



Procurement Procedures and Opportunities under Ghana Power Compact

Fiscal Accountability Payment Process



Payments

Underlying principles governing payments to Service providers are the Fiscal Accountability Plan and MCC's Costs Principles for Accountable Entity Operations.



Payment Process

- Fiscal Agent who has primary responsibility for Financial Management makes payments and adheres to the Compact and any Supplementary Agreements.
- Payments are based on US Government's Prompt Pay Rules (30 days after receipt of Proper Invoice), or less depending on Contract been used ie. FIDIC
- All Invoices/Certificates should be submitted to the Fiscal Agent for Payment.
- Fiscal Agent submits invoices/certificates to MiDA for necessary approvals.



Payment Process

- Upon receipt of the approved Payment Certificate from MiDA, the Fiscal Agent carries out the final checks of the Payment Certificate such as making sure all approvals are in order, the contractor is not on the international excluded party list and the Payment Certificate is in accordance with the contract.
- After the final checks the Payment Certificate is processed for payment
- As part of the payment process, the Fiscal Agent authorizes MCC's payment center in the US to wire funds to the contractors bank account on record.

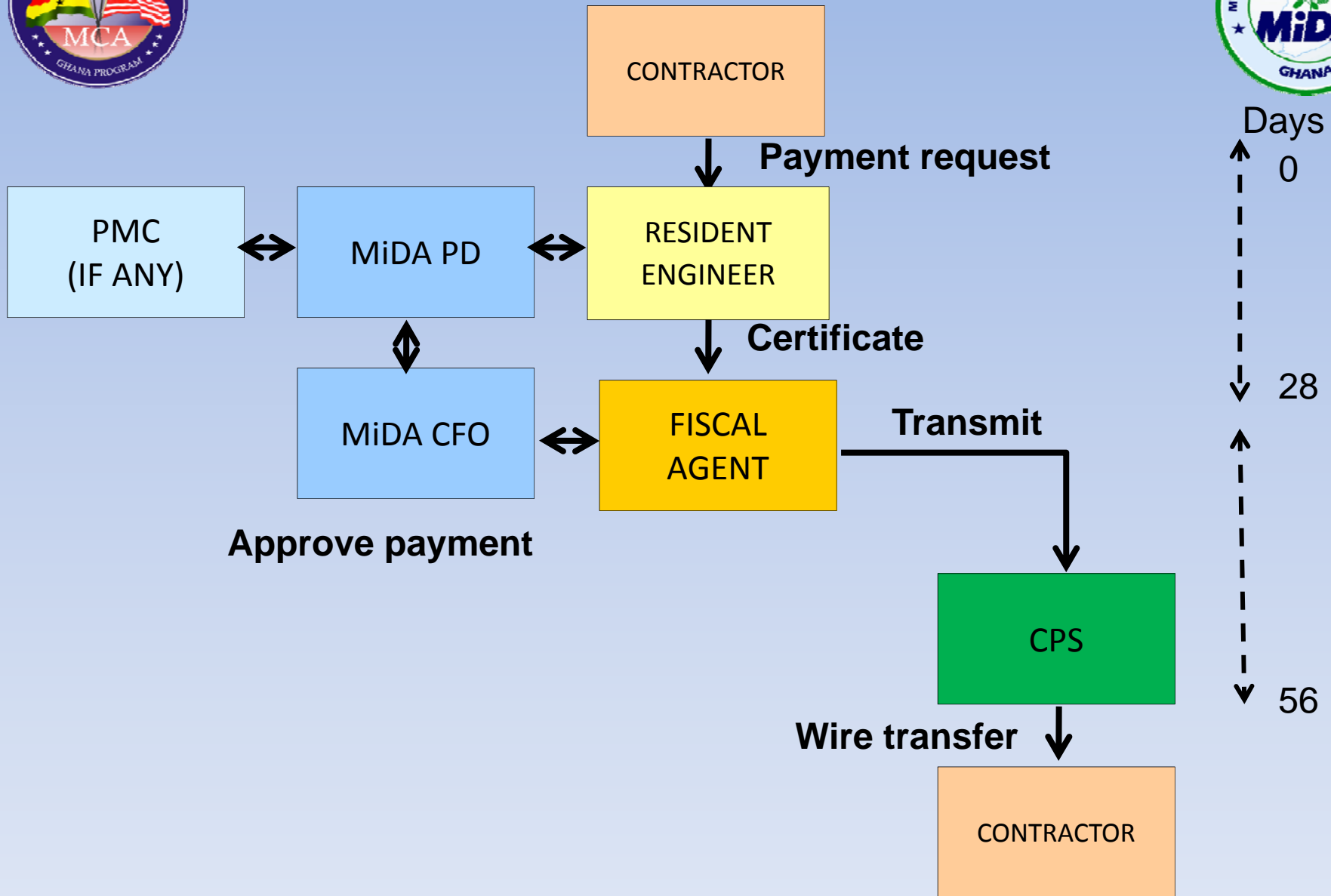


Payment Process

- International excluded party list are firms recognized by MiDA as ineligible by virtue of been found on the following;
 - World Bank Debarred List
 - US Treasury , Office of Foreign Assets Control, Specially Designated Nationals Lists(SDN).
 - US Department of Commerce , Bureau of Industry and Security, Denied Persons List (DPL).
 - US Department of Commerce, Bureau of Industry and Security, The Entity List
 - US State Department, Directorate of Defense Trade Controls, Debarred Parties List.
 - US State Department, Terrorist Exclusion List.



Payment Cycle





Taxes

Government to ensure that MiDA and all Providers, Covered Providers, Implementing Entities, Contractors and Consultants that receive MCC Funding directly or indirectly are exempt from Taxes in accordance with Section 2.8 of the Compact.

Procedures for exemptions on Annex 5 of Program Implementation Agreement (PIA)



Specific Taxes For Exemptions

- Value Added Taxes (VAT) – For both Local Purchases and at Importation. Use of VRPO. No VRPO for Entertainment, Hotel Accommodation, Meals & Personal Expenses. Contractor pays and request refund from VAT Service through MiDA
- Import and Custom Duties
- Withholding Taxes
- Corporate Income Taxes (Applicable to Organizations in country solely for MCA Project).



Specific Taxes For Exemptions



- Communication Service Tax
- Taxation of Petroleum Products.
(Wholesale & Bulk Purchases Only)
- Indirect Taxes/Levies
- Any Other Taxes Not Mentioned Here



Audits and Reviews

Service providers shall permit such access, audits, reviews and evaluations as provided in the Compact.

From MiDA

- Internal Audits
