sound relationship between Parliament, CSOs and other related Institutions	6

Respondents considered the Legislature as considerably open to the citizenry and the media. Provisions such as the accessible public gallery, televised proceedings of parliament and the

conduct of public forums were indicated as instances. Bills and proposals to Parliament are advertised to invite public scrutiny. Various parliamentary activities such as the vetting of presidential nominees are publicized. Media reports on the activities of Parliament provide information to the citizenry.

However, it was acknowledged that the availability of these mechanisms and provisions did not automatically mean that the public always understood or appreciated the work of Parliament fully. Some participants argued that presently, Parliament could only be considered “open” to those who were aware of its importance and place in democracy and governance and used that knowledge. Since there were indications that a lot of Ghanaians did not understand the extent and nature of the Legislature’s work, Parliament needed to be even more pro-active about improving communication and outreach to the citizenry. Also, the measure of “openness” had to be refined further to include an assessment of the Legislature’s capacity for outreach and how more people could access the resources that Parliament provides them for accountability.

Members indicated that media accreditation to Parliament is not restricted and Parliament is non-partisan in its relationship with the media and does not promote partisan reportage. However, the reports to the public could not be fully controlled by Parliament. Different accounts of parliamentary events have been reported from the partisan political lenses of the different media houses giving these various slants. Again, the present pre-occupation with sensationalism encourages media houses to focus on the potentially controversial issues of debates rather than the conclusions. It was inferred that Parliament needed to strengthen its own ability to put out information, beyond correcting erroneous news that print and broadcast media may have provided. Parliament’s long term plan is to have its own media outlets by way of radio and television to proactively provide information and complement on-going reportage by media houses would contribute greatly to this requirement.

Respondents suggested that relations between Parliament and the media could be used more optimally, especially to promote effectiveness in budget oversight. For this to happen, a sustained effort at trust-building between the two parties is required. Painstaking media work aimed at examining the extent to which legislation, approved programmes and budgets are being implemented could be very useful to the Legislature. However, such work has to be matched

with agreed indicators and results. Parliament needed to see the media as being more than just an instrument for information-dissemination; in turn, the media had to go beyond having “exposure” as its main motive and orientation.

Various mechanisms to promote public understanding were identified including a Public Affairs Department to oversee its public education activities, the conduct of public hearings and periodic outreach programmes. However, it was acknowledged that coverage is not as wide as desired and the citizenry does not always take advantage of these mechanisms.

The question of what constituted “timeliness” was extensively discussed because timing depends largely on when the draft estimates are submitted to the Legislature by the Executive. Information on the budget is available to the public on the day it is laid in the House through media coverage. It was observed that even the full complement of the budget is not made available to Members on that day. It was proposed that in order to ensure that the public has the information (on the budget) as soon Parliament has it, the ICT capacity of the Legislature could be improved. Parliament’s website should be re-tooled to be interactive so as to generate public inputs into discussions on the budget.

Respondents observed that it was important to educate the citizenry about the difference between the Oversight Role of Parliament as an institution and the oversight work an MP does within the boundaries of his or her constituency. Very often, this distinction is not drawn. The public’s misconceptions about the work of Parliament may arise from the way campaigns are conducted and what citizens expect from their individual MPs. Therefore, a critical case can be made for National Commission on Civic Education (NCCE) educating the public more on the functions of Parliament.

Finally, Parliament has been extensively engaged with civil society organizations particularly, think-tanks and NGOs as well as professional associations and occupational interest groups. These encounters are at the instigation of Parliament as well as in response to the initiatives of CSO organizations. A lot of these encounters take place at the committee level and the views of civil society go a long way to inform legislation and the conclusions of Parliament.

Furthermore, Parliament acknowledges the importance of connecting with the citizenry and the Ghanaian public in its Strategic Plan in a section devoted to “Engagement”. Stronger relationships with CSO are critical for Parliament especially for fostering evidence-based analysis from the public. Therefore, Legislators find it disturbing that key CSOs do not have information on proposed bills, cannot contribute effectively to debates or make inputs when invited to do so. In addition to Parliament’s own efforts at organizing public fora and seminar series, opportunities to collaborate with other bodies such as the National Commission on Civic Education (NCCE) could be more vigorously explored.

### **3.3 Legislative Function**

#### **3.3.1 Legal Mandate**

As indicated in Section 2.2, the legislative function considers Parliament’s capacity to make or review relevant legislation as well as the enabling instruments to allow the Institution to do its work. On the average, Assessors scored Parliament’s legislative capacity as 4.4, or that the present state of affairs somewhat met some international standards in this regard. Scores for specific aspects of the legislative function have been presented in Table 4 below.

**Table 4: Assessment of Legislative Function**

<b>Indicator</b>	<b>Assigned Score</b>
The mandate of Legislature regarding budget making and oversight including the appropriations act is properly grounded in law	5
The Legislature has power to amend the Appropriations Bill	4
Adequate opportunities exist for public input into the legislative process	5
Adequate mechanisms exist to track legislations that have been enacted	3

There are constitutional provisions to support the mandate of the Legislature with regard to budget making and oversight. However, Article 179 clause 7 which provides for this power as well as other supporting articles needs to be implemented fully. The present situation is that though the Legislature can require adjustments to the budget and has largely required reductions to proposed figures Parliament has not caused increases in proposals. Again, Parliament appears not to have been able to re-allocate resources to any great extent.

Appreciable opportunities for public input into the legislative process are available even at the pre-legislation stage. However, more can still be done to take advantage of innovations in interactive technology as indicated earlier to enhance engagement between the Legislature and the public.

When bills are passed, the Constitution provides for follow-up over a period. However, this is not sufficiently pursued. In future, the process of asking critical follow-up questions after the passage of laws needs to be instituted, including whether the law has addressed the issues adequately and whether there were errors in the laws.

### **3.4 Financial Function**

The financial dimension of Parliament's work involves the control and disbursement of the resources/finances of the State. The API considers budget-related processes such as the Budget Review and Hearings, Budget Act and Budget Office, Citizens' Input into the Budget Process and Periodic Reviews of the Budget. The assessments and discussions related to each of these are presented below.

#### ***3.4.1. Budget Review and Hearing***

Budget review and hearings scrutinize and debate the Government's budget proposals and lead to the passage of the Appropriations Act. On average, this function was scored 3.25 or a "somewhat disagree" rating. Assessments of various aspects of this capacity sub-area are presented in Table 5 below.

Stakeholders suggested that present time provisions for budgetary review by the Legislature are inadequate, especially since the Executive prepares the budget over at least four months and expects Parliament to complete the review within a month. However, review requirements are extensive since detailed estimates are presented on all the Ministries, Departments and Agencies (MDAs). Also, expert input and analysis may sometimes be required to complement and validate the views of Legislators and time to secure this must be provided for.

**Table 5: Assessment of Budget Review and Hearing**

<b>Indicator</b>	<b>Assigned Score</b>
The legislature has enough time to review the budget	2
The legislature has a Budget/Estimates/Finance Committee exists with the sole mandate of reviewing the budget	1
The Budget/ Estimate/Finance committee and or sector committees hold public hearings on the budget where evidence from the executive and the public is taken.	1
The legislature has an effective and well documented process for citizen participation in the Budget process which is known to the public	2
The legislature has authority to amend the budget presented by the Executive including spending and revenue proposals	5
The legislature has the power to send back proposed Budget to the Executive for review	5
The legislature is able to make binding amendments on spending and revenue proposals	4
The Appropriations Act approved by the Legislature has details on all allocations to MDAs	6

Respondents made other proposals that would help Legislators make optimal use of the time available. These included prior provision of budget guidelines like those circulated to the MDAs to assist legislators in reviewing and analysing the proposals. Also, it was advocated that draft budgets must be provided for the consideration and inputs of Parliament before finalization and tabling for approval.

The current Finance Committee is limited in its mandate to review the budget (limited to the Appropriations Bill). Given the present limitations, an economic committee to discuss how the budget affects the various sectors of the economy would be useful. The assemblies (local authorities) can also be used to generate public inputs from the district level since the legislature does not have structures to do that.

Parliamentary committees do not hold public hearings on the budget. The public hearings that have been conducted have been at the instance of the Executive, namely the Ministry of Finance and Economic Planning (MOFEP).

Citizens' input into the budget process was interpreted as the opportunities available for the general public and civil society to participate in legislative procedures and processes related to

the approval of the budget and subsequent review. While there were opportunities, it could not be described as “well documented” or “known to the public”. Apart from the existence of a documented process for citizens’ participation, guidelines on how continuing public education should be conducted must be developed by Parliament. The process should assign roles for the media and CSOs in this undertaking and a committee of Parliament should be established to receive and review the contributions of the public.

Parliament does have the power to make amendments to proposals and send them back to the Executive for review but that power has not been exercised regularly. This in the view of some was due to political considerations and expediency. Members need to be educated further on their roles in the budget process and exposed to other country practices to make them more effective.

