

# 2018

## PETROLEUM FUNDS



REPUBLIC OF GHANA



# REPORT OF THE AUDITOR-GENERAL THE MANAGEMENT OF PETROLEUM FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

### Our Vision

Our Vision is to become a world-class Supreme Audit Institution delivering professional, excellent and cost-effective services.

**This report has been prepared under Section 11 of the Audit Service Act, 2000 for presentation to Parliament in accordance with Section 20 of the Act.**

**Daniel Yaw Domelevo  
Auditor-General  
Ghana Audit Service  
20 May 2020**

**This report can be found on the Ghana Audit Service website: [www.ghaudit.org](http://www.ghaudit.org)**

**For further information about the Ghana Audit Service, please contact:**

**The Director, Communication Unit  
Ghana Audit Service Headquarters  
Post Office Box MB 96,  
Accra.**

**Tel: 0302 664928/29/20  
Fax: 0302 662493/675496  
E-mail: [info@ghaudit.org](mailto:info@ghaudit.org)  
Location: Ministries Block 'O'**

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# TRANSMITTAL LETTER

**Ref. No. AG.01/109/Vol.2/137**

Office of the Auditor-General  
Ministries Block "O"  
P. O. Box MB 96  
Accra

Tel: (0302) 662493  
Fax: (0302) 662493  
**GA/110/8787**

**20 May 2020**

Dear Sir,

## **REPORT OF THE AUDITOR-GENERAL ON THE MANAGEMENT OF PETROLEUM FUNDS FOR THE PERIOD 1 JANUARY 2018 TO 31 DECEMBER 2018**

In accordance with my mandate under Article 187(2) of the Constitution of Ghana, Section 16 of the Audit Service Act 2000, (Act 584), which mandates me to carry out special audits or reviews and Section 45 of Petroleum Revenue Management Act 2011, (Act 815), I have undertaken the audit of the Management of the Petroleum Funds for the period 1 January 2018 to 31 December 2018.

2. I hereby submit to you for presentation to Parliament, a report arising from my audit.
  
3. We noted that US\$310.34 million remained outstanding to be paid into the Petroleum Holding Fund; Investment Policy Guidelines was yet to be approved; and the Investment Advisory Committee was not meeting as scheduled. We made recommendations to improve operational efficiency.
  
4. In accordance with Regulation 29(7) of the C.I.70, the audit was undertaken by PricewaterhouseCoopers for and on behalf of the Auditor-General.

5. I thank the staff of Bank of Ghana, the Petroleum Funds Secretariat, the Ministry of Finance, Controller and Accountant General and Ghana National Petroleum Corporation for their assistance and cooperation during the audit.

Yours faithfully,



**DANIEL YAW DOMELEVO**  
**AUDITOR-GENERAL**

**THE RIGHT HON. SPEAKER**  
**OFFICE OF PARLIAMENT**  
**PARLIAMENT HOUSE**  
**ACCRA**

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## **EXECUTIVE SUMMARY**

### **Execution and significant findings of the audit**

We have discussed all material findings resulting from our audit of the financial statements with the Managers of the Fund. The findings are in chapter three of the report.

### **Identified and uncorrected audit adjustments**

There were no misstatements identified during the audit.

### **Fraud or presumptive fraud**

We did not identify any incidence of fraud during the performance of our audit procedures. We refer you to our letter of engagement dated 23 December 2016 and the addendum to the letter dated 30 January 2017 which sets out our responsibility in the detection of fraud.

### **Independence**

We confirm that all team members on the audit team are independent of the Bank of Ghana and its related entities.

### **Quality of application of accounting standards**

Management has applied all relevant updates in the preparation of the financial statements. Our comments on areas of estimation uncertainty requiring judgement and on the application of accounting standards.

### **Judgment and estimates**

The financial statements of the Fund are prepared in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of accounting. The Fund Managers (Bank of Ghana) apply the provisions of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) in the management of the Petroleum Funds.

No judgements are exercised and no estimates are made in the management of the Petroleum Funds by the Fund Managers.

## CHAPTER ONE

### 1.0 Introduction

#### 1.1 Reasons for the audit

The Petroleum Revenue Management Act, 2011 (Act 815) was passed on 11 April 2011 to provide the framework for the collection, allocation and management of petroleum revenue in a responsible, transparent, accountable and sustainable manner for the benefit of the citizens of Ghana in accordance with Article 36 of the Constitution and for related matters.

2. The Act also provided for the establishment of a designated public fund (Petroleum Holding Fund) at the Bank of Ghana to receive and disburse Petroleum Revenue due the Republic.

#### 1.2 Purpose and scope of the audit

3. The objective of the audit is to enable an audit opinion to be expressed on the annual financial statements of the Petroleum Funds required by the Act to be submitted to the Auditor-General. The opinion from the audit will state whether the financial statements presents fairly the financial position as at the end of the financial period and the results of operations for the year.

4. The audit covered one-year period ended 31 December 2018.

#### 1.3 Key players and their activities

5. The key players and their activities are provided in Table 1.

**Table 1: Key players and their activities**

Key player	Activity
Ministry of Finance	<ul style="list-style-type: none"> <li>• Submits annual report on the Petroleum Fund as part of the overall presentation of budgetary statement</li> <li>• Makes Regulations for the effective performance of this Act</li> <li>• Takes investment decisions regarding the Fund</li> </ul>
Bank of Ghana	<ul style="list-style-type: none"> <li>• Establishes a Petroleum Holding Fund</li> <li>• Keeps proper books of accounts</li> <li>• Submits to the Auditor-General for audit financial statements and relevant documents within three months after the end of the year to which the accounts relates.</li> </ul>
Petroleum Revenue Fund Secretariat	<ul style="list-style-type: none"> <li>• Manages the Petroleum Revenue Fund.</li> </ul>
Investment Advisory Committee	<ul style="list-style-type: none"> <li>• Advises Ministry of Finance on investment decisions and the general monitoring of the management of the Fund.</li> </ul>
Public Interest and Accountability Committee	<ul style="list-style-type: none"> <li>• Monitors and Evaluates compliance with this Act by Government and relevant institutions.</li> </ul>

#### 1.4 Systems description

6. A description of the processes involved in the management of the Petroleum Revenue Fund from initiation to recording is presented as follows:

##### 1.4.1 Narrative of process from lifting to distribution of Petroleum revenue

###### Lifting proceeds and other income

###### Initiation

7. For lifting proceeds, GNPC sends an advice covering the value of the sale of the jubilee oil cargo lifted to the Ministry of Finance (MoF). Bank of Ghana (BoG) receives an invoice from GNPC covering the value of the oil from GNPC whenever oil is lifted from the Jubilee Field. For other income, the Ghana Revenue Authority provides advice regarding corporate tax, royalties and surface rentals.



## **Processing**

8. BoG then crosschecks the invoice against the number of barrels lifted and the price per barrel. Details of the lifting are then keyed into the lifting statistics schedule. An advice is sent from the BoG to the MoF, advising the Minister of receipt of proceeds of the lifting into the GHAPET account. MOF sends instructions to the Controller and Accountant

General's Department (CAGD) who advises the BoG on how funds are to be distributed.

## **Distribution**

### **Initiation**

9. Distributions are done by the MoF based on the provisions of Act 815 and Act 893.

### **Processing**

10. BoG checks the accuracy of the distribution against the provisions of the Act. Proceeds from liftings are distributed as follows:

- GNPC is reimbursed for expenses/costs incurred in the production of oil. This reimbursement represents GNPC's equity interest in the field. GNPC provides MoF with an invoice from Tullow Ghana Limited (the operator) showing total amounts due them as repayment of GNPC's portion of the jubilee costs.
- The amount remaining after GNPC has paid its equity financing cost is distributed as follows; GNPC takes 30% as carried and participating interest and 70% becomes available to the Annual Budget Funding Amount (ABFA) and the Petroleum Funds.
- The remaining 70% plus all other income received are shared between the ABFA and the petroleum funds. 70% goes to the ABFA and the remaining 30% goes to the Petroleum Funds, and
- Of the 30% that goes to the petroleum funds, 70% is allocated to Ghana Stabilisation Fund (GSF) and 30% to Ghana Holding Fund (GHF).

