

**MINISTRY OF LANDS AND NATURAL RESOURCES
SECOND LAND ADMINISTRATION PROJECT (LAP 2)
IDA CREDIT NO. 4870-GH, DFTAD GRANT NO. TF 14256 AND
GOVERNMENT OF GHANA FUND**

FINANCIAL STATEMENT FOR THE 13 MONTH PERIOD

31 JANUARY 2019

**Audit
Service**

MINISTRY OF LANDS AND NATURAL RESOURCES

**SECOND LAND ADMINISTRATION PROJECT (LAP 2)
IDA CREDIT NO. 4870-GH DFTAD GRANT NO. TF- 14256 AND
GOVERNMENT OF GHANA FUND**

**FINANCIAL STATEMENTS FOR THE 13 MONTH PERIOD
31ST JANUARY, 2019**

Management Team

Chief Director	Professor Bruce Banoeng-Yakubo
Project Coordinator	Dr. Benjamin Quaye
Financial Controller	Mr. John Wallace Koomson
Financial Management Specialist	Mr. Seidu A. Sarunah
Project Administrator	Mr. Kofi AbakaBlankson

Auditors

Ghana Audit service

Project Bankers

Bank of Ghana

AUDIT SERVICE

In case of reply the
number and date of the
letter should be quoted

CGAD/SA/PFMR/4



Good Governance
and Accountability

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INDEPENDENT AUDITORS' REPORT TO THE MINISTRY OF LANDS AND NATURAL RESOURCES SECOND LAND ADMINISTRATION PROJECT (LAP 2) IDA CREDIT NO. 4870-GH, DFTAD GRANT NO. TF 14256 AND GOVERNMENT OF GHANA FUND

Report on the Financial Statements

1. We have audited the financial statements of the Second Land Administration Project (LAP 2), financed under IDA Credit No. 4870-GH, DFTAD Grant No. TF-14256 and Government of Ghana Fund for the 13 month period January 31, 2019. These Financial Statements comprise the Statement of the financial position at 31 January, 2019 Statement of Funds Received, Project cost summary and Statement of Sources and uses of funds for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibilities of the Management of Project Coordinating Unit (PCU) Of the Ministry of Lands and Natural Resources of the Land Administration Project (LAP 2) for the Financial Statements

2. The Management of Project Coordinating Unit (PCU) Of the Ministry of Lands and Natural Resources of the Land Administration Project (LAP 2) is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and for such internal control as the Management of Project Coordinating Unit (PCU) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

3. The Management of the Project Coordinating Unit (PCU) is responsible for overseeing the Second Land Administration Project (LAP2)'s financial reporting process.

4. This responsibility includes designing and maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time of the financial position of the Project; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements and ensuring that they are free from material misstatements, whether due to fraud or error; safeguarding the assets of the project; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

5. Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Supreme Auditing Institutions (ISSAIs) and the guidelines in the Loan Financing Agreement. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the Financial Statements are free from material misstatement whether caused by fraud, other irregularity or error.

6. As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

7. 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.

8. 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 Land Administration Project's (LAP2) internal control.

9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management of Project Coordinating Unit (PCU).

10. 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.

11. We communicate with the Management of Project Coordinating Unit (PCU) 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.

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

Opinion

13. In our opinion, the Financial Statements for the Land Administration Project present fairly, in all material respects, the financial position of LAP 2 as at 31 January, 2019 and the results of its operations for the 13 month period is in accordance with the provisions of the Loan Financing Agreement (IDA credit number, 4870-GH) and the accounting policies set out in Note 1 of the Project financial statements.

Report on compliance

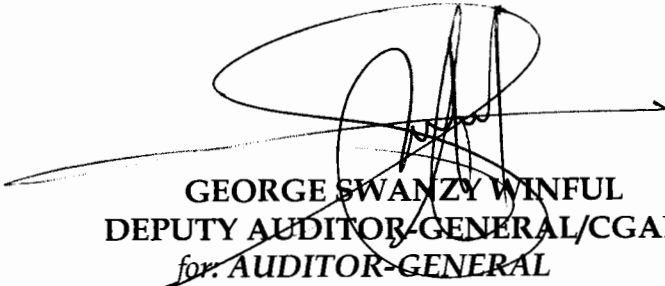
14. In addition, Management has complied, in all material respects, with the covenants of the Loan Financing Agreement (IDA credit number 4870-GH and the applicable Government Laws and Regulations, and that the funds received during the period under audit were used for the eligible purposes for which they were intended and were properly accounted for as at the year ended 31 January, 2019.

