

# 2017

## PETROLEUM FUNDS



REPUBLIC OF GHANA



# REPORT OF THE AUDITOR-GENERAL THE MANAGEMENT OF PETROLEUM FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### Our Vision

To be one of the leading Supreme Audit Institutions in the world, delivering professional, excellent, and cost effective auditing services

**This report has been prepared under Section 16 of the Audit Service Act, 2000 for presentation to Parliament in accordance with Section 20 of the Act.**

**Daniel Yaw Domelevo  
Auditor-General  
Ghana Audit Service  
10 June 2019**

**This report can be found on the Ghana Audit Service website: [www.ghaudit.org](http://www.ghaudit.org)**

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# TRANSMITTAL LETTER

**Ref. No. AG.01/109/Vol.2/118**

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P. O. Box MB 96  
Accra

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**GA/110/8787**

**29 June 2019**

Dear Sir,

**REPORT OF THE AUDITOR-GENERAL ON THE MANAGEMENT OF  
PETROLEUM FUNDS FOR THE PERIOD 1 JANUARY 2017 TO 31 DECEMBER  
2017**

In accordance with my mandate under Article 187(2) of the Constitution of Ghana, Section 16 of the Audit Service Act 2000 (which mandates me to carry out special audits or reviews), and Section 45 of Petroleum Revenue Management Act 2011, (Act 815), - as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893). I have carried out the audit of the Management of the Petroleum Funds for the period 1 January 2017 to 31 December 2017.

2. I hereby submit the report arising from my audit to you for presentation to Parliament.
  
3. The amount outstanding to be paid into the Petroleum Holding Fund was US\$220.64 million. Investment Policy Guidelines were yet to be approved and the Investment Advisory Committee has not been constituted whilst benchmark for performance measurement has not been finalised. Distributions of petroleum revenue to GNPC were delayed for more than three (3) days after receipt of petroleum revenue into the petroleum holding fund whereas amounts owed by Oranto/Stone Energy for surface rental and royalties totalling US\$115,316 for the period February 2012 to April 2014 was still outstanding as of 31 December 2017. The Public Interest and Accountability committee delayed in publishing the 2017 reports. We made recommendations to improve operational efficiency.

4. In accordance with Regulation 29(7) of the C.I.70, the audit was undertaken by PricewaterhouseCoopers for and on behalf of the Auditor-General.

5. I thank the staff of the Bank of Ghana, the Petroleum Funds Secretariat, Ministry of Finance, Controller and Accountant General and Ghana National Petroleum Corporation for their assistance and cooperation during the audit.

Yours faithfully,



**DANIEL YAW DOMELEVO**  
**AUDITOR-GENERAL**

**THE RIGHT HON. SPEAKER**  
**OFFICE OF PARLIAMENT**  
**PARLIAMENT HOUSE**  
**ACCRA**

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## **EXECUTIVE SUMMARY**

### **Execution and significant findings of the audit**

We have discussed all material findings resulting from our audit of the financial statements with the Managers of the Fund. The findings are in chapter three of the report.

### **Material Misstatements**

No material misstatements were identified during the audit.

### **Fraud or presumptive fraud**

We did not identify any incidence of fraud during the performance of our audit procedures.

### **Independence**

We confirm that all team members on the audit team are independent of the Bank of Ghana and its related entities.

### **Quality of application of accounting standards**

The financial statements of the Fund are prepared in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of accounting. The Fund Managers (Bank of Ghana) apply the provisions of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) in the management of the Petroleum Funds.

### **Judgment and estimates**

No judgements are exercised and no estimates are made in the management of the Petroleum Funds by the Fund Managers.

## CHAPTER ONE

### 1.0 Introduction

#### 1.1 Reasons for the audit

The Petroleum Revenue Management Act, 2011 (Act 815) was passed on 11 April 2011 to provide the framework for the collection, allocation and management of petroleum revenue in a responsible, transparent, accountable and sustainable manner for the benefit of the citizens of Ghana in accordance with Article 36 of the Constitution and for related matters.

2. The Act also provided for the establishment of a designated public fund (Petroleum Holding Fund) at the Bank of Ghana to receive and disburse Petroleum Revenue due the Republic.

#### 1.2 Purpose and scope of the audit

3. The objective of the audit is to enable an audit opinion to be expressed on the annual financial statements of the Petroleum Funds required by the Act to be submitted to the Auditor-General. The opinion from the audit will state whether the financial statements presents fairly the financial position as at the end of the financial period and the results of operations for the year.

4. The audit covered the period 1 January to 31 December 2017.

#### 1.3 Key players and their activities

5. The key players and their activities are provided in Table 1.

**Table 1: Key players and their activities**

Key player	Activity
Ministry of Finance	<input type="checkbox"/> Submits annual report on the Petroleum Fund as part of the overall presentation of budgetary statement <input type="checkbox"/> Makes Regulations for the effective performance of this Act <input type="checkbox"/> Takes investment decisions regarding the Fund
Bank of Ghana	<input type="checkbox"/> Establishes a Petroleum Holding Fund <input type="checkbox"/> Keeps proper books of accounts <input type="checkbox"/> Submits to the Auditor-General for audit financial statements and relevant documents within three months after the end of the year to which the accounts relate.
Petroleum Revenue Fund Secretariat	<input type="checkbox"/> Manages the Petroleum Revenue Fund.
Investment Advisory Committee	<input type="checkbox"/> Advises Ministry of Finance on investment decisions and the general monitoring of the management of the Fund
Public Interest and Accountability Committee	<input type="checkbox"/> Monitors and Evaluates compliance with this Act by Government and relevant institutions.

## **1.4 Systems description**

6. A description of the processes involved in the management of the Petroleum Revenue Fund from initiation to recording is presented as follows:

### **1.4.1 Narrative of process from lifting to distribution of Petroleum revenue**

#### **Lifting proceeds and other income**

##### **Initiation**

7. For lifting proceeds, GNPC sends an advice covering the value of the sale of the jubilee oil cargo lifted to the Ministry of Finance (MoF). Bank of Ghana (BoG) receives an invoice from GNPC covering the value of the oil from GNPC whenever oil is lifted from the Jubilee Field. For other income, the Ghana Revenue Authority provides advice regarding corporate tax, royalties and surface rentals.

##### **Processing**

8. BoG then crosschecks the invoice against the number of barrels lifted and the price per barrel. Details of the lifting are then keyed into the lifting statistics schedule. An advice is sent from the BoG to the MoF, advising the Minister of receipt of proceeds of the lifting into the GHAPET account. MOF sends instructions to the Controller and Accountant General's Department (CAGD) who advises the BoG on how funds are to be distributed.

#### **Distribution**

##### **Initiation**

9. Distributions are done by the MoF based on the provisions of Act 815 and Act 893.

##### **Processing**

10. BoG checks the accuracy of the distribution against the provisions of the Act. Proceeds from liftings are distributed as follows:

- GNPC is reimbursed for expenses/costs incurred in the production of oil. This reimbursement represents GNPC's equity interest in the field. GNPC provides MoF with an invoice from Tullow Ghana Limited (the operator) showing total amounts due them as repayment of GNPC's portion of the jubilee costs.
- The amount remaining after GNPC is paid its equity financing cost is distributed as follows; GNPC takes 30% as carried and participating interest and 70% becomes available to the Annual Budget Funding Amount (ABFA) and the Petroleum Funds.
- The remaining 70% plus all other income received are shared between the ABFA and the petroleum funds. 70% goes to the ABFA and the remaining 30% goes to the Petroleum Funds, and Of the 30% that goes to the petroleum funds, 70% is allocated to Ghana Stabilisation Fund (GSF) and 30% to Ghana Holding Fund (GHF).



