

A Critical Examination of the Role of Auditing as a Means of Ensuring Transparency and Accountability in Petroleum Revenue Management Activities in Ghana: Proposed Intervention

Pernell Robert Osei-Boakye¹, Dr. Peter Awuni Apuko²

¹LLM, Barrister at Law

²B. Ed, LLB, LLM, PhD Law (Cand.), FCCBA, PEMADR, PECArb, PEMCLDP, ADR Consultant, Lecturer, Regentofen College of Applied Sciences, (ReCAS); Executive Director, Centre of Traditional Leadership, Culture, Conflict, Law & Development (CCCLaD), Accra, Ghana

Abstract

Oil discovery by some nations has become a resource curse rather than a blessing due to misappropriation, mismanagement and corruption in the management of petroleum revenues due to abuse of political power by public officers in partnership with other stakeholders within the oil industry, national and international alike. Auditor General's Annual Reports, Reports of Parliament's Public Accounts Committee, Public Interest and Accountability Committee (PIAC) and CSOs reports among other literature have established that public resources such as oil revenue are mismanaged. Weak institutions, Finance Minister's discretionary powers under Act 815, lack of political will, weak legal and policy enforcement regimes among others are to blame for the lack of transparency and accountability leading to corruption. The study establishes that effective auditing plays a significant role in exposing the weak links to ensure transparency and accountability to mitigate corruption, particularly corruption auditing is best suited for petroleum revenue management activities. The study provides that transparency and accountability for effective corruption control and oversight, auditing and enforcement requires a multifaceted approach, stakeholders such as Supreme Auditing Institutions, external and internal audits system, citizens active participation, PIAC and CSOs such as Civil Society Platform on Oil and Gas (CSPOG) and Ghana Extractive Industries Transparency Initiative (GHEITI), good political will by government, strong legislature and judicial system as well as the support of International Financial Institutions (IFIs) such as World Bank and the International Monetary Fund (IMF) including Donors and multinational petroleum companies are all needed on deck to tackle successfully the monster called petroleum revenue misappropriation, mismanagement and corruption. And ensuring that the government, public officials and other stakeholders uphold to best practice when it comes to PRMA.

¹ LLM, Barrister at Law, elevation.chapel04@gmail.com

² B.Ed, LLB, LLM, PhD Law (Cand.), FCCBA, PEMADR, PECArb, PEMCLDP, ADR Consultant, Lecturer, Regentofen College of Applied Sciences, (ReCAS); Executive Director, Centre of Traditional Leadership, Culture, Conflict, Law & Development (CCCLaD), Accra, Ghana, awuniapuko40@gmail.com

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Introduction

The discovery of oil resources by a nation is not synonymous with a blessing but may be a curse due to mismanagement and corruption. Resource curse is a situational paradox in which countries with abundant natural resources appear to produce poor outcomes and lack adequate development in comparison to nations with fewer resources as indicated in the annual report from the Norwegian-supported Oil for Development Programme (OFD, 2019; Ofori, et al, 2015; Teye, 2022). To manage commercial oil production and petroleum income, the Petroleum Revenue Management Act (PRMA), 2011(Act, 815), and its amendment, the Petroleum Revenue Management (Amendment) Act, 2015(Act, 893), were enacted by Ghana respectively. Positive provisions of the PRMA include the Stabilization and Sinking/Contingency Funds, which helps Ghana's economy's current and future issues. The level of transparency and accountability in the management of Ghana's oil revenue, on the other hand, appears to be one of the key barriers to its management and sustainability due to transparency and accountability leading to corruption and mismanagement of petroleum revenue (Gyampo, 2016; Suleman and Kwaku, 2021). The Auditor General's Annual Reports and the Commission of Inquiries established to look into the sources of wealth of politicians and public officials as well as Public Interest and Accountability Committee (PIAC) reports confirm that State resources such as oil revenue are mismanaged (Adomako-Kwakye, 2021). According to Adomako-Kwakye (2021), institutional weakness and a lack of national development plans are to blame for the mismanagement of oil revenue, which includes the Finance Minister's discretionary power to cap the Ghana Stabilization Fund and transfer the annual budget funding amount into the consolidated fund. Any developing nation that wants to have sustainable development must first overcome systemic corruption, which is the main hindrance to economic and political advancement.

The need for Supreme Audit Institutions (SAIs) in the fight against corruption is becoming more widely recognized. It contributes to the reduction of risk, increases transparency and accountability, and creates strong and efficient internal controls, SAIs can be used by public entities to fight corruption (Khan, 2006; Atulik, 2016; Asiedu, 2017; Jenkins, 2020).

Auditing is very critical and central in the search for transparency and accountability when it comes to the prudent management of petroleum resources.

The study seeks to analyze various types of effective auditing tools that contribute brings about transparency and accountability which prevents and minimizes mismanagement and corruption when it comes to petroleum revenue such as the ability of auditing, to potentially and effectively detect and prevent corruption in the use and management of petroleum revenue. Furthermore, it seeks to establish effective auditing tools and techniques which embrace preventive measures when it comes to the management of petroleum revenue. Furthermore, it looks at establishing the role of auditing as a tool for enhancing transparency and accountability in the fight against corruption in PRMA activities and public resources. It will explore the role that Supreme Audit Institutions (SAIs) play when it comes to the fight against corruption. Also, it looks at establishing the role that the international community and entities could play to support the SAIs of the countries willing to commence with corruption auditing.

The paper is divided into five parts. Part 1 focuses on the introduction and significance of the study. Part 2 deals with the legislative and policy framework of PRMA activities and its challenges in Ghana. Part 3

places focus on the challenges of auditing PRMA activities toward ensuring accountability and transparency. Part 4 discusses the theoretical perspective of auditing and effective tools for auditing. Chapter 5 is the final part, it includes identifying effective auditing techniques which ensure transparency and accountability in the use of petroleum revenue as a corruption control mechanism and conclusion.

Part Two: Legislative and Policy Framework of Petroleum Revenue Management (PRMA)

Activities

Ghana is fortunate to have implemented the PRMA, which governs the handling of petroleum revenue, in contrast to other African nations (Gyampo, 2016)³. Ghana's intention to avoid the governance difficulties experienced by established extractive African nations like Nigeria, Equatorial Guinea, Gabon, and Angola led to the enactment of the PRMA. Best practices in Norway, Timor-Leste, Trinidad and Tobago, and other nations that have created laws to more effectively regulate oil and gas exploration and production as well as manage profits, served as Ghana's guide in developing the legislation. Following the formulation of the African Mining Vision, an African Union framework promoting new procedures to enhance resource governance in Africa, Ghana's law was drafted (Lwabukuna, 2016)⁴. Apart from the PRMA and the Petroleum Revenue Management (Amendment) Act, 2015 (Act, 893) which serve as the parent Act when it comes to Petroleum revenue management activities include other supporting legislations as well as national and international policy framework that regulates the industry in the Ghana.

Below include the various legislations and policies that regulation Petroleum revenue management activities:

Petroleum Revenue Management Act (PRMA), 2011(Act, 815)

The Petroleum Revenue Management Act, 2011 is an innovative piece of legislation formulated to encourage transparency, fiscal restraint, and the investment of funds made from petroleum exploration. The Act offers procedures for the efficient, accountable, transparent, and long-term administration of revenue collection, allocation, and management. Its potential to manage Ghana's petroleum income responsibly and its ability to emphasize the lifetime of non-renewables revenue streams are both highlighted its uniqueness and seeks sustainable management revenues out of petroleum resources.

The preamble of Act 815⁵ established quite clearly the aspirations of the legislations, it states that it is "An Act to provide the framework for the collection, allocation and management of petroleum revenue in a responsible, transparent and accountable and sustainable manner for the benefit of the citizens of Ghana in accordance with Article 36 of the Constitution and for related matters". This is unequivocal and explicit at birth and sets clearly what the Act seeks to achieve. The Act is to regulate the collection, allocation, and management of petroleum revenue in a prudent manner which ensures transparency and accountability to citizens, and in a sustainable manner. Section 1(1)⁶ establishes the scope of the Act, it

³ Van Gyampo, Ransford Edward. "Transparency and accountability in the management of oil revenues in Ghana." *Africa Spectrum* 51.2 (2016): 79-91.