### ***3.4.2. Budget Act and Budget Office***

The Budget Act and Budget Office are about the existence and exercise of appropriate legislation that defines the roles of actors in the budget process, outlines the budget calendar and provides for an office responsible for analysing budget proposals. Though assessors in the 2010 exercise had advocated the passage of the Budget Act, this was still outstanding. Therefore, the 2012 assessors concluded that the statements portrayed in Table 6 below did not apply. Therefore, this indicator was scored “0”.

In spite of various recommendations and consultations over the two-year period following the 2010 API assessment, the Budget Office had not yet been established and a dedicated, well-equipped facility to assist Parliament in budget-related work is not yet available. A committee to consider budget estimates for Defence and Intelligence Services exists however these details are not publicly disclosed.

During this aspect of the exercise, determining whether to score “non-applicable” or “does not exist” in relation to work on the Budget Act in Ghana posed a challenge. The Budget Act was clearly important for the Ghanaian Legislature and had been actively considered. However, as at the time of the exercise, it did not exist yet.

**Table 6: Assessment of Budget Act and Budget Office**

<b>Indicator</b>	<b>Assigned Score</b>
There is a Budget Act that clearly defines a role for the legislature in the budget process	0
The Legislature has a Budget Office that is established by law to assist Parliament undertake a thorough review of the draft budget	0
The Parliamentary Budget Office has qualified and competent Officers and the office is equipped to efficiently and effectively and effectively assist Parliament which informed analysis	0
The Budget Office has power to call for information and documents from Government Departments and documents from Government Departments and the private sector and in good time (Power of Subpoena)	0
The Legislature (or the appropriate committee) considers and approves the budget estimates for Defence and Intelligence Services and is given full disclosure on the budget estimates/figures	0

### **3.4.3. Periodic Review of the Budget**

Periodic reviews of budgets refer to the analytic exercises undertaken during the course of the financial year to assess the appropriateness of budgetary provisions. An average score of 2.00 was assigned in 2012 indicating that Legislators considered that the circumstances of the Ghanaian Legislature “disagreed” with the best practice statements. Table 7 below provides their perspectives on specific aspects of the measure.

**Table 7: Periodic Review of the Budget**

<b>Indicator</b>	<b>Assigned Score</b>
The Budget is reviewed by the Executive periodically during implementation (Number of reviews in a year and types)	0
All reviews of the budget are presented to the Legislature and approved by the Legislature	2
Adequate time is allocated for the consideration of the reviewed budget both at plenary and at committee	2

Though the Executive periodically reviews the Budget during implementation, it does not always present the results to Parliament except where there is a supplementary expenditure estimates to be considered. Such budget reviews that have been forwarded to Parliament have coincided with very busy times for MPs.

Since budget reviews had been undertaken by the Executive without the formal involvement of Parliament in planning these exercises, the number and types of reviews in a year could not be established. It was proposed that all reviews should be brought to parliament for consideration and approval. However, it was agreed that more time was required to involve the relevant committees in the consideration of the supplementary estimates. In relation to the above, legislators recommended that where approved statutory funds had not been released to the intended beneficiaries, this should be to the attention of Parliament.

### **3.5 Oversight Function**

The oversight function relates to parliamentary review, monitoring and supervision of public agencies in the implementation of policy and legislation to ensure responsiveness to citizens' needs. In a general comment, participants observed that it was important to distinguish the Oversight Function or role of Parliament from what individual MPs were required to undertake at the constituency level. The assessment considered the macro-oversight role of the Legislature and Parliament's capacity and actions in this regard. The questions focused on the Oversight Committee, the Public Accounts Committee and the arrangements for Public Audit.

#### ***3.5.1 Oversight Committee***

Oversight committee refers to a parliamentary committee tasked to scrutinize implementation of the budget across government departments. The Ghanaian Legislature was considered quite well performing. An average score of 5.14 out of 6 was assigned indicating "agreement" with the standards. Specific scores are provided in Table 8 below.

All sector related committees perform budget oversight functions and the committees have investigative powers. The powers to request information and be updated on actions taken by the Executive on the recommendations of the Legislature are enshrined in the Constitution and reflected in the Standing Orders. Every committee has the powers and privileges of a high court. However, these powers could not be exercised as strongly and as fully as required.

In the view of MPs, the time at the disposal of Parliament for these exercises is too short to be adequate. It also took too long to get resources released for the oversight work of committees.

They were also concerned about their capacities and adequate information to analyse budgets and effective scrutiny. A targeted programme was recommended for Chairpersons and Ranking Members of Sector and Special Committees. Also, given the volume of the work, a new timetable with more realistic time provisions should be provided for review by Parliamentary Committees.

**Table 8: Assessment of Oversight Committee**

<b>Indicator</b>	<b>Assigned Score</b>
The budget oversight function of the Legislature is performed by all sector-related committees and other special committees	6
Legislative Oversight committees have strong investigative powers over budgetary issues	6
Legislative Oversight Committees exercises sufficient oversight of the expenditures of State Owned Enterprises	4
Sufficient mechanism exist for oversight committees to obtain information from the executive during investigations	6
Oversight committees have adequate powers in law to request and receive updates on actions taken by the Executive on the committees/Parliaments recommendations	6
Oversight committees are adequately resourced to undertake their activities	3
Minority/Oppositions parties play an effective role in Oversight Committees	5

The Committee on Employment, Social Welfare and State Enterprises has particular responsibility for monitoring the expenditure and operations of state-owned enterprises (SOEs). However, Parliament has been concerned with having the capacity to track SOEs' proper implementation of PAC report recommendations. Though any Committee could invite the Executive and any public agency to provide information, MDAs were perceived to be economical with information and not forthcoming. It often took very long to get the required information and when it came, could be irrelevant. Members were of the opinion that the period for responses to requests for information should be indicated or information-release should be mandatorily time-bound.

As indicated earlier, the analytical capacity of Parliamentarians and Clerks needed to be periodically built to provide new skills and techniques, especially evidence-based analysis. Also, the availability of capable and motivated research assistants would greatly enhance the

investigative capacity of Oversight Committees. The time individual Legislators had to devote to the assignment was further constrained if they served as Ministers of State as well.

MPs also considered that they needed to understand the methods of accounting and oversight used by the Controller-General and the Auditor-General's Departments and what the latter was reporting beyond just anomalies. Committees also needed to be sufficiently resourced for their investigative functions.

Resources are provided but because of the length and extent of approvals required to get their release, the process becomes very cumbersome. The present process can take up to three (3) months to get a release. These time lapses impede the implementation of work plans. Currently, the resources are pooled. Members thought it would be useful for different Committees to have different accounts so that Chairpersons could request approval from their designated accounts from the Speaker of the House as required.

Other views were that perhaps Ghana could learn from other countries where there is a committee that provides a clearing-house function and quickens the process. This body receives and reviews the work-plans of the oversight committees and approves the cost estimates. Once these cost estimates are approved, the money will be released as required. Further releases would be based on the capacity to demonstrate that previous releases have been used as planned. This approach will impose the discipline of work-planning on the committees, reduce the length of processes and encourage the use of finances for the intended purposes. The availability of resources will motivate the committees to perform effectively.

The participation of minority and opposition parties in oversight committee work is guaranteed by the constitution. Their involvement was considered effective and had helped to facilitate the oversight activities of Parliament.

### ***3.5.2. Public Accounts Committee***

The Public Accounts Committee is one of the oversight committees of Parliament that conducts ex post scrutiny of the budget using audited government accounts and financial statements. Legislators scored an average score of 4.5, indicating that they somewhat agreed with the indicative statements. The ratings for specific sub-areas have been presented in Table 10 below.

The Constitution provides for a Public Accounts Committee (PAC) to which the Auditor-General is required to submit its reports. The chair of the PAC has to belong to a party that is not in power or in government. The PAC has the constitutional and legal power to subpoena witnesses (including ministers) and documents.

**Table 9: Assessment of Public Accounts Committee**

<b>Indicator</b>	<b>Assigned Score</b>
The Legislature has a Public Accounts Committee (PAC) that examines the expenditures of Government	6
The PAC is chaired by a member who does not belong to the party in government	6
The PAC has power to subpoena witnesses and documents and this is backed by law	6
All who use public funds including ministers are obliged to appear before the PAC when summoned	6
The PAC is required by law to hold its proceedings in public	0
The PAC reviews all reports of the Auditor General and in a timely manner	5
The PAC can initiate independent investigations into any matter of public interest	6
The executive is bound by law to implement the recommendations of the PAC and this is strictly enforced	4
Adequate mechanisms exist for the PAC to track the implementation of its recommendation and this can be accessed and verified by the public	2
The PAC adequately is resourced to undertake its activities	4
The PAC collaborates freely with other anti-corruption institutions without let or hindrance	4

However, decisions to hold the PAC’s proceedings in public or otherwise is at the discretion of the leadership of the PAC. As indicated in Order 199 “No stranger shall be admitted, without the consent of the chairman, unless the committee decides that it should be held in public”. Only the appointments committee is obligated to hold its proceedings in public. The leadership has allowed for the televised broadcast of some of its proceedings.

