



REPUBLIC OF GHANA

MINISTRY OF FINANCE

Guidelines on Commitment Control Compliance

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Ministry of Finance: Professional, Ethical, Efficient, Responsive



Outline of the Presentation

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Introduction

- The Honourable Minister for Finance, on 2nd May 2025 issued the “*Guidelines for Implementation of PFM Commitment Control and Expenditure Measures*” for use by public institutions.

Introduction

The Guidelines is designed to:

Provide

Provide clear directives on budgetary commitment control and expenditure management

Strengthen

Strengthen compliance with legal and regulatory frameworks,

Minimize

Minimize financial risks associated with commitment control, and

Enhance

Enhance overall governance in public financial management.

Provide

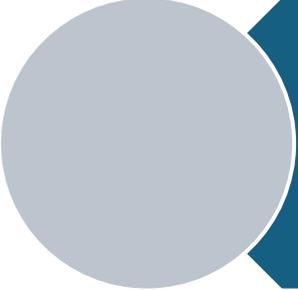
Provide a structured framework for ensuring that public institutions adhere to established financial management rules.

Introduction

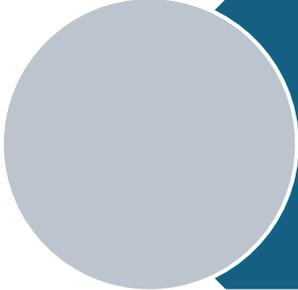
- Benefits of compliance with the guidelines:



Strengthens expenditure management



Improves cash flow predictability,



Enhances accountability across the public sector

Background



Ghana's fiscal management has faced challenges, including:

Expenditure arrears,
Budget overruns, and
Weak commitment controls.



Cause of these issues include

Inadequate revenue generation,
Poor budget discipline, and
Delayed fund releases,

