

Audit Service Bulletin

Vision : To become a world class supreme audit institution, delivering professional, excellent and cost effective auditing services

Understanding IPSAS 33 first-time adoption of accrual basis IPSAS Francis Agyen/SA, Koforidua District 'A'



Introduction

IPSAS 33 is the starting point and the first interaction between the new adopter of Accrual basis IPSAS, both for public sector entities moving their local accounting standards to IPSAS and those moving from a cash basis IPSAS to accrual basis

Transitional relief period for the recognition and/or measurement of assets and/or liabilities

Since adopting accrual basis IPSAS is a long and difficult process, IPSAS 33 allows a **transitional relief period of three years** to give sufficient time to the first-time adopter to be fully IPSAS-compliant, i.e., to "comply with the recognition, measurement, presentation and disclosure requirements in the other accrual basis IPSAS in order to assert compliance with accrual basis IPSASs as required in IPSAS 1, Presentation of Financial Statements" (IPSAS 33.5).

Where a public sector entity adopts the transitional relief period, it cannot make an explicit and unreserved statement that it has complied with accrual basis IPSAS. The first time adopter is allowed to make an explicit and unreserved statement of compliance with accrual basis IPSAS only when the annual financial statements comply with all the requirements of all the applicable IPSAS.

However, where a public sector entity does not adopt any transitional exemptions in IPSAS 33 that affect the fair presentation of the financial statements and its ability to assert compliance with accrual basis IPSAS, then there are no transitional IPSAS financial statements, and the first financial statements produced following the opening statement of financial position are the first IPSAS financial statements, containing the explicit and

unreserved statement of compliance with accrual basis IPSAS.

Opening Statement of Financial Position on adoption of IPSASs

A first-time adopter shall prepare and present an opening statement of financial position at the date of adoption of IPSASs. This is the starting point for its accounting in accordance with accrual basis IPSASs (IPSAS 33.15).

IPSAS 1 - Presentation of Financial Statements

Presentation of Comparative Information

A first-time adopter may present comparative information in its first transitional IPSAS financial statements or its first IPSAS financial statements presented in accordance with this IPSAS. When a first-time adopter presents comparative information, it shall be presented in accordance with the requirements of IPSAS 1 (IPSAS 33.77).

IPSAS 33.78 requires that where a first-time adopter elects to present comparative information, the first transitional IPSAS financial statements or the first IPSAS financial statements presented in accordance with this IPSAS shall include:

- One statement of financial position with comparative information for the preceding period, and an opening statement of financial position as at the beginning of the reporting period prior to the date of adoption of accrual basis IPSAS;
- One statement of financial performance with comparative information for the preceding period;
- One statement of changes in net assets/equity with comparative information for the preceding period;

- One cash flow statement with comparative information for the preceding period;
- A comparison of budget and actual amounts for the current year as a separate additional financial statement or as a budget column in the financial statements if the first-time adopter makes its approved budget publicly available; and
- Related notes including comparative information, and the disclosure of narrative information about material adjustments as required by paragraph 142.

Illustrative example: First-time adoption of IPSAS

This example illustrates the preparation of an opening statement of financial position. The date of IPSAS adoption in this example is assumed to be 1st January 2024.

Adom Technical University (ATU) has been preparing its financial statements based on local accounting standards (modified accrual basis of accounting). Following the adoption of the accrual basis by Controller and Accountant General Department, it is required to prepare its financial statement in compliance with the accrual-basis IPSAS.

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Articles and contributions are welcome from staff

Understanding IPSAS 33 first-time adoption of accrual basis IPSAS - cont. from pg 1

The notes below relates to Adom Technical University (ATU) for the year ended 31st December 2024.

As at 31st December 2023, buildings of ATU were included in the financial statements at historical cost without depreciation or impairment. ATU now wants to make an adjustment of GH¢100,000 for accumulated depreciation and impairment for buildings for the 2024 financial statements.

Inventories were not recognized by ATU as at 31 December 2023. It now wants to recognise inventory for the 2024 financial statements. Inventory purchased during the year 2024 totalled GH¢200,000.