Respondents indicated that the PAC makes every effort to review all the Auditor-General’s reports in a timely manner and has even sought technical support to facilitate this. The PAC investigates cases related to expenditure of the consolidated fund pertaining to the Auditor General’s report but does have the power to initiate independent investigations.

Members observed that Question 41 was in two parts. The executive is bound to implement recommendations endorsed by the House. The other part of the question relates to strict enforcement. Therefore, full marks could not be assigned because effective enforcement still had to be achieved.

By law, Government Ministries, Departments and Agencies (MDAs) as well as local authorities are expected to implement recommendations of the PAC. The law requires the enforcement of PAC recommendations by a financial tribunal. The tribunal must be chaired by a person with a financial background. However in the circumstances, there is some debate about whether only judges with financial background can sit on these tribunals. The financial tribunals have their genesis in the Constitution and the resistance to the idea of non-judges being members of tribunals could be understood in the context of Article 139 Clause 4.

Audit Report Implementation Committees (ARICs) of the various institutions are required to ensure implementation of The Auditor-General's audit recommendations at that level. Therefore, these ARICs could play a part in ensuring the implementation of PAC recommendations at the institutional level. However, several ARICs do not appear to have functioned well, given the revelations of the PAC. The possibility of a conflict of interest on the part of ARICs is also there. This necessitates the functioning of the financial tribunals or another external party.

To address these concerns, it was recommended that there should be a committee of Parliament which will sit to ensure the enforcement of the findings and follow-up action. The ARICs would be required to report every year on the actions taken, especially on recommendations emanating from Parliament. The proposed parliamentary committee would have the power to retrieve what it deems necessary for the state. Presently, there is limited capacity and resources for verification. Some level of funding is available but the PAC needs to be better resourced to perform more effectively.

PAC has collaborated with an anti-corruption agency in its work. An instance of this was when the PAC collaborated with the Commission on Human Rights and Administrative Justice (CHRAJ) during the period under review to conduct an investigation in Sunyani relating to the Ministry of Education's text books.

### 3.5.3. Audit

As part of the oversight function, the assessment covered the institutional capacity, mandate, procedures and processes by which audit institutions, particularly the Auditor-General's Department, produce audit reports for the scrutiny of Parliament. The average score for this function was 5.00 which could be interpreted that the performance of the Ghanaian Legislature was largely in agreement with international best standards. Ratings for specific aspects have been presented in Table 10 below.

**Table 10: Assessment of Audit**

<b>Indicator</b>	<b>Assigned Score</b>
The Auditor General is an officer of Parliament	0
All reports of the Auditor General are submitted to the legislature	6
The legislature receives regular and timely reports from the Auditor General	4
The reports of the Auditor General are deemed public immediately they are issued by the Auditor General	4
The legislature can request the Auditor General to conduct special audits on its behalf	6
The Auditor General has adequate resources and legal authority to conduct audits without any hindrance	5

The Auditor General is a Public Servant but not an Officer of Parliament however the constitution requires that all reports of the Auditor-General are submitted to the Legislature. In recent times, the Auditor-General's reports have become more regular and the incidence of delayed reports has reduced. However, there is still some way to go for the Department to submit its reports on time. The reports are only deemed public after they have been submitted to Parliament.

In the opinion of respondents, the Auditor General can be requested by Parliament to carry out any audit of any agency because its oversight functions are backed by law and the Constitution. To date however, requests for special audits have largely been exercised by Presidents of the Republic.

Some respondents argued that the reticence of Parliament to request the Auditor-General to undertake special audits could have arisen from the Constitutional Article 187 (clauses 7a and 8)

which indicate that in the exclusive performance of his/her functions, the Auditor-General should not be subject to any directive (reference to Constitution Article 187 clause 7a and 8). However, it was concluded that the Auditor-General should work closely with Parliament and could be requested to give of his special expertise to Parliament in fulfilment of its constitutional obligations.

The Auditor-General’s Department has the legal authority and some resources to conduct audits. However, it is still relatively under-resourced. A better resourced Auditor-General’s Department can be ensured through more realistic budgetary allocations, which is well within the power of Parliament to do.

### **3.6. Institutional Capacity of the Institution of Parliament**

The institutional capacity of Parliament includes financial and material inputs as well as the human resources required to perform the expected legislative and oversight functions.

#### **3.6.1 Financial and Material Resources**

Amongst others, the financial resources include the power to determine its own budget; logistics available to Parliament; availability of resources to MPs for constituency development; and mechanisms for receiving and coordinating donor/technical assistance. Respondents’ scores resulted in an average rating of 3 for financial and material resources. This suggested that prevailing arrangements were not in consonance with international best practice, indicating “somewhat disagree”. Scores for specific statements are provided in Table 11.

**Table 11: Assessment of Financial and Material Resources**

<b>Indicator</b>	<b>Assigned Score</b>
The Legislature is financially independent; it prepares its annual budget and the Executive cannot vary it.	4
The Legislature has adequate logistics including office space to enable it perform its functions.	3
MPs have a constituency development fund that is effectively managed.	1
The Legislature has a structured system for receiving technical and advisory assistance from external sources.	4

The Legislature prepares its own annual budget but in practice the Executive can and has varied it. Respondents defined logistics as including office accommodation, library (documentation), ICT and audio-visual resources as well as the requisite support staff such as research assistants and security staff. Some logistics are available; however, respondents advocated that a proper needs assessment was required to establish the logistics Parliament need to perform its research and oversight functions properly.

It was acknowledged that extensive efforts were being made to resolve the office accommodation constraints by the end of 2012. There were other on-going efforts in terms of improving research capacity. There is an urgent need for improvement in the ICT facility. Respondents indicated that at present, the facility was not conveniently accessible and the website needed regular updates.

An extended discussion of whether adequate logistics should include reliable transportation resources and residential accommodation was conducted. However, in the light of the present exercise, the focus appeared to be on functional offices.

The issue of assisting MPs with the acquisition of vehicles had excited much public discussion in the past and members considered the issue in the light of the arrangements for other government officials of comparable stature. The present arrangement was that the government guaranteed the purchase of vehicles for MPs and deductions were made on the salaries of MPs from the day the loan was granted. In comparison, officials indicated in Article 71 of the Constitution had, and used, vehicles procured and maintained by the state in the cause of their duties. They could also access grants to purchase vehicles. However, it was also recognised that the issue of MPs was complicated by the political/partisan nature of the MP's work.

Therefore, the issue had to be properly debated and settled. One option would be to support the work of the Constituency with a vehicle, constituency office, staff and other logistics. These would be maintained as public property for whoever the incumbent MP was. Alternatively, these resources and their running costs could be provided through the District Assembly. A third option was to consider a facility made up of a combination of grants and loans, to lessen the burden on the state. A fourth consideration could be to give Parliament as an institution,

adequate transport support. Parliamentarians would be well remunerated to take responsibility for procuring their personal vehicles.

There is no Constituency Development Fund so designated; however, there are some sources of state funding available to MPs to undertake constituency-level development particularly in education, HIV AIDS or infrastructural and social development. The effect of MPs having a facility to promote modest constituency level development is achieved through the present DACF facility. But, the score of 1 is in reference to the stated intention of the Executive, which has not yet come into effect. The 2012 State of the Nation Address by the President indicated the establishment of a Constituency Development Fund separate from the Constituency Share of the existing District Assemblies Common Fund (DACF). The challenge has been in the mode of establishment of the Fund; whether a separate legislation is required or whether it should be accommodated under a budget line to consolidate the fragmented sources from various funds presently available to MPs. The Parliamentary Support Office provides a structured system for receiving technical and advisory assistance from external sources.

### **3.6.2. Human Resources**

The particular aspects of the human resource capacity that were examined included equal opportunities for employment; and the availability and quality of research staff and other support personnel. Overall, the Assessors scored performance here highly, rating 5 out of 6. Marks for specific components have been provided in Table 12 below.

**Table 12: Assessment of Human Resources**

<b>Indicator</b>	<b>Assigned Score</b>
The legislature is an equal opportunity employer.	6
The legislature has adequate and highly skilled research and staff support.	4

The Ghanaian Legislature scored well as an equal opportunity employer. C.I. 11 and the Parliamentary Service Act require recruitment to be undertaken in a fair manner, properly advertised to attract competent persons, irrespective of gender, on merit and provides for promotion based on competition. At present, women outnumber men in the support staff category. The discussion acknowledged that the question of Parliament as an equal opportunities employer should be interpreted beyond the numbers to examine the effectiveness of those

employed, given the needs of the Legislature. Respondents required that attention to equal opportunities should include gender mainstreaming which the Legislature should take steps to model, as a standard-setting organization.

Members agreed that they had some level of skilled research and technical staff support but argued that they did not always get the kind of effectiveness that was required. It was proposed that each committee should have no less than three (3) research assistants.