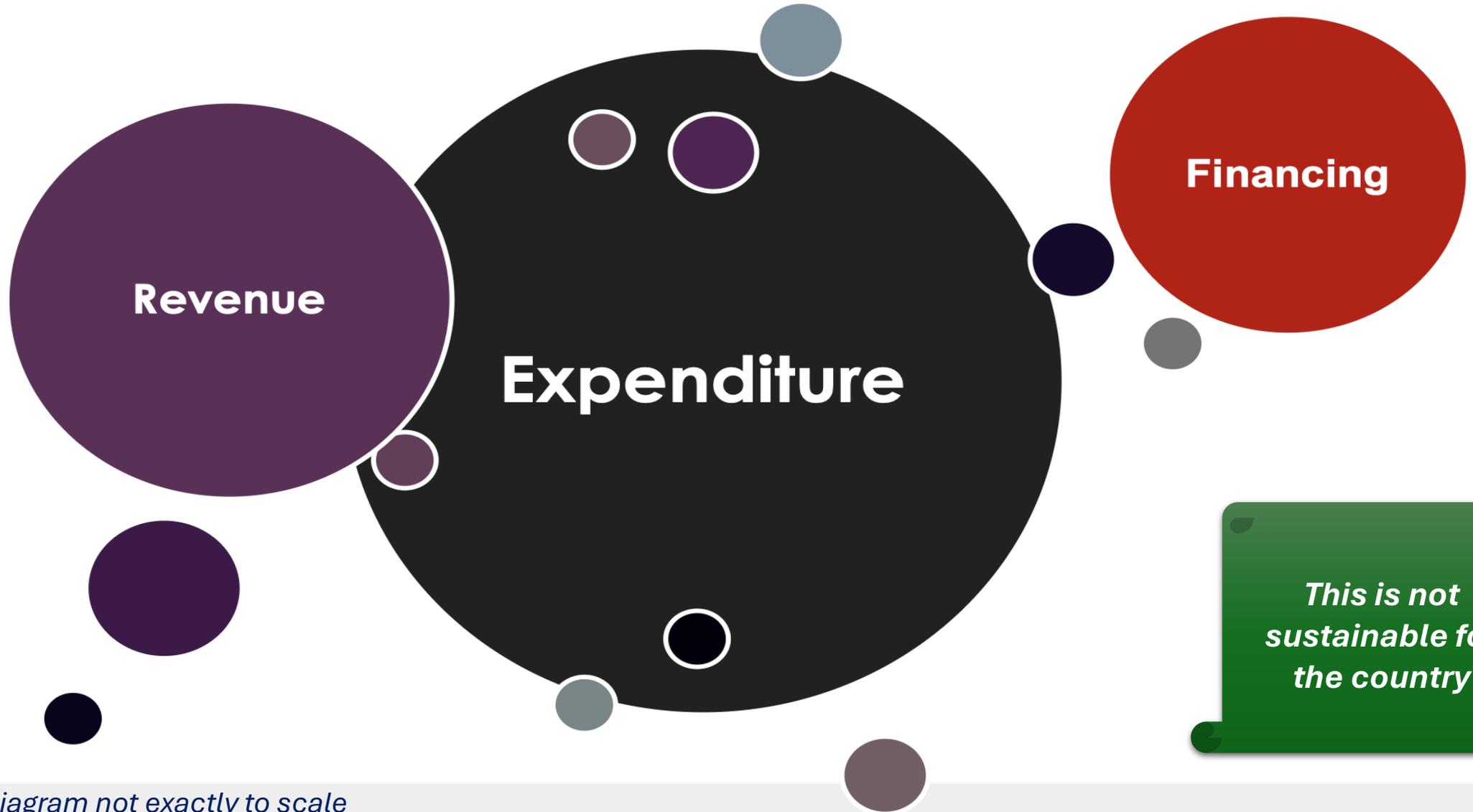


Effect of these issues include fiscal pressure and reduced service delivery.



Strengthening commitment control compliance therefore is key to achieving fiscal stability and accountability.

Background



NB: Diagram not exactly to scale

Unless you start doing something different, you are in for more of the same
(Albert Einstein)

To get something
different, you must do
something different.

Stephen Richards

quote fancy

Commitment Control

It is a mechanism in Public Financial Management that ensures that expenditures are planned, authorized, and within approved budgetary limits before obligations are made.

Prevents institutions from entering into commitments that exceed available resources, thereby reducing the risk of arrears and fiscal indiscipline.

Establishment of the PFM-Compliance Division (PFM-CD)

- The PFM-CD was established as part of efforts by Government to uphold the highest standards of fiscal responsibility and accountability within the Public Sector of Ghana.
- The PFM-CD was established pursuant to Section 5(1)(b) of the Public Financial Management Act, 2016 (Act 921).
 - ✓ **Section 5(1)(b):** *“The Minister for Finance, in consultation with the Civil Service Council and with the approval of Cabinet, establish structures or units, within the Ministry necessary to enable the Minister discharge responsibilities under this Act”.*

Establishment of the PFM-Compliance Division (PFM-CD)

- It focuses on **preventive, detective, and corrective control measures** to ensure macroeconomic stability and debt sustainability by curtailing arrears accumulation by public institutions due to non-compliance of PFM Laws.
- The overarching aim of PFM-CD is to:
 - support the Government's objective of fiscal discipline,
 - arrears prevention,
 - efficient expenditure management and
 - ultimately strengthening public financial management for sustainable economic growth.

Goals of the PFM-CD



Enhance and enforce compliance with the Public Financial Management Laws



Promote strict budget commitment control



Ensure accountability



Improve transparency in the use of public funds

Functions of the PFM-CD

Issue Commitment Authorisation in line with Section 24A of the Public Procurement Amendment Act, 2025 (Act 1139)

Monitor the commitment control compliance levels of Covered Entities (from CCCRR from IAUs received through IAA)

Rank Covered Entities based on the level of compliance with the commitment control measures & publish the PFM League Table

Recommend for sanctioning by the HM, through the CEC, defaulting individuals and public institutions (Section 97 (1) of Act 921).

What is Public Financial Management (PFM)

Public Financial Management (PFM) may be defined as:

- The set of laws, processes, institutions, and systems used by governments to collect revenue, allocate, spend, and account for public resources in order to achieve policy objectives and deliver public services efficiently, effectively, transparently, and in a fiscally sustainable manner.
- PFM is about how government raises money (revenue), plans how to use it (budgeting), spends it (expenditure), and keeps track of it (accounting, auditing, and reporting) so that public funds are managed responsibly and deliver value to citizens.

Public Funds

Section 102 of the PFM Act (Act 921) and Section 98 of the PPA Act (Act 663) defines Public Funds to mean:

Consolidated Funds

- Eg: Tax and Non-Tax Revenue (including IGF, Oil Revenues etc.)

Contingency Fund

- Funds set aside for unforeseen need for expenditure for which no other provision exists to meet the need

Any other funds established by or under an Act of Parliament

- GETFund, NHIF, Road Maintenance Trust Fund, DACF, etc.