In the past, a foreign government provided an interest-free loan for the construction of a

bridge. The loan of GH¢1,000,000 is repayable over a 30-year period with effect from the first year of the completion of the bridge. ATU did not subject the loan to amortisation principles under IPSAS 41 in its previous financial statements. ATU now wants to adjust the loan by GH¢400,000 to reflect the amortized cost of the loan using the effective interest rate of 1.23%.

ATU did not recognise an allowance for receivable in its previous financial statements, on account of some staff who died 5 years ago despite receiving approval from the Ministry of Finance. It now wants to include an adjustment of GH¢600,000 to reflect the reduction of the allowance for accounts receivable at the beginning of the year 2024.

ATU made some investments totalling GH¢4,000,000. GH¢3,200,000 related to long term, while GH¢800,000, relates to the short-term. In the previous financial statements, ATU classifies all investment under non-current assets. In the year 2024, it decided to reclassified short-term investment from investments to cash and cash equivalents as required by IPSAS.

ATU has other payables amounting GH¢800,000 for the year 2024.

How will the above transactions be treated in the financial statements of Adom Technical University for the year ended 31st December 2024 upon the adoption of accrual basis IPSAS?

Treatment

Adom Technical University

The opening statement of financial position for 1st January 2024 will be as follows:

Assets	Notes	Closing balance 31 December 2023	IPSAS adjustments	Opening balance 1 January 2024
Non-current assets		GH¢	GH¢	GH¢
Property, plant & Equipment (PPE)	1	550,000.00	(100,000)	450,000
Other long term investments	5	4,000,000	(800,000)	3,200,000
Total non-current assets (A)		4,550,000	(900,000)	3,550,000
Current assets				
Cash and cash equivalents	5	3,000,000	800,000	3,800,000
Receivables	4	1,800,000	(600,000)	1,200,000
Inventory	2	-	200,000	200,000
Total current assets (B)		4,800,000	400,000	5,200,000
Total assets (A+B)		9,350,000	(500,000)	8,850,000
Equity and liabilities				
Net assets/equity (C)		7,850,000	(900,000)	6,950,000
Non-current liabilities				
Concessionary borrowings		1,000,000	(400,000)	600,000
Current liabilities				
Trade payables		500,000	-	500,000
Other payables	6	-	800,000	800,000
Total liabilities (D)		1,500,000	400,000	1,900,000
Total equity and liabilities (C+D)		9,350,000	(500,000)	8,750,000

Adom Technical University

Reconciliation of net assets/ equity	GH¢
Adjustment to buildings	(100,000)
Inventory recognition	200,000
Adjustment to concessionary borrowings	(400,000)
Adjustment to accounts receivables	(600,000)
Total adjustments under IPSAS	(900,000)
Closing balance of net assets/equity as at 31 December 2023	7,850,000
Opening balance of net assets/equity as at 1 January 2024	<u>6,950,000</u>

Materiality - Fred Lokko



What is Materiality?

Materiality in Financial Audit is a concept that refers to Misstatements (deviations) in the financial statements including omissions, of which if individually or in the aggregate, these misstatements could reasonably be expected to influence the economic decisions of users made based on the financial statements. The misstatement in this context is regarded as MATERIAL. It is worth mentioning that, the materiality concept is only a tool to guide the auditor in planning an audit and evaluating findings in respect of the audit being conducted.

Determination of the basis for considering a misstatement MATERIAL generally depends on professional judgement; this may therefore be quite subjective. In order to minimise the tendency of an auditor 'abusing' the exercise of their professional judgement, the financial audit methodology (FAM) adopted by the Service provides guidance to be followed.

As a first step, the auditor needs to establish the benchmark or basis (for example, total revenue, expenditure, total assets etc) upon which materiality will be calculated and also, the percentage to be applied. The percentage to be applied would have to be determined by the

Supreme Audit Institution's (SAI) policy.

Materiality is set at four (4) different levels. These are:

1. Overall materiality
2. Performance materiality
3. Specific materiality
4. Clearly trivial materiality

Overall Materiality Threshold:

After determining the basis for calculating materiality, the overall materiality can now be established. Overall materiality threshold is a figure calculated based on the benchmark identified in step one noted above. The overall materiality figure is used for the whole financial statement in the determination of Material misstatements that could affect the user's decision making in respect to the financial statements.