## **1.4.2 Narrative of process for transfer from GSF to other funds**

### **Determination of cap on GSF**

11. The National Budget proposes a cap on the Ghana Stabilisation Fund (GSF). The target cap is maintained until a revision is made in subsequent budgets. The BoG informs the MoF when the cap is reached and the excess over the cap is determined.

### **Distribution**

12. The 2017 National Budget did not cap the Ghana Stabilisation Fund, therefore there were no withdrawals under section 23 of the Petroleum Revenue Management Act 2011, (Act 815) as amended by Act 893 of 2015. Annual Budget Funding Amounts [ABFA] target of US \$ 169.46 million was fully met; as a result, there were no withdrawals from the GSF as provided for by section 12 of the Petroleum Revenue Management Act 2011, (Act 815) as Amended by Act 893 of 2015.

13. The balance on the Ghana Stabilisation Fund at 31 December 2017 was US\$353.05 million.

14. Shown as Figure 2 to the report is the flow chart of the process described above on transfers from GSF to Other Funds.

## CHAPTER TWO

### 2.0 Comparative analysis of crude oil liftings and prices

#### 2.1 Analysis of crude oil liftings

15. Total petroleum proceeds accruing from the sale of six (6) Jubilee liftings from the 35th to the 40th lifting amounted to US\$302.63 million. Five (5) liftings of the six (6) (36th to 40th liftings) were carried out in 2017 and resulted in proceeds of US\$249.97 million. The 35<sup>th</sup> lifting was carried out in 2016 but the proceeds of US\$52.66 million were received in 2017.

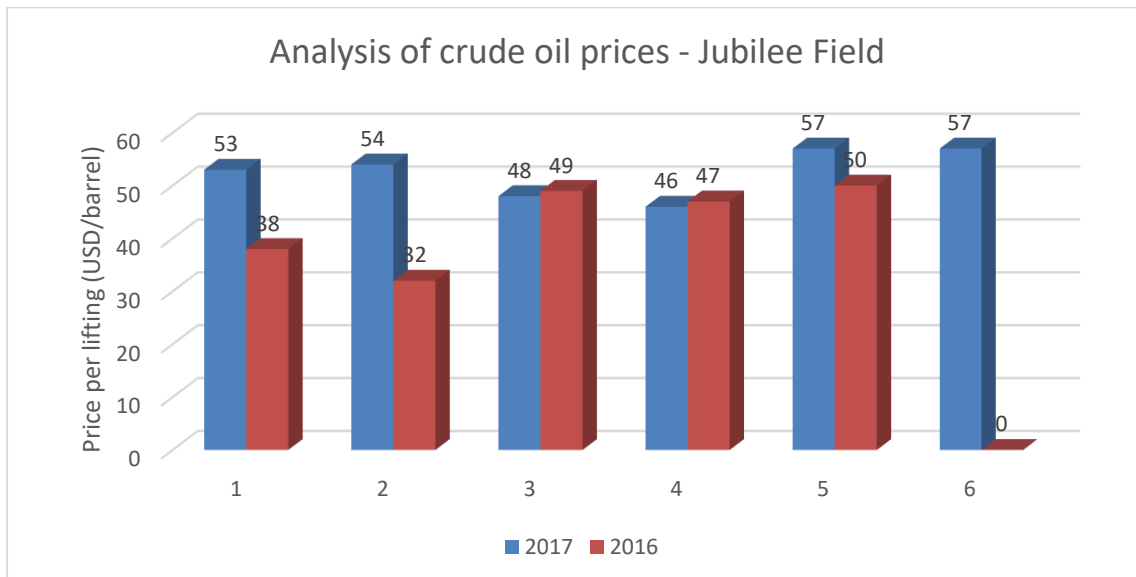
16. Total barrels lifted for the 6 liftings was 5.73 million barrels as compared to 4.82 million barrels for the 5 liftings in 2016. This represents an increase of 19% from the previous year.

17. There was no gas lifting during the year 2017 compared with one lifting in 2016 realising a total of US\$9.30 million

18. A graphical representation of the analysis of crude oil prices between 2016 and 2017 is shown below:

*Source: Invoices from the Ghana National Petroleum Corporation (GNPC)*

#### 2.2 Petroleum price analysis



## CHAPTER THREE

### 3.0 Findings and Recommendations

19. We made the following observations on internal controls, among others, for management's consideration. These recommendations were designed to strengthen business control and improve operational efficiency.

#### 3.1 Amounts assessed as due, unpaid into Petroleum Holding Fund

20. Section 3(2) of Act 815 requires that petroleum revenue assessed as due in each month shall be paid by direct transfer into the Petroleum Holding Fund by the fifteenth day of the ensuing month by the entities obliged to make the payment.

21. At 31 December 2017, a total amount of US\$220.64 million was outstanding to be paid into the Petroleum Holding Fund. Of the total amount, US\$219.53 million represents amounts due from the Ghana National Gas Company Limited for gas sold to them by the Ghana National Petroleum Corporation (GNPC) and US\$1.11 million surface rental fees unpaid by various entities. The estimated amount of penalties based on Section 3(4) of Act 815 is US\$3.4 billion. Refer to Appendix B for details of various entities owing surface rental fees at 31 December 2017.

22. There is a loss of income which would have been earned if the funds had been paid on time and invested.

23. We recommended that monies assessed as due to the Petroleum Funds should be promptly collected. Any late payments should attract interest as stipulated by Section 3(4) of the PRMA.

24. Management in its response said that, the Ghana National Gas Company Limited (GNGC) failed to pay the US\$230.00 million owed GNPC because the Volta River Authority (VRA) had defaulted in paying GNGC for gas supplied to them for the running of the thermal plants. The Ministry of Energy is working to resolve the Energy Sector debts.

25. Regarding the unpaid surface rental fees, Ghana Revenue Authority has been informed of the situation and Bank of Ghana was awaiting its response.

#### 3.2 Investment policy for the Petroleum Funds

26. Section 30 (1) of Act 815 requires the Investment Advisory Committee (IAC) to formulate and propose to the Minister, the investment policy for the management of the Ghana Stabilisation Fund and the Ghana Heritage Fund.

27. Investment of the Petroleum Funds are to be made in line with an investment policy proposed by the IAC. From discussions with the Chairman of the IAC, the investment policy was yet to be finalised as at 31 December 2017.

28. In the absence of an approved investment policy, investment decisions may not meet optimal risk and concentration criteria.

29. We urged management to finalise the Investment Policy Guideline for the management of the Petroleum Funds and seek its approval to guide the investment decisions of the Fund Managers. Refer to Appendix E for the investments made with the Petroleum Funds.

30. Management said the IAC is being constituted; the committee will work with the Fund Managers and stakeholders to finalise the investment policy.

### **3.3 Meetings of Investment Advisory Committee (IAC)**

31. Act 815 requires the Investment Advisory Committee to meet at least once every quarter.

32. We were, however, unable to confirm that the IAC met during the year ended 31 December 2017, as there were no minutes available for our perusal in line with Section 33 of Act 815.

33. The IAC is in breach of the provisions of Act 815 and matters requiring the attention of the IAC may not be addressed timely.

34. We recommended that the IAC should be reconstituted with individuals who can make time to regularly attend to the business of the Committee.

35. Management accepted the recommendations and, intimated that the IAC is being constituted and therefore did not hold any meetings throughout 2016.

### **3.4 Benchmark for performance monitoring by the IAC not finalised**

36. The Second Schedule (Subsection 6) of Act 815 requires that the performance of the Ghana Petroleum Funds be measured periodically against the benchmark developed by the IAC.