What is Public Resources

Section 102 of Act 921 explained Public Resources to mean all financial, physical, and natural assets that are owned, controlled, or managed by the government on behalf of citizens; or Public Revenue including revenue acquired through:

- Donation
- Bequest
- Borrowing
- Movable and fixed asset
- Deposit
- Receivables and
- Rights

Commitment Authorisation (CA)

- Commitment Authorisation (CA) is a formal approval issued by the Minister for Finance to Procurement Entities **prior** to initiating procurement activities.
- This is in line with Section 24A of the Public Procurement Amendment Act, 2025 (Act 1139) which states: “”
 - (1) *Despite the procurement method adopted by a procurement entity under this Act, a procurement entity shall not commence a procurement that comes under the Authority or the Central Tender Review Committee without a commitment authorisation issued by the Minister.*
 - (2) *The Board, a tender review committee or an entity tender committee shall not approve a procurement unless the application for approval includes a commitment authorisation issued by the Minister.*



REPUBLIC OF GHANA

MINISTRY OF FINANCE

COMMITMENT CONTROL AND EXPENDITURE MANAGEMENT MEASURES

Ministry of Finance: Professional, Ethical, Efficient, Responsive





Legal and Regulatory Framework

1992
Constitution of
Ghana

PFM Act, 2016
(Act 921)

PFM
Regulations,
2019 (L.I. 2378)

Public
Procurement Act,
2003 (Act 663, as
amended)

Internal Audit
Agency Act,
2003 (Act 658)

ETC

The Commitment Control Measures

1. All procurements that needs approval from PPA/CTRC require prior Commitment Authorization from the Minister for Finance in accordance with section 24A of the Public Procurement (Amendment) Act, 2025 (Act 1139).
2. All approved procurements shall be processed through GHANEPS in accordance with the Public Procurement Act, 2003 (Act 663).
3. Commitment Control Compliance Checklist (CCCC) shall be certified by the Head of Internal Audit of MDA **before** contract award /signing of a contract.
4. All contract awards for Goods, Services and Works must be preceded by a GIFMIS-generated Purchase Order (PO).
5. POs shall be issued before the award/signing of a contract in line with regulation 65(2)(b) of the Public Procurement Regulations 2022 (L.I. 2466).