- Financial Audits
- Technical Audits
- GoG Audits

From MCC

- MCC and IE Oversight
- MCC Interim Activity Reviews
- General Accountability Office (GAO)
- Office of Inspector General (OIG)



USG Audits - GAO



What it is

- Independent nonpartisan agency that works for both houses of US Congress
- Congress requests GAO work by writing to Comptroller General or by including a mandate in a law. Comptroller General can also initiate work.
- Supports congressional oversight by auditing and evaluating the performance of government agencies and programs.

What it does

Work has focused on:

- MCC's operations
- MCC's budget requests
- MCC compact due diligence, such as economic analyses
- Roll-out of implementation in Compact countries
- Implementation, including:
 - ✓ Management structures
 - ✓ Fiscal and procurement accountability
 - ✓ Infrastructure project performance
 - ✓ Monitoring and evaluation

Reports become public documents



USG Audits - OIG



What it is

- Inspector General of USAID serves as Inspector General of MCC: conduct reviews, investigations, and inspections of all aspects of MCC operations
- Contribute and support integrity, efficiency, and effectiveness in all MCC activities through detection and prevention of fraud, waste and abuse
- Assist in complying with applicable laws and regulations
- Provide information to Congress, management, and the public

What it does

Reports:

- Audit and Investigative Reports
- Annual Plans
- Semiannual Reports

Activities:

- Performance Audits
- Financial Audits
 - ✓ MCC's financial statements
 - ✓ MCAs and covered providers handling of MCC funds

Reports become public documents



Fraud and Corruption

Per the World Bank...Fraud and Corruption is defined as follows...

“A fraudulent practice is any act or omission, including a misrepresentation, that knowingly or Recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.”

“A corrupt practice is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.”



Fraud and Corruption

Fraud and Corruption Hurts.....

- The intended beneficiaries of the compact program.
- The recipient Government responsible for compact implementation.
- The ability of MCC to continue to provide assistance.
- The reputation of MiDA and its staff members, as well as Ghana.



Fraud and Corruption

Examples of Fraud and Corruption Allegations...

- Payment based on fraud (including use of poor quality materials)
- Improper Government, MCA or MCC pressure on Contractors or beneficiaries (including demand for bribes).
- Collusion among bidders.
- Attempt by bidder to influence selection or manipulation of TEP.



Fraud and Corruption

MiDA and MCC Combat Fraud and Corruption Through.....

- Established Policies and Structures (e.g Fiscal Agent, Procurement Agent, Permitted Accounts, FAPs, Program Procurement Guidelines)
- AFC training for MiDA and MCC Staff.
- AFC risk assessment process
- MiDA and MCC AFC Policies.
- Engagement with the public
- Responses to F & C allegations.