Emphasis of Matter Paragraph

15. Without qualifying our opinion, we draw attention of the Project incurring an amount of USD 3,489,000 on the Ghana Enterprise Land Information System (GELIS) Consultancy contract, a key activity under component 2. As at the project closure date, 31 January 2019, key deliverables such as the Additional User Acceptance Test, Going live, Data Acceptance and Sign off in Accra had not been done, even though this huge sums of money had been paid.

Restriction of use

16. This report is intended solely for the use of the Management of the project, IDA, and the Government of Ghana, and should not be used for any other purpose.



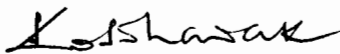
GEORGE SWANZY WINFUL
DEPUTY AUDITOR-GENERAL/CGAD
for **AUDITOR-GENERAL**

**MINISTRY OF LANDS AND NATURAL RESOURCES
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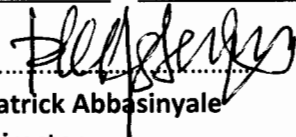
STATEMENT OF FINANCIAL POSITION

AS AT 31ST JANUARY, 2019

Non-current Assets	Note	2019 US\$	2017 US\$
Accumulated Non-Expenditure	2	<u>49,494,003</u>	<u>46,025,152</u>
Current Asset			
Cash and Bank balances	3	850,808	3,762,609
Advances to Implementing Agencies	4	<u>13,264</u>	<u>47,652</u>
		<u>864,071</u>	<u>3,810,261</u>
Current Liabilities			
Accruals		<u>-</u>	<u>-</u>
Net Assets		<u>50,358,074</u>	<u>49,835,413</u>
 Financed by:			
IDA long term	5	46,795,103	46,282,984
CIDA Long term	6	2,500,919	2,500,919
Government of Ghana	7	<u>1,062,051</u>	<u>1,051,509</u>
		<u>50,358,074</u>	<u>49,835,412</u>



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John Wallace Koomson
Financial Controller



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Prof. Patrick Abbasinyale
Chief Director

MINISTRY OF LANDS AND NATURAL RESOURCES
SECOND LAND ADMINISTRATION PROJECT (LAP 2)
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STATEMENT OF SOURCES AND USES OF FUNDS BY COMPONENTS

FOR THE 13 MONTHS ENDED 31 JANUARY 2019

(in US Dollars)

Currency:	Notes	2019 US\$	2017 US\$
Sources of Funds			
Opening balances			
IDA Designated Account No.1		3,726,710.82	5,075,412.00
IDA Withdrawal Application		512,119.42	5,493,884.82
Others		43,526.96	9,694.36
GoG Counterpart Fund		95,349.86	23,112.13
Withdrawal Application			
GoG Counterpart Fund		-	-
Cash available		<u>4,377,707.06</u>	<u>10,602,103.31</u>
Less: Uses of funds, by Project Component			
Component 1 : Strengthening the Policy,Legal and Regularatory Framework	8	4,163.18	1,039,481.90
Component 2 : Decentralizing and Improving Business Service Delivery Processes	9	922,907.15	5,265,807.24
Component 3: Improved Maps and Spatial Data for Land Adminstration	10	15,219.24	1,879,764.32
Component 4 : Human Resource Devleopment and Project Managemnt	11	2,574,803.82	(1,393,211.06)
Total Expenditure		<u>3,517,093.39</u>	<u>6,791,842.40</u>
Net Cash Available		860,613.67	3,810,260.91
Closing cash balances			
IDA Special Account		823,145.94	3,702,353.60
GoG project account		28,329.20	60,922.35
Unretired advances in Project Accounts		13,263.82	46,984.76
Others		(4,125.32)	-
Total closing cash balances		<u>860,613.64</u>	<u>3,810,260.71</u>

**MINISTRY OF LANDS AND NATURAL RESOURCES
SECOND LAND ADMINISTRATION PROJECT (LAP 2)
IDA CREDIT NO. 4870-GH, DFTAD GRANT NO. TF 14256 AND GOVERNMENT OF GHANA**