11. A flow chart of the process from lifting proceeds to distribution of petroleum revenue is provided as Figure 1 to the report.

## **1.4.2 Narrative of process for transfer from GSF to other funds**

### **Determination of cap on GSF**

12. The National Budget proposes a cap on the Ghana Stabilisation Fund (GSF). The target cap is maintained until a revision is made in subsequent budgets. The BoG informs the MoF when the cap is reached and the excess over the cap is determined.

### **Distribution**

#### **Transfers to the Annual Budget Funding Amount (ABFA)**

13. Paragraph 197 of the 2018 National Budget set the ABFA benchmark for the year at US\$235.10 million with a benchmark price of US\$65.85 per barrel and benchmark revenue of \$335.86 million. Total transfers to the ABFA in the year was US\$235.10 million.

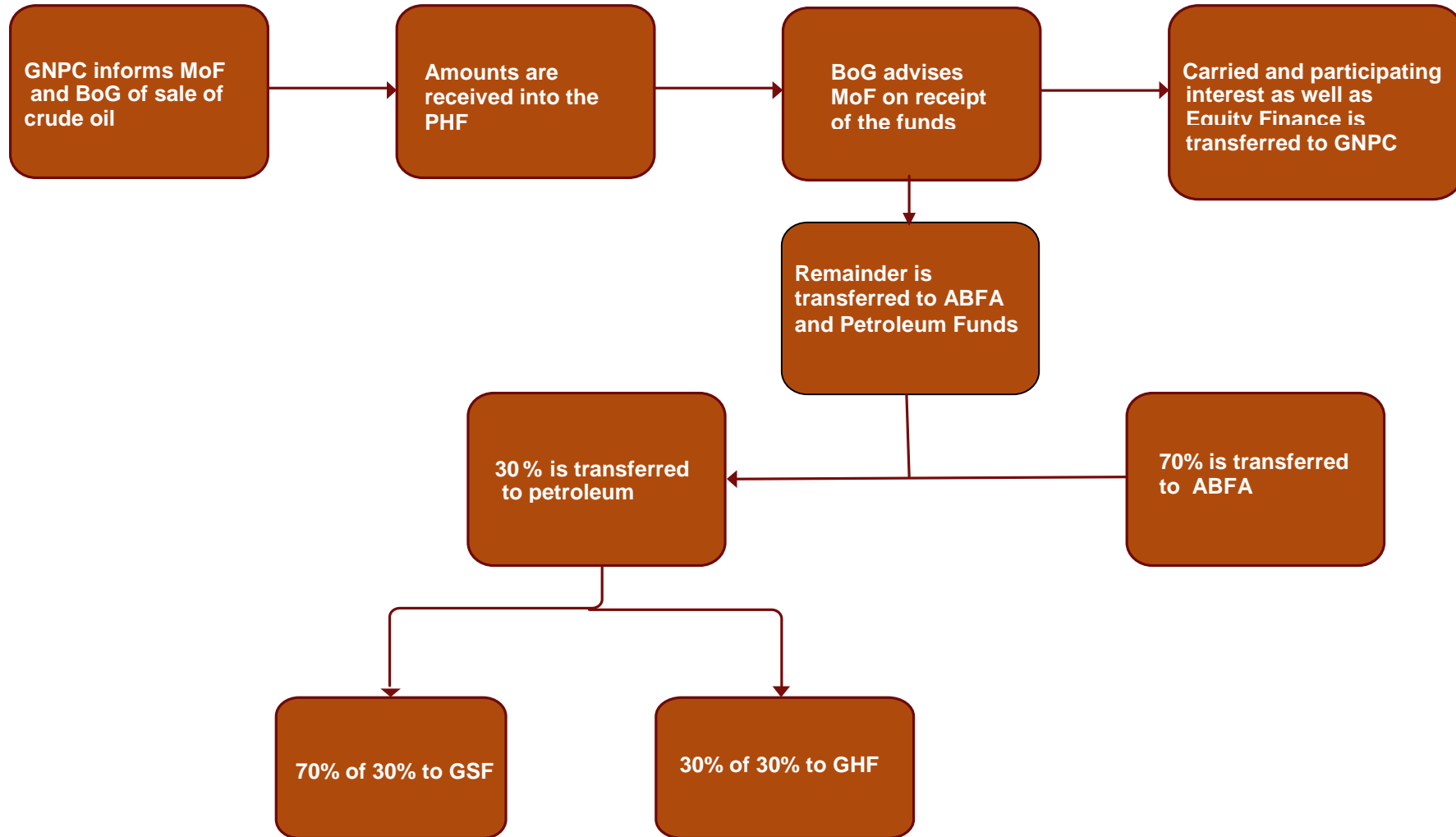
After the ABFA benchmark was achieved, petroleum revenues were transferred to the Ghana Petroleum Funds in accordance with section 23 (1) of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

#### **Withdrawals from the Ghana Stabilization Fund**

14. The 2018 National Budget set a cap on the Ghana Stabilization Fund at US\$300 million. As at 31 December 2018, the excess of US\$283.97 million had been withdrawn. The ABFA allocation was fully met, therefore there were no transfers from the Ghana Stabilization Fund.

15. The balance on the Ghana Stabilisation Fund at 31 December 2017 was US\$381.20 million.

16. Shown below is the flow chart of the process described above on transfers from GSF to Other Funds.



## CHAPTER TWO

### 2.0. Comparative analysis of crude oil liftings and prices

#### 2.1 Analysis of crude oil liftings

17. Total petroleum proceeds accruing from the sale of six (6) Jubilee liftings from the 41st to the 46th lifting amounted to US\$403.27 million. All the liftings took place in 2018 and the proceeds of US\$403.27 million was received in 2018.

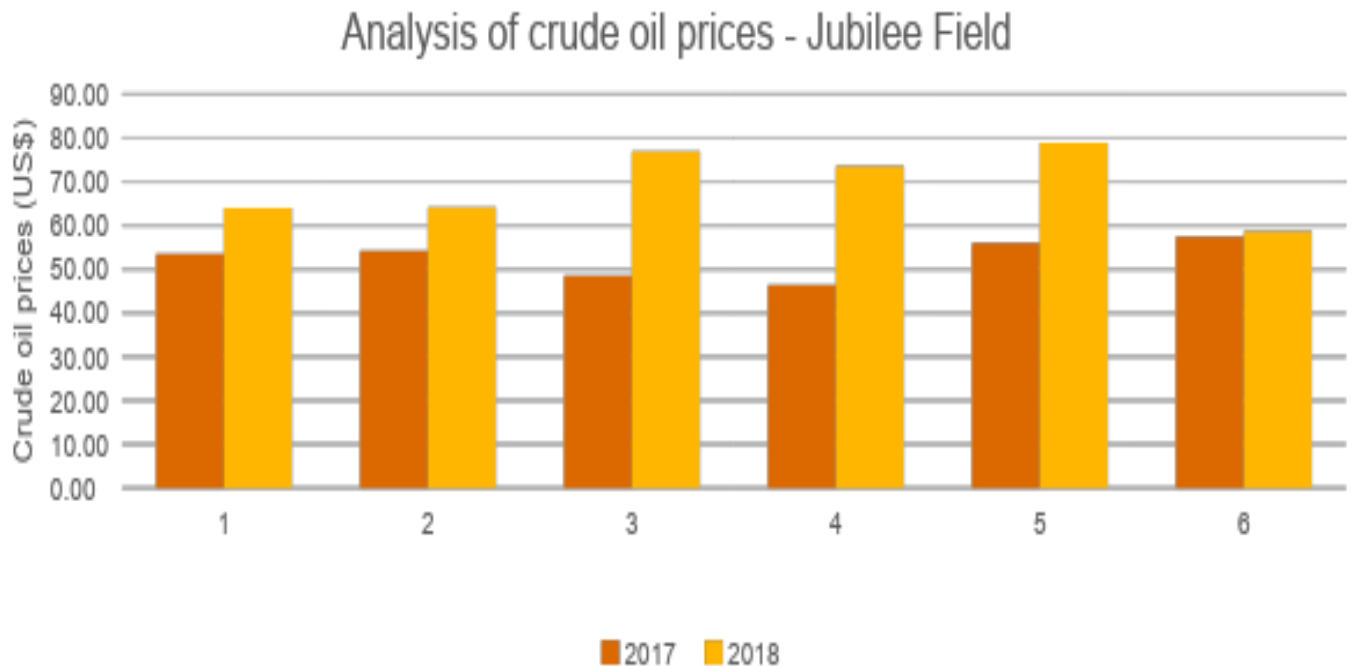
18. Total barrels lifted for the 6 liftings was 5.80 million barrels compared to 5.73 million barrels for the 6 liftings in 2016. This represents an increase of 1.22% from the previous year.