37. We were unable to obtain evidence in relation to how the performance of the Fund was measured by the IAC.

38. The IAC may not identify sub-optimal performance for appropriate remedial decision, if periodic measurement of the Funds' performance does not take place as prescribed by Act 815.

39. We recommended that the IAC should determine the benchmark for measuring funds' performance and conduct periodic monitoring of the performance in line with Act 815.

40. Management responded that, the IAC is being constituted and therefore did not meet in 2017

### **3.5 Distributions to Ghana National Petroleum Corporation (GNPC)**

41. Clause 6 of Act 893 requires the Minister to ensure that Bank of Ghana transfers to GNPC the relevant portion of the petroleum revenue not later than three (3) working days after receipt of petroleum revenue into the Petroleum Holding Fund.

42. We noted that distributions of the relevant portions of petroleum revenue to Ghana National Petroleum Corporation (GNPC) for the 35<sup>th</sup> to 40<sup>th</sup> jubilee liftings, and the 1<sup>st</sup> to 4<sup>th</sup> liftings were made more than three working days after receipt of the petroleum revenue into the Petroleum Holding Fund. Refer to Appendix C for details of the receipt and distribution dates for the 34<sup>th</sup> to 40<sup>th</sup> liftings and the 1<sup>st</sup> to 4<sup>th</sup> liftings.

43. Bank of Ghana did not comply with the requirements of Act 893.

44. We recommended that the distributions of petroleum revenue should be made in accordance with the provisions contained in Act 893.

45. Management responded that the Ministry of Finance is working with the Bank of Ghana to automate the process to ensure that distribution timelines are met.

### **3.6 Amounts owed to Oranto/Stone Energy for surface rental and royalties**

46. Section 3(2) of Act 815 requires that petroleum revenue assessed as due in each month shall be paid by direct transfer by the fifteenth day of the ensuing month by the entities obliged to make the payment.

47. We noted that as at 31 December 2017, an amount of US\$115,316 was due from Oranto/Stone Energy in respect of invoices for surface rental fees for the period February 2012 to April 2014. See Appendix D for details.

48. There is loss of income from uncollected funds that should have otherwise been paid on time and invested.

49. We urged management to follow up on the long outstanding bills so that amounts due the Petroleum Funds are promptly collected and appropriately invested. This qualifies as late payment and should attract interest as stipulated by Section 3(4) of the Act 815.

50. Management said records at the petroleum commission indicate that Oranto relinquished its block in 2014 with an outstanding surface rental payment of US\$115,316 and also indicated that Royalties are payable by producing companies therefore payment of Royalties is not applicable to Oranto/Stone Energy. Management however said it has informed Ghana Revenue Authority of the situation and was awaiting its response.

### **3.7 Late publication of 2017 reports by the Public Interest and Accountability Committee (PIAC)**

51. Section 56 of Act 815 requires PIAC to publish a semi-annual report and an annual report by the 15th of September and 15th of March each year.

52. We noted that the 2017 semi-annual report was published on 11th December 2017 while the 2017 annual report was published on 25 June 2018.

53. PIAC is in breach of the provisions of Act 815.

53. We recommended that PIAC should publish the accounts as prescribed by Act 815.

54. Management in its response stated that, the delay in the 2017 Semi-annual Report was largely due to a delay in the release of funds from PIAC's 2017 budgetary allocation as well as delays in the transmission of data for PIAC's analysis; these have been persistent and have made it difficult for PIAC to comply with the established timelines for its reports.

55. To address the problem, PIAC has engaged the reporting entities on the matter and sought their cooperation to avoid this breach.

## CHAPTER FOUR

### 4.0 Annual Report and Financial Statements for the Year Ended 31 December 2017

#### GENERAL INFORMATION

- Fund Managers**
- Stephen Opata (Head of Financial Markets, Bank of Ghana)
  - Nana Aba Ashun (Head of Petroleum Funds, Secretariat, Financial Markets Department, Bank of Ghana)
  - Richard Assan (Petroleum Unit, Bank of Ghana)
  - Samuel Anin (Petroleum Unit, Bank of Ghana)

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P.O. Box GP 2674  
Accra, Ghana

**Independent Auditor** PricewaterhouseCoopers  
Chartered Accountants UNA Home, 3<sup>rd</sup> Floor  
Airport City  
PMB CT 42  
Cantonments, Accra

**Bankers** Federal Reserve Bank of New York  
Euroclear SA/NV

## **REPORT OF THE FUND MANAGERS**

The Fund Managers submit their report together with the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of the Petroleum Funds.

### **Statement of Fund Managers' Responsibilities**

The Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) requires the managers of the Petroleum Funds (Bank of Ghana) to prepare financial statements that give a true and fair view of the state of affairs of the Petroleum Funds as at the end of the year and of its receipts, disbursements, investments and withdrawals for the period then ended. The Fund Managers are required to ensure that proper accounting records are kept that disclose with reasonable accuracy, the petroleum receipts, distributions, investments and withdrawals from the Petroleum Funds for each year.

The Fund Managers accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies in conformity with the "International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting".

The Fund Managers further accept responsibility for the proper maintenance of accounting records that may be relied upon in the preparation of these financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements.

### **Principal activities**

The Fund Managers are mandated to collect and distribute Petroleum Funds to various stakeholders and to undertake investment activities with the funds (Ghana Petroleum Funds) based on the provisions of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

### **Financial results**

The results of the year and position of the Petroleum Funds are set out on pages 7 to 11. The Petroleum Funds received a total of US\$540.41 million as petroleum revenue during the year under review. The funds received and the 2016 undistributed receipts of US\$27.56 million were distributed as follows:



	US\$'million
Ghana National Petroleum Corporation (GNPC)	182.04
Annual Budget Funding Amount (ABFA)	169.46
Ghana Stabilization Fund	142.68
Ghana Heritage Fund	<u>61.15</u>
	<b><u>555.33</u></b>

Undistributed funds in the Petroleum Holding Fund (PHF) as at 31 December 2017 was US\$ 12.64 million. (31 December 2016: US\$27.56 million).

Investment income earned on the Ghana Heritage Fund and the Ghana Stabilization Fund during the year was US\$6.70 million and US\$2.63 million respectively.

### **Transfers to the Annual Budget Funding Amount (ABFA)**

Paragraph 211 of the 2017 National Budget set the ABFA benchmark for the year at US\$169.46 million with a benchmark price of US\$56.14 per barrel and benchmark revenue of \$242.08 million. Total transfers to the ABFA in the year was US\$169.46 million.

After the ABFA benchmark was achieved, petroleum revenues were transferred to the Ghana Petroleum Funds in accordance with section 23 (1) of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

### **Withdrawals from the Ghana Stabilization Fund**

The 2017 National Budget did not set a cap on the Ghana Stabilization Fund. ABFA allocation was fully met, therefore there were no transfers from the Ghana Stabilization Fund.

### **Fund managers**

The names of the Fund Managers are disclosed on page 1. On 2 October 2017, Stephen Opaté replaced Evelyn Kwatia as the Head of Financial Markets of the Bank of Ghana and also as Fund Manager.

Name of Fund Manager: Stephen Opaté

Signature: 

Date: 19-10-18

Name of Fund Manager: Samuel Anin

Signature: 

19-10-18

## **INDEPENDENT AUDITORS REPORT**

### **TO MEMBERS OF PARLIAMENT OF THE REPUBLIC OF GHANA**

#### **What we have audited**

We have audited the financial statements of the Petroleum Funds for the year ended 31 December 2017.