⁴ Lwabukuna, Olivia. "Governing African extractives for development lessons from Ghana's petroleum revenue management law." (2016).

⁵ Petroleum Revenue Management Act (PRMA), 2011(Act, 815)

⁶ Ibid (n3)

states that the must control how petroleum revenue from upstream and midstream petroleum businesses is collected, distributed, and managed by the government.

For the purpose of the allocation and management of Petroleum Revenue, Act 893 (Amendment)⁷ provides under section 6 for the disbursement of funds from the Petroleum Holding Fund (PHF). It lays down guidelines for how income should be used and distributed. Additionally, it establishes the obligations of institutions in relation to the receipt, distribution, investment, and accounting of petroleum revenues. The primary recipient of petroleum profits from diverse sources is the Petroleum Holding Fund. The National Oil Company (NOC), now known as the Ghana National Petroleum Corporation (GNPC), is first in line to receive money from the PHF in terms of priority. Following that is the Ghana Petroleum Fund, other exceptional uses, include the national budget through the Annual Budget Funding Amount (ABFA), which, according to Section 16(1) means the amount of petroleum revenue earmarked for spending in the current financial year budget.

The Ghana Heritage Fund (GHF) and the Ghana Stabilization Fund are combined to form the Ghana Petroleum Fund (GPF) (GSF). When petroleum supplies are exhausted, the GHF's mission is to create an endowment to promote development for future generations. The GSF was founded as a savings fund with the goal of easing the country's consumption in times of unexpected petroleum revenue shortfalls because of the danger of revenue instability from the resources. Section 3⁸ provides for the payment of revenue into the PHF. It states that Contractual and legal responsibilities require state and non-state entities who engage in upstream and midstream petroleum activities within Ghana's borders to make specific payments to the government. Royalties, Additional Oil Entitlement (AOE) surface rentals, revenues from petroleum activities, sales, or exports, corporate income tax, and any other payments are included in the payments that make up the State's revenues. The payment entities must direct deposit all sums determined to be due to the State in any given month into the Petroleum Holding Fund (PHF) by the 15th day of the following month.

However, Section 24 discusses Transfers for Special Purposes. This line of petroleum revenue transfer from the PHF is primarily used for tax refund and management fee payment; remuneration for offshore operations; and providing restitution to communities that have been harmed by petroleum operations. These provisions were based on the well-documented effects of oil exploration on host communities and the possibility that, following a profitable commercial discovery, on-shore petroleum exploitation could begin in the Voltarian Basin (Anaman and Darko, 2018)⁹.

Ghana Revenue Authority (GRA)

The Ghana Revenue Authority (GRA) is responsible for evaluating, collecting, and reporting on the state's petroleum revenues in three ways. It would appear that the domestic tax revenue division, particularly the Large Taxpayer Office (LTO), is primarily to blame for this because of two factors. The core functions of GRA include identifying tax payers, assessing them to levies and taxes, collecting taxes and levies, and depositing all funds collected into the consolidated fund. Second, the LTO list includes oil and gas companies. Assessment includes all valuations and evaluations of a payment entity's tax and other liabilities, which contribute to the state's petroleum revenues. In order to make sure that

⁷ Petroleum Revenue Management (Amendment) Act, 2015(Act, 893)

⁸ Ibid (n3)

⁹ Anaman, P. A. U. L. I. N. E., and J. O. H. N. Darko. "Is Ghana's Petroleum Revenue Management Act (PRMA), 2011 (Act 815) an effective public financial management tool for public investment and consumption smoothing." (2018).

enough money is collected to pay for government programs¹⁰, the Authority is required to adhere to the principles outlined in the Act 921.

Bank of Ghana

The Petroleum Holding Fund (PHF), which holds all petroleum revenue, is housed by the Bank of Ghana (BoG) in accordance with section 2 of Act 815. All receipts for petroleum revenue are recorded by the BoG. Any additional transfers, according to the PRMA, would be made in accordance with the Act from the PHF. As a result, it makes sense that BoG, as the host of the PHF, is in charge of transferring funds from the fund to the GNPC, ABFA, GPF (which includes the GSF and GHF), and any other special fund. The BoG has been given the responsibility of ensuring that petroleum receipts are transparent and accountable by providing the Minister of Finance with precise records for publication.

Public Financial Management Act, 2016, (Act 921)

The Public Financial Management Act of 2016 is another piece of legislation that has a significant impact on petroleum revenue management activities. The regulation of the public sector's financial management within a macroeconomic and fiscal framework is Act 921's primary focus; to define the responsibilities of those who manage and control resources, assets, liabilities, and public funds to ensure that public funds are sustainable and in line with public debt; to cover issues related to the auditing and accounting of public funds. Since petroleum revenues are a component of Ghana's public funds, they are subject to this Act's scrutiny.

Ministry of Finance

The Ministry of Finance, under the direction of the Minister of Finance, may issue regulations regarding the PRMA in accordance with Section 60 (Regulations), which covers topics such as pricing, petroleum metering, operational management, and policies for the management of the Petroleum Funds. The ministry of finance is in charge of the overall management of the finances. In point of fact, the Ministry is obligated to check that every expenditure is made in accordance with the PFMA's standards for public financial management.

It is already known that the PRMA gives Ghana's Minister of Finance a broad range of discretionary authority. However, the office of the minister of finance does not fall under the category of people who are exempt from needing regulations to use their discretionary powers, such as judges or judicial officers as provided under Article 296¹¹ of the Constitution. For this reason, the PRMA also calls for the creation of operational management norms and standards for the administration of petroleum funds. According to Section 60(1) and (2)(c), "The Minister may enact Regulations by legislative instrument for the

¹⁰ Ibid (n7)

¹¹ Article 296 of the 1992 Constitution (Exercise of Discretionary Power): "Where in this Constitution or in any other law discretionary power is vested in any person or authority (a) that discretionary power shall be deemed to imply a duty to be fair and candid; (b) the exercise of the discretionary power shall not be arbitrary, capricious or biased wither by resentment, prejudice or personal dislike and shall be in accordance with due process of law; and (c) where the person or authority is not a judge or other judicial officer, there shall be published by constitutional instrument or statutory instrument, regulations that are not inconsistent with the provisions of this Constitution or that other law to govern the exercise of the discretionary power."

effective implementation of this Act." The operational and managerial policies for the management of the Petroleum Funds shall be included in the regulations approved by the Minister.

The Supreme Court restated its stance that "shall" is mandatory while "may" is discretionary in the case of *Dodzie Sabbah V. The Republic*¹². Comparing case law precedents with constitutional and PRMA provisions leads us to the reasonable conclusion that, while it is constitutionally required that regulations be enacted to direct the Minister of Finance's exercise of discretionary powers, the PRMA grants the Minister discretion to make regulations for the Act's effective performance. However, if the Minister wishes to create such regulations, it is required to create one that impacts how the Petroleum Funds are managed. Anaman and Darko (2018) are suggesting that the operationalization of the PRMA over a decade without any regulation, has led to further violations of the PRMA, exposing the inconsistency of the PRMA. As a result, a minister may be clearly violating the constitution by using his discretionary powers without following any established regulations. This lacuna provides room for ministers of finance to operate in ways that may not be best practice when it comes to transparency and accountability of petroleum revenue as it pertains.

Audit Service of Ghana

Article 187 and 188 of the Constitution provides for the office of the Auditor-General, the Audit Service and their functions respectively. Audit Service Act, 2000 (Act 584) outlines the functions of the Audit Service when it comes to the auditing of public accounts under section 11. It gives that the Auditor-General will audit and report the public accounts of Ghana and of every single public office, including the courts, the focal and local government organizations, the colleges and other public foundations of a comparable sort, the public companies, and some other body or association laid out by an Act of Parliament. Moreover, all books, records, returns, and different reports, remembering those for automated and electronic structure, connecting with or applicable to those records should be made accessible to the Inspector General or any individual approved or assigned for that reason by the Auditor-General.