Respondents also suggested that previous efforts by Parliament to collaborate with public and non-governmental institutes to build the capacities of prospective and appointed parliamentary research assistants had worked well in the past. As a way of institutional support to Parliament, these or similar arrangements could be re-visited.

Respondents indicated that the review of human resources should not be limited to gender-sensitivity and research capacity alone. It was important to examine the conditions of the staff of the Parliamentary Service and its governance. It was proposed that the Parliamentary Service Act should be reviewed to strengthen the present Governing Board in the following ways. For one, by increasing the number of Council members, to make it easier to get a quorum so that in the absence of the leaders of the House (whose participation is provided for by the law but has proven useful) decisions can still be speedily taken. Secondly, the expansion would make provision for persons with requisite expertise coming in from outside Parliament to infuse modern practice, alternative views and insulation from undue influence into the Board's operations. Specifically, it was proposed that three (3) other members be added to the present arrangement. These would be appointed or nominated from (a) an expert institution of human resource or governance practitioners or a person of good standing in private sector or civil society (b) the senior staff; and (c) the junior staff.

It was also suggested that the Board could be expanded into a Commission to acknowledge the responsibilities it has had to take on as well as strengthen its functioning. Presently, beyond human resource responsibilities, the Board undertakes procurement and approval functions. Having a Commission would also accommodate committees of members and non-members.

However, the transformation of the Board into a Commission would require a constitutional amendment since the Constitution provides for a “Board”.

### 3.7. Transparency and Integrity

Transparency and integrity refer to the openness of Parliament and transparency of legislators at the institutional and individual levels in the conduct of business. The assessment covered enforceable codes of conduct, standards of accountability, transparency and responsibility, anti-corruption mechanisms, assets declaration and participation of Legislators in anti-corruption networks. The Legislators rated the Ghanaian Parliament at 4.4 out of 6, almost agreeing with all the international indicative standards.

**Table 13: Assessment of Transparency and Integrity**

<b>Indicator</b>	<b>Assigned Score</b>
The legislature has an enforceable code of conduct that guides the behaviour and actions of MPs.	4
MPs maintain high standards of accountability, transparency and responsibility in the conduct of public and parliamentary work.	5
Anti-corruption networks exist in Parliament and MPs are free and motivated to participate in the activities of such networks.	4
Efficient and effective mechanisms exist to detect and prevent corrupt practices among MPs and legislative staff and to bring to justice any person engaged in such activities.	4
MPs are required by law and the rules of procedure to declare their assets and business interests and this is strictly complied with.	5

MPs are guided in their behaviour by the Standing Orders and the requirements of the Constitution. The Parliamentary Service Act and C.I. 11 have provisions that guide such processes in the House. Other national documents guiding ethical conduct for public officials provided by CHRAJ were considered applicable to MPs as well. While these reference documents were available, participants indicated that it would be ideal if Parliamentarians had a specific code of conduct tailored to their circumstances.

The view of respondents was that though MPs generally maintained high standards of behaviour; however, there was always room for improvement. Since their activities are open to public scrutiny, it is in their interest to maintain high standards of responsibility.

Anti-corruption networks such as the Africa Parliamentary Network Against Corruption (APNAC) exist. It was proposed that the leadership of the House could use moral suasion to encourage MPs to take more of an interest in the existing anti-corruption networks and their activities.

MPs and legislative staff are also subject to the existing public mechanisms for detecting and preventing corrupt practices. The various funding sources that provide MPs with resources for constituency level work such as the GETFUND and the DACF have provisions for monitoring the use of funds and accountability.

MPs comply with the national requirements of public office-holders to declare their assets and business interests, including the filling and submission of assets declaration forms. Some respondents observed that the current state of declaration of assets could go further; because presently information on compliance was not publicly accessible. Means of verification also had to be established. It was important to be able to verify whether the necessary statutory processes had been complied with and to expose people to vilification. Therefore, a mechanism had to be designed so that while compliance can be established, the information is not misused.

## CHAPTER 4: CONCLUSIONS AND RECOMMENDATIONS

### 4.1 Conclusions

The 2012 API self-assessment process assessed six (6) thematic areas and eleven (11) Parliamentary capacity for budgetary oversight and representation of interests of the public. Respondents considered the exercise very useful, suggesting that it enhanced a culture of self-assessment and Parliamentary ownership. The processes had contributed to strengthening relations between MPs and civil society. The scale of 6 was considered wide enough to accommodate more nuances in assessing the Ghanaian situation and therefore the instrument was quite flexible.

The possibility of questions meaning different things in different political, historical and cultural contexts also came up. These factors could make situations so nuanced that they did not necessarily fit in with the statement nor could they be satisfactorily scored. So even though a low score would be assigned, it did not necessarily mean an unsatisfactory situation. The opportunity to qualitatively explain the situation did not sufficiently compensate for the statistical results. Some of the more detailed explanations were provided in the findings section. For instance, respondents indicated that “representation” required a fuller exploration that would be gained by the indicators provided. Different publics and constituents had various perceptions of how well they were represented and how accessible they found legislators. The assessment needed to take account of the priorities that MPs had as individuals and the effect it could have on the work of the Legislature. These could involve their obligations in the constituency or as Ministers of State.

Another dimension of representation that had emerged in practice in budgetary oversight is the “arbitration” role legislators find themselves playing. Sector committees often found themselves having to mediate relations between the Ministry and interest groups in the sector, including economic actors, input providers and marketers. Somehow, this had to be reflected in a capacity assessment exercise. It was proposed that the next instrument should pay more attention to examining internal capacity and human resource management in more depth.

Participants suggested that more people should be involved in the scoring over a longer period. Therefore, Parliament should be required to administer the instrument with a wider range of

legislators at the Committee level and possibly, disaggregate the findings according to Committees, given that while all of them had budgetary functions, some experiences could be different according to sector.

Finally, respondents wanted to be assured that recommendations would be taken seriously. For instance, the 2010 survey had recommended a range of actions including an effective public education strategy, capacity building for analysis and research, expediting of the passage of the Budget Act and creation of the Budget Office and the Constituency Development Fund. However, it did not appear that these had taken place.

In view of the findings and conclusions, recommendations are below in the areas of public education strategies; relationships with CSOs; media relations and engagement; consultative processes; relationships with ministries, departments and agencies (MDAs); capacity building and resourcing; and organizational review and structural strengthening; and legislative and policy review.

## **4.2 Recommendations**

### **4.2.1 Public Education**

- Outline a programme of public education on the duties and workings of Parliament to be undertaken on a regional basis and in collaboration with mandated state agencies
- Education programmes should draw the distinction between Parliament as an institution and its oversight role, on one hand; and the oversight work an MP does within the boundaries of his or her constituency.
- Parliament should develop a relevant public information instrument to create public awareness of the existing mechanisms for engaging the Legislature
- The practice of public fora should be re-instituted in collaboration with the district assemblies with a view to conducting one in each district and covering all districts before the end of the four-year term of office

#### **4.2.2. *Relationships with CSOs***

- Parliament should collaborate with credible CSOs to provide relevant exposure to various interest groups on a non-partisan basis
- Efforts to sustain and deepen existing relationships with credible CSOs are urgently required but with Parliament maintaining its independence and playing a role in the types of relationships that are forged. To this end, Parliament must initiate a process of identifying key CSOs to partner with and develop a programme of engagement
- Agree on terms of collaboration with the CSOs encouraging partnership and transparency between the two parties
- Collaboration between PAC and identifiable, credible anti-corruption institutions should be fostered further through a defined partnership framework and programme of action

#### **4.2.3. *Media Relations and Engagement***

- Develop a programme of engagement with the media to sensitize members on the functions of Parliament to promote balanced and adequate reportage
- Develop a medium term strategy for media relations designed to strengthen Parliament's relations with the media; provide education for the media on critical and topical issues of national development; introduce a package to acknowledge and reward excellent reportage; and develop Parliament's own multi-media facility to disseminate relevant information from an objective perspective

#### **4.2.4. *Consultative Processes***

- The current consultative processes need to be expanded further to attract non-reading, non-literate public living outside the national and regional capitals to gain their inputs into review and legislative processes
- More publicity must be given to the review and legislative processes that Parliament undertakes beyond announcements in the print media and on television
- An interactive facility must be provided for the public to contribute electronically via the Parliamentary website

- Public hearings on the budget must be organised by a proposed Budget Committee of Parliament with key stakeholders and contributors from the Executive as well as identifiable interest groups should be planned and incorporated in Parliament's annual calendar.