The financial statements set out on pages 7 to 25 comprise:

- the statement of affairs as at 31 December 2017;
- the income and expenditure account for the year then ended;
- the Petroleum Holding Fund statement of cash receipts and disbursements for the year then ended;
- the Ghana Stabilization Fund statement of deposits and withdrawals for the year then ended;
- the Ghana Heritage Fund statement of deposits and withdrawals for the year then ended; and
- notes to the financial statements, which include a summary of significant accounting policies.

#### **Our opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Petroleum Funds as at 31 December 2017 and of its financial performance, receipts and disbursements, and deposits and withdrawals for the year then ended in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of accounting and in the manner required by the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

#### **Independence**

We are independent of the Petroleum Funds in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## **Other information**

The Fund Managers are responsible for the other information. The other information is the Report of the Fund Managers, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Fund Managers for the financial statements**

The Fund Managers are responsible for the preparation of financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of accounting and with the requirements of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) and for such internal control, as the Fund Managers determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Managers are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Managers either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so. The Fund Managers are responsible for overseeing the financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 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;

- 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 internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Managers;
- Conclude on the appropriateness of the Fund Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or,

if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Petroleum Funds to cease to continue as a going concern; and

- 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.

We communicate with the Fund Managers 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.

We also provide the Fund Managers with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **REPORT ON OTHER LEGAL REQUIREMENTS**

The Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i. in our opinion, proper books of accounts have been kept in managing the Petroleum Funds so far as appears from our examination of those books;
- ii. payments due to and disbursements from the Petroleum Funds have been duly made; and

- iii. the Petroleum Funds have been managed in accordance with the provisions of the Act (Petroleum Revenue Management Act, 2011 (Act 815) as amended by Petroleum Revenue Management (Amendment) Act, 2015 (Act 893)).



PricewaterhouseCoopers (ICAG/F/ 018/028)

Chartered Accountants

Accra, Ghana

## INCOME AND EXPENDITURE ACCOUNT

(All amounts are in US Dollars)

	Note	Year ended 31 December		
		2017	2016	2015
Investment income	9	9,327,020	5,764,058	4,520,081
Bank charges	10	(27,447)	(23,595)	(21,894)
Surplus income for the year		<b>9,299,573</b>	<b>5,770,463</b>	<b>4,498,187</b>
<b>INCOME RESERVE</b>				
Balance brought forward		16,079,726	10,309,263	5,811,076
Surplus income for the year		9,299,573	5,770,463	4,498,187
		<b>25,379,299</b>	<b>16,079,726</b>	<b>10,309,263</b>

**STATEMENT OF AFFAIRS**

(All amounts are in US Dollars)

ASSETS	Note	<u>At 31 December</u>		
		2017	2016	2015
Investment	11	454,267,714	254,768,499	235,166,794
Bank Balances	12	<u>256,212,561</u>	<u>257,499,006</u>	<u>211,027,362</u>
<b>Total Assets</b>		<b><u>710,480,275</u></b>	<b><u>512,267,505</u></b>	<b><u>446,194,156</u></b>

FINANCE BY:

Accumulated fund	13	685,100,976	496,187,779	435,884,893
Income reserve		<u>25,379,299</u>	<u>16,079,72</u>	10,309,263
<b>Total accumulated fund and reserve</b>		<b><u>710,480,275</u></b>	<b><u>512,267,505</u></b>	<b><u>446,194,156</u></b>

The cost on pages 10 to 26 are an integral part of these financial statements.

The financial statements on pages 17 – 36 were approved by the Fund Managers on .....19-10-18..... and signed on its behalf by:

Name of Fund Manager: Stephen Oparty Name of Fund Manager: Samuel Anik

Signature: 

Signature: 

## PETROLEUM HOLDING FUND

### STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

(All amounts are in US Dollars)

	Note	Year Ended 31 December		
		2017	2016	2015
Opening balance		27,556,550	9,414,557	1,073,874
Total funds received	3	<u>540,411,436</u>	<u>247,175,394</u>	<u>396,167,723</u>
<b>Total funds available</b>		<b><u>567,967,986</u></b>	<b><u>256,589,951</u></b>	<b><u>397,241,597</u></b>
<b>Distribution:</b>				
Transfers to GNPC equity finance	3	(103,439,007)	(58,114,054)	(65,913,926)
Transfers to GNPC carried and participating interest	5	(78,600,558)	(30,383,038)	(60,994,797)
Transfers to annual budget funding amount (ABFA)	6	(169,458,674)	(98,375,416)	(239,295,371)
Transfers to Ghana Stabilization Fund	7	(142,683,920)	(29,512,625)	(15,171,062)
Transfers to Ghana Heritage Fund	8	<u>(61,150,251)</u>	<u>(12,648,268)</u>	<u>(6,501,884)</u>
<b>Total Distributions</b>		<b><u>(555,332,410)</u></b>	<b><u>(229,033,401)</u></b>	<b><u>(387,827,040)</u></b>
<b>Undistributed Receipts</b>		<b><u>12,635,576</u></b>	<b><u>27,556,550</u></b>	<b><u>9,414,557</u></b>



## GHANA STABILIZATION FUND

### STATEMENT OF DEPOSITS AND WITHDRAWALS

(All amounts are in US Dollars)

	Note	Year Ended 31 December		
		2017	2016	2015
Opening balance		207,748,661	177,396,124	286,644,041
Total funds received from the Petroleum Holding Fund	7	<u>142,683,920</u>	<u>29,512,625</u>	<u>15,171,062</u>
		<b><u>350,432,581</u></b>	<b><u>206,908,749</u></b>	<b><u>301,815,103</u></b>
Interest received	9	2,625,276	845,150	538,215
Bank charges	10	<u>(5,822)</u>	<u>(5,238)</u>	<u>(6,397)</u>
		<b>353,052,035</b>	<b>207,748,661</b>	<b>302,346,921</b>
Total fund withdrawn	14	-	-	(124,950,797)
<b>Accumulated Fund</b>		<b><u>353,052,035</u></b>	<b><u>207,748,661</u></b>	<b><u>177,396,124</u></b>

## GHANA HERITAGE FUND

### STATEMENT OF DEPOSITS AND WITHDRAWALS

*(All amounts are in US Dollars)*

		Year ended 31 December		
	Note	2017	2016	2015
Opening Balance		276,962,289	259,383,470	248,915,217
Total Funds received from the Petroleum Holding Fund	8	61,150,251	12,648,268	6,501,884
		<b>338,112,540</b>	<b>272,031,738</b>	<b>255,417,101</b>
Interest received	9	6,701,744	4,948,908	3,981,866
Bank charges	10	<u>(21,626)</u>	<u>(18,357)</u>	<u>(15,497)</u>
<b>Accumulated fund</b>		<b><u>344,792,659</u></b>	<b><u>276,962,289</u></b>	<b><u>259,383,470</u></b>

## NOTES

### 1. Mandate

The Bank of Ghana is responsible for the day-to-day operation management of the Petroleum Holding Fund and the Ghana petroleum Funds in accordance with the terms of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

#### 1.1 Funds

##### (a) Petroleum Holding Funds (Section 2 of Act 815 as amended by Act 893)

The Petroleum Holding Funds is the designated public fund at the Bank of Ghana that receives and disburses petroleum revenue due the Republic of Ghana. Petroleum revenues are deposited into this fund for subsequent transfers in accordance with the provisions of Section 11 of Act 815 as amended by Act 893.