Performance Materiality (PM):

Performance materiality (also known as Tolerable misstatement) figure is calculated as a percentage of the overall materiality threshold/figure. The applicable percentage is based on the level of risk of material misstatement at the financial statement level. In principle, the higher the risk of material misstatement (RMM) is for the audit (at the financial statement level), the lower the level of performance materiality and vice versa. As a guide, when the RMM

at financial statement level is high, medium or low, the applicable PM percentage is 25, 50 and 75 respectively. PM is always lower than the overall materiality figure.

The purpose of setting the performance materiality at a lower level than overall materiality is to provide for a safety margin, allowing auditors to plan and execute their work to ensure they gather sufficient audit evidence while accounting for the possibility that individually small misstatements could add up to a material amount.

PM guides auditors in the design and performance of audit procedures to ensure sufficient audit work is done and also, to minimise the tendency for 'over auditing'.

Specific Materiality:

Specific materiality refers to materiality figure set for individual audited class of transactions, account balance or disclosure (COTABD). The auditor may consider lower materiality for a COTABD under certain circumstances such as high expectation from a user of the financial statements (example, cost of compensation for directors of a parastatal).

Specific materiality is often used for transactions or disclosures that are material by nature rather than value. In some situations, a transaction may be well

below the quantitative materiality level (overall/performance materiality) but may be determined as material based on the nature of the issue under consideration. For example, possible issue of fraudulent payment.

Clearly Trivial:

This is a materiality threshold set to guide the auditor to identify misstatements that in aggregate, would not have a material effect on the financial statements. Clearly trivial materiality figure is normally calculated at 1% of the overall materiality threshold.

Auditors are not to bother about clearly trivial findings. Such findings should not be recorded in the summary of findings. The clearly trivial materiality figure helps the auditor in the determination of what to look out for and what not to look for. In this regard, the auditor is able to focus on material areas.

Conclusion:

From the above, it is evidently clear that, for the auditor to abide by the risk-based audit approach, the concept of materiality becomes very necessary for effective and efficient financial audit planning, execution and reporting. The concept of materiality therefore ensures that, only MATERIAL issues are considered in the undertaking of a financial audit assignment.

RTI Commission sensitises Audit Service staff on Right To Information Act

Officials of the Right to Information (RTI) Commission have sensitised management and staff of the Service on the provisions of the Right to Information Act, 2019 (Act 989).

The sensitisation, held in both virtual and in-person sessions, aimed at deepening understanding of the legislation and guiding public officers in the execution of their duties.

Staff were taken through key provisions of the Act, including the relevance of the law, timelines for accessing information, exemptions, and the procedures for releasing information to the public.

Addressing staff, Mr. Frederick Lokko, Information Officer of the Service, commended the RTI Commission for the initiative and pledged the Service's commitment to continue to

operate within the remit of Act 989.

The workshop was highly interactive, offering staff the opportunity to ask questions, share contributions, and make suggestions regarding the practical application of the law. Staff described the sensitisation as a vital step towards strengthening transparency and accountability in public institutions while ensuring compliance with the RTI Act.

The RTI officers further recommended that each regional office of the Service designate an Information Officer and ensure proper documentation to support the effective implementation of the Act.

They further advised that all requests from applicants at the regional level be routed through the designated Information Officer at the Head Office for appropriate action.



Hi friends and dear colleagues, lets talk legalities! I am excited to bring you "The Law Series" which would be a quarterly educative legal nugget encompassing all topics I consider relevant to us as persons who live in a country shaped by its laws.

I promise to touch on topics that have legal implications and also avail myself and services to you as colleagues should you require legal advice or service.

I will begin this series with **Landlord-Tenancy Agreements & Disputes**.

It is important to note that ordinary agreements between a landlord and tenant can also result in disputes. I will shed insight on the rights each party to the agreement is entitled to then conclude with issues that may possibly result into common disputes landlord and tenants face. In Ghana Landlord-tenant law is the Rent Act 1963, Act 220 and it governs the rights and responsibilities of landlords and tenants.

What you need to know- Rights of Parties:

Landlord Rights: Landlords are the beneficial owners of the properties they let out to tenants; hence they have rights that are protected by law. These rights include the right to receive timely rent payments, maintain their property, not sublet their property to third parties without their express consent, the right to collect a security deposit and the right to terminate the tenancy or evict a tenant.