19. There were no gas liftings during the years 2017 and 2018.

20. A graphical representation of the analysis of crude oil liftings between 2017 and 2018 is shown below:

*Source: Invoices from the Ghana National Petroleum Corporation (GNPC)*

#### 2.2 Petroleum price analysis



## CHAPTER THREE

### 3.0 Findings and Recommendations

21. We made the following observations on internal controls, among others, for management's consideration. These recommendations were designed to strengthen business control and improve operational efficiency.

#### 3.1 Amounts assessed as due, unpaid into Petroleum Holding Fund

22. Section 3(2) of Act 815 requires that petroleum revenue assessed as due in each month shall be paid by direct transfer into the Petroleum Holding Fund by the fifteenth day of the ensuing month by the entities obliged to make the payment.

23. At 31 December 2018, a total amount of US\$310.34 million was outstanding to be paid into the Petroleum Holding Fund. Of the total amount, US\$308.77 million represents amounts due from the Ghana National Gas Company Limited for gas sold to them by the Ghana National Petroleum Corporation (GNPC) and US\$1.57 million surface rental fees unpaid by various entities. The estimated amount of penalties based on Section 3(4) of Act 815 is US\$10.79 billion. Refer to Appendix B for details of various entities owing surface rental fees at 31 December 2017.

24. There is a loss of income which would have been earned if the funds had been paid on time and invested.

25. We recommended that monies assessed as due to the Petroleum Funds should be promptly collected. Any late payments should attract interest as stipulated by Section 3(4) of the PRMA.

26. GRA Management responded that, UB Resources Ltd and UB Group paid a total of US\$ 37,799.42 into the Petroleum Holding Fund (PHF) in February 2019 to settle the assessment.

27. Management also said that with respect to A-Z Petroleum Products/ Petrogulf, the US\$30 is bank charges on amounts transferred to GRA in 2016 which has been paid together with the 2019 assessment. Thus, the amount received into the PHF in 2019 was US\$47,230 in total.

**With respect to Gosco/Heritage Exploration and Production Ghana Ltd management explained that;**

28. The Company has not paid their surface rental fees for East Keta Ultra Deepwater Block for 2017-2018 assessments. It has informed the GRA of a force majeure event that happened in December 2016 when the Togolese Navy interdicted and ordered the Subcontractor engaged by the Operator on behalf of the Contractor Parties to cease operations within the Contract Area.

**On Sahara Fields Energy Ltd, Britannia-U Ghana Ltd and Swiss African Oil Company Ltd management said that;**

29. These three companies have failed to honour their payment obligations despite stringent efforts to have them do so. The GRA is collaborating with the Petroleum Commission to ensure they comply or face the necessary sanctions.

**Regarding Interest/Penalty on Late payment management responded that;**

30. Section 93(5f) of the Petroleum (Exploration and Production) Act, 2016 (Act 919) states that; ‘ A person who fails to pay the annual fees in respect of the acreage to which the petroleum agreement relates for the relevant period shall (i) pay to the Commission an administrative penalty of five percent of the annual fee for each day of the first thirty days after the annual fee becomes due in addition to the outstanding annual fee; and (ii) after the thirty day period referred to in subparagraph (i), pay to the Commission an administrative penalty of one hundred thousand penalty units in addition to the outstanding fees’. The GRA is therefore collaborating with the Petroleum Commission to recover surface rental in arrears and also discuss levying of interest/penalty charges as stipulated by Section 3(4) of Act 815 (Amended) and Section 93(5f) of Act 919.

**Audit comments**

31. Ghana Gas Company Limited was written to for their response on the issue raised. At the time of finalising the report, the Company had not responded to the issue in this report.

32. Regarding the unpaid surface rental fees, Ghana Revenue Authority has been informed of the situation and Bank of Ghana was awaiting its response.

**3.2 Meetings of Investment Advisory Committee (IAC)**

33. Act 815 requires the Investment Advisory Committee meet at least once every quarter.

34. We were, however, unable to confirm that the IAC met during the year ended 31 December 2018, as there were no minutes available in line with Section 33 of Act 815.

35. The IAC is in breach of the provisions of Act 815 and matters requiring the attention of the IAC may not be addressed timely.

36. We recommended that the IAC should be reconstituted with individuals who can make time to regularly attend to the business of the Committee.

37. Management responded that The IAC was reconstituted on 14 January 2019 and has met at least once every quarter since its reconstitution, in line with the provisions of Act 815, as amended.

### **3.3 Benchmark for performance monitoring by the IAC not finalised**

38. The Second Schedule (Subsection 6) of Act 815 requires that the performance of the Ghana Petroleum Funds be measured periodically against the benchmark developed by the IAC.

39. We were unable to obtain evidence in relation to how the performance of the Fund was measured by the IAC.

40. The IAC may not identify sub-optimal performance for appropriate remedial decision, if periodic measurement of the Funds' performance does not take place as prescribed by Act 815.

41. We recommended that the IAC should determine the benchmark for measuring funds' performance and conduct periodic monitoring of the performance in line with Act 815.

42. The process for setting the Benchmark for performance measurement is ongoing.

43. Consultants from NORAD (Norway) have been engaged to assist the IAC set the Benchmark portfolio for the Fund Manager (Bank of Ghana), in line with Section 30 (1c) of the Petroleum Revenue Management Act, 2011 (Act 815), as amended.

44. The IAC currently undertakes performance measurement of the Ghana Petroleum Funds focused primarily on performance, attribution and compliance as required by the Bank of Ghana guidelines.

45. In addition, through the provision of Quarterly Reports as well as Half year Reports on the Ghana Petroleum Funds to the IAC, the Committee is able to review and measure the performance against best performing Sovereign Wealth Funds to identify optimal performance for appropriate remedial action.

46. The Minister for Finance is therefore advised accordingly.

### **3.4 Distributions to Ghana National Petroleum Corporation (GNPC)**

47. Clause 6 of Act 893 requires the Minister to ensure that Bank of Ghana transfers to GNPC the relevant portion of the petroleum revenue not later than three (3) working days after receipt of petroleum revenue into the Petroleum Holding Fund.

48. We noted that distributions of the relevant portions of petroleum revenue to Ghana National Petroleum Corporation (GNPC) for the 41<sup>st</sup> to 46<sup>th</sup> jubilee liftings and the 5<sup>th</sup> to 9<sup>th</sup> TEN liftings and the 1<sup>st</sup> Sankofa liftings were made more than three working days after receipt of the petroleum revenue into the Petroleum Holding Fund. Refer to Appendix C for details of the receipt and distribution dates for the 41<sup>st</sup> to the 46<sup>th</sup> Jubilee liftings and the 5<sup>th</sup> to 9<sup>th</sup> TEN liftings and the 1<sup>st</sup> Sankofa lifting.

49. Bank of Ghana did not comply with the requirements of Act 893.

50. We recommended that, the distributions of petroleum revenue should be made in accordance with the provisions contained in Act 893.

51. Management responded that Procedural administrative challenges within the various institutions involved in the processing and transfer of GNPC's portion have made the application of the said provision challenging.

52. Bank of Ghana has however, initiated an Information Management System (IMS) designed specifically to address this bottleneck. The system is expected to address all the administration/ bureaucratic processes in all the agencies involved in the processing of the transaction before GNPC's portion is transferred.