##### (b) Ghana Petroleum Funds (Section 11 of Act 815 as amended by Act 893)

The Ghana Petroleum Funds comprise the Ghana Stabilization Fund and the Ghana Heritage Fund. The Ghana Stabilization Fund (Section 9 of Act 815 as amended by Act 893) is a fund established to provide an endowment to cushion the impact on or sustain public expenditure capacity when during periods of unanticipated petroleum revenue shortfalls.

The Ghana Heritage Fund (Section 10 of Act 815 as amended by Act 893) is a fund established to provide an endowment to support development for future generations when petroleum reserves have been depleted and to receive excess petroleum revenue.

Prior to the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), the Ghana Petroleum Funds were to receive from the Petroleum Holding Fund, petroleum revenue in excess of the Annual Budget Funding Amount (Section 11 of Act 81).

Per the amendment (Act 893) which was assented to by the President on 31 July 2015, the Ghana Petroleum Funds receive from the Petroleum Holding Fund:

- not less than 30% of the Benchmark revenue for the year where the actual petroleum revenue net of allocation to the Ghana National Petroleum Corporation (GNPC) is greater than or equal to the Benchmark revenue.

- not less than 30% of the actual petroleum revenue net of allocation to GNPC where the actual petroleum revenue is less than the Benchmark revenue
- any excess of the actual revenue over the Benchmark revenue for the year.

## **1.2 Transfers**

Apart from transfers made from the Petroleum Holding Funds to the Ghana Petroleum Funds, transfers are also made to the Ghana National Petroleum Corporation and the Consolidated Fund Annual Budget Funding Amount).

The transfers made to the Ghana National Petroleum Corporation are for its equity financing and carried and participating interest.

The transfers made into the Consolidated Fun (Annual Budget Funding Amount) are in support of the national budget.

## **2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of accounting (cash basis IPSAS) as issued by International Public Accounting Standards Board. The financial statements also comply with the requirements of the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

### **2.2 Income recognition**

Income is recognized when cash is received.

### **2.3 Expenditure recognition**

Expenses are recognized when payments are made.

## 2.4 Investments

Investments are shown at the actual amount paid for securities purchased. Changes in the market value of investments are not recognized until the investment is sold. Gains or losses are recognized in the income and expenditure account as investment income or expenses.

## 2.5 Bank balances

Bank balances consist of balances held in approved bank accounts for the Ghana Petroleum Funds and the Petroleum Holding Fund.

## 3. Total Funds Received (All amounts in USD)

	Year ended 31 December		
	2017	2016	2015
Ghana Group Oil Lifting Proceeds (Note 3a)	501,300,433	207,787,586	374,292,457
Corporate tax payment (Note 3d)	36,957,622	29,546,823	20,410,832
Surface rental fees (Note 3c)	1,569,828	465,030	465,920
Other receipts (Note 3d)	<u>583,553</u>	<u>9,375,955</u>	<u>998,514</u>
<b>Total Funds Received</b>	<b><u>540,411,436</u></b>	<b><u>247,175,394</u></b>	<b><u>396,167,723</u></b>
<b>(a) Ghana Group Oil Lifting Proceeds</b>			
23 <sup>rd</sup> Lifting – Jubilee	-	-	56,069,476
24 <sup>th</sup> Lifting – Jubilee	-	-	54,239,478
25 <sup>th</sup> Lifting – Jubilee	-	-	49,937,126
26 <sup>th</sup> Lifting – Jubilee	-	-	52,422,989
27 <sup>th</sup> Lifting – Jubilee	-	-	61,395,996
28 <sup>th</sup> Lifting – Jubilee	-	-	55,411,477
29 <sup>th</sup> Lifting – Jubilee	-	-	44,788,915
30 <sup>th</sup> Lifting – Jubilee	-	35,736,463	-
31 <sup>st</sup> Lifting – Jubilee	-	30,490,829	-
32 <sup>nd</sup> Lifting – Jubilee	-	48,173,318	-
33 <sup>rd</sup> Lifting – Jubilee	-	46,486,771	-
34 <sup>th</sup> Lifting – Jubilee	-	46,900,205	-
35 <sup>th</sup> Lifting – Jubilee	52,660,594	-	-
36 <sup>th</sup> Lifting – Jubilee	51,400,467	-	-

37 <sup>th</sup> Lifting – Jubilee	45,721,393	-	-
38 <sup>th</sup> Lifting – Jubilee	44,335,440	-	-
39 <sup>th</sup> Lifting – Jubilee	53,956,558	-	-
40 <sup>th</sup> Lifting – Jubilee	54,559,886	-	-
1 <sup>st</sup> Lifting – TEN	51,008,736	-	-
2 <sup>nd</sup> Lifting – TEN	49,020,171	-	-
3 <sup>rd</sup> Lifting – TEN	45,175,945	-	-
4 <sup>th</sup> Lifting – TEN	<u>53,461,243</u>	-	-
<b>Total proceeds from oil lifting</b>	<b><u>501,300,433</u></b>	<b><u>207,787,586</u></b>	<b><u>374,292,457</u></b>

**(b) Corporate Tax Payments**

	<b>Year ended 31 December</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Kosmos Energy	36,957,622	2,232,550	11,730,107
Tullow Oil Ghana Limited	-	27,314,273	-
Anadarko Petroleum	<u>-</u>	<u>-</u>	<u>8,680,725</u>
Total corporate tax payments	<b><u>36,957,622</u></b>	<b><u>29,546,823</u></b>	<b><u>20,410,832</u></b>

**(c) Surface Rental Fees**

Tullow Oil Ghana Limited	59,261	135,699	-
Kosmos Energy	17,797	17,797	17,797
Petrogulf Ltd.	141,570	-	-
Hess Ghana Exploration Ltd.	150,750	219,310	150,750
ENI Ghana EP Ltd.	141,999	-	22,600
Blue Star Exploration Ghana Ltd.	17,475	-	-
GNPC Operating Services (GOSCO)	111,950	-	-
PETRICA AS	522,300	-	-
Springfield Exploration and Production Ltd.	33,650	-	-
Erin Energy	150,400	-	-
UB Group	130,472	-	-

AMNI Petroleum Dev. Co. Ltd	13,974	13,974	13,974
CAMAC Energy Gh Ltd.	-	-	73,423
Medea Development International Ltd.	78,230	78,250	78,250
Heritage Exploration and Production Gh Ltd.	-	-	109,126
<b>Total Surface Rental Fees</b>	<b><u>1,569,828</u></b>	<b><u>465,030</u></b>	<b><u>465,920</u></b>

### 3. Total Funds Received (continued)

#### (d) Other Receipts

	Year ended 31 December		
	2017	2016	2015
Interest earned on Petroleum Holding Fund (Note 15)	579,279	73,149	25,312
Interest on TEN 3 Late Payment	4,274	-	-
Price Differential – UNIPEC	-	-	419,387
Gas Receipts	-	9,302,806	553,815
<b>Total Other Received</b>	<b><u>583,553</u></b>	<b><u>9,375,955</u></b>	<b><u>998,514</u></b>

#### (4) Transfers to GNPC Equity Finance

23 <sup>rd</sup> Lifting – Jubilee	-	-	3,314,780
24 <sup>th</sup> Lifting – Jubilee	-	-	14,298,917
25 <sup>th</sup> Lifting – Jubilee	-	-	7,530,551
26 <sup>th</sup> Lifting – Jubilee	-	-	3,842,828
27 <sup>th</sup> Lifting – Jubilee	-	-	9,979,994
28 <sup>th</sup> Lifting – Jubilee	-	-	-
29 <sup>th</sup> Lifting – Jubilee	-	-	26,946,856
30 <sup>th</sup> Lifting – Jubilee	-	9,153,737	-
31 <sup>st</sup> Lifting – Jubilee	-	2,892,619	-
32 <sup>nd</sup> Lifting – Jubilee	-	15,543,330	-
33 <sup>rd</sup> Lifting – Jubilee	-	24,084,087	-
34 <sup>th</sup> Lifting – Jubilee	-	6,440,281	-

