

REBUILDING TRUST THROUGH ROBUST CORPORATE GOVERNANCE

IAA ANNUAL CONFERENCE 2025

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Decade of irregularities in public institutions: GH¢99.57bn lost to state

Maclean Kwofi / Feb - 24 - 2025, 13:59 / 7 minutes read



Trending Ghana News



STATEMENTS BY KEY STAKEHOLDERS

- “Loss-making SOEs will no longer be tolerated... Corruption, procurement fraud and financial mis-management will be prosecuted strictly and boards that rubber-stamp poor decisions will be replaced.” **John Dramani Mahama (President of Ghana)**
- “State-owned enterprises (SOEs) must adhere to sound corporate governance practices ... there is no place for boards or managements that treat public assets as their own private domain”. – **Ato Forson – Finance Minister**

STATEMENTS BY KEY STAKEHOLDERS

- “Poor corporate governance contributed significantly to excessive and imprudent risk-taking in the financial sector ... which led to the failure of some regulated financial institutions.” .
Johnson Pandit Asiamah (Governor, Bank of Ghana)
- “Weak governance structures lead to inefficiencies, financial mismanagement, and, ultimately, institutional failure. But where there is strong governance, there is resilience, growth and long-term success.” **Michael Kpessa-Whyte (DG, State Interests & Governance Authority)**

CONTEXT – CAUSES

- Across Ghana's public and private sectors, trust in institutions has weakened.
- Major causes include
 - Delayed audits,
 - Weak internal controls,
 - Politicized appointments, and
 - Perceptions of corruption.

WHAT THE EVIDENCE SHOWS

- According to an article in the Business & Financial Times, weak governance in Ghana has led to state-owned enterprises (SOEs) becoming “a burden on the fiscals with heavy outstanding loan obligations.”
- The same source refers to losses including the Bank of Ghana’s losses of GHS 60 billion, as well as losses by Cocoa Processing Company and others arising in part from governance failings.
- Weak governance is statistically connected with poorer financial performance, especially in SMEs in Ghana — e.g., poor disclosure, weak controls correlate with weaker profits.

WHAT NEXT ?

- a) Confront the Crisis Head-On: Acknowledge the Governance Breakdown
- b) Show Consequences — Fast, Fair, and Public“ Nothing rebuilds confidence faster than visible justice.
- c) Leadership must move from public relations to public accountability — and boards, auditors, and regulators *must show, not say*

KEY ACTIONS TO BRING BACK THE TRUST AND CONFIDENCE

1. Publish names of officials/entities sanctioned for audit or procurement violations under PFM Act 921/1136.
2. Empower the Auditor-General, IAA, and OSP to act without political interference.
3. Fast-track PAC hearings and implement binding enforcement of recommendations.
4. Link performance contracts of CEOs/PSOs to governance compliance and audit timeliness.

KEY ACTIONS TO BRING BACK THE TRUST AND CONFIDENCE

5. Publish annual governance and audit scorecards on every SOE and ministry website.
6. Disclose contracts, board attendance, and audit findings in plain language.
7. Digitize reporting systems — use GIFMIS, e-Procurement, dashboards to automate accountability.
8. Require quarterly “State of Governance” briefs from the Ministry of Finance and Registrar of Companies.

KEY ACTIONS TO BRING BACK THE TRUST AND CONFIDENCE

9. Strengthen IAA independence: auditors must report directly to Audit Committees, not PSOs.
10. Provide legal protection and resources for auditors who expose malfeasance.
11. Implement real-time audit dashboards to flag irregularities as they occur.
12. Mandate quarterly assurance statements from CEOs confirming implementation of audit recommendations.

KEY ACTIONS TO BRING BACK THE TRUST AND CONFIDENCE

13. Enforce the Code of Conduct for Public Officers (2025 Update).
14. Require annual asset declarations and public conflict-of-interest registers.
15. Celebrate ethical behaviour — launch Integrity Awards under IAA/OSP.