53. This challenge is expected to be resolved when the system is fully implemented.



### **3.5 Late publication of 2018 reports by the Public Interest and Accountability Committee (PIAC)**

54. Section 56 of Act 815 requires PIAC to publish a semi-annual report and an annual report by the 15th of September and 15th of March each year.

55. We noted that the 2018 semi-annual report was published on 8th January 2018 while the 2018 annual report is yet to be published.

56. PIAC is in breach of the provisions of Act 815.

57. We recommended that PIAC should publish the accounts as prescribed by Act 815.

58. Management's comments are outstanding.

59. No response was received from PIAC at the time of finalising the report.

#### **Status of prior year audit issues**

60. The status of implementations of findings and recommendations made in the previous audit report (Transmittal Letter No. AG/01/109/Vol.2/118) refers. One (1) out of the seven (7) observations has been resolved while the outstanding observations have been revisited in the current audit.

## CHAPTER FOUR

### 4.0 Annual Report and Financial Statements for the Year Ended 31 December 2018

#### GENERAL INFORMATION

- Fund Managers**
- Stephen Opata (Head of Financial Markets, Bank of Ghana)
  - Nana Aba Ashun (Head of Petroleum Funds Secretariat, Financial Markets Department, Bank of Ghana)
  - Samuel Anin (Petroleum Unit, Bank of Ghana)

**Registered Office** Bank of Ghana  
1 Thorpe Road  
P.O. Box GP 2674  
Accra, Ghana

**Independent Auditor** PricewaterhouseCoopers  
Chartered Accountants  
PwC Tower  
A4 Rangoon Lane  
Cantonments City  
PMB CT42  
Cantonments  
Accra

**Bankers** Federal Reserve Bank of New York  
Euroclear SA/NV

## **REPORT OF THE FUND MANAGERS**

The Fund Managers submit their report together with the audited financial statements of the Petroleum Funds (the “Funds”) for the year ended 31 December 2018, which disclose the state of affairs of the Funds.

### **Statement of Fund Managers’ Responsibilities**

The Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) requires the managers of the Petroleum Funds (Bank of Ghana) to prepare financial statements that give a true and fair view of the state of affairs of the Petroleum Funds as at the end of the year and of its receipts, disbursements, investments and withdrawals for the period then ended. The Fund Managers are required to ensure that proper accounting records are kept that disclose with reasonable accuracy, the petroleum receipts, distributions, investments and withdrawals from the Petroleum Funds for each year.

The Fund Managers accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies in conformity with the “International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting”.

The Fund Managers further accept responsibility for the proper maintenance of accounting records that may be relied upon in the preparation of these financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements.

### **Principal activities**

The Fund Managers are mandated to collect and distribute Petroleum Funds to various stakeholders and to undertake investment activities with the funds (Ghana Petroleum Funds) based on the provisions of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

### **Financial results**

The results of the year and position of the Petroleum Funds are set out on pages 7 to 11. The Petroleum Funds received a total of US\$964.72 million as petroleum revenue during the year under review. The total funds received for the year and the 2017 undistributed receipts of US\$12.64 million were distributed as follows:

	US\$'million
Ghana National Petroleum Corporation (GNPC)	305.28
Annual Budget Funding Amount (ABFA)	235.10
Ghana Stabilization Fund	305.72
Ghana Heritage Fund	<u>131.02</u>
	<b><u>977.12</u></b>

Undistributed funds in the Petroleum Holding Fund (PHF) as at 31 December 2018 was US\$0.23 million (31 December 2017: US\$12.64 million).

Investment income earned on the Ghana Heritage Fund and the Ghana Stabilization Fund during the year was US\$9.38 million and US\$6.41 million respectively.

### **Transfers to the Annual Budget Funding Amount (ABFA)**

Paragraph 197 of the 2018 National Budget set the ABFA benchmark for the year at US\$235.10 million with a benchmark price of US\$65.85 per barrel and benchmark revenue of \$335.86 million. Total transfers to the ABFA in the year was US\$235.10 million.

After the ABFA benchmark was achieved, petroleum revenues were transferred to the Ghana Petroleum Funds in accordance with section 23 (1) of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

### **Withdrawals from the Ghana Stabilisation Fund**

The 2018 National Budget set a cap on the Ghana Stabilisation Fund at US\$300 million. As at 31 December 2018, the excess of US\$283.97 million had been withdrawn. The ABFA allocation was fully met, therefore there were no transfers from the Ghana Stabilisation Fund.

### **Fund managers**

The names of the Fund Managers are disclosed on page 13.

Name of Fund Manager: *Stephen Opata*

Signature: *[Signature]*

Date: *February 6, 2020*

Name of Fund Manager: *Nana Abo Ashun*

Signature: *[Signature]*

**INDEPENDENT AUDITORS REPORT**  
**TO MEMBERS OF PARLIAMENT OF THE REPUBLIC OF GHANA**

**Our opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Petroleum Funds as at 31 December 2018, and of its financial performance, receipts and disbursements, and deposits and withdrawals for the year then ended in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of accounting and in the manner required by the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

*What we have audited*

We have audited the financial statements of the Petroleum Funds for the year ended 31 December 2018.

The financial statements set out on pages 21 to 44 comprise:

- the income and expenditure account for the year ended 31 December 2018;
- the statement of affairs as at 31 December 2018;
- the Petroleum Holding Fund statement of cash receipts and disbursements for the year then ended;
- the Ghana Stabilisation Fund statement of deposits and withdrawals for the year then ended;
- the Ghana Heritage Fund statement of deposits and withdrawals for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## ***Independence***

We are independent of the Petroleum Funds in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## **Other information**

The Fund Managers are responsible for the other information. The other information is the Report of the Fund Managers, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Fund Managers for the financial statements**

The Fund Managers are responsible for the preparation of financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of accounting and with the requirements of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) and for such internal control, as the Fund Managers determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Managers are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Managers either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Fund Managers are responsible for overseeing the Fund's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Managers;
- Conclude on the appropriateness of the Fund Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Petroleum Funds to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Fund Managers regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Fund Managers with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



## REPORT ON OTHER LEGAL REQUIREMENTS

The Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) in our opinion, proper books of accounts have been kept in managing the Petroleum Funds as far as appears from our examination of those books;
- ii) payments due to and disbursements from the Petroleum Funds have been duly made; and
- iii) the Petroleum Funds have been managed in accordance with the provisions of the Act (Petroleum Revenue Management Act, 2011 (Act 815) as amended by Petroleum Revenue Management (Amendment) Act, 2015 (Act 893)).

The engagement partner on the audit resulting in this independent auditor's report is

Michael Asiedu-Antwi (ICAG/P/1138).



PricewaterhouseCoopers (ICAG/F/2020/028)

Chartered Accountants

Accra, Ghana

6 February 2020

## INCOME AND EXPENDITURE ACCOUNT

(All amounts are in US Dollars)

	Note	<u>Year ended 31 December</u>		
		2018	2017	2016
Investment income	9	15,790,458	9,327,020	5,794,058
Bank charges	10	<u>(34,354)</u>	<u>(27,447)</u>	<u>(23,595)</u>
Surplus income for the year		<u>15,756,104</u>	<u>9,299,573</u>	<u>5,770,463</u>

## INCOME RESERVE

Balance brought forward	25,379,299	16,079,726	10,309,263
Surplus income for the year	15,756,104	9,299,573	5,770,463
Withdrawal from Ghana Stabilisation Fund	<u>(8,573,271)</u>	_____ -	_____ -
	<u>32,562,132</u>	<u>25,379,299</u>	<u>16,079,726</u>

The notes on pages 26 to 44 are an integral part of these financial statements.