#### **4.2.5. *Relationships with Ministries, Departments and Agencies (MDAs)***

- The Ministry of Finance and Economic Planning (MOFEP) should make copies of the full complement of the budget available on the day it is laid and presented.
- The Executive (and in particular, MOFEP) should furnish Parliament with the budget guidelines and the budget itself early enough in the budget cycle to allow adequate time for meaningful deliberations.
- All reviews of the budget intended or required by the Executive should be brought to Parliament for consideration and approval (since it initiates an alteration of a programme of expenditure approved by Parliament)
- Any instances of non-release of statutory funds should be brought to the attention of Parliament
- The Executive should endeavour to involve the Legislature more fully from the beginning of the budget process including supply and presentation of the Budget Guidelines to be circulated to the MDAs and MMDAs
- Requests for information from the Executive must be time-bound or stipulate the period within which it must be submitted

#### **4.2.6. *Capacity Building and Resourcing***

- To strengthen Parliament's involvement in the entire budget cycle including review and analysis, members' and staff capacity should be built through exposure to analytical tools, techniques and best practices.
- A needs assessment of the various committees should precede the capacity building efforts
- Requisite staff capacities should be identified and filled or built as shall be required
- In particular, a fiscal analysis expert should be recruited and employed or retained in a consulting capacity

- Parliamentarians must be encouraged to take an active interest in legislations that have been passed particularly the sector committees concerned
- The culture of realistic review of the Budget, devoid of partisan sentiments should be urgently fostered by the Leadership of Parliament in order to enable Parliament send unrealistic proposals back to the Executive for review.
- Committees should be required to submit their work programmes as fully as possible on a timely basis in order to budget resources and make these available on realistic basis
- The idea of a “clearing house committee” to review work programmes of committees in their totality for the year and recommend these for approval should be considered in order to expedite the release of resources for the Committees
- Sufficient resources should be budgeted and made available on a timely basis to the various Committees based on their timely submission of planned work programmes
- While the PAC is reasonably resourced, it still requires some further technical and financial support to enhance its work. Parliament should therefore assess its constraints and shortcomings and budget appropriately to address these
- The conditions of service of Parliamentary Service Staff must be improved with attractive and adequate remuneration commensurate with their services
- The Parliamentary Board should revisit earlier efforts to collaborate with capable public and non-governmental institutes to build the capacities of prospective and appointed parliamentary research assistants
- Beyond the website, entire ICT support for members’ communication and research as well as the security services require urgent improvement; this aspect of Parliament’s needs should be prioritized for intervention or for support by partners
- The leadership of the House should actively encourage MPs to take more of an interest in the existing anti-corruption networks and their activities.

#### ***4.2.7. Organizational Review and Structural Strengthening***

- Parliament requires a committee or a mandated body to track legislations that have been enacted including their state of implementation, challenges and related issues

- The Research Department of Parliament should be strengthened with a view to equipping it with resources for budget oversight
- Parliament's Research Department should be charged with performing the preparatory work on tracking legislation that has been passed to provide inputs for members' review and uptake
- Parliament should establish a strong Budget Committee to serve as a technical working group on budget review for the House.
- In the short term and within Parliament's present limitations, an economic committee to discuss how the budget affects the various sectors of the economy should be established.
- Parliament must as a matter of urgency, take steps to establish the Budget Office
- Committees' outreach programmes for purposes of oversight should be prepared expeditiously, published and laid on the floor of Parliament
- Each oversight committee should have a dedicated account under the control of the Speaker and Committee Chairperson.
- Parliament should consider the possibility of establishing a "clearing-house" committee to review the work-plans of oversight committees and the accompanying cost estimates and recommend their approval. This will quicken the process of accessing finances for their work.
- Parliament must develop a mechanism to assess and verify the extent of implementation of the recommendation of PAC reports and not leave it to MDAs and their Audit Report Implementation Committees alone.
- The office for receiving and managing external assistance (technical as well as financial) must be made more visible to partners and its activities disseminated to Members. To these ends, it will require strengthening and the requisite technical and logistic needs must be assessed.
- The possibility of developing a specific code of conduct for Parliamentarians, drawing out the applicable tenets from public service codes and tailored to the context of the Legislature should be actively considered.

#### **4.2.8. *Legislative and Policy Review***

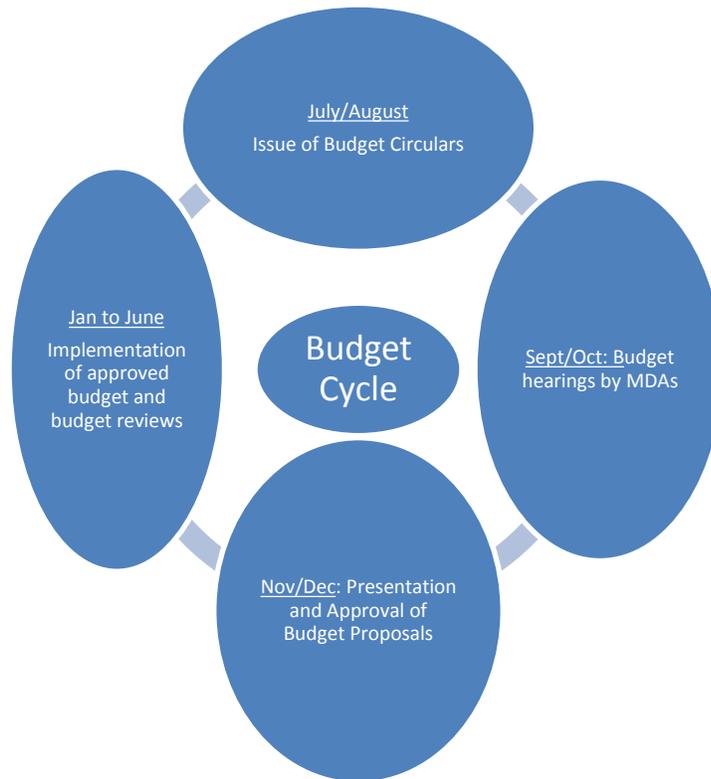
- The legislation that establishes the proposed Budget Committee should also outline the processes to be undertaken for citizens' participation in the budget process as well as the means for disseminating relevant information related to the exercise
- A constitutional amendment should be advocated to enable Parliament increase expenditure proposals as well
- Parliament must take urgent steps to pass the Budget Act which provides for a well-resourced Budget Office with the requisite powers, as pertains in other countries
- A review of the present time-table for Budget Cycle is required to allow more for the different and relevant select committees to consider supplementary estimates and reviewed budgets.
- Research Assistants with strong analytical capacities should be attached to committees to enhance investigations
- Enforcement requirements as well as sanctions relating to the implementation of the recommendations of the PAC should be clearly spelt out in each case
- Such legislative amendments that are required to ensure the prosecution of culprits whose culpability has been found by the PAC should be considered and undertaken
- Parliament's requirements of the Auditor-General's reports by way of time period, frequency, types of reports and minimum conditions should be legislated to expedite action and make Parliamentary review and recommendations meaningful
- Parliament should continue to advocate and pay attention to better resourcing of the Auditor-General's Department with more realistic budget allocations.
- The Legislature should strive for full financial autonomy and this must be provided for in the Budget Act
- The legislation and attendant instruments for the MPs Constituency Development Fund should be actively pursued and achieved
- Parliament as a standard-setter must endeavour to go beyond being an equal opportunity employer to mainstreaming gender further and more consistently in the Parliamentary Service. To this end, requisite instruments must be developed.

- Proposals for the strengthening and re-orientation of the present Governing Board should be considered and contained in a review of the Parliamentary Service Act. Amongst others, the transformation of the Board into a Commission; the expansion of Members to allow for more technical input and the provision of representation for senior and junior staff members should be considered.

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## APPENDIX 1: THE BUDGET CYCLE



### Step One: Budget Preparation

*The Budget Circular:* The budget cycle begins with the issue of a budget circular by the Ministry of Finance and Economic Planning (MOFEP) for an ensuing year to all MDAs in July/August. The circular outlines the major policy and programme thrusts, projected estimates for macro-economic targets, indicative ceilings for sectoral expenditures amongst others. The circular also sets timelines for budget hearings with each ministry, statutory deadlines requirements of submissions to Cabinet and Parliament and a time-frame in which submissions from the public and interest groups will be entertained.

*Budget Hearings:* MOFEP organizes budget hearings in September/October of every year where each MDA has to justify its existence and contributions to growth for the budget year.

*The Executive's Approval of the Budget Proposals:* Cabinet debates and agrees on the proposals for both the domestic and foreign revenue generation, total expenditure outlays and how deficits will be financed. The detailed estimates for each MDA are approved by Cabinet and with the above, officially constitute the government's budget proposals. These are formally presented to Parliament on behalf of the President by the Minister for Finance and Economic Planning to formally request its approval.

## **Step Two: The Legislature's Approval of the Budget**

Since 2005, the Budget Proposals have been presented to Parliament in November and Parliament's approval secured before the end of the year. The Parliamentary Sub-Committee on Finance discusses the main document concerning the macro-economic targets, local and external resource mobilization and makes recommendations to the House. The parliamentary select committees, debate the expenditure layout of individual MDAs and sectors, and make recommendations to the full house. At this stage, memoranda are accepted from the public and individuals are allowed to appear before the Standing Committees in Parliament to make presentations on specific issues in the budget proposals. The whole house, Parliament debates and approves the proposals for implementation.