KEY ACTIONS TO BRING BACK THE TRUST AND CONFIDENCE

16. Support media training on governance reporting (focus on facts, not sensationalism).
17. Institutionalise citizen feedback mechanisms on SOE performance (SMS, apps, Webinars).
18. Require annual governance audits in addition to financial audits.
19. Enforce rotation and term limits for board members and auditors.
20. Align all SOE governance practices with SEC Code (2020) and BoG (2025 Directive)

THE TRUST TRIANGLE

- Effective governance is built on three interconnected pillars:
 - Transparency – openness in decision-making and reporting.
 - Accountability – clarity of roles, responsibilities, and consequences.
 - Integrity – ethical behaviour that guides leadership and institutional culture.

LEGAL AND REGULATORY ANCHORS IN CORPORATE GHANA

- i. Ghana's governance landscape is grounded in a robust legal framework:
- ii. Companies Act, 2019 (Act 992)
- iii. Public Financial Management Act, 2016 (Act 921) & Amendment Act, 2025 (Act 1136)
- iv. Securities and Exchange Commission (SEC) Governance Code, 2020
- v. Bank of Ghana Corporate Governance Directive, 2018
- vi. Public Procurement Act (Act 663 & 914)
- vii. Internal Audit Agency Act (Act 658)
- viii. Code of Conduct for Public Officers (2025 Update)

CURRENT GAPS

Companies Act, 2019 (Act 992)

- a. Board accountability and evaluation provisions are weakly enforced, especially in SOEs and quasi-public entities.
- b. No clear sanctions for boards that fail to meet governance standards (e.g., non-disclosure, late filing).
- c. Whistleblower protection mechanisms under corporate frameworks are inadequate.

PROPOSED AMENDMENTS

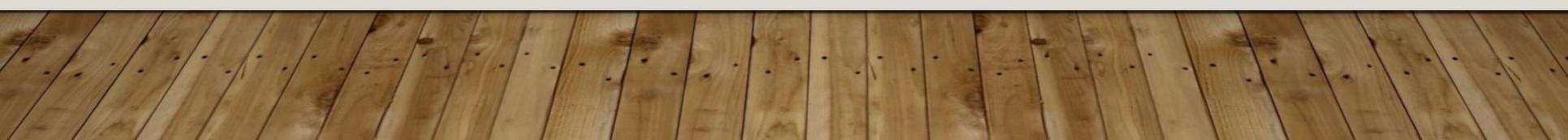
- a. Introduce mandatory board evaluation and reporting standards.
- b. Strengthen director fiduciary duties and penalties for non-compliance.
- c. Integrate ESG (Environmental, Social, Governance) reporting obligations.

PUBLIC FINANCIAL MANAGEMENT ACT, 2016 (ACT 921) & AMENDMENT ACT, 2025 (ACT 1136)

- **Gaps:**

- a. Enforcement of sanctions remains weak despite Act 1136 introducing stiffer penalties.
- b. Internal audit independence not fully protected — PSOs still influence audit scope and timing.
- c. Parliamentary follow-up (PAC) on infractions lacks timeliness.

- **Amendment Needs:**

- i. Empower the Internal Audit Agency (IAA) to enforce compliance without PSO interference.
 - ii. Make automatic sanction triggers operational for non-compliance.
 - iii. Mandate public disclosure of key PFM compliance reports.
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OTHER AREAS

- I. Expand scope to large non-listed firms and SOEs.
- II. Introduce annual governance disclosure filings certified by internal audit or independent reviewers.
- III. Bank of Ghana (BoG) Corporate Governance Directive, 2018
 - I. Extend directive to fintechs and digital financial services.
 - II. Introduce mandatory governance audits certified by independent professionals.
 - III. *Public disclosure of asset declarations of senior officers.*

WATCH THESE SIGNALS REGULARLY

- Unpublished or delayed audit reports
- Weak follow-up on audit recommendations
- Procurement and expenditure irregularities
- Political interference in boards
- Limited transparency in SOE performance reporting

ADDITIONAL STEPS IN REBUILDING TRUST IN GOVERNANCE

- I. Ensure Transparency and Disclosure
 1. Publish audited financial statements of all SOEs, MDAs, and funds within statutory timelines.
 2. Make procurement contracts, board minutes, and audit follow-ups accessible to oversight bodies.
 3. Introduce a Public Accountability Portal linking SIGA, MoF, and IAA data.

