



# Summary of Findings (1)

- i. Generation, management and utilization of internal funds are anchored several pieces of legislation notably
  - Articles 174 & 179 of the 1992 Republican Constitution of Ghana
  - MDA (Retention) of Funds Act, Act 753 of 2007
  - Fees and Charges Miscellaneous Provisions Act, Act 793
  - Fees and Charges (Amendment) Instrument of 2011; LI 1986
  - Part III of the Financial Administration Act, Act 654 of 2003
  - Part II of the Financial Administration Regulation of 2004
  - Non-tax Revenue Act
- ii. Other policy documents include MOH's Auditing, Treasury and Financial (ATF) instructions issued in August 2009 and MOFEP's directives on igf generation and utilization contained in various budget guidelines
- iii. The sector does not comply fully with Part III of the FAA particularly in the areas of
  - Classification of igf generated
  - Preparation of annual estimates for each class of non-tax revenue and
  - Disclosure
- iv. Most health facilities, agencies and departments that generate internal funds do not comply with Part II, Regulations 18, 19 & 20 of FAR

# Summary of Findings (2)

- v. Trend analysis shows positive increases in igf generation and collection over the study period. IGF generation grew at 34.5% in 2008/9 and 35.3% in 2009/10.
- vi. The share of igf from services contributed more to health facilities than those from drugs.
- vii. Throughout the period, insurance claims contributed a minimum of 58% of igf generation compared with 42% from out of pocket payments (cash).
- viii. At the institutional level, district hospitals contributed 45.1% of the sector's igf; teaching hospitals 22.4%; regional hospitals 12.7%; polyclinics & health centres 11.5% and health training institutions 5.4%.
- ix. As to how igf is utilized, an annual average of 6.3% is paid as personal emolument; 25.4% administrative expenses; 55.9% for service expenditure and 4.2% for investment expenditure.
- x. Teaching hospitals and statutory regulatory bodies (SRB) tend to spend more on service delivery while GHS, Psychiatric hospitals and Health training institutions expend more on administration. CHAG tends to spend on investment activities.
- xi. Debt stock is accumulated from various sources namely
  - Tax arrears
  - Credit purchases from the medical stores
  - Credit purchases from various suppliers and service providers

# Summary of Findings (3)

- x. On average, the debt stock constituted 6% of Teaching Hospitals' IGF; 8.3% of GHS' run health facilities; 4.1% of CHAG's facilities; 6.3% of SRBs' internal funds and 165.8% of Psychiatric Hospitals
- xi. Psychiatric hospitals increased their debt burden by 42.6% in 2008/9 and 44.6% in 2009/10.
- xii. Debt stock of GHS' facilities grew at the rate of 10.1% in 2008/9 and 26.5% in 2009/10.
- xiii. With regard to reimbursement of outstanding igf claims, an average of 77.9% of claims made by Teaching hospitals were reimbursed compared with 70.8% of GHS' facilities.
- xiv. Reimbursed claims of Teaching hospitals declined from 93.9% in 2008 to 72.4% in 2010 while those of the GHS witnessed consistent decline from 82% (2008) to 55.5% (2010).
- xv. IGF generated by Teaching hospitals, GHS and Psychiatric hospitals are adequate to cover their respective expenditures excluding staff cost which is covered by Government. The annual average expenditure/IGF ratios were 83.5%, 49.1% and 57.9% respectively.
- xvi. The following agencies CHAG, SRBs and Health training institutions do not generate sufficient igf to cover their respective expenditures in 2008 and 2009.
- xvii. The annual proportion of their expenditure to IGF averaged 120.7%, 102.4% and 106.3% respectively for those two years.
- xviii. CHAG and SRBs had since 2010 reversed this trend with their respective expenditure to IGF declining to 87.3% and 86.9%.

# Recommendations and Policy Issues

- i. All agencies, departments and units that generate internal funds should be made to comply with Part II, Regulation 18 of FAR 2009 which states that
  - “A department that has legislative approval to retain all or a portion of internally generated funds collected, must first lodge the retained internally generated funds in gross into the Department’s operational bank account designated by the Controller & Accountant General before disbursements are made”
- ii. The sector should develop, in the shortest possible time, an operational guideline bringing together all the pieces of legislation and policies guiding generation, management and utilization of internal funds.
- iii. Create a reliable electronic database to serve MOH and its agencies
- iv. Write off the debts of the Psychiatric hospitals
- v. MOH should provide general guidance on the effective and efficient usage of internally generated funds particularly the utilization at the sub-itemized levels.
- vi. Heads of facilities and institutions as chief spending officers and vote controllers should be held personally responsible for non-compliance and misapplication of internally generated funds.