35 <sup>th</sup> Lifting – Jubilee	4,339,801	-	-
36 <sup>th</sup> Lifting – Jubilee	-	-	-
37 <sup>th</sup> Lifting – Jubilee	17,849,899	-	-
38 <sup>th</sup> Lifting – Jubilee	4,678,490	-	-
39 <sup>th</sup> Lifting – Jubilee	3,571,995	-	-
40 <sup>th</sup> Lifting – Jubilee	4,173,017	-	-
1 <sup>st</sup> Lifting – TEN	15,103,886	-	-
2 <sup>nd</sup> Lifting – TEN	14,515,064	-	-
3 <sup>rd</sup> Lifting – TEN	18,376,773	-	-
4 <sup>th</sup> Lifting – TEN	<u>20,830,082</u>	-	-
<b>Total proceeds from oil lifting</b>	<b><u>103,439,007</u></b>	<b><u>58,114,054</u></b>	<b><u>65,913,926</u></b>

GNPC did not have any equity financing obligation on the 36<sup>th</sup> lifting.

5. Transfer to GNPC carried and participating interest

	Year ended 31 December		
	2017	2016	2015
<b>Crude Oil</b>			
23 <sup>rd</sup> Lifting – Jubilee	-	-	11,149,053
24 <sup>th</sup> Lifting – Jubilee	-	-	7,451,841
25 <sup>th</sup> Lifting – Jubilee	-	-	8,550,997
26 <sup>th</sup> Lifting – Jubilee	-	-	10,195,442
27 <sup>th</sup> Lifting – Jubilee	-	-	10,296,727
28 <sup>th</sup> Lifting – Jubilee	-	-	11,689,093
29 <sup>th</sup> Lifting – Jubilee	-	-	1,611,644
30 <sup>th</sup> Lifting – Jubilee	-	4,989,946	-
31 <sup>st</sup> Lifting – Jubilee	-	5,732,730	-
32 <sup>nd</sup> Lifting – Jubilee	-	5,765,342	-



33 <sup>rd</sup> Lifting – Jubilee	-	2,838,019	-
34 <sup>th</sup> Lifting – Jubilee	-	8,220,659	-
35 <sup>th</sup> Lifting – Jubilee	10,097,786	-	-
36 <sup>th</sup> Lifting – Jubilee	11,126,940	-	-
37 <sup>th</sup> Lifting – Jubilee	4,542,590	-	-
38 <sup>th</sup> Lifting – Jubilee	8,193,988	-	-
39 <sup>th</sup> Lifting – Jubilee	10,608,672	-	-
40 <sup>th</sup> Lifting – Jubilee	10,558,971	-	-
1 <sup>st</sup> Lifting – TEN	6,796,748	-	-
2 <sup>nd</sup> Lifting – TEN	6,531,778	-	-
3 <sup>rd</sup> Lifting – TEN	4,519,548	-	-
4 <sup>th</sup> Lifting – TEN	5,623,537	-	-
Gas			
32 <sup>nd</sup> Lifting	-	2,836,342	-
<b>Total Transfers</b>	<b><u>78,600,558</u></b>	<b><u>30,383,038</u></b>	<b><u>60,944,797</u></b>

There were no gas liftings for the 23<sup>rd</sup>, 33<sup>rd</sup> to 40<sup>th</sup> Jubilee liftings and the 1<sup>st</sup> to 4<sup>th</sup> TEN liftings.

## 6. Transfer to Annual Budget Funding Amount (ABFA)

	Year ended 31 December		
	2017	2016	2015
23 <sup>rd</sup> Lifting – Jubilee	-	-	42,506,515
24 <sup>th</sup> Lifting – Jubilee	-	-	32,510,176
25 <sup>th</sup> Lifting – Jubilee	-	-	33,857,116
26 <sup>th</sup> Lifting – Jubilee	-	-	38,389,227
27 <sup>th</sup> Lifting – Jubilee	-	-	41,462,130
28 <sup>th</sup> Lifting – Jubilee	-	-	38,740,158
29 <sup>th</sup> Lifting – Jubilee	-	-	11,830,049
30 <sup>th</sup> Lifting – Jubilee	-	21,565,136	-
31 <sup>st</sup> Lifting – Jubilee	-	23,500,483	-

32 <sup>nd</sup> Lifting – Jubilee	-	17,023,898	-
33 <sup>rd</sup> Lifting – Jubilee	-	13,712,121	-
34 <sup>th</sup> Lifting – Jubilee	-	22,573,778	-
35 <sup>th</sup> Lifting – Jubilee	2,848,051	-	-
36 <sup>th</sup> Lifting – Jubilee	28,439,260	-	-
37 <sup>th</sup> Lifting – Jubilee	-	-	-
38 <sup>th</sup> Lifting – Jubilee	11,176,499	-	-
39 <sup>th</sup> Lifting – Jubilee	28,155,478	-	-
40 <sup>th</sup> Lifting – Jubilee	14,209,190	-	-
1 <sup>st</sup> Lifting – TEN	39,516,618	-	-
2 <sup>nd</sup> Lifting – TEN	13,925,408	-	-
3 <sup>rd</sup> Lifting – TEN	31,188,170	-	-
4 <sup>th</sup> Lifting – TEN	-	-	-
<b>Total Transfers</b>	<b><u>169,458,674</u></b>	<b><u>98,375,416</u></b>	<b><u>239,295,371</u></b>

Total allocation to the ABFA for the year is split evenly into four quarters. Where the allocation for a quarter is achieved, no more transfers are made into the ABFA for the quarters.

The allocation for the second quarter was achieved on the 36<sup>th</sup> lifting for Jubilee for TEN. Therefore, there were no transfers to ABFA out of the 37<sup>th</sup> Jubilee lifting and the 4<sup>th</sup> TEN lifting respectively as provided for under section 23(1) of the Petroleum Revenue Management Act, 2015 (Act 893).

7. Transfer to Ghana Stabilisation Fund	Year ended 31 December		
	2017	2016	2015
28 <sup>th</sup> Lifting – Jubilee	-	-	11,622,047
29 <sup>th</sup> Lifting – Jubilee	-	-	3,549,015
30 <sup>th</sup> Lifting – Jubilee	-	6,469,541	-
31 <sup>st</sup> Lifting – Jubilee	-	7,050,145	-
32 <sup>nd</sup> Lifting – Jubilee	-	5,107,169	-
33 <sup>rd</sup> Lifting – Jubilee	-	4,113,636	-
34 <sup>th</sup> Lifting – Jubilee	-	6,772,134	-

35 <sup>th</sup> Lifting – Jubilee	24,762,469	-	-
36 <sup>th</sup> Lifting – Jubilee	8,531,778	-	-
37 <sup>th</sup> Lifting – Jubilee	16,528,874	-	-
38 <sup>th</sup> Lifting – Jubilee	14,200,525	-	-
39 <sup>th</sup> Lifting – Jubilee	8,446,644	-	-
40 <sup>th</sup> Lifting – Jubilee	19,972,480	-	-
1 <sup>st</sup> Lifting – TEN	11,854,985	-	-
2 <sup>nd</sup> Lifting – TEN	9,833,544	-	-
3 <sup>rd</sup> Lifting – TEN	9,356,451	-	-
4 <sup>th</sup> Lifting – TEN	<u>19,196,170</u>	-	-
<b>Total Transfers</b>	<b><u>142,683,920</u></b>	<b><u>29,512,625</u></b>	<b><u>15,171,062</u></b>