ADDITIONAL STEPS IN REBUILDING TRUST IN GOVERNANCE

2. Institutionalize Board and Management Accountability
 1. Sign and monitor performance contracts between boards and CEOs.
 2. Conduct annual board evaluations with SIGA/IAA oversight.
 3. Enforce rotation and competence-based appointment of board members.

ADDITIONAL STEPS IN REBUILDING TRUST IN GOVERNANCE

3. Empower Internal and External Auditors

- I. Strengthen independence through direct reporting to Audit Committees.
- II. Adopt risk-based and data-driven auditing tools (GIFMIS, SEI, IDEA).
- III. Track audit implementation with a national dashboard under the IAA.

PRACTICAL STEPS IN REBUILDING TRUST IN GOVERNANCE

4. Digitise Oversight and Citizen Engagement
 1. Deploy digital governance tools: e-procurement, e-audits, and real-time budget dashboards.
 2. Promote citizen monitoring via open data and media partnerships.
 3. Use technology to detect irregularities early and publish real-time red flags.

PRACTICAL STEPS IN REBUILDING TRUST IN GOVERNANCE

5. Lead by Example –

1. Ethical Leadership Political and administrative leaders must model accountability.
2. Reward institutions and leaders who demonstrate transparency.
3. Encourage meritocracy over loyalty in public appointments.

PRACTICAL STEPS IN REBUILDING TRUST IN GOVERNANCE

6. Strengthen Parliamentary Oversight
 1. Resource and empower PAC and Finance Committees to track audit implementation.
 2. Publish PAC reports promptly and follow up on sanctions.
 3. Foster collaboration between Parliament, IAA, SIGA, and Auditor-General.

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- Trust in governance is earned, not declared. It grows when citizens see transparency, leaders model integrity, and Institutions deliver accountability.” — Charles Kwesi Mensah

ROLE OF INTERNAL AUDITORS IN REBUILDING TRUST IN GOVERNANCE

- Shift from Compliance Policing to Value Assurance
 - Internal auditors should go beyond checking transactions to assessing the effectiveness of governance structures and the value-for-money of public spending.
 - This involves identifying system weaknesses and advising management on governance reforms
- Ensure Independence and Accountability
 - Maintain a direct reporting line to the Audit Committee, not just management, to preserve objectivity.
 - Hold pre-meeting briefings with Audit Committee Chairs to highlight systemic governance concerns.

ROLE OF INTERNAL AUDITORS IN REBUILDING TRUST IN GOVERNANCE

- Bridge Between Oversight Bodies and Management
 - Serve as a critical link connecting management, boards, external auditors, and oversight institutions such as SIGA, IAA, and PAC, ensuring seamless accountability and follow-up on audit recommendations
 - Help build governance capacity through training, mentorship, and awareness

THE WAY FORWARD

- Institutionalise annual board evaluations.
- Enforce audit and disclosure timelines.
- Digitise audit processes and risk monitoring.
- Promote ethical leadership and protect whistleblowers.
- Build citizen awareness on governance standards.

CALL TO ACTION

- "Governance is not about control; it is about stewardship. And stewardship is how trust is earned." – Charles Kwesi Mensah
- Restoring trust requires collective responsibility:
- Boards must lead by example.
- Auditors must uphold integrity.
- Citizens must demand accountability.

EVALUATION