Internal auditing will be carried out by the Internal Audit Department of the BoG, and external auditing will be carried out by the Auditor-General, according to sections 44 to 47 of Act 815. The Petroleum Fund's finances should be audited by the Auditor-General each fiscal year, and after a month, that report should be made available to parliament. Auditing is, in fact, essential to public financial management. Furthermore, the Audit Service, the Auditor-General as well as Internal Audit Units are further strengthened by the Public Financial Management Act, 2016 under sections 83 to 88 to conduct internal and external audit. Flowing from above the Auditor-General is, therefore, cloth with capacity to audit petroleum revenue.

As a result, Mr. Godfred Dame's recent suggestion that the Auditor-General's constitutional obligation to submit his reports to Parliament and Parliament's subsequent obligation to debate and examine them will be greatly harmed by the Auditor-General's prior publication of the report is not unconstitutional, as he appears to suggest. He argues that individuals and institutions affected by the report receive a second hearing on the Auditor-General's findings during the PAC's proceedings in Parliament. The purpose and meaning of Article 187(5) and (6) are completely undermined by the prior publication of the Auditor-General's report, so it should not be encouraged. Based on this he (A-G) states "consequently, I advise a

¹² Criminal Appeal NO. J3/3/2012(Unreported)

withdrawal of the report on the Government COVID-19 transactions from your website before same has been debated by Parliament and considered by the appropriate committee of Parliament,". This direction or advise by the Attorney-General to the Auditor-General as to how to conduct its affairs may as well be fundamentally unconstitutional as Article 187(7) of the 1992 Constitution states that: "*In the performance of his functions under this Constitution or any other law the Auditor-General (a) shall not be subject to the direction or control of any other person or authority*". An exception has not been provided for any organ of state or person(s) such as the Attorney-General¹³. Therefore, it appears the Attorney-General has no locus standi to issue such as instruction however drafted.

The Legislature

Parliament is granted the authority to deposit funds into the Ghana Heritage Fund and the Ghana Stabilization Fund by virtue of Section 23 of Act 815. The Ghanaian Parliament (GHF) decides how much petroleum money should go to the Ghana Heritage Funds. Despite restrictions on the transfer of GHF revenue, the PRMA grants Parliament the authority to periodically review these restrictions and, by resolution passed with a two-thirds majority, approve the transfer of interest accumulated on the GHF to any other PRMA-established fund. Restrictions are subject to review every fifteen years starting in 2011, the year the PRMA was passed. As a consequence of this, Parliament possesses the authority to direct the transfer of GHF earnings from petroleum in the years 2026, 2041, and 2056, in addition to every fifteen years thereafter. Parliament also approves expenditures from and allocations to the Annual Budget Funding Amount as part of its control over the national budget process. A long-term development plan to direct the ABFA's investment must also be approved by Parliament.¹⁴.

Public Interest and Accountability Committee (PIAC)

In accordance with sections 51 to 57 of Act 815, PIAC is one of the most significant organizations that ensures transparency and accountability in the management of Ghana's petroleum revenue. The Committee, an independent oversight body, ensures that the PRMA's guidelines for how to use and manage petroleum income are always followed by all parties. In addition, it is its responsibility to provide a venue for public discussion to ensure that the general public is informed about and actively participates in the allocation of funds in accordance with national development priorities. Because it conducts independent assessments of the administration and utilization of petroleum earnings, the PIAC is an essential oversight body for both the legislative and executive branches of government. In accordance with the PRMA, PIAC is required to submit semiannual and annual reports to Parliament and the Presidency. Despite the fact that the subject matter is unknown, it is reasonable to assume that the annual progress made toward the PIAC, PRMA, and PFMA goals will be the primary focus of the report.

Ghana Extractive Industries Transparency Initiative (GEITI)

In 2003 Ghana joined the Extractive Businesses Straightforwardness Drive (EITI) and was approved as completely consistent in October 2010. EITI is the largest and most well-known global initiative aimed at increasing transparency in resource revenue management. The GEITI strategy employs both direct and indirect communication channels. Direct communication strategies used to increase transparency

¹³ Emphasis mine

¹⁴ Ibid (n7)

include publishing audit reports on the website, printing hard copies, creating newsletters, organizing workshops for communities impacted by extraction, state officials, mining companies, CSOs, community leaders, and the media, and publishing audit reports online. On the other hand, media use accounts for the majority of indirect communication. The national daily newspapers regularly publish EITI-related findings and reports. In 2012, the GHEITI audit report on oil revenues was first released.

Civil Society Organizations and Think-Tanks

Act 815, section 49(7), makes accountability, openness, and public oversight possible. It makes it clear which organizations are responsible for ensuring that petroleum revenue management is accountable and transparent. The Parliament, the PIAC, and the finance minister are examples of these. In the modern world, however, governmental institutions alone cannot fight for transparency and accountability. CSOs like ACEP, IMANI, CDD, and Occupy Ghana have led the campaign for resource governance transparency and accountability in Ghana more than governmental institutions have.

Role of Citizens of Ghana

The PRMA mandates that citizens actively participate in oil earnings management. As a result, in accordance with section 52(b) of the Act, PIAC is required to provide a venue for public discussion regarding whether the ABFA's spending prospects, usage, and management are compatible with priorities. The educated population of a nation is its greatest asset when it comes to directing effective administration of petroleum earnings toward development goals. The PRMA is theoretically compatible with Act 921's good governance principles of public financial management because it ensures transparency and accountability in the investment, disbursement, and receipt of petroleum revenue. If Ghanaian citizens take responsibility for oversight, these principles could significantly affect the welfare of citizens.

Part Three: Accountability and Transparency in Petroleum Revenue Management Activities in Ghana

As illustrated above, the legislative and policy framework of Ghana has provided a number of institutions and stakeholders who have been empowered and mandated with the responsibility of ensuring transparency and accountability when it comes to the use and management of petroleum revenue. The Petroleum Revenue Management Act, 2011 established PIAC as Ghana's public oversight body for petroleum revenue management and utilization for the purposes of this paper. PIAC appears to be the foremost institution that leads the fight when it comes to ensuring prudent management of petroleum revenue. Thus, the citizen's policeman in Ghana's upstream petroleum industry.

Section 51 of Act 815 defines its objectives, function, and membership composition, the tenure of its members, financing, and reporting in sections 52 to 57. As a result of citizens' growing dissatisfaction with traditional state institutional oversight of revenues from the extractives industry, the government responded to a Civil Society demand for a citizen-driven oversight body by establishing PIAC. As a result, it is anticipated that PIAC will be accountable to Ghanaians directly.

Challenges of Accountability and Transparency in PRMA Activities: Appointment of Members of PIAC

Section 54(1) of Act 815 provides eleven classes which the members are to be selected from, which is very elaborate and appears to be all-encompassing. However, just the next sub-section (2) states *that "The members of the Accountability Committee shall be appointed by the Minister."* This appears to impact negatively the independence of the committee at birth based on the appointment of members. Despite the fact that members of PIAC come from non-governmental constituent groups, the Minister of Finance appoints the members of the Accountability Committee. Each constituent group nominates one representative, based on criteria set by the Secretariat of PIAC, for the Minister of Finance to make the appointment. Following that, appointed members are sworn in by the Minister in the same manner as government appointees.

Another challenge observed has to do with *stakeholder perceptions of PIAC's nature of the establishment*, its independence determines its effectiveness. PIAC is not a government agency because it has non-governmental constituents and was established by a specific section of the rather broad Petroleum Revenue Management Act. It must therefore be emphasized that *Politics*, on the other hand, can undermine the effectiveness of PIAC's mandate as an independent citizen representative of petroleum revenue management oversight due to the appointment of PIAC members, funding of PIAC's annual program, and the Minister of Finance's discretion over the allowance paid to Accountability Committee members. As a result, the nature and identity of PIAC have direct effects on how well it fulfills its mandate (Anaman et al, 2019).¹⁵

Challenges in PIAC achieving its mandate to monitor and evaluate compliance with the PRMA by the government and other relevant institutions.

