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**MINISTRY OF FINANCE
P. O. BOX MB 40
ACCRA**

REPUBLIC OF GHANA

, 2018

**ALL HONOURABLE MINISTERS
MINISTRIES/DEPARTMENTS/AGENCIES**

2018 BUDGET IMPLEMENTATION INSTRUCTIONS

Following the passage of the Appropriation Act, 2017, (Act 951) by Parliament, the Ministry has issued this Budget Implementation Instructions in accordance with the PFM Act 921, to guide all Ministers (Principal Account holders) and Chief Directors (Principal spending officers) in the implementation of the 2018 Budget.

2. The Instructions provide information on the procedures for the expenditures in relation to Compensation of Employees, Goods and Services and Capital Expenditures.

3. In line with the provisions in the Public Financial Management Act, 2016 (Act 921), colleague Ministers are kindly requested to note especially the following;

a. Expiration of 2017 Budget

Sub-Section 1 of Section 26, of Act 921 provides that each appropriation approved by Parliament shall cease to have effect at the close of the financial year in respect of which the appropriation was made. Consequently, the 2017 approved budget has expired.

b. Compensation

- i. The policy of Net recruitments is still in force for all MDAs except the Ministries of Education and Health;
- ii. With effect from January 2018, warrants will be issued at Cost Centre level every month to cover MDAs payroll expenditure.
- iii. It has become imperative to manage the non-salary related allowances, consequently, this Ministry is introducing validation processes at MDA level which will require the Internal Audit Units of MDAs to examine and validate all Compensation of Employees related claims before they are submitted to this Ministry. MDAs are required to decouple the non-salary allowance (Committee, Boards, etc.) from the mandatory ones (Car, motor, bicycle, etc.) when submitting requests for payment of non-salary related allowances.

c. Capital expenditure

In accordance with section 33 of Act 921, MDAs must first seek clearance from the Ministry of Finance for the implementation of all multi-year contract projects to