STATEMENT OF SOURCES AND USES OF FUNDS BY CATEGORY

FOR THE 13 MONTHS ENDED 31 JANUARY 2019

(in US Dollars)

Currency:	2019	2017
Sources of Funds		
Opening balances		
IDA Designated Account No.1	3,726,710.82	5,075,412.00
IDA Withdrawal Application	512,119.42	5,493,884.82
Others	43,526.96	9,694.36
GoG Counterpart Fund	95,349.86	23,112.13
Withdrawal Application		
GoG Counterpart Fund		
Cash available	<u>4,377,707.06</u>	<u>10,602,103.31</u>
Uses of funds		
Component 1 : Strengthening the Policy, Legal and Regulatory Framework		
1.1 Completion of land and land use bills	-	781,281.38
1.2 Partnership with the Judiciary	3,872.29	137,951.65
1.3 Specific Supporting Studies	290.89	120,248.87
	<u>4,163.18</u>	<u>1,039,481.90</u>
Component 2 : Decentralizing and Improving Business Service Delivery Processes		
2.1 Decentralisation of service delivery	30,161.15	4,154,364.21
2.2 Streamlining business procedures	892,746.00	1,111,443.03
	<u>922,907.15</u>	<u>5,265,807.24</u>
Component 3: Improved Maps and Spatial Data for Land Administration		
3.1 Developing policies for surveying and mapping and other spatial	3,922.47	9,632.93
3.2 Preparation of base maps	11,296.77	1,097,832.46
3.3 Establishment of Geodetic Reference Network	-	(352,200.09)
3.4 Boundary Demarcation	-	(282,220.70)
3.5 Preparation of Land Use plans	-	1,258,591.05
3.6 Revaluation of properties	-	47,640.37
3.7 Street addressing and property identification	-	100,488.30
	<u>15,219.24</u>	<u>1,879,764.32</u>
Component 4 : Human Resource Development and Project Management		
4.1 Human Resources Development	1,609,299.52	235,118.39

4.2	Gender Equality Mainstreaming	37,127.42	105,815.65
4.3	Communication and Public Outreach	-	(3,102.92)
4.4	Project Coordination and Management	928,376.88	(1,731,042.18)

		<u>2,574,803.82</u>	<u>(1,393,211.06)</u>
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Total Expenditure		<u>3,517,093.39</u>	<u>6,791,842.40</u>
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Net Cash Available

Closing cash balances

IDA Special Account	823,145.94	3,702,353.60
GoG project account	28,329.20	60,922.35
Unretired advances in Project Accounts	13,263.82	46,984.76
Others	(4,125.32)	-

Total closing cash balances	<u>860,613.64</u>	<u>3,810,260.71</u>
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STATEMENT OF VARIANCE REPORT BY EXPENDITURE COMPONENT

FOR THE 13 MONTHS ENDED 31 JANUARY 2019

	Budget	Actual	Variance	%
Component 1 : Strengthening the Policy, Legal and Regulatory Framework				
1.1 Completion of land and land use bills	246,667.00	-	246,667.00	100.00%
1.2 Partnership with the Judiciary	6,131,700.00	3,872.29	6,127,827.71	99.94%
1.3 Specific Supporting Studies	-	290.89	(290.89)	
	6,378,367.00	4,163.18	6,374,203.82	99.93%
Component 2 : Decentralizing and Improving Business Service Delivery Processes				
2.1 Decentralisation of service delivery	-	30,161.15	(30,161.15)	
2.2 Streamlining business procedures	493,333.00	892,746.00	(892,746.00)	-180.96%
	493,333.00	922,907.15	(922,907.15)	-187.08%
Component 3: Improved Maps and Spatial Data for Land Administration				
3.1 Developing policies for surveying and mapping and other spatial activities	-	3,922.47	(3,922.47)	
3.2 Preparation of base maps	-	11,296.77	(11,296.77)	
3.3 Establishment of Geodetic Reference Network	-	-	-	
3.4 Boundary Demarcation	-	-	-	
3.5 Preparation of Land Use plans	123,077.00	-	-	0.00%
3.6 Revaluation of properties	-	-	123,077.00	
3.7 Street addressing and property identification	-	-	-	
	123,077.00	15,219.24	(15,219.24)	-12.37%
Component 4 : Human Resource Development and Project Management				
4.1 Human Resources Development	-	1,609,299.52	(1,609,299.52)	
4.2 Gender Equality Mainstreaming	-	37,127.42	(37,127.42)	
4.3 Communication and Public Outreach	-	-	-	
4.4 Project Coordination and Management	-	928,376.88	(928,376.88)	
	-	2,574,803.82	(2,574,803.82)	