Access to timely information from stakeholders is one of the stumbling blocks. PIAC faces difficulties in gaining access to essential data as a result of problems with cooperation on the part of relevant government agencies, particularly the Ministry of Finance. Institutions appear not to question PIAC's authority to obtain information, however, delays in the release of data and data processing chain are the obstacle to cooperation. For instance, the IOCs have different data reporting and approval timelines, and until that is completed the Ministry of Finance cannot receive full data in time to share with PIAC. Consequently, by the time PIAC receives data for analysis, the deadlines for producing semiannual and annual reports have passed. According to Anaman et al (2019) PIAC need not rely on MoF data for analysis in order to meet this obstacle. For the necessary data, PIAC should work directly with IOCs. However, due to the differing data reporting timelines of the IOCs, PIAC runs the risk of encountering the same obstacle as the MoF with IOCs, namely, a delay in data acquisition. In order to obtain the necessary data, PIAC should also work with State agencies like the Petroleum Commission, the Bank of Ghana, and the GNPC.

Secondly, it appears PIAC also has *technical expertise challenges* when it comes to its core functions. Some of this technical expertise includes the competence to conduct effective auditing programmes and projects and compliance measures that meet best practices and standards. In order to mitigate this gap PIAC is therefore required to outsource this relevant technical expertise such as from the Ghana Audit Service as well as other private national and international institutions to order to ensure quality delivery

¹⁵ Pauline Anaman, Justice Kodzo Yaotse, and Maybel Nkansah. An evaluation of the Mandate, Performance, and Accountability Practices of the Public Interest and Accountability Committee (PIAC) in Petroleum Revenue Management in Ghana (2019).

as well as build its own technical capabilities and competencies. Anaman et al (2019) are of the view that weak institutional responses to PIAC's recommendations are also linked to the challenges of technical expertise in compliance checks and auditing ABFA-funded projects in particular to produce compelling evidence that the Audit Service can adopt and pursue PIAC's recommendations. Thus, PIAC must continue to build on its competence and collaborate strongly with other state institutions that can take up its findings.

Thirdly, another major challenge encountered by PIAC has its weak enforcement capacity, *adverse findings are not binding to the government but merely advisory*. It only has an advisory capacity, and hence only makes proposals and recommendations to government on adverse findings when it comes to compliance and mismanagement of PRMA. Unfortunately, these recommendations are only advisory and not binding on the government.

Another significant function of PIAC which is challenged has to do with *ineffective public engagements and debate*. PIAC's public engagement with citizens appears not to be as rigorous and as frequent as it ought to be. These are due to the fact that members only serve on a part-time basis as they work full-time in the constituency they were selected from. Hence this affects negatively their commitment and impacts their work delivery. Another factor that also has a negative impact on effective public engagement has to do with *PIAC's budgetary constraints*. According to PIAC, the *Ministry of Finance does not disburse monies on time*. PIAC disclosed in its 2013 annual report that it received funding for 2013 activities in December 2013. Consequently, it had to shut down operations for six (6) months and not undertake public engagements in 2013. It must be emphasized that funds disbursed to PIAC are not only released late but also very inadequate. However, this trend appears to be improving since 2016 when PIAC began receiving mandatory funding from the ABFA¹⁶. Key findings from ACEP's analysis of the government's discretionary financing of PIAC in 2015 include a significant difference between actual payments to PIAC and budgeted amounts. From 2012 to 2015, approximately 66.4 percent of PIAC's budget was not disbursed. "PIAC has struggled to deliver on its mandate due to financial constraints...." ACEP stated in that report. In addition, ACEP recommended that the Ministry of Finance ensure the timely and complete disbursement of ABFA to PIAC in light of the possibility that donor funding for PIAC might decrease as a result of the PRMA amendment to increase the certainty of PIAC's funding from the state¹⁷. However, the certainty of funding from ABFA, and non-reliance on the Ministry of Finance for budgetary approval has emboldened PIAC in recent times to achieve its objectives. This has made it to become more confident and more aggressive in their activism.

Transparency, Accountability and Corruption of PRMA in Ghana

Notwithstanding the challenges experienced by PIAC since its establishment in 2011, as far as its mandate is concerned and ensuring transparency and accountability and the fight against mismanagement and corruption when it comes to petroleum revenues, PIAC has been very instrumental in its watch-dog role. It has gained considerable resolves in exposing these issues triggering parliamentary inquiries as well as social debates and actions among CSOs and citizens. The mismanagement of state resources like oil revenue is supported by the Annual Reports of the Auditor General, the Reports of the Commission of Inquiries established to investigate the sources of wealth of politicians and public officials, and the Reports of PIAC (Adomako-Kwakye, 2021). Some of the factors

¹⁶ Ibid (n14)

¹⁷ Ibid (n19)

that contributed to these issues include the Finance Minister's discretionary authority, the cap on the Ghana Stabilization Fund, the transfer of the Annual Budget Funding Amount into the Consolidated Fund, the use of oil revenue in ways that are not permitted by the Act, institutional weakness, and the absence of national development plans.¹⁸

Political and governmental interference in PRMA, is very central when it comes to lack of transparency and accountability leading to misappropriation and corruption. PIAC¹⁹ had course to call on a political party, the New Patriotic Party (NPP) government (Nana Akufo Addo led administration) in 2019 to pursue misappropriation of oil revenue out of its dissatisfaction of the performance of the previous government. If the government takes action on its findings regarding instances of misappropriation, this, according to PIAC, would result in the necessary outcomes. This was due to the Committee's dissatisfaction with the NDC's commitment to addressing inappropriate expenditures of petroleum revenue. One instance in which the report indicated that no work had been done with funds allocated for projects in the Northern region was a six-unit classroom block at the Farikiya Islamic Institute in Tamale, where signage indicated that funding was from the Ghana Education Trust Fund (GETFund) but did not mention revenue from the PRMA. In another instance, the electrical power supply upgrade for the Bagabaga College of Education was put on hold for more than three months. It cost 247,000 cedis and was paid for by petroleum revenue.

These findings of political obstruction are supported by pertinent research (Teye, 2022; 2020; Andrews and Siakwah According to Siakwah (2016), the two major political parties in Ghana at the moment, the New Patriotic Party (NPP) and the National Democratic Congress (NDC), have a tendency to pursue developmental agendas primarily based on election results and do not take into consideration investments made over the long term in their development programs. Corruption, misappropriation, and poor management are all consequences of this when it comes to the utilization of petroleum revenues. Due to the aforementioned divergent agendas of the major political parties, corruption, rent-seeking, and elite capture by some top public officials and politicians in the country have been unavoidable. The negative political parties' influence has had a negative impact on Ghana's oil revenues.²⁰

Similar to what was found in the 2019 PIAC report, PIAC did not have the legal authority to carry out its recommendations and found a number of violations and mismanagement. As a result, it entered into a Memorandum of Understanding (MoU) with the Economic and Organized Crime Office (EOCO) to fight crimes related to the management of petroleum revenues in the nation. The report found that the Finance Ministry had not yet provided any information about the whereabouts of the over 400 million in unutilized oil revenue that was included in the annual budget funding amount in 2017.²¹

This is NOT any different from what happened in 2022, when PIAC found that the Petroleum Holding Fund (PHF) had not received \$100 million of Ghana's petroleum revenue, breaking Ghanaian law. This is not any different from what happened in 2022, when PIAC found that the Petroleum Holding Fund

¹⁸ Adomako-Kwakye, Chris. "Transparency and Accountability Mechanisms in Ghana's Petroleum Revenue Management Act: A Critical Analysis and Socio-Political Contextualisation with Counterpoints from Norway and Botswana." (2021).

¹⁹ NPP gov't should pursue misappropriation of oil revenue – PIAC

<https://www.piacghana.org/portal/12/13/54/npp-gov%E2%80%99t-should-pursue-misappropriation-of-oil-revenue-%E2%80%93-piac>

²⁰ Teye Aboah, Daniel. *Ghana's oil industries and emerging regulations: breaking the resource curse*. MS thesis. Norwegian University of Life Sciences, Ås, 2022.