Tenant Rights: Tenants on the other hand are also considered vulnerable willing participants who are also protected under the law. They are entitled to a habitable living space (value for money for rent paid), protection from abuse and illegal eviction and protection from unsafe living conditions or nuisance.

Legal Resources -Protective Laws: The main laws that regulate tenancies and protects both parties to the agreement is our Rent Act 1963, Act 220.

Landlord-Tenancy Disputes

As common knowledge, every agreement is subject to a dispute and an agreement between a landlord and a tenant can result in possible dispute. Let me share some perspectives on possible disputes below;

Abuse of power by landlord:

A landlord may abuse their powers as landlords by unnecessarily interfering with the tenant's enjoyment of his tenancy. Actions like visiting the rented property without notice to the tenant or conducting repairs and maintenance without notice to the tenant can be a nuisance resulting in a dispute.

Increase in Rent without Justification or Notice to Tenant:

A major dispute occurs where landlord increases rent unduly without justification or notice to the tenant. Any increase to rent must be discussed prior and agreed by both parties before taking effect.

Damage To Rental Property:

On the tenants side, causing damage to the landlord's property can cause major disputes. A tenant who engages in major repairs to the property, or does alterations without the landlord's consent is creating a major dispute.

Subletting Rental Premises to Third Parties without Landlord's Consent:

A tenant who also rents out the property to another person without the landlord's approval is a cause for major dispute. An action such as giving out the unexpired term in one's rent to another person, whether family or friend without first discussing with

the landlord can cause problems between the landlord and the tenant.

Non- Payment of Rent When Due:

A tenant who refuses to pay rent when its due, or pay fees related to the property such as cleaning, refuse fees or fees that accrues to the property which ought to be paid by the person occupying it at the time it accrues cause major conflict.

Non -maintenance of Property

A tenant is required and expected to maintain the rental property in a habitable condition. A neglect to clean the property or fix broken down items such as plumbing, lights or other issues that occurred during the tenancy can be a major source of dispute.

Breaches of Implied Covenants:

The implied covenants in the tenancy agreement are to be observed and performed. Where these implied covenants are breached, or not performed, these action can generate disputes.

Refusal To Quit:

A tenant whose rent has lapsed or ended will need to quit the premises or pack out especially once tenancy has not been renewed by landlord. This can cause a major conflict that may only be resolved by court.

Conclusion

Every commercial agreement has conditions that are binding on the parties to the agreement. Such agreements are also most likely subject of disputes which must be resolved one way or the other.

I will discuss the possible steps needed to resolve the disputes in the next series of ASK-A-LAWYER!

Till then**DONT GIVE ALL YOUR PROBLEMS TO GOD, BRING SOME TO YOUR LAWYER!!!**

National Anti-Corruption Plan (NACAP)

What is NACAP

The national anti-corruption plan is an initiative by government to fight corruption, reduce the perception of corruption and eliminate corruption from the system of governance to improve general services and promote attitudinal change both in public sector, private sector and the general public. It was launched in 2014 by the government led by President Mahama and solely implemented by CHRAJ.

Under NACAP 1, the framework for implementation covered a 10-year period for which all public sector institutions were tasked to set up NACAP Committees to promote the objectives of NACAP and fight corruption internally. NACAP 1 ended successfully after its 10 year implementation in December 2024 for which lessons learnt were captured in an evaluation report to guide the development of NACAP 11 again under President

Mahama.

Purpose and objective of NACAP

The focus and objective of NACAP is to fight corruption and eliminate it from our system completely. NACAP 1 therefore created roles under the implementation framework for all public sector institutions based on their legal mandate to guide them in the implementation of NACAP objectives and the fight against corruption. The roles were either general or specific roles. Under NACAP 1, an entity is either a KIP (Key Implementing Partner) or ACA (Anti-Corruption Agent) KAP. The KIPs are made up of entities that have prosecutorial powers and have the authority to hold persons accused of corruption accountable such as EOCO, FIC, POLICE CID, OSP, NBI etc. Then the ACA and KAP are entities that have the mandate to also perform administrative functions to hold persons accountable in the fight against corruption.