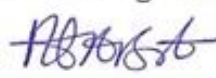
## STATEMENT OF AFFAIRS

(All amounts are in US Dollars)

ASSETS	Note	<u>At 31 December</u>		
		2018	2017	2016
Investment	11	<b>637,430,128</b>	454,267,714	254,768,499
Bank balances	12	<b><u>229,172,010</u></b>	<u>256,212,561</u>	<u>257,499,006</u>
<b>Total Assets</b>		<b><u>866,602,138</u></b>	<u>710,480,275</u>	<u>512,267,505</u>
<b>FINANCED BY:</b>				
Accumulated fund	13	<b>834,040,018</b>	685,100,976	496,187,779
Income reserve		<b><u>32,562,132</u></b>	<u>25,379,299</u>	<u>16,079,726</u>
<b>Total accumulated fund and reserve</b>		<b><u>866,602,138</u></b>	<u>710,480,275</u>	<u>512,267,505</u>

The notes on pages 26 to 44 are an integral part of these financial statements.

The financial statements on pages 21 – 44 were approved by the Fund Managers on February 6, 2020 and signed on its behalf by:

Name of Fund Manager: *Stephen Opata* Name of Fund Manager: *Nana Aba Atshun*  
Signature:  Signature: 

**PETROLEUM HOLDING FUND**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

(All amounts are in US Dollars)

	Note	<u>Year ended 31 December</u>		
		2018	2017	2016
Opening balance		12,635,576	27,556,550	9,414,557
Total funds received	3	<u>964,715,824</u>	<u>540,411,436</u>	<u>247,175,394</u>
<b>Total funds available</b>		<u>977,351,400</u>	<u>567,967,986</u>	<u>256,589,951</u>
<b>Distributions:</b>				
Transfers to GNPC equity finance	4	(201,104,903)	(103,439,007)	(58,114,054)
Transfers to GNPC carried and participating interest	5	(104,168,994)	(78,600,558)	(30,383,038)
Transfers to Annual Budget Funding Amount (ABFA)	6	(235,103,316)	(169,458,674)	(98,375,416)
Transfers to Ghana Stabilisation Fund	7	(305,723,401)	(142,683,920)	(29,512,625)
Transfers to Ghana Heritage Fund	8	(131,024,315)	(61,150,251)	(12,648,268)
<b>Total distributions</b>		<u>(977,124,929)</u>	<u>(555,332,410)</u>	<u>(229,033,401)</u>
<b>Undistributed receipts</b>		<u>226,471</u>	<u>12,635,576</u>	<u>27,556,550</u>

The notes on pages 26 to 44 are an integral part of these financial statements.

## GHANA STABILIZATION FUND

### STATEMENT OF DEPOSITS AND WITHDRAWALS

(All amounts are in US Dollars)

	Note	<u>Year ended 31 December</u>		
		2018	2017	2016
Opening balance		<b>353,052,035</b>	207,748,661	177,396,124
Total funds received from the Petroleum Holding Fund	7	<b><u>305,723,401</u></b>	<u>142,683,920</u>	<u>29,512,625</u>
		<b>658,775,436</b>	350,432,581	206,908,749
Interest received	9	<b>6,409,693</b>	2,625,276	845,150
Bank charges	10	<u>(9,048)</u>	<u>(5,822)</u>	<u>(5,238)</u>
		<b>665,176,081</b>	353,052,035	207,748,661
Total funds withdrawn	14	<b><u>(283,972,852)</u></b>	<u>-</u>	<u>-</u>
<b>Accumulated fund</b>		<b><u>381,203,229</u></b>	<u>353,052,035</u>	<u>207,748,661</u>

The notes on pages 26 to 44 are an integral part of these financial statements.

## GHANA HERITAGE FUND

### STATEMENT OF DEPOSITS AND WITHDRAWALS

(All amounts are in US Dollars)

	Note	<u>Year ended 31 December</u>		
		2018	2017	2016
Opening balance		<b>344,792,659</b>	276,962,289	259,383,470
Total funds received from the Petroleum Holding Fund	8	<b><u>131,024,315</u></b>	<u>61,150,251</u>	<u>12,648,268</u>
		<b>475,816,974</b>	338,112,540	272,031,738
Interest received	9	<b>9,380,765</b>	6,701,744	4,948,908
Bank charges	10	<b><u>(25,306)</u></b>	<u>(21,625)</u>	<u>(18,357)</u>
<b>Accumulated fund</b>		<b><u>485,172,433</u></b>	<u>344,792,659</u>	<u>276,962,289</u>

The notes on pages 26 to 44 are an integral part of these financial statements.

## NOTES

### 1. Mandate

The Bank of Ghana is responsible for the day-today operation management of the Petroleum Holding Fund and the Ghana petroleum Funds in accordance with the terms of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

#### 1.1 Funds

##### (a) Petroleum Holding Funds (Section 2 of Act 815 as amended by Act 893)

The Petroleum Holding Funds is the designated public fund at the Bank of Ghana that receives and disburses petroleum revenue due the Republic of Ghana. Petroleum revenues are deposited into this fund for subsequent transfers in accordance with the provisions of Section 11 of Act 815 as amended by Act 893.

##### (b) Ghana Petroleum Funds (Section 11 of Act 815 as amended by Act 893)

The Ghana Petroleum Funds comprise the Ghana Stabilization Fund and the Ghana Heritage Fund. The Ghana Stabilization Fund (Section 9 of Act 815 as amended by Act 893) is a fund established to provide an endowment to cushion the impact on or sustain public expenditure capacity when during periods of unanticipated petroleum revenue shortfalls.

The Ghana Heritage Fund (Section 10 of Act 815 as amended by Act 893) is a fund established to provide an endowment to support development for future generations when petroleum reserves have been depleted and to receive excess petroleum revenue.

Prior to the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), the Ghana Petroleum Funds were to receive from the Petroleum Holding Fund, petroleum revenue in excess of the Annual Budget Funding Amount (Section 11 of Act 81).

Per the amendment (Act 893) which was assented to by the President on 31 July 2015, the Ghana Petroleum Funds receive from the Petroleum Holding Fund:

- not less than 30% of the Benchmark revenue for the year where the actual petroleum revenue net of allocation to the Ghana National Petroleum Corporation (GNPC) is greater than or equal to the Benchmark revenue.

- not less than 30% of the actual petroleum revenue net of allocation to GNPC where the actual petroleum revenue is less than the Benchmark revenue
- any excess of the actual revenue over the Benchmark revenue for the year.

## **1.2 Transfers**

Apart from transfers made from the Petroleum Holding Funds to the Ghana Petroleum Funds, transfers are also made to the Ghana National Petroleum Corporation and the Consolidated Fund Annual Budget Funding Amount).

The transfers made to the Ghana National Petroleum Corporation are for its equity financing and carried and participating interest.

The transfers made into the Consolidated Fun (Annual Budget Funding Amount) are in support of the national budget.

## **2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of accounting (cash basis IPSAS) as issued by International Public Accounting Standards Board. The financial statements also comply with the requirements of the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

### **2.2 Income recognition**

Income is recognized when cash is received.

### **2.3 Expenditure recognition**

Expenses are recognized when payments are made.



## 2.4 Investments

Investments are shown at the actual amount paid for securities purchased. Changes in the market value of investments are not recognized until the investment is sold. Gains or losses are recognized in the income and expenditure account as investment income or expenses.

## 2.5 Bank balances

Bank balances consist of balances held in approved bank accounts for the Ghana Petroleum Funds and the Petroleum Holding Fund.