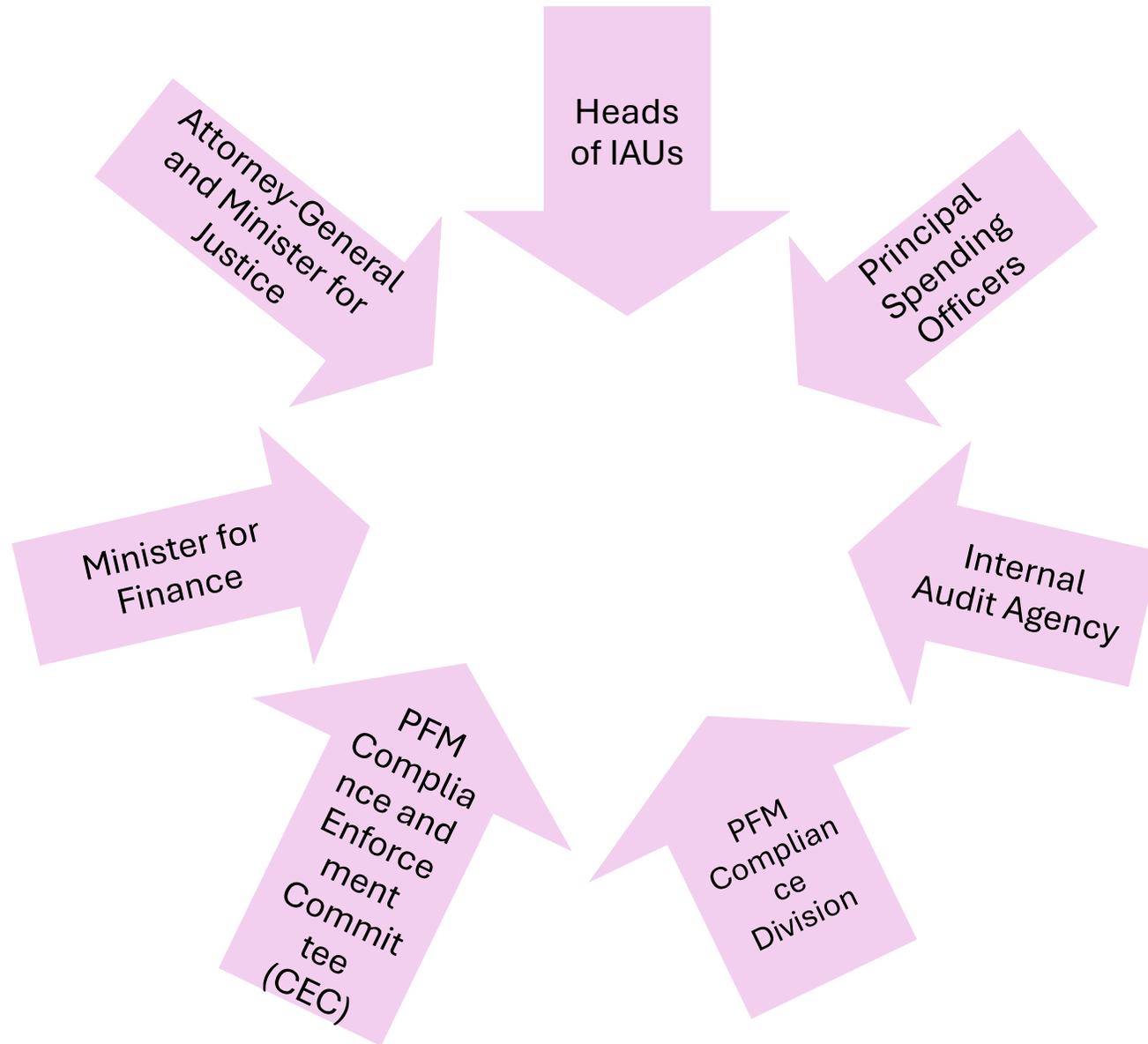
The Commitment Control Measures

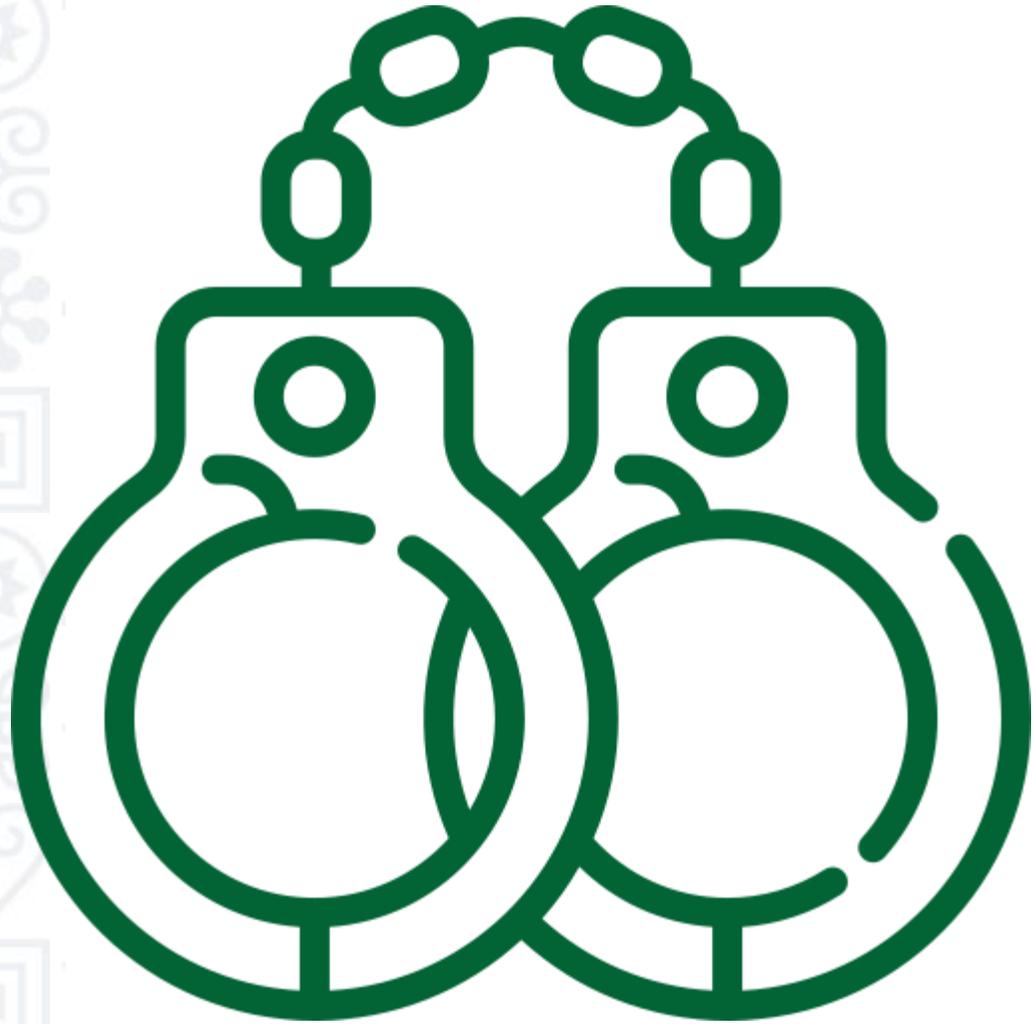
6. For CAPEX, a purchase requisition shall be approved by Minister for Finance before the preparation of the PO in line with regulation 67(2) of the PFM Regulations 2019 (L.I. 2378).
7. Multi-year/contingent liability contracts need Minister and Parliament approval in line with section 33 (1) and (2) of the PFM Act 2016 (Act 921).
8. There should be no advance mobilization however if the need be, the amount shall not exceed 15% of contract sum and shall be backed by a valid bank guarantee in line with regulation 113 (1) (b) and (c) of the PFM Regulations 2019 (L.I. 2378).
9. All contracts must make provision for all applicable taxes.
10. Contracts should be reviewed by MDA legal officer or Attorney General's Office prior to signing.