	2017	Year ended 31 December 2016	31 December 2015
<b>8. Transfer to Ghana Heritage Fund</b>			
28 <sup>th</sup> Lifting – Jubilee		-	4,980,878
		-	
29 <sup>th</sup> Lifting – Jubilee		-	1,521,006
30 <sup>th</sup> Lifting – Jubilee		2,772,660	-
31 <sup>st</sup> Lifting – Jubilee		3,021,491	-
32 <sup>nd</sup> Lifting – Jubilee		2,188,787	-
33 <sup>rd</sup> Lifting – Jubilee		1,762,987	-
34 <sup>th</sup> Lifting – Jubilee		2,902,343	-
35 <sup>th</sup> Lifting – Jubilee	10,612,487	-	-
36 <sup>th</sup> Lifting – Jubilee	3,656,476	-	-
37 <sup>th</sup> Lifting – Jubilee	7,083,803	-	-
38 <sup>th</sup> Lifting – Jubilee	6,085,939	-	-
39 <sup>th</sup> Lifting – Jubilee	3,619,990	-	-
40 <sup>th</sup> Lifting – Jubilee	8,559,634	-	-

1 <sup>st</sup> Lifting – TEN	5,080,708	-	-
2 <sup>nd</sup> Lifting – TEN	4,214,376	-	-
3 <sup>rd</sup> Lifting – TEN	4,009,908	-	-
4 <sup>th</sup> Lifting – TEN	<u>8,226,930</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>61,150,251</u></b>	<b><u>12,648,268</u></b>	<b><u>6,501,884</u></b>

	2017	Year ended 2016	31 December 2015
<b>9. Investment Income</b>			
Ghana Stabilization Fund	2,625,276	845,150	538,215
Ghana Heritage Fund	<u>6,701,744</u>	<u>4,948,908</u>	<u>3,981,866</u>
<b>Total</b>	<b><u>9,327,020</u></b>	<b><u>5,794,058</u></b>	<b><u>4,520,081</u></b>

Investment income earned in the year was derived from the following instruments:

	Year ended 31 December		
	2017	2016	2015
<b>(a) Ghana Stabilization Fund</b>			
Bonds	818,200	319,786	345,259
Treasury Bills	-	-	1,487
Repurchase agreements/overnight income	<u>1,807,076</u>	<u>525,364</u>	<u>191,469</u>
<b>Total</b>	<b><u>2,625,276</u></b>	<b><u>845,150</u></b>	<b><u>538,215</u></b>
<b>(b) Ghana Heritage Fund</b>			
Bonds	6,107,752	4,725,231	3,904,033
Repurchase agreements/overnight income	<u>593,992</u>	<u>223,677</u>	<u>77,833</u>
<b>Total</b>	<b><u>6,701,744</u></b>	<b><u>4,948,908</u></b>	<b><u>3,981,866</u></b>

**Year ended 31 December**

<b>10. Bank charges</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Ghana Stabilization Fund Euroclear Bank Charges	5,822	5,238	
Ghana Heritage Fund Euroclear Bank Charges	<u>21,625</u>	<u>18,357</u>	<u>15,497</u>
<b>Total</b>	<b><u>27,447</u></b>	<b><u>23,595</u></b>	<b><u>21,894</u></b>

**11. Investment**

**Year ended 31 December**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Ghana Stabilization Fund	169,606,890	36,437,358	38,956,604
Ghana Heritage Fund	<u>284,660,824</u>	<u>218,331,141</u>	<u>196,210,190</u>
<b>Total Investment</b>	<b><u>454,267,714</u></b>	<b><u>254,768,499</u></b>	<b><u>235,156,794</u></b>

An analysis of the type of instruments invested in and the investment banks used are provided below:

<b>(a) Type of investment instrument:</b>	<b>Bonds</b>	<b>US Bills</b>	<b>Treasury</b>	<b>Total</b>
Ghana Stabilization Fund	99,835,951		69,770,939	169,606,890
Ghana Heritage Fund	<u>274,697,350</u>		<u>9,963,474</u>	<u>284,660,824</u>
<b>Total</b>	<b><u>374,533,301</u></b>		<b><u>79,734,413</u></b>	<b><u>454,267,714</u></b>

<b>(b) Investment bank used:</b>	<b>Euroclear</b>	<b>Federal Reserve</b>	<b>Total</b>
Ghana Stabilization Fund	58,718,577	110,888,313	169,606,890
Ghana Heritage Fund	<u>161,465,198</u>	<u>123,195,626</u>	<u>284,660,824</u>
<b>Total</b>	<b><u>220,183,775</u></b>	<b><u>234,083,939</u></b>	<b><u>454,267,714</u></b>

**NOTES (continued)**

(All amounts are in US Dollars)

		Cost of investment			Nominal value of Investment				Accrued Interest at 31 Dec. 2017		
Type of Security	Duration	Heritage Fund	Stabilization Fund	Total	Heritage Fund	Stabilization Fund	Total	Coupon range %	Heritage Fund	Stabilization Fund	Total
Treasury Bills	91 Days	9,963,474	69,770,939	79,734,413	10,000,000	70,000,000	80,000,000	0.3134-0.36526	-	-	-
Bonds	2 years	4,500,328	16,995,170	21,495,498	4,500,000	17,000,000	21,500,000	0.625-0.75	1,976	68,674	70,650
Bonds	3 years	8,998,876	42,498,016	51,496,892	9,000,000	42,500,000	51,500,000	0.875-1.25	36,144	174,322	210,466
Bonds	5 years	69,788,594	28,061,289	97,849,883	70,000,000	28,000,000	98,000,000	1.125-2.375	417,711	100,536	518,247
Bonds	7 years	54,217,999	6,043,485	60,261,484	54,500,000	6,000,000	60,500,000	1.50-4.0	416,797	20,573	437,370
Bonds	10 years	92,222,920	6,237,991	98,460,911	91,500,000	6,000,000	97,500,000	1.625-5.25	889,772	43,932	933,704
Bonds	12 years	2,000,000	-	2,000,000	2,000,000	-	2,000,000	4.3	18,872	-	18,872
Bonds	30 years	42,968,633	-	42,968,633	37,000,000	-	37,000,000	2.25-6.25	391,281	-	391,281
<b>Total</b>		<b>284,660,824</b>	<b>169,606,890</b>	<b>454,267,714</b>	<b>274,500,000</b>	<b>169,500,000</b>	<b>448,000,000</b>		<b>2,172,553</b>	<b>408,037</b>	<b>2,580,590</b>

12. Bank balances	Year ended 31 December		
	2017	2016	2015
Petroleum Holding Fund (Note 13)	12,635,576	27,556,550	9,414,557
Ghana Stabilization Fund	183,445,148	171,311,305	138,439,523
Ghana Heritage Fund	<u>60,131,837</u>	<u>58,631,151</u>	<u>63,173,282</u>
<b>Total Investment</b>	<b><u>256,212,561</u></b>	<b><u>257,499,006</u></b>	<b><u>211,027,362</u></b>

The Petroleum Holding Funds is a designated public fund to receive and disburse petroleum revenues under the petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2011 (Act 893). The balance in the Petroleum Holding Fund is yet to be disbursed in line with the requirements of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