Institutions like CHRAJ, Auditor-General, Judiciary, Parliament and Civil Society Organisations such as Centre for Democratic Development (CDD), Ghana Integrity Initiative (GII), Investigative Journalist (Free Spirits) fall in this category.

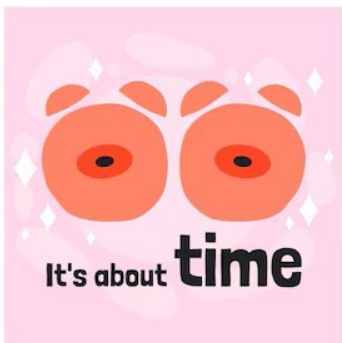
GAS role under NACAP

As our roles under NACAP demands, GAS falls under ACA/KAP and per our mandate under Article 187 of the 1992 Constitution and Sections 11-13 of Audit Service Act 584 demands, we are to hold institutions and persons accountable for all financial infractions that will occur within their organisations and report to Parliament.

GAS therefore set up a NACAP Committee with the main responsibilities of sensitising staff on internal matters that bother on corruption and educate them on Dos and DONTs under NACAP to promote the fight against corruption.

Pink October

BE AWARE, GET SCREENED,
AND TAKE ACTION



1 *in* **8**
WOMEN
WILL BE DIAGNOSED WITH
Breast Cancer
IN THEIR LIFETIME



How Lifestyle
Changes Can Reduce
the **Risk of Breast Cancer**

- Keep a healthy weight
- Get enough sleep
- Be active
- Avoid alcohol
- Don't smoke
- Breastfeed your baby



**EARLY
DETECTION
SAVES LIVES.**

GET CHECKED NOW!

**OCTOBER IS THE
MONTH OF
BREAST CANCER
AWARENESS**

CEI

How lifestyle changes can reduce the risk of breast cancer

Breast cancer is one of the most common forms of cancer affecting women worldwide. While some risk factors, such as age, genetics, and family history, are beyond our control, research shows that lifestyle changes can significantly reduce the likelihood of developing breast cancer. By implementing healthy habits, you not only enhance your overall well-being but also take proactive steps toward safeguarding your long-term health.

Why Lifestyle Choices Matter in Breast Cancer Risk

Studies consistently highlight the connection between lifestyle factors and the occurrence of breast cancer. According to a study, around 30%–40% of breast cancer cases can be prevented with healthier lifestyle habits. While genetic predisposition plays a key role in certain cases, how you live your daily life has a profound influence on your body's ability to remain resilient against cancer triggers. Adopting positive habits empowers you to take control of your health and make choices that promote long-term wellness, regardless of your starting point.

Risk Factors You Can Influence

Before moving into prevention, it's helpful to understand how lifestyle factors correlate with breast cancer risk. Key areas where changes can make a difference include:

- **Body weight**
- **Physical activity levels**
- **Diet and nutrition**
- **Alcohol consumption**
- **Exposure to harmful chemicals**
- **Smoking habits**

Each of these areas serves as an opportunity to empower healthy, sustainable change.

1. Maintain a Healthy Weight

Maintaining a healthy weight is one of the most crucial steps in reducing the risk of breast cancer. Postmenopausal women who are overweight or obese have a significantly higher risk of breast cancer due to estrogen production from fat cells. Excess body fat can create a hormonal environment that fosters the growth of cancer cells.

Actionable Tips:

- **Track Your BMI (Body Mass Index):** Aim to keep your BMI within the healthy range (18.5–24.9).
- **Adopt a Calorie-Conscious Diet:** Focus on nutrient-dense, whole foods rather than restrictive diets.
- **Regular Monitoring:** Schedule periodic check-ups to assess metabolism and weight status for accountability.

By maintaining a balanced weight, you improve more than your breast health, since body weight influences overall risks of heart disease, diabetes, and other forms of cancer.

2. Stay Active With Regular Exercise

Physical activity doesn't just tone muscles or promote cardiovascular health; it plays a key role in cancer prevention. Exercise lowers hormone levels, reduces inflammation, and boosts immune health, all of which are protective measures against breast cancer. Research suggests that women who exercise regularly reduce their breast cancer risk by 10%–20%.