²¹ PIAC, EOCO Partner To Prosecute Officials Who Divert, Misuse Petroleum Funds

<https://www.piacghana.org/portal/12/13/323/piac-eoco-partner-to-prosecute-officials-who-divert-misuse-petroleum-funds>

(PHF) had not received \$100 million of Ghana's petroleum revenue, breaking Ghanaian law. Showing up before the parliamentary committee probing allegations against the Finance Minister, Ken Ofori-Atta, Vice Chair of PIAC, Abdul Nasir Alfa Mohammed said "We looked into all of the laws that, in our opinion, surround this issue. We still came to the independent conclusion, which we stand by any day, that those revenues should have been deposited in the petroleum holding fund rather than any other account and should have been included in Ghana's petroleum revenues.

In addition, the Minority (NDC) in parliament, which is in charge of PRMA, revealed that the NPP government led by Akufo-Addo-Bawumia had failed to account for more than \$100 million in oil funds that the state had received for petroleum lifting in the first quarter of 2022. John Jinapor, a member of the NDC who represents Yapei-Kusawgu, issued a statement that made this clear. He stated, "The decision by the current NPP government to transfer revenues accruing from about 944,164 bbls of crude lifting in the Jubilee and TEN fields to a company established in a safe haven (outside Ghana) without parliamentary approval, amounts to a gross violation of the Petroleum Revenue Management Act." The minority added, "We have become aware that following the acquisition of a 7% interest in the Occidental (Oxy) transaction in respect of the Jubilee.

Even though GH157.77 million had been budgeted for the year, the District Assembly Common Fund (DACF) did not receive any funds from the Annual Budget Funding Amount (ABFA) in the first half of 2022, according to the Semi-Annual Report 2022 of PIAC²².

Section 815 of Act 815 stipulates that the carried and additional participating interests and all other revenues from the country's direct or indirect participation in petroleum operations should be deposited into the PHF. However, it was also discovered that Jubilee Oil Holdings Limited (JOHL), a subsidiary of the Ghana National Petroleum Corporation (GNPC), held the \$100,748,907.95 in proceeds from its first lifting (944,164 bbls) on the Jubilee Field in the first half of this year. The company is not registered in Ghana.²³ In similar vein the Semi-annual Report also revealed that a total of 10 International Oil Companies (IOCs) owe²⁴ Ghana surface rental fee arrears of \$2.77million.

Flowing from above, there has been an attempt to provide some evidence of the insight work that PIAC has carried out, which shows quite clearly misappropriation, mismanagement, and the bureaucracies and policy challenges which frustrate the work of PIAC whilst making room for stakeholders in the area to benefit to the detriment of the nation. These reports also show how reluctant that state institutions such as the Ministry of finance is not ready to follow the laws as laid down, flouting the with impunity and refusing to make statutory allocation even though provided for under the national budget. The reports also bring to light the reluctance of GRA to take swift action as far as the collection of petroleum revenues are concerned as well as taking the necessary legal actions to retrieve these monies.

It can be seen that but for the role of PIAC which reveals some those shady activities which are hidden for the general public as well as parliament, nothing would be known. And even upon the discovery and publication of these pieces of information, it appears not deterrent enough since enforcement becomes another challenge for the alleged perpetrators.

²² COMMON FUND STARVED OF OIL FUNDS — PIAC WORRIED

<https://www.piacghana.org/portal/12/13/614/common-fund-starved-of-oil-funds-%E2%80%94-piac-worried>

²³ \$100.74 MILLION ACCRUED FROM OIL LIFTED BY JOHL NOT PAID INTO PHF – PIAC

[https://www.piacghana.org/portal/12/13/610/\\$10074-million-accrued-from-oil-lifted-by-johl-not-paid-into-phf-%E2%80%93-piac](https://www.piacghana.org/portal/12/13/610/$10074-million-accrued-from-oil-lifted-by-johl-not-paid-into-phf-%E2%80%93-piac)

²⁴ 10 IOCS OWE GHANA \$2.77M RENTAL FEE ARREARS

[https://www.piacghana.org/portal/12/13/609/10-iocs-owe-ghana-\\$277m-rental-fee-arrears](https://www.piacghana.org/portal/12/13/609/10-iocs-owe-ghana-$277m-rental-fee-arrears)

Correlation between Transparency, Accountability and Corruption

What remains a difficult question to answer or rather to be uncovered are the reasons for the reluctance of stakeholders and actors in taking the appropriate actions and applying the law even where there is overwhelming evidence of mismanagement and misappropriation of petroleum revenue or flouting the laws. The discussion at this stage tries to discover or establish that the underlying reasons for these actions and inactions which prevents transparency and accountability are founded on the benefits which accrues to a person(s) in the position of power. In simple terms, it is suggested that the desire for corruption and corrupt practices bring about the increasing lack of transparency and accountability when comes to petroleum revenues in Ghana.

The concept and Principles of Corruption

The term "*corruption*" just as the term "law" or "constitution" are terms of art which are very difficult to have a direct and strict definition. Due to this difficulty, a brief discussion on the concept of corruption is carried out in an attempt to create more clarity on the concept of corruption for better understanding as far as tackling the issue of transparency and accountability is concerned.

To begin, Otor and Ofiafoh (2013) define corruption as "the process of circumventing formally agreed or implicit rules for decision-making (in the public or private sector) by using personal inducements to achieve institutional and/or personal objectives." On the other hand, Heidenheimer (1993) explains that corruption is "a process by which the virtue of the citizen is undermined and ultimately destroyed." Both of these definitions are consistent with one another. Myint (2000) also defines corruption as the use of public office or official position, rank, or status for personal gain by an office bearer.

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The breach of established rules for one's own benefit and financial gain is generally regarded as corruption or corrupt behavior (Sen, 1999). These, according to Lipset & Lenz (2000), include unethical attempts to acquire wealth or influence, private gain at the expense of the public, abuse of public authority for personal gain, and conduct those deviates from official responsibilities for personal gain. Bribery, which is the use of a benefit to influence the judgment of someone in a position of trust, is included in this definition. nepotism, in which favors are bestowed based on a person's connections rather than their qualifications; and misappropriation, which is the misuse of public resources without permission (Banfield, 1961).

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In summary, it can therefore, suggested that corruption or corrupt activities involve a process more than just one person, but two or more persons who may be in public office or public-private in positions of power who abuses of public authority by circumventing the legal regime and policies illegally and unethically, demanding, seeking bribes or allowed to be bribed, extorts, fraud and embezzles, or awarding favours to co-conspirators based on personal connections without merits for the person(s) own benefit and financial gains.

Section of the Public Officers Act, 1962²⁵ provides that a “*public officer refers to “(a) a person in the service of the Government, (b) a person in the service of a local authority.”* Therefore, persons where are in contract of service with the government are termed as public officers and this list include the Minister of finance. The 1992 Constitution defines *public office* under Article 295 to include “*an office the emoluments attached to which are paid directly from the consolidated Fund or directly out of moneys provided by Parliament and an office in a public corporation established entirely out of public funds or moneys provided by Parliament*”. Following this the Constitution establishes a standard of practice for public officers. It provides under Article 284 for conflict of interest. It states that “*A public officer shall not put himself in a position where his personal interest conflicts or is likely to conflict with the performance of the functions of his office.*” It further provides under Article 35(8) that “The State shall take steps to eradicate corrupt practices and the abuse of power.” The intention if the State is eloquently expressed through the Constitution, where provides that person who work for the government or State is require avoid actions or inactions that would conflict with the interest of his public office and his personal interest. This is likely to bring about corruption for personal benefit to the detriment of the office. The Constitution, therefore, invokes that state to compulsorily take the necessary steps to eradicate corruption. It is therefore the fervent call for the eradication of all forms of corruption is all public office including the oil and gas sector and indeed the private sector in Ghana as aspired by the 1992 Constitution.