Notes to the Financial Statement

1.1 Reporting Entity

(a) (i) Financing Agreement

Project Name	(LAP-2)
Loan Agreement Number	IDA Credit No. 4870-GH
Lender (IDA)	International Development Association
Date of signature for Project	31 March, 2011
Effect date of Project	8 August, 2011-31 March, 2013
Amount of Loan	IDA 50 Million
Agency in charge of Project	Resources (MLNR)
Project Implementing entity	Project coordinating Unit (PCU)
Term of project implementation 2017	5 years: 31 March 2011 – 31 December

(ii) Extension of closing date

The closing date provided in Section IV.B.2 of the Agreement is revised to read as February 28, 2018.

(b) Activity:

The Second Land Administration Project is a continuation of Phase 1 and intended to implement the key policy actions recommended in the Ghana Land Policy of 1999 to address critical issues militating against effective Land administration in the country. It also aims to consolidate the gains made under Phase 1 by deepening the reforms, enable the land sector agencies to be more responsive to client, cut down the cost and time of doing business and providing an enabling environment to reflect the objective of an efficient and transparent service delivery.

(c) Components

Component 1: Strengthening the Policy, Legal and Regulatory Framework

- Completion of land and land use bills
- Partnership with the Judiciary
- Specific Supporting Studies

Component 2: Decentralizing and Improving Business Service Delivery

Processes

- Decentralization of service delivery
- Streamlining business procedures

Component 3: Improved Maps and Spatial Data for Land Administration

- Developing policies for surveying and mapping and other spatial a..
- Preparation of base maps
- Establishment of Geodetic Reference Network
- Boundary Demarcation
- Preparation of Land Use plans
- Revaluation of properties
- Street addressing and property identification

Component 4: Human Resource Development and Project Management

- Human Resources Development
- Gender Equality Mainstreaming
- Communication and Public Outreach
- Project Coordination and Management

(d) Project Coordinating Unit

The Ministry of Lands and Natural Resources is responsible for the overall management of the project, including;

- (i) Chairing the National Steering Committee which has strategic and oversight responsibility, and
- (ii) Hosting the Project Coordinating Unit (PCU) which coordinates the day-to-day implementation of project activities, including the preparation the Financial Statements. Funds received are accounted for on cash basis.

1.2 Accounting Policies

The following are the significant accounting policies adopted in the preparation of these financial statements.

a. Basis of preparation

- (i) Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS).
- (ii) Basis of measurement
The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets and financial liabilities at fair value.
- (iii) Use of estimate and judgement
The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the

revision and future periods if the revision affects both current and future periods.

b. Preparation of financial statements

(i) Functional and presentation currencies

The financial statements are presented in United States Dollar (\$) which is the reporting currency for the financial statements.

(ii) Transactions and balances

a. Eligible expenditures in local currencies reimbursable by the World Bank have been translated into US Dollar at the rate of exchange ruling on the date of such expenditures/transactions.

b. Balances dominated in local currency are translated into US\$ at the exchange rate ruling at the Statement of Financial Position date. All differences arising from movements in foreign exchange rate are dealt with through the Foreign Exchange Gain or Loss Account.

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment represent the expenditure incurred mainly in acquiring office equipment and motor vehicles for use by the Management Team.

This is measured at the actual contracted cost of purchase. Cost includes expenditures that directly attributable to bringing the asset to the location and working condition necessary for it to be capable operating in the manner intended by management. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that the future economic benefits associated with the item will flow to the Project and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the statements of receipts and expenditures during the financial period in which they are incurred.

(iii) Depreciation

No depreciation is charged in the financial statements.

(d) Donor Funds

Funds received are accounted for on cash basis

(e) Donor Expenditure

Expenditure is accounted for on cash basis. The cumulative expenditure is capitalized in the Statement of Financial Position

(f) Project Expenditure

All expenditures incurred for the Project are capitalized in the Statement of Financial Position

(g) **Income**

Income is recognized on cash basis and credited to the respective donor's accounts.