## 3. Total Funds Received (All amounts in USD)

	<u>Year ended 31 December</u>		
	2018	2017	2016
Ghana Group Oil Lifting Proceeds (Note 3a)	<b>813,941,122</b>	501,300,433	207,787,586
Corporate tax payments (Note 3b)	<b>148,563,611</b>	36,957,622	29,546,823
Surface rental fees (Note 3c)	<b>689,396</b>	1,569,828	465,030
Other receipts (Note 3d)	<b><u>1,521,695</u></b>	<u>583,553</u>	<u>9,375,955</u>
<b>Total funds received</b>	<b><u>964,715,824</u></b>	<u>540,411,436</u>	<u>247,175,394</u>

### (a) Ghana Group Oil Lifting Proceeds

30th Lifting - Jubilee	-	-	35,736,463
31st Lifting - Jubilee	-	-	30,490,829
32nd Lifting - Jubilee	-	-	48,173,318
33rd Lifting - Jubilee	-	-	46,486,771
34th Lifting - Jubilee	-	-	46,900,205
35th Lifting - Jubilee	-	52,660,594	-
36th Lifting - Jubilee	-	51,400,467	-
37th Lifting - Jubilee	-	45,721,393	-
38th Lifting - Jubilee	-	44,335,440	-
39th Lifting - Jubilee	-	53,956,558	-
40th Lifting - Jubilee	-	54,559,886	-

41st Lifting - Jubilee	<b>63,387,364</b>	-	-
42nd Lifting - Jubilee	<b>63,038,306</b>	-	-
43rd Lifting - Jubilee	<b>76,676,505</b>	-	-
44th Lifting - Jubilee	<b>69,543,490</b>	-	-
45th Lifting - Jubilee	<b>74,960,392</b>	-	-
46th Lifting - Jubilee	<b>55,820,554</b>	-	-
1st Lifting - TEN	-	51,008,736	-
2nd Lifting - TEN	-	49,020,171	-
3rd Lifting - TEN	-	45,175,945	-
4th Lifting - TEN	-	53,461,243	-
5th Lifting - TEN	<b>62,326,724</b>	-	-
6th Lifting - TEN	<b>61,556,443</b>	-	-
7th Lifting - TEN	<b>73,011,377</b>	-	-
8th Lifting - TEN	<b>71,515,068</b>	-	-
9th Lifting - TEN	<b>79,074,297</b>	-	-
1st Lifting - Sankofa	<b><u>63,030,602</u></b>	-	-
<b>Total proceeds from oil lifting</b>	<b><u>813,941,122</u></b>	<b><u>501,300,433</u></b>	<b><u>207,787,586</u></b>

**(b) Corporate Tax Payments**

	<u>Year ended 31 December</u>		
	2018	2017	2016
Kosmos Energy	<b>35,934,289</b>	36,957,622	2,232,550
Tullow Oil Ghana Limited	<b>52,000,000</b>	-	27,314,273
Petro SA	<b>10,426,829</b>	-	-
Anadarko Petroleum	<b><u>50,202,493</u></b>	-	-
<b>Total corporate tax payments</b>	<b><u>148,563,611</u></b>	<b><u>36,957,622</u></b>	<b><u>29,546,823</u></b>

### 3. Total Funds Received (continued)

#### (c) Surface rental fees

Tullow Oil Ghana Limited	59,261	59,261	135,699
Kosmos Energy	18,464	17,797	17,797
Petrogulf Limited	47,200	141,570	-
Hess Ghana Exploration Limited	150,750	150,750	219,310
ENI Ghana EP Limited	78,950	141,999	-
Blue Star Exploration Ghana Limited	-	17,475	-
GNPC Operating Services (GOSCO)	3,913	111,950	-
PETRICAS AS	174,100	522,300	-
Springfield Exploration and Production Limited	64,534	33,650	-
Erin Energy	-	150,400	-
UB Group	-	130,472	-
AMNI Petroleum Dev. Co. Limited	13,974	13,974	13,974
Medea Development International Limited	<u>78,250</u>	<u>78,230</u>	<u>78,250</u>
<b>Total Surface rental fees</b>	<b><u>689,396</u></b>	<b><u>1,569,828</u></b>	<b><u>465,030</u></b>

#### (d) Other receipts

Interest earned on Petroleum Holding Fund (Note 15)	1,521,695	579,279	73,149
Interest on TEN 3 Late Payment	-	4,274	-
Gas Receipts	<u>-</u>	<u>-</u>	<u>9,302,806</u>
<b>Total Other Receipts</b>	<b><u>1,521,695</u></b>	<b><u>583,553</u></b>	<b><u>9,375,955</u></b>

(All amounts are in US Dollars)

#### 4. Transfers to GNPC Equity Finance

	<u>Year ended 31 December</u>		
	2018	2017	2016
30th Lifting - Jubilee	-	-	9,153,737
31st Lifting - Jubilee	-	-	2,892,619
32nd Lifting - Jubilee	-	-	15,543,330
33rd Lifting - Jubilee	-	-	24,084,087
34th Lifting - Jubilee	-	-	6,440,281
35th Lifting - Jubilee	-	4,339,801	-
36th Lifting - Jubilee	-	-	-
37th Lifting - Jubilee	-	17,849,899	-
38th Lifting - Jubilee	-	4,678,490	-
39th Lifting - Jubilee	-	3,571,995	-
40th Lifting - Jubilee	-	4,173,017	-
41st Lifting - Jubilee	<b>2,750,120</b>	-	-
42nd Lifting - Jubilee	<b>6,831,653</b>	-	-
43rd Lifting - Jubilee	<b>45,656,157</b>	-	-
44th Lifting - Jubilee	-	-	-
45th Lifting - Jubilee	<b>18,562,369</b>	-	-
46th Lifting - Jubilee	<b>9,413,265</b>	-	-
1st Lifting - TEN	-	15,103,886	-
2nd Lifting - TEN	-	14,515,064	-
3rd Lifting - TEN	-	18,376,773	-
4th Lifting - TEN	-	20,830,082	-
5th Lifting - TEN	<b>23,455,185</b>	-	-
6th Lifting - TEN	<b>23,227,103</b>	-	-
7th Lifting - TEN	<b>26,618,953</b>	-	-
8th Lifting - TEN	<b>21,175,890</b>	-	-

9th Lifting – TEN	<b>23,414,208</b>	-	-
1st Lifting - Sankofa	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Transfers</b>	<b><u>201,104,903</u></b>	<b><u>103,439,007</u></b>	<b><u>58,114,054</u></b>

GNPC did not have any equity financing obligation on the 36th and 44th liftings of the Jubilee field; and the 1st lifting of the Sankofa field.

#### 5. Transfer to GNPC carried and participating interest

	<u>Year ended 31 December</u>		
	2018	2017	2016
<b>Crude Oil</b>			
30th Lifting - Jubilee	-	-	4,989,946
31st Lifting - Jubilee	-	-	5,732,730
32nd Lifting - Jubilee	-	-	5,765,342
33rd Lifting - Jubilee	-	-	2,838,019
34th Lifting - Jubilee	-	-	8,220,659
35th Lifting - Jubilee	-	10,097,786	-
36th Lifting - Jubilee	-	11,126,940	-
37th Lifting - Jubilee	-	4,542,590	-
38th Lifting - Jubilee	-	8,193,988	-
39th Lifting - Jubilee	-	10,608,672	-
40th Lifting - Jubilee	-	10,558,971	-
41st Lifting - Jubilee	<b>12,896,773</b>	-	-
42nd Lifting - Jubilee	<b>11,596,750</b>	-	-
43rd Lifting - Jubilee	<b>2,901,734</b>	-	-
44th Lifting - Jubilee	<b>15,054,459</b>	-	-
45th Lifting - Jubilee	<b>10,658,374</b>	-	-

46th Lifting - Jubilee	<b>9,259,800</b>	-	-
1st Lifting – TEN	-	6,796,748	-
2nd Lifting – TEN	-	6,531,778	-
3rd Lifting – TEN	-	4,519,548	-
4th Lifting – TEN	-	5,623,537	-
5th Lifting – TEN	<b>6,804,834</b>	-	-
6th Lifting – TEN	<b>6,702,196</b>	-	-
7th Lifting – TEN	<b>8,228,529</b>	-	-
8th Lifting – TEN	<b>9,529,152</b>	-	-
9th Lifting – TEN	<b>10,536,393</b>	-	-
1st Lifting - Sankofa	-	-	-
<b>Gas</b>			
32nd Lifting	<u>-</u>	<u>-</u>	<u>2,836,342</u>
<b>Total Transfers</b>	<b><u>104,168,994</u></b>	<b><u>78,600,558</u></b>	<b><u>30,383,038</u></b>

There were no gas liftings during the year.

