



GHANA'S EXPERIENCE IN AUDITING EXTRACTIVE INDUSTRIES

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OUTLINE



- Structure of the industries
- Auditing of the Industries
- Strategies for improvement
- Capacity building initiatives



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STRUCTURE OF THE INDUSTRY - GENERALLY

Location of Mining and petroleum Activities

- Gold – Ashanti and Western Region
- Bauxite – Eastern Region
- Manganese – Western region
- Diamond – Eastern and Western Regions
- Crude oil – Deep sea in Western Region



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STRUCTURE OF THE INDUSTRY



Employment

- 28,000 people in the large scale mining
- 1,000,000 people in small scale gold, diamond, sand wining and quarrying

Exports

- Gold accounted for 37% of total exports in 2011
- Highest gold production of 3.6million ounces in 2011
- Earned 5.6 Billion export revenue

Contribution to GDP

- Mining and quarrying 8%
- Crude oil, 6%





STRUCTURE OF THE INDUSTRY

Mining Resource Extraction

- Minerals and Mining Act 703
- PNDCL 218 Small-Scale Gold Mining Law
- PNDCL 219 PMMC Law
- LI 1349 Minerals (Royalties) Regulation

Laws
LI
2204

Petroleum Resource Extraction

- PNDCL 84 Petroleum Exploration Law
- PNDCL 64 GNPC Law
- PNDCL 188 Petroleum Tax Law
- Act 815 Petroleum Revenue Management Act
- Energy Policy

Support Institutions

- Mineral Commission
- Forestry Commission
- Ministry of Lands and Mineral Resources

<p>Mining Companies</p> <ul style="list-style-type: none"> •Large (20) •Small (600) •Illegal mining 	<p>Oil Companies</p> <p>Large (5)</p> <p>National Oil Company</p>
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Regulators

- Petroleum Commission
- Ministry of Energy and Power

Environmental Protection Agency
Ghana Revenue Authority





AUDITING THE INDUSTRIES - MINING/OIL COMPANY AUDIT



- Mandate to audit (Act 584, 815, 821, Law 64 etc)
- Annual Audit of mining and oil companies (private firms)
- Submits audit to Minerals Commission and BOG
- GNPC vets accounts of IOC (internal audit)
- No Accounts by Small scale miners
- Financial statement and management of the Petroleum Fund (2013)



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PERFORMANCE/ENVIRONMENTAL AUDITS



Completed audits

- Utilization of Mining Development Fund by Metropolitan, Municipal and District Assemblies
- Land Administration project Phase 1

On-going Audits

- Role of Environmental Protection Agency in sustaining the environment
- Organization Capacity assessment of Petroleum Commission
- Implementation of Local content in oil and gas sector



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CHALLENGES IN AUDITING THE INDUSTRIES



- Uncoordinated audits
- Findings not addressing issues of the industry
- Audited entities dispersed among different departments at GAS
- Few audits planned for the industries
- Limited scope of audits
- Few guidelines for auditing the oil and gas sector
- Few expertise in the area of mining and petroleum in auditing



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OUR STRATEGY TO INCREASE AUDIT COVERAGE



New Unit

- New unit to audit extractive industries
- Initial staff strength of 20
- Initial concentration on oil and gas industry audits

New Focus

- Extraction optimization
- Value enhancement
- Revenue management
- Health, safety and environmental issues



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AUDITS TO CONSIDER



Conduct all manner of audits to achieve objectives

- Financial audits
- IT audits
- Performance audits
- Operations audits
- Environmental audits
- Fraud and forensic audits
- Tax audit
- Contract compliance audits





CAPACITY BUILDING INITIATIVES



Taught Courses

- Seminars and workshops
- Short course of 1 – 2 weeks duration
- 1 year sandwich programme with PETRAD
- MBA courses

Practical Attachments

- Private Consultant undertaking 2013 Financial Audit of revenues and management of petroleum funds

Collaboration and linkages with external partners

- AFROSAI-E (Collaborative extractive industries audit)
- Auditor-General of South Africa (Audit of the National Oil Company)