The Commitment Control Measures

11. Only Principal Spending Officer/Minister can authorize commitments or contracts in line with section 7 (1) (b) of the PFM Act 2016 (Act 921) and section 17 (2) of the Contracts (Amendment) Act 2023 (Act 1114).
12. Heads of Internal Audit shall submit quarterly compliance reports to IAA within 10 days after the end of each quarter.
13. Principal Spending Officers are to submit annual audit implementation report to Minister in line with section 88 (2) (c) of the PFM Act 2016 (Act 921).
14. PFM-CD shall make recommendations for sanctions (administrative or prosecutorial) via PFM-CEC.
15. PFM-CD shall publish the PFM Compliance League Table ranking Covered Entities & Spending Officers in line with the provisions of regulation 230 (1) (b) of the PFM Regulations 2019 (L.I. 2378).

Key Stakeholders





Offences, Surcharge and Penalty

(Sections 96-98 of Act 921)

Offences, Surcharge and Penalty (Section 96-98 of Act 921 & 92A of Act 1139)

Offences include:

1. Making unauthorized commitments
2. Failure to collect moneys due to the Government
3. Making improper/ unverified payment of public funds.
4. Destroying or damaging Government property
5. Accepting or receiving bribe to perform official duty
6. Willfully making or signing false certificate, false return or false entry in a book
7. Failing to report knowledge or information in respect of fraud committed against the Government
8. Authorizing an expenditure exceeding the approved appropriation in the relevant budget
9. Offering or giving money or any other valuable consideration with the intent to influence a decision

Offences, Surcharge and Penalty (Section 96-98 of Act 921 & 92A of Act 1139)

Offences include:

10. Approve an unauthorized commitment resulting in a financial obligation for the Government.
11. Refusing or failing to produce or submit any information required under this Act,
12. Issuing LPO outside the GIFMIS or any other electronic platform in use by Government,
13. Misusing or permitting the misuse of any Government property resulting in a loss of public resources,
14. Contravening or knowingly permitting another person to contravene a provision of this Act or the Regulations, or
15. Instigating another person to contravene a provision of this Act or the Regulations

Offences, Surcharge and Penalty (Section 96-98 of Act 921 & 92A of Act 1139)

Sanctions include:

- a) Summary conviction to:
 - A term of imprisonment of between 6 months and 5 years; or
 - A fine of between 100 penalty units and 2,500 penalty units (**plus the jail term**)
 - A fine of not more than the value of the assessed impact of the commitment A fine of not more than three times the amount offered or accepted
- b) Recover the loss through administrative means or court order
- c) Subject to disciplinary action by Government including dismissal, demotion or suspension