13 Accumulated funds	Year ended 31 December		
	2017	2016	2015
Petroleum Holding Fund	12,635,576	27,556,550	9,414,557
Ghana Stabilization Fund	348,744,992	206,061,072	176,548,447
Ghana Heritage Fund	<u>323,720,408</u>	<u>262,570,157</u>	<u>249,921,889</u>
<b>At 31 December</b>	<b><u>685,100,976</u></b>	<b><u>496,187,779</u></b>	<b><u>435,884,893</u></b>

An analysis of petroleum receipts and disbursements is presented below:

Year ended 31 December 2017	Petroleum Holding Fund	Ghana Stabilization Fund	Ghana Heritage Fund
Balance at 1 January 2017	27,556,550	205,061,072	262,570,157
Total receipts	540,411,436	142,683,920	61,150,251
	567,967,986	348,744,992	323,720,408
Total disbursements	<u>(555,332,410)</u>	<u>-</u>	<u>-</u>
<b>Balance at 31 December 2017</b>	<b><u>12,635,576</u></b>	<b><u>348,744,992</u></b>	<b><u>323,720,408</u></b>

<b>Year ended 31 December 2016</b>	<b>Petroleum Holding Fund</b>	<b>Ghana Stabilization Fund</b>	<b>Ghana Heritage Fund</b>
Balance at 1 January 2016	9,414,557	176,548,447	249,921,889
Total receipts	<u>247,175,394</u>	<u>29,512,625</u>	<u>12,648,268</u>
	256,589,951	206,061,072	262,570,157
Total disbursements	(229,033,401)	-	-
<b>Balance at 31 December 2016</b>	<b><u>27,556,550</u></b>	<b><u>206,061,072</u></b>	<b><u>262,570,157</u></b>
<b>Year ended 31 December 2015</b>			
Balance at 1 January 2015	1,073,874	286,328,182	243,420,005
Total receipts	<u>396,167,723</u>	<u>15,171,062</u>	<u>6,501,884</u>
	397,241,597	301,499,244	249,921,889
Total disbursements	(387,827,040)	(124,950,797)	-
Balance at 31 December 2015	<b><u>9,414,557</u></b>	<b><u>176,548,447</u></b>	<b><u>249,921,889</u></b>

Fund Accounts represents the petroleum receipts and disbursements and excludes interest and charges incurred on the fund balances.

#### **14. Withdrawals from the Ghana Stabilization Fund**

	<b><u>Year ended 31 December</u></b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Transfers to Annual Budget Funding Amount	-	-	53,685,578
Transfers to Contingency fund	-	-	23,755,073
Transfers to Sinking Fund	<u>-</u>	<u>-</u>	<u>47,510,146</u>
<b>Total withdrawals</b>	<b>-</b>	<b>-</b>	<b><u>124,950,797</u></b>

The 2017 National Budget did not cap the Ghana Stabilization fund, therefore there were no withdrawals under section 23 of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).



The ABFA target of US\$169.46 million was fully met; as a result, no withdrawals were made from the Ghana Stabilization Fund as provided for under section 12 of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

		<u>Year ended 31 December</u>	
<b>15.Petroleum Holding Fund Interest</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Interest distributed	436,397	60,807	23,591
Interest undistributed	<u>142,882</u>	<u>12,342</u>	<u>1,721</u>
<b>Total Interest</b>	<b><u>579,279</u></b>	<b><u>73,149</u></b>	<b><u>25,312</u></b>

**APPENDIX A****OUTSTANDING SURFACE RENTAL FEES AS AT 31 DECEMBER 2017**

<b>NAME OF ENTITY</b>	<b>AMOUNT PER ASSESSMENT (US\$)</b>	<b>AMOUNT UNPAID (US\$)</b>
<b>Brittania – U Ghana Limited</b>	354,397	354,397
<b>Swiss African Oil Company Limited</b>	287,671	287,671
<b>ENI Ghana Exploration and Production Limited</b>	121,018	57,970
<b>Sahara Energy Fields Ghana Limited</b>	296,815	296,815
<b>GOSCO/Heritage Exploration &amp; Production Ghana Limited</b>	111,950	111,950
<b>Saltpond Offshore Producing Company Limited</b>	605	605
<b>Medea Development International Limited</b>	78,250	20
<b>CAMAC Energy Ghana Limited</b>	75,400	400
<b>EcoAtlantic/A-Z petroleum Productions Ghana LTC/PETROGULF</b>	47,200	30
<b>Blue Star Exploration Ghana Limited</b>	8,750	25
<b>UB Group</b>	37,750	25
<b>UB Resources Limited</b>	55,022	25
	<b>1,474,828</b>	<b>1,109,933</b>

**APPENDIX B****DISTRIBUTIONS TO GHANA NATIONAL PETROLEUM CORPORATION (GNPC)**

<b>LIFTING</b>	<b>BILL OF LADING DATE</b>	<b>DATE OF RECEIPT INTO PETROLEUM HOLDING FUND</b>	<b>DATE OF DISTRIBUTION TO GNPC</b>
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<b>35<sup>th</sup> Lifting - Jubilee</b>	<b>27- Dec-16</b>	<b>26-Jan-17</b>	<b>28-Mar-17</b>
<b>36<sup>th</sup> Lifting - Jubilee</b>	9-Mar-17	7-Apr-17	12-May-17
<b>37<sup>th</sup> Lifting - Jubilee</b>	13-May-17	12-June-17	22-Jun-17
<b>38<sup>th</sup> Lifting - Jubilee</b>	3-July-17	2-Aug-17	28-Sept-17
<b>39<sup>th</sup> Lifting - Jubilee</b>	8-Sept-17	10-Oct-17	5-Dec-17
<b>40<sup>th</sup> Lifting - Jubilee</b>	25-Oct-17	24-Nov-17	27-Dec-17
<b>1st Lifting - TEN</b>	8-Dec-16	7-Jan-17	30-Jan-17
<b>2nd Lifting - TEN</b>	20-Mar-17	19-Apr-17	30-May-17
<b>3rd Lifting - TEN</b>	18-June-17	18-Jul-17	25-Aug-17
<b>4th Lifting - TEN</b>	6-Oct-17	6-Nov-17	29-Dec-17

**APPENDIX C****DETAILS OF OUTSTANDING PAYMENTS FROM ORANTO/STONE ENERGY**

	<b>AMOUNT US\$</b>
<b>Surface rental fees:</b>	
<b>2012</b>	56,250
<b>2013</b>	57,438
<b>2014</b>	74,836
<b>Total fees</b>	188,524
<b>Amount paid</b>	(73,208)
<b>Amount Outstanding</b>	<b>115,316</b>

## APPENDIX D

### LIST OF INVESTMENTS HELD BY THE PETROLEUM FUNDS

FUND ACCOUNT	TOTAL NUMBER OF SECURITIES HELD	AMOUNT INVESTED US \$	NET GAINS/LOSSES (CHANGE IN MARKET VALUE US\$)	MARKET VALUE OF INVESTMENT US \$
<b>Ghana Heritage Fund</b>	73	284,660,824	3,871,941	288,532,765
<b>Ghana Stabilisation Fund</b>	44	169,606,890	(476,506)	169,130,384
<b>Total</b>	<b>117</b>	<b>454,267,714</b>	<b>3,395,435</b>	<b>457,663,149</b>

The investments are held in securities that are rated between Baa3 and Aaa by Moody's Investors Services; between BBB and AAA by Fitch Ratings, and between BB and AAA by Standard & Poor's Financial Services.

# **Mission Statement**

The Ghana Audit Service exists

## **To promote**

- good governance in the areas of transparency, accountability and probity in the public financial management system of Ghana

## **By auditing**

- to recognized international auditing standards, the management of public resources

## **And**

- reporting to Parliament