## **Step Three: The Implementation of the Budget**

The approved budget is implemented by the Executive through MDAs. The public expenditure management system in Ghana is based on a centralised treasury system which uses a single Consolidated Fund account at the Central Bank. MOFEP authorizes the release of funds for expenditures approved by Parliament. Unfortunately, unpredictable flows in revenues, institutional constraints and other economic factors often bring about fluctuations in flow of cash which may result in some approved activities not being funded.

## **Step Four: Budget Monitoring and Review**

*Post Budget Review:* In the middle of the budget year the Executive uses the experiences of the first few months to assess whether the set revenue targets and foreign inflows can be achieved or not. Expenditure estimates may be revised downwards and priority given to statutory expenditures. The formal involvement of Parliament in this is not evident.

*Audit/Ex-Poste Evaluation of Budget Implementation:* The Auditor-General's Department is mandated to audit the public accounts of Ghana and of all public offices and present its report to Parliament within 6 months of the end of each financial year. In the report, attention should be drawn to irregularities as well as any other matter that should be brought to the attention of Parliament. However, there is a considerable backlog of reports.

## **APPENDIX 2: SOME KEY RECOMMENDATIONS FROM API ROUND ONE (2010)**

### Review of information education communication strategies

- A clear policy for public education, communication and outreach must be developed
- Information Education Communication (IEC) capacity and processes of parliament must be strengthened
- Parliament's website must be upgraded often, preceded by an information needs assessment exercise
- Guidelines on structured relationships and platforms of engagement between parliament and various interest groups especially in relation to budget oversight and review must be developed and implemented.

### Training and skills building

- Capacity building for parliamentarians on the organization of public fora for the public and the media
- Capacity building on the role of the legislature in national budget making and implementation for civil society and other interested groups must also be undertaken.

### Budget Review Processes

- Sustained advocacy by Parliamentarians and CSOs for the review of Articles 108 and 179 of the Constitution to have parliamentarians amend and re-prioritize funds across sectors and for the executive to revise budget based on parliamentary inputs is required
- MoFEP should be required to issue budget circulars to start the budget preparation process beyond ministerial and government agencies
- Consultative meetings between sector MDAs and parliamentary committees before the budget hearings and a formal submission of the consolidated budget proposals to parliament must be instituted
- Parliament must consider possibilities for amending standing orders for government assurances to be chaired by the minority.
- Efforts to provide parliamentarians with education on the Budget Act as well as the establishing of the budget act must be accelerated.
- MoFEP must be required to provide parliament with reports of budget review actions undertaken with the course of the year
- A capacity assessment must be undertaken of oversight committees in order to strengthen them
- Parliament must plan for and empower oversight committees to be able to undertake special investigations. There must be separate budgets for their work

- Effectiveness of PACs must be evaluated. Relevant amendments of the standing orders (165) must be done.
- Parliament should take particular interest in efforts to strengthen the Auditor-General's Department
- A platform between Parliament and credible anti-corruption institutions should be established to organize periodic tracking of public resources.

#### Financial and Material Resources

- The legislature must ensure that adequate logistics are provided for the work of Parliament
- Legislators should expedite steps to advocate and operationalize the constituency development fund separate from the DACF, putting appropriate measures in place to ensure transparency in the use of the fund.

#### Transparency and Integrity

- Efforts to develop a specific code of conduct for legislators should be initiated
- Structures should be put in place to provide information on the extent of adherence to periodic declaration of assets and business interests of legislators as well as establish compliance.

#### Research Support Capacity Building

- Research capacity needs assessment needs to be undertaken to design a programme to support research capacity-strengthening for legislators, particularly for budget oversight
- Research support for parliamentarians should be creatively fostered drawing on the resources of and collaboration with research institutions, tertiary and academic bodies and think tanks.
- Capacities of research assistants must be built to help them undertake documentary searches and conduct secondary information review and analysis.

## **APPENDIX 3: EXTRACT FROM THE 2012 – 2014 Budget Guidelines**

### **1. INTRODUCTION**

The 2012 Budget Guidelines seeks to provide clear instructions on the processes and procedures for preparing MDAs/MMDAs Budget proposals and estimates for the 2012-2014 Medium Term Framework in accordance with the Financial Administration Regulations (FAR) section 152 and 153.

The FAR states in article 152 (2) that; “the Minister of Finance shall not later than six months before the end of each financial year issue a budget circular detailing out the timetable for the preparation and submission of the government’s macroeconomic policy statement and budget for such period as shall be determined by the President in accordance with article 179 of the Constitution and which shall be followed by all departments”. Sub Section 3 of the FAR also states that “the Budget Circular shall specify the sectoral and ministerial constraints within which heads of departments will prepare their budget submissions”.

This Guideline is to assist Honourable Ministers, Chief Directors, Budget Committees and all spending officers of government institutions that require resources from public funds, in the preparation of the 2012 – 2014 Medium Term Expenditures.

### **2. BACKGROUND**

The 2012 budget will be prepared, based on the “Better Ghana Agenda” within the broad framework of the Ghana Shared Growth and Development Agenda (GSGDA) and the relevant provisions within the Revenue Management Act, with respect to development and infrastructure projects. The GSGDA clearly identifies seven (7) policy objectives. These are:

- Ensuring and sustaining macroeconomic stability
- Enhanced competitiveness of Ghana’s private sector
- Accelerated agricultural modernization and natural resource management
- Energy, Oil and Gas Development
- Infrastructure and Human Settlement Development
- Human development, employment and productivity
- Transparent and accountable governance

The 2012 budget would outline strategies for accomplishing projects and programmes initiated in the last three years by government in pursuit of the poverty reduction and economic empowerment agenda.

The budget preparation process is also an opportunity to implement reforms in budget design, preparation and execution as part of the broader PFM reforms to improve and strengthen existing

capacities and institutional arrangements and systems for budget management. Specifically, the 2012 budget classification would be based on the 2001 Government Finance Statistics (GFS). To this end, the new Budget Classification and Chart of Accounts consistent with GFS 2001 would be used. This will require extra effort by all MDAs to ensure that their budgets are properly classified and coded in conformity with the GFS 2001.

As a way of improving the credibility of the budget, MDAs/ MMDAs are urged to give priority attention to allocating resources to key strategic programme and activities in order to avoid excessive virement and off budget expenditure during implementation.

On the implementation of Programme Based budgets started in 2011, the number of pilot MDAs would increase to seven (7). The Pilot MDAs would be required to use the ceiling provided to prepare both the current Activity Based Budget and the Programme Based Budget. This is to help learn lessons to facilitate the full roll out of programme based budget in 2013.

Extensive training will be provided to ensure that technical staffs of pilot MDAs are equipped with the requisite capacity to accomplish the task. With 2012 being an election year, the budget would also provide support for the conduct of free and fair elections which are part of government's commitment to good governance.

Hon Ministers and Chief Directors are urged to take ownership and lead the entire budget preparation process and provide policy focus and strategic direction to the budget to ensure that all government priorities approved by Cabinet are fully captured within the ceiling provided for each MDA.

### **3. 2012 BUDGET**

#### **3.1 Priority Areas For 2012**

The 2012 budget will focus on improving the lives of Ghanaians through the implementation of strategic programmes to generate employment and provide essential services including, water, sanitation, physical infrastructure and good governance through free and fair elections. These priorities are not only consistent with the GSGDA but also the Manifesto of the NDC government.

Other areas which will receive attention are expenditure and amortization of loans for oil and gas infrastructure; Agriculture modernization and Capacity building.

#### **3.2 Indicative Ceilings for 2012**

In line with government priorities outlined above, MDAs have been provided with indicative ceilings for the 2012 - 2014 budgets. (Please see attached Appendix 1.) These ceilings have been provided as the hard budget constraint for all MDAs. The indicative ceilings provided, exclude

(Personnel emoluments) but include the total resource envelope for goods and services (administration and service) and Assets (Investment).

The ceilings have been aggregated to provide MDAs the flexibility to allocate resources to their priorities. MDAs are therefore to ensure as much as possible that all their priorities are fully catered for within the ceilings provided. Any additional allocation will be based on the outcome of the budget bilateral hearing and final Cabinet decision.

Additional funding will be provided based on the following factors:

- Additional cost based on new government policy
- A significant change in government strategies
- Cost of Expansion in the provision of improved essential services

Request for additional resources must be consistent with the Ghana Shared Growth and

Development Agenda and supported by Cabinet approval. The proposed programme must be fully costed, with clearly determined expected outputs and outcomes. This should be submitted as part of the budget proposals to be discussed at the budget hearing.

With the passage of the Petroleum Revenue Management Bill, the Government of Ghana will, for the first time, include the projected resources from the oil revenues for government expenditure as part of the 2012 budget appropriation. However considering the extensive institutional, administrative and legal arrangement and processes required, new instructions will be issued regarding the petroleum expenditures and these will be communicated to the specific MDAs in due course.