Recommendations for Physical Activity:

- **Include Cardio and Strength Training:** Incorporate at least 150 minutes of moderate aerobic activity or 75 minutes of vigorous activity weekly.
- **Find Enjoyable Activities:** Opt for activities you love, such as walking, swimming, or dancing, to maintain consistency.
- **Break Sedentary Habits:** Avoid prolonged periods of sitting or inactivity, whether at work or home.

Even small actions, like taking the stairs instead of the elevator or walking during breaks, can add up over time.

3. Adopt a Balanced Diet Rich in Nutrients

A well-rounded diet filled with wholesome, nutrient-rich foods contributes greatly to reducing breast cancer risk. Certain foods contain cancer-preventative properties, such as antioxidants, fiber, and omega-3 fatty acids, which support cellular health and minimize damage caused by free radicals.

Breast-Healthy Foods to Include:

- **Leafy Greens (spinach, kale):** Packed with antioxidants and vitamins.
- **Cruciferous Vegetables (broccoli, cauliflower):** Contain compounds that may inhibit the growth of cancer cells.
- **Berries and Citrus Fruits:** Rich in antioxidants like vitamin C and bioflavonoids.
- **Whole Grains:** High in fiber, which has been linked to lower estrogen levels in the body.
- **Fatty Fish (salmon, mackerel):** An excellent source of omega-3 fatty acids.

Foods to Limit:

- **Processed Meats and Sugary Drinks:** These have been associated with higher inflammation and cancer risk.
- **Saturated Fats:** Replace these with healthier fats like olive oil and avocado.

Healthy eating habits also contribute to maintaining weight and regulating hormone levels, doubling as a preventative effort.

4. Limit Alcohol Intake

Did you know that drinking alcohol is associated with an increased risk of breast cancer? Alcohol raises estrogen levels and contributes to DNA damage, creating conditions in which cancer cells can thrive. Women who consume two to three

alcoholic drinks per day have a 20% higher risk compared to non-drinkers.

How to Moderate Alcohol Consumption:

Stick to no more than one alcoholic drink per day. Hydrate with water or sparkling mocktails as a fun alternative during social events. Consider alcohol-free intervals (e.g., "Dry January" or similar challenges).

By reducing alcohol, you'll also improve liver health and reduce overall inflammation in your body.

5. Quit Smoking and Avoid Harmful Chemicals

Smoking is a well-established risk factor for numerous cancers, including breast cancer, due to its carcinogenic effects. Additionally, exposure to harmful chemicals found in plastics (like BPA) and certain cosmetics can contribute to hormone disruptions that elevate breast cancer risk.

Steps to Reduce Exposure:

- **Smoking Cessation Programs:** Utilize resources like counseling and nicotine replacement therapies to quit smoking for good.
- **Choose Safe Products:** Opt for BPA-free plastics and paraben-free personal care items.
- **Minimize Pesticides:** When possible, buy organic produce or thoroughly wash conventionally grown ones.

Strengthening your body's defenses starts by replacing damaging behaviors with healthier alternatives.

6. Stay Up-to-Date With Screenings

While it's never too early to adopt healthier habits, regular health checkups and screenings remain essential. Early detection significantly improves outcomes for breast cancer.

Screening Guidelines:

- **Begin** routine mammograms at age 40 (or earlier if you have a high-risk gene or family history).
- **Self-examine** your breasts monthly to identify any unusual lumps or changes.
- **Discuss** individualized prevention strategies with your health provider.

Being proactive with regular screenings complements lifestyle changes and allows for early intervention if needed.

Conclusion

Reducing one's risk of breast cancer may seem daunting, but it's achievable through small, consistent steps. By changing lifestyle, one can lower your risk of breast cancer. Pay particular attention to keeping a healthy weight, exercising, consuming less alcohol, quitting smoking, and possibly nursing. Further taking time out for things that make you happy and aid in stress relief and relaxation, can create a proactive defense against this disease.

<https://www.americanoncology.com>

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Personality profile



Kobina Seidu

Principal Transport Officer, Head Office

Head of Transport from 2023 to 2025

Joined the Service in September 1992

Hails from Issa, Wa in the Upper West Region

Favourite food is TZ and Fufu

Hobby is listening to music and boxing