#### **6. Transfer to Annual Budget Funding Amount (ABFA)**

	<u>Year ended 31 December</u>		
	2018	2017	2016
30th Lifting - Jubilee	-	-	21,565,136
31st Lifting – Jubilee	-	-	23,500,483
32nd Lifting – Jubilee	-	-	17,023,898
33rd Lifting – Jubilee	-	-	13,712,121
34th Lifting – Jubilee	-	-	22,573,778
35th Lifting – Jubilee	-	2,848,051	-
36th Lifting – Jubilee	-	28,439,260	-
37th Lifting – Jubilee	-	-	-

38th Lifting – Jubilee	-	11,176,499	-
39th Lifting – Jubilee	-	28,155,478	-
40th Lifting – Jubilee	-	14,209,190	-
41st Lifting – Jubilee	<b>42,123,233</b>	-	-
42nd Lifting – Jubilee	<b>11,184,532</b>	-	-
43rd Lifting – Jubilee	-	-	-
44th Lifting – Jubilee	<b>31,853,650</b>	-	-
45th Lifting - Jubilee	<b>54,769,186</b>	-	-
46th Lifting - Jubilee	-	-	-
1st Lifting – TEN	-	39,516,618	-
2nd Lifting – TEN	-	13,925,408	-
3rd Lifting – TEN	-	31,188,170	-
4th Lifting – TEN	-	-	-
5th Lifting – TEN	<b>16,652,596</b>	-	-
6th Lifting – TEN	<b>47,591,297</b>	-	-
7th Lifting – TEN	<b>26,922,179</b>	-	-
8th Lifting – TEN	-	-	-
9th Lifting – TEN	<b>4,006,643</b>	-	-
1st Lifting - Sankofa	-	-	-
<b>Total Transfers</b>	<b><u>235,103,316</u></b>	<b><u>169,458,674</u></b>	<b><u>98,375,416</u></b>

The total allocation to the ABFA for the year is split evenly into four quarters. Where the allocation for a quarter is achieved, no more transfers are made into the ABFA for that quarter.

The allocation for the second quarter was achieved on the 42nd lifting for Jubilee while the allocation for the third quarter was achieved on the 7th lifting for TEN. Therefore, there were no transfers to ABFA out of the 43rd Jubilee lifting and the 8th TEN lifting respectively as provided for under section 23(1) of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

## 7. Transfers to Ghana Stabilisation Fund

	<u>Year ended 31 December</u>		
	2018	2017	2016
30th Lifting - Jubilee	-	-	6,469,541
31st Lifting - Jubilee	-	-	7,050,145
32nd Lifting - Jubilee	-	-	5,107,169
33rd Lifting - Jubilee	-	-	4,113,636
34th Lifting - Jubilee	-	-	6,772,134
35th Lifting - Jubilee	-	24,762,469	-
36th Lifting - Jubilee	-	8,531,778	-
37th Lifting - Jubilee	-	16,528,874	-
38th Lifting - Jubilee	-	14,200,525	-
39th Lifting - Jubilee	-	8,446,644	-
40th Lifting - Jubilee	-	19,972,480	-
41st Lifting - Jubilee	<b>12,636,970</b>	-	-
42nd Lifting - Jubilee	<b>23,481,360</b>	-	-
43rd Lifting - Jubilee	<b>38,502,367</b>	-	-
44th Lifting - Jubilee	<b>39,169,603</b>	-	-
45th Lifting - Jubilee	<b>16,430,756</b>	-	-
46th Lifting - Jubilee	<b>26,085,527</b>	-	-
1st Lifting – TEN	-	11,854,985	-
2nd Lifting – TEN	-	9,833,544	-
3rd Lifting – TEN	-	9,356,451	-
4th Lifting – TEN	-	19,196,170	-
5th Lifting – TEN	<b>10,812,028</b>	-	-
6th Lifting – TEN	<b>14,277,388</b>	-	-
7th Lifting – TEN	<b>8,076,654</b>	-	-
8th Lifting – TEN	<b>28,567,018</b>	-	-



9th Lifting – TEN	<b>36,552,527</b>	-	-
1st Lifting – Sankofa	<b><u>51,131,203</u></b>	<u>-</u>	<u>-</u>
<b>Total Transfers</b>	<b><u>305,723,401</u></b>	<b><u>142,683,920</u></b>	<b><u>29,512,625</u></b>

## 8. Transfers to Ghana Heritage Fund

	<u>Year ended 31 December</u>		
	2018	2017	2016
30th Lifting - Jubilee	-	-	2,772,660
31st Lifting - Jubilee	-	-	3,021,491
32nd Lifting - Jubilee	-	-	2,188,787
33rd Lifting - Jubilee	-	-	1,762,987
34th Lifting - Jubilee	-	-	2,902,343
35th Lifting - Jubilee	-	10,612,487	-
36th Lifting - Jubilee	-	3,656,476	-
37th Lifting - Jubilee	-	7,083,803	-
38th Lifting - Jubilee	-	6,085,939	-
39th Lifting - Jubilee	-	3,619,990	-
40th Lifting - Jubilee	-	8,559,634	-
41st Lifting - Jubilee	<b>5,415,844</b>	-	-
42nd Lifting - Jubilee	<b>10,063,440</b>	-	-
43rd Lifting - Jubilee	<b>16,501,014</b>	-	-
44th Lifting - Jubilee	<b>16,786,973</b>	-	-
45th Lifting - Jubilee	<b>7,041,753</b>	-	-
46th Lifting - Jubilee	<b>11,179,512</b>	-	-
1st Lifting - TEN	-	5,080,708	-
2nd Lifting - TEN	-	4,214,376	-
3rd Lifting - TEN	-	4,009,908	-

4th Lifting - TEN	-	8,226,930	-
5th Lifting - TEN	4,633,726	-	-
6th Lifting - TEN	6,118,881	-	-
7th Lifting - TEN	3,461,423	-	-
8th Lifting - TEN	12,243,008	-	-
9th Lifting - TEN	15,665,369	-	-
1st Lifting - Sankofa	<u>21,913,372</u>	-	-
<b>Total</b>	<b><u>131,024,315</u></b>	<b><u>61,150,251</u></b>	<b><u>12,648,268</u></b>

## 9. Investment income

	<u>Year ended 31 December</u>		
	2018	2017	2016
Ghana Stabilisation Fund	6,409,693	2,625,276	845,150
Ghana Heritage Fund	<u>9,380,765</u>	<u>6,701,744</u>	<u>4,948,908</u>
<b>Total</b>	<b><u>15,790,458</u></b>	<b><u>9,327,020</u></b>	<b><u>5,794,058</u></b>

Investment income earned in the year was derived from the following instruments:

(a) Ghana Stabilisation Fund	<u>Year ended 31 December</u>		
	2018	2017	2016
Bonds	1,962,933	818,200	319,786
Treasury Bills	2,406,114	-	-
Repurchase agreements/overnight income	<u>2,040,646</u>	<u>1,807,076</u>	<u>525,364</u>

<b>Total</b>	<b><u>6,409,693</u></b>	<b><u>2,625,276</u></b>	<b><u>845,150</u></b>
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**(b) Ghana Heritage Fund**

Bonds	<b>8,556,599</b>	6,107,752	4,725,231
Treasury Bills	<b>36,526</b>	-	-
Repurchase agreements/overnight income	<b><u>787,640</u></b>	<u>593,992</u>	<u>223,677</u>
<b>Total</b>	<b><u>9,380,765</u></b>	<b><u>6,701,744</u></b>	<b><u>4,948,908</u></b>

**10. Bank charges**

	<b><u>Year ended 31 December</u></b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Ghana Stabilisation Fund Euroclear Bank Charges	<b>9,048</b>	5,822	5,238
Ghana Heritage Fund Euroclear Bank Charges	<b><u>25,306</u></b>	<u>21,625</u>	<u>18,357</u>
<b>Total</b>	<b><u>34,354</u></b>	<b><u>27,447</u></b>	<b><u>23,595</u></b>

**11. Investment**

	<b><u>Year ended 31 December</u></b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Ghana Stabilisation Fund	<b>231,085,752</b>	169,606,890	36,437,358
Ghana Heritage Fund	<b><u>406,344,376</u></b>	<u>284,660,824</u>	<u>218,331,141</u>
<b>Total Investment</b>	<b><u>637,430,128</u></b>	<b><u>454,267,714</u></b>	<b><u>254,768,499</u></b>