It is therefore observed that corruption and corrupt practices are directly connected to actions and inactions that prevent or avoid transparency and accountability. Particularly, as far as the topic under consideration is concerned, that all the actions and inactions attempted to avoid transparency and accountability when it comes to PRMA by stakeholders connected to petroleum revenue in Ghana may be carried for personal benefits (corruption) to a very large extend.

This hurdle has to do with the seeming challenge when it comes to the use of the term “corruption” and “fraud” interchangeably.

According to Khan (2006), many people seem to confuse the terms "corruption" with "fraud." He believes that the two terms should be used separately because they are not interchangeable. He claims that "corruption" often takes the shape of kickbacks, commissions, bribes, or other perks that do not really show up in the government's records. Contrarily, "fraud" refers to obtaining an unauthorized profit by evading some controls or bending some norms. Records still contain some evidence that can be used

²⁵ Public Officers Act, 1962 Act 114

to identify the fraud.²⁶ He therefore submits that based on their distinct difference ‘corruption auditing’ must therefore be to be distinguished from ‘fraud auditing’.

This understanding therefore takes us to chapter four (4) which deals with finding efficient auditing methods that guarantee transparency and accountability in the use of petroleum revenue as a mechanism to combat corruption (corruption auditing).

Part Four: Theoretical perspective of auditing, effective tools for auditing for transparency and accountability as a remedy to corrupt practices and corruption

Theoretical perspective of Auditing

Four theories of auditing would be considered. These theories provide various reasons and correlations between stakeholders and interest groups when it comes to the performance of tasks, prudence, transparency, accountability as well as value for money.

Agency Theory

The typical accounting and financial viewpoint on governance primarily draws on agency theory (Fama and Jensen 1983; Baysinger and Hoskisson 1990; Bathala and Rao 1995). Agency theory sees managers as self-interested actors who might act opportunistically because ownership and control are separated (Jensen and Meckling 1976). A typical contractual provision for decreasing these agency costs is the board's oversight of the agent's management and reporting to the owner and stockholders (Lwabukuna, 2016).²⁷ So, from the agency's point of view, a board member should have both independence from management and monitoring and control competence. However, the results of earlier studies were not clear because the independence proxies used in those studies provided little insight into how an independent board operates. According to McAvoy and Millstein (2004), it is not sufficient to simply count each board member's associations to determine whether or not the board is independent and active. According to MacAvoy and Millstein, it has been challenging to assert that the board's activities and conduct ought to be the focus using the agency paradigm. When using an agency framework to determine causal relationships between indicators of governance quality and the performance of the organization, for instance, it is challenging to determine whether an active audit committee actually exerts an independent influence on governance (Larcker et al. 2007).

Resource Dependence Theory

According to Pfeffer and Salancik's 1978 resource dependence hypothesis, Boyd 1990), stockholders and/or management may use the board to access and manage limited resources (Aldrich and Pfeffer 1976; Boyd 1990; Pfeffer and Salancik, 1978) and contribute to the establishment of the company's strategy (Williamson, 1999). Instead of acting as a watchdog, the board's primary responsibility is to collaborate with management to develop efficient policies and plans for the business. A Resource dependence perspective, as stated by Dalton and Daily (1999), grants board members access to crucial strategic resources, networking opportunities, and data, all of which contribute to a company's long-term

²⁶ Khan, M. A. (2006). Role of audit in fighting corruption. Paper Prepared for Ad Hoc Group Meeting on ethics, integrity, and accountability in the public sector: re-building public trust in government through the implementation of the UN Convention against Corruption. pp. 1-32

²⁷ Lwabukuna, Olivia. "Governing African extractives for development lessons from Ghana's petroleum revenue management law." (2016).

performance. A board member's sector knowledge, capacity to assist in determining corporate strategy, and capacity to provide access to external resources are all valuable qualities due to this emphasis on business strategy (Boyd, 1990). Reingold says that many high-tech board members today think their job is actively influencing the company's direction. In point of fact, outsiders are frequently incorporated into high-tech boards more for the connections they have or their specialized technical knowledge than for their objective perspective.

Managerial hegemony Theory

A third theory of corporate governance that has been proposed in the methodology writing is Administrative Authority (Galbraith, 1967; 1984 by Wolfson; (1987, Kosnik) According to the theoretical viewpoint, companions and partners picked by senior administration are the people who won't control their way of behaving (Patton and Bread cook, 1987), will assume a lower priority in the administration cycle, and depend on the organization's administration for data about the organization and its industry (Wolfson, 1984). This strategy can be seen as more of a showpiece to satisfy legal requirements than a real tool to modify organizational structure or give real managerial supervision. In contrast, an agency theory viewpoint places emphasis on the board serving as an impartial and efficient watchdog over management decisions. As a result, from the standpoint of hegemony, the board's duties are restricted to approving management's decisions, fulfilling legal obligations, and raising top management salaries (Core et al. 1999; Molz 1995). In point of fact, a study conducted in 1999 by Epstein and Palepu found that 87 percent of "star analysts" held the opinion that the board of directors solely serves the interests of corporate management at the expense of other stakeholders. The hegemony board has negative effects on shareholders, according to Westphal and Zajac (1994) because it produces little independent oversight, weakens the stewardship function, and strengthens management's entrenchment (Core et al.1999).

Performance Audit Theory

The fourth auditing tool that this study will take into consideration is the Performance Auditing tool. It is generally accepted that performance audits can assist in exposing corruption, according to Dye and Rick (1998). A performance audit that was both well-planned and carried out would bring to light areas of waste, inefficiency, and the inability to produce outcomes and have an impact. It is suggested that if a project or program has been properly planned, it should be possible to implement it with cost and effectiveness considerations and the desired outcomes. If it costs more than what was budgeted, takes much longer than expected, or doesn't get the job done, it might have been run by corrupt people whose job it is to manage.

However, despite the possibility of the first school of thought, there is another school of thought that suggests that the existence of waste, inefficiency, or ineffectiveness may not be a conclusive proof of corruption. The second school are of the view that there could be legitimate explanations for human shortcomings or complicated, challenging environmental variables that prevented the realization of goals. A simple case of accidental human negligence, failing to consider all the costs and hazards, could exist. Therefore, normal performance auditing may not uncover specific indications of corruption. But, if corruption does occur, performance audits may offer some information about it. To accomplish this, the performance auditors must delve more deeply into the problems found during the audit planning phase (Khan, 2006:19).

It is observed that this tool can actually be used in uncovering corruption, however, the auditor is required to carry out the required in-depth scrutiny and analysis to truly uncover corruption.

Analysis of Theories of Auditing

Following on from the preceding, Agency theory suggests that establishing causal links between an entity's performance and measures of governance quality appears to be difficult. And whether or not an audit team (auditing) actually exerts independent and authority as required in the performance of their work. With the *Resource Dependence theory*, focus is placed on the role of how auditing can be used to adequately manage scarce resource for growth of an organisation. Therefore, the focus of stakeholders, management and interest groups in auditing has to with identifying system weaknesses and loopholes such as misappropriation, mismanagement and corruption causing the dissipation of scarce resources. Similarly, the *Managerial Hegemony Theory* basically suggests that senior management (appointing authority) appoint their cronies and associates merely to satisfy the legal requirement, but who they intention is not to ensure or expose their non-practice of transparency, accountability and corruption but rather to partner with them to perpetrate these crimes. Therefore, auditing in this instance becomes very essential.

And finally, *Performance Audit theory* provides that well-planned and executed programme should produce the appropriate outcomes with respect to economy and efficiency, and not otherwise longer in duration and cost overruns. And that auditing is able to unearth the underlying causes of which include corruption as a major factor.

It must be noted that notwithstanding the weaknesses that the four theories are challenged with, all point to the fact that effective auditing enhances transparency and accountability which exposes misappropriation, mismanagement, and corruption, based on which alleged officials can be prosecuted.

Part Five: Effective Tools for Auditing for Transparency, Accountability and Corruption

Having established the critical role auditing plays in exposing misappropriation, mismanagement and corruption, making way for prosecutions and enforcement enhances transparency and accountability and a fight against corruption. In order to accomplish this, the following auditing tools and strategies would need to be considered in transparency, accountability and corruption auditing in order to receive a successful outcome petroleum revenue management activities.