Public Officer

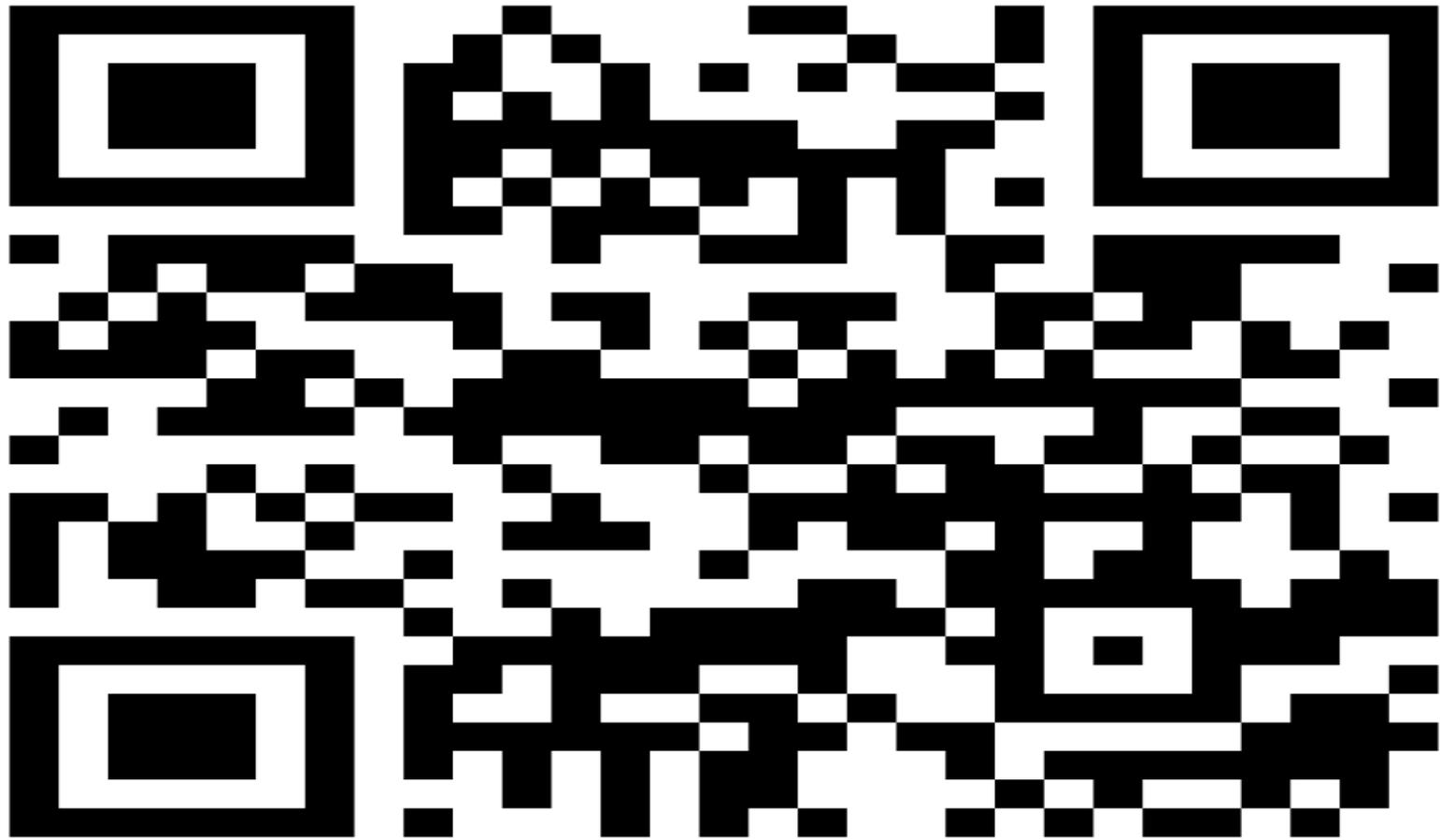
Per Sec. 97:3

A “public officer” includes a person who has previously occupied a public office.

Conclusion

- Adhering to the Public Financial Management laws and the Budget commitment control compliance measure prevents accumulating of expenditure arrears.
- Budget compliance is essential for the nation to maintain financial stability, transparency, and accountability.
- Let us all agree to promote budget compliance.
- Ultimately, effective implementation of the Guideline on Commitment Control Compliance ensures prudent use of public resources, minimizes fiscal risks, and upholds the integrity of Ghana's financial management system.

EVALUATION



Thank You



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For further enquiries....

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