#### **4. PROCESS FOR PREPARING THE 2012 - 2014 BUDGET ESTIMATES**

The 2012 budget will be crafted within a Medium Term Expenditure Framework (MTEF) using Activity Based Budgeting using the Activate software as the enabler. However as indicated earlier a new Budget Classification is being introduced with a revised Chart of Accounts. The new Budget Classification and COA will address some of the challenges with the current budget Management and also strengthen the budget management processes. These challenges include:

- Misalignment of MDAs' policy objectives with sector and national plans;
- Weak linkages between the medium term policy framework and MDAs' policy objectives;
- Weak linkages between objectives, expected outputs and activities
- Wrong codifications of the organizational codes
- Inadequate classification of expenditures for international comparison

In view of this, all MDAs are to be guided by the instructions provided to ensure that budget proposals and estimates are prepared in accordance with the approved Classification and Chart of Accounts with the right codes are reflected. The following steps are to guide MDAs in the budget preparation process.

#### **4.1 Review of Strategic Plans**

The Medium Term Expenditure framework requires the use of strategic plans as basis for preparing the budget over a three year period. The first step in the process therefore is for MDAs to define their mission, goal, objectives and critical outputs using their legislative mandate and within the framework of the Ghana Shared Growth and Development Agenda (GSGDA).

This process should be undertaken as part of the review of MDAs strategic plans. All MDAs are to ensure that their approved sector plans have been revised to include any new and approved Cabinet policy in the specific sector.

#### **4.2 Prioritization of expenditures**

After reviewing and costing the objectives and outputs, there is the need to go through a process of prioritization to ensure that prioritized activities are adequately covered by the ceiling provided. For the 2012-2014 budget, MDAs are to prioritize their expenditures and assume that all critical actions are adequately budgeted for. This is to avoid off budget expenditures and excessive virement. It is also to protect the integrity and credibility of the budget by reducing off budget expenditures which contravenes Article 170 (2) of the FAR which states that “Expenditure of a department shall not exceed the expenditure estimates in the budget approved by Parliament”.

MDAS are to note that any programme for which Cabinet approval has not been sought will not receive budgetary allocation.

#### **4.3 Linking Policy objectives to Medium-Term Development Framework**

MOFEP and NDPC have reviewed and linked the current policy objectives, outputs, activities and their codes to the policy objectives and strategies of the national medium-term policy framework. There are proposed coded strategies to achieve these policy objectives. MDAs are therefore to identify and state all the strategies that fall in line with their core business. This exercise should be undertaken in consultation with National Development Planning Commission (NDPC) and the Ministry of Finance and Economic Planning (MoFEP).

#### **4.4 Budget Classification, Charts of Account and Coding For 2012 Budget**

As part of the new Public Financial Management (PFM) reforms introduced in 2010, the Ministry of Finance and Economic Planning has reviewed the current budget classification and

Chart of Accounts to effectively address the challenges associated with the budget management system. It is expected that these reforms will invariably improve the budget, accounting and reporting system and ultimately the delivery of quality essential services for the people of Ghana.

In line with the reviewed budget classification, MDAs are to reclassify their budgets to conform to the UN classification of Functions of Government (COFOG) and the IMF 2001 Government Finance Statistics (GFS). The UN COFOG permits trends in government outlays on particular functions or purposes to be examined over time. It is also used for making international comparisons to determine the extent to which governments are involved in economic and social functions.

For the 2012 Budget, in addition to the administrative and objective/strategic classifications, MDAs are expected to classify their budget in accordance with the Economic and Function classification. The economic classification identifies the type of expenditures incurred for example, salaries, goods and services, transfers and payment or capital spending. The functional classification categorizes expenditures according to the purposes and objectives for which they are intended regardless of which institution is responsible for the delivery of the service. These new classifications are to facilitate historical and policy analysis and international comparisons. Additionally it will help government to undertake statistical reporting, fiscal control and economic analysis and comparisons. To assist MDAs to reclassify their budget, a manual has been prepared as a guide for the preparation of the 2012 budget. The table below provides the broad classification.

#### **4.5 Chart of Accounts (COA)**

With the new budget classification, a new Chart of Account has been developed as part of the GIFMIS project to provide data for integrated classification, policy, planning, budget preparation, execution, monitoring and reporting. The Chart of Accounts is the set of coding elements used to classify, record, budget and report on all financial transactions in a most suitable form for making an informed and good financial decision.

#### **New Chart of Accounts**

<b>Old Classification</b>	<b>New Classification</b>	<b>Difference between the old and new classification</b>
Personnel Emoluments	Compensation for Employees	The new classification includes all salary related allowances
Administration and Services	Goods and Services	This includes administrative expenditures and excludes all allowances
Investment Activities	Assets	

## APPENDIX 4: LISTS OF PARTICIPANTS

### SELF ASSESSMENT MEETING HELD ON 7<sup>TH</sup> JULY, 2012 (CAPITAL VIEW HOTEL, KOFORIDUA)

#### LIST OF PARTICIPANTS

NO.	NAME	COMMITTEE
1	Mr. Mohammed Hardi Nyagsi	Budget Officer
2	Mr. Abraham Ibn Zakaria	Research
3	Mr. Emmanuel AkrofiTibo	Finance
4	Hon. David T. Assumeng	Works and Housing
5	AkuaDurowaaOwusuAgyekum	Food &Agric, Cocoa Affairs
6	Mr. Ebenezer A. Djetror	Clerk's Office
7	Hon. Joseph Yieleh Chireh	Const. Legal & Parl. Affairs
8	Hon. Dr. Alhassan Ahmed Yakubu	Food &Agric, Cocoa Affairs
9	Hon. Wisdom Gidisu	Health
10	Hon. Sammy B. Wusah	Education
11	Hon. Ekow Panyin Okyere Eduamoah	Employment Social Welfare
12	Hon. Muntaka M. Mubarak	Health
13	Hon. Kofi Frimpong	Finance, Trade & Industry, Tourism, Defense
14	Mr. Louis YiadomBoakye	Finance
15	Mr. Prince Hayibor	Social Welfare, Empl, State Ent.
16	Md. Esther Donkor	Secretary
17	Mr. Ernest Darfour	Clerk's Office
18	Md. Edith Edilyn Adjei	Asst. Clerk
19	Hon. Gifty Klenam	Parliament, Agric
20	Hon. Stephen Yakubu	Health
21	Hon. Joseph Sam Amankwanor	Mines & Energy
22	Hon. Nana Abu-Bonsra	Member of Parliament
23	Hon. Ameyaw Cheremeh	Member of Parliament

**API Validation Meeting; Date: 22<sup>nd</sup> September 2012**  
**Venue: Mac Dic Royal Plaza, Koforidua**

**Members of Parliament**

No.	Name	Committee	Gender
1	Hon Sammy B. Wusah	Education Select Committee	M
2	Ekow Panyin Okyere Eduamoah	Employment Social Welfare and State Enterprises	M
3	Prince Jacob Hayibor	Employment Social Welfare and State Enterprises	M
4	Joseph Yieleh Chireh	Constitution Legal and Parliament	M
5	Hon. Nana Abu-Bonsra	Business; Works and Housing; Government Assurance	M
6	Kofi Frimpong	Finance, Defense and Interior, Trade, Industry and Tourism	M
7	Kwasi Ameyaw-Cheremeh	Committee on Local Government	M

**Non-Governmental Organizations (NGOs)/Civil Society Organizations (CSOs)**

No.	Name	Organization	Gender
1	Saaka Sayuti	Local Governance Network (LOGNET)	M
2	Elham Mumuni	Centre for Indigenous Knowledge and Organisation Development (CIKOD)	F
3	James Mensah Boamah	Ghana Coalition of NGOs in Health (GCNH)	M
4	Ebow Mensah	Friedrich Ebert Stifting	M
5	Akabzaa Roland	Ghana Anti-Corruption Coalition (GACC)	M
6	Erika Mamley Osae	Urban Associates	F
7	George Osei-Bimpeh	SEND-Ghana	M
8	Michael Boadi	Ghana National Coalition of NGOs in Health	M
9	Francis Oppong	Center for Democratic Development (CDD)	M
10	A. Kasini Atapori	Public Agenda	M
11	Vicky Okine	Alliance for Reproductive Health (ARHR)	F
12	Nii Sarpei	Alliance for Reproductive Health (ARHR)	M

**Parliamentary Service Staff**

No.	Name	Department/Committee	Gender
1	Edith Edilyn Adjei	Committees Department	F
2	Mohammed Hardi Nyagsi	Budget Unit	M
3	Rosemary Arthur Sarkodie	Committee on Employment Social Welfare and State Enterprises	F
4	Ebenezer Ahumah Djietror	Table Office; Committee on Constitutional Legal and Parliamentary Affairs	M
5	Cephas Amevor	Head Office of the Clerk to Parliament/Head Parliamentary Support Office	M
6	Louis Yiadom Boakye	Finance Committee	M
7	Samuel Obuobi	Clerk's Secretariat	M