An analysis of the type of instruments invested in and the investment banks used are provided below:

**(a) Type of investment instrument:**

	<b>Bonds</b>	<b>US Treasury Bills</b>	<b>Total</b>
Ghana Stabilisation Fund	101,675,027	129,410,725	<b>231,085,752</b>
Ghana Heritage Fund	<u>406,344,376</u>	<u>-</u>	<u><b>406,344,376</b></u>
<b>Total</b>	<u><b>508,019,403</b></u>	<u><b>129,410,725</b></u>	<u><b>637,430,128</b></u>

**(b) Investment bank used:**

	<b>Euroclear</b>	<b>Federal Reserve</b>	<b>Total</b>
Ghana Stabilisation Fund	47,661,621	183,424,131	<b>231,085,752</b>
Ghana Heritage Fund	<u>186,297,048</u>	<u>220,047,328</u>	<u><b>406,344,376</b></u>
<b>Total</b>	<u><b>233,958,669</b></u>	<u><b>403,471,459</b></u>	<u><b>637,430,128</b></u>

**NOTES (continued)**

(All amounts are in US Dollars)

**11. Investment (continued)**

Type of Security	Duration	Cost of investment			Nominal value of investment			Coupon range %	Accrued interest at 31 Dec. 2018		
		Heritage Fund	Stabilisation Fund	Total	Heritage Fund	Stabilisation Fund	Total		Heritage Fund	Stabilisation Fund	Total
T-Bills	91 days	-	129,410,725	129,410,725	-	130,000,000	130,000,000	1.76 - 2.25	-	-	-
Bonds	2 years	10,002,344	35,997,323	45,999,667	10,000,000	36,000,000	46,000,000	1.125 - 2.25	-	17,024	17,024
Bonds	3 years	997,470	35,475,300	36,472,770	1,000,000	35,500,000	36,500,000	1.125 - 2.25	-	19,962	19,962
Bonds	5 years	89,669,794	24,027,048	113,696,842	90,000,000	24,000,000	114,000,000	1.125 - 2.375	26,903	58,978	85,881
Bonds	6 years	24,931,422	-	24,931,422	25,000,000	-	25,000,000	2.75 - 2.875	10,088	-	10,088
Bonds	7 years	79,143,629	2,013,261	81,156,890	79,500,000	2,000,000	81,500,000	1.50 - 4	130,614	8,448	139,062
Bonds	10 years	156,630,778	4,162,095	160,792,873	156,500,000	4,000,000	160,500,000	1.625 - 5.25	416,683	31,694	448,377
Bonds	12 years	2,000,000	-	2,000,000	2,000,000	-	2,000,000	4.3	-	-	-
Bonds	30 years	42,968,939	-	42,968,939	37,000,000	-	37,000,000	2.25 - 6.25	348,957	-	348,957
<b>Total</b>		<b>406,344,376</b>	<b>231,085,752</b>	<b>637,430,128</b>	<b>401,000,000</b>	<b>231,500,000</b>	<b>632,500,000</b>		<b>933,245</b>	<b>136,106</b>	<b>1,069,351</b>

## 12. Bank balances

	<u>Year ended 31 December</u>		
	2018	2017	2016
Petroleum Holding Fund (Note 13)	226,471	12,635,576	27,556,550
Ghana Stabilization Fund	150,117,479	183,445,148	171,311,305
Ghana Heritage Fund	<u>78,828,060</u>	<u>60,131,837</u>	<u>58,631,151</u>
<b>Total</b>	<b><u>229,172,010</u></b>	<b><u>256,212,561</u></b>	<b><u>257,499,006</u></b>

The Petroleum Holding Fund is a designated public fund to receive and disburse petroleum revenues under the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2011 (Act 893). The balance in the Petroleum Holding Fund is yet to be disbursed in line with the requirements of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

## 13. Accumulated fund excluding interest and charges

	2018	2017	2016
Petroleum Holding Fund	226,471	12,635,576	27,556,550
Ghana Stabilization Fund	379,068,812	348,744,992	206,061,072
Ghana Heritage Fund	<u>454,744,723</u>	<u>323,720,408</u>	<u>262,570,157</u>
<b>At 31 December</b>	<b><u>834,040,018</u></b>	<b><u>685,100,976</u></b>	<b><u>496,187,779</u></b>

An analysis of petroleum receipts and disbursements is presented below:

	<b>Petroleum Holding Fund</b>	<b>Ghana Stabilizatio n Fund</b>	<b>Ghana Heritage Fund</b>
<b>Year ended 31 December 2018</b>			
Balance at 1 January 2018	12,635,576	348,744,992	323,720,408
Total receipts	<u>964,715,824</u>	<u>305,723,401</u>	<u>131,024,315</u>
	977,351,400	654,468,393	454,744,723
Total disbursements	(977,124,929) <u>(921,186,824)</u>	(275,399,581)	<u>-</u>
<b>Balance at 31 December 2018</b>	<u>226,471</u>	<u>379,068,812</u>	<u>454,744,723</u>
	<b>Petroleum Holding Fund</b>	<b>Ghana Stabilization Fund</b>	<b>Ghana Heritage Fund</b>
<b>Year ended 31 December 2017</b>			
Balance at 1 January 2017	27,556,550	206,061,072	262,570,157
Total receipts	<u>540,411,436</u>	<u>142,683,920</u>	<u>61,150,251</u>
	567,967,986	348,744,992	323,720,408
Total disbursements	(555,332,410)	<u>-</u>	<u>-</u>
Balance at 31 December 2017	<u>12,635,576</u>	<u>348,744,992</u>	<u>323,720,408</u>

## Year ended 31 December 2016

Balance at 1 January 2016	9,414,557	176,548,447	249,921,889
Total receipts	<u>247,175,394</u>	<u>29,512,625</u>	<u>12,648,268</u>
	256,589,951	206,061,072	262,570,157
Total disbursements	<u>(229,033,401)</u>	_____ -	_____ -
Balance at 31 December 2016	<u>27,556,550</u>	<u>206,061,072</u>	<u>262,570,157</u>

Fund Accounts represents the petroleum receipts and disbursements and excludes interest and charges incurred on the fund balances. Interest income earned on the Ghana stabilization Fund and the Ghana Heritage Fund together with interest charges are recognized in the Income Reserve on page 7.

## 14. Withdrawals from the Ghana stabilization Fund

	<u>Year ended 31 December</u>		
	2018	2017	2016
Transfers to Annual Budget Funding Amount	-	-	-
Transfers to Contingency Fund	-	-	-
Transfers to Sinking Fund	<u>283,972,852</u>	_____ -	_____ -
<b>Total withdrawals</b>	<u>283,972,852</u>	_____ -	_____ -

Paragraph 199 of the 2018 National Budget capped the Ghana Stabilization fund at US\$300 million. There were withdrawals under section 23 of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

The withdrawal from the Ghana Stabilization Fund that was transferred to the Sinking Fund is made up of US\$8,573,271 representing interest withdrawn from income reserve and US\$275,399,581 representing lifting proceeds withdrawn from the accumulated fund.



The ABFA target of US\$235.10 million was fully met as provided for under section 12 of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by Petroleum Revenue Management (Amendment) Act, 2015 (Act 893). No withdrawals were therefore made from the Ghana stabilization Fund.

**15. Petroleum Holding Fund Interest**

	<u>Year ended 31 December</u>		
	2018	2017	2016
Interest distributed	1,495,225	436,397	60,807
Interest undistributed	<u>26,470</u>	<u>142,882</u>	<u>12,342</u>
<b>Total interest</b>	<b><u>1,521,695</u></b>	<b><u>579,279</u></b>	<b><u>73,149</u></b>

# **Mission Statement**

The Ghana Audit Service exists

## **To promote**

- good governance in the areas of transparency, accountability and probity in Ghana's public financial management system

## **By auditing**

- to recognized international standards and reporting our audit results

## **And**

- reporting to Parliament