Effective tools for auditing for transparency and accountability (Corruption Auditing) in PRMA Structural Equation Modelling (SEM) Tool

According to Asiedu and Deffor (2017), the Structural Equation Modeling (SEM) tool can be utilized in corruption auditing. Directors and managers of a few public sector organizations were included in a study that looked into the connection between Ghana's Effective Internal Audit Function (EIAF) and corruption. The study found that corruption requires three conditions: economic rents, weak institutions, and discretionary power. As a result, while rent-seeking is possible due to the arbitrary nature of power, public officials with authority are fearless when it comes to mismanagement and corrupt practices due to the difficulty of apprehending and prosecuting them.

According to Asiedu and Deffor (2017), the full implementation of the Internal Audit Agency Act of 2003, which grants independence to the audit department, has a significant impact on the effectiveness of the internal audit function and would benefit corruption auditing. In addition, the independence and

strict adherence to regulations and laws of the internal audit function will aid in the fight against administrative corruption in Ghana. A reliable, independent, and reputable internal audit system is essential to the investigation of corruption because it evaluates and contributes to the improvement of risk management, control, and governance, as well as serves as the foundation for transparency and accountability.

The role of Supreme Audit Institutions (SAIs)

Encouraging stakeholders to ensure accountability and transparency in the massive fight against corruption requires a more potent force. A multifaceted approach that takes into account public information, the judicial system, public administration, and societal cultural values is required to combat corruption. Despite this, the current government's role became very important. There are actions that require the political will of the state or that the government must take (Jenkins, 2020; Khan, 2019; Chêne 2018). Such actions can only be initiated by an organization like SAI. If the SAI wants to take the fight against corruption to the next level, it needs to be strong and have funds allocated for that. Without this support, individual auditors and even lower-level audit departments would be able to do much. SAIs can help prevent corruption within public entities by enhancing transparency, making risk more visible, and establishing robust and effective internal controls.²⁸

PIAC and Public Oversight

The Petrol Commission, the Public Records Council, the Select Panel on Minerals and Energy, and especially the PIAC are important parts of public oversight. Parliament has appointed these bodies, which have oversight responsibilities. The PIAC, which includes Christian organizations, the Muslim Council and Ahmadiyah missions, the Trade Union Congress, the Journalists' Association, independent policy research think-tanks, the GHEITI, and the Chamber of Commerce, is notable (Lwabukuna, 2016). Other notable stakeholders include the Bar Association, the Association of Queen Mothers, the National House of Chiefs, and PIAC.²⁹

Because PIAC is the most important purpose vehicle organization tasked with ensuring transparency and accountability in the handling of petroleum revenue in accordance with sections 51 to 57 of Act 815 in Ghana, it would give it the credibility it needs as a watchdog if it were to be transparent and accountable for both its own affairs and its operations. They the needs for PIAC to stand strong as independent institution, building their technical capacities and delivery their reports as well as holding frequent public engagements with stakeholders as much as possible exposing mismanagement and corrupt practices as early as possible for prevention. Signing an MoU with EOCO is not enough, PIAC should also be advocating for authority for prosecution in order to swiftly enforce their findings. Similarly, PIAC should advocate for amendment of section 60(1) and (2)(c) of Act 815, which provides the Minister of Finance with discretionary powers. Such as power which has been identified as a major root cause for misappropriation, mismanagement and corruption when it comes the use of petroleum revenues.

²⁸ Jenkins, Matthew. "Transparency International Anti-Corruption Helpdesk Answer-Corruption in ASEAN-Regional trends from the 2020 Global Corruption." (2020).

²⁹ Lwabukuna, Olivia. "Governing African extractives for development lessons from Ghana's petroleum revenue management law." (2016).

CSOs continue to support PIAC's mission in a significant way. Civil society in Ghana has been observed to have actively contributed to improving resource governance. In order to educate itself and get ready to better exercise its oversight mandate and rights, it has been in charge of organizing its own local and international forums, training workshops, and other events. For instance, the Ghanaian oil and gas civil society platform has overseen resource revenue, co-authored relevant bills and policies, provided technical and advisory support during their drafting, and collaborated on their creation. In Ghana, the civil society platform KASA is in charge of the coordination of environmental and natural resource advocacy groups.

Ghana's Civil Society Platform on Oil and Gas (CSPOG) was established in 2009 to coordinate the voices and actions of Ghanaian civil society in the oil and gas sector, exchange information, and manage petroleum revenue. Gender, Organized Labor, Faith-Based, Media, and Community-Based Groups, as well as 120 individuals and 60 organizations, are among its members.³⁰

The job of common society associations, for example, in lobbies for income straightforwardness, checking of states' receipts of incomes and their consumption can be a significant wellspring of tension for the endeavor of more noteworthy straightforwardness and responsibility estimates by the public authority. As a result, civil society's methods of protest, agitation, and publicity are an essential strategy for the fight against corruption and transparency and accountability.

Ghana Extractive Industries Transparency Initiative (GHEITI)

The EITI is a multi-stakeholder initiative that has reached a broad consensus on the methods for revenue transparency. Investors, extractive industry associations, international financial institutions, multinational and state-owned companies, host and home governments, and civil society organizations are all included. It stipulates that natural resource wealth management should be done in the interest of national development and places an emphasis on prudent use. Contracts and laws must also be transparent, and the also mandates accountability for public expenditures and the disclosure of payments by businesses. Therefore, it must also increase advocacy for revenue transparency, ensure that the necessary pressure is placed on the government to adhere to the global principles and criteria, and provide technical assistance and capacity building.³¹

The Role of Government

According to Gashumba (2010), corruption and a lack of accountability in public governance are major factors that hinder the majority of governments' ability to choose between crucial options. According to the findings, in the absence of proper checks and balances regulations required for public financial management, giving a large amount of discretionary power to individuals like a public officer (Minister of Finance)³² and agencies in the management of enormous financial resources for public welfare results in a lack of transparency, accountability, and corruption.³³

³⁰ <https://www.cspog-gh.org/>

³¹ Faruque, Abdullah Al. "Transparency in extractive revenues in developing countries and economies in transition: a review of emerging best practices." *Journal of Energy & Natural Resources Law* 24.1 (2006): 66-103.

³² Emphasis mine

³³ Gashumba, Jeanne Pauline. *Anti-corruption agencies in Africa: a comparative analysis of Rwanda, Sierra Leone and Malawi*. Diss. University of the Western Cape, 2010.

In order to establish a legal framework that allows for the free flow of information, it is believed that the formulation of appropriate laws and policies is of the utmost significance. These laws and policies should give all government officials, state-owned businesses, and ministries access to information. The most important thing is making sure that section 60(1), which requires the Minister of Finance to ensure the establishment of a legislative instrument to regulate the effective performance of Act 815, which is the central management of petroleum revenue, is passed or, if it isn't, changing the provision to revoke the discretionary power and return it to parliament, which was originally outfitted with the ability to make laws.

In addition, the government must ensure that bidding and licensing procedures are transparent, that a comprehensive and precise definition of income from resource exploitation is used, that oversight mechanisms are provided, and that stakeholders can participate in discussions about how revenues from resource exploitation are used. State-owned petroleum and mineral enterprises, which are in charge of collecting revenue and making legal and contractual arrangements with foreign companies, play a significant role in the absence of transparency and accountability in revenue management and distribution. Therefore, the government ought to be viewed as ensuring that state institutions are enforcing the law rather than causing frustration to those institutions. This is because it appears as though governments are reluctant to enforce and impose stringent measures like disclosures, which could reveal not only the corrupt practices of some government officials but also the government as a whole and businesses.

Corruption and a lack of accountability in public governance are the primary factors that hinder the majority of governments' ability to choose between these two crucial paths. According to the findings, granting a large amount of discretionary power to specific individuals and organizations in the management of substantial financial resources for the benefit of the public in the event of an emergency without adequate checks and balances results in a lack of knowledge of the existing rules and regulations that are necessary for the management of public finances.

