



REPUBLIC OF GHANA,

AUDITOR-GENERAL'S

REPORT ON THE
STATEMENTS OF FOREIGN EXCHANGE
RECEIPTS AND PAYMENTS

OF THE BANK OF GHANA

FOR THE SECOND HALF YEAR

ENDED 31ST DECEMBER, 1994

27TH DECEMBER, 1995.

Office of the Auditor-General,
P. O. Box M.96,
Accra.

27th December, 1995.

Dear Mr. Speaker,

I have the honour to submit to you, in accordance with Article 184(3) of the 1992 Constitution, my report on the Statement of Foreign Exchange Receipts and Payments of Bank of Ghana for the Second half year period ended 31st December, 1994.

I shall be glad if the report is laid before Parliament for the usual consideration.

The co-operation accorded the audit team by the Governor of Bank of Ghana and his staff and the staff of other public sector agencies in the course of the audit, is gratefully acknowledged.

Yours faithfully,



AUDITOR-GENERAL
(OSEI-TUTU PREMPEH)

TABLE OF CONTENTS

	<u>PARAGRAPH</u>	<u>PAGES</u>
Introduction	1 - 3	1 - 2
Summary of Findings	4	2 - 5
Details of Findings:		
Part I - Foreign Exchange Receipts and Payments	5 - 38	5 - 13
Part II - Management Issues	39 -109	13 - 29
Part III - Other Matters	110 -165	29 - 45
- Appendices - Statements of Foreign Exchange Receipts and Payments		

**AUDITOR-GENERAL'S REPORT ON THE STATEMENT OF
FOREIGN EXCHANGE RECEIPTS AND PAYMENTS OF THE
BANK OF GHANA FOR THE SECOND HALF YEAR PERIOD
ENDED 31ST DECEMBER, 1994**

In pursuance of Article 184 (3) of the 1992 Constitution, we have audited the Statement of Foreign Exchange Receipts and Payments of the Bank of Ghana for the second half year period ended 31st December, 1994. As part of our audit we also reviewed in accordance with Article 187(5) of the Constitution, the memorandum accounts of the dealer banks, external account balances and the role of the Bank of Ghana in foreign exchange related activities of other public sector organisations. We wish in the succeeding paragraphs to present our observations and findings to Parliament as required by Article 184(4) of the Constitution.

2. We discussed our findings and recommendations with key schedule officers of the Bank of Ghana (BOG) and forwarded these in a draft report to the management of the Bank, Ghana National Petroleum Corporation (GNPC), Ghana Export Promotion Council (GEPC), Ghana Civil Aviation Authority (GCAA), Ministry of Finance and Economic Planning (MFEP) and the Controller and Accountant-General (CAG), for their comments. BOG, GEPC and GNPC responded to the draft report and the comments received were taken into account in compiling this report. However, no comments were received from MFEP, CAG and GCAA on the draft report.

3. This report covers:

- Part I - Analysis of the trend of foreign exchange transactions of the Bank of Ghana, foreign exchange earnings of the dealer commercial banks and the position of balances on external account holdings.
- Part II - Management issues arising out of the audit of the Foreign Exchange Receipts and Payments Statement which require direct follow-up action by the Bank of Ghana.

- Part III - Other matters which include performance appraisal of the Bank of Ghana and its agents in the administration of external finance facilities, pre-financing arrangement for cocoa purchases as well as pre-shipment and quality control procedures for cocoa exports.

SUMMARY OF FINDINGS

PART I

4. A summary of the main findings of the report is provided below:

FOREIGN EXCHANGE RECEIPTS AND PAYMENTS OF THE BANK OF GHANA

Total Foreign Exchange Receipts

- (i) Total foreign exchange received by BOG during the second half of 1994 amounted to US \$867,280,495.30 compared with receipts of US \$665,555,677.27 for the same period of 1993, an increase of US \$201,724,818.03 or 30.3%.

Total Foreign Exchange Payments

- (ii) Total foreign exchange outflows during the second half of 1994 amounted to US \$545,102,892.75 compared with US \$418,010,092.50 for 1993, showing an increase of US \$127,092,800.25 or 30.4% over the corresponding figure for the previous period.

PART II

MANAGEMENT ISSUES

GNPC's Overdrawn Account

- (iii) BOG's credit exposure to GNPC rose from c30.6 billion as at 31st December, 1993 to c140.4 billion as at 31st December 1994 and further increased to c201 billion excluding interest as at 2nd June 1995. However, exchange loss for 1994 reimburseable to GNPC and other pending issues will determine the final position of the overdrawn account.