MINISTRY OF LANDS AND NATURAL RESOURCES
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NOTES TO THE ACCOUNTS

FOR THE 13 MONTHS ENDED 31 JANUARY 2019

NOTES

2 Accumulated Non Capital Expenditure

	Opening balance US\$	Additions during the period US\$	Closing Balance US\$
1 Works	7,263,360	1,484,122	8,747,482
2 Goods	7,379,461	13,939	7,393,400
3 Non consulting Services	1,501,487	-	1,501,487
4 Consulting	12,038,602	96,508	12,135,110
5 workshops and studies	7,408,361	37,273	7,445,634
6 Recurrent cost	10,433,880	1,837,009	12,270,889
	<u>46,025,151</u>	<u>3,468,851</u>	<u>49,494,002</u>

3 Cash and bank balances

This is made up of:	2019 US\$	2017 US\$
Designated Special Account	810,469	3,762,609
IDA Special account-GH¢	12,677	27,550
GOG	28,329	84,808
Others(other income, imprest and suspense)	(668)	(668)
	<u>850,808</u>	<u>3,874,299</u>

4

Advanced to Implementing Agencies

	2019 US\$	2017 US\$
NPMU	(0)	(0)
Lands Commission	-	13,939
Town & Country Planning Department	-	3,922
Office Of The Administartor Of Stool Lands	12,909	29,131
Accra Metropolitan Assembly	275	566
Ministry Of Justice	80	94
Coalition Of Civil Organisations on Land (CICOL)	-	-
	<u>13,264</u>	<u>47,652</u>

5

IDA Credit Fund

	2019 US\$	2017 US\$
Opening Balnce	46,282,984	40,789,099
Additions	512,119	5,493,885
Closing Balance	<u>46,795,103</u>	<u>46,282,984</u>

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NOTES TO THE ACCOUNTS

FOR THE 13 MONTHS ENDED 31 JANUARY 2019

Notes

6	DFTAD Grant Funds	2019	2017
		US\$	US\$
	Opening Balance	2,500,919	2,500,919
	Additions	-	-
	Closing Balance	<u>2,500,919</u>	<u>2,500,919</u>
7	Counterpart GoG Fund	2019	2017
		US\$	US\$
	Opening Balance	1,051,509	1,028,397
	Additions	10,542	23,112
	Closing Balance	<u>1,062,051</u>	<u>1,051,509</u>
8	Component 1: Strengthening the Policy, legal and Regulatory Framework	2019	2017
		US\$	US\$
1	Works & Goods	2,487	91,760
4	Consulting	-	50,494
5	Training,	-	399,310
6	Recurrent cost	1,677	497,917
		<u>4,163</u>	<u>1,039,481</u>
9	Component 2 : Decentralizing and Improving Business Service Delivery Processes	2019	2017
		US\$	US\$
1	Works & Goods	13,939	4,274,533
3	Consulting	-	45,109
5	Training,	-	(520,840)
4	Non consulting	-	798,771
6	Recurrent cost	908,968	668,235
		<u>922,907</u>	<u>5,265,807</u>
10	Component 3: Improved Maps and Spatial Data for Land Administration	2019	2017
		US\$	US\$
1	Works & Goods	-	842,053
4	Consulting	11,297	886,597
5	Training,	-	(176,429)
6	Recurrent cost	3,922	289,683
	Non consulting	-	37,857
		<u>15,219</u>	<u>1,841,904</u>
11	Component 4 : Human Resource Development and Project Management	2019	2017
		US\$	US\$
1	Works & Goods	1,481,635	(1,858,167)
4	Consulting	133,454	(330,714)
5	Training,	37,273	64,383
	Non Consulting	-	41,254
6	Recurrent cost	922,442	690,033
		<u>2,574,804</u>	<u>(1,393,211)</u>

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NOTES TO THE ACCOUNTS

FOR THE 13 MONTHS ENDED 31 JANUARY 2019

	Notes	2019 USD	2017 USD
IDA Credits	2	512,119.42	512,119.42
DFTAD(CIDA) Grant	3	-	-
GoG Contribution	4	<u>10,542.17</u>	<u>10,542.17</u>
		<u>522,661.59</u>	<u>522,661.59</u>