The Role of international financial institutions, Donors and Companies

International financial institutions (IFIs), according to Faruque (2006), play a significant and influential role in ensuring that the public finances of natural resource projects are transparent and accountable. The need for international financial institutions (IFIs) to demand transparency in their lending decisions, provide technical assistance to nations for the development of capacity building, and develop codes and regulations regarding transparency and accountability is becoming increasingly well-known. IFIs like the World Bank and the International Monetary Fund (IMF) would be considered in these discussions.

The Role of World Bank's role

The World Bank, the largest financial institution and major financier of extractive projects, is crucial for ensuring revenue transparency. The notable Chad-Cameroon pipeline project set the norm for straightforwardness drives. The World Bank interestingly compelled the state of a straightforward income the board plan for its support in a pipeline project in light of the growing concerns of common society and NGOs that the monetary benefits of pipeline projects and oil development would not reach the poor due to widespread debasement. The World Bank required Chad to implement a sound management strategy for its oil revenues before the project could be funded. In accordance with the Bank's recommendations, the Revenue Management Law was enacted by the Chadian government in

December 1998 (Faruque, 2006). Consequently, PRMA's transparency and accountability in the Ghanaian case may be significantly affected by the World Bank.

The Role of the International Monetary Fund (IMF)

Ghana is one of the countries that is a member of the International Monetary Fund (IMF), and it plays a significant role in both the creation of the principles that govern revenue transparency and their implementation. The idea of transparency in revenue management is now much easier to understand thanks to the IMF's recent adoption of a number of codes and principles. The IMF primarily shows that it is in favor of revenue transparency by recommending and evaluating the best practices for fiscal transparency that are implemented in individual nations.

The Code of Good Practices on Fiscal Transparency was created by the IMF and includes guidelines for open budget procedures, information disclosure, and government roles and responsibilities. It has adopted a Manual on Fiscal Transparency as a guide for implementing transparency standards in addition to the Code (Faruque, 2006). In addition, there is a Draft Guide on Resource Revenue Transparency that explains how countries with a lot of resources can get and manage money from the oil and gas, mining, and gas industries.³⁴

It is essential to keep in mind that the IMF's transparency guide has significantly aided in the development of transparency standards for its member nations. It characterizes straightforwardness as far as satisfaction to incorporate Clearness of jobs and obligations, public accessibility of data, transparent financial plan arrangement, execution and revealing as well as Affirmation of uprightness. The IMF's demand that these procedures be followed would go a long way toward ensuring that Ghana's petroleum revenue management is transparent and accountable.

The Role of International Companies

There is currently no global regulation of multinational corporations' transparency obligations, including extractive companies. The issues of revenue transparency and business disclosure requirements are barely addressed by the current international standards for corporate social responsibility. According to Gashumba (2010), extractive companies in many developing nations would rather do business with dictatorial, undemocratic, and corrupt regimes that are not accountable for how they spend the money they make from extracting minerals. It is possible to accuse the businesses of being complicit in corruption because it is believed that their undisclosed payments to governments contribute to the flourishing nature of corruption. Local hostility and insecurity may jeopardize the long-term commercial prospects of an extractive development project. However, they could be accused of complicity in defilement if they conduct business with or collaborate with corrupt states. Their social license to operate is reduced as a result of the damage to their reputation caused by their complicity in corrupt behavior (Gashumba, 2010). Based on the information that was presented earlier, extractive businesses ought to take the initiative to disclose information about revenue payments that are made to the government and ought to consider this disclosure to be part of their social responsibility. When the government refuses to disclose its sources of revenue, businesses' proactive efforts in this area are viewed as especially significant. Through voluntary transparency initiatives, businesses can also meet the growing demand for corporate social responsibility in the extractive industry by actively disclosing payments. In this regard, businesses must go above and beyond the host government's legal and

³⁴ Ibid

regulatory requirements. Recognizing a company's disclosure policy can help the bottom line because more information can help political parties stay in business and make people more accountable to the public.

The Role of Donor Agencies

It is impossible to overstate how important it is for donor organizations to ensure accountability and transparency in order to keep Ghana from falling victim to the resource curse. The World Bank, the German Agency for International Cooperation (GIZ), the United Nations Development Program (UNDP), and the Department for International Development (DFID) are just a few of the major donor organizations that have worked in Ghana (Andrews & Siakwah, 2020).

To get the most out of Ghana's oil resources, the government heavily depends on these donor organizations. Donor organizations have provided the government with organizational and institutional frameworks, increased transparency, assistance with skill training, and technical assistance. As a consequence of this, donor organizations play a significant part in the PRMA's struggle for transparency and accountability.

Best Practices in Corruption Auditing

Best practice requirements ought to reflect auditing's impartiality and independence. Audits should be open to the public and carried out in accordance with established guidelines and standards. Many developing nations prepare their budgets without adequately informing the public or consulting the general public. Whether a state's resource-rich budget is prepared and implemented openly and transparently is a major factor in revenue management accountability and transparency. Budget documents should include clear policy statements on how to use oil revenues, including for financial and other investments, information on non-oil fiscal balances, and an explanation of the risks associated with oil price fluctuations and the measures taken to mitigate them, according to the IMF's Draft Guide on Resource Revenue Transparency (Gashumba, 2010).

Conclusion

Revenue management must be transparent in order to alleviate poverty and guarantee an equitable economic and social development of a state. It is now common knowledge that improving petroleum revenue management's transparency and accountability is essential to enhancing citizens' overall well-being and promoting sustainable development. However, opaque revenue management has the potential to promote corruption, exacerbate social inequality, and provide support for authoritarian regimes. Transparency in revenue management can improve the investment climate, political stability, and conflict prevention caused by the resource curse.

The current foundation of voluntary international initiatives to increase revenue transparency is independent government and business reporting. The auditing, reporting, and dissemination of revenue transparency concepts outlined in voluntary and soft law developments stand to benefit stakeholders and governments significantly. In addition, these voluntary initiatives and guidelines fill a global regulatory void that was left by multinational corporations, particularly in relation to the free use of revenue. Their main application flaw is the concept of state sovereignty, which permits a state to accept or reject such codes and principles. On the other hand, the emerging principles regarding revenue transparency have

the potential to become the global standard by which businesses and governments operating in the global market will be evaluated. These tenets will probably soon be incorporated into the national legal system. In response to growing concerns about corruption and mismanagement of extractive revenues, which have led to poverty and civil war, some resource-rich developing nations have incorporated transparency principles into contracts, joint development agreements, and legislation. The implementation of revenue transparency is a shared responsibility that requires coordinated efforts from all stakeholders, including states, extractive companies, developed nations, international financial institutions, and civil society, in order to reduce, if not eliminate, corruption.

The state, on the other hand, is obligated to use the natural resources and the profits from their extraction for the benefit of the people because the citizens own the natural resources and hold power. Consequently, the state bears the primary burden. Under PRMA and the laws and regulations that implement it, the conditionality of transparency and accountability must be extended to all state agencies, including state-owned businesses that are directly involved in revenue extraction and management.

As a direct consequence of this, the Audit General and the Audit Service assume increasingly significant roles in both internal and external auditing. In addition, a government initiative to improve revenue transparency has the potential to improve the investment climate, which in turn has the potential to attract additional foreign investment in the natural resource development.

When strong political commitment is combined with transparency mandates from legal and institutional sources, measures of revenue management transparency can only contribute to the creation of a favorable political and social climate. Any transparency initiative's success depends on organizations like PIAC and CSOs' support for the enforcement of corruption audits and reports. This recalls responsible and popular foundations for a global and public scale. Businesses ought to acknowledge that they are required to disclose as part of their social responsibility. Similar to this, organizations like donor groups, multilateral financial institutions, multinational corporations, and others need to make it easier for resource-rich developing nations like Ghana to follow international best practices in terms of transparency and accountability.

Last but not least, SAI anti-corruption initiatives include improving public entities' internal control systems, focusing audits on high-risk areas, forwarding information about suspected illegal or corrupt practices to the appropriate authorities for action, and even pressing them to become relevant for ensuring transparency and accountability.

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