### **Parliamentary Centre**

<b>No.</b>	<b>Name</b>	<b>Sex</b>
1	Rasheed Draman	M
2	Nana Fredua-Agyeman	M
3	Issifu Lampo	M
4	Barbara Arthur	F
5	Juliet Amoah	F
6	Mercy Akwamuwor	F
7	Stephen Yao	M

### **Institute of Local Government Studies (ILGS)**

<b>No.</b>	<b>Name</b>	<b>Sex</b>
1.	Millicent Tetteh	F
2.	David Osei-Wusu	M
3.	Esther Ofei-Aboagye	F

## APPENDIX 5: WEIGHTED API SCORES

### REPRESENTATION: Accessibility

Capacity Question		Rating	Average Rating	Weight	Capacity Rating (Weighted Average)
1	The legislature is open to citizens and the media.	6	5.17	164.00	141.22
2	The Legislature has a non-partisan media relations facility.	6			
3	The Legislature has mechanisms to promote public understanding of the work of the Legislature.	4			
4	The Legislature provides timely information to the public on the budget	6			
5	The Legislature promotes citizens' knowledge and understanding of the role of MPs in the budget Process.	3			
6	The Legislature fosters sound relationship between Parliament, CSOs and other related Institutions	6			
<b>TOTAL RATING FOR REPRESENTATION</b>					141.22

### LEGISLATIVE: Legal Mandate

Capacity Question		Rating	Average Rating	Weight	Capacity Rating (Weighted Average)
7	The Mandate of Legislature regarding Budget making and oversight including the Appropriations Act is properly grounded in Law	5	4.50	100.00	75.00
8	The Legislature has power to amend the Appropriations Bill	4			
9	Adequate opportunities exist for public input into the Legislative Process.	6			
10	Adequate mechanisms exist to track legislations that have been enacted	3			
<b>TOTAL RATING FOR LEGISLATIVE</b>					75.00

### FINANCIAL FUNCTION: Budget Review and Hearing

Capacity Question		Rating	Average Rating	Weight	Capacity Rating (Weighted Average)
11	The Legislature has enough time to review of the Budget	2	3.25	29.00	15.71
12	The Legislature has a Budget/Estimates /Finance Committee exists with the sole mandate of reviewing the budget.	1			
13	The Budget/Estimate/Finance Committee	1			

	and/or sector Committees hold public hearings on the budget where evidence from the executive and the public is taken.				
14	The Legislature has an effective and well documented process for citizen participation in the Budget process which is known to the public.	2			
15	The Legislature has authority to amend the budget presented by the Executive including spending and revenue proposals	5			
16	The Legislature has the power to send back proposed Budget to the Executive for review.	5			
17	The Legislature is able to make bidding amendments on spending and revenue proposals.	4			
18	The Appropriations Act approved by the Legislature has details on all allocations to MDAs.	6			

**FINANCIAL FUNCTION: Budget Act and Budget Office**

Capacity Question		Rating	Average Rating	Weight	Capacity Rating (Weighted Average)
19	There is a Budget Act that clearly defines a role for the Legislature in the budget process.	0			
20	The Legislature has a Budget Office that is established by law to assist Parliament undertake a thorough review of the draft budget.	0			
21	The Parliamentary Budget Office has qualified and competent Officers and the Office is equipped to efficiently and effectively assist Parliament with informed analysis.	0		68.00	
22	The Budget Office has power to call for information and documents from Government Departments and the private sector and in good time (Power of Subpoena).	0			
23	The Legislature (or the appropriate committee) considers and approves the budget estimates for Defence and Intelligence Services and is given full disclosure on the budget estimates/figures.	0			

**FINANCIAL FUNCTION: Periodic Review of the Budget**

Capacity Question		Rating	Average Rating	Weight	Capacity Rating (Weighted Average)
24	The budget is reviewed by the Executive periodically during implementation (Number of reviews in a year and types).				
25	All reviews of the budget are presented to the Legislature and approved by the Legislature.	2	2.00	68.00	22.667
26	Adequate time is allocated for the consideration of the reviewed budget both at plenary and at committees	2			

<b>TOTAL RATING FOR FINANCE FUNCTION</b>	38.38
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**OVERSIGHT FUNCTION: Oversight Committee**

Capacity Question		Rating	Average Rating	Weight	Capacity Rating (Weighted Average)
27	The budget oversight function of the Legislature is performed by all sector related committees and other special committees	6			
28	Legislative Oversight Committees have strong investigative powers over budgetary issues.	6			
29	Legislative Oversight Committees exercises sufficient oversight of the expenditures of State Owned Enterprises	4			
30	Sufficient mechanisms exist for Oversight Committees to obtain information from the Executive during investigations.	6	5.14	60.00	51.43
31	Oversight Committees have adequate powers in law to request and receive updates on actions taken by the Executive on the Committees'/ Parliament's recommendations.	6			
32	Oversight Committees are adequately resourced to undertake their activities.	3			
33	Minority/ Oppositions parties play an effective role in Oversight Committees.	5			

**OVERSIGHT FUNCTION: Public Accounts Committee**

Capacity Question		Rating	Average Rating	Weight	Capacity Rating (Weighted Average)
34	The Legislature has a Public Accounts	6	4.50	52.00	39.00

	Committee that examines the expenditures of Government.				
35	The Public Accounts Committee is chaired by a member who does not belong to the party in Government.	6			
36	The PAC has power to subpoena witnesses and documents and this is backed by law.	6			
37	All who use public funds including Ministers are obliged to appear before the PAC when summoned.	6			
38	The PAC is required by law to hold its proceedings in public.	0			
39	The PAC reviews all reports of the Auditor General and in a timely manner.	5			
40	The PAC can initiate independent investigation into any matter of public interest.	6			
41	The Executive is bound by law to implement the recommendations of the PAC and this is strictly enforced.	4			
42	Adequate mechanisms exist for the PAC to track the implementation of its recommendations and this can be accessed and verified by the public.	2			
43	The PAC is adequately resourced to undertake its activities.	2			
44	The PAC collaborates freely with other anti-corruption institutions without let or hindrance.	2			

#### OVERSIGHT FUNCTION: Audit

Capacity Question		Rating	Average Rating	Weight	Capacity Rating (Weighted Average)
45	The Auditor General is an officer of Parliament.	0	5.00	37.00	30.83
46	All reports of the Auditor General are submitted to the Legislature.	6			
47	The Legislature receives regular and timely reports from the Auditor General.	4			
48	The reports of the Auditor General are deemed public immediately they are issued by the Auditor General	4			
49	The Legislature can request the Auditor General to conduct special audits on its behalf.	6			
50	The Auditor General has adequate resources and legal authority to conduct	5			

	audits without any hindrance.				
<b>Total Rating OVERSIGHT FUNCTION</b>					121.26

#### **INSTITUTIONAL CAPACITY: Financial and Material Resources**

<b>Capacity Question</b>		<b>Rating</b>	<b>Average Rating</b>	<b>Weight</b>	<b>Capacity Rating (Weighted Average)</b>
51	The Legislature is financially independent; it prepares its annual budget and the Executive cannot vary it.	4	3.00	52.00	26.00
52	The Legislature has adequate logistics including office space to enable it perform its functions.	3			
53	MPs have a constituency development fund that is effectively managed.	1			
54	The Legislature has a structured system for receiving technical and advisory assistance from external sources.	4			

#### **INSTITUTIONAL CAPACITY: Human Resources**

<b>Capacity Question</b>		<b>Rating</b>	<b>Average Rating</b>	<b>Weight</b>	<b>Capacity Rating (Weighted Average)</b>
55	The Legislature is an equal opportunity employer.	6	5.00	29.00	24.17
56	The Legislature has adequate and highly skilled research and staff support.	4			

<b>Total Rating INSTITUTIONAL CAPACITY</b>					50.17
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#### **TRANSPARENCY AND INTEGRITY**

<b>Capacity Question</b>		<b>Rating</b>	<b>Average Rating</b>	<b>Weight</b>	<b>Capacity Rating (Weighted Average)</b>
57	The Legislature has an enforceable code of conduct that guides the behaviour and actions of MPs.	4	4.40	36.00	26.40
58	MPs maintain high standards of accountability, transparency and responsibility in the conduct of public and parliamentary work.	5			
59	Anti-corruption networks exist in Parliament and MPs are free and motivated	4			

	to participate in the activities of such networks.				
60	Efficient and effective mechanisms exist to detect and prevent corrupt practices among MPs and legislative Staff and to bring to justice any person engaged in such activities.	4			
61	MPs are required by law and the Rules of Procedure to declare their assets and business interests and this is strictly complied with.	5			

<b>Total Rating TRANSPARENCY AND INTEGRITY</b>	<b>26.40</b>
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<b>API SCORE</b>	<b>WEIGHT</b>	<b>695.00</b>	<b>GHANA SCORE</b>	<